
**SPEAKING NOTES
FOR
HIS EXCELLENCY WAMKELE MENE
SECRETARY-GENERAL, AfCFTA SECRETARIAT**

CLOSING KEYNOTE SPEECH ON OCCASION OF THE
8TH ANNUAL LONDON SCHOOL OF ECONOMICS (LSE) AFRICA SUMMIT

THEME: "AFRICAN PROSPERITY THROUGH PEACE, HEALTH AND
DEVELOPMENT".

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PROTOCOLS

- Baroness Minouche Shafik, LSE Director
- Professor Tim Allen, Director of the Firoz Lalji Institute for Africa (FLIA)
- Distinguished LSE Africa Summit Co-Directors
- Excellencies
- Eminent Speakers
- Distinguished Guests, Ladies and Gentlemen

Good afternoon.

1. Thank you for inviting me to deliver the closing keynote speech at today's session of the 8th Annual LSE Africa Summit.
2. Congratulations to the organisers, in particular, the LSE students committee, for a successful event.
3. The theme for the Summit, "*African Prosperity through Peace, Health and Development*," as has been highlighted, acknowledges the interdependence of peace, health, and development, while interrogating the ways they support and rely on one another.
4. Importantly, the theme resonates with what the African Union is trying to achieve with Agenda 2063, the Africa we want; an integrated, prosperous and peaceful Africa.
5. As you may know, the African Continental Free Trade Area (AfCFTA) is one of the flagship projects of Agenda 2063, especially its 10-year

Implementation Plan, which seeks to promote inclusive and sustained economic growth and accelerated economic development and integration in Africa. The AfCFTA also sits in tandem with key goals of Agenda 2030 - the Sustainable Development Goals (SDGs).

6. We are, therefore working towards a prosperous Africa based on inclusive growth and sustainable development (Agenda 2063, Aspiration 1), and a peaceful and safe Africa (Aspiration 4).
7. The theme is also apt and timely. This is especially so, against the backdrop of the Covid-19 health crisis which has had unprecedented impacts on Africa's economic performance.
8. The World Bank estimates that the pandemic is likely to drive 110-million to 150-million people into extreme poverty - having to survive on less than \$1.90 a day - 30% of whom are from Sub-Saharan Africa.
9. While the post-pandemic economic recovery process is underway, following the historic pandemic-driven recession in 2020, indications are that Africa's recovery is slower than in other regions, partly reflecting differences in the availability of policy support as well as different access to vaccines.
10. In this scenario, Africa's priority should be promoting economic stimulus strategies and mobilising investments with a high multiplier effect for more robust economic recovery and job creation.

Distinguished Ladies and Gentlemen

11. Africa's development challenge is quite enormous. According to studies by the Mo Ibrahim Foundation, two in every three Africans rely on subsistence farming for food and basic livelihoods while nearly half (600 million people) still do not have access to electricity. With an average GDP per capita of \$2,000 (compared to the global average of \$10,500) and a population set to rise from

1.3 billion to 4 billion in just 80 years, Africa's economy needs to be 16 times bigger than it is today to elevate the quality of life of its citizens to match the global average.

12. Additionally, climate shocks threaten to derail Africa's development gains. Estimates show that adapting to climate change could cost the continent \$50 billion yearly by 2050. Furthermore, losses to GDP could be in excess of 20 per cent in extreme-temperature scenarios.
13. To foster the development of the continent, Africa must use its vast natural resources to the benefit of its countries and people; to strengthen intra-Africa trade and economic integration; to diversify economies and industrialise; to build continental, regional and country infrastructure and to invest in education, health, science and innovation.
14. The development we talk about must be inclusive, and must ensure people's participation in their own development.
15. This is where the AfCFTA is a game changer. It presents an opportunity to accelerate intra-African trade and use trade more effectively as an engine for growth and sustainable development.
16. Through the AfCFTA, Africa is reshaping her small and fragmented markets to create one integrated market with large economies of scale and scope.
17. According to the World Bank, if fully implemented, the AfCFTA will significantly reduce poverty on the continent. The agreement will boost regional income by 7% or \$450 billion, speed up wage growth for women, and lift 30 million people out of extreme poverty by 2035. Wages for both skilled and unskilled workers will also be boosted by 10.3% for unskilled workers, and 9.8% for skilled workers.

18. As promising and hopeful as these projections are, as Africans we shall have to take concrete steps to ensure that these promising projections do become a reality. Among other actions, we have to expedite the implementation of trade facilitation measures that are foreseen in the AfCFTA Agreement in areas such as soft infrastructure at our borders.
19. Beyond trade in goods, the AfCFTA covers other trade-related issues that are critical to foreign direct investment strategies and activities including trade in services, competition policy, intellectual property rights, investment, dispute settlement and digital trade.
20. The finalisation of all these protocols will greatly contribute to deepening economic integration in Africa. With these additional protocols, we are further transforming the continent by removing physical and commercial barriers that have hitherto hindered trade among our countries.
21. The continent is, therefore, poised to develop a harmonized market space which will in turn promote the development of regional value chains that will be linked competitively to global value chains.
22. Africa must strategically transform itself from agriculture to agrobusiness; from being mere growers of cocoa beans to manufacturers of world-class chocolate products and from mining to mining beneficiation. And Africans must of necessity participate in these sectors as investors and shareholders.
23. As it is widely acknowledged, chocolate is a \$100-billion industry, meanwhile Ghana and Ivory Coast who produce 65% of the raw material make only about \$6 billion (6%) from the sweat and toil of their farmers.
24. The retailers (44.2%) and manufacturers (35.2%) eat into the majority of the earnings from cocoa sales. But why is Africa not manufacturing the finished chocolate products, we may ask?

25. We need to dismantle this colonial legacy of exporting primary products, our raw natural resources, if we are to achieve the aspirations of Agenda 2063.
26. The AfCFTA Secretariat recognizes the pivotal role of the private sector to deliver on this mandate, and has, therefore, launched an inclusive private sector strategy that identifies the main barriers to trade and production on the continent.
27. The strategy focuses on four initial priority sectors or value chains, namely agro-processing, automotive, pharmaceuticals, and transportation and logistics, based on the potential for import substitution and existing production capabilities on the continent.
28. For each value chain, the Secretariat has considered the feasibility of addressing barriers to trade and production in the short-term, and the potential to drive economic growth, employment, inclusivity, for example, for women, youth, and SMEs, and sustainability.
29. The Secretariat has further designed interventions in these value-chains with the potential to add over US\$11 billion annually in production and over US\$5 billion annually in intra-Africa trade – more than double the current contribution of these value-chains to intra-Africa trade. This increase in production and trade could create over 700,000 jobs, 55% of which will be for women and youth.
30. Several other sectors have potential and will be addressed in later phases, for example, textiles, horticulture, financial services, telecommunications and IT and digital services.
31. Thus, far from being “a simple trade agreement,” the AfCFTA is “an instrument for Africa’s development.

Distinguished ladies and gentlemen

32. Beyond trade integration, there are other important areas of reform to move African countries along the pathway to prosperity, which are also key for achieving the AU Agenda 2063, The Africa We Want. Closing the Infrastructure gaps is another priority. In most dimensions of infrastructure performance, Sub-Saharan Africa ranks at the bottom of all developing regions, hence the strategic emphasis on infrastructure.
33. Also, for intra-Africa trade to really flourish, we need to be interconnected. And for Africa to be interconnected, it is critical to look at how we commute, cross-border railways, air routes, water routes, and roads. We need to look at all those infrastructures to speed up implementation of the African Continental Free Trade Area, as many of Africa's development challenges require cross-border solutions.
34. The global economy is on the brink of a new industrial revolution, driven by new-generation information technologies such as the Internet of Things, cloud computing, big data and data analytics, robotics and additive manufacturing. All of this presents challenges and opportunities for the AfCFTA.

Distinguished ladies and gentlemen

35. Before I conclude, let me make some few remarks on the AfCFTA and health and peace for Africa's development and prosperity.
36. As it is well known, when the economies of nations improve, citizens also become healthier. Indeed, the converse is also true. Improving the health of a nation's citizens can directly result in economic growth, because there will be more people able to conduct effective activities in the workforce.
37. Certainly, health presents a challenge for all nations; in a study by the Pew Research Center, a median of 85% of respondents believe it

was a problem in their country. Effective public health systems are essential for providing care for the sick, and for instituting measures that promote wellness and prevent disease.

38. Thanks to the operationalisation of the AfCFTA, Africa is in a stronger position to address the twin challenges in the healthcare space, especially the pharmaceutical industry: (i) a platform for harmonizing national standards as well as pooling procurement of medicines and pharmaceutical products, and (ii) increased investment in pharmaceutical production and exports.
39. The regulatory institutions on the continent can now leverage the AfCFTA to help build the continent's research and development capacity, harmonize regulations in drug registration, and help countries comply with best practices and international standards. This will, among others, strengthen the fight against substandard and counterfeit medicines and medical products, while fostering the building of an enabling environment for continental production of medicines and vaccines.
40. Indeed, regulation would be critical to guaranteeing the protection of the 1.3 billion African market from fake, substandard, and counterfeit products and services.
41. The AfCFTA is also an important instrument for helping African countries engage in pooled procurement of essential medicines and medical devices, as seen during the early days of the Covid-19 pandemic. The Africa CDC played an important role in the continental response, ensuring we can pool resources and expertise.
42. The Covid-19 pandemic has intensified the need for African countries to enhance their capacity to produce pharmaceutical products and vaccines. This provides an opportunity for pharmaceutical investments and for technology supporting these investments in Africa.

43. Such investments will depend on enabling factors such as intellectual property rights protection (IPRs), regulatory approval of new drugs, financing, among others which are enabled by the AfCFTA. Thus, this provides many opportunities for investors to invest in the sector.
44. The AfCFTA phase II protocol on IPRs will create a strong enabling environment for IP creation, protection, administration and enforcement which will stimulate innovation and competitiveness of the business sector. IPRs provide incentives to inventors to develop new knowledge and the right to obtain a patent for an invention, for example, encourage the investment of money and effort in research and development.

Distinguished Guests

45. Achieving peace and security is one of the most pressing development challenges facing Africa and must be a key element in any credible policy package to strengthen private sector development and boost intra-African trade.
46. Estimates by the Institute for Economics and Peace (IEP), show that conflict and violence cost the world almost \$15 trillion in 2020, equivalent to 11.6% of the world's GDP or \$1,942 per person.
47. Lack of economic opportunities has made it easier for extremist groups to recruit young people. Poverty and unemployment have become both the drivers and the consequences of insecurity in Africa. Thus, the successful implementation of the AfCFTA will promote peace by creating economic conditions that bring greater stability to fragile and conflict-affected lands.
48. This implies that significant progress can be made in the area of peace and security if the current socio-economic situation in many parts of the continent can be reversed. This is a key area where the AfCFTA interfaces with Africa's security challenges.

49. Indeed, the AfCFTA may not have been conceptualised as a peace and security response initiative, however, when fully implemented it will constitute a key response framework to the continent's structural socio-economic drivers of insecurity.
50. Having said that, it is important to add that peace is not a state that once achieved, can be taken for granted. Even countries that are relatively stable need conditions that help consolidate and enhance peace and stability—good governance, inclusiveness, strong institutions, the rule of law, etc.
51. Even though the AfCFTA is a great step forward towards economic integration, there is still a long road ahead.

Distinguished Ladies and gentlemen

52. In conclusion, today, Africa's vision for development - to build an integrated, peaceful and prosperous Africa, driven by its own citizens and representing a dynamic force in the international arena, is embedded in the AU's Agenda 2063.
53. An integrated, more prosperous and peaceful Africa is in everyone's interest. Like a global public good, it would translate into more trade and investment, more jobs, and more security for all.
54. There can be no alternative to a prosperous, inclusive, and integrated Africa. We cannot move forward without silenced guns and good governance on the continent.
55. The AfCFTA is not just about economic transformation but also arguably Africa's most significant move towards meeting the peace and security aspirations of Agenda 2063.

56. For us, as Secretariat, the equitable distribution of the gains of the AfCFTA will be at the centre of its implementation. This is because, as you know, if the AfCFTA is perceived to be benefiting only a handful of relatively industrialised countries in Africa, and a handful of African Multinational Corporations, it shall be rejected by Africans, and deservedly so.
57. Ensuring that no group, sector or country feels marginalised or excluded from the benefits of the AfCFTA, will help to address the root causes of conflicts, give hope to our citizenry and set us on the road towards prosperity, seizing this century as ours.
58. I believe there is no better forum to address this than among young African scholars like you who represent the future and the promise of Africa.
59. Thank you for the opportunity to share these thoughts with you today.

Thank you.