

**SPEAKING NOTES
FOR
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SECRETARY- GENERAL, AfCFTA
SECRETARIAT**

REMARKS

ON THE OCCASION OF THE AFRICA INVESTMENT
PARTNERSHIPS FORUM

“AFRICA BEYOND AID: A WIN FOR ALL”

Africa Center in Harlem

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PROTOCOLS

1. Let me begin by thanking the UNCTAD for the kind invitation.
2. It is indeed a great pleasure to be able to join you today and also join such seasoned distinguished guests to deliberate on a critical issue of Africa's development trajectory and build dynamic relationships and partnerships for a resilient Africa.
3. I should like to convey my support for the theme of the Forum: "Africa Beyond Aid: A Win for All".
4. Africa, as you may well know, has always been seen as a continent of great potential, given its considerable endowment in natural resources and human capital.
5. However, the state of our countries does not bear out that we have these natural endowments.
6. Today, several years after independence of our African countries, and in spite of having received substantial aid or development assistance, the continent is still perceived as having the potential to advance economically.
7. Aid to the continent has been estimated at over \$1.2 trillion in the past 30 years alone.
8. However, only few African countries have achieved the economic growth and transformation seen in much of Asia, such as China and South Korea.
9. Besides, aid or development assistance to African countries is unsustainable and harmful to both sides – donors and recipients.

10. The natural question therefore arises; what should Africa do to actualise our potential to advance economically - to become a prosperous and self-reliant continent, taking into account the many resources which are available to our countries?
11. It is the search for an answer to this question that has informed the vision of Africa Beyond Aid.
12. With Africa beyond Aid, as a continent, Africa wants to move beyond aid handouts that have failed to bring growth and prosperity and move to an era of mutual respect with donor countries.
13. Africa is seeking to find collectively, practical ways of unleashing the embedded potential of the continent and its people so that we can together build an:
 "Integrated, prosperous and peaceful continent, driven by its own people, representing a dynamic force in the international arena", the Africa we want.
14. To achieve this, it is clear that going forward, Africa cannot be the raw material producing and exporting economy of the past.
15. Africa has to be an economy based on value-addition and industrial activities, as well as trade with itself, if the goal of the Africa We Want; Africa Beyond Aid is to be achieved.

Continental economic integration

16. It is in this context that the AfCFTA is a game changer.
17. With the AfCFTA, we are creating a tariff-free continent that can boost intra-African trade and investment, grow local businesses, rev up industrialization and create jobs for the bulging youth population.

18. Indeed, the AfCFTA provides Africa a renewed opportunity to steer its economic relations away from a reliance on external donors, foreign creditors and excessive commodity dependence, ushering in a new economic era focused on self-reliant cooperation, deeper integration and higher levels of intra-African trade.
19. And unlike past efforts at promoting sub-regional economic integration, the AfCFTA is different. It includes not only trade in goods but trade in services as well. The service sector in Africa is very important, accounting for over 50% of GDP in many countries. However, the level of trade in services remains low in Africa. Through the progressive liberalization of services, service suppliers will have access to the markets of all African countries on terms no less favourable than domestic suppliers.
20. We are also negotiating a phase II, covering investment regimes, competition laws and intellectual property, as well as digital trade and women and youth in trade.
21. The agreement also makes provision for the removal of non-tariff barriers. Traders constrained by non-tariff barriers, including overly burdensome customs procedures or excessive paperwork, will have a mechanism through which to seek the removal of such burdens.
22. The AfCFTA dispute settlement mechanism provides a rule-based avenue for the resolution of disputes that may arise between State Parties in the application of the agreement; while an African Trade Observatory, complemented with an AfCFTA Country Business Index (ACBI), has been put in place to measure and monitor the implementation of the agreement.
23. As we speak significant milestones have been achieved in the implementation of the AfCFTA which was operationalised in January 2021.

24. Out of the 54 African countries that have signed the agreement, 43 have ratified and deposited their instruments of ratification, making them State parties.
25. Preparations are far advanced for the historic trading in goods under the AfCFTA preferential regime to take off, in the next couple of weeks, among some State Parties that have deployed the right Customs system. This will mark the start of commercially meaningful trading under the AfCFTA to practically demonstrate the progress so far achieved in the implementation of the agreement.

Role of Private Sector

26. The second point I would like to highlight is that, the AU's Agenda 2063 and the Africa beyond aid cannot be championed alone by the government and the public sector.
27. The private sector is a powerful part of this collective action in changing the African narrative.
28. Therefore, there is a need for enhanced collaboration with the private sector in order to ensure our development objectives. In this regard, it is important for African governments to prioritize private public partnerships (PPP) in order to bridge their financing gap and at the same time reduce overdependence on foreign aid and support.
29. As part of the implementation of the agreement, the Secretariat of the AfCFTA, in collaboration with the MasterCard Foundation, has launched an inclusive private sector strategy that identifies the main barriers to trade and production on the continent.
30. 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.

31. 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.
32. Already, an amount of US\$1 billion has been mobilised by the Afreximbank for the development of the automotive value chain and to support industrialisation in the continent.

Illicit financial flows

33. My third point is that, as we continue to progress on our continental integration efforts, it is important to deal with the issue of illicit financial flows from the continent, estimated to account for 60% of the US\$88 billion annual illegitimate commercial transactions by multinationals and other relationships, which inhibit Africa's development.
34. Sadly, what leaves Africa yearly as illicit financial flows (IFFs) is equal to and even more than what the continent receives as development aid from foreign countries and donors. These IFFs largely explain why Africa is not able to raise enough funds internally and through investments to fund its own developmental projects.
35. Clearly, Africa has the resources to champion its own growth agenda. What we need is to collaborate in order to clamp down such activities so as to have access to these funds for our development programmes rather than relying on foreign development assistance and aid.

The African Diaspora

36. Also, if we are to achieve the Africa we want, it is crucial that we build bridges between Africa and those with African roots. We need to strengthen the links between the African Diaspora everywhere in order to pool intellectual and financial resources for the transformation and inclusive development of the continent.
37. Africa's Diaspora has positive development potential which when well harnessed will help mitigate many of the development challenges we face. Diaspora remittances, for example, surpass foreign direct investments and official development aid to Africa. And these are only recorded flows. The true total, including those through informal channels, could even be larger.

Finally

38. As I end my intervention, I want to emphasise that, today, in Africa, there is the general acceptance that trade and investment, and not aid, are pillars of the continent's economic growth and transformation.
39. We are, therefore, creating an integrated continent that is prosperous enough to be beyond needing aid, and that engages competitively with the rest of the world through trade and investment.
40. Trade and investment will boost local production levels and give local entrepreneurs international competitiveness through technology transfer and the operationalisation of the AfCFTA.
41. The successful implementation of the AfCFTA would help build a strong foundation for an "Africa beyond Aid". According to the World Bank, effective implementation of the AfCFTA is expected to lift 30 million people out of extreme poverty and raise the incomes of another 68 million living in moderate poverty. By easing customs

procedures and removing red tapes, the implementation of the AfCFTA will create up to \$292 million in potential income gains.

42. It may be worthy of note that the vision of attaining a 'Africa Beyond Aid' is not aimed at isolating the continent from development partnerships.
43. We are not anti-aid.
44. It is rather about being more efficient and effective in how we mobilize and use our resources.
45. Today, we look ahead with promise at the next decade or so, when we will see a manifestation of our efforts to create a new Africa: an Africa that is economically more resilient and trades more with itself.
46. It is my strong conviction that, with the operationalisation of the AfCFTA, Africa is on the right path to its long-term vision – an integrated, prosperous and peaceful Africa, “the Africa we want” - as defined by the Agenda 2063; an Africa Beyond Aid.

Thank you.