

CONFERENCE REPORT



THE 2019 AFRICA PROSPERITY CONFERENCE

December 3rd to 5th in Djibouti



Pan African Chamber of
Commerce and Industry

2019 AFRICA PROSPERITY CONFERENCE REPORT

I. OPENING AND INTRODUCTION

The Prosperity Africa Conference, held from December 3rd to 5th 2019 in Djibouti, was organized in partnership with the Djibouti Chamber of Commerce and the Pan-African Chamber of Commerce and Industry (PACCI). The forum gave the private sector and the relevant actors, information about the existing and the new opportunities enabled by the establishment of the African Continental Free Trade Area (AfCFTA). The AfCFTA became operational in July 2019 and will foster the growth and the sustainable development of African intra-trade.

The objectives of the AfCFTA include the elimination of 90 % of customs duties between the member countries, the simplification of administrative procedures, the free movement of people and goods. It is predicted that the agreement will contribute to the growth of the inter-African trade by 33% to 60% by 2022 and lead to a GDP increase of 1% to 3% in member states.

The forum brought together representatives of African Chambers of Commerce and the PACCI, and members of the private and public sectors. The chambers of Commerce and the PACCI reflected on ways they could support each other in contributing to the growth of the private sector on the continent.



REFLECTION POINTS AND SUMMARY OF CONTENT

1- AfCFTA: Challenges and Opportunities for The Private Sector

Among other objectives, this first panel was dedicated to introducing the potential of the African market with more than a billion consumers and a GDP of \$2500billion. The urgent requirements for Africa, which are essential factors to increase the competitiveness of African companies, were discussed. Such conditions include industrialization, improvement of the connectivity and infrastructures within and between states and the need for a diversified economy. That is where the AfCFTA project becomes crucial. Indeed, the initiative facilitates the flow of goods and people. It will also enable a more efficient and faster sharing of expertise on the continent.

The success of AfCFTA depends on the involvement of the private sector. By supporting the private sector, chambers of commerce can take up the role of being a voice for the governments. Thus, the development and the increased use of PPPs mechanisms within the AfCFTA and a strong political will on the continent are a must.



It is also crucial to have a favourable legal framework beforehand for the success of this common market. Furthermore, industrializing the continent, which will enable the creation of a value chain, economic diversification and job creation, is one of the essential factors for the success of AfCFTA. Other significant challenges include the need for investments in ICT to become more competitive and in the agricultural sector to achieve food self-sufficiency. The major challenge is to have more capital to fill a market of more than 1 billion consumers.

2- Focus on Trade Facilitation

The second panel focused on the expectations and requirements for a successful AfCFTA; the ultimate aim being the reduction of tariff and non-tariff barriers and attracting more direct foreign investments and improvement of government policies on trade and business.



The discussion on trade facilitation enabled reflection on the main obstacles to intra-African trade but also raised awareness of the mechanisms put in place by the African Union and other regional institutions to facilitate the process

The main issues raised were the lack of adequate and modern infrastructures and interstate communications, insufficient economic intelligence on the continent, lack of expertise in perishable goods and health standards. Furthermore, the lack of confidence Africans demonstrate in regards to the quality of their products is an obstacle to their valorization, and the mechanisms of quality control are not respected. Currently, there are still doubts about the success of the AfCFTA in all countries because African states' economies are similar in general and face the same difficulties and challenges. For instance, there is a large informal sector that contributes significantly to the added value of the continent but for which formalization mechanisms lack. Customs problems and corruption are also huge hindrances that must be removed. There are also a multitude of regional organizations whose positive contribution to intra-African trade is called into question.

3- Technology and Innovation for the AfCFTA

The third panel was an introduction to the state of the technology and innovation sector on the continent and the ways to make the most of the opportunities available for African companies, so they become competitive. For instance, Africa has important submarine cables implemented. In addition, there are collaborative platforms for national information technologies and potential for young people to take advantage of them.



African successful economic integration depends on the stability of relations maintained between the countries of the region. Thus, in the field of ICTs, common digital strategies must be put in place to offset the continent's poor access to digitization. For the success of these development strategies, public-private partnership is essential; it serves as a base for the economic development of the continent through technology. Also, e-commerce is a mean of stimulating commercial transactions, to alleviate communication difficulties and to facilitate trade by connecting manufacturers and distributors through platforms. Technology can also serve the mobility of products and services. Other challenges include the cost of energy and questions on security and stability as well as the obstacles to the exponential growth of young people in the labour market.

4- African Private Sector Funding

The last panel centered on the existing financing mechanism available and how countries and private sectors would be supported during the implementation of AfCFTA. Then, the roles of the private sector in the success of the initiative have been explored. For instance, it was recommended that the Private sector, through PPPs, invest in infrastructure. Also, how businesses and startup could access financing have been discussed. The private sector can help finance infrastructures and help develop intra-African trade. International Finance Corporation outlined the initiatives that exist within the institution to facilitate access to finance for SMEs.

It supports and encourages the private sector to move away from traditional investment sectors and invest in infrastructure, for example. Other financial institutions such as ECOBANK and the central bank of Djibouti presented the mechanisms put in place to facilitate access to financing for project promoters and the development of new investment projects.

KEY RECOMMENDATIONS

1. The Conference recognized the ongoing efforts made by PACCI to work closely with regional organizations and requested PACCI to invest in building and maintaining strong and continuous relationships with national, subregional and continental business organizations.
2. The Conference recommended that officials of the African Union and all the organizations in charge of implementing the AfCFTA involve the private sector in the process.
3. The Conference recommended to promote the 'made in Africa' label and underlined the importance of encouraging manufacturers and business operators to adopt the 'Made in Africa' label where possible.
4. The Conference stressed the importance of streamlining trade rules and practices, promoting efficient trade measures, including through the digitalization of rules and practices.
5. Help promote the idea of creating a fund to support start-ups and scale-ups, innovation and entrepreneurship.
6. Develop partnership with professional farm advisors and service providers to be updated on introducing young farmers the latest agricultural science and innovation, particularly for climate-smart agriculture.
7. Develop programs focusing on attracting investment to improve connection, logistics and trade facilitations to expand Africa's trans-national transport infrastructure systems (roads, rails ways, airports and seaports) to enhance the flow of goods and services between nations.
8. The Conference highlighted imperative that governments do not overlook the importance of the services industry, as Africa's services exports grew more than six times faster than merchandise exports between 1998 and 2015
9. The Conference requested PACCI to clarify the numerous ambiguities currently present in the AfCFTA Agreement. PACCI could do so by producing manuals on key issues, such as competition policy, investment and Intellectual Property Rights.
10. The Conference requested that PACCI design the key innovative strategies for enhancing the role of SMEs and to effectively domesticate and implement the ACFTA agreement to ease trade facilitation.



Pan African Chamber of
Commerce and Industry

Gulf Aziz Building, Bole
4th Floor (402), P.o Box 3155,
Addis Ababa, Ethiopia

info@pacci.org

+251 11 691011

[Twitter](#) [Facebook](#) [LinkedIn](#) [YouTube](#) @OfficialPACCI

www.pacci.org

