



Understanding AfCFTA and your Social Enterprise: Market Access in the AfCFTA

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Preamble: Journey of African integration

African integration is alive!

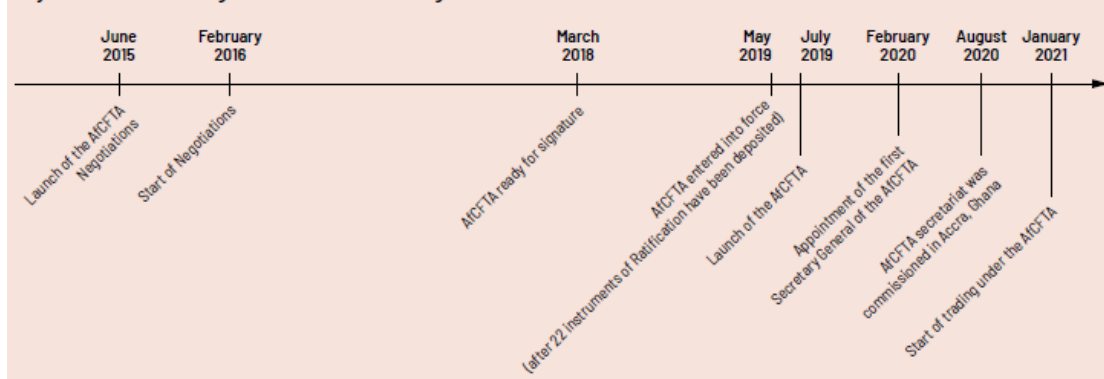
- The push for a continent-wide free trade agreement has been in place since 1963, albeit with many misses
 - Monrovia Conference (1979), the Lagos Plan of Action and the Final Act of Lagos (1980), and the Abuja Treaty establishing the African Economic Community (AEC) in 1991



Preamble: Journey of AfCFTA

The dream was revived in Kigali in 2018!

Key milestones in the negotiations of the AfCFTA Agreement

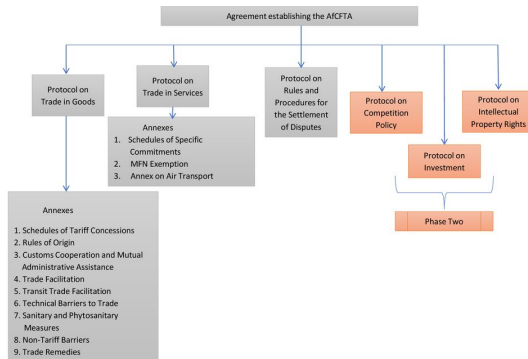


The agreement has since been signed by 54 countries, of which 46 had ratified it as of July 2023

Ingredients of AfCFTA

The agreement is in two faces

- Operationalization of Phase 1 is underway
- Some Protocols under Phase 2 - Investment, Intellectual Property Rights and Competition Policy - were recently adopted (February 19, 2023)
- Trading under the AfCFTA formally launched on **January 1, 2021** but actual trade started in **October 2022** under the Guided Trade Initiative
- AfCFTA Secretariat is in Accra, Ghana



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The existence of a large market – about 1.4 billion people and US\$ 2.7 trillion of GDP in 2021 – offers a large opportunity for your enterprise to trade under the AfCFTA. So, how do you access the market?



Accessing AfCFTA

- Start with awareness
- Identify opportunities
- Tackle your challenges

Accessing AfCFTA: Awareness

- Awareness is essential in both preparing for the potential threats and maximizing the potential benefits of the AfCFTA
 - Most businesses are unaware of AfCFTA: 67% of MSMEs in Nigeria and 52% of businesses in Kenya and Ghanaian MSMEs
- How do you become aware?
 - Join a business association (63%)
 - Social media presence (53%)
 - Local and national news
 - Attend government seminars and training

Accessing AfCFTA: Identify opportunities

Industries bearing the greatest potential

- The World Economic Forum and International Trade Centre have identified four industries that bear the greatest opportunity once AfCFTA becomes operational
 - They are: **automotive**; **agriculture and agro-processing**; **pharmaceuticals**; **transport and logistics**
- **Automotive sector** ⇒ grow because of the anticipated rise in domestic demand, incomes & trade
- **Agro-processing** ⇒ create jobs, reduce food security & gender inequality



Accessing AfCFTA: Identify opportunities

Industries bearing the greatest potential

- The **pharmaceuticals sector** is poised to strengthen the continent's vulnerable health supply chain
- **Transport and logistics** are expected to enable trade through all means of transport (road, sea and air)



Accessing AfCFTA: Identify opportunities

Sources of market and product intelligence

- Spot your market and product Potential through the Export Potential Map of the International Trade Centre
- Visit <https://exportpotential.intracen.org/en/> for more information



Accessing AfCFTA: Tackle your challenges

I guess your business faces some challenges

- Some solutions lie within the government and others are yours
 - Challenges can generally be classified as access to credit and trade facilitation

Table 1: Top-5 challenges for businesses in Kenya

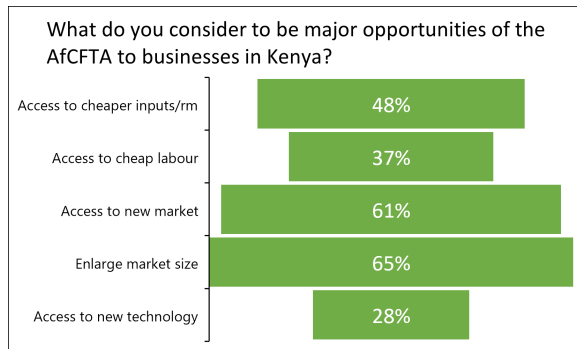
Challenge	Overall	Small	Medium	Large
Access to new markets	46%	43%	45%	48%
Access to credit	37%	33%	41%	39%
Taxes and tariffs	70%	69%	71%	74%
High cost of raw material	26%	28%	21%	35%
Corruption	44%	44%	38%	53%

Source: Huppertz, Majune and Olapade (2022).

Accessing AfCFTA: Tackle your challenges

I guess your business faces some challenges

- Some solutions lie within the government and others are yours
 - What are your major challenges?
 - What is your experience with accessing credit facilities from financial institutions?



Source: Huppertz, Majune and Olapade (2022).

Thank you