



United Nations
Economic Commission for Africa

Regional Consultations on LDC5 in Africa: Trade and Regional Integration

18th January 2023



Stephen Karingi

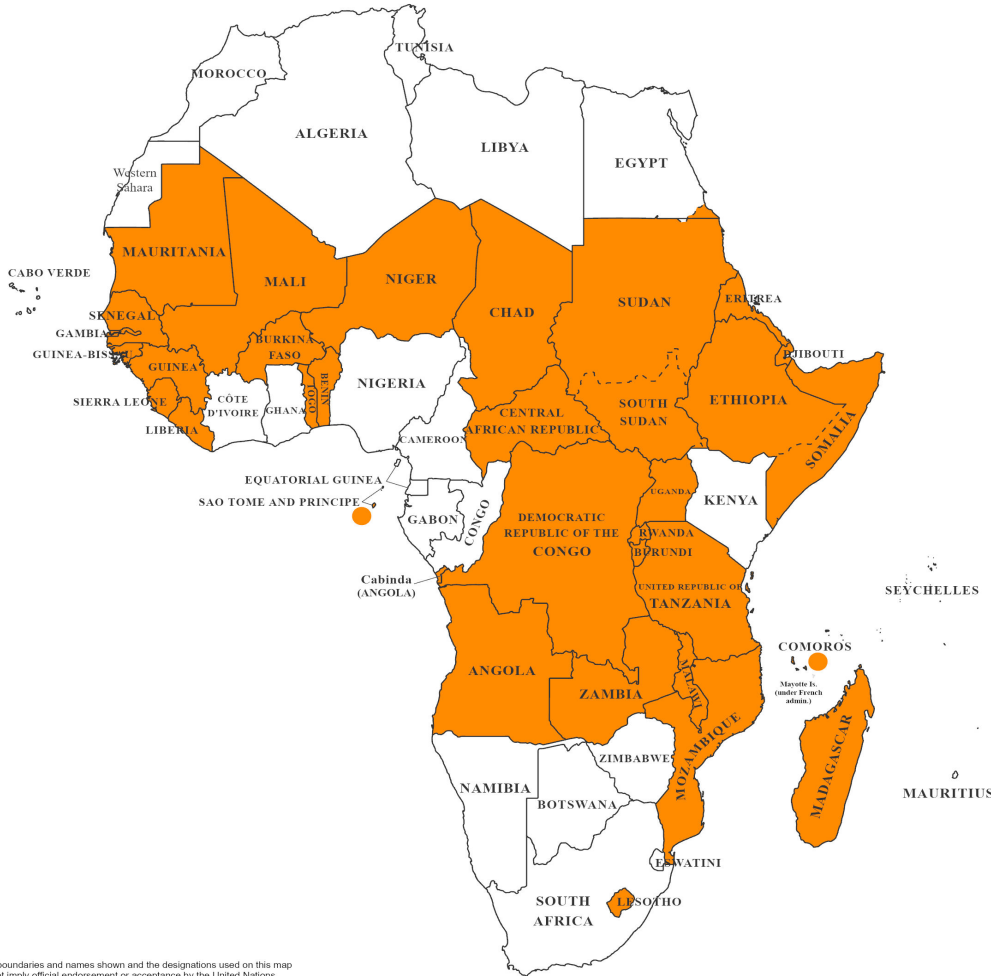
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**DECADE
OF >>>
ACTION**

Overview of LDC's in Africa

List of African LDC's



Globally, 46 countries are designated as LDC's. Of these, 33 are in Africa.



At nearly 735 million persons, Africa's 33 LDC's comprise 53% of the continent's total population.



Africa's LDC's represent 60% of Africa's total land mass (17.7 million km sq of 29.6 million km sq in total)

The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Final boundary between the Republic of Sudan and the Republic of South Sudan has not yet been determined.

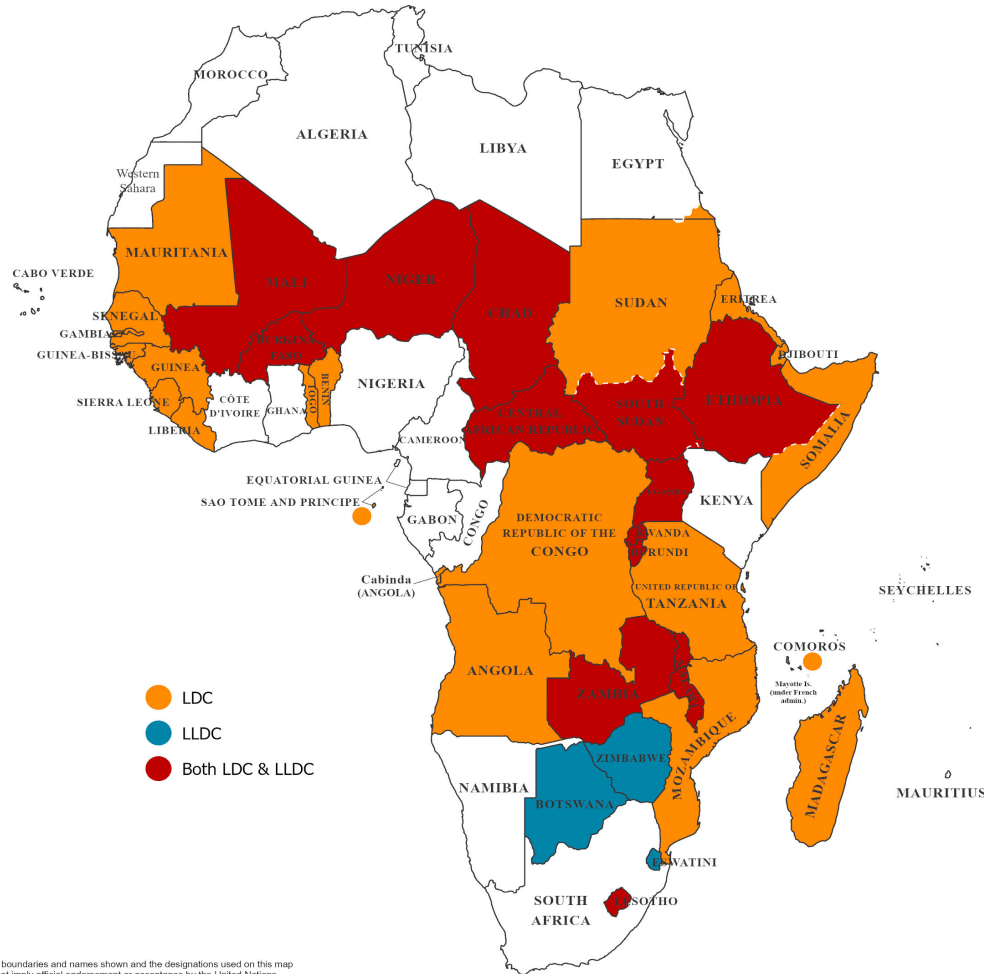
Source: LDC Designations per UNCTAD, Updated October 2022;

Population data from UNCTADStat, Accessed December 2022

Landmass Data from World Bank DataPortal, Accessed December 2022

Overview of LDC's in Africa

List of African LDC's



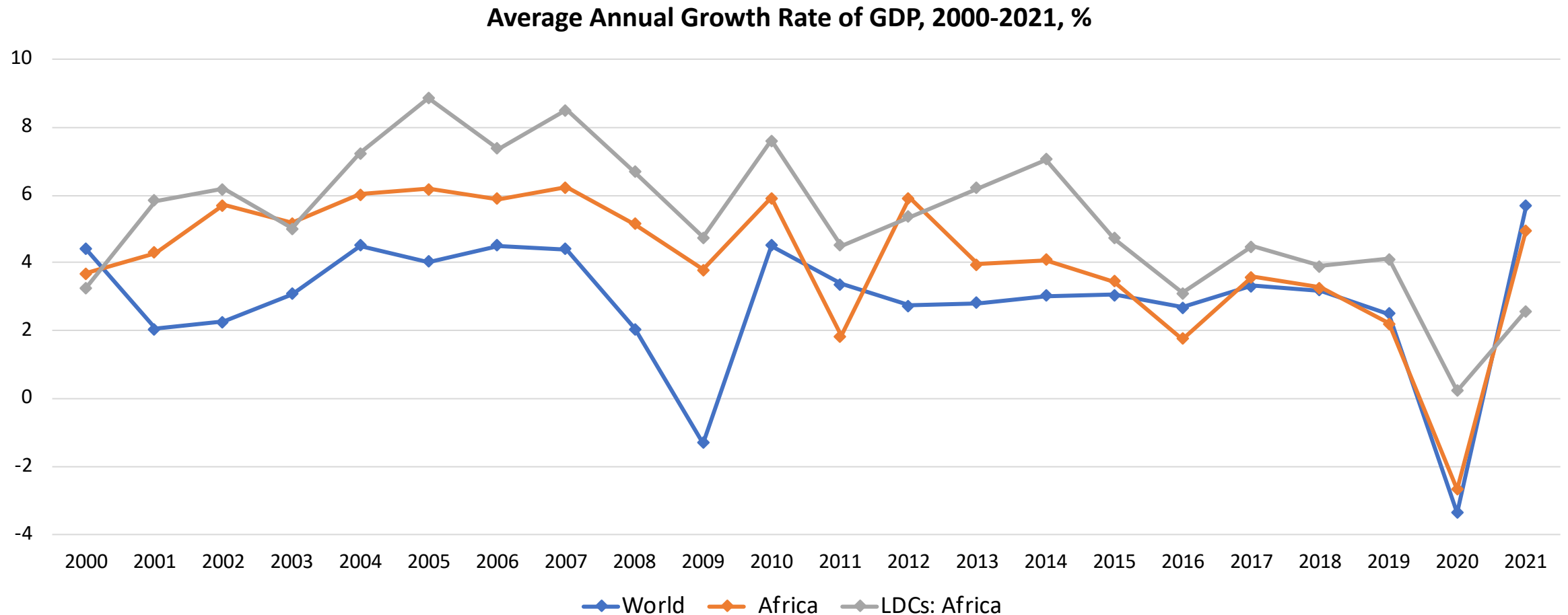
Of 32 Landlocked Developing Countries globally, 16 are in Africa

Only 3 of Africa's LLDC's, Botswana, Eswatini & Zimbabwe are not dually classified as an LDC and an LLDC

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Final boundary between the Republic of Sudan and the Republic of South Sudan has not yet been determined.

Source: LDC Designations per UNCTAD, Updated October 2022;
LLDC's per United Nations Classifications

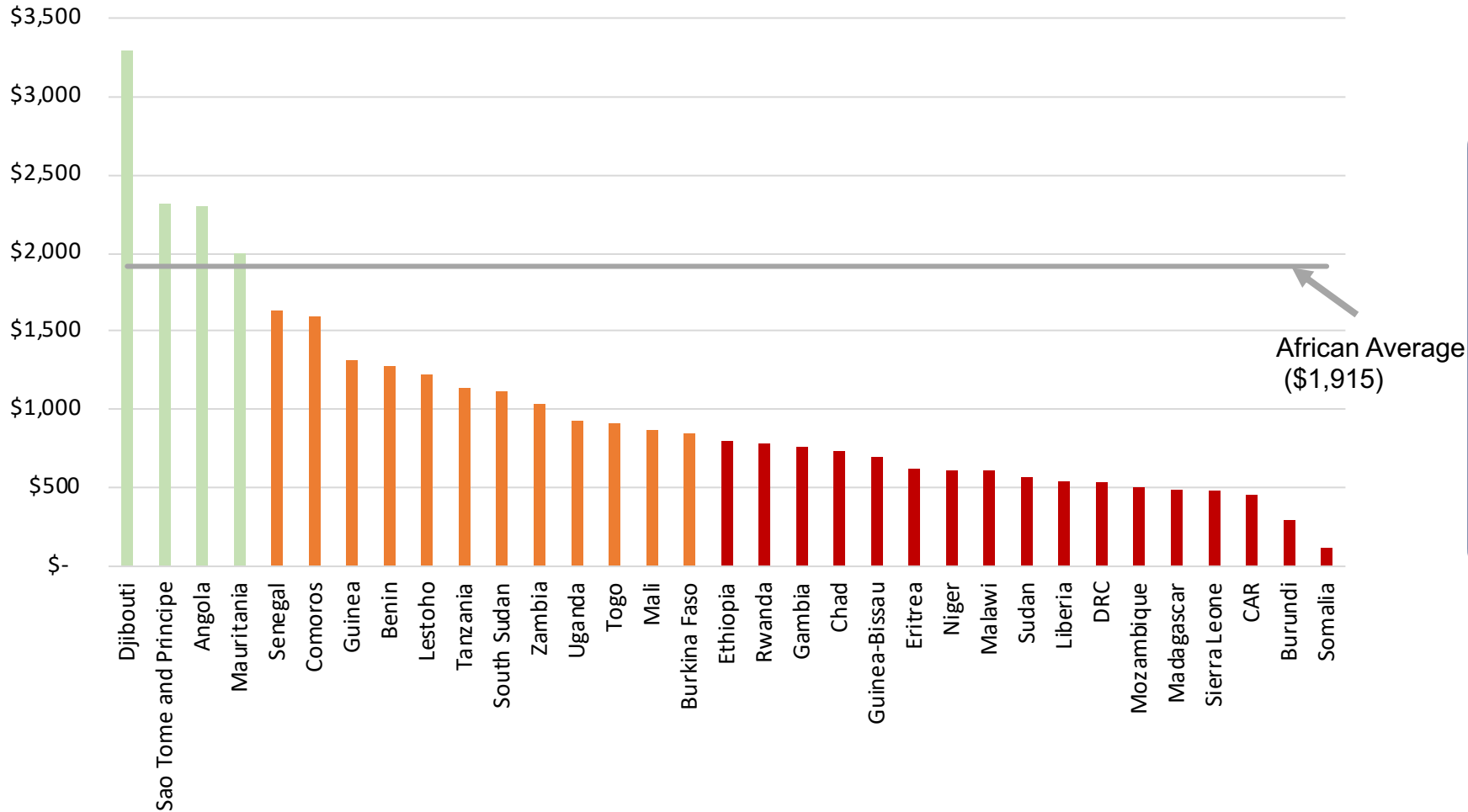
GDP growth rate for LDC's outpaces the African & global average



Source: Data from UNCTADStat, Accessed December 2022
Note: Growth Rates based on GDP at Constant 2015 Dollars

GDP per capita for all the African LDC's is below the global average

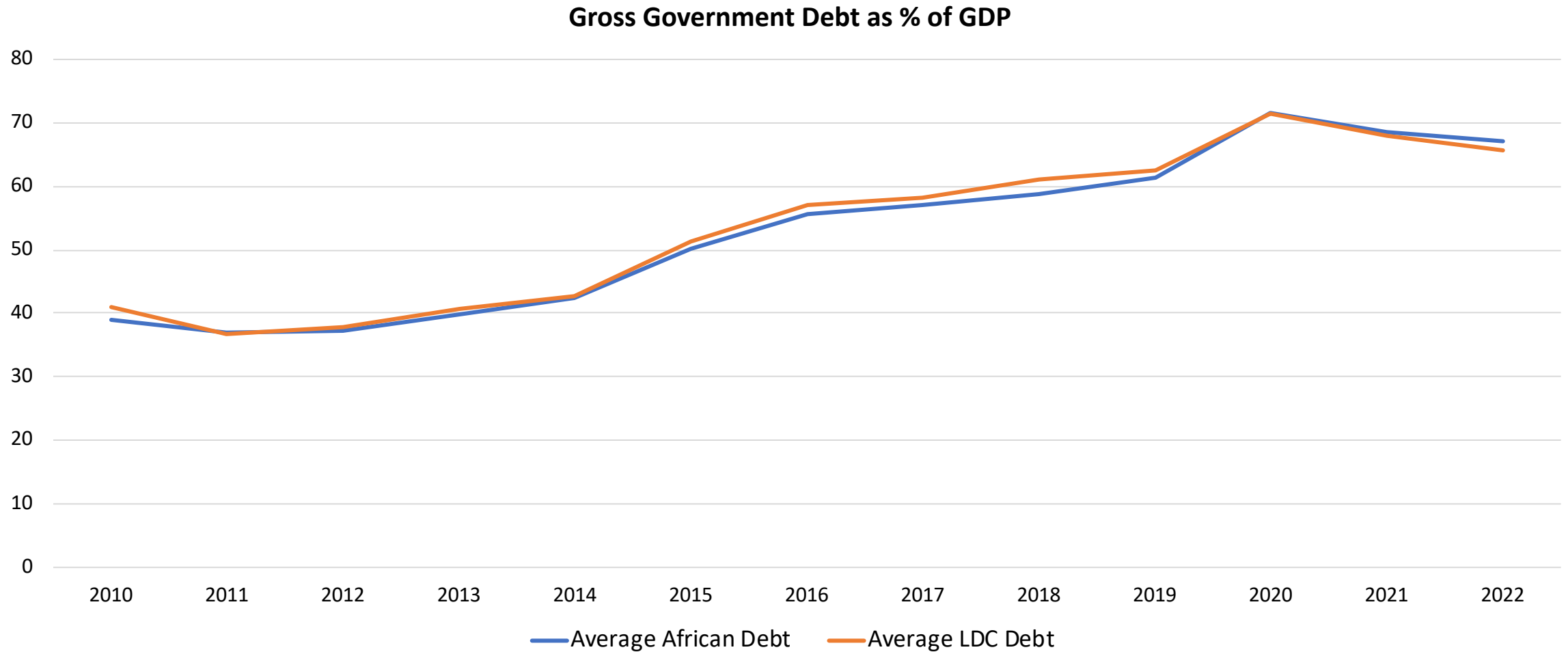
GDP Per Capita at Current Prices, African LDC's, 2021



- ❖ All of Africa's 33 LDC's have a GDP per capita below the global average of \$12,170.
- ❖ Only 4 countries i.e., Djibouti, Sao Tome & Principe, Angola and Mauritania surpass the African Average of \$1,915.

Source: Data from UNCTADStat, Accessed December 2022

Higher debt levels constrain LDCs abilities to address shocks



Source: IMF WEO Database, October 2022 Update- Accessed December 2022

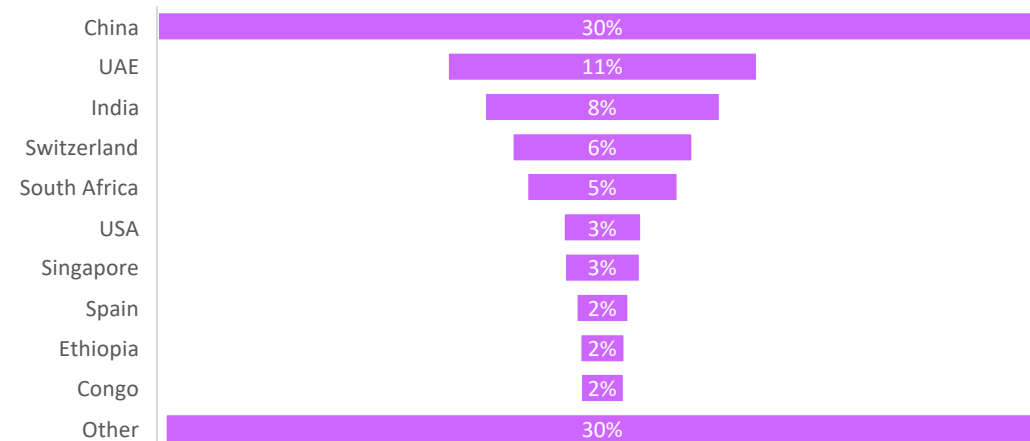
The LDC's main trading partners are largely from outside of Africa

Exports

Over the past 5 years, about 80% of exports from African LDC's were destined to extra-African countries.

Further analysis shows that China, UAE, India, & Switzerland comprised 55% of LDC's exports in 2021.

Destination of African LDC's Exports, 2021

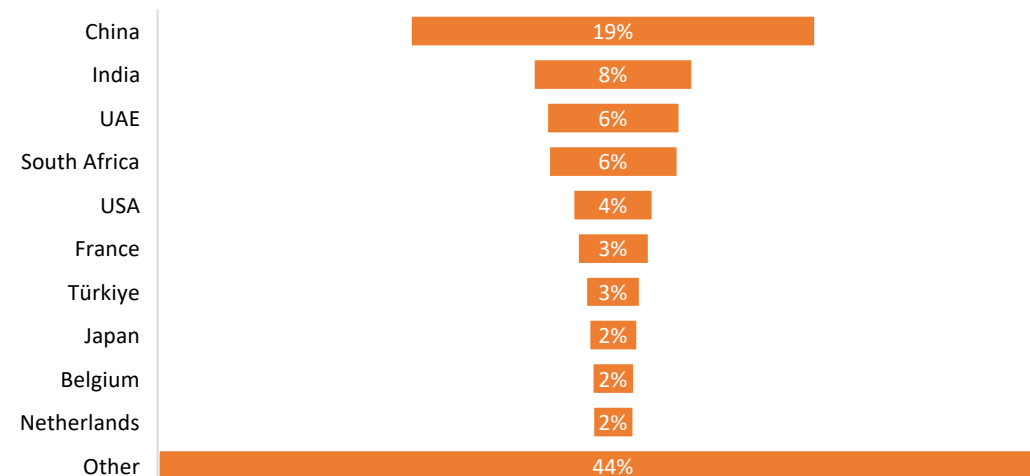


Imports

Over the past 5 years, about 79% of African LDC's imports were sourced from outside of the continent.

Further analysis shows that only South Africa, was amongst LDCs top 10 trading partners in 2021.

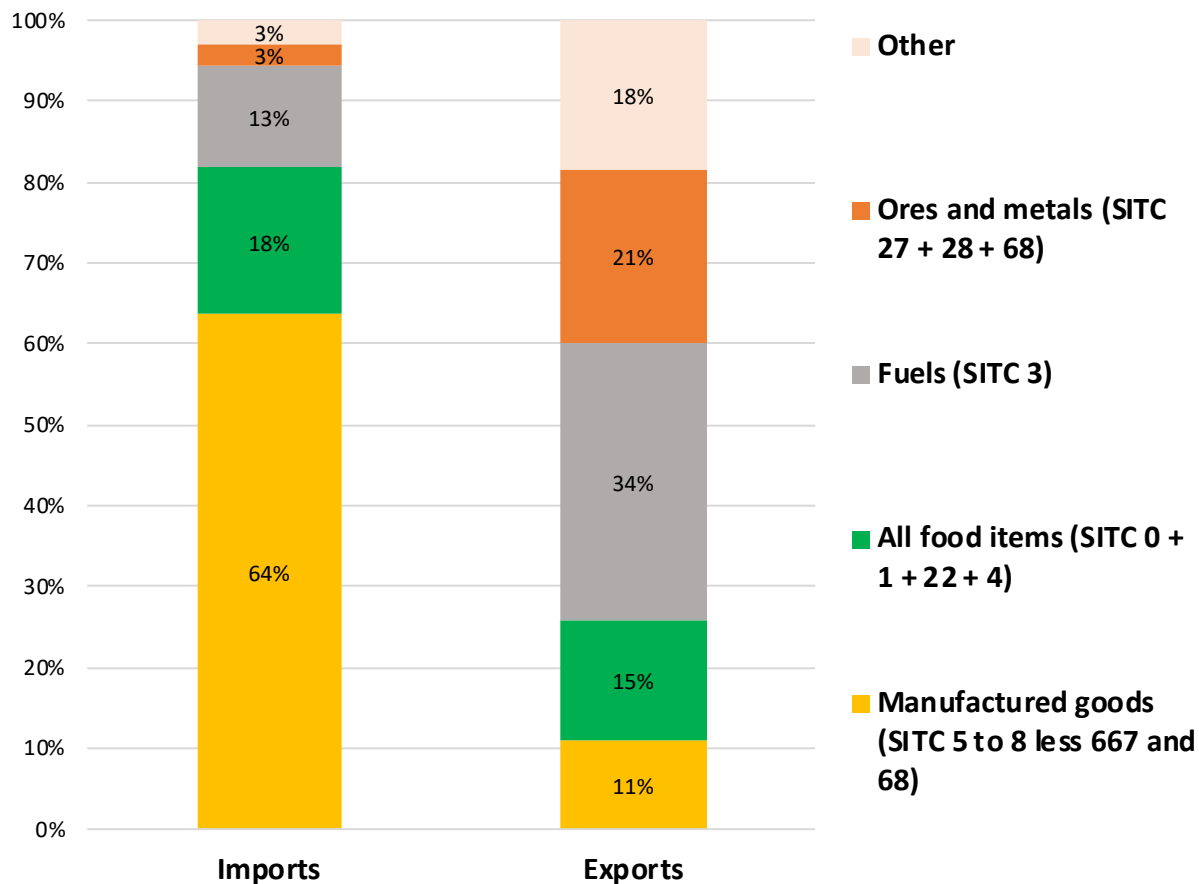
Source of African LDC's Imports, 2021




Source: UNCTADStat Database, Accessed January 2022

African LDC's trading patterns expose them to global shocks

Composition of African LDCs exports & imports, 2016-2021




Mirroring Africa more broadly, the LDC's largely import manufactured products and export goods low along critical value chains like fuel products, ores and metals, and food items

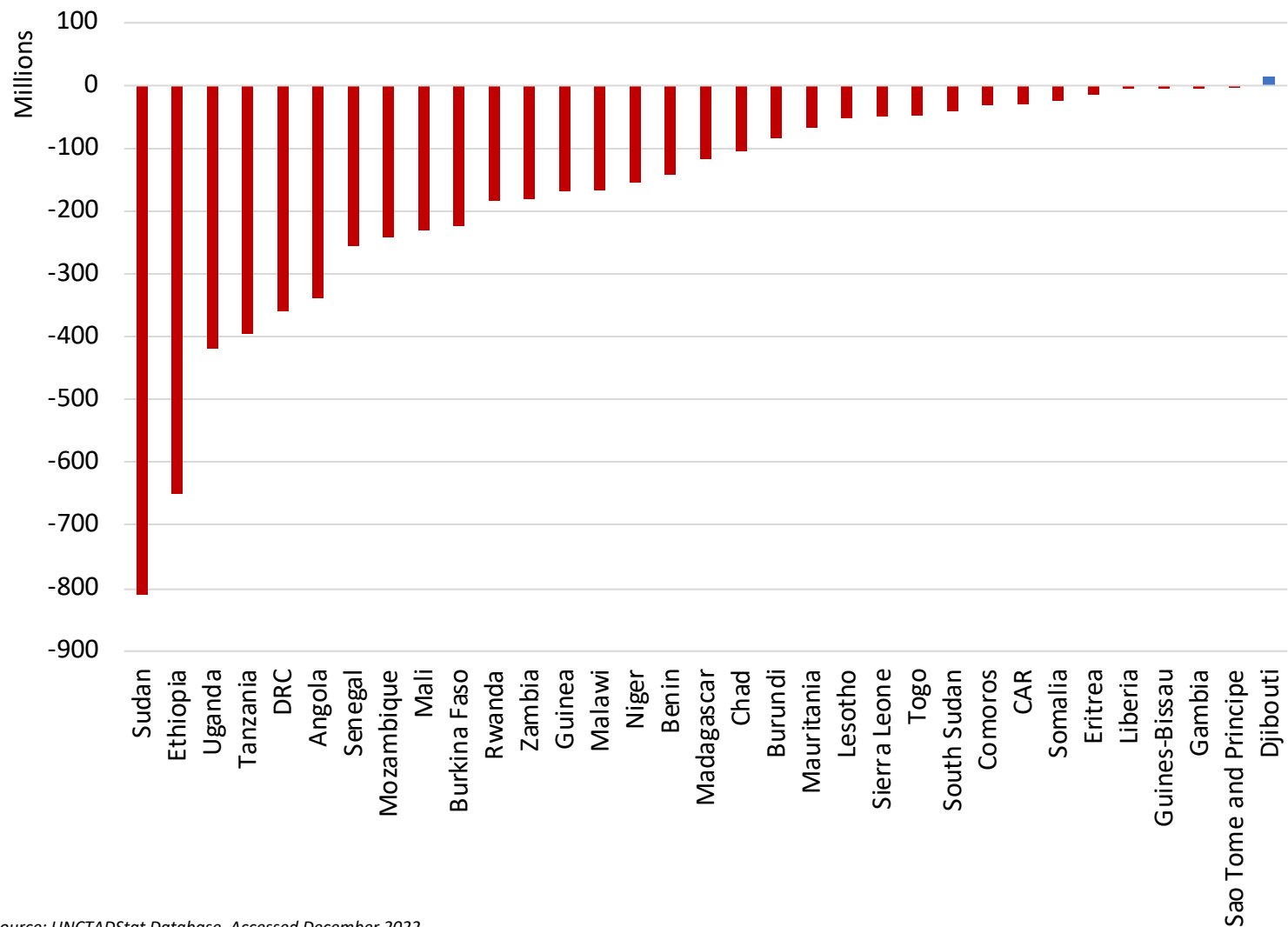


These trade patterns leave the African LDCs exposed to commodity price volatilities and global shocks

Source: UNCTADStat Database, Accessed December 2022

COVID19 exposed vulnerabilities in the medicinal/pharmaceutical sector

Net Importers (Exporters) of Medicinal and Pharmaceutical Products, 2021

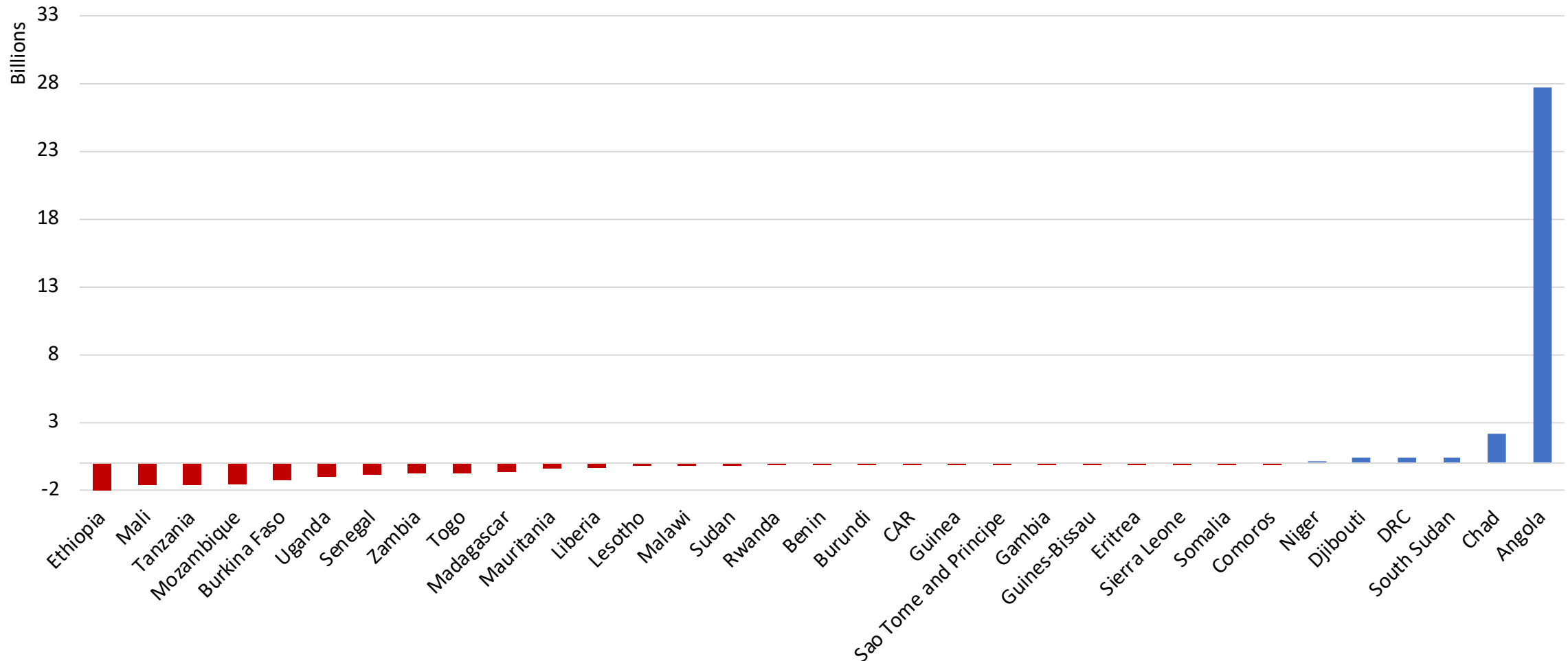


- ❖ Supply disruptions and protectionism placed roadblocks in the way of Africa securing critical PPE, vaccines, and other pandemic related products.
- ❖ All but one of Africa's LDC's, Djibouti, were net importers of Pharmaceutical products in 2021 exposing countries to external policies of foreign nations and leaving them reliant on aid to secure needed medical supplies.

Source: UNCTADStat Database, Accessed December 2022

LDC's rely on imports of key goods affected by recent crises

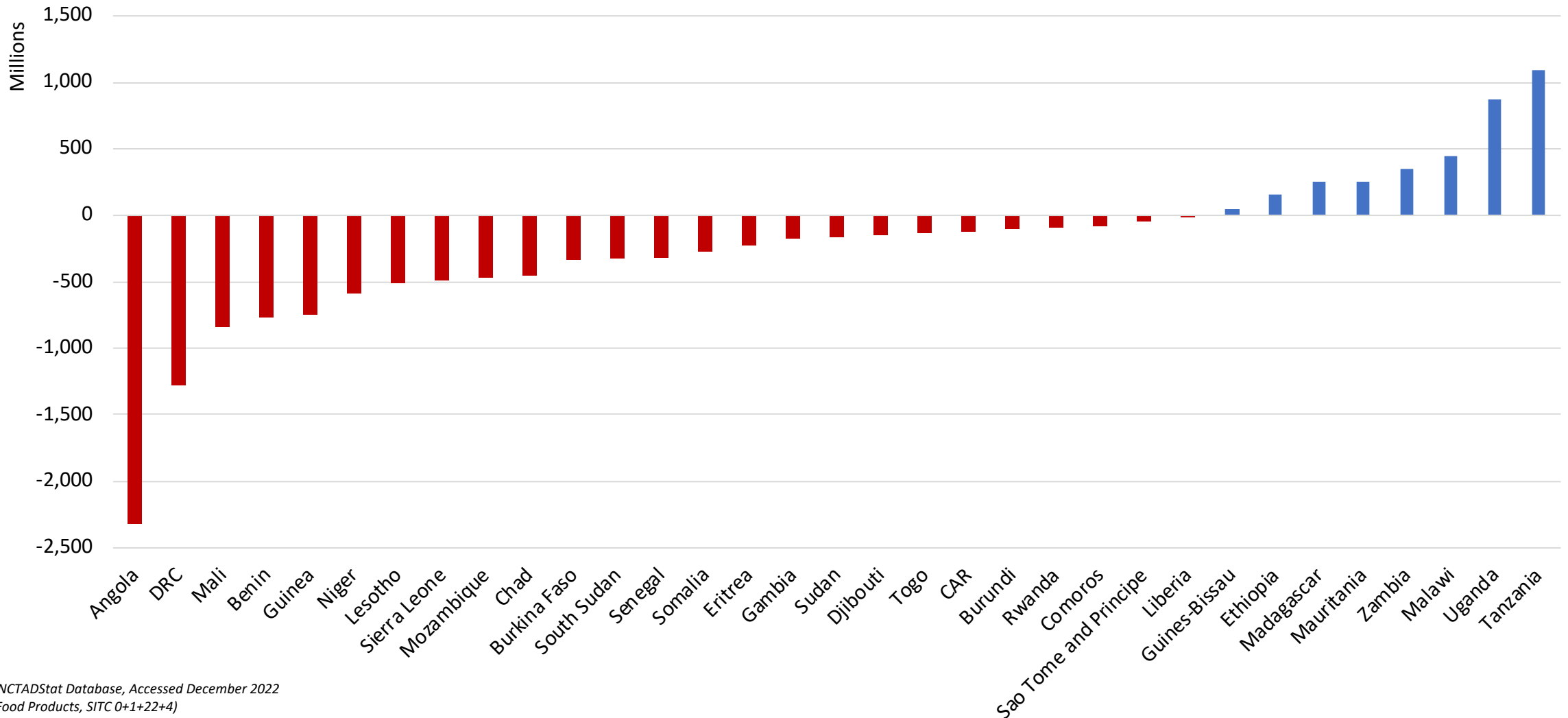
Net Importers (Exporters) of Petroleum Products, 2021



Source: UNCTADStat Database, Accessed December 2022

LDC's rely on imports of key goods affected by recent crises

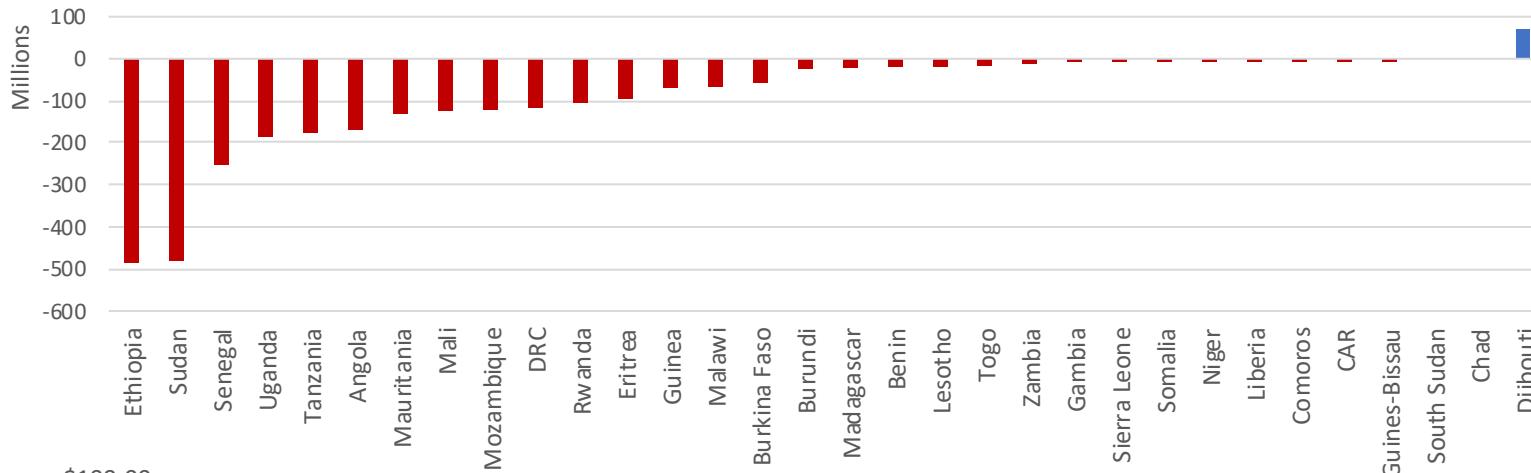
Net Importers (Exporters) of Food Products, 2021



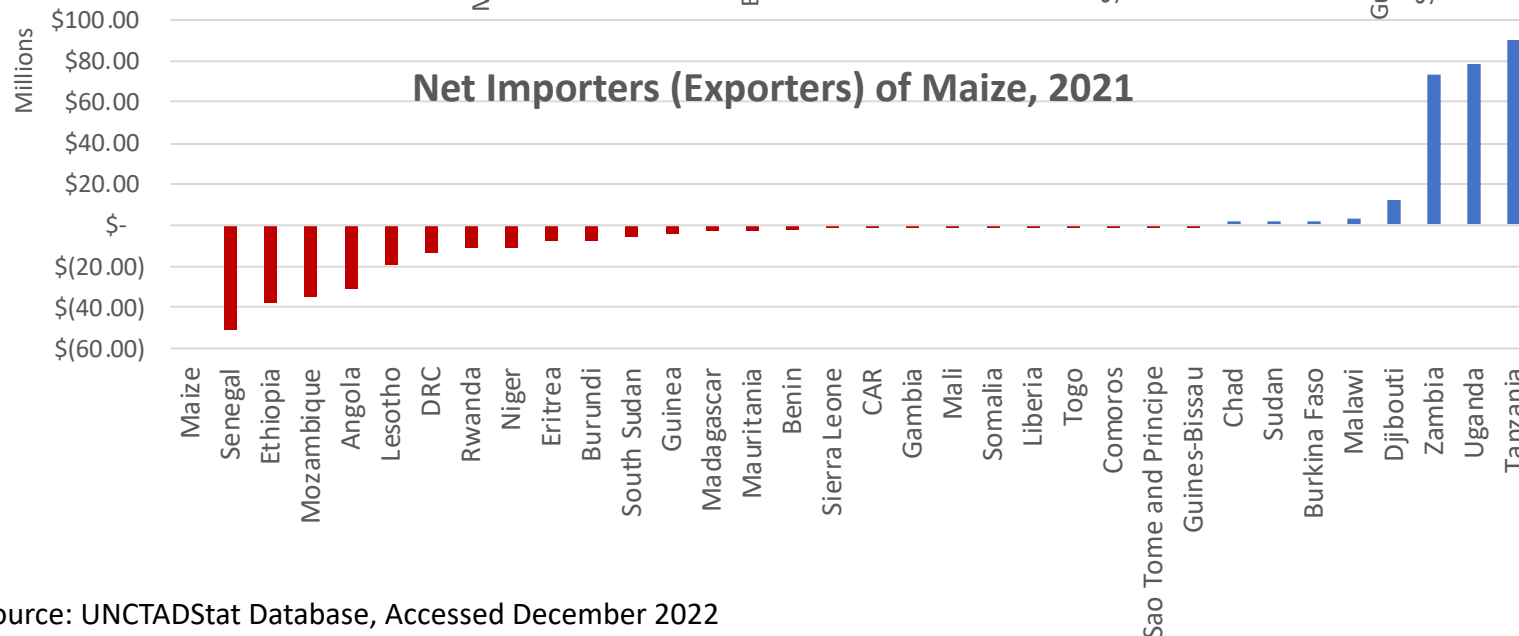
Source: UNCTADStat Database, Accessed December 2022
 Note: All Food Products, SITC 0+1+22+4)

LDC's rely on imports of key goods affected by recent crises

Net Importers (Exporters) of Wheat, 2021



Net Importers (Exporters) of Maize, 2021



- ❖ African LDC's rely on imports of both wheat and maize as food products - many are particularly reliant on the conflict-afflicted countries of Russia and Ukraine for these products
- ❖ Of the 16 African countries who receive more than 50% of their total wheat import bills from Russia and Ukraine, 10 are LDCs.

Source: UNCTADStat Database, Accessed December 2022


ATEX platform to support flow of commodities in the continent

The screenshot displays the ATEX platform interface. At the top, there are logos for the African Union, AfCFTA, and ATEX. The navigation menu includes 'Products categories', 'Media', 'Partner', 'About Us', and 'Contact'. A search bar is present with the text 'What are you looking for?' and a 'Search' button. Below the search bar, the breadcrumb trail reads 'Home > Agricultural commodities and inputs'. On the left, a 'Category' sidebar lists 'Cereal', 'wheat', 'maize', 'grains', 'other', 'Oils', and 'sunflower Oil'. A 'Price' filter is set between \$10 and \$100. The 'Country of Business' is set to 'Morocco'. The main content area shows 'Agricultural commodities and inputs' with a grid of three items: 'OliveOilNew' (priced at \$50.00, down from \$55.00), 'Maize123' (priced at \$100.00), and 'Remil' (priced at \$100.00). Each item has an 'ADD TO CART' button and an 'Add to Wish List' option.

- ❖ ECA and AFREXIMBANK in collaboration with the AU and the AfCFTA Secretariat, have developed a digital B2B and B2G exchange platform known as African Trade Exchange Platform (ATEX) to enable procurement in bulk of basic commodities to ensure countries have access to scarce supplies in a transparent manner.
- ❖ ATEX provides a safe and secure digital marketplace for pooling Africa's demand, as well as one point of transparent and competitive access to critical supplies.
- ❖ To support supply chain resilience, ATEX digitally enables the trade of the main agricultural commodities and inputs imported by the continent from Russia and Ukraine: cereals (including wheat, maize, and grains), fertilizer and associated inputs, oils, oilseed, as well as other products and inputs critical to support agricultural value chains.

Greater intra-African trade under the AfCFTA could cushion the LDCs from external shocks

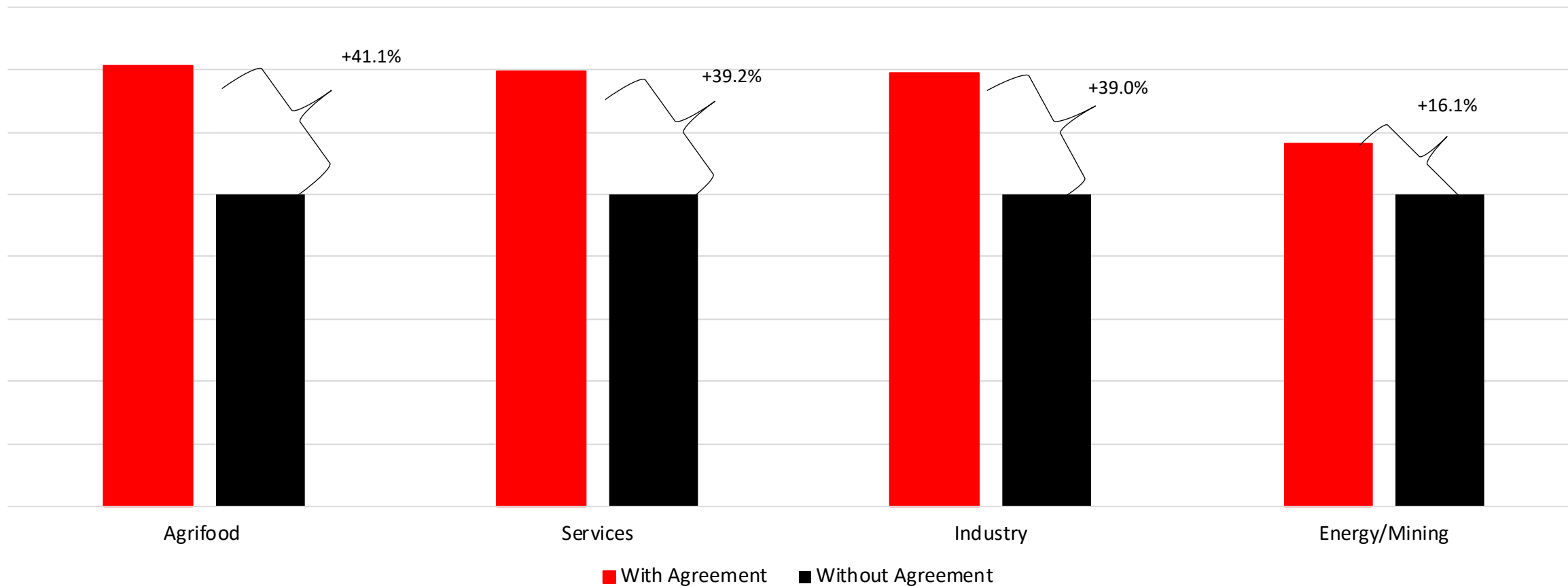
	In 2020	In 2045 - Without AfFTCA	In 2045 - With AfFTCA
Value of Intra-African trade	≈ \$100 bn	+ 270% <i>(compared to 2020)</i>	+ 400% <i>(compared to 2020)</i>
Share of Intra-African trade	≈ 15%	≈ 20% <i>+37% compared to 2020</i>	≈ 26% <i>+ 75% compared to 2020</i>



The impact of the AfCFTA on intra-African trade is likely to be much higher as the above estimates don't consider informal cross-border trade which is prevalent in most African LDC's.

AfCFTA is expected to positively impact all of Africa's major sectors

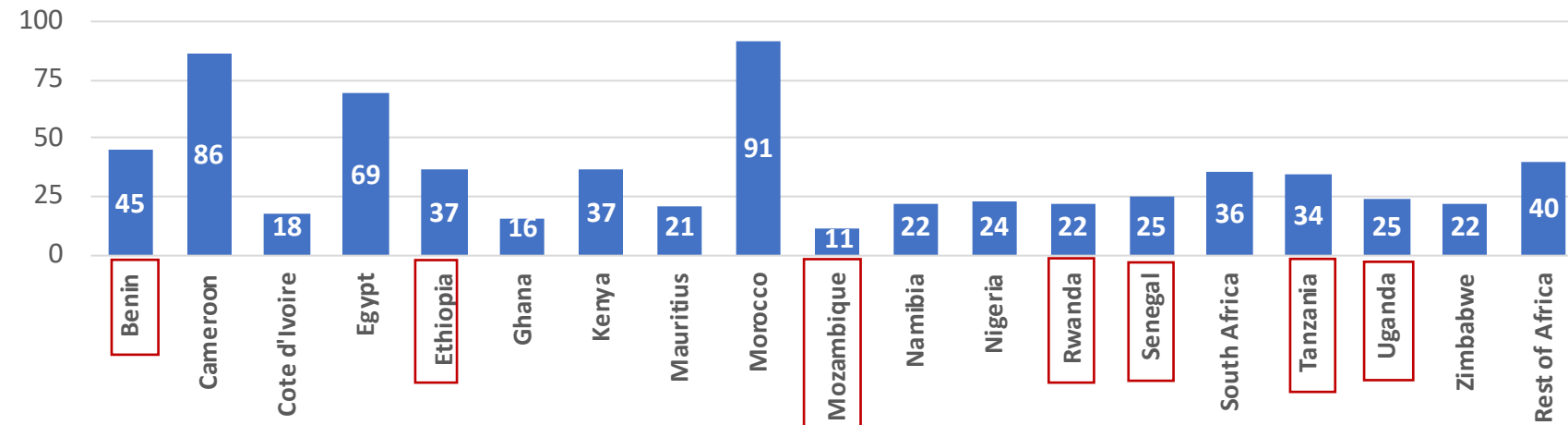
Expected Sectoral Gains with the AfCFTA, 2045



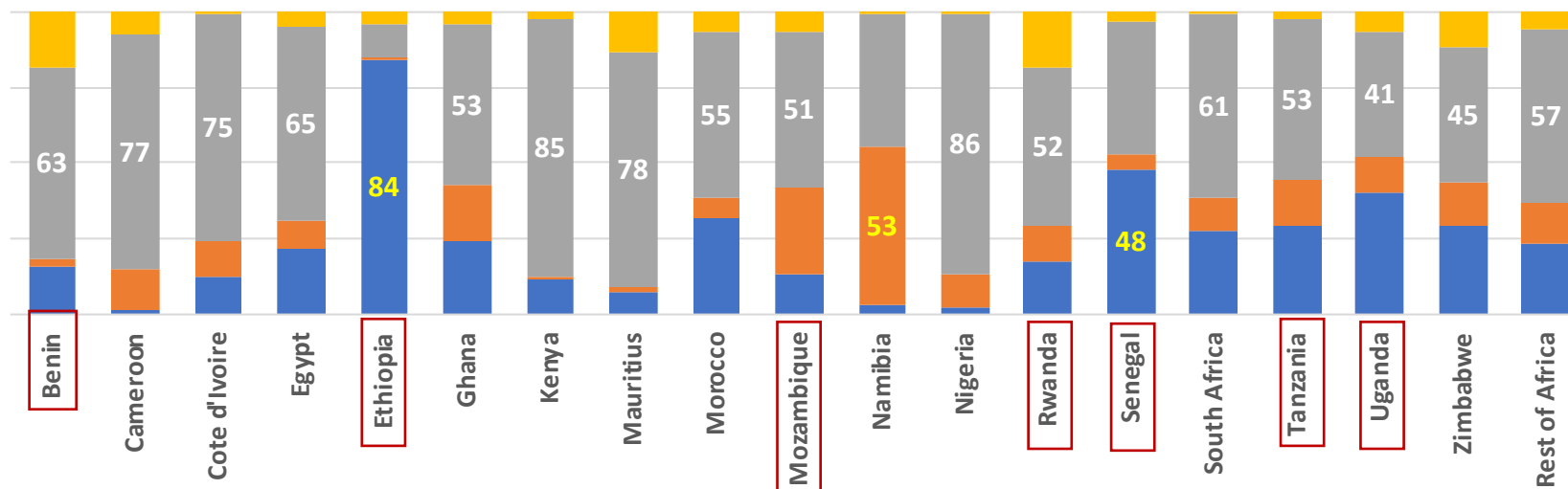
Source: ECA, 2021

AfCFTA's impacts on select countries- A highlight on LDCs

% changes in countries' exports to Africa with AfCFTA implemented (compared to absence of AfCFTA) - 2045



Distribution of gains by main sectors (%)



■ Agrifood ■ Energy/Mining ■ Industry ■ Services

Source: ECA (2021)

- ❖ While the AfCFTA is expected to impact countries differently based on their existing comparative advantages, all countries are expected to benefit.
- ❖ At the sectoral level, gains are expected mostly in the industry, agrifood and services sectors.
- ❖ In some countries gains are expected to be large. For example, Ethiopia's intra-African agrifood sector is expected to grow by 84% and the industry sector in Benin by 63%.

AfCFTA implementations strategies for LDCs

Countries with Validated Strategies	Countries where Strategy Implementation is Ongoing	Countries Currently Drafting Strategies	Countries where Strategy is at inception Phase
<ul style="list-style-type: none"> ▪ Burkina Faso ▪ Burundi ▪ Cameroon ▪ Chad ▪ Comoros ▪ Cote d'Ivoire ▪ Democratic Rep. of Congo ▪ Djibouti ▪ Gabon ▪ Guinea ▪ Kenya ▪ Malawi ▪ Mauritania ▪ Mauritius ▪ Namibia ▪ Niger ▪ Nigeria ▪ Rwanda ▪ Sao Tome & Principe ▪ Senegal ▪ Sierra Leone ▪ The Gambia ▪ Togo ▪ Tunisia ▪ Zambia ▪ Zimbabwe ▪ RECs: IGAD 	<ul style="list-style-type: none"> ▪ Cameroon ▪ Cote d'Ivoire ▪ DRC ▪ Kenya ▪ Senegal ▪ Sierra Leone ▪ Togo ▪ Zambia <p>The following implementations are imminent:</p> <ul style="list-style-type: none"> ▪ Burkina Faso ▪ Congo ▪ Gabon ▪ Guinea ▪ Mauritania ▪ Namibia ▪ Niger ▪ The Gambia 	<ul style="list-style-type: none"> ▪ Algeria ▪ Botswana ▪ Eswatini ▪ Guinea-Bissau ▪ Liberia ▪ Mozambique ▪ South Sudan ▪ Somalia <p>▪ RECs: EAC, ECOWAS</p>	<ul style="list-style-type: none"> ▪ Benin ▪ Central African Republic ▪ Equatorial Guinea ▪ Morocco ▪ Libya ▪ Cabo Verde ▪ Seychelles <p>▪ RECs: ECCAS, UMA</p>

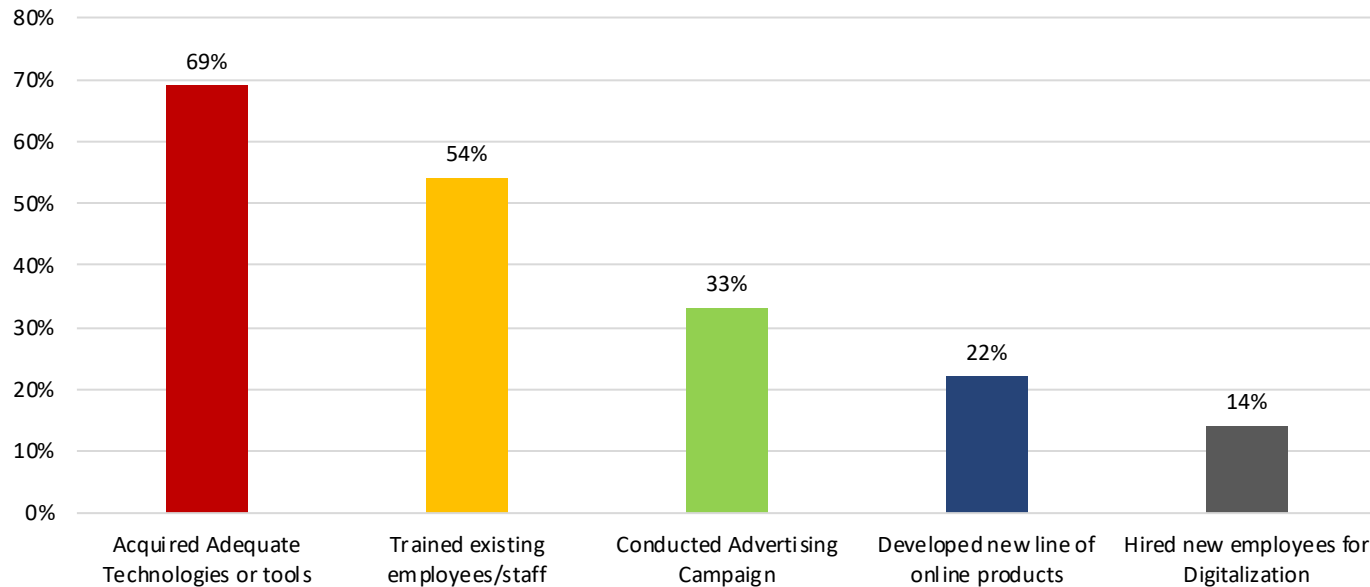
- ECA is aiding African countries in the creation of their national AfCFTA implementation strategies.
- Implementation Strategies help countries identify areas of strategic importance and focus
- Many of the countries developing strategies are LDCs

Examples of strategic pathways within the AfCFTA for select LDCs

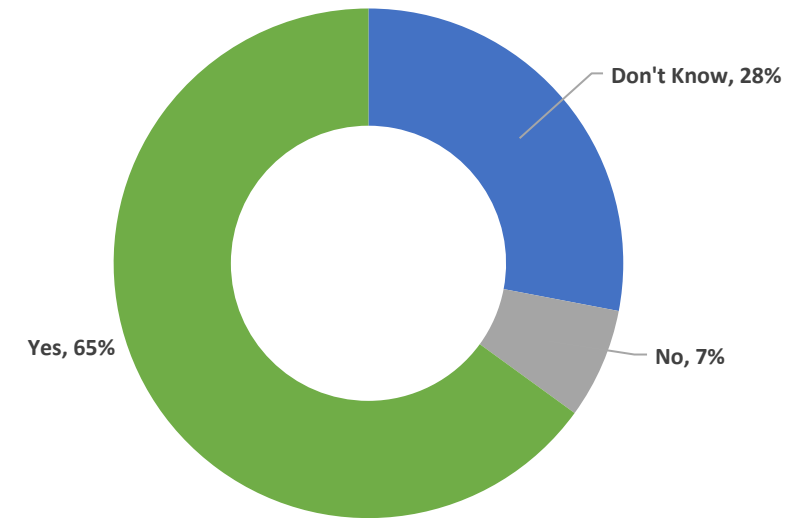
Country	Pathway
Benin	<ul style="list-style-type: none"> ▪ Diversification of exportable goods and improvement of competitiveness of national enterprises ▪ Improvement of the supply and quality of services infrastructure ▪ Strengthening the productive/entrepreneurial capacities of women & youth
Chad	<ul style="list-style-type: none"> ▪ Strengthening infrastructure, simplifying commercial access for Chadian companies ▪ Sectoral strategy development for the promotion of trade within the framework of the AfCFTA ▪ Value chain promotion in the cotton, livestock, sesame and tourism sectors
Congo, Republic of	<ul style="list-style-type: none"> ▪ Establishment of an appropriate regulatory and institutional framework for AfCFTA implementation ▪ Development of trade infrastructure
Guinea	<ul style="list-style-type: none"> ▪ Strengthen the public strategies framework ▪ Reduction of trade and trade facilitation costs ▪ Improvement of business climate and development and implementation of commercial and sectoral offensive strategy ▪ Promotion of women and the informal sector in cross-border trade
Niger	<ul style="list-style-type: none"> ▪ Strengthening economic governance and facilitating the development of basic infrastructure ▪ Strengthen the private sector and continue to improve the business climate
Zambia	<ul style="list-style-type: none"> ▪ Identify and support MSMEs and cooperatives to become export ready ▪ Increase export destinations within Africa ▪ Increase funding options for export production and promotion

Recent crises have accelerated Africa's digital transformation

Digitalization Efforts by African Firms Since Covid-19



Proportion of Firms Advancing their Digital Transformations

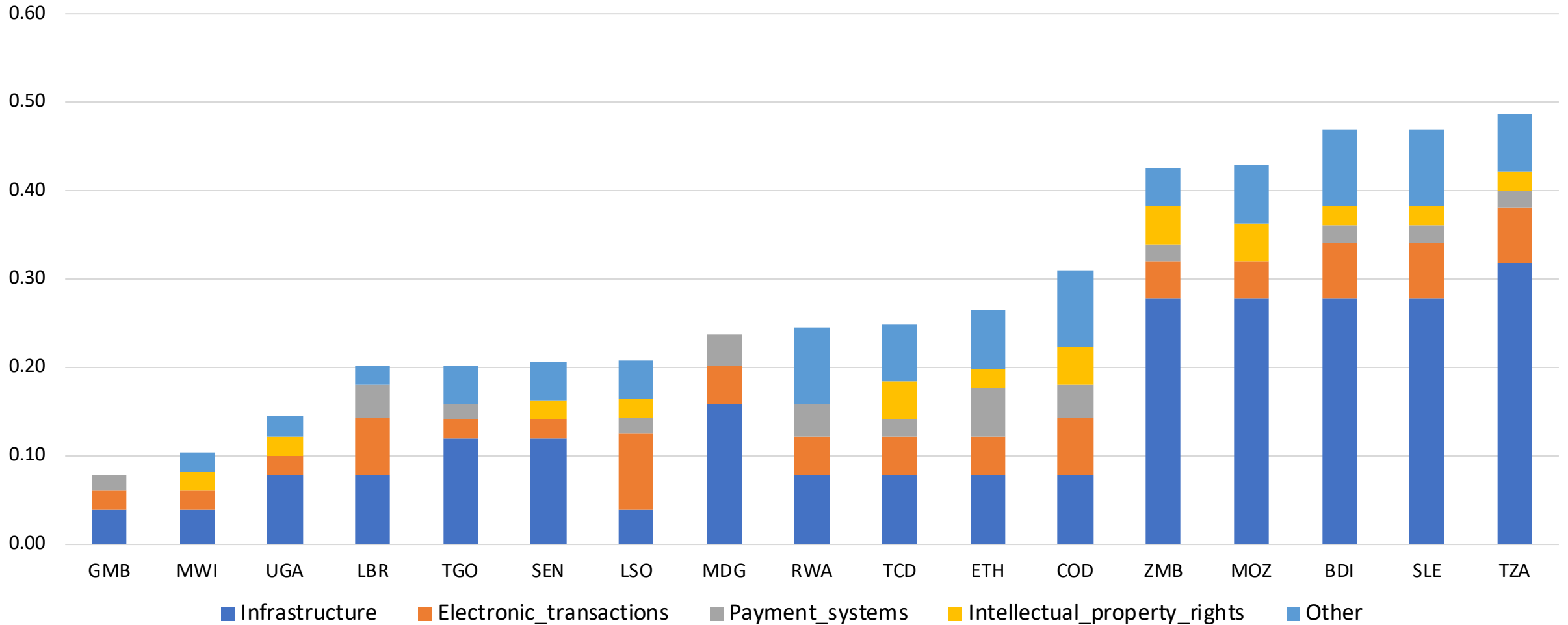


Source: ECA & IEC (2021). *Reactions and Outlook to COVID-19 in Southern Africa*. IEC: Mauritius & ECA: Addis Ababa. April 2021

- ❖ ECA research has shown that the pandemic helped to accelerate the digital transition - 69% of firms surveyed stated they have taken initiative to expand or start their digital presence.
- ❖ Firms cited various digital expansion mechanisms however acquiring adequate technologies and training employees on digital platforms were cited by over 50% of firms as methods to advance the digital transition.
- ❖ In February 2020, AU Assembly of Heads of State and Government directed the inclusion of a protocol dedicated to e-commerce (later digital trade) in the AfCFTA.

LDC's face wide range of restrictions in expanding digital services

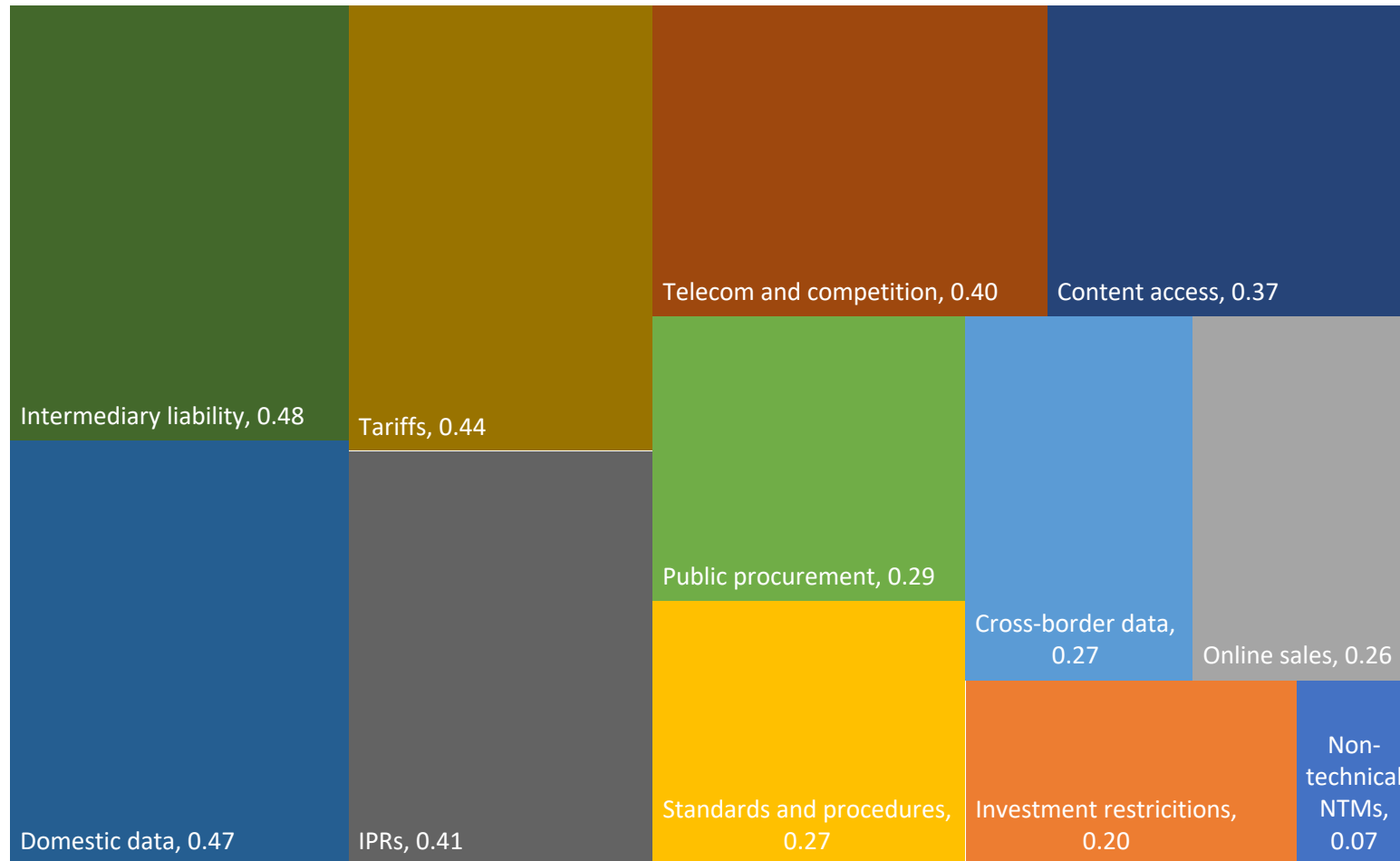
Digital Services Trade Restrictions Index (DSTRI) Results for African LDC's



Source: ECA

LDC's also face challenges with integrating digitally

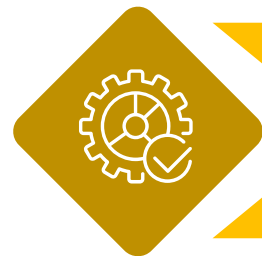
Average Regional Digital Trade Integration (RDTI) Score for African LDCs by Pillar



The most prominent barriers to digital integration are intermediary liability, domestic data and tariffs.

Source: ECA

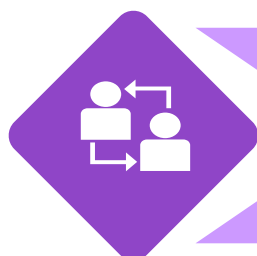
Imperative for inclusive implementation of the AfCFTA



A barrier to industrialization for LDCs is that productive actors are largely resource- and talent-poor MSMEs (UNCTAD, 2020). MSMEs tend to be disproportionately women and youth led, including those in the informal sector.



Women face constraints to participation in trade, including access to assets, finance, markets, information, networks, skills, standards, tech, security at borders. The barriers to women's empowerment are exacerbated in LDCs by systemic constraints of poverty and vulnerability to shocks (UNCDF, 2021)



Inclusive complementary policies for national and regional AfCFTA implementation are thus necessary to leverage these benefits. In line with this, the AU Assembly decided to include the Protocol on Women and Youth in Trade in the scope of the AfCFTA Agreement & ECA gender is mainstreamed in the national implementation strategies.

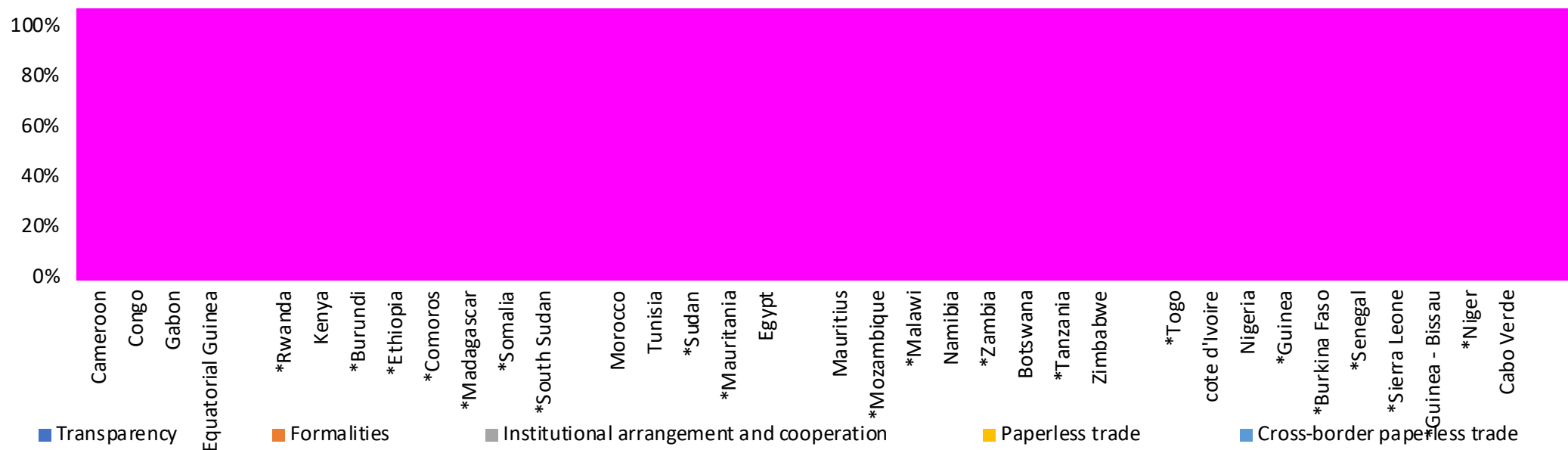
Policy actions for inclusive AfCFTA Implementation

- ❖ Close the gender gap in access to finance and provide innovative finance solutions for start-ups
- ❖ Build the export and trading capacity of women- and youth-led business, as well as support women and youth participation in e-commerce and digital trade solutions
- ❖ Leverage business associations and other organised private sector groups for aggregation of goods for SMEs, capacity building, public-private dialogue
- ❖ Ensure equal participation of women and youth in AfCFTA national coordinating & oversight structures
- ❖ Empower women and youth in the export sector and representation of women at corporate levels. Ditto women and youth in regional/continental value chains and corporate supply chains
- ❖ AfCFTA sensitization and inclusion of women and youth voices in AfCFTA national implementation efforts
- ❖ Design and implement a gender-responsive trade facilitation agenda that incentivizes formal trade

State of implementation of trade facilitation measures

- ❖ African countries are making progress in implementing trade facilitation obligations including WTO TFA, digital trade facilitation, sustainable trade facilitation, and other emerging issues. The overall implementation rate of trade facilitation measures for African countries who responded to the UN Global Survey in 2021 is 51.2% (compared to 48.7% in 2019).
- ❖ African LDCs' implementation of trade facilitation measures is in line with LDCs globally, though not much progress has been made since 2019. The average implementation rate for LDCs in 2021 (46.2%) has not changed much since 2019 (46%) and is slightly below the continental average but comparable to the global average for LDCs (48.35%).

Implementation of Trade Facilitation Measures (grouped by sub-region), 2021



Note: *LDCs

Source: Global Survey on Digital and Sustainable Trade Facilitation 2021 - <https://www.untfsurvey.org/>

Inclusive trade facilitation measures will boost regional integration



- ❖ The **Global Survey on Sustainable and Digital Trade Facilitation**(4th ed) reveals that lack of measures in agricultural trade such as SPS certificates, lack of testing and laboratory facilities impede intra-African trade in the agricultural sector where women and youth are highly represented.
- ❖ Trade facilitation has great potential to address the barriers faced by SMEs, women traders and other groups which face greater challenges to access regional and international markets.
- ❖ Inclusive trade facilitation measures could cover agricultural goods, digital trade practices and incorporation of SMEs and women into trade facilitation policies.

Source (photo): ECA Africa Renewal Magazine, 2014

Take aways...



1. African LDCs are extremely vulnerable to global shocks due to their current trading patterns (as evidenced through the recent crises).
2. The AfCFTA will be instrumental in not only cushioning the African LDCs from external shocks, but also bolstering the industrialization of these countries.
3. Maximum benefits from the AfCFTA and related initiatives can only be harnessed through inclusive implementation.



Thank you!

Ideas
to
Action