

# Opportunities and Challenges in Regional Economic Integration: The Role of African Youth in Advancing AfCFTA



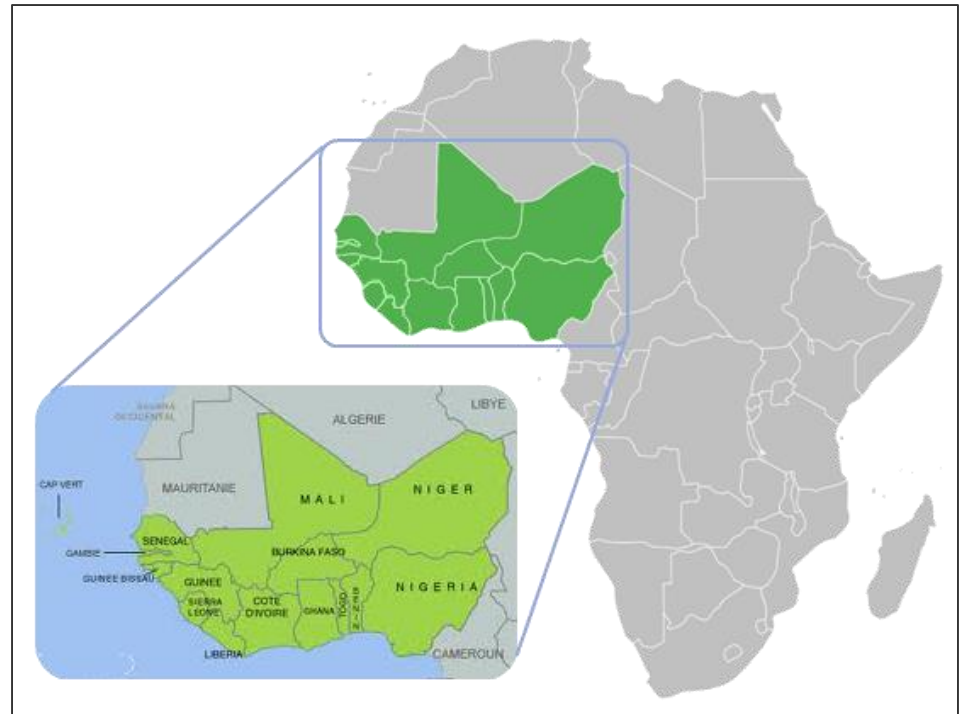
By: Ziad Hamoui, National President – Ghana, Borderless Alliance



## Defining Regional Integration

“the process of overcoming barriers that divide neighbouring countries, by common accord, and of jointly managing shared resources and assets. Essentially, it is a process by which groups of countries liberalise trade, creating a common market for goods, people, capital and services.”

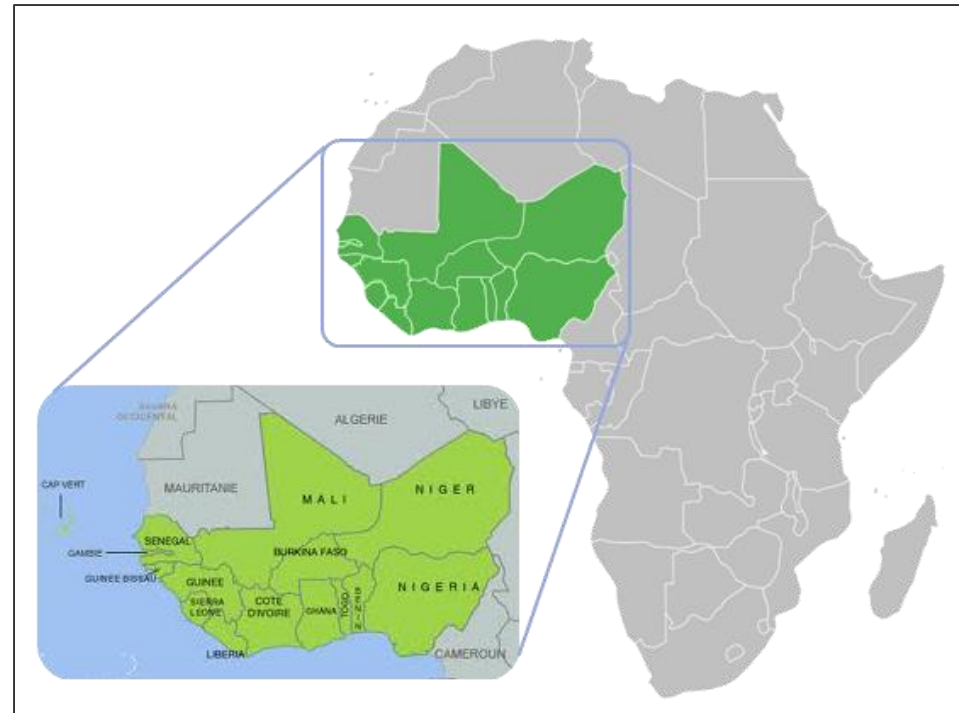
- **European Commission (online)**





## West Africa in Brief

- 15 Member States
- 362 million people
- \$623b Nominal GDP
- 8 Different currencies
- 2 RECs: ECOWAS & UEMOA
- 3 Official languages: English, French and Portuguese



**West Africa has huge market potential**



## Doing Business in West Africa is Very Costly

- Long delays at ports and borders
- Non-recognition of documents or certificates beyond national borders
- Harassment along transit corridors, mainly from uniformed services
- Cumbersome Procedure
- Corruption







## Doing Business in West Africa is Risky

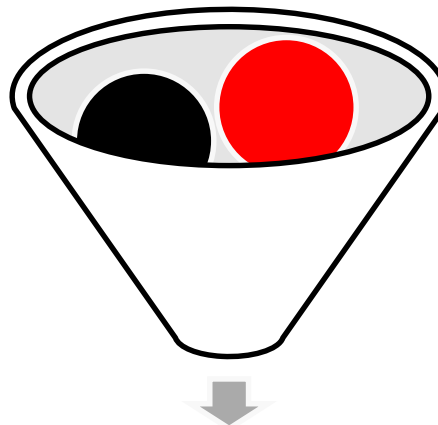
- Diversions along transit corridors
- Smuggling
- Counterfeit goods
- Mis-declaration
- Under-invoicing
- Tax evasion





## Meanwhile:

PRIVATE ENTERPRISES	POLICY MAKERS
Fragmented	Partisanship
Conflicting Priorities	Narrow scoped politics
Self-Interested	Too Bureaucratic
No clear strategic direction	Not too inclusive
Absence of leadership	Seek short-term benefit



**Low Level of Policy Alignment**



## Impact on Trade and Transport

- Proliferation of internal **trade barriers** and **NTBs**, **food shortages**, high **post-harvest losses**
- **High financial cost**: many currencies, most are non-convertible and highly volatile
- **Lack of predictability** of time or cost, especially for transit cargo
- **Non application of texts/directives** of the two RECs (CEDEAO & UEMOA) on the principle of free movement of goods and people, ETLs, CET etc.
- **Low level of economic integration** within the region: intra-regional trade levels in Europe 71%, Asia 53%, South America 48%, **ECOWAS 10.7%** (Other African RECs between 2.5% & 21%)

**Local businesses are unable to tap into regional market, while governments lose revenue**





- **Borderless** was launched as a brand for the USAID/West Africa Trade Hub's Transport and Road Governance work in March 2010
- Later evolved into a private sector-led advocacy group; in May 2011, the **Borderless Alliance** was born. The Alliance was formally launched in May 2012
- **Borderless Alliance – Ghana** chapter was founded in April 2013







## Simple Mechanism of Action

- **Evaluate** situation by look at evidence base (technical reports, observations in the field)
- **Identify** problem and suggest a line of action
- **Initiate** action (high-level advocacy meeting, technical workshop, capacity-building activity, public-private dialogue...)
- **Follow up** on impact of initiated action



## Volume of African Intra-Regional Trade

Intra-African Trade as % of total trade (2016)		
REC	Intra-REC Trade (% of Total Trade)	Position
SADC	21.0	1
EAC	11.5	2
<b>ECOWAS</b>	<b>10.7</b>	<b>3</b>
COMESA	9.3	5
CENSAD	7.5	6
IGAD	7.3	4
AMU	3.3	7
ECCAS	2.5	8
<b>Africa</b>	<b>15.4</b>	



## Latest Ranking of African Regional Economic Communities

REC	INTEGRATION INDICATORS					OVERALL	
	Free movement of persons	Trade integration	Productive integration	Financial integration and macroeconomic policy convergence	Regional infrastructure and interconnections	AV. SCORE	RANK
EAC	0.664	0.440	0.434	0.660	0.555	<b>0.537</b>	<b>1</b>
AMU	0.438	0.481	0.449	0.571	0.509	<b>0.488</b>	<b>2</b>
ECCAS	0.469	0.357	0.323	0.684	0.373	<b>0.442</b>	<b>3</b>
IGAD	0.540	0.444	0.321	0.423	0.480	<b>0.438</b>	<b>4</b>
ECOWAS	0.733	0.438	0.220	0.469	0.298	<b>0.425</b>	<b>5</b>
CEN-SAD	0.508	0.377	0.256	0.441	0.302	<b>0.377</b>	<b>6</b>
COMESA	0.385	0.445	0.328	0.365	0.317	<b>0.367</b>	<b>7</b>
SADC	0.490	0.340	0.239	0.422	0.214	<b>0.337</b>	<b>8</b>



## Observations on the Ground (e.g: Road Caravans, Fact Finding Missions)

### Checkpoints (JUL. 2015)

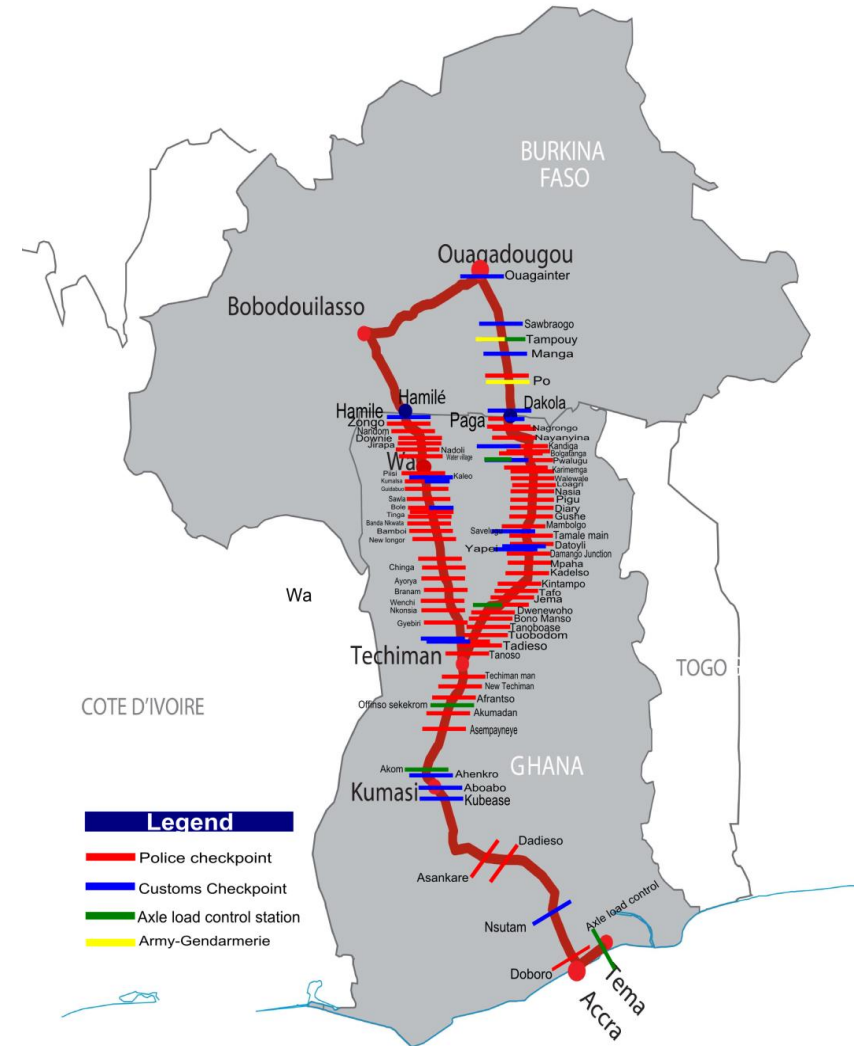
POLICE	: 41
CUSTOMS	: 12

### Checkpoints (NOV. 2017)

POLICE	: 61
CUSTOMS	: 2

### Checkpoints (SEP. 2019)

POLICE	: 75
CUSTOMS	: 4



**Legend**

- Police checkpoint
- Customs Checkpoint
- Axle load control station
- Army-Gendarmerie

**Source:**

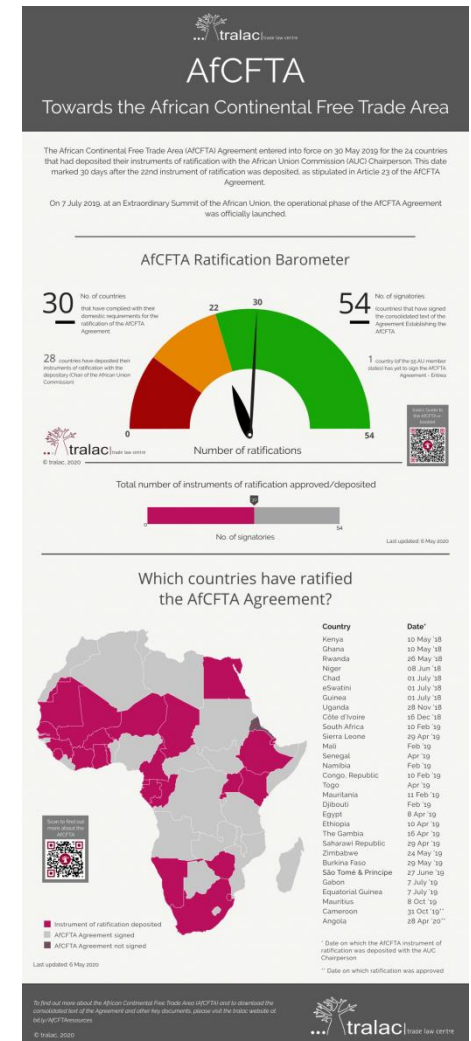
- Ghana Transit Shippers Committee Fact Finding Mission, July 2015
- Borderless Ghana Caravan, Nov. 2017
- Ghana Shippers Authority, Oct. 2019





## Fact Sheet: AfCFTA

- Agreement to establish a continental free trade agreement across Africa
- Agreed during 18<sup>th</sup> AU Ordinary Assembly in January 2012
- Signed by 44 African states during AfCFTA Extraordinary Summit in March 2018
- Ratified by 22 African states: 30 April 2019 (30 so far)
- Entry into force: 31 May 2019
- AfCFTA Secretariat hosted in Ghana (recently handed-over)
- First-ever elected AfCFTA Secretary-General: Wamkele Mene (South Africa). But, Covid-19 delayed start of trade by 6 months
- Opportunity to create a common market of 1.2b people, with a combined GDP of \$3.4 trillion
- Can significantly boost intra-African trade





## Q1. What Exactly is AfCFTA?

### Layer 2: Protocols

#### Trade in Goods

- Schedule of Tariff Concessions
- Rules of Origin
- Customs Cooperation & Mutual Admin. Assistance
- Trade Facilitation
- Non-Tariff Barriers
- Technical barriers to Trade
- Sanitary & Phytosanitary Measures
- Transit
- Trade Remedies

#### Trade in Services

- Schedule of Specific Commitments
- MFN Exemption
- Air Transport Services
- List of Priority Sectors
- Framework Document on Regulatory Cooperation

#### Rules & Procedures on Dispute Settlement

- Working Procedures
- Expert Review
- Code of Conduct

### Layer 1: Framework Agreement

- Purpose
- Objectives
- Principles
- Implementation Framework

Investment

Competition Policy

Intellectual Property  
Rights

Phase 2 negotiations  
(Delayed by Covid-19)



## Q2. What Does it Mean to African Youth?

### Strengths:

- Technology savvy
- Entrepreneurial
- Networked

### Weaknesses:

- Little experience
- Fragmented
- Low engagement

### Opportunities

- Market Access
- Opportunity to Grow
- Specialised goods & Services

### Threats

- Higher Competition
- Bad implementation
- Bad local policies



## Role of Youth in African Integration



### Advocacy

Engage with stakeholders  
Dialogue with policymakers



### Grassroot

Mobilize African youth  
Explain AfCFTA  
Find out concerns



### Leadership

Build priorities  
Find like-minded stakeholders  
Align with private sector







## Partnership with African Youth Groups

- First Youth engagement about AfCFTA on 20 June 2020
- MoU Signed with Junior Chamber International on 04 September 2020
- Plans for widening engagement with other organized youth associations (WEF - Global Shapers, ILT – YPO, YALI...)
- Working closer with other PS representatives and platforms like the Trade Facilitation Coalition for Ghana
- Reaching out to decision-makers on African youth priorities and needs



Brahma COULIBALY (left), Ngozi OKONJO-IWEALA, and Vera SONGWE (right)

### The unfinished agenda of financing Africa's COVID-19 response

**So far, the African Development Bank, the IMF, and the World Bank have disbursed about US\$60 billion to Africa. But, in order to support these economies over the next two years, they will need to expand their capital base significantly.**

A summer winds down, another wave of COVID-19 infections looms. While some nations under control in Cambodia, Denmark, Mauritius, and Mexico, they are on the rise in Europe and parts of the United States. Infections have risen to sharp in France, Korea, and Spain but lockdowns may be strict. In Brazil and South Africa, the peak may be yet to come.

Few countries are prepared for the mounting strains that lie ahead. This is particularly true in Africa, where the public health and economic response has not come anywhere near matching the scale of the COVID-19 crisis.

So far, Africa has reported more than 12 million COVID-19 infections and over 300,000 deaths, but only 12 of Africa's 54 countries have tested more than 10% of their population. And while community transmission increases, containment efforts remain tentative. Yet lockdowns cost the continent over US\$60 billion per month. The International Monetary Fund now expects containment in the G20 and Sub-Saharan Africa to cost by

US\$20 billion in additional liquidity for the 74 least developed countries in 2021, and an additional US\$14 billion in 2022.

Yet, so far, the IMF has fallen short of expectations, releasing only US\$4 billion to participating countries. Cash and other countries have not fully participated in the response, owing to factors like opaque procedures, lack of understanding of the process or their fear of a ratings downgrade.

All of these health and economic challenges must be overcome. The IMF should consider a new allocation of its reserve assets, Special Drawing Rights. The IMF must also be supported to expand its capital base significantly. That is why we are calling for a new replenishment round for the World Bank's International Development Association, and additional resources for other multilateral development banks and the IMF.

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### Borderless Alliance, JCI sign MoU to involve youth in AfCFTA

Borderless Alliance (BA) has signed a Memorandum of Understanding with Junior Chamber International (JCI) with the aim of mobilizing African youth toward implementation of the African Continental Free Trade Agreement (AfCFTA).

The agreement, which took place at the BA Secretariat Office, Agnes, signals the beginning of a long-term collaboration between the two organizations, which will leverage on their expertise in the area of trade advocacy and youth mobilization to encourage youth to engage more actively in the continent's trade policies and governance issues.

The two-year long collaboration, which can be subject to renewal and extension, is expected to widen the geographic area of collaboration beyond the borders of Ghana and into other West African countries in the near future.

"We are pleased to announce our partnership with Junior Chamber International (JCI) in Ghana, in view of their active presence in the country and across the continent," declared the national President of Borderless Alliance in Ghana, God Hanson. "With the JCI, we are looking forward to a long-term and growing collaboration in mobilizing African youth for driving continental integration agenda," he added.

Young entrepreneurs are considered among the most marginalized groups along with women traders, regarding economic integration and advocacy opening of African markets to competition. By actively



The ceremony is witnessed by the following: African Union Special Envoy on COVID-19, Filipon Tangco, Member of Parliament of Adilans, Council of Foreign Relations, Daniel Kaba, Deputy Chair, Global Trade, Trevor Akpan, Advisor to the President of South Africa, and former Nigerian Finance Minister, Abdourahmane Boudjika, former Nigerian Finance Minister, and John Mawardi, President and Executive Chairman, Essent Wireless International.

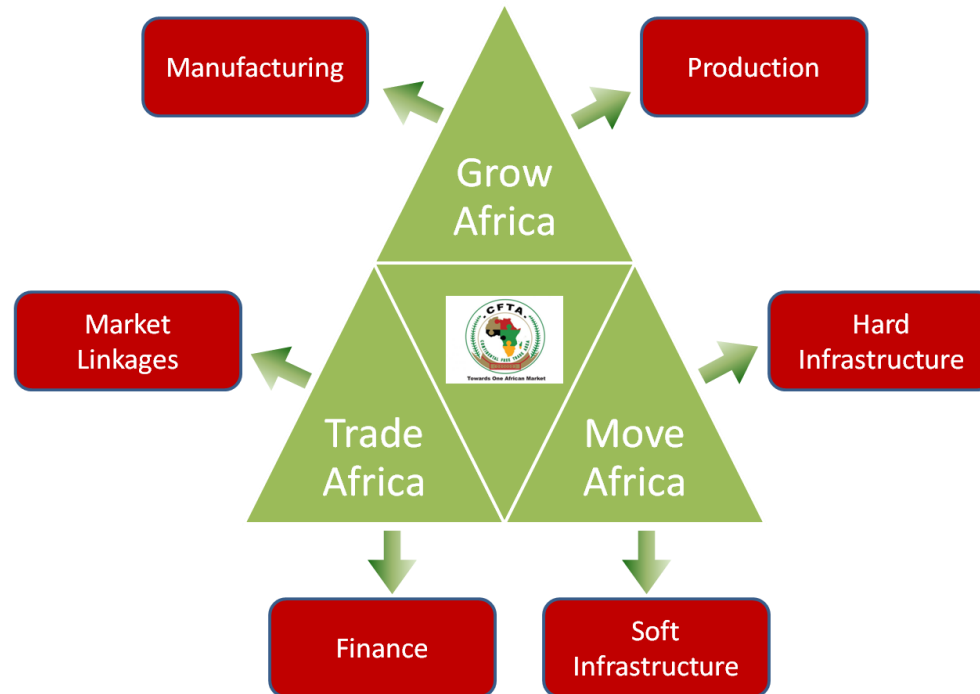


## Threats to Regional Integration

- Misconceptions about “Trade Facilitation” or “self-sufficiency” (threat to local industries, import-specific etc.)
- “Vested Interests” and “Unholy Alliances”, where select public and private sector groups connive to restrict access to certain markets
- High overheads and finance cost across many country, making production less competitive and fueling nationalistic fears
- Relatively low level of industrialization, which makes raw material exporting economies prone to “price shocks”
- Exploitation by non-African goods and services to use the continent as a dumping ground for cheaper and more competitive products



## AfCFTA: a Key for Regional Integration?





## Conclusion

- Africa has a lot to gain by **accelerating regional integration**, however...
- Africa need to **enhance business environment**, **build local capacity** (skills, production) and **make manufacturing more competitive**
- **AfCFTA** can catalyze integration efforts, to the benefit of all
- More **public-private collaboration** to align policy priorities with what people really want, including **youth** and **women traders**
- Youth role at the **grassroot, advocacy & community leadership** levels
- **Private sector** has an important role in making this dream a reality

