

African Continental Free Trade Area
Creating One African Market



The AfCFTA: A NEW ERA OF TRADE

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FOREWORD

Dear Readers,

I am honored and delighted to welcome you to this much awaited AfCFTA knowledge booklet, dedicated to exploring the theme of the year: “Acceleration of the Implementation of the African Continental Free Trade Area (the AfCFTA)”. As we delve into the pages of this publication, we embark on a journey that celebrates the achievements, potential, and transformative power of the AfCFTA in shaping the future of our beloved continent.

The AfCFTA has emerged as a beacon of hope and progress for Africa, ushering in a new era of economic integration, collaboration, and shared prosperity. It represents a visionary initiative that transcends borders, connecting nations and unlocking vast opportunities for trade, investment, and growth. As we reflect on the achievements thus far, we stand in awe of the immense strides we have made together.

Since its launch, the AfCFTA has witnessed remarkable milestones, demonstrating the commitment and dedication of African countries to unite and build a stronger collective future. The ratification by a significant number of African Union member states showcases the unwavering determination to overcome barriers and establish a seamless trade environment that encourages innovation, fosters entrepreneurship, and unlocks new avenues for job creation, thus, addressing the urgent need to provide opportunities for our vibrant youth population.

The economic integration of our continent is not merely an abstract concept, it is a tangible vision with profound implications for the hearts and mind of every African citizen. It is an opportunity to break the shackles of fragmentation, overcome historical divisions and rise as a

united force on the global stage. It is an invitation to chart a new path of self- reliance, self- determination, and self- sufficiency.

Through the AfCFTA, we aim to diversify our economies, promote regional value chains, encourage the export of our homegrown products, ultimately reducing our reliance on external markets. By embracing the spirit of intra-Africa trade, we can stimulate industrialisation, bolster agricultural productivity and improve standards of living for our people.

As we navigate the path ahead, we are acutely aware of the challenges that lie in our path. The road to full implementation requires us to address issues of infrastructure, logistics, regulatory frameworks, and trade facilitation. It demands our collective efforts, resolute commitment, and creative solutions. We must harness the power of innovation, digitisation, and technology to overcome these obstacles and create an environment that empowers businesses, particularly small and medium enterprises, to thrive in the global marketplace.

In this special edition around the AU theme of the year, I encourage you to read and equip yourself with knowledge on the AfCFTA, including its instruments and protocols that have been developed to enable a conducive environment for intra-Africa trade. We hope that as you read, engage, and envision this transformative power of the AfCFTA, you and all of us as a collective, will seize this historic opportunity, laid down by our Forebears. Together, we can shape a brighter future for our Continent - a future where collaboration triumphs over competition, where innovation thrives and where every African can fulfill their dreams and aspirations.

“If you want to go fast, go alone. If you want to go far, go together”
– African Proverb



Grace Khoza

Principal Communications Advisor,
AfCFTA Secretariat

FOREWORD

The operationalisation of the AfCFTA on 1st January 2021 was a milestone in Africa's economic integration agenda.

It marked the start of Africa's collective journey as an economic community.

The progress of the AfCFTA is of interest to a broad audience, both within the continent and beyond.



I am therefore pleased to present this knowledge booklet of the AfCFTA Secretariat, which focuses on the objectives, latest key economic indicators relevant to the continent, and milestones achieved since the establishment of the AfCFTA.

This issue also features a factsheet on the AfCFTA Adjustment Fund as well as other partner initiatives for the effective implementation of the Agreement.

I hope this issue of "A New Era of Trade in Africa" knowledge booklet will contribute to our outreach and communication efforts on the AfCFTA and the significant strides made so far.

H.E. Wamkele Mene

Secretary-General, AfCFTA Secretariat



Achievements of H.E. Mahamadou Issoufou,

Former President of the Republic of Niger, since beginning of tenure as Champion of the AfCFTA

H.E. Mahamadou Issoufou, the then sitting President of the Republic of Niger, was mandated in January 2017, by the 28th Assembly of Heads of States and Governments of the African Union Assembly/AU/Dec.623(XXVIII), to champion the process of the Continental Free Trade Area (CFTA).

The purpose of an African Union Champion is to lead initiatives in line with the achievement of goals set by the organisation. As the AU aims to achieve “The Africa We Want” mandate, a role such as a Champion is critical to mobilise support and foster participation.

His role entailed ensuring progress in the establishment of the AfCFTA by concluding negotiations and reporting on measures taken to achieve the aforementioned. Subsequently, H.E. would be tasked to champion the implementation process and regularly report to the Assembly on progress made regarding the AfCFTA.

Under the leadership of H.E. Issoufou Champion of the AfCFTA, on 21 March 2018 in Kigali, Rwanda, 44 Member States signed the Agreement establishing liberalisation of trade in goods and services, as well as settlement of disputes.

Furthermore, the AfCFTA Agreement entered into force on 30 May 2019 after the ratification by 24 Member States, of which 22 ratifications was the minimum requirement. The above, made the AfCFTA Agreement the fastest negotiated Agreement in the History of the African Union.

On 7 July 2019, the AfCFTA was officially launched during the 12th Extraordinary Summit of the African Union, marking the operationalisation of the Agreement.

In recognition of his pivotal role and exemplary leadership in the establishment of the AfCFTA and its implementation as the Champion, on 16th July 2021, the AfCFTA Secretariat, the African Union, UNECA and Afreximbank unveiled a statue in honour of H.E. Mahamadou Issoufou in Accra, Ghana.



AFRICAN CONTINENTAL FREE TRADE AREA QUICK FACTS



AU MEMBER STATES HAVE
SIGNED THE AfCFTA
AGREEMENT AS OF JANUARY 2024



STATE PARTIES AS OF
JUNE 2024



PEOPLE WILL POTENTIALLY BE
LIFTED OUT OF EXTREME POVERTY



INCOME BOOST IN AFRICA
BY 2035: **A 7% GAIN**

THE GENERAL OBJECTIVES OF THE AfCFTA ARE TO:

-  Create a single market for goods, services, facilitated by movement of persons in order to deepen the economic integration of the African continent and in accordance with the Pan African Vision of “An integrated, prosperous and peaceful Africa” enshrined in Agenda 2063
-  Create a liberalised market for goods and services through successive rounds of negotiations
-  Contribute to the movement of capital and natural persons and facilitate investments building on the initiatives and developments in the State Parties and Regional Economic Communities (RECs)
-  Lay the foundation for the establishment of a Continental Customs Union at a later stage
-  Promote and attain sustainable and inclusive socio-economic development, gender equality, and structural transformation of the State Parties
-  Enhance the competitiveness of the economies of State Parties within the continent and the global market
-  Promote industrial development through diversification and regional value chain development, agricultural development, and food security
-  Resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.

THE SCOPE OF THE AfCFTA AGREEMENT

The AfCFTA Agreement covers the protocols and their annexes. The Implementation of the Agreement comprises:

PHASE I



TRADE IN
GOODS



TRADE IN
SERVICES



DISPUTE
SETTLEMENT
MECHANISM

PHASE II



INVESTMENT



INTELLECTUAL
PROPERTY
RIGHTS



COMPETITION
POLICY



DIGITAL TRADE



WOMEN AND
YOUTH IN TRADE

ACHIEVEMENTS OF THE AfCFTA



Commissioning and operationalisation of the AfCFTA Secretariat;



Launch of trade under the AfCFTA;



Launch of the Pan-African Payment and Settlement System (PAPSS) in collaboration with the African Export-Import Bank (Afreximbank);

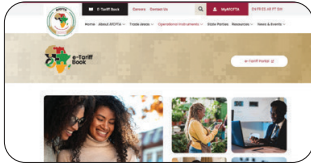


Signing of the AfCFTA Adjustment Fund Management Agreement with Afreximbank;

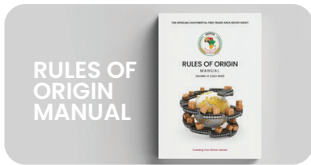


Launch of the new AfCFTA Website: <https://au-afcfta.org>

ACHIEVEMENTS OF THE AfCFTA



Launch of the AfCFTA e-Tariff Book on the AfCFTA official website



Launch of the AfCFTA Rules of Origin manual



Launch of the AfCFTA Initiative on Guided Trade



The first face to face AfCFTA Business Forum held in Cape Town, South Africa from the 16 - 18 April 2023



Reaching 47 State Parties as of November 2023, following the 47th deposit of the instrument of ratification by the Republic of Mozambique

ROADMAP OF THE AfCFTA

● January 2012 – Addis Ababa, Ethiopia

The 18th Ordinary Session of the AU Assembly of Heads of States and Government adopted the Decision on « Fast tracking the establishment of the African Continental Free Trade Area (AfCFTA) for Boosting Intra-African Trade »

● June 2015 – Johannesburg, South Africa

The 25th Ordinary Session of the AU Assembly of Heads of States and Government launched the negotiations for the establishment of the African Continental Free Trade Area (AfCFTA).

● March 2018 – Kigali, Rwanda

At the 10th Extraordinary Session of the AU Assembly of Heads of States and Government, 44 of the 55 African Union Member States signed the Agreement Establishing the African Continental Free Trade Area (AfCFTA);

● 30 May 2019 – Addis Ababa, Ethiopia

Entry into force of the AfCFTA Agreement, after the 22nd deposit of instrument of ratification by the Saharawi Republic on 29 April 2019.

● July 2019 – Niamey, Niger

The 12th Extraordinary Session of the AU Assembly of Heads of States and Government launched the operational phase of the AfCFTA. Start of trading under the AfCFTA Agreement began on 1st January 2021.

ROADMAP OF THE AfCFTA

10 February 2020 – Addis Ababa, Ethiopia

H.E. Wamkele Mene was elected first Secretary-General of the AfCFTA on 10th February 2020, at the 33rd Ordinary Session of the Assembly of the Union in Addis Ababa, Ethiopia.

19 March 2020 – Addis Ababa, Ethiopia

H.E. Wamkele Mene is sworn-in on 19 March 2020 as first Secretary-General of the AfCFTA at the African Union Headquarters in Addis Ababa, Ethiopia

17 August 2020 – Accra, Ghana

The Official handover and Commissioning of the African Continental Free Trade Area (AfCFTA) Secretariat Building.

1 January 2021 – Johannesburg, South Africa

Start of Trading under AfCFTA. 13th Extraordinary Session of the AU Assembly on the AfCFTA

7 October 2022 – Accra, Ghana

Launch of the Guided Trade Initiative. First commercially meaningful trade under the AfCFTA agreement

Identification of priority value chains and current interventions

The AfCFTA Secretariat recognizes the central role of the private sector to deliver on its mandate of eliminating trade barriers and boosting intra-Africa trade, and has launched an inclusive private sector strategy that identifies the main barriers to intra-Africa trade and production and proposes interventions in four initial priority value chains—**agro-processing, automotive, pharmaceuticals, and transportation and logistics**.

Value chains were prioritized based on their potential to increase intra-African trade. High-potential sectors were identified based on potential for meeting demand locally (***i.e. sectors where we have relatively high level of imports today – an indicator of existing demand in local markets, and some level of existing exports – an indicator of the ability to produce these goods locally***); feasibility of addressing barriers to trade and production in a short time frame; and potential for economic growth, employment, inclusivity (e.g., women, youth, SMEs), and sustainability. There is a strong focus on identifying value chains where there can be increased value addition on the continent.

We prioritized the above mentioned four sectors for the initial set of interventions in this first wave, starting with the highest potential for meeting demand locally. Other sectors will be addressed in future waves. The next wave will focus on sectors with the next highest potential for meeting demand locally, e.g., textiles, and subsequent waves will consider sectors with high existing intra-African trade and areas for future growth.

1. Agriculture and agro-processing have ~\$50bn of imports annually and the combined sector ranks high for economic growth, employment and inclusivity. Within agro-processing as a whole, there are several sub-groups that have a high value of imports, including staples, processed foods, oils, and sugar. While staples have the highest imports, the feasibility of scaling production and trade is somewhat limited due to relatively high barriers to intra-African trade (e.g., low price competitiveness, low yields and highly fragmented production). The next-highest-value group is processed foods, which includes meat, fish, prepared foods, and

processed fruits and vegetables. We focus on meat and fish as they have the highest value of imports, and proteins have the highest projected increase in demand of any food group. Several agricultural commodities are critical for food security (e.g., maize and other staples), or have significant export value to the rest of the world (e.g. horticulture). These are important factors that AfCFTA has considered in a number of other initiatives.

Current interventions/initiatives:

- ✔ Implementing a production and trade work programme that is focusing on coffee, poultry, maize, soy beans and fish value chains with partners
- ✔ A 4-year fish value chain project in Uganda, Kenya, Tanzania, DRC, Nigeria, Zambia and Island States is being implemented and will be focusing on women and youth in trade.
- ✔ Led by the African Union Commission, a Common African Agro-Parks Programme is being implemented. It focuses establishment of cross-border special economic zones to enable production, processing and trade of strategic agricultural commodities in a manner that promotes regional integration (e.g. Ghana-Cote d'Ivoire cocoa processing or Zambia-Zimbabwe grains production)

2. Automotive has ~\$30bn of imports and has less scope for inclusivity, but has huge potential for additional job creation. It ensures production of high complexity and value-added products that will support future competitiveness in the sector. This includes motor vehicles, commercial vehicles, vehicle parts, and tyres. This also means it is more likely to lead to creation of highly skilled jobs and have multiplier effects across the value chain, e.g., in regional ecosystem suppliers. **Current interventions/initiatives:**

- ✔ **AfCFTA automotive strategy** approved and supported by a \$1 billion fund by Afreximbank to support local content development in the industry. A component manufacturing study identified 10 investment ready opportunities across the continent which are currently being considered by Afreximbank and are open to potential partnerships.

3. Pharmaceuticals has ~\$11bn of imports, mostly in finished goods such as antibiotics, and has high potential GDP growth and moderate impact on jobs. The strategy focused on pharmaceutical products and the focus on vaccines manufacturing and trade is being addressed through other projects led by Africa CDC. **Current interventions/initiatives:**

- ✓ African Pooled procurement Mechanism to enable local manufacturing and trade of pharmaceutical products, diagnostics and vaccines. AU agencies working together with industry to harmonize regulations/-standards to enable cross-border trade of products.

4. Transportation and logistics is a significant enabler of trade across all value chains. It is constituted by passenger and freight transportation, third-party (3PL) logistics, freight forwarding and courier express and parcel services. For the purposes of this work, we look at transportation and logistics as an enabler and in the context of the above goods value chains – automotive, agro-processing and pharmaceuticals. Freight transportation constitutes the largest value in terms of spending (\$36bn annually), within which road and maritime transportation are the highest-used services for automotive, agro-processing, and pharmaceuticals. Air and rail are small today, but there could be increased demand in future if more infrastructure was available and affordable. Current interventions/initiatives: trade facilitation work programme that is focusing on key trade corridors (e.g. Abidjan-Lagos corridor) and this requires investment in both hard and soft infrastructure.

NB: some projects of interest are attached for consideration by the participants.

Investment Projects List in Selected African Countries

No	Project Name	Project Value (USD)	Finance Requirement
1	Strategic Grain Resrves Systems development	170,000,000	Debt
2	Food Park Development in Zimbabwe	65,000,000	Debt and equity investment
3	Fertilizer Factory Development	30,000,000	Debt and equity investment
4	4 Multipurpose port development in Zanzibar	110,000,000	Debt and Equity
5	Tuna Factory Development	45,000,000	Debt and Equity
6	Cocoa Processing Factory	86,700,000	Debt and equity investment
7	Cocoa Processing Factory - Working capita	6,000,000	Debt
8	Cocoa Processing Factory	67,000,000	Equity investor to take 30% of invesment
9	Flour Mill Development in Port Harcout	65,000,000	Debt investment reuquired client talking with IDC and IFC
10	Meat Porcessing Factory Development	2,000,000	Urgently need \$400k short term loan
11	Agro-Park Development Food Reserve System in Naivasha	37,000,000	Debt investment reuquired client talkSystemg with IRC and IDC
12	Devement of Grain Terminals in Mombasa Port	75,000,000	Debt investment reuquired client talking with
13	Food Park Development in Zimbabwe and Zambia	200,000,000	TBC
14	Pasta Processing	13,000,000	Debt
15	Establishment of Pharmaceutical Manufacturing in Lesotho	30,000,000	Debt
16	Establishment of Intergrated Agro-industrial park in Tanzania	1,200,000,000	Debt
17	Establishment of Intergrated Agro-industrial park in Kenya	80,000,000	Debt
18	CAAPs Projects (Cocoa) Transboundary Cocoa Procesing	1,200,000,000	Debt
19	Intergrated Food Park	80,000,000	Debt
Total Investment Registered		3,561,700,000	

Investment Projects List in Selected African Countries

No	Project Name	Country	Status
1	Strategic Grain Resrves Systems development	Zimbabwe	Concept Note available-on-going financing
2	Food Park Development in Zimbabwe	Zimbabwe	Concept Note available-on-going financing
3	Fertilizer Factory Development	Zimbabwe	Feasibility Report and Bankable documents available
4	4 Multipurpose port development in Zanzibar	Zanzibar	Feasibility report available
5	Tuna Factory Development	Zanzibar	Concept Note available
6	Cocoa Processing Factory	Ghana	Feasibility Report and Bankable documents available-on-going op
7	Cocoa Processing Factory - Working capita	Ghana	Operation on-going
8	Cocoa Processing Factory	Ghana	Feasibility Report and Bankable documents available
9	Flour Mill Development in Port Harcourt	Nigeria	Feasibility Report and Bankable documents available
10	Meat Porcessing Factory Development	Botswana	Feasibility Report and Bankable documents available
11	Agro-Park Development Food Reserve System in Naivasha	Kenya	Feasibility Report and Bankable documents available
12	Devement of Grain Terminals in Mombasa Port	Kenya	Concept Note available
13	Food Park Development in Zimbabwe and Zambia	Zimbabwe	Project Concept Note
14	Pasta Processing	Rwanda	Feasibility Report and Bankable documents available
15	Establishment of Pharmaceutical Manufacturing in Lesotho	Lesotho	Feasibility Report and Bankable documents available
16	Establishment of Intergrated Agro-industrial park in Tanzania	Tanzania	Concept Note available
17	Establishment of Intergrated Agro-industrial park in Kenya	Kenya	Feasibility Report and Bankable documents available Financing or
18	CAAPs Projects (Cocoa) Transboundary Cocoa Procesing	Ghana/Cote D'Ivoire, Zin	Feasibility report available
19	Intergrated Food Park	Kenya	Feasibility report available
Total Investment Registered		3,561,700,000	

Rules of Origin

When it is established that a good originates in the AfCFTA:



Several conditions are checked when determining the origin such as: direct transport, cumulation, tolerance, insufficient operations, etc.



Its origin must be certified by a proof of origin: **certificate of origin or origin declaration.**



The certificate of origin is issued by **the designated competent authority** (customs, chambers of commerce, etc.).

Origin Criteria

The origin of AfCFTA goods is determined based on a number of criteria and conditions.

The following criteria apply:

1. Wholly Obtained Products;
2. Change of tariff heading;
3. Change of tariff subheading;
4. Value of Non-Originating Materials;
5. Added value;
6. Specific processes.

The origin declaration is issued by:

1. The Approved Exporter (any exporter authorized by the Designated Competent Authority to certify his products as he offers all guarantees to control the originating status of its products);
2. Any exporter provided that the value of his products does not exceed \$5000.

Any product originating in the AfCFTA covered by proof of origin at the time of export benefits from the AfCFTA preferential tariff in accordance with the liberalization modalities of the importing country.

The customs authorities of the importing country are competent to verify the proof of origin.

What is the purpose of the AfCFTA rules of origin?

- ✓ The AfCFTA rules of origin are the criteria and conditions for determining the origin of goods in the AfCFTA and for distinguishing goods originating in the AfCFTA from goods not originating in the AfCFTA.
- ✓ The AfCFTA rules of origin make it possible to apply the various trade measures under the AfCFTA (restrictions, prohibitions, quality standards, quotas, sanitary and phytosanitary measures, quotas, including the preferential tariff).

How do the origin criteria apply?

The AfCFTA origin criteria apply as follows:

- ✓ To determine the origin of products under the AfCFTA, a distinction must be made between two types of products: on the one hand, products which consist solely of local content and, on the other hand, products which have benefited from imported materials.
- ✓ The criterion of wholly obtained products applies to products consisting solely of local content: products of the animal, vegetable and mineral kingdoms and any product processed solely with local content.
- ✓ Any product processed with imported materials is originating only if it meets one of the criteria for substantial transformation, namely: change of tariff heading, change of tariff subheading, value of non-originating materials, added value, specific processes.

What is the purpose of cumulation?

Cumulation consists of considering materials imported from States party to the AfCFTA to be local materials. Cumulation therefore makes it easier to satisfy the Value of non-originating materials criterion. It thus contributes to the development of the African value chain and intra-African trade.

What is the purpose of tolerance?

The concept of value tolerance consists of tolerating that a material of a value not exceeding 15% of the final product does not meet the criteria applicable to the product. For example, if the applicable criterion is the change of tariff heading, we can tolerate a product whose value does not exceed 15% of the final product being classified under the same tariff heading as the final product.

What is the purpose of insufficient operations?

Insufficient operations are a list of operations that are considered insufficient to confer origin. E.g. changing packaging, painting or polishing, simple mixing of spices, simple assembly, simple assembly of parts of articles to form a complete article.

What are the basic texts on AfCFTA rules of origin?

The basic texts on AfCFTA rules of origin are:

1. Annex 2 on rules of origin;
2. The Appendices to the Annex, in particular Appendix IV;
3. The Rules of Origin Manual;
4. The Ministerial Regulation on products obtained in Special Economic Zones.

Special Economic Zones



The Protocol on Trade in Goods supports the establishment and operation of special economic arrangements or zones with the aim of accelerating development.

Products obtained in the Special Economic Zones originate in the AfCFTA:

- ✓ If they meet the criteria and conditions of origin of the AfCFTA agreed in Article 9 Annex 2 of the Protocol on trade in goods; and
- ✓ If they comply with the relevant national legislation as indicated in Ministerial Directive 1/2023.

Market Access: Goods

A “schedule of tariff concessions” (PSTCs) is defined in Annex 1 of the Protocol on Trade in Goods as “a list of negotiated specific concessions and commitments by each State Party. The phasedown on tariffs (duties) is as follows:

Category	Lists	Modalities*	
		LDCs	Non - LDCs
A	Non-Sensitive Products	90% of tariff lines 10-year phase down	90% of tariff lines 5-year phase down
B	Sensitive Products	7% of tariff lines 13-year phase down	7% of tariff lines 10-year phase down
C	Excluded Products	3% of tariff lines 10% of intra-African imports	3% of tariff lines 10% of intra-African imports

*Reference date for the official start of trading as 1 January 2021



Visit the E-Tariff Book Portal
for the modalities per Member State

Guided Trade Initiative (GTI)

The AfCFTA Guided Trade Initiative was launched on 7th October 2022 as a solution-based approach to kickstarting commercially meaningful trade under the AfCFTA preferences.

Objectives of the Guided Trade Initiative (GTI)

Demonstrate the efficiency of the legal framework

Obtain feedback on the effectiveness of the legal and institutional national systems

Test the readiness of the private sector

Identify future interventions to maximize the benefits of the AfCFTA

38 Guided Trade Initiati Participating Countries

Central Africa Region

Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of Congo, Equatorial Guinea, Gabon, Republic of Congo

East Africa Region

Kenya, Rwanda, Uganda, United Republic of Tanzania

North Africa Region

Algeria, Egypt, Morocco, Tunisia

Southern Africa Region

Angola, Botswana, Eswatini, Lesotho, Malawi, Namibia, South Africa, Zambia, Zimbabwe

West Africa Region

Côte d'Ivoire, Ghana, Guinea Bissau, Nigeria, Senegal, Sierra Leone, The Gambia, Togo

Island States

Cape Verde, Comoros, Madagascar, Mauritius, Seychelles



AfCFTA PRIVATE SECTOR DATABASE

Click the banner to register and be a part of the continental movement

The banner features a group of four business professionals (three men and one woman) in a meeting on the left, and a woman in a blue sleeveless top holding a tablet on the right. A computer monitor displaying a database interface is positioned between them.



Register on the Private Sector Portal of the AfCFTA

AfCFTA TRADE IN SERVICES REGIME

Understanding the AfCFTA Protocol on Trade in Services under the AfCFTA Agreement

Main objective:



Support the objectives of the AfCFTA, as set out in Article 3 of the Agreement particularly to create a single liberalised market for trade in services.

Specific objectives:

- ✓ Accelerate efforts on industrial development to promote the development of regional value chains.
- ✓ Pursue services trade depth by expanding the depth and scope of liberalisation and increasing, improving and developing the export of services.
- ✓ Promote sustainable development.
- ✓ Promote research and technological advancement in the field of services to accelerate economic and social development.
- ✓ Progressively liberalise trade in services across Africa, by eliminating barriers to TiS.
- ✓ Ensure consistency and complementarity between liberalisation of TiS and the various Annexes.
- ✓ Promote and enhance common understanding and cooperation in TiS amongst Member States.
- ✓ Enhance competitiveness of services in Africa.
- ✓ Foster domestic and foreign investment.

Approach to liberalisation:

1 Progressive liberalisation under the Schedule of Specific Commitments specifies the scope and depth of market opening (market access), as well as national treatment requirements (treatment of foreign vs national operators) and any other commitments.

Approach to liberalisation:

2 Development of cross-cutting Regulatory Frameworks in the sectors to: (i) promote predictability to African services and services suppliers; (ii) establish common regulatory principles; (iii) reduce and eliminate any arbitrary decision-making and regulations that may impact or hinder the market access commitments, and also (iv) to provide a broad framework of how the industry can develop even further.

3 Negotiations on Mutual Recognition Agreements (MRAs) of professional qualifications/licences/certificates to facilitate movement of persons

Sectors under negotiations:

1. Business Services



- A. All Professional Services
- B. Computer and Related Services
- C. Research and Development Services
- D. Real Estate Services
- E. Rental/Leasing Services without Operators
- F. Other Business Services

3. Financial Services



- A. All insurance and insurance-related services
- B. Banking and other financial services
- C. Other Financial Services

5. Transport Services



- A. Maritime Transport Services
- B. Internal Waterways Transport
- C. Air Transport Services
- D. Space Transport
- E. Rail Transport Services
- F. Road Transport Services
- G. Pipeline Transport
- H. Services auxiliary to all modes of transport
- I. Other Transport Services

2. Communication Services



- A. Postal services
- B. Courier services
- C. Telecommunication services
- D. Audiovisual services
- E. Others

4. Tourism Services



- A. Hotels and restaurants (incl. catering)
- B. Travel agencies and tour operators services
- C. Tourist guides services
- D. Other

6. Construction And Related Engineering Services



- A. General construction work for buildings
- B. General construction work for civil engineering
- C. Installation and assembly work
- D. Building completion and finishing work
- E. Other

Current AfCFTA Services Market



Djibouti, DRC, Eswatini, Egypt, Lesotho, Malawi, Mauritius, Namibia, Seychelles, Zambia, Zimbabwe, Burundi, Rwanda, Kenya, Uganda, Tanzania, Cameroon, CAR, Chad, Congo, Gabon, and Equatorial Guinea

FACTSHEET

THE AfCFTA PROTOCOL ON INVESTMENT

The AfCFTA Protocol On Investment

A binding legal instrument designed to promote, facilitate, and protect investors and investments while fostering sustainable development in Africa.

Objectives

1. Encouraging intra-African investment flows and opportunities and promoting, facilitating, retaining, protecting and expanding investments that foster sustainable development of State Parties;
2. Establishing a balanced, predictable and transparent continental legal and institutional framework for investment, taking into account the interests of State Parties, Investors and local communities;
3. Providing a sound legal framework for the prevention, management, and settlement of investment disputes;
4. Encouraging the acquisition and transfer of appropriate and relevant technology in Africa, and
5. Promoting, engaging, and consolidating coordinated positions and cooperation on matters related to investment promotion, facilitation, and protection within the continent.

Scope

The Protocol outlines the rights and obligations of State Parties, investors, and investments.

Current Status

The 36th Ordinary Session of the Assembly of the Heads of State and Government of the African Union adopted the Protocol on Investment in February 2023. During their 37th Ordinary Session in 2024, they further considered and adopted Articles 19 and 21 rendering the Protocol ready for subsequent stages of advancement.

What's Next?

1. Ratification of the Protocol necessary prior to its entry into force, upon ratification by 22 state parties. Annexes mandated by the Protocol will be developed.
2. As per Article 52(2), undertaking regulatory and policy reforms to “bring State Parties’ national laws, regulations and policies into alignment with this Protocol” within five years of its entry into force.
3. Capacity building, technical assistance, and awareness creation in preparation for the Protocol's ratification, country and regional level reviews and reforms of investment-related regulations and domestication of the Protocol.

Key Features Relevant to Investment Regulation And Financing

Promotion and Facilitation

The Protocol outlines State Parties obligations to promote and increase investment flows while facilitating investments and eliminating undue barriers in establishing or expanding investments, or conducting business. The Protocol establishes the **National Focal Points**, to provide support to investors. It mandates publication of information for **transparency and predictability** purposes.

The Protocol strengthens national, regional, and continental investment promotion and facilitation functions. It establishes the **Pan-Africa Trade and Investment Agency (PATIA)**, which will brand and position Africa as an investment destination of choice for intra-Africa and foreign investments and investors. PATIA will, among others, build capacity of State Parties in policy formulation and implementation while fostering expansion of intra-Africa investments, especially those that advance trade under the AfCFTA.

Investment Protection

The Protocol establishes grievance and complaints mechanisms to **manage** and **prevent** disputes. It seeks to facilitate prevention of disputes through a continental framework. Resolving disputes within this framework is primarily anchored on dispute prevention while offering a pathway to litigation.

Sustainable Development

Sustainable Development Sustainable development is one of the mainstay features of the Protocol. It provides novel provisions on environmental protection and conservation, thus promoting the triple Ps (Planet, People and Profits) nexus in investment practice and regulation. It is therefore environment sensitive and further links investment incentives to sustainability.

AfCFTA PROTOCOL ON DIGITAL TRADE



The Protocol on Digital Trade was adopted by the AU Assembly on **18 February 2024**. Digital trade entails digitally enabled transactions of trade in goods and services that can either be digitally or physically delivered.



The Protocol on Digital Trade will significantly boost Africa's digital economy. The digital economy of Africa is projected to contribute over **US\$180 billion (5.2%)** to the continent's gross domestic product by 2025 and **US\$712 (8.5%)** by 2050.

The Protocol on Digital Trade paves the way for a single African digital market, with **harmonised rules, common principles, and standards** that support digital trade. The Protocol ensures that African MSMEs, which make up **over 90% of the African market**, with about **70% owned by women and youth**, benefit from the AfCFTA. The Protocol opens new doors for sustainable investment, technology transfers, and integration of African economies and businesses into the global digital market.

Objectives

- ✔ Promote and facilitate intra-African digital trade by eliminating barriers to digital trade among State Parties;
- ✔ Establish predictable and transparent harmonised rules, and common principles and standards for digital trade;
- ✔ Create a transparent, predictable, secure, and trustworthy digital trade ecosystem for businesses and consumers;
- ✔ Promote common and open standards to enable the interoperability of frameworks and systems to facilitate cross-border digital trade;
- ✔ Encourage trusted, safe, ethical, and responsible adoption and regulation of the use of emerging and advanced technologies to support and promote digital trade;
- ✔ Promote digital skills development, innovation and entrepreneurship and digital industrialisation
- ✔ Develop digital infrastructure to facilitate the digital transformation of State Parties

Key Provisions Of The Protocol



Market Access & Treatment of Digital Products

- ✓ Eliminates customs duties on digital products traded among African countries
- ✓ Ensures there is non-discrimination of digital products among African countries



Digital Trade Inclusion

- ✓ Enhances the participation of African MSMEs, women, youth, rural communities, persons with disabilities in digital trade
- ✓ Promotes Digital Innovation and Digital Entrepreneurship
- ✓ Promotes Digital Skills Development



Digital Trade Facilitation

- ✓ Promotes safe, affordable and inclusive cross-border digital payments
- ✓ Promotes the adoption and use of digital identities
- ✓ Promote Electronic Trust Services and Authentication,
- ✓ Promotes the acceptance of electronic trade documents, electronic contracts, electronic Invoices
- ✓ Promotes the development of digital infrastructure in Africa
- ✓ Promotes the interoperability and mutual recognition of digital IDs and digital payments



Data Governance

- ✓ Allows for Cross-Border Data Transfers to support digital trade
- ✓ Requires the Protection of Personal Data used in digital trade
- ✓ Prohibits Data Localisation
- ✓ Promotes Data Innovation



Business and Consumer Trust

- ✓ Protects Source Code and Algorithm expressed in source code
- ✓ Mandates the adoption of Cybersecurity Measures,
- ✓ Promotes Online Consumer Protection in digital trade
- ✓ Fosters a safe and secure digital trade environment



Emerging Technologies & Innovation

- ✓ Promotes the safe, secure and responsible adoption of Emerging Technologies (e.g. Internet of Things, Artificial Intelligence, Machine Learning, Robotics, 5G, 3D printing, Quantum Computing, Blockchain, Virtual Reality, FinTech) in digital trade

Annexes to the Protocol



Rules of Origin



Cross-Border Digital Payments



Digital Identities



Cross-Border Data Transfers



Emerging and Advanced Technologies



Financial Technology



Online Safety and Security



Legitimate Public Interest Reasons for Requesting Source Code.

Background

The Development of the Protocol on Women and Youth in Trade was founded on Aspiration 6 of the Agenda 2063 which seeks to achieve “an Africa, whose development is people-driven, relying on the potential of African people, especially its women and youth, and caring for children”.

In view of this Aspiration, the 13th Extraordinary Session of the Assembly of Heads of State and Government of the African Union (AU Assembly) committed to broaden inclusiveness in the operation of the African Continental Free Trade Area (AfCFTA) through interventions that support young Africans, women and Small and Medium Enterprises (SMEs). To concretise the said commitment and foster inclusiveness in the implementation of the AfCFTA Agreement, the 35th Ordinary Session of the AU Assembly decided to include the Protocol on Women and Youth in Trade within the scope of the AfCFTA Agreement.

Benefits of the Protocol to Women and Youth in Trade

The Protocol is a legally binding instrument that will apply to all trade policies, activities and interventions that support women and youth in trade within the framework of the AfCFTA. The Protocol seeks to support:

- ✓ The inclusion of women and youth in the development of AfCFTA policies and in the implementation of the AfCFTA Agreement;
- ✓ Mechanisms that will overcome the digital divide;
- ✓ Access to quality education and a call for amendment or repealing of laws that are discriminatory in nature and hinder women and youth from accessing factors of production;
- ✓ Measures to improve access to financing to support trade activities by women and youth;
- ✓ Advocacy and promotion of women and youth registration, utilization, and protection of intellectual property rights;
- ✓ Improve access to information;
- ✓ Simplify complex trade documentation, procedures and processes to support women and youth in cross border trade;
- ✓ Mechanisms that address harassments and related practices that compromise the security and safety of women and youth when

conducting cross border trade; and,

- ✓ Measures to promote improved productive capacity, export readiness and the integration of women and youth owned or led SMEs into regional and continental value chains.

Strategic Fora for the Inclusion of Women and Youth

The AfCFTA Secretariat prioritises the empowerment of women and youth as partners in the implementation of the AfCFTA Agreement through engagement in the following fora:

- ✓ **AfCFTA Youth Symposium** – provides an opportunity to take stock of progress in the implementation of the AfCFTA Agreement, strengthens participation, advocacy, skills and knowledge sharing, networking and partnership with young entrepreneurs and traders;
- ✓ **AfCFTA Conference on Women in Trade** – provides an opportunity to take stock of progress in implementing AfCFTA policies and programmes to enhance the capacity of women to trade, business to business engagements, strengthening partnerships and create linkages;
- ✓ **Intra-Africa Trade Fair** – prioritise the participation of women and young entrepreneurs and manufacturers to link them with investors, promote the conclusion of business deals, exhibit products and services, expand networks; and,
- ✓ **Bishara Africa Forum** – women and youth to network, investment opportunities, connecting SMEs with AfCFTA value chains.

FACTSHEET

AfCFTA Dispute Settlement Mechanism DSM – Legal Basis and Scope

Art. 20 of AfCFTA Agreement establishes a **Dispute Settlement Mechanism (DSM)** to settle disputes between **AfCFTA State Parties arising from the AfCFTA Agreement**.

AfCFTA DSM to be administered in accordance with the **Protocol on Rules and Procedures on the Settlement of Disputes**.

Objectives – Amicable resolution of disputes as the overall aim
Preserve the rights and obligations of State Parties under the AfCFTA Agreement and clarify existing provisions.

Ensure that the dispute settlement process under the AfCFTA is:

- ✓ transparent
- ✓ accountable
- ✓ fair
- ✓ predictable
- ✓ consistent with the provisions of the Agreement

The AfCFTA DSM applies to **disputes between AfCFTA State Parties arising from the rights and obligations stipulated in the AfCFTA Agreement**.

AfCFTA DSM **only open to AfCFTA State Parties** and not to individuals or NGOs, etc.

For a dispute regarding a measure to be brought under the DSM, businesses must refer its complaint to the government.

Dispute Settlement Mechanism Structure

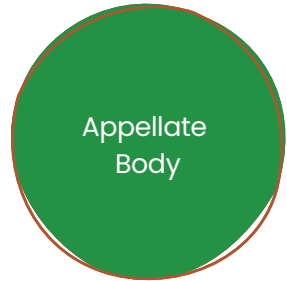
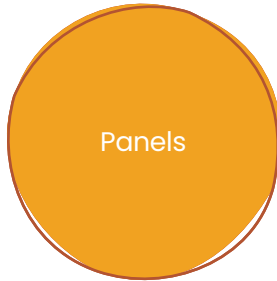
The AfCFTA DSM includes the following structures

- ✓ Dispute Settlement Body (DSB)
- ✓ Panels
- ✓ Appellate Body

DSB established pursuant to art. 5 of the Protocol and is composed of representatives of State Parties.

Powers of the DSB include:

- ✓ Establish Dispute Settlement Panels and an Appellate Body
- ✓ Adopt Panel and Appellate Body reports
- ✓ Monitor the implementation of rulings and recommendations of Panels and Appellate Body
- ✓ Authorise suspension of concessions and other obligations under the AfCFTA Agreement



Adjustment Fund

The AfCFTA Secretariat and Afreximbank were mandated by the African Union (AU) Summit of Heads of State and Government and the AfCFTA Council of Ministers responsible for Trade to establish the AfCFTA Adjustment Fund to support AfCFTA State Parties in adjusting to the new liberalised and integrated trading environment established under the AfCFTA Agreement.

It was established to support both the public and private sectors in addressing short-term disruptions from implementation of the AfCFTA Agreement, while enabling the private sector to develop capabilities to produce value-added goods and services that can be traded competitively within the continent and catalyse the emergence of regional value chains.

The Adjustment Fund management agreement between Afreximbank and the AfCFTA Secretariat was signed on 9 February 2022.



The Adjustment Fund is composed of a Base Fund, a General Fund and a Credit Fund. The **Base Fund** will consist of contributions from State Parties, grants and technical assistance funds to address tariff revenue losses as tariffs are progressively eliminated.

It will also support countries to implement various provisions of the AfCFTA Agreement, its Protocols and Annexes. The **General Fund** will mobilise concessional funding, while the **Credit Fund** will mobilise commercial funding to support both the public and private sectors, enabling them to adjust and take advantage of the opportunities created by the AfCFTA. The General Fund will support African countries and the private sector to effectively participate in the new trading environment established under the AfCFTA.

A host country Agreement for the Fund was signed with Rwanda for the hosting of the entity that will operationalise the Fund on the 10th of March 2023. Thus far, there has been approval and commitment

by the Board of the Bank of \$1billion to support the funding of the initiative and a \$10million grant funding that will facilitate the establishment and operationalisation of the AfCFTA Adjustment Fund.

On 29th September 2023, the inaugural board meeting of the AfCFTA Adjustment Fund Corporation was held in Kigali. The board members deliberated on key issues that will serve as a foundation for the successful operationalisation of the AfCFTA Adjustment Fund. Amongst these, included the appointment of the Fund for Export Development in Africa (FEDA), the impact investment platform of African Export-Import Bank, as the Fund Manager for the Adjustment Fund.

FACTSHEET

Pan-African Payment and Settlement System (PAPSS)

PAPSS is a centralised Financial Market Infrastructure enabling the efficient and secure flow of money across African borders. The platform minimises risk and contributes to financial integration across the regions. PAPSS is an African Union infrastructure developed in collaboration with the African Export-Import Bank (Afreximbank) to complement trading under the AfCFTA.

PAPSS works in collaboration with central banks in the continent to provide a payment and settlement service to which commercial banks, payment service providers and fintech organisations across the continent can connect as participants.



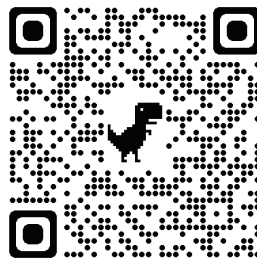
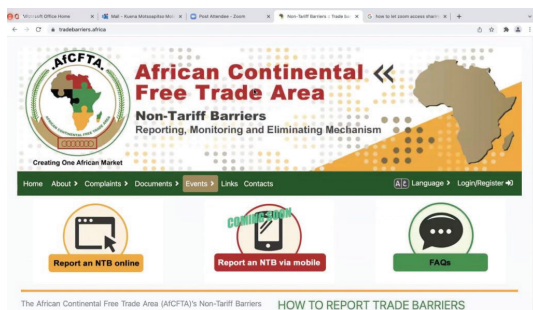
As of March 2023, the PAPSS network consists of 9 central banks, 60 commercial banks and 4 six switches. It will expand into the five regions of Africa before the end of 2023. All Central banks are to sign up by the end of 2024 and all commercial banks by the end of 2025.

On 27th October 2023, PAPSS marked history with all eleven Central Banks in the Caribbean region (CARICOM), unanimously adopting it as the preferred system for processing the settlement of intra-regional trade transactions.

NTB Online Reporting Mechanism

African businesses face Non-Tariff Barriers (NTBs) when trading goods across intra-African borders, including excessive delays, ad hoc fees, cumbersome document requirements, and restrictive product standards and regulations. These NTBs hinder trade and limit economic growth within the continent.

The AfCFTA's Non-Tariff Barriers online reporting, monitoring, and eliminating mechanism is a facility designed to enhance trade by removing NTBs. Accessible to businesses of all sizes, informal traders, women, and youth operators, the platform allows users to report obstacles encountered during cross-border trade. By addressing the reported issues, concerned government authorities such as the AfCFTA Secretariat, Regional Economic Community (REC) Units, and National Focal Points (NFPs) work collaboratively to resolve the problems, fostering a more conducive trade environment in Africa.



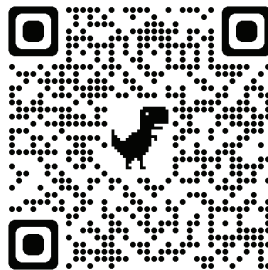
AfCFTA Hub

A fragmented trading environment in Africa, characterized by complex compliance requirements, poor logistic links, and non-tariff barriers, hinders SMEs, female entrepreneurs, and innovators from accessing market opportunities under the AfCFTA.

The AfCFTA Hub, launched on 29th August 2022, serves as a one-stop platform for regulators, traders, customs authorities, logistics, and retail operators to collaborate and work together. It aims to eliminate obstacles to cross-border trade, investment, and institutional integration, while accelerating the continent towards the desired Africa using AfCFTA as the engine of transformation.

Impact:

The platform has experienced significant growth and success since its inception, witnessing a remarkable 150% month-on-month increase in signups. Coverage spans 26 industry segments, with ongoing efforts for further expansion. Empowerment of women is a priority, as demonstrated by 55% female beneficiaries. Moreover, support for SMEs is evident, with these businesses accounting for 90% of beneficiaries. The platform's representation extends across 39 African countries, showcasing the continental reach of the initiative. High engagement has also been observed, with participating retail nodes experiencing an average footfall traffic of 150,000 per month. Maintaining this momentum remains a priority, as the focus continues on driving growth, inclusivity, and innovation





AfCFTA Secretariat

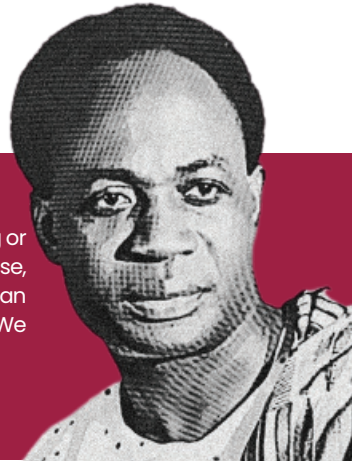
<https://au-afcfta.org>

“““

Unite we must. Without necessarily sacrificing our sovereignties, big or small, we can here and now forge a political union based on Defense, Foreign Affairs and Diplomacy, and a Common Citizenship, an African Currency, an African Monetary Zone and an African Central Bank. We must unite in order to achieve the full liberation of our continent.

H.E. KWAME NKRUMAH

AT THE ORGANIZATION OF AFRICAN UNITY (O.A.U) SUMMIT (MAY, 1963)

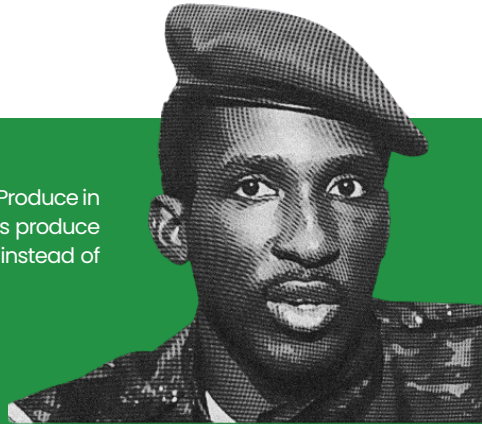


“““

Let's make the African market, the market of Africans. Produce in Africa, transform in Africa and consume in Africa. Let's produce what we need and let's consume what we produce instead of importing.

H.E. THOMAS SANKARA

PRESIDENT OF BURKINA FASO



“““

I think we will arrive at a very successful establishment of an African Common Market, because I think it is good for the trade of Africa. For example, the inter-State trade in Africa is 10 per cent, and 90 per cent is done with countries outside Africa. There is no reason why we should not increase the inter-State trade on this Continent.

H.E. ALHAJI ABUBAKAR TAFAWA BALEWA

PRIME MINISTER OF THE FEDERATION OF NIGERIA
AT THE ORGANIZATION OF AFRICAN UNITY (O.A.U) SUMMIT (MAY, 1963)

