There are no translations available.

Today the 14th African Union High Level Private Sector Forum was opened at the Kenyatta International Convention Centre (KICC) in Nairobi, Kenya. The African Union High Level Private Sector Forum is an annual event which is organized by the African Union Commission aimed at exploring how the Private sector can drive the economic development Agenda in Africa. The Forum has expanded over the years its participation, and is now one of the strategic platforms organized by the African Union Commission to engage policymakers, private sector representatives, academia, civil societies and development organizations, and other stakeholders in discussions on how to accelerate industrialization and escalate investment in Africa. This year's edition has been named
"Public - Private Sector Engagement for Inclusive Growth and Sustainable Development while Deepening Regional and Continental Trade and Investment towards Implementation of AfCFTA".
Organized in collaboration with the East African Community Secretariat, it will end on 12 July 2023. Hereunder are some of the main conclusions from the first day of the Forum.

Among the proposals to stimulate the growth and expand sales of the private sector in Africa, one of them is to allocate 40% of government procurements to African-owned businesses. This proposal, made by the African Business Council (AFBC), looks at the development of some kind of "Buy Africa" provisions in the AU regulatory framework dictating African governments to choose and procure, in public tenders, Africa-made goods rather than foreign-made ones (similar to the "buy American act"). The proposal builds on previous (similar) initiatives by Kenya, Tanzania and South Africa (Kenya in 2013 launched the Access to Government Procurement Opportunities program, which reserves 30 percent of public procurement opportunities to youths, women and persons with disabilities, while Tanzania and South Africa reserve respectively 30% and 25% of public procurement to women-owned businesses).

In theory, this proposal goes against the spirit of the Non-Discrimination principle (art. IV) contained in the World Trade Organization (WTO) Agreement on Government Procurement (GPA), which obliges WTO member States to accord a no less favorable treatment to the goods and services of any other Party and their suppliers. However, as the GPA is a plurilateral agreement within the framework of the WTO, it is binding only for WTO members that have signed it. And as, so far, no African country has signed the GPA, the AFBC proposal would not cause frictions with the WTO. Currently, only Cote d'Ivoire and Seychelles are

observers
to the Government Procurement Committee, a body that is responsible for reviewing the implementation and operation of the GPA on an annual basis, and for monitoring requests for membership and other developments related to the GPA.

The representative of the AfCFTA Secretariat highlighted the Pan-African Payment and Settlement Systems (PAPSS) as one of success stories in Africa implemented by AfreximBank to reduce the cost of trading between African nations by eliminating the conversion cost from a currency to another. The network of central and commercial banks linked to the system is continually expanding. Speakers from the private sector also observed that this initiative, together with the Guided Trade Initiative, should be scaled up to accelerate growth of intra-African trade, by extending it to more African States. The AfCFTA Secretariat also mentioned the AfCFTA's private sector strategy, which identifies four sectors that are deemed to offer the highest prospects for economic growth and reduction of Africa's vulnerability to external shocks. These sectors are: 1) agriculture and agro-processing, 2) pharmaceuticals, 3) transportation and logistics, and 4) automotive.

On the other hand, the EAC Secretariat described the status of One Stop Border Posts (OSBPs) in Africa, with 12 OSBPs that are currently fully operational and 10 additional ones planned for establishment in the next years to ensure the seamless movement of goods and persons in the region. The EAC also announced the launch of an online OSBP-Performance Measurement Tool to assess the performance (in six areas, including: cost and time of processing cargo, infrastructure, users satisfaction, volume/throughput and interagency coordination) at the different OSBP facilities in the region.

An initiative of an online platform recently launched to raise awareness about the investment opportunities in the EAC region was also mentioned. To be noted that the EAC is also developing a Buyer-Seller Platform to enhance intra-EAC trade, with an integrated database/catalog of manufacturers, producers, SMEs, MSMEs and wholesalers and their respective products, as well as logistics/service providers, and respective services. This initiative follows previous platforms developed by COMESA and many African States to facilitate matchmaking between suppliers and buyers of African products (some examples are described
here
). Even though a similar initiative was launched by the African Union at continental level with the

ATEX
platform, Africa is a too big continent to have centralized e-marketplace platforms covering all its 54 countries, so these initiatives at regional and national level are useful.

The same remark regards the Non-Tariff Barriers (NTBs) monitoring platforms, which in Africa seem to function better at regional, rather than a continental level. The reduced number of complaints on the African Union NTB reporting, monitoring and elimination mechanism, after a few years from its operationalization, seems to confirm this theory, but probably this is also the consequence of the reduced sensitization campaigns about this tool, otherwise it cannot be explained why other similar NTB monitoring system developed in multi-regional contexts have been successful. This is the case, for instance of the Assist platform developed by the ASEAN Secretariat.

The AU Commissioner for Trade, Albert Muchanga, highlighted the need for African governments to increase investment on research and development, which is particularly low in Africa. In this regard, the AUDA-NEPAD Second Continental report on the implementation of Agenda 2063 recently revealed that Africa share of research and development expenditure as a proportion of GDP was only 0.45% in 2021 (among the lowest in the world). In this regard, another proposal made by the AfBC is to develop further business development centers, business incubators, technology hubs and innovation centers in Africa. The accent was also made on the development of conducive investment frameworks in Africa, in particular by ensuring that investors can repatriate back home profits generated by investment in other African countries.

Again, the importance of developing a made in Africa standard was raised, so that African products that are recognised as compliant with quality and safety regulations in one country can be accepted by other African countries without additional requirements. It was also noted that some Regional Economic Communities (such the EAC) have already developed harmonized product standards among their member States. However, the problem remains the implementation of such frameworks, which is poor. This highlights the fracture existing between regulatory development and practical implementation that characterizes Africa, as we discussed in this post. Other proposals suggested to develop vocational training centers for youth in Africa to offer skilled training courses (in activities such as tailoring and mechanics, for instance), and to launch campaigns or initiatives for encouraging Africans to buy made in Africa products able to build an 'African identity' (e.g., African fashion products).

Lastly, some participants to the Forum pointed out the trend by many African countries to increase taxation rates for businesses (e.g., corporate taxes) to address their financial budget constraints. They observed that these measures are making the cost of production for African business even higher. Moreover, because of this practice, many investors are relocating their businesses to other African countries with more favorable tax environments. A continental regulatory framework for promoting a certain degree of harmonization between fiscal policies of

African States could reduce this phenomenon, but it would be very hard to achieve. It was also observed that shortage and high cost of electricity is one of the factors that escalate production costs in Africa, making African businesses uncompetitive, compared to other regions of the world.