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Guidelines for developing African Continental Free Trade Area national strategies





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1. Introduction and background

The present document is aimed at providing guidelines for the development of national strategies for the implementation of the African Continental Free Trade Area (AfCFTA) for the State Parties to the Agreement Establishing the African Continental Free Trade Area. These Guidelines were prepared by the Economic Commission for Africa, in collaboration with the African Union Commission, and were further enriched by inputs from experts during a validation expert group meeting organized in Libreville in March 2019, with financial support from the European Union.

The signing of the Agreement Establishing the African Continental Free Trade Area in Kigali on 21 March 2018 is a key milestone for the African behind the border agenda. The Agreement covers trade in goods and services, investment, intellectual property rights and competition policy, moving the scope of AfCFTA beyond the requirements of a traditional free trade area. The Agreement recognizes the

importance of gender equality as one of its general objectives and for the development of international trade and economic cooperation. It is further complemented by other continental initiatives, including the Protocol on Free Movement of Persons, Right to Residence and Right to Establishment, which is intended to ease movement of people across the continent and the Single African Air Transport Market, which will contribute towards improving efficiency in continental air transportation and increasing the continent's global share of the aviation industry.

The African Continental Free Trade Area is expected to be a game changer for Africa and a key engine of economic growth and industrialization for sustainable development, in line with the 2030 Agenda for Sustainable Development, adopted by the General Assembly, and Agenda 2063: The Africa We Want, of the African Union. Through elimination of tariffs and removal of non-tariff barriers, the Agreement has

the potential to address the fragmentation of African markets. The integrated markets are expected to create a conducive environment for efficiency gains from economies of scale and scope and increased competitiveness with better access to, and efficient use of resources, including labour, capital and technologies. These outcomes will culminate in greater diversification of African economies with the promotion of regional value chains. The development of such chains, in turn, will contribute towards strengthening the continent's drive to integrate into global value chains, while retaining more value at national and regional levels. The perceived integration holds considerable potential for generally female and youth employment, and the transformation of African economies through inclusive and sustainable trade and development on the continent.

The implementation of the Agreement will certainly involve adjustments in countries to overcome potential challenges and seize the opportunities offered by integrated markets. Given the significant diversity in the economic configuration of African countries, the Agreement will affect them in different ways. For example, the most competitive and industrialized African economies will be better placed to take advantage of the opportunities offered by larger markets. Other economies will benefit from the Agreement by fostering their linkages to

regional value chains. Inevitably, in the short to medium term, structural changes through the reallocation of factors of production will entail costs of adjustment. For governments, the costs could be materialized by reduced tariffs revenue. Furthermore, the concerns over potential adverse outcomes stemming from AfCFTA do not only relate to inequalities among countries, but also among social groups within each country. The most notable challenge may be related to gender inequality in the accessibility to and the control of economic resources, which remains pervasive in Africa.

Despite the short-term potential challenges associated with AfCFTA, it is expected that in the long run, gains will outweigh short- to medium-term costs. A main underlying argument is that by stimulating economic growth and diversification, AfCFTA will help generate economic activities for higher value added at domestic and regional levels. Accordingly, for example, a decline in tariff revenue underpinned by the implementation of the Agreement will be partially offset by other taxes, such as the value added tax, emanating from increased diversification.¹ It is also important for African countries to consider the sensitive and exempted products list in the Agreement with caution so that exemptions do not undermine trade benefits. Similarly, the Agreement can ensure that vulner-

¹ See for example; Mesut Saygili, Ralf Peters and Christian Knebel, "African Continental Free Trade Area: challenges and opportunities of tariff reductions", UNCTAD Research Paper No. 15, UNCTAD/SER.PR/2017/15, February 2015. Available at UNCTAD/SER.RP/2017/1, Online at http://unctad.org/en/PublicationsLibrary/ser-rp-2017d15_en.pdf.

able groups benefit from new trading opportunities. By improving women's access to new opportunities and increasing their participation and integration in more productive, higher-paid sectors of the economy, AfCFTA will help advance gender equality and the economic empowerment of women, as a particularly disadvantaged group.

The issues discussed thus far need to be examined in more detail and in an integrated manner to make AfCFTA a reality. In this regard, the development of AfCFTA national strategies by the State Parties to the Agreement is important to support the effective implementation of the Agreement.

2. Rationale and scope of the African Continental Free Trade Area national strategies

In order for the Agreement to deliver the expected outcomes, it is important that States Parties undertake deliberate actions, including the development of integrated strategies tailored to existing policies and institutional frameworks at national and regional levels. These are critical to minimize any potential risks. The need to develop AfCFTA-specific national strategies was endorsed by the Conference of African Ministers of Finance, Planning and Economic Development, during their meeting in Addis Ababa in May 2018, and was reiterated at the African Union Summit, held in Nouakchott in July 2018.²

2.1. Objective of the African Continental Free Trade Area national strategies

Harnessing the benefits of the AfCFTA begins with putting the Agreement into a national perspective, including ratification by member States, which is a prerequisite. The benefits of the Agreement, will not be realized overnight. Countries need to identify capacity gaps to be addressed, as well as their comparative and competitive advantages for diversification and ability to develop or integrate value chains under the Agreement. This requires the design and implementation of new policy interventions or returning existing policy frameworks, with a view to make the most of AfCFTA. They also need to identify means to deal with cost adjustments, including any foreseen adverse fiscal impact resulting from the implementation of the Agreement. These are some of the

² See Assembly/AU/Dec. 692/(XXXI).

elements that countries must consider in developing their AfCFTA-tailored strategies at national levels, while ensuring coherence with regional, continental and global frameworks.

The objective of the AfCFTA national strategies is to complement a broader development framework, especially in relation to the trade policy environment of each State Party to the Agreement. A country's national strategy will facilitate the identification of key value addition and trade opportunities and constraints, measures and capacities required for it to take full advantage of national, regional and global markets within the context of AfCFTA.

The national strategies will not be developed from scratch. Most African countries and regional economic communities have a number of well-grounded knowledge products and frameworks in place, including development plans and trade and other sectoral policies and strategies that will inform the development of AfCFTA national strategies.

2.2. Key components of an African Continental Free Trade Area national strategy

Consonant with the stated objective, the AfCFTA national strategies must be informed by countries' review of their macroeconomic environment, and current production and trade performance. The national strategies should also identify key opportunities and priority sectors for production and trade, as well as constraints and potential AfCFTA-related implementation risks to overcome. Strategic actions must be proposed to address the potential obstacles, in particular non-tariffs barriers on intra-African trade. Along with the strategies, there should be an action plan, effective monitoring and evaluation frameworks and a strong communication plan. The table below contains recommendations for key components of the AfCFTA national strategy for any given country.

Table: Key components of the African Continental Free Trade Area national strategies

Components	Brief description – key elements	Cross-cutting issues
Macroeconomic framework, production and trade	<ul style="list-style-type: none"> • Analysis of macroeconomic context and overview of enabling conditions for structural transformation • Identification of key macroeconomic challenges and risks • Production and trade reviews for goods and services (including sectoral analysis) 	<p>The national strategies should account for the following cross cutting-issues, among others: inclusivity; gender equality; youth employment; environment and climate change; and technologies</p>
AfCFTA situational analysis	<ul style="list-style-type: none"> • Analysis of existing relevant policy, regulatory and institutional frameworks at national and regional levels and assessment of their alignment with AfCFTA • Capacity needs to ensure effective implementation of the Agreement Establishing the African Continental Free Trade Area • Review of instruments provided by the Agreement of relevance to the national strategies, including a non-tariff barrier mechanism, trade facilitation arrangements, trade remedy requirements, composition of the technical committees of AfCFTA and, offers of market access 	
AfCFTA-related risks and mitigation actions	<ul style="list-style-type: none"> • Identification of potential risks and cost adjustments resulting from the implementation of the Agreement • National capacity assessment to identify threatening import competition, monitor sensitive sectors, take remedial actions in cases in which such sectors experience any adverse effect • Required mitigation actions to be developed and enacted, covering the wide spectrum of identified potential risks and cost adjustments, if any 	
Identification and prioritization of production and trade opportunities	<p>Identification of market opportunities and prioritization of sectors and products for value addition trade and regional value chains development, taking into account a number of indicators: existing revealed comparative advantages, economic risks and market size, competitiveness, trade facilitation measures, degree of market concentration and specialization; potential for sectoral linkages and alignment between national and regional priorities, among others.</p>	

Components	Brief description – key elements	Cross-cutting issues
Constraints to overcome and strategic actions required	<ul style="list-style-type: none"> • Current constraints and potential impediments, especially non-tariff barriers that can undermine countries' competitiveness and their ability to make the most of AfCFTA, with regard to the priority sectors and products • Identification of actions to address identified constraints • Identification of institutional and policy weaknesses and skills gaps needed to boost priority sectors • Identification of actions required to address existing and potential constraints, enhance productive capabilities, foster an enabling macroeconomic environment, boost competitiveness, promote regional value chains and accelerate value addition and industrialization, among others 	
Strategic objectives, action plan and monitoring and evaluation framework	<ul style="list-style-type: none"> • Mapping of strategic objectives to increase trade performance, in particular that of intra-African trade of goods and services • Development of indicators of achievements, baselines and targets under each strategic objective • Development of a robust monitoring and evaluation framework with appropriate tools and instruments to support decision-making and the taking of corrective actions • Establishment of the AfCFTA national implementation committee 	
Financing the implementation of the Agreement	<p>Review and identify potential sources of funding to support the effective implementation of the Agreement;</p> <p>particular emphasis is to be given to the functioning budget of the national AfCFTA implementation committee.</p>	
Communication and visibility plan	<ul style="list-style-type: none"> • Awareness-raising mechanism for a better understanding of the Agreement among the stakeholders • Designation of AfCFTA ambassadors to champion national implementation of the Agreement 	

2.2.1. Context – Macroeconomic framework, production and trade

Each national strategy should include a review of the macroeconomic framework, production systems and trade patterns for goods and services. The review should include, but not be limited to, the following subcomponents:

- *Macroeconomic framework*: this sub-component provides the macroeconomic context, outlining recent developments in the country and its subregion. It should provide an overview of enabling conditions for structural transformation and key macroeconomic challenges and risks. It should also contain the main economic and social development trends, including those related to economic growth and value added by sectors, fiscal and monetary indicators, debt sustainability, demography, education, employment, poverty, inequality and gender profiles, the level and structure of public and private investment, including foreign direct investment, technological progress, research and development, energy intensity and environmental sustainability.
- *Production and trade review for goods and services*: the review should include the following: an appraisal of the country's existing national production systems and trade patterns

for goods and services within national, regional, continental and global contexts;³ an analysis of trends with regard to sectorial growth of the economy; the identification of the most important subsectors in terms of their contributions to gross domestic product (GDP) and employment and the leading firms and services providers in the different subsectors; and a description, when possible, of their main economic characteristics, including capital employed, trading patterns, net sales, profitability, employment, and research and development. It should also provide a careful detailed analysis of current patterns of intraregional trade by sector and by region and country destinations, identifying potential opportunities for boosting those trading links.⁴ This should include an analysis of existing regional value chain for goods and services, with a view to identify constraints and opportunities. The analysis should be comprehensive enough to include inter- and intra-transport and infrastructure networks and other trade facilitation measures. The review should also include an evaluation of the gender dimension. An analysis of female participation in the economic activities of the target country and identification of critical sectors for women is required in order to determine how AfCFTA can

³ There are a number of existing profiles from which the analysis can be based, including, among them, country profiles issued by the United Nations Industrial Development Organization (UNIDO), the United Nations Conference on Trade and Development (UNCTAD) or ECA, and the World Trade Organization tariff profiles.

⁴ National data should be used wherever possible, but can be complemented by using international sources.

advance gender equality and women's economic empowerment.

2.2.2. African Continental Free Trade Area situational analysis

This component should provide a thorough analysis of the national institutional frameworks in which capacity gaps and needs required for the effective implementation of the Agreement Establishing the Continental Free Trade Area are identified. An analysis of policy and regulatory frameworks and their alignment with the Agreement should also be provided. The analysis should be conducted through systematic screening of the provisions of the Agreement and capacity needs that have been mapped out.

The AfCFTA situational analysis should contain a thorough evaluation of existing relevant policy, regulatory⁵ and institutional frameworks at national and regional levels and an assessment of their degree of coherence, taking into consideration, among others, national development plans, alongside specific and relevant industrial, trade, educational, human rights⁶ and social policies and strategies. Coherence among the various national policies and their alignment with regional and continental frameworks in particular, those related to AfCFTA, must be

analysed, and gaps or potential conflicts should be identified.

The AfCFTA situational analysis component should also include a review of the particular instruments provided by the Agreement of relevance to national strategies. This includes provisions for a non-tariff barrier mechanism, trade remedy requirements, the technical committees of AfCFTA and the products being liberalized under the Agreement. The analysis should also consider phase II issues of the Agreement, including investment, competition policy and intellectual property rights.

2.2.3. African Continental Free Trade Area-related risks and mitigation actions

This component contributes to the designing of a cohesion policy as a compensatory mechanism for member States that face adverse effects from the implementation of the Agreement Establishing African Continental Free Trade Area. It should include potential risks and any cost adjustments that would result from the implementation of the Agreement. The potential costs are those evolving from the reallocation of resources, possibly in the form of tariff revenue losses, which could present challenges to gov-

⁵ Relevant regulatory policies, such as competition policies, phytosanitary and safety standards and government procurement rules should be considered in depth.

⁶ Relevant regulation to trade and business include national and the Convention on the Rights of the Child, the Rights of All Migrant Workers, economic, social and cultural rights, Convention on the Elimination of All Forms of Discrimination against Women, Convention on the Rights of Persons with Disabilities, corruption (guidelines on corruption and human rights: <https://www.ohchr.org/Documents/Issues/Development/GoodGovernance/Corruption/HRCASEAGAINSTCORRUPTION.PDF>), United Nations Declaration on the Rights of Indigenous People, and Human Right and the Environment (A/HRC/RES/16/11) and relevant national legislation on the Internet and digital rights.

ernments and the contraction of some sectors, leading to a temporary increase in unemployment.

The component should specifically identify potential scope for adverse import competition, resulting from the implementation of the Agreement and contain assessments of national capacity, for example, to (a) identify threatening import competition, (b) monitor sensitive sectors, and (c) take remedial actions, including through trade remedies and safeguards, should such sectors experience any adverse effects.

The content of this component should be focused on vulnerable groups when analysing the AfCFTA-related risks. In this regard, human rights, gender mainstreaming, environmental concerns and food security are some of the issues that need to be examined.

Mitigation actions should, accordingly, be developed and enacted, covering the wide spectrum of identified potential risks and cost adjustments, if any.

2.2.4. Identification and prioritization of production and trade opportunities

Maximizing the benefits of AfCFTA implies careful identification of market opportunities and the prioritization of sectors and products for value addition, trade

and the development of regional value chains under the Agreement through a statistical analysis considering various scenarios related to tariff liberalization. Systematic screening processes and extensive consultations with the businesses, governments, exports promotion agencies, civil society organizations and other stakeholders need to be carried out to identify promising export markets within the context of AfCFTA. Some key indicators that could be considered in this exercise are existing revealed comparative advantages, economic risks and market size for trade, trade facilitation measures, degree of market concentration or specialization, the prevalence of non-tariff barriers, sanitary and phytosanitary measures and technical barriers to trade, potential for sectoral linkages with micro, small and medium-sized enterprises and alignment between national and regional policy priorities.⁷ The identification of gender-specific outcomes in industrial and trade opportunities must be examined closely.

Identification of priority sectors should also be made in line with the key decisions of the African Union related to the designation of sensitive products and exclusion lists, the anti-concentration clause and double qualifications, namely 90 per cent of tariff lines classified as non-sensitive, 7 per cent as sensitive and 3 per cent as excluded, but in a way that 90 per cent of import value is non-sensitive.

⁷ A number of tools and instruments exist to undertake this exercise. These are, for example, revealed comparative advantage indicators; the Decision Support Model Approach for export promotion; the UNIDO Assessment Framework; production transformation policy reviews conducted by the Organization for Economic Coordination and Development (OEDC) and product space analysis.

Indeed, a recent empirical assessment of the AfCFTA modalities on goods by ECA⁸ demonstrates that a double qualification approach⁹ to liberalize trade in goods under the Agreement would generate larger trade-related benefits for African countries than a tariff line approach.¹⁰ In addition, liberalizing trade in goods within Africa using a double qualification approach would also provide greater potential to favour the continent's industrialization process, especially as it ensures that intermediates, which can be used to add value in the production process, are liberalized early in the implementation process and are, therefore, rapidly utilized as relatively cheaper inputs towards value addition. The ECA analysis also clearly illustrates that African countries should keep their exclusion lists to a minimum in order to maximize trade-related gains. Moreover, the results from empirical work of ECA further indicate that 100 per cent liberalization would still generate greater benefits for African countries, suggesting that the absence of excluded lists is ultimately preferred and should be seen as a long-term objective under the Agreement. These results are corroborated by a similar analysis conducted by the United Nations Conference on Trade and Development (UNCTAD).¹¹

Beyond the need to keep excluded lists as limited as possible, it is essential that any excluded list differs as little as possible among countries to avoid creating market access distortion. This is particularly important from the perspective of the establishment of a continental customs union, which will require harmonization of African countries' external tariff structures vis-à-vis the rest of the world. In that sense, it is advised that as much as possible, sensitive and excluded lists are determined by regional groupings rather than countries, and that it be obligatory for existing customs unions, such as the East African Community (EAC), the Economic Community of West African States (ECOWAS) and the Southern African Customs Union (SACU).

Nonetheless, the criteria chosen for identification of sensitive and excluded products will also be of importance in mapping strategic sectors for production and trade. ECA has provided a toolkit¹² containing simple and easily implementable options to determine those criteria. The options are essentially related to issues pertaining to delaying tariff revenue losses and favouring industrialization, including green industrialization. For instance, liberalizing intermediates early in the implementation process (precluding them from being placed on excluded lists) is

⁸ For more details, see <https://www.uneca.org/publications/empirical-assessment-african-continental-free-trade-area-modalities-goods>.

⁹ Entails a minimum proportion of tariff lines and not least than the same proportion of value of imports to be liberalized.

¹⁰ Entails a minimum proportion of tariff lines to be liberalized.

¹¹ UNCTAD, "African Continental Free Trade Area: challenges and opportunities of tariff reductions", UNCTAD Research Paper No. 15, 2018. Available at https://unctad.org/en/PublicationsLibrary/ser-rp-2017d15_en.pdf.

¹² ECA, African Continental Free Trade Area: Towards the finalization of modalities on good, toolkit (Addis Ababa: ECA, 2018).

critical to ensure that intra-African trade of industrial products can be strongly stimulated by the reform resulting from the establishment of AfCFTA.

2.2.5. Constraints to overcome and strategic actions required for priority sectors

The objective of this component is to identify current constraints and potential impediments that, if not addressed, would undermine countries' competitiveness and their ability to make the most of AfCFTA. In particular, the focus should be on constraints that impede a country's ability to position itself in strategic segments of regional value chains, tap into new market opportunities and boost priority sectors identified under the component 2.2.4 (of these guidelines). Impediments to businesses, including difficulties in accessing inputs, such as capital, labour, and land, should be identified. This component should also include strategic actions needed to address identified constraints.

With regard to impediments, particular attention should be devoted to non-tariff barriers, including infrastructure gaps (both soft and hard) faced by businesses that undermine their competitiveness in production and trade and inhibit their ability to develop or integrate into value chains of priority sectors at national, regional and global levels. Analysis conducted by the United Nations Conference on Trade and Development indicates that

eliminating non-tariff barriers and addressing regulatory non-tariff measures, as also covered under the annexes in the Agreement on sanitary and phytosanitary measures and technical barriers to trade, would significantly increase the benefits of AfCFTA.¹³ There are import-related and export-related challenges to non-tariff barriers and regulatory measures. If applied to imports, they could increase consumer prices or the prices of intermediate goods, which, in turn, could hinder the development of value chains. If applied by other AfCFTA member States, they could represent a challenge to exporters in the exporting country. Both perspectives are important.

The United Nations Conference on Trade and Development and the African Union Commission are implementing a project to build a continental non-tariff barrier reporting, monitoring and eliminating mechanism. It will give private sector operators the opportunity to report experiences related to non-tariff barriers in their day-to-day operations. To eliminate the barriers, member State Governments need to establish functioning institutions to negotiate and resolve them, as stipulated in the annex on non-tariff barriers of the Agreement Establishing the African Continental Free Trade Area.

Furthermore, the comprehensive data collection approach on non-tariff measures taken by UNCTAD can help to

¹³ UNCTAD (2018). Non-tariff measures: lifting CFTA and ACP trade to the next level. UNCTAD Research Paper No. 14. Available at: https://unctad.org/en/PublicationsLibrary/ser-rp-2017d14_en.pdf.

identify and assess potential obstacles to trade opportunities pertaining to imports and exports. This data collection exercise builds on past and ongoing data collection initiatives carried out by regional economic communities.¹⁴ In some countries, non-tariff measures data are available, while in others, the data collection can be incorporated into the development process of the AfCFTA national strategies.

In the analysis under this component, businesses should be stratified into several categories, such as cluster and size, at the extent possible. Challenges faced by small and medium-sized enterprises, especially women-owned businesses, must be identified and recommendations should be made to improve productivity and enhance trade towards the realization of the right to work and other human rights indicators, including poverty reduction and gender equality.

There is also need to identify capacity and skills gaps at all levels, including in the public and private sectors. These include institutional weaknesses and policy gaps that need to be addressed in order to implement effectively the Agreement Establishing the African Continental Free Trade Area and policy and skills gaps required to be addressed to tap fully into induced businesses opportunities. The Guiding Principles on Business and Human Rights¹⁵ could be incorporated in the analysis.

Once the constraints are identified, strategic actions required to address gaps and boost the identified priority sectors with the highest potential within the AfCFTA context need to be mapped out. These should include necessary actions to not only address existing and potential constraints but also actions aimed at enhancing productive capabilities, fostering an enabling macroeconomic environment, boosting competitiveness, promoting regional value chains and accelerating value addition and industrialization. Complementary to these are approaches to attract and increase sectoral investments, develop and promote infrastructure and quality systems, among others. In addition, approaches for the integration of digital economy tools to enhance efforts in the areas of trade facilitation, trade information and trade monitoring must be considered when developing the strategic actions.

2.2.6. Strategic objectives, action plan with an effective monitoring and evaluation framework

The national strategies should include key strategic objectives that contribute to increasing countries' trade performance, in particular that of intra-African trade for goods and services. Consideration should be given to key issues including, among others, capacities, opportunities under the Agreement for regional and global value chains integra-

¹⁴ UNCTAD has conducted data collection in 13 ECOWAS countries and will soon update data in some of them. In the EAC-COME-SA-SADC Tripartite. It is also assisting the regional economic communities in data collection and dissemination efforts. Also of note, the International Trade Centre has collected data in several North African countries.

¹⁵ See https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_eN.pdf.

tion, country priority sectors, regional context and AfCFTA-related risks. Indicators of achievements, baselines and targets need to be developed under each strategic objective. These elements will form the basis of the action plans for the national strategies and an effective monitoring and evaluation, which provides timely and accurate data for decision-making and taking corrective actions. A results-based management approach will be used to conduct monitoring and evaluation process. The PANEL principles: participation, accountability, non-discrimination, empowerment and legality, should be incorporated in the approach to systematically monitor and evaluate the impacts. The action plan and its monitoring and evaluation framework will be overseen by an AfCFTA national implementation committee, consonant with the African Union General Assembly decision in Nouakchott in July 2018.¹⁶

For the monitoring and evaluation framework, tools and indicators needed to assess the implementation of the national strategy should be identified. These could include the Trade Observatory led by the African Union Commission and the International Trade Centre, and the AfCFTA Country Business Index proposed by ECA. The indicators should include accurate gender-disaggregated data to measure the overall impact of the Agreement on men and women, as well as to allow for a gender analysis of specific interventions. Further consider-

ation should be given to international assistance and other forms of cooperation through human rights channels and Aid for Trade to help develop adequate data-collection, consultative and monitoring processes.

2.2.7. Cross-cutting issues

The national strategies must take into account a number of cross-cutting issues, such as inclusivity, gender equality, youth employment, environmental, climate change and technologies.

These issues are critical components to examine if Africa is to maximize economic diversification and its trade potential. Examining inclusivity is important to ensure that the implementation of the Agreement Establishing the Free Trade Area does not impair governments' abilities to respect, protect and fulfil their human rights obligations.

Gender equality is central to the creation of more sustainable and inclusive African economies and societies. Indeed, women are key players in the African economic sector in particular, in trade, whether formal or informal. Women account for more than 50 per cent of the informal cross-border trading in Africa. Informal cross-border traders stand to benefit from reduced import duties and simplified trade regimes if member States address some of the key challenges facing them. These include lack of trade facilitation, inadequate border infrastruc-

¹⁶ See Assembly/AU/Dec. 692/(XXXI).

ture, limited access to finance, lack of market information, corruption and insecurity, gender-based violence and limited knowledge, education and business management skills.¹⁷ The priority needs and concerns of women cross-border traders should be explicitly considered in the implementation of the Agreement, which potentially could advance women cross-border entrepreneurship and enhance the rights of these traders.

Accounting for environmental and technology issues are also necessary to promote environmentally friendly development, while tapping into the full potential of digitalization. There is need to assess environmental impacts that could result from greater engagement in economic and trade activities (new or existing) under the Agreement. Thereafter, requirements to ensure environmental sustainability in the AfCFTA context are to be examined. It is also important to consider the opportunities and challenges associated with the Fourth Industrial Revolution, especially the digital economy, which incorporates Internet-based changes, leading to advanced robotics and factory automation, namely advanced manufacturing, the Internet of things, cloud computing, big data analytics and artificial intelligence, at the largest extent possible.¹⁸ Specific attention should be given to the gender divide, as part of the digital divide.

It is worth noting in this regard that the proportion of women using the Internet on the continent is 25 per cent lower than the proportion of men – a challenge with significant implications for harnessing the transformative power of the technology-driven Fourth Industrial Revolution for inclusive and sustainable development.

The analysis under the cross-cutting issues should focus on how these opportunities could support priority sectors of target countries under the Agreement in terms of cost reduction and increasing efficiency. The ability and readiness of countries to embrace the digital economy and in particular, e-commerce, with the strong potential to provide equality of opportunity for women as entrepreneurs and traders, should be thoroughly examined.

2.2.8. Financing the implementation of the Agreement Establishing the African Continental Free Trade Area

The national strategy document should include the names of the potential sources of funding to support the effective implementation of the Agreement. Under this component, mechanisms aimed at seeking and mobilizing the necessary financial resources from governments, the private sector and development partners to support the implementation of the national strategies should be developed.

¹⁷ Lily Sommer and Chiris Nshimbi, "The African Continental Free Trade Area; an opportunity for informal cross-border trade", Bridges Africa, 5 June 2018. Available at <https://www.ictsd.org/bridges-news/bridges-africa/news/the-african-continental-free-trade-area-an-opportunity-for-informal>.

¹⁸ See UNCTAD, "United Nations Conference on Trade and Development, The 'New' Digital Economy and Development", Technical note no. 8, 2017. Available at https://unctad.org/en/PublicationsLibrary/tn_unctad_ict4d08_en.pdf. t (Geneva, 2017).

2.2.9. Communication and visibility plan

The AfCFTA national strategies should incorporate a strong mechanism for communication, advocacy and outreach related to the instruments of the Agreement. The communication and visibility plan of the national strategies should be aimed at, among other things, raising awareness and understanding of AfCFTA and leveraging the benefits of the Agreement for stakeholders (including Government, the private sector and civil society). A number of communication activities could be

undertaken to achieve the set objective, including, among them, the development of communications instruments (video and audio materials, among others) and the organization of awareness events relating to AfCFTA.

The communication strategy around AfCFTA could entail seeking designation of ambassadors, preferably from the private sector, to deliver key messages. In addition, the AfCFTA brand should be widely promoted through any communication activity.

3. Approaches required to develop the African Continental Free Trade Area national strategies

For the AfCFTA national strategies to be effective, the related development process – from design to implementation and monitoring – should follow integrated and participatory approaches. This is very critical considering the multi-dimensional and cross-cutting nature of the Agreement Establishing the African Continental Free Trade Area.

An integrated approach implies coherence between the AfCFTA strategies and other policies, including industrial, agriculture, infrastructure, education, investment and social policies, that advance countries' development agenda under a committed leadership. On the other hand, a participatory approach, often emanating through multi-stakeholder consultations, makes it possible to consider not only the interrelationship among different actors, but also to account for their respective needs and interests. This

ensures an environment that promotes mutually reinforcing interests and actions from different entities and helps to create synergies towards achieving common objectives, while tapping into the comparative advantages of each group of stakeholders. Mechanisms for participation must promote the implementation of proactive measures to ensure that women, as a particularly disadvantaged group, are able to make their voices heard. The effective and meaningful participation of African women entrepreneurs, traders, women activists and civil society, is critical to identify and to address any potentially adverse outcomes of the Agreement and to promote the positive effects on gender equality. The ultimate results are consensus building around the key components of the AfCFTA national strategies and stakeholders buy-in.

The development of the AfCFTA national strategies will draw upon expertise at national, regional and international levels. A number of institutions including ECA, the African Union Commission, the regional

economic communities, the International Trade Centre, the Organization for Economic Cooperation and Development and UNCTAD, could support national and regional efforts.