



# ACSUS Opportunity - on Africa Free Trade Outline discussion document

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# Agenda 2063



- Agenda 2063 is the continent-wide policy roadmap that includes among its objectives “inclusive growth and sustainable development” and an “integrated continent.” It is currently undergoing its first implementation plan, due to wrap up in 2023, which included the AfCFTA’s completion and a series of other trade-related goals. Among these is the target of increasing trade within the continent twofold by next year, relative to 2015.



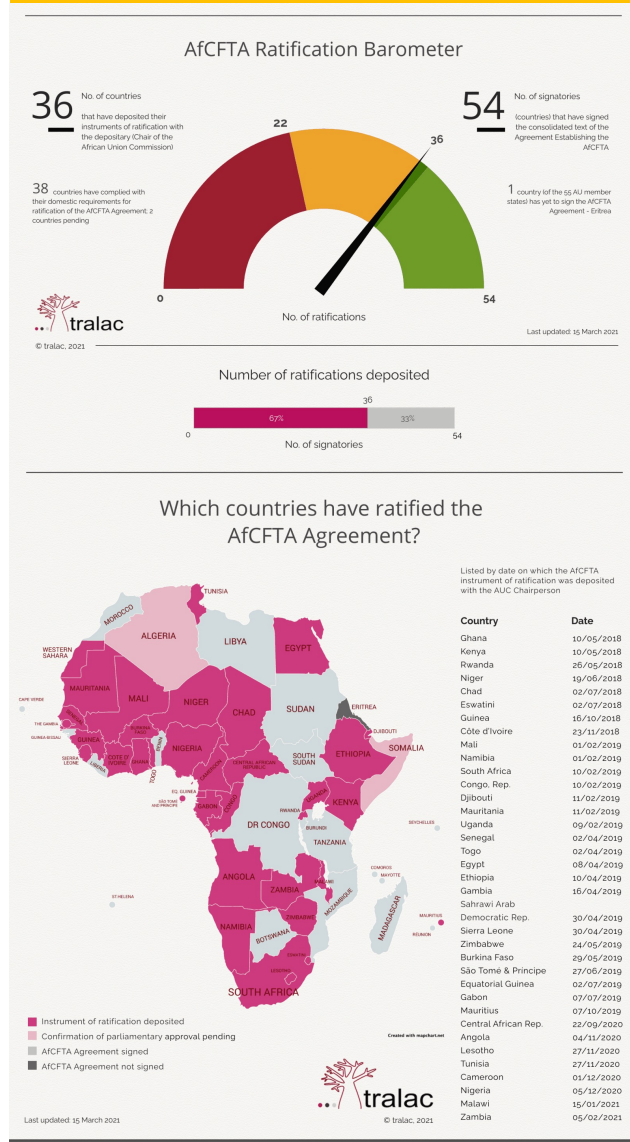
# Africa's Agenda



- Africa Free Trade Area.
- The AfCFTA's secretariat is headquartered in Accra, Ghana, with Wamkele Mene (South Africa) serving as the first Secretary-General. The AfCFTA is also a stepping-stone to an African Economic Community and Customs Union, as envisioned two decades ago under the 1991 Abuja Treaty.



# Current status



- To date, 35 of the African Union's 55 member States have ratified the agreement.
- Fifty-four AU member States have signed the AfCFTA, with the exception of Eritrea.
- The AfCFTA's secretariat is headquartered in Accra, Ghana, with Wamkele Mene (South Africa) serving as the first Secretary-General.
- The AfCFTA is a stepping-stone to an African Economic Community and Customs Union, as envisioned two decades ago under the 1991 Abuja Treaty.

# Africa's Agenda: Agenda 2063



- Aspiration 1: A prosperous Africa based on inclusive growth and sustainable development.
- Aspiration 2: An integrated continent; politically united and based on the ideals of Pan-Africanism and the vision of Africa's Renaissance.
- Aspiration 3: An Africa of good governance, democracy, respect for human rights, justice and the rule of law.
- Aspiration 4: A peaceful and secure Africa.
- Aspiration 5: An Africa with a strong cultural identity, common heritage, shared values and ethics.
- Aspiration 6: An Africa, whose development is people-driven, relying on the potential of African people, especially its women and youth, and caring for children.
- Aspiration 7: Africa as a strong, united, resilient and influential global player and partner.





- The African Citizenry through the consultations in the preparation of the 50 year framework document and supported by the AU Summit came out with 12 programmes/projects which they will like to see implemented immediately even before the adoption of the First Ten Year Implementation Plan

# 1. Integrated High Speed Train Network



- Connecting all African capitals and commercial centres through an African High-Speed Train to facilitate movement of goods, factor services and people, reduce transport costs and relieve congestion of current and future systems.



## 2. An African Virtual and E-University



- Increasing access to tertiary and continuing education in Africa by reaching large numbers of students and professionals in multiple sites simultaneously and developing relevant and high quality Open, Distance and eLearning (ODeL) resources to offer the prospective student a guaranteed access to the University from anywhere in the world and anytime (24 hours a day, 7 days a week).



## 2. An African Virtual and E-University



- Increasing access to tertiary and continuing education in Africa by reaching large numbers of students and professionals in multiple sites simultaneously and developing relevant and high quality Open, Distance and eLearning (ODEL) resources to offer the prospective student a guaranteed access to the University from anywhere in the world and anytime (24 hours a day, 7 days a week).

### 3. Formulation of a commodities strategy



- Enabling African countries add value, extract higher rents from their commodities, integrate into the Global Value chains, and promote vertical and horizontal diversification anchored in value addition and local content development.



## 4. Establishment of an annual African forum



- Designed to bring together, once a year, the African political leadership, the private sector, academia and civil society to discuss developments and constraints as well as measures to be taken to realize the Aspirations and goals of Agenda 2063.



## 5. Establishment of the Continental Free Trade Area



- Establishment of the Continental Free Trade Area by 2017. To significantly accelerate growth of Intra-Africa trade and use trade more effectively as an engine of growth and sustainable development, through doubling of intra-Africa trade by 2022, strengthen Africa's common voice and policy space in global trade negotiations and establish the financial institutions within agreed upon timeframes: African Investment Bank and Pan African Stock Exchange (2016); the African Monetary Fund (2018); and the African Central Bank (2028/34).



## 6. The African Passport and free movement of people



- The African Passport and free movement of people: Transforming Africa's laws, which remain generally restrictive on movement of people despite political commitments to bring down borders with the view to promoting the issuance of visas by Member States enhance free movement of all African citizens in all African countries by 2018.



## 7. Implementation of the Grand Inga Dam Project



- Implementation of the Grand Inga Dam Project. The optimal development of the Inga Dam will generate 43,200 MW of power (PIDA) to support current regional power pools and their combined service to transform Africa from traditional to modern sources of energy and ensure access of all Africans to clean and affordable electricity.



## 8. The Pan-African E-Network



- The Pan-African E-Network. This involves a wide range of stakeholders and envisages putting in place policies and strategies that will lead to transformative e-applications and services in Africa; especially the intra-African broad band terrestrial infrastructure; and cyber security, making the information revolution the basis for service delivery in the bio and nanotechnology industries and ultimately transform Africa into an e-Society.



## 9. Silencing the guns



- Silencing the guns by 2020. Ending all wars, civil conflicts, gender based violence and violent conflicts and prevent genocide. Monitor progress through the establishment and operationalization of an African Human Security Index (AHSI)





# 10. Africa Outer Space Strategy



- Africa Outer Space Strategy aims to strengthen Africa's use of outer space to bolster its development. Outer space is of critical importance to the development of Africa in all fields: agriculture, disaster management, remote sensing, climate forecast, banking and finance, as well as defense and security. Africa's access to space technology products is no longer a matter of luxury and there is a need to speed up access to these technologies and products. New developments in satellite technologies make these very accessible to African countries. The Brazzaville meeting on aerial space technologies underlines the need for appropriate policies and strategies in order to develop regional market for space products in Africa



# 11. Establishment of a single African air transport market



- Establishment of a single African air transport market: This flagship programme aims at delivering the single African air transport market to facilitate air transportation in Africa.
- to develop regional market for space products in Africa



## 12. Establishment of the African financial institutions



- Establishment of the Continental Financial Institutions: aims at accelerating integration and socio-economic development of the continent, as they are important institutions when it comes to the mobilization of resources and management of financial sector.



# Leveraging Africa's strategic partnerships



- The African Union has entered into a number of strategic partnerships to support its development process: Africa-EU, Africa-USA, Africa-Japan, Africa-China, Africa-India, Africa-Arab League of States, Africa-South America, Africa-Turkey, and Africa-Korea with more demand for partnership in the pipeline. However, the full potential of the financial pledges and technical assistance pledges embedded in these partnerships are yet to fully leverage from the African side.



# Actions required of AU to take enhance its strategic partnerships:

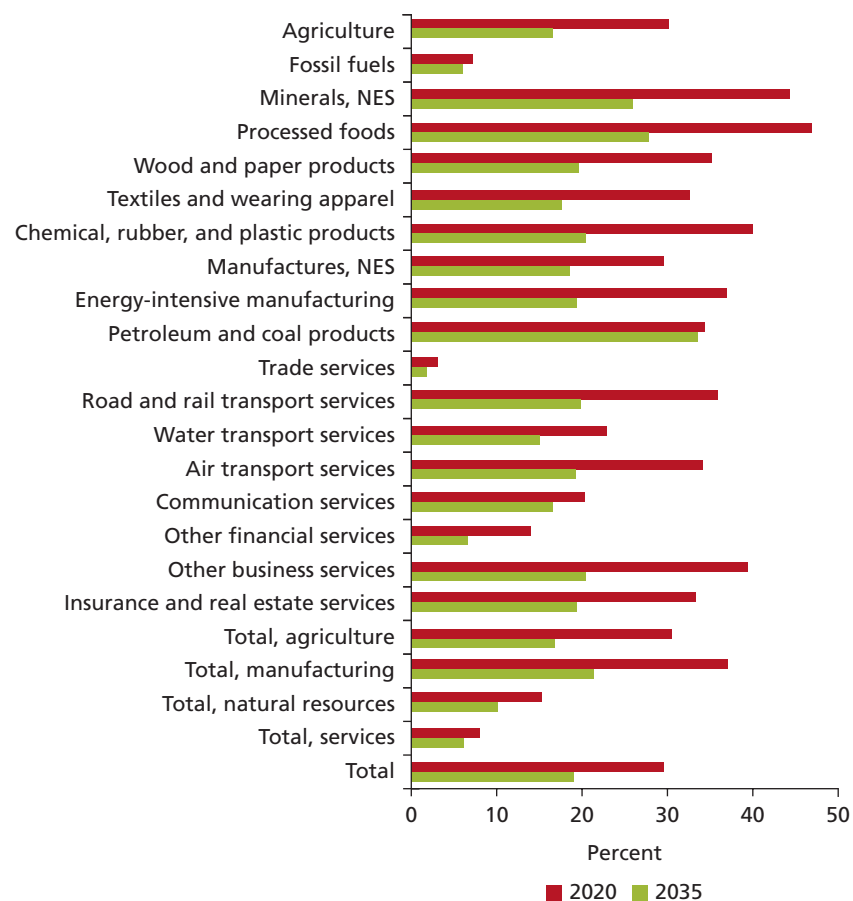


1. Preparing a comprehensive AU policy framework and articulating a partnership strategy for all high-potential partners around a limited number of interventions with meaningful socio- economic transformational benefits.
2. Enhancing its strategic, governance, technical, logistical and financial support to the partnership management function of the AUC; by bringing more clarity to the implementation model of Africa's various continental programs to facilitate result-oriented cooperation with its strategic partners; and by improved involvement and coordination of/among Africa's various stakeholders of the partnership process.
3. Deepening transformational benefits of the partnerships through alignment to Agenda 2063 priorities, and flagship projects, natural resource-based and STI-based industrialization and technology transfer, intra-African trade and export development, private sector and MSME development, financial market development, support to the post-2015 Agenda in social and sustainable development and domestic financial resource mobilization.





**Figure 4.7** Trade-weighted nontariff barriers imposed on AfCFTA imports by sector, 2020 and 2035



Source: Estimates, World Bank study team.

Note: AfCFTA = African Continental Free Trade Area; NES = not elsewhere specified.

# AGOA



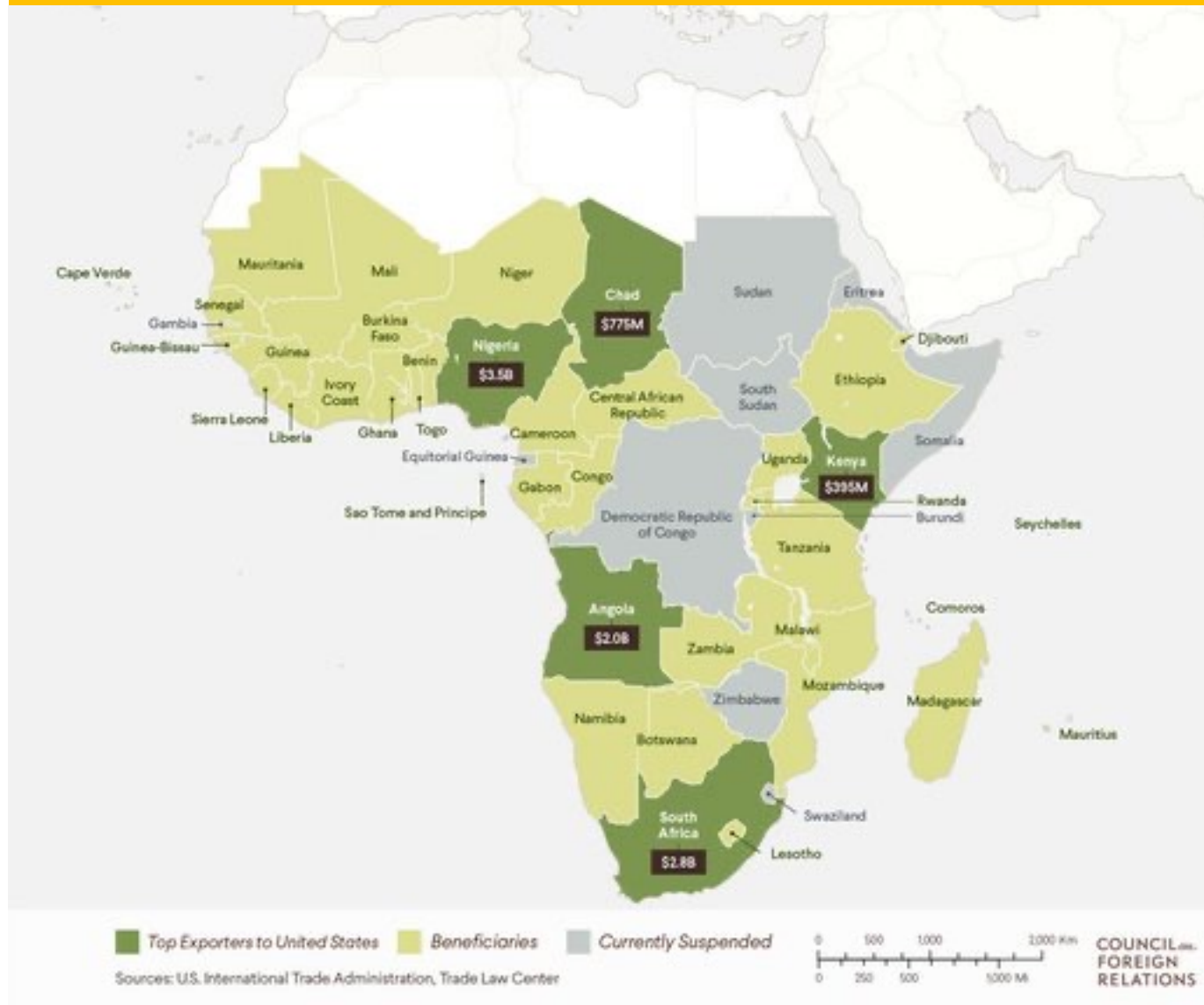
- President Bill Clinton signed the African Growth and Opportunity Act (AGOA) in 2000. African countries were given a competitive edge by providing unilateral duty-free exports for 6,500 products from Africa to the United States.
- Twenty years after AGOA was first adopted, it has created long-term, sustainable growth by stimulating the private sector and creating jobs in a region where many countries are battling high unemployment, thereby addressing structural challenges the region faces. Additionally, in choosing a regional approach for the trade agreement, Clinton empowered both big players like South Africa and smaller players like Lesotho. In many ways, this approach aligns with the “trade not aid” mantra.



# Agoa Eligible Countries



The Seychelles graduated out of the program at the start of 2017.







# Prosper Africa



# Prosper Africa



- Prosper Africa brings together services and resources from across the U.S. Government to help businesses and investors learn about the market, get deal support, and explore financing opportunities.
- Prosper Africa offers a robust package of U.S. Government services and resources to support U.S. and African businesses and investors.
- It provides a digital resource centre, serving as a one-stop shop for investment services and resources across the entire US government
- According to the initiative, during its first year, it directly supported more than 280 deals to close across more than 30 African countries for a total value of over \$22-billion.



## ...Prosper Africa (cont)



- On Nov. 17, 2020, USAID announced a new Prosper Africa trade and investment program for 2021. Valued at \$500 million over five years, its goal is to expand Prosper Africa's services..
- The four project objectives are:
  - increased trade
  - increased investment
  - improved business environment
  - providing support for USAID and Prosper Africa.
- A strong emphasis will be placed on private investment. By 2026, the program is expected to raise billions of dollars and create hundreds of thousands of jobs in both Africa and the United States.



# Recommendations by CDG



1. Institutionalize the US-Africa Leaders Summit or an event like it as a framework for high-level engagement with the continent. Host the event every three to five years.
2. Introduce aid instruments that reward transnational integration, similar to how MCC Compacts are designed to reward good governance based on externally generated indicators. MCC provides a readymade platform that could be used to award larger regional compacts for neighbors and countries scoring high on an integration scale.
3. Influence international financial institutions (IFIs) to favorably weight projects submitted jointly by two or more African nations and either establish or increase lending resources at regional integration windows at IFIs, thereby guiding AfCFTA member states to gravitate toward integration more quickly.



# Recommendations by CDG



4. Make grant and technical assistance available to African states making the most progress on metrics related to trade efficiency, including harmonization and predictability of rates and tariffs, speed of customs clearing, and the rate at which ship to shore, shore to ship goods clearance is accomplished at ports. The US Coast Guard already has programs assisting ports in becoming International Port and Ship Security (ISPS) compliant. These services could be integrated in Prosper Africa, decoupling them from purely security justifications.
5. Increase resources for transaction advisory services like the Africa Legal Support Facility and the International Senior Lawyers Project to increase the supply of technical support to African governments as they negotiate loans, public-private partnership agreements, production sharing contracts, and mineral development agreements with both bilateral and private sector partners. Many African governments are outgunned in these negotiations, skewing the outcomes toward the other party and prompting subsequent governments to cancel or attempt to renegotiate the deals.
6. Encourage US private and public lending and investment in places that have made the most progress along these lines and lead a coalition of other partners, including China, to act in concert on these initiatives.





MCC



# The MCC



- The Millennium Challenge Corporation (MCC) is an innovative and independent U.S. foreign assistance agency that is helping lead the fight against global poverty.
- Created by the U.S. Congress in January 2004 with strong bipartisan support, MCC lays emphasis on good policies, country ownership, and results. MCC provides time-limited grants promoting economic growth, reducing poverty, and strengthening institutions. These investments not only support stability and prosperity in partner countries but also enhance American interests.
- MCC forms partnerships with developing countries who are committed to good governance, economic freedom and investing in their citizens.



# Types of MCC Grants



- **Compacts**—large, five-year grants for selected countries that meet MCC's eligibility criteria
- **Concurrent Compacts for Regional Investments**—grants that promote cross-border economic integration, and increase regional trade and collaboration
- **Threshold Programs**—smaller grants focused on policy and institutional reform in selected countries that come close to passing MCC's eligibility criteria and show a firm commitment to improving their policy performance

MCC has invested more than \$13 billion in compact and threshold programs worldwide that support country-led projects in areas like: agriculture and irrigation, anti-corruption, education energy, health etc.





# Example of MCC Togo



- The MCC Togo Threshold Program is designed to improve citizens' access to high quality and affordable Information and Communications Technology (ICT) services—both mobile phone services and Internet—by encouraging private sector investment, developing an independent regulatory regime, expanding service to underserved areas, and increasing the use of ICT among women and small businesses.
- The threshold program will also seek to expand access to formalized land through the recognition and protection of legitimate land rights in five pilot areas across the country and to develop a regulatory framework to implement the proposed new land code. The threshold program incorporates stringent accountability mechanisms to ensure that MCC funds are tied to results and are used only for programmatic purposes.
- Grant Total, 35m USD.



# Some notable platforms for Trade and trade information



- UNCTAD, WTO, World Bank, WEF
- World Integrated Trade Solution (WITS)
- The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is, to date, the most comprehensive multilateral agreement on intellectual property (IP). It provides for basic principles such as non-discrimination, sets forth minimum standards of protection in several areas of the law, contains provisions that deal with domestic procedures and remedies for IP enforcement, and makes TRIPS obligations and disputes between members subject to the WTO's dispute settlement procedures.



# World Integrated Trade Solution (WITS)



- The World Bank — in collaboration with the United Nations Conference on Trade and Development (UNCTAD) and in consultation with organizations such as International Trade Center, United Nations Statistical Division (UNSD) and the World Trade Organization (WTO) — developed the World Integrated Trade Solution (WITS). This software allows users to access and retrieve information on trade and tariffs. Below is list of international organizations that compile this data:
- The **UNSD Commodity Trade** (UN Comtrade) (UN Comtrade) database contains merchandise trade exports and imports by detailed commodity and partner country data. Values are recorded in U.S. dollars, along with a variety of quantity measures. The database includes information on more than 170 countries, and features statistics that have been reported to the United Nations since 1962. These statistics and data continue to be recorded according to internationally recognized trade and tariff classifications.
- The **UNCTAD Trade Analysis Information System** (TRAINS) contains information on tariffs and non-tariff measures for more than 160 countries. The data on tariffs and non-tariff measures are recorded at the most detailed Commodity Description and Coding System (HS), at the National Tariff Line Level. Tariff information contains not only applied MFN tariff rates, but also to the extent possible, various preferential regimes including the Generalized System of Preferences (GSP), Regional Trade Agreements (RTAs) and other Preferential Trade Agreements (PTAs) rates including bilateral trade agreement tariff rates.
- The **WTO's Integrated Data Base** (IDB) contains imports by commodity and partner countries and Most Favored Nation (MFN) applied and, where available, data on preferential tariffs at the most detailed commodity level of the national tariffs. The Consolidated Tariff Schedule Data Base (CTS) contains WTO-bound tariffs, Initial Negotiating Rights and other indicators. The CTS reflects the concessions made by countries during goods negotiations (e.g., the Uruguay Round of Multilateral Trade Negotiations). The IDB and CTS are practical working tools and there are no implications as to the legal status of the information contained therein.
- The **World Bank** and the **Center for International Business, Tuck School of Business** at Dartmouth College **Global Preferential Trade Agreements Database** provide information on preferential trade agreements (PTAs) around the world, including agreements that have not yet been notified to the World Trade Organization. This resource helps trade policy makers, research analysts, the academia, trade professionals and other individuals better understand and navigate the world of PTAs.



# The Problem Statement



- If Africa is to trade better, it must improve the capacity of the ordinary business person to trade with his African counterpart.
- There is so much work done by global, multilateral, continental, regional, national bodies and somehow this does not increase the average citizen level knowledge of trading opportunity within Africa.
- There is an information and knowledge gap.





# The ACSUS Economic Agenda



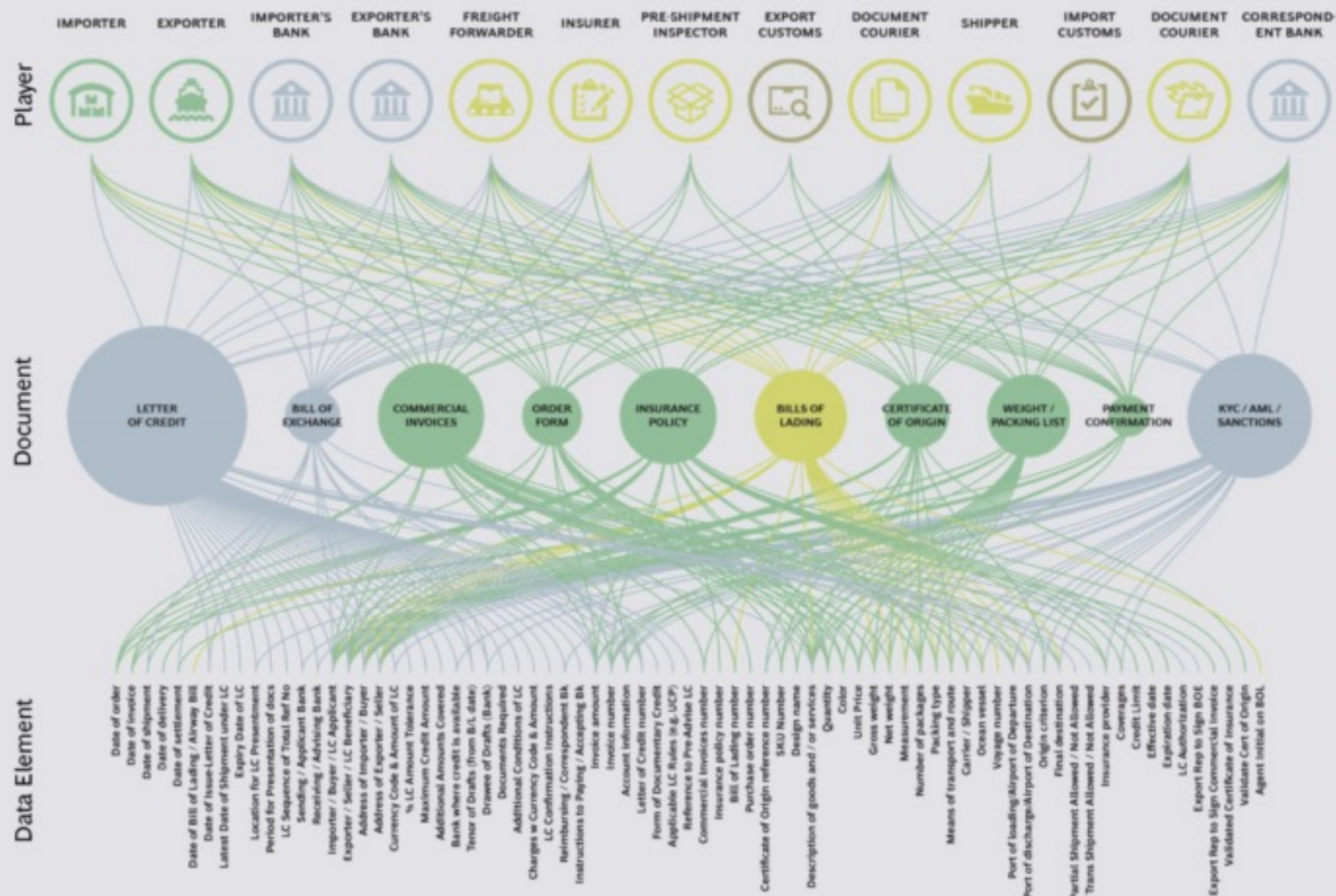
# The Summary Problem Statement



- Trading's heavy reliance on centralized authorities in Africa has made for poor performance, the lack of flexibility and transparency, and vulnerability to malicious alteration and corruption.
- Too much paper-work involved in conducting trade between African countries ( and generally around the world), which makes it onerous for small businesses and traders who , if facilitated can greatly enhance trade withing Africa.



# EXHIBIT 1 | The 20+ Players interact with the data fields captured in the 10-20 Documents to create ~5,000 data field 'interactions'



Source: BCG Analysis





# Critical Trade Documents



1. Bill of Lading
2. Certificate of Manufacturer
3. Certificate of origin
4. Commercial Invoice
5. Consular invoice
6. Dock receipts
7. Inspection certificate
8. Insurance certificate
9. Packing list
10. Electronic Export Information





# ACSUS Proposal for potential partnership with PWC Africa



- A blockchain based Africa and US trading information and workflow exchange, including digitized rules and intellectual property exchange.
- That simplifies trading information, documentation and actual trading across Africa. ACSUS will support the research and knowledge around this and work with relevant partners.
- AfCFTA is a landmark deal that aims to bring together 54 African countries with a combined population of more than one billion people and a combined GDP of over USD 3 trillion.
- The size of the opportunity warrants a project that provides efficiency platforms towards realizing what Oxford University has dubbed a 3 trillion USD opportunity.



# 1. DLT for Track & Trace



1. Track-and-trace, to enhance transparency on how goods are being processed
  1. To increase transparency for customers and build trust by providing the customer with insight into DLT-verified records of the steps that a particular product took to reach their hands.
  2. To prove the authenticity of products, combating the trade of counterfeit goods along the way.
  3. Used by large corporations to quickly track and identify tainted products, allowing the corporations to identify potential hazards and resolve them quickly



## 2. DLT for Digitalization



- The digitization of trade documentation, digitalization of trade processes, and the exchange of trade data.
- According to the WTO, there are various projects across the world involving trade digitization, the most advanced being the Cadena project in Latin America.
- While several governments are testing or considering using DLT for their customs operations and single windows, most projects remain at a conceptual or piloting stage.
- The core notion is that a digitalized trade process is only as strong as its least digitized link and Africa needs to accelerate efforts in order to improve intra-Africa trading as well as trading with the rest of the world.



# Africa Trade Blockchain Business Model Canvass



Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
<ul style="list-style-type: none"><li>• Africa Union and Smart Africa Project Sponsors</li><li>• WITS university – knowledge partner and lead coordinator</li><li>• PWC lead project manager</li><li>• WTO strategic partner for best practices and alignment with global efforts American Chamber of Commerce</li><li>• Leading SA Universities and African Universities</li><li>• Influential Public Policy</li></ul>	<ul style="list-style-type: none"><li>• Creating awareness and obtaining consensus and input on the blockchain platform structure</li><li>• Digitalization of key trade functions and process</li><li>• Digitization of key trade documents</li><li>• Building the blockchain platform</li><li>• Hosting and managing the ledger</li><li>•</li></ul>	<ul style="list-style-type: none"><li>• Centralised Digitised Blockchain ledger that provides trusted information exchange, storage and processing capability to Africa traders in order to remove any friction from free trade while lowering cost.</li><li>• Improved trade governance eliminating corruption.</li></ul>	<ul style="list-style-type: none"><li>• Greater transparency and reduced corruption in trade and business.</li><li>• Trader self-service and reduce paperwork</li><li>• Automation of trade flows</li><li>• Small trader participation in pan African trade including goods and services and ideas.</li></ul>	<ul style="list-style-type: none"><li>• Governments in Africa</li><li>• African Traders and Businesses</li><li>• Multilateral organizations (World Bank IMF, Davos etc)</li><li>• American and global multinational companies with an interest in Africa</li><li>• Researchers and Academics.</li><li>• The diplomatic community</li><li>• African regional organizations - The African Union, Comesa, SADCC</li></ul>
	Key Resources		Channels	
	<ul style="list-style-type: none"><li>• Project Management &amp; adminstration</li><li>• Pan Africa and global trade expertise</li><li>• Technology implementation partner</li><li>• Communication and public engagement</li></ul>		<ul style="list-style-type: none"><li>• Online pan African platform</li><li>• Direct Engagement with government policy makers through the African Union and Smart Africa</li></ul>	
Cost Structure		Revenue Streams		
<ul style="list-style-type: none"><li>• Core project Staff compliment</li><li>• Travel and co-ordination</li><li>• Blockchain platform implementation hosting and maintenance</li><li>• Research and analysis</li></ul>		<ul style="list-style-type: none"><li>• Donor support from World Bank, African Union, Africa</li><li>• Sponsorship by multi-country corporations operating within Africa and with a take in improved trade governance, e.g., Vodacom, MTN, Standard Bank, Shoprite, Unilever, PWC etc.</li><li>• Platform fees. Once the platform is ready, it will be sustained by a simple user fee model for traders to receive automatically generated smart contracts on the blockchain to enable seamless trading across Africa.</li></ul>		

# Benchmark - TRALAC



- Tralac (Trade Law Centre) is a public benefit organisation based in the Western Cape region of South Africa. Tralac was established in 2002, with the financial support of the Swiss State Secretariat for Economic Affairs (SECO). We develop technical expertise and capacity in trade governance across Africa. We are committed to the principles of rules-based governance at the national, regional and international levels. We believe that better governance and strong institutions are essential elements for inclusive and sustainable growth.
- tralac's activities are anchored on three pillars: i) inform stakeholders through quality, accessible analysis and information provision, ii) capacitate individuals and institutions through partnerships that focus on embedding capacity in institutions, and iii) empower, especially marginalised stakeholders to participate more effectively in trade policy and governance debates and processes.
- Understanding that regional integration and trade are means to achieve sustainable development outcomes, tralac's core goal is to support Inclusive growth and sustainable development, by contributing to Africa's:
- rules-based governance – underpinned by access to information, transparency and accountability knowledge and capacity development through the provision of quality data and analysis, innovative training and open policy dialogue



# ACSUS proposal 2 for Wits University



- Africa US Trade knowledge base.
- The consolidation and structuring of existing knowledge, the collation and dissemination of critical everyday trade indicators that starts to excite Africa towards the possibility of trading among themselves. A well researched and curated knowledge basis on Africa Trade that supports academic and professional participation.



# Vision Mission



- **Vision**
- The leading African research and engagement Centre, shaping intellectual discourse and deepening the understanding of the US as a nation, society, and global power.
- **Mission**
- To innovate and sustain new ways of understanding the US, relevant to Africa and Africans through research, teaching, outreach, exchanges, public engagements, and publishing.
- **Motto**
- Understanding Africa by understanding America.



# Business Model Canvass for ACSUS



Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
<ul style="list-style-type: none"><li>• WITS university</li><li>• Tangaza media</li><li>• American Chamber of Commerce</li><li>• Leading SA Universities</li><li>• Influential Public Policy and international affairs schools globally</li><li>• Leading Global think tanks, (Brookings, Belfar, Easrth Institute etc).</li></ul>	<ul style="list-style-type: none"><li>• Research, Africa Us Trade and economics.</li><li>• Teaching</li><li>• Outreach &amp; Exchanges</li><li>• Public Engagement</li><li>• Publications</li><li>• Consulting</li><li>•</li></ul>	<ul style="list-style-type: none"><li>• Provision of well researched and current knowledge of the USA and its role in and relationship with Africa</li></ul>	<ul style="list-style-type: none"><li>• Directly through one-on-one organizational engagement</li><li>• Direct retention through ACSUS employees managing the relationship</li></ul>	<ul style="list-style-type: none"><li>• Governments in Africa</li><li>• Governments around the world interested in the US Africa issue</li><li>• Multilateral organizations (World Bank IMF, Davos etc)</li><li>• American multinational companies with an interest in Africa</li><li>• Researchers and Academics.</li><li>• The diplomatic community</li><li>• African regional organizations - The African Union, Comesa, SADCC</li></ul>
	Key Resources		Channels	
	<ul style="list-style-type: none"><li>• Office Set up</li><li>• Research Fellows</li><li>• Administrative staff</li></ul>		<ul style="list-style-type: none"><li>• Direct sales through one on one and via the web</li></ul>	
Cost Structure		Revenue Streams		
<ul style="list-style-type: none"><li>• Staff compliment</li><li>• Centre Affiliates</li><li>• Media and communications</li><li>• Africa Diplomacy Project</li><li>• Africa Digital Diplomacy</li><li>• Africa -US China Engagement</li></ul>		<ul style="list-style-type: none"><li>• Public Diplomacy Project<ul style="list-style-type: none"><li>◦ Africa Cities and Internationalization</li></ul></li><li>• Africa Digital Diplomacy<ul style="list-style-type: none"><li>◦ Seminars &amp; Events</li><li>◦ Publications</li></ul></li><li>• Fundraising and Grants</li><li>• Research Funds</li><li>• Consultancy &amp; Advisory</li><li>• Events, Seminars Workshops</li></ul>		