



CONCEPT NOTE

DEVELOPING AND STRENGTHENING KEY REGIONAL VALUE CHAINS AT CONTINENTAL SCALE IN AFRICA

A VALIDATION WORKSHOP HOSTED BY THE AFRICAN UNION COMMISSION, DEPARTMENT FOR ECONOMIC DEVELOPMENT, TRADE, TOURISM, INDUSTRY AND MINERALS (ETTIM) AND THE EUROPEAN COMMISSION, DIRECTORATE-GENERAL FOR INTERNATIONAL PARTNERSHIPS

Niamey / 22nd and 23rd November 2022

I. Background

To reach the objectives of the African Continental Free Trade Area (AfCFTA) to enhance the competitiveness of the economies of State Parties, promote industrial development through diversification and regional value chain development and promote and attain sustainable and inclusive socio-economic development, it is important for policy makers and economic operators to have a good understanding of the opportunities and challenges presented by the new trade regime. Moreover, it is also essential that they have full overview of how regimes and trade agreements that remain in place work alongside the AfCFTA. Equally important is to consider how domestic policy in State Parties will shape the effective implementation of the AfCFTA, according to strategic choices that policy makers are called to make in industrial and trade policy, with the prospect of all cross-border taxes being removed by 2030. It is this complexity of regimes and policies in place that makes the implementation of the AfCFTA particularly challenging, while the opportunities of a market for goods and services of 1.3 billion people with a combined GDP of USD 3.4 trillion remain enormous, and the increase in overall income and welfare for the majority of African countries could be as significant as to lift 30 million people out of extreme poverty and raise real income of 7% (World Bank; and AfCFTA Report, 2020).

In July 2022, the International Trade Centre (ITC) presented in Lusaka, in the margins of the African Union Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration, a pilot diagnostic tool for the identification of regional value chains (RVC) at continental scale, particularly designed to unlock the opportunities offered by trade liberalisation under the AfCFTA. The diagnostic combines data analytics to compare and prioritize potential value chains with the view of the private sector on what is required to turn this potential into reality. The terms of reference for delivering such diagnostic tool were jointly defined by the African Union Commission Department for Economic Development, Trade, Tourism, Industry and Minerals (AUC-ETTIM) and the European Commission, Directorate-General for International Partnerships (INTPA), with the ambition to add yet another important milestone to the strengthened EU-Africa Partnership, which promises to *boost regional and continental economic integration, particularly through the African Continental Free Trade Area and to work towards the progressive and mutually beneficial integration* of the respective continental markets (Final Declaration from the 6th EU-AU Summit). The experience and



findings from the pilot project have highlighted that numerous value chains at continental scale are feasible and promising, including with the significant participation of Least Developed Countries. Moreover, that there is a need for a continental strategy on value chain development, which must leverage the contribution of various actors and stakeholders at different levels, national, regional and continental, each with its own specific mandate, agenda, and scope for action.

This opportunity comes particularly timely, given the extent to which the COVID-19 pandemic, among other, has exacerbated longstanding challenges, disrupted the global supply chains on which African countries largely depend, and confronted many with the pressing issue of insufficient domestic resources. In this context, tracing the path for a sustainable, inclusive growth by developing key value chains at continental scale appears to be a strategic option that African countries can explore individually and collectively, bringing to full fruition the market opportunities offered by the establishment of AfCFTA.

II. A Value Chain Development Continental Roadmap for developing and strengthening key regional value chains at continental scale for stronger economic integration, sustainable development, and job creation

The AU Extraordinary Summit on industrialisation and economic diversification scheduled in Niamey, on 20-25 November, will see the official launch of the regional value chain diagnostic, validated by the AU competent organs, and will convene for the occasion a representation of African businesses and stakeholders. Under the auspices of AUC ETTIM in the framework of the Steering committee on regional value chains and with the support of the EU and multilateral cooperation partners, a dedicated African Union Roadmap for developing and strengthening key RVCs at continental scale can be conceived. Such roadmap should adopt a 360° approach that takes into account the enabling environment and supply and demand side. It must leverage the contribution of various actors and stakeholders at different levels, national, regional and continental. Each value chain development strategy should spell out the vision for the sector, the sub-regions and countries affected, as well as concrete actions. It should consider sectoral specificity and building upon existing sub-regional and national strategies or activities to maximise impact and overcome fragmentation of efforts.

This workshop aims to contribute to a potential AU value chains development Roadmap, highlighting a list of priority and specific interventions in the areas that are essential to ensure the sustainable development of value chains, among which:

- **Trade policy and regulatory framework**, particularly pertinent to the development of quality infrastructures supporting quality certification, to non-tariff barriers to trade, to efficient and reliable logistic chains along trade corridors and to demand and supply matching;
- **Industrial policy and regulatory framework**, particularly at the interface national / regional / continental policies, in view of the opportunities opened to and constraints placed on potential input suppliers and output producers along a value chain;
- **Value chain development for decent work**, including skills development, with examples of concrete education and training programmes that could support the selected value chains;
- **Environmental sustainability and greener value chains;**



- **Public and private investments**, including de-risking and improved access to finance and market for farmers and SMEs, and investment addressing inclusive growth and sustainable development.

III. Objective of the AU-EU workshop

The objective of the workshop is four-fold: **i)** Raising awareness on the need for strengthening RVCs in Africa as a response to the disruption of global supply chains and promoting industrialization for Boosting Intra-African Trade; **ii)** Communicating widely the achievements on developing a continental methodology for RVC identification and development to relevant actors, stakeholders and cooperating partners; **iii)** Ensuring that the AU Value Chain Development Roadmap benefit from its inception from a broad information and consultation process; and **iv)** Sensitizing and engaging the workshop attendees about the importance of exploring synergies, maintain good communication and co-ordinate efforts for bringing about sustainable industrialisation and economic diversification through a RVC approach, including by taking advantage of existing platforms such as the AU Steering Committee on RVC, the EU-Africa Business Forum, as well as dedicated business-to-business or government-to-business events.

IV. Participation to the AU-EU workshop

The African Union Commission ETTIM and European Commission DG INTPA workshop “Developing and strengthening key regional value chains at continental scale in Africa”, will convene policy makers, experts, partners and stakeholders, particularly drawn from the following institutions and groups:

- Regional economic communities;
- National ministries and services for trade and industry;
- AfCFTA Secretariat;
- AUDA-NEPAD;
- Regional and country Delegations of the European Union;
- Regional Development Finance Institutions (DFI), such as AfDB, EIB, Afreximbank;
- Multilateral institutions and implementing partners, such as ITC, UNIDO, OECD, ECA;
- African and European business organisations through EABF platform, targeted individual companies, SMEs and young businesses;
- Members of the African academic community, socio-economic stakeholders and other relevant stakeholders.





AGENDA (WORK IN PROGRESS)

	Tuesday 22nd November 2022	Wednesday 23rd November 2022
Morning	9.00 - 9.15 COVID requirement	9.30 - 11.00 Pharmaceutical Regional Value Chain
	9.15 – 10.45 Welcoming remarks & High-Level Opening	12.30 – 12.45 Closing remarks
	11.00 – 13.00 Infant Food Regional Value Chain	
	13.00 – 14.00 Lunch Break	
	14.00 – 16.00 Apparel of Cotton Regional Value Chain	
	16.15 – 17.45 Cross-cutting issues and recommendations	
Afternoon		