

FEATURE ARTICLE ON THE 2023 NEW YEAR'S SCHOOL

AfCFTA - Positioning the African Market for Sustainable Economic Development

The School of Continuing and Distance Education in collaboration with the National AfCFTA Coordination Office organised the 74th Annual New Year School & Conference on the theme Positioning the African Market for Sustainable Economic Development through the African Continental Free Trade Area (AfCFTA).

The African Continental and Free Trade Area (AfCFTA) is a flagship programme of the African union under its Africa Union Agenda 2063. This blueprint was approved by the 18th ordinary Session of Assembly of Heads of State and Government, held in Addis Ababa, Ethiopia in January 2012.

The AfCFTA aims at accelerating intra-African trade and boosting Africa's trading position in the global market by strengthening Africa's common voice and policy space in global trade negotiations. Out of the 54 signatories to the pact, 44 members have expressed willingness to be state parties by submitting their instruments of ratification to the African Union Commission, as of August 2022.

Ghana playing host to the AfCFTA Secretariat amplifies the country's vision and support to the economic growth of Africa. Ghana is committed to work with other African countries through the AfCFTA to make Africa an economic and industrial hub. According to Maliszewska and Ruta (2020). AfCFTA is one of the world's largest free trade areas that will "create a single market for goods and services for 1.3bn inhabitants across 55 countries with a combined gross domestic product (GDP) valued at US\$3.4 trillion (p.1)." Poverty reduction has over the years remained a major focus for African leaders.

Over the years, countries have sought to create national and or continental interventions to reduce poverty (Afrika & Ajumbo, 2012). Based on the attention to reduce poverty AfCFTA prioritises an appreciable target poverty headcount ratio (percentage of the population living below the poverty line of US\$1.90 a day). AfCFTA is expected to advance on socio-economic development in the continent and enhance confidence and the commitment of Africans as the owners and drivers of Agenda 2063. Also, AfCFTA will promote Africa's external trade relations by facilitating continent to continent trade agreements.

This is a rare opportunity for Africa to leverage on its diverse and mass resources to propel the continent's growth. Ghana serves as the headquarters of AfCFTA, and it is therefore not out of place to stand poised to lead the process by repositioning its financial sector, industrial sector, educational sector, technological advancement, and security apparatus to deal with emerging issues from this trade area.

Government intends to leverage the hosting of the AfCFTA Secretariat to make the country the trade hub of Africa responsive to enhanced domestic and regional integration, anchored on the export of manufactured goods and services, and improved import substitution. In this regard, the Government has undertaken several measures as part of efforts to operationalise and optimise opportunities from the Agreement for Ghanaian stakeholders.

These include the establishment of a National AfCFTA Coordination Office (NCO) for the day-to-day management of implementation processes. Furthermore, the Government has launched a 'National AfCFTA Policy Framework and Action Plan for Boosting Ghana's Trade

with Africa’ which provides guidelines for the implementation of the Agreement through value-addition to exports, developing capacity to effectively compete with imports, and expansion of opportunities for job creation. Support is also being provided to enhance readiness of Ghanaian enterprises for the African market.

AfCFTA implementation is a multi-stakeholder endeavour and creating awareness among the general population of the opportunities as well as challenges is critical. Also, it is imperative to develop appropriate human capital in the spectrum of trade facilitation skills, competencies specific to the AfCFTA, e.g., trade law and domestic trade regulations, intra-Africa/regional trade, investment, trade finance, commodities trading, logistics and supply chain management, payment systems, and risk assessment. It is also critical to create a workforce with entrepreneurial capabilities for the 21st century, including digital skills essential for taking advantage of the opportunities of the digital era and the fourth industrial revolution.

The 74th ANYSC is therefore expected to focus on promoting and facilitating the preparedness and consolidating the AfCFTA efforts of key stakeholders such as industry, the private sector, academia and governments through the organization of the first African Regional New Year School and Youth Conference. Attracting the participation of some African Universities, private sector and industries from Nigeria, South Africa, Kenya, Botswana, Ethiopia and Egypt with a strong ECOWAS presence will be central to the organization of the event. This is in furtherance of the key objective of the 74th School and Youth Conference to bridge the gap between industry and academia to facilitate and strengthen the critical role of academia in the development of the requisite human capital to drive an effective and functional AfCFTA Agenda for sustainable economic development.

OPENING CEREMONY WITH DR MAHAMUDU BAWUMIA-

The Vice-President, Dr. Mahamudu Bawumia charged Ghanaian enterprises to be frontline actors of the new journey in the economic history of the continent under the Africa Continental Free Trade Area (AfCTA). He said the government was fully committed to the implementation of AfCTA and would assist the process by fashioning and implementing a comprehensive set of policies that would empower the private sector to achieve its goals.

The Vice President declared: “We owe it to generations unborn to ensure that the biggest trading bloc on the globe, whose outcomes will be rewarding to all, and which will assist in attaining the “Africa we want does not falter”.

“There is a new Africa emerging, with a sense of urgency and purpose and an aspiration to become self-reliant and move the continent to a situation of self-sufficiency, progress and prosperity”, the Vice President added.

“We must succeed together and do so resoundingly for the benefit of current and future generations. A new dawn of trading and investment across Africa, for Africans, has just began”. Dr. Bawumia emphasized. The Vice -President stated that the overarching aim of the measures

to harness the benefits of the AfCFTA were to develop and expand the economy of the country and create sustainable jobs for the youth.

To do that, Dr. Bawumia said, the private sector must take advantage of agreements such as the AfCFTA to expand production both in industry and agriculture to take the lead in socio-economic transformation of the country.

PANEL DISCUSSION WITH MRS URSULA OWUSU-EKUFUL

Minister for Communications and Digitalisation, Mrs Ursula Owusu-EKuful (MP) in a panel discussion at the ISSER Conference Center had this to say:

Despite multiple integration initiatives over the decades, the quest for a single continental market has proved elusive. In the past, Africa focused on legal, administrative and political optics without concentrating on operationa

l capacities, such as logistics, regional network infrastructure, value chain platforms, innovative financial instruments and talent creation. Consequently, we have seen many grand gestures like the Abuja Treaty, which established the African Economic Community; the Yamoussokoro Agreement, meant to establish a unified aviation market; the Lagos Plan of Action, proclaimed as the path to regional self-sufficiency; and the Addis Ababa Charter on maritime transport affairs, designed to consolidate the maritime logistics environment in Africa.

These grand sounding commitments have lost momentum largely because we lack the capacity for actual implementation. The big question then remains how we move from rhetoric to action. Thankfully, the tremendous growth in digital technology around the world, and also in Africa, offers us a new opportunity to take another look at our capacity to deliver. Take batteries for instance, whose prices have dropped by 97% since 1991, fuelling a massive Greentech revolution in many parts of the world and between just 2017 and 2022, the cost of electronic data storage has dropped by more than 56%. We now have at our fingertips, provided we are willing to exercise our minds, all the computing and digital resources we need to overcome many of the coordination problems that have made the implementation of some of the grand plans for a single African market so elusive.

With a common digital platform, it is easier today to optimise maritime, aviation and ground intermodal transport and logistics resources than it was in the past. With digital business models, it is much easier today to attract billions of dollars in international investment to build pan-African platforms than it was in the past. With digital analytics infrastructure, it is also easier today to mobilise millions of micro traders to explore new sourcing opportunities in every corner of Africa than it was in the past. For all these reasons and many more, we have decided in Ghana, as the host and one of the earliest proponents of the AfCFTA, that we will not allow the old excuses of inertia, lack of capacity, resources and solidarity to continue hamstringing our forward march as a continent.

So long as Ghana continues to have influence in the affairs of this continent, we are committed to promoting, as aggressively as possible, the use of digital technology as an enabler, catalyst, resource gap bridger, coordinating mechanism, playing field leveller, and dots connector in making the AfCFTA experience completely different from anything that has preceded it in the decades long quest for African economic and political unity. That is why through this government's Trancop policy, we wholeheartedly embraced the creation and rollout of the AfCFTA Hub platform to generate digital

resources for all the key actors and stakeholders in Ghana involved in one way or another in making the AfCFTA a success.

I will share more technical details of this ground-breaking effort shortly. Before I do, it is important to establish some of the digital preconditions for AfCFTA success. I quickly cite five of such digital pillars for AfCFTA success.

1. Digital Trade (E-commerce & E-trade)

- In today's era of globalization and digital economy, e-commerce and e-trade form the bedrock of trade among people in different geographical locations, the importance of which was heightened in the heat of the Covid-19 pandemic where physical contact was restricted. Many people around the world today, including Africans have been trading with China through Alibaba e-commerce platform, and with the United States through Amazon. Apparently, trade has evolved in a way that physical movement and contact is not a prerequisite for trade to occur. Africa needs to aggressively pursue homegrown digital trade initiatives that bring intra-Africa trade to the doorsteps and fingertips of the ordinary African people.

- The Global 2020 E-commerce report reveals that only 30% of Africa's population engage in online shopping, which is very low compared to other regions like Asia. The International Trade Center (ITC), reports that 1% of digital marketplaces in Africa are responsible for about 60% of the total marketplace traffic across the continent of Africa.

2. Digitalization, inter-connectivity, and interoperability Border posts, Ports, and Customs and transit traceability systems

- For efficient intra-Africa trade to occur, digitalization, interconnectivity, and inter-operability of Africa's border posts, ports, and customs is crucial as one of the key approaches to removing non-tariff barriers. Also, goods that are being shipped can be tracked and monitored in real time. This is an essential lever for catapulting intra-Africa trade as it reduces the human element and paperwork in trade processing, thereby promoting efficient custom procedures and reducing the potential for corruption.

- The World Bank's Logistics Performance Index shows that sub-Saharan Africa has the lowest efficiency of clearance process score of 2.27 compared to Europe and Central Asia with 3.04, East Asia and Pacific with 3.01, Middle East and North Africa with 2.54, Latin America and Caribbean with 2.47, and South Asia with 2.32

- Among all the regions of the world, sub-Saharan Africa has the least ability to track and trace consignments, with a score of 2.5 against a 3.27 recorded by Europe and Central Asia

3. Digital financial connectivity and cross border payments

- Digital financial Interoperability solutions make it possible, easy and efficient to send money between any two financial accounts, transforming the financial landscape for everyday consumers. Greater interoperability of financial services, including across mobile money accounts, is crucial for the growth of intra-Africa trade. Intra-Africa payments for transactions is characterized by high transaction cost and long corresponding banking relationships.

4. Digital connectivity and interoperability of national IDs databases, cards, and passport systems to facilitate free movement of persons

- For AfCFTA to be successful, we need a unified regional platform that enables connectivity and interoperability, to promote transparency and easy identification of people to facilitate free movement. National ID's can be integrated across different countries to promote easy identification and validation of people's citizenship for the purposes of free movement of people.

5. Digital Connectivity to boost Trade in services such as virtual remote work, professional services, education and entertainment

- AfCFTA is not just about trade in goods. It is also covering trade in services. Digitization facilitates trade in services such as transport, consulting, legal and professional services, education, etc. Given that remote work and virtual meetings have been widely accepted, it is easy and efficient to work from anywhere in the world with minimal movement of people across geographies. This can be seen in with the increase in online education as well as delivering of consulting and legal services to clients without having to be at the client's premises throughout the duration of the assignment.

Also, digitization creates the opportunity for workers including migrant workers are able to easily send remittances to family and friends back home. A key impediment to all 5 elements listed here is the lack of high-speed broadband connectivity across the continent and high data costs. We must connect the continent at all costs and work towards lowering data charges for all users to encourage and enhance usage of digital platforms, networks and services.