

TRADE & REGIONAL INTEGRATION FOR SCALED PARTNERSHIPS IN AFRICA

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Overview

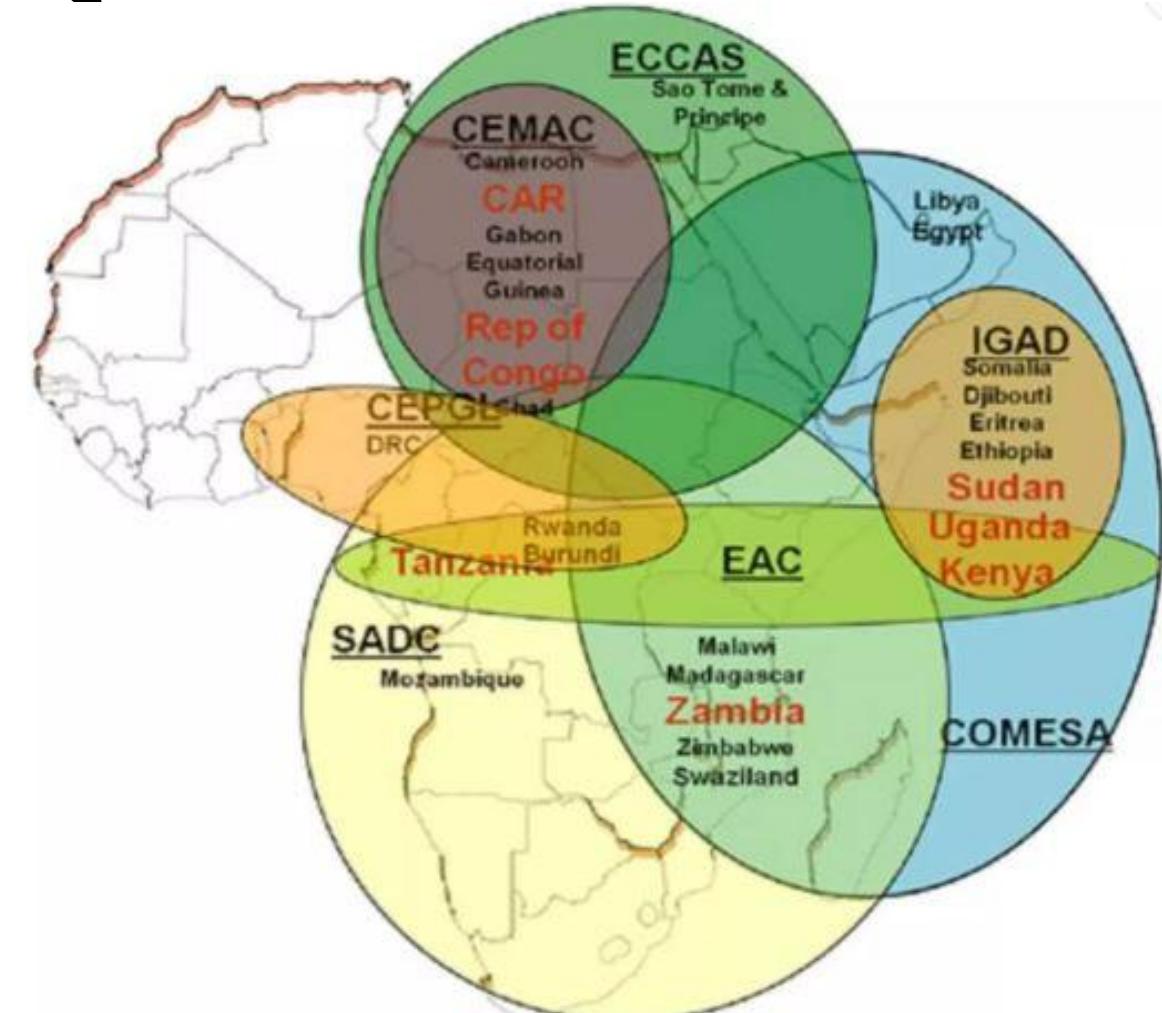
- Transforming market systems for resilience, inclusion, and sustainability is central to Africa's shift from *aid dependency* to *investment-led development*.
 - ✓ Example: African Continental Free Trade Area (AfCFTA) representing the world's largest free trade zone—covering 54 countries.
- Africa is transitioning toward investment-led growth
 - ✓ Ethiopia's industrial parks attracting textile and leather manufacturers (*Located in Oromia, Amhara, Sidama, and Tigray, these parks cover 1,077 hectares, hosting 300+ investors and creating about 400,000 direct jobs*)
 - ✓ Morocco's automotive sector, now the largest in Africa, driven by public–private investment partnerships. (*With a 36% production surge in early 2025 to over 350,000 vehicles, Morocco has doubled its capacity over the past decade, exceeding one million vehicles and solidifying its position as Africa's leading producer.*)
 - ✓ Kenya's Silicon Savannah demonstrating strong private sector-led innovation and digital entrepreneurship. ()
- Private sector *Kenya's 5.3% GDP growth (2023) shows strong economic resilience, with 60% mobile penetration and \$1.2B in Venture Capital funding. Fintech remains key, contributing 8% to GDP* remains key to:
 - ✓ Job creation (e.g., Nigeria's agro-processing SMEs)
 - ✓ Competitiveness (e.g., Rwanda's logistics reforms)
 - ✓ Regional value chain growth (e.g., East African dairy & maize trade)

Regional Economic Integration (REI)

Definition of REI

- Regional Economic Integration (REI) reduces internal trade barriers (tariffs and non-tariff barriers) among member states while keeping existing barriers for non-members
- Major Regional Economic Communities (RECs) in Africa
 - ✓ EAC – East African Community
 - ✓ SADC – Southern African Development Community
 - ✓ ECCAS – Economic Community of Central African States
 - ✓ ECOWAS – Economic Community of West African States
 - ✓ COMESA – Common Market for Eastern & Southern Africa
 - ✓ AMU – Arab Maghreb Union
 - ✓ **Abuja Treaty (1991):** Set the foundation for the **African Economic Community (AEC)** envisioned for full realization by **2025.**

Regional Communities in Africa



All RECs contribute toward the broader goal of **African unity**.

Why Regional Integration Is Important for Africa?

❑Addressing Fragmentation

- ✓ Integration brings countries together for economic, social, political, and cultural cooperation.

❑Supporting Industrialization

Helps countries overcome challenges such as:

- ✓ Uneven distribution of natural resources
- ✓ Limited financing
- ✓ Inadequate technology
- ✓ Difficulty accessing markets

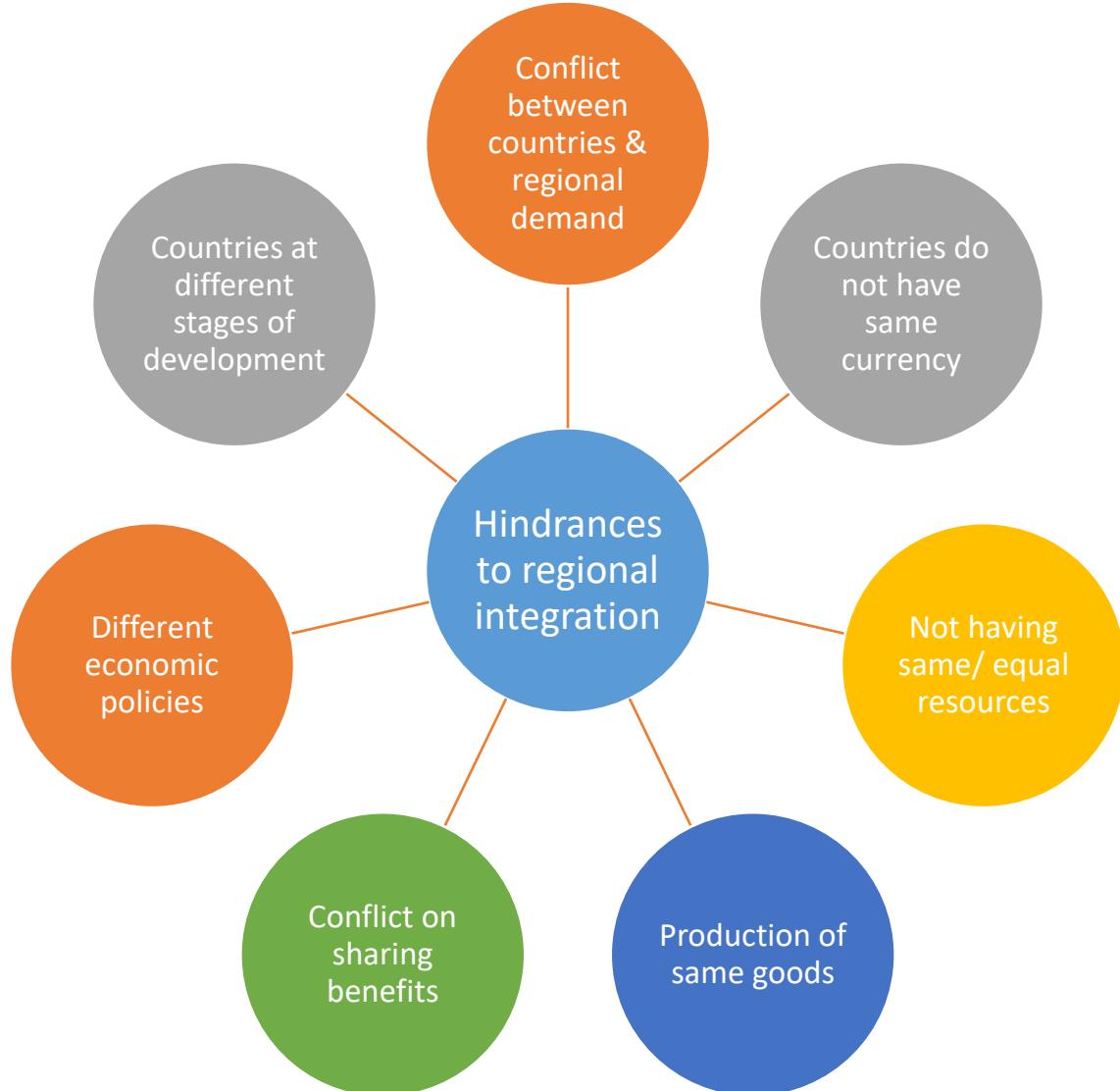
❑Strengthening Bargaining Power:

- ✓ Collective negotiation improves Africa's global market position.

❑Expanding Trade Opportunities

- ✓ Diversifies economies beyond similar products.
- ✓ Increases intra-African trade.
- ✓ Reduces dependence on volatile global markets.

Factors Hindering regional integration



Challenges Facing Regional Integration in Africa

□ Political & Structural Challenges

- ✓ Civil conflicts weaken stability and cooperation.
- ✓ Overlapping membership leads to duplication and inefficiencies.
- ✓ Similar economic structures create competition rather than complementarity.

□ Trade & Investment Challenges

- ✓ Low intra-African trade performance.
- ✓ Limited attraction of Foreign Direct Investment (FDI).
- ✓ High external trade barriers and low resource complementarity.

□ Market & Infrastructure Limitations

- ✓ Small market sizes limit economies of scale.
- ✓ Weak transport and logistics systems.
- ✓ High trading costs across borders.

□ Fragmented regulations

- ✓ Different product standards for maize between Kenya, Tanzania, and Uganda slow down cross-border trade.

□ Weak infrastructure:

- ✓ Poor road conditions on the Beira Corridor (Mozambique–Zimbabwe–Zambia) increase shipping times.

□ Institutional capacity gaps:

- ✓ Slow customs processes at the Kasumbalesa border (DRC–Zambia) cause long delays.

□ Limited access to finance:

- ✓ Smallholder cocoa farmers in Ghana & Côte d'Ivoire often lack credit for inputs.

□ Marginalized groups

- ✓ Women traders at **Busia and Malaba border posts (Kenya–Uganda)** face harassment and limited access to simplified trade regimes.

Emerging Continental Solutions

- ❑ **AfCFTA:** Piloting Guided Trade Initiative enabling Rwanda, Cameroon, Egypt, Kenya, and Tanzania to trade under AfCFTA rules.
- ❑ **Regional Policy Reforms**
 - ✓ ECOWAS harmonizing seed regulations across West Africa.
 - ✓ SADC improving customs digitalization through the SADC e-Certificate of Origin
- ❑ **Blended Finance Examples**
 - ✓ **Africa Agriculture and Trade Investment Fund (AATIF)** supporting smallholder commercialization.
- ❑ **PPPs Driving Scale**
 - ✓ **Lekki Deep Sea Port (Nigeria)** is a PPP boosting West African logistics and trade connectivity.

Investment Facilitation & FDI in Africa

❑ Foreign firms producing for regional export

- ✓ Volkswagen in **Rwanda** assembling vehicles for the East African market.
- ✓ OCP Group in **Morocco** supplying fertilizer across West and East Africa.

❑ Green energy investments

- ✓ Kenya and South Africa attracting renewable energy FDI through clear investment frameworks.

❑ Manufacturing for Export

- ✓ Côte d'Ivoire becoming a regional hub for cocoa grinding and chocolate manufacturing.

❑ Combined Impact

Harmonized rules under AfCFTA + WTO's Investment Facilitation for Development results in:

- Easier cross-border investment
- Lower trade transaction costs
- Growth of regional production hubs

Role of Public–Private Partnerships (PPPs)

African PPP Successes

❑ Agro-processing hubs

✓ Ethiopia's Agro-Industrial Parks improving farmer–industry linkages.

❑ Logistics corridors

✓ The North–South Corridor (South Africa–Zambia–DRC) improving transport efficiency.

❑ Digital trade systems

✓ Rwanda's Irembo digital platform streamlining trade and public services.

❑ Climate-smart commercialization

✓ Kenya's PPPs in solar-powered irrigation and cold storage for smallholders.

Inclusive Value Chains: Empowering Farmers, Youth & Women

❑ Market Access

- ✓ Malawi and Zambia smallholder maize traders using structured trade under the COMESA competition framework.

❑ Capacity Building

- ✓ Ghana's Youth Employment Agency training youth in agribusiness value chains.

❑ Blended Finance

- ✓ Tanzania's PASS Trust providing credit guarantees to smallholder farmers.

❑ Smallholder aggregation

- ✓ Rwanda's coffee cooperatives linking farmers to premium international and African regional markets.

Strengthening African Regional Value Chains

❑ Agriculture

- ✓ Kenyan horticulture exported to UAE and regional markets via improved cold-chain logistics.
- ✓ West African rice value chain connecting Senegal, Mali, and Côte d'Ivoire.

❑ Textiles & Leather

- ✓ Ethiopia's leather clusters exporting to EAC and EU markets.
- ✓ Mauritius leading regional textile export hubs supported by SADC.

❑ Pharmaceuticals

- ✓ South Africa and Morocco expanding regional production capacities.

❑ Renewable Energy Components

- ✓ Egypt manufacturing solar components for African markets.

❑ Integration Tools enabling value chains

- ✓ Digital customs systems (Kenya, Rwanda, Ghana)
- ✓ One-stop border posts (e.g., Chirundu—Zambia/Zimbabwe)
- ✓ Harmonized standards (COMESA, EAC, ECOWAS)

THANK YOU