

## **Virtual Couch-Talk**

### **Gender Equality Today for a Sustainable Tomorrow: Innovative Solutions for Financial and Economic Inclusion for African Women**

15:30 – 17:30 hrs (EAT), 8th March 2022

### **The African Continental Free Trade Area (AfCFTA): A Catalyst for Inclusive Growth**

Remarks by H.E. The Secretary General,  
AfCFTA Secretariat

**H.E. Dr. Monique Nsanzabaganwa, Deputy Chairperson AUC,**

**H.E. Queen Máxima of the Netherlands, UNSG Special Advocate for Inclusive Finance for Development,**

**Dr. Akinwunmi Adesina, President of AfDB,**

**Distinguished panelists and participants,**

Greetings,

It is, indeed, an honour and privilege to participate in this important event and discuss a matter that is key to the effective implementation of the African Continental Free Trade Area (AfCFTA) i.e., gender equality and financial inclusion for an improved and meaningful participation of women and youth in intra-Africa trade. Allow me to congratulate the women of Africa particularly, and those world over, on commemorating this very important day; the International Women's Day.

As we celebrate the progress and achievements of women globally, and especially in our African continent, this is also the time to renew our commitment to eliminating the many obstacles that impede full and equal participation by women at various levels.

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### ***Inclusive growth and the AfCFTA***

Aspirations 1 and 6 of Agenda 2063 of the African Union seek to create a prosperous Africa based on inclusive growth and sustainable development whose development is people-driven relying on the potential offered by African people, especially its women and youth.<sup>1</sup>

Inclusiveness is at the heart of the African Continental Free Trade Area, a flagship project of Agenda 2063. Indeed, the AfCFTA seeks to promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation of its State Parties.<sup>2</sup> The AfCFTA takes a step further by contextualizing its objectives to the characteristics and challenges faced by women and youth-led businesses operating on the continent, which studies have shown, operate as micro, small and medium size enterprises or as informal cross border traders - According to the International Trade Centre (ITC), SMEs represent 90 per cent of businesses on the continent and employ about 60 per cent of workers, many of whom

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<sup>1</sup> Goals and Priority Areas of Agenda 2063. Accessed at <https://au.int/en/agenda2063/goals>, on 7/03/2022 at 11:25 am.

<sup>2</sup> Article 3 (e) of the Agreement establishing the African Continental Free Trade Area (AfCFTA Agreement).

are women and youth.<sup>3</sup> The United Nations Conference on Trade and Development (UNCTAD) notes that women and youth in poor households make up a large share of informal traders and that the tendency to work as contributing family workers, typically in agriculture or as survivalist entrepreneurs in the informal sector, is greater among women.<sup>4</sup> In this regard, AfCFTA State Parties commit to take all necessary measures to improve the export capacity of both formal and informal service suppliers with particular attention to micro, small and medium size; women and youth service suppliers.<sup>5</sup>

Inclusive growth and development are the ultimate objective of the AfCFTA. Inclusive growth in the context of the AfCFTA means that benefits from opportunities offered by the AfCFTA are widely shared across all segments of the population including women and youth. Put differently, the AfCFTA should achieve less inequality, equal opportunities and equitable distribution of wellbeing in the society of its State Parties across different classes, cultures, communities and genders.<sup>6</sup>

### **What does the AfCFTA seek to achieve?**

AfCFTA creates new trading and entrepreneurial opportunities for women and youth in the formal and informal economy in several sectors such as agriculture, Industry development through value chains and services. It improves access to new markets by women and youth-led businesses leading

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<sup>3</sup> International Trade Center. (2018). *Promoting SME competitiveness in Africa: Data for de-risking investment*. ITC, Geneva.

<sup>4</sup> United Nations Conference on Trade and Development. (2021). *Economic Development in Africa Report 2021: Reaping the Potential Benefits of the African Continental Free Trade Area for Inclusive Growth*. UNCTAD, Geneva.

<sup>5</sup> Article 27 of the AfCFTA Protocol on Trade in Services.

<sup>6</sup> Op Cit 4 at P. 5.

to a wider customer base while consumers have access to a wider range of products and services at competitive prices. The AfCFTA is a driver of diversification as demand for processed goods increases by improving access to inputs at cheaper prices thus reducing production costs. Products are therefore sold at competitive prices. The selling of higher value goods contributes to job creation and growth of SMEs. The AfCFTA liberalises the services market and facilitates the movement and establishment of service suppliers within the continental free trade space. The AfCFTA further seeks to increase the flow of intra-African investments; to create an environment in which SMEs, women and youth-led enterprises can fairly compete with larger firms and leverage on digital trade; including creating an intellectual property rights regime that fosters innovation on the continent.

***Initiatives undertaken within the context of the AfCFTA to foster gender equality and inclusiveness***

Inclusiveness is all the more important in Africa as women and youth are very active in cross-border trade and contribute to African economies. However, their contributions are marginally felt because they mostly operate in the informal sector and have neither the capacity nor the means to compete in a market such as that created by the AfCFTA.

African leaders have recognised the key role that women and youth play in African economies and have committed to **'broaden inclusiveness in the operation of the AfCFTA through interventions that support young Africans, women and Small and Medium Enterprises as well as integrating informal cross-border traders into formal economy by**

**implementing the simplified trade regime**<sup>7</sup>. This commitment made at the highest level of decision making is a clear indication of the determination of African Heads of State and Government to ensuring that no one, including women and youth, are left behind with regard to the distribution of benefits of the AfCFTA. It is also a recognition of the specificities of African businesses and trade trends on the continent and the need for coherent policies complemented by sound and robust implementation to maximize utilisation of opportunities offered by the AfCFTA by women and youth. The true measure of success of the AfCFTA will be determined not only by the volume of intra-Africa trade but more importantly, by the ability of the African private sector, especially women and youth-led businesses and entrepreneurs, to meaningfully trade and benefit in such a way as to improve their standards of life and that of their families.

The AfCFTA Secretariat is translating the commitments of African Heads of State and Government of the African Union into an AfCFTA Protocol on Women and Youth in Trade. The Protocol shall seek to create a legal framework that guides AfCFTA State Parties in the creation of an enabling environment for women and youth to leverage opportunities offered by the AfCFTA. Within the spirit of inclusiveness, the Secretariat, in collaboration with UNDP and UN Women conducted national consultations of women in trade in 26 countries and online surveys to capture the voice of as many women as possible regarding the challenges they face when trading across borders and their expectations regarding what the AfCFTA can do for them

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<sup>7</sup> Johannesburg Declaration on the Start of Trading under the Agreement establishing the African Continental Free Trade Area made at the thirteenth (13<sup>th</sup>) Extraordinary Session of the Assembly of Heads of States and Government of the African Union held in December 2020.

to make them more competitive in the One Africa market. The consultations provided interesting insights into the challenges women face. These included, albeit not limited to, access to finance and trade related information, compliance with standards and procedures at borders, discrimination and sexual harassment and social norms.

Financial inclusion is important to improve women and youth's ability to compete in the AfCFTA market. However, it is important to understand that there is no financial inclusion without gender equality and women and youth empowerment. Financial inclusion is achieved when all businesses have access to useful and affordable financial products and services that meet their needs.<sup>8</sup> Gender equality implies that the interests, needs and priorities of both men and women are taken into consideration.<sup>9</sup> These two notions are complementary and cannot be implemented in isolation. In other words, access to financial products should be cognizant of the specific needs of each target group for financial inclusion to be achieved. The consultations and surveys conducted by the Secretariat and its partners demonstrated that women's ability to access appropriate financing to competitively establish and scale up their business activities is hindered by financial products that are not affordable and do not meet their specific needs. There could also be a case of financial institutions having products specifically designed for women and youth but the latter do not have information. It is therefore

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<sup>8</sup> World Bank. *Financial Inclusion as a Key Enabler to Reducing Poverty and Boosting Prosperity*. Accessed at <https://www.worldbank.org/en/topic/financialinclusion/overview#1>, on 7/03/2022 at 12:19 pm.

<sup>9</sup> UNDP Gender Equality Strategy 2014-2017: The Future We Want: Rights and Empowerment. Terminology Used in the Gender Equality Strategy (Annex 1).

important to fill the information gap and to engage with financial institutions to develop more products to improve competitiveness.

### ***Integration into regional and global value chains and financial inclusion***

The AfCFTA seeks to promote industrial development through diversification and regional value chain development, agricultural development and food security.<sup>10</sup> In this context, the AfCFTA developed a Private Sector Strategy that focuses on identifying priority value chains and interventions in key sectors with potential for inclusivity of women, youth and SMEs including agriculture and agro-processing, transportation, and logistics. The aim is to identify and efficiently address the bottlenecks in those sectors to foster integration into regional and global value chains. The integration of women and youth in these value chains cannot be done without any financial support as they seek to scale up to meet demands within the chain. Integration into value chains also means that women and youth diversify their export baskets of goods and services traded thus remaining competitive in the AfCFTA market. Financial inclusion is, therefore, critical in that regard.

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### ***The AfCFTA Payment and Settlement System and Financial Inclusion***

The AfCFTA Secretariat and Afreximbank developed and launched in January 2022 the Payment and Settlement System (PAPSS) to facilitate trading within

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<sup>10</sup> Article 3 (g) of the AfCFTA Agreement.

the framework of the AfCFTA. The System is designed to allow African traders to trade with African currencies thus addressing the issue of convertibility of African currencies. However, the same cannot be done without financial inclusion. Indeed, one of the key components of financial inclusion is access to a transaction account that allows people to store money, send and receive payments. It is also a gateway to other financial services.<sup>11</sup> For a trader to utilize the Payment and Settlement System, he or she must have a transaction account. It is, therefore, important to improve the rate of creation of transaction accounts in African banks. In this regard, a comprehensive review of bank account opening requirements needs to be undertaken to ensure that women and youth are able to do so with ease.

Financial inclusion is weaved into all components to improve the competitiveness of African SMEs and youth and women-led businesses. However, it is important to note that coherent policies supplemented by robust and concerted initiatives, programmes and activities are required to improve the capacity of SMEs and women and youth-led enterprises to leverage opportunities offered by the AfCFTA.

While I have discussed the nexus between financial inclusion, gender equality and the utilisation of the AfCFTA Agreement by women and youth, it is important to ensure the survival of women and youth-led enterprises which, on average, die within three years of their creation, then support their scaling up to trade across borders.

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<sup>11</sup> Op Cit 8

While much progress has been achieved, gender equality and women's empowerment are still an "unfinished business". Moving forward, gender equality will remain our focus in the successful implementation of the AfCFTA.

We want to ensure that the voices of women, and the skills and expertise of women are at the forefront. The AfCFTA Secretariat remains committed to ensuring that the AfCFTA delivers its promise of inclusive growth; and is happy to collaborate with partners in that regard. On this note, let me again wish you all a Happy International Women's Day.

I thank you.