



THE AfCFTA, PUBLIC PRIVATE PARTNERSHIPS AND INNOVATION PROPOSAL

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Reimagining the Digital Trade and Investment Landscape in Africa

The quest for a competitive, single market, innovative Africa for trade, investment and industrialization has been pulsing throughout the history of independent Africa since the onset of the Organization of African Unity (OAU) to the establishment of regional economic communities all the way to the Abuja Treaty and ultimately to the African Union's ambitious *Agenda 2063* on '*The Africa we want*'. The implementation of the *Africa Continental Free Trade Area (AfCFTA)* as a flagship project is indeed a bold & welcome move that will recalibrate Africa's contribution to global trade upwards from the current 3 percent.

That 46 African states have already deposited instruments of ratification at the African Union, as of February 2023, is proof positive that the AfCFTA enjoys tremendous political good will on the continent and indeed the *train has left the station*.

This paper will make recommendations and share proposed areas of emphasis for consideration by the AfCFTA Secretariat and the Council of African Ministers of Trade ahead of the upcoming working retreat on the 28th & 29th April 2023 on ***the development of the AfCFTA Implementation Matrix and Road Map***. It will argue that the success of the implementation invariably depends on the capacity building of SMEs, Women and Youth led businesses along three tenets; SME trade financing, ventures in new tech-powered trade frontiers, speedy implementation of the Single African Air Transport Market and bolstering solid entrepreneurial skills/training among SMEs on dynamics of the AfCFTA trade system and opportunities. The paper will precede and inform a passionate presentation and appeal to be made at a Private sector meeting during the aforementioned Trade Ministers working retreat.

Proposed AfCFTA Directorate of Public Private Partnerships (PPP) and Innovation

A designated directorate of PPP & Innovation to oversee a continental hub with the aim of initiating and managing collaborations between tertiary education institutions, research firms, incubation/innovation hubs and to build a continental ecosystem of Angel Investors/Venture Capitalists/ Trade finance institutions.

The Context

According to CrunchBase, as of 2023, there are a total of 1454 private companies that are Unicorns (companies valued at a Billion US dollars). ***The total amount raised in rounds of fundraising for these companies is USD 865Billion while the total combined value of the 1454 companies is USD 6.9 Trillion.*** Many of the fastest growing being in the technology and innovation space with some companies shooting from launch to Unicorn status in less than 6 months. Sadly, there's barely any indigenous African unicorn in sight.

It is the view of this paper that the reason why Africa as a continent is yet to feature prominently in the international club of Unicorns or venture capital reports is in part due to the fact that we have not cultivated a unified market approach to Intra-Africa trade to the scale now proposed by the AfCFTA. We are yet to have solid continental flow of venture capital funds and support systems to quickly pick and accelerate SMEs and Innovators. *How many continental platforms for entrepreneurs/SMEs exist? How many innovators design tech products targeting the whole of Africa as a market?* African SMEs, RECs have largely operated in silos and failed to benefit from the age-old admonition by Aristotle, '***The whole is greater than the sum of its parts.***' ***It's indeed time for Africa as a single market.***

In 2021, more than USD 17Billion of Non-Fungible Tokens (NFTs) were traded globally up 21000% from USD 82Million in 2020 while according to Bloomberg, ***the global Metaverse revenue opportunity is set to approach USD 800 Billion in 2024.*** These unprecedented developments are as a result of two key breakthrough technologies of the 21st Century: **Blockchain** and **Artificial Intelligence**.

How do we leverage the AfCFTA framework to consolidate Africa's SMEs to venture into the Metaverse economy among other quantum leap trade opportunities powered by *Blockchain* and *Artificial Intelligence*?

The developments in *Blockchain* and *Artificial Intelligence* open a plethora of opportunities that were impossible to perceive barely five years ago. *Massive disruption is indeed the language of the 21st Century, Africa must train in it and speak fluently.* AfCFTA is the window for us to realize this.

To prepare and shift a whole continent to a new paradigm on the Future of Trade, the Future of work and quantum leap innovations, it will take **INTENTIONALITY**. It has to be intentionally designed and cultivated in a spirited, concerted, systematic fashion. For this to happen, it is essential to create a dedicated department to oversee this very sensitive undertaking. It will take deliberate effort to nurture real entrepreneurs, real innovative youth and a pipeline of commercially viable projects. It cannot be done in passing but rather on purpose and with a long-term view as indeed is the *AU Agenda 2063*.

For us to take charge of industry opportunities in light of *Blockchain* and *Artificial Intelligence*, Tokenization and to create commercial value in areas such as the Metaverse, we would require a comprehensive program with clearly defined outcomes to achieve *The Africa We Want*.

The goals of the proposed directorate:

- To develop and implement a continental strategy and framework aimed at the Capacity building of SMEs, women and youth entrepreneurs and traders in collaboration with Government agencies and Private sector umbrella bodies in the different Regional Economic Communities (RECs).
- To ensure a robust, systematic, continental Intellectual Property rights awareness (including awareness on the commercialization of IP) and curate trade/entrepreneurship courses at a much earlier stage especially at tertiary levels of education where a lot of

innovations are birthed. This will also include the upskilling and reskilling of the present-day youthful entrepreneurs and African merchants. These SMEs need a basic understanding/awareness of AfCFTA opportunities, product design development and quality branded Intra-Africa products.

- How? By development of various tailor-made short courses in conjunction with development partners, regional and national education and technical institutions. The goal being pragmatic training and capacity building among African SMEs. The implementation structure would entail regional bodies such as the Inter University Council of East Africa that would shepherd tertiary institutes in the region. This will complement the development and efficiency of aggregation centers and industrial parks that are already mushrooming in anticipation of AfCTA's implementation.
- Advocacy in collaboration with the African Business Council and regional economic communities to champion for at least 40% of all AfCFTA related government procurement to go to private sector (SMEs, Women & Youth)
- To identify high value African innovations with the potential of turning into Unicorns in less than 10 years and ensure linkage with a pre-existing network of Angel Investors, Venture Capitalists and other International Institutions capable of mobilizing '*Smart Capital*'. (The proposed AfCFTA innovation department can borrow heavily from the MOU signed by H.E Albert Muchanga between Google and the African Union in 2022)
- To research, strategically anticipate and explore new frontiers of innovation especially on E-commerce and Digital trade. This can be done through collaboration at a continental level with the regional business councils such as the East African Business Council that in turn enjoy close working relations with the national private sector associations. Instead of reacting to ongoing trends, the proposed AfCFTA PPP and Innovation Directorate will quickly demystify and encourage uptake of new trade opportunities e.g. 'The Metaverse economy' and trading NFTs.

Continental African Diaspora Bond: An Innovative Source of Trade Financing

The realization of the AfCFTA is no mean feat. It is expensive and saddles an already financially burdened continent that is balancing competing priorities when it comes to financing projects. This is why unprecedented fund raising and trade finance strategies need to be explored. The unveiling of the Pan African Payment and Settlement (PAPSS) under the fund management of Afreximbank heralded a new dawn of possibilities and will help salvage the USD 5 Billion Dollars incurred annually in currency conversion during trade. A great first step but much more is possible.

It is the view of this author that diaspora bonds can be restructured in the same mold. *In 2017, Nigeria raised nearly USD 3 Million dollars* in her first ever diaspora bond. Kenya, Egypt and Ethiopia have equally had rounds of financing through diaspora bonds. However, the main challenge with the diaspora bonds for individual countries is high risk of defaults, volatility in domestic financial markets among other challenges. This is precisely the backdrop against which a ***continental diaspora bond at the AU level can be structured***. After all, ***the AU considers the Diaspora as the sixth region in Africa*** and it would indeed be a critical constituency to engage in

the realization of the AfCFTA. This time with a focused, renewed continental approach on trade and investment under the stewardship of the AfCFTA Secretariat.

Single Regional Air Service Agreements and the Fast Tracking of The Single African Air Transport Market (SAATM)

The current heightened momentum on the prospects of the implementation of the AfCFTA affords Africa an excellent opportunity to undertake a comprehensive review of Intra-African travel costs. The AfCFTA continental political good will opens a window to revisit the critical question of why *Africa being home to 12 percent accounts for less than 1% of the global air service market*. Why is it still cheaper for a young man to travel to Europe than to visit an African country? How will Intra-Africa trade boom while the average SME founder is unable to afford ticket price to explore new markets in other African countries? For AfCFTA to be meaningful to the average African woman, youth entrepreneur, the cost of Intra-Africa air transport needs to be comprehensively reviewed.

The Yamoussoukro decision having been endorsed by African heads of state more than two decades ago now needs to be implemented in earnest. Indeed SAATM, a flagship project of the AU has already done much ground work in that regard including in partnership with IATA. Its now time to act and implement the ease of all tariff and regulatory bottlenecks in light of AfCFTA. The ensuing benefits are immense. For example, a recent report by the East African Business Council, Trademark Africa and the Government of Netherlands notes that *liberalization of air transport within the East Africa Community would result in an additional 46,320 jobs and USD 202 Million per Annum in GDP* achieved through an increase in trade, tourism, inbound investment, production and employment.

The above harmonization can again piggy back on the concept of using regional economic communities as the building blocks of the AfCFTA and structure *Single, Regional Air Services agreement* as opposed to the usual Bilateral Aviation Safety Agreements (BASAs). This would greatly reduce lengthy bureaucracy in obtaining clearance, streamline airline scheduling, make it easier to source finance for addressing inadequate infrastructure like cold rooms and eliminate route restrictions all of which are barriers in accessing new markets in Africa. Implementation of SAATM is a matter of urgency if the AFCFTA is to take off swiftly.

A Nuanced approach: Unbundling the word ‘Youth’ for more meaningful & accurate AfCFTA engagement: Gen Y, Gen Z and Gen Alpha.

CATEGORY	BUILDERS	BABY BOOMERS	GENERATION X	GENERATION Y	GENERATION Z	GEN ALPHA
Slang terms	 We prefer proper English if you please Born: < 1946 Age: 76+	 Be cool Peace Groovy Way out Born: 1946-1964 Age: 57-75	 Dude Ace Rad As if Wicked Born: 1965-1979 Age: 42-56	 Bling Funky Doh Foshizz Whassup? Born: 1980-1994 Age: 27-41	 Fam GOAT Slay Yass queen Born: 1995-2009 Age: 12-26	 lit yeeet hundo oof m idrc Born: 2010-2024 Age: under 12
Social markers	World War II 1939-1945	Moon landing 1969	Stock market crash 1987	September 11 2001	GFC 2008	COVID-19 2020
Iconic cars	 Model T Ford Final, 1927	 Ford Mustang 1964	 Holden Commodore 1978	 Toyota Prius 1997	 Tesla Model S 2012	 Autonomous vehicles 2020s
Iconic toys	 Roller skates	 Frisbee	 Rubix cube	 BMX bike	 Folding scooter	 Fidget spinner
Music devices	 Record player LP, 1948	 Audio cassette 1962	 Walkman 1979	 iPod 2001	 Spotify 2008	 Smart speakers Now
Leadership style	L - Leader I - New leaders  Controlling	 Directing	 Coordinating	 Guiding	 Empowering	 Inspiring
Ideal leader	Commander	Thinker	Doer	Supporter	Collaborator	Co-creator
Learning style	Formal	Structured	Participative	Interactive	Multi-modal	Virtual
Influence/advice	Officials	Experts	Practitioners	Peers	Forums	Chatbots
Marketing	Print (traditional)	Broadcast (mass)	Direct (targeted)	Online (linked)	Digital (social)	In situ (real-time)

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Source : <https://mccrindle.com.au/article/topic/demographics/the-generations-defined/>

The analysis of the demographics of Africa reveal that **more than 60% of the population is under the age of 25**. Many policy documents have referred to ‘Youth’ largely in reference to ‘young people’ under the age of 35. This reference, though convenient for purposes of communication, fails to capture some astonishingly subtle distinctions between the millennial generation (X and Y), generation Z and now generation Alpha. In discussing the future workforce of Africa these subtleties are so crucial as each sub-category of the ‘youth generation’ manifests distinctly different world view, disposition and comportment when it comes to work and entrepreneurship. *When we say 450 million ‘young people’ will enter the job market by the year 2050, do we have an account of the dispositions exhibited by each of the subsets regarding work?* Have we factored the dynamics of the gig economy? And the major technology disruptions in the global economy that are slowly but surely effacing the ‘permanent and pensionable’ employment category from the employment dictionary? *A Gen Z and a Millennial are so distinctly different that to cluster them as simply ‘youth’ misses very subtle dynamics in analyzing their approach to work and fails to fetch maximum value from each subset.* To get the maximum benefit and for much more accurate predictions on the work force it is essential to do a much more detailed mapping.

Discerning those distinct psychosocial markers (see table above) will provide fully optimized cross-generational blending of experiential knowledge that again falls within the adage '*The whole is greater than the sum of its parts*'. The 'young' and the 'old' both needed at the table of decisions.

Subjecting the AfCFTA to the crucible of pragmatism yields the fact that while it is the state parties that negotiated the agreement and protocols, AfCFTA is ultimately made for the SMEs, Women and Young Entrepreneurs. *The SMEs of Africa that create up to 450 Million Job opportunities and the 450Million Africans who will enter the future labor force by 2050.* Youth inclusion should now translate to 'cross-generational inclusion' and the subsequent blended knowledge will enrich the AfCFTA making it more practical at the very apex of decision making. After all, don't we proclaim '**Tujenge Afrika Pamoja**' (*Let's build Africa together*)

On Oct 5, 2022 during the flagging off ceremony of the Inaugural shipment under AfCFTA's Guided Trade Initiative, **His Excellency President William Ruto observed that 'The AfCFTA is the way to liberate our continent from underdevelopment'**. On his part, the AfCFTA Secretary General Wamkele Mene emphasized that AfCFTA will not succeed if it only benefits large corporation hence the need to make sure that our development finance institutions make available the Trade Finance required to ensure SMEs benefit optimally from the AfCFTA.

Conclusion

In conclusion, the AfCFTA was negotiated by African states but it's really made for the Private sector. The SMEs of Africa that create up to 450 Million Job opportunities and the 450Million Africans who will enter the labor force by 2050. *With 60% of Africa's population under the age of 25*, the successful realization of AfCFTA will largely be determined by the quality of enrollment, engagement and empowerment of the many Women and Youth led SMEs that power the African economy.

There are new frontiers of trade to be explored with the promise of unprecedeted return on investment such as the Metaverse economy, A.I and blockchain powered markets that AfCFTA needs to take keen note of and align with. It is the early entrants into new unchartered markets that end up taking the lion's share of untapped markets. China and America ventured in AI very early and now dominate it. A dedicated department of PPP and Innovation at the AfCFTA Secretariat is critical in providing the much-needed consolidation of institutions, human resource and financing towards a real single market with a keen eye on new 21st Century tech frontiers. Data is the new Oil, Tech innovation the new Gold.

The high cost of Intra-African air travel is a huge barrier to the implementation of AfCFTA that limits the enrolment of SMEs across the continent and lock up many potential jobs that would arise from increase in trade, tourism and production. SAATM implementation is urgent.

It is the author's hope that the AfCFTA Secretary General His Excellency Wamkele Mene and the Council of African Trade Ministers hosted by His Excellency President William Ruto and His Minister of Trade Hon. Moses Kuria will accord the foregoing submission, kind consideration and where viable, factor it into the development of the Implementation Matrix and Road Map.

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He was selected Judge in the *Global Creative Business Cup* (Copenhagen), by the Creative Business Network (Denmark) & sponsored by *Mercedes-Benz* which entailed Innovative startups from **80+ countries**. His company was among the 250 Kenyan companies invited to the inaugural *EU- Kenya Business Forum* as part of the *EU Global Gateway strategy*.

He is multilingual, speaks fluent French having attended the *Universite d'Orleans*, France and holds a *B.A in International Relations* from the *United States International University- Africa(USIU-A)* and is currently *M.A in International Relations* with a concentration in *Diplomacy and Foreign Policy*.



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