

THE AfCFTA: A WINDOW OF OPPORTUNITY FOR WOMEN ENTREPRENEURS

The Africa Continental Free Trade Agreement (AfCFTA) is a flagship programme of the AU Agenda 2063. Envisioned in 1991 under the Abuja Treaty Establishing the African Economic Community, the AfCFTA is a continental-wide initiative of the AU. It seeks to deepen economic regional integration of the African continent by creating a single market featuring the free movement of goods, services and investments. It aims at expanding intra-African trade through better harmonization and coordination of trade liberalization and facilitation regimes and instruments across both regional economic communities (RECs) and Africa in general. The AfCFTA is expected to enhance competitiveness at the industry level by exploiting opportunities for large-scale production, continental market access and better allocation of resources within Africa.

The signing of the African Continental Free Trade Area agreement (AfCFTA) at the March 2018 10th Extraordinary Session of the Assembly of the African Union (AU) was a tremendous milestone in the pursuit of integrated and inclusive economic growth in Africa. For complete success, such growth should address inequality in all its forms – including gender inequality. It is therefore critical from the onset to establish what the AfCFTA means for women in terms of their participation in cross-border trade, value chains and public procurement; the potential these hold for women; and the contributions women can make in fostering the aim and objectives of the AfCFTA.

Opportunities for women entrepreneurs in the AfCFTA context
The AfCFTA offers a window of opportunity for African countries to boost intra-African trade and to diversify, structurally transform and meet the human rights objectives and poverty-related goals to which the continent is committed under Agenda 2063. As one of its general objectives, the AfCFTA commits to “promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation of the State Parties.” Thus, ensuring that gender equality is promoted in all AfCFTA processes is at the heart of the agreement.

A study commissioned by the UN Women identified rich opportunities for women entrepreneurs and women-owned businesses within the framework of the AfCFTA, notably in cross-border trade, value chains and public procurement.

- AfCFTA provisions under the Protocol on Rules of Origin permit access to cheaper raw materials and intermediate inputs. Thus, women participating in value chains would be able to produce goods and services with significant African content in terms of raw materials and value addition in line with the preferential trade regime of the AfCFTA;
- The AfCFTA establishes trade negotiations that should benefit all key players in terms of flexibility and policy space, either in the form of exemptions or specific positive requirements in the trade agreement. Regarding flexibility, countries will be able to build on the productive capacities of their trade sector producers with greater comparative advantage before fully opening up to trade. This gradual liberalization enables small-scale producers (the majority of whom are women) to enhance their competitiveness in intra-regional trade;
- The AfCFTA's criteria for designating sensitive products and exclusion lists take into consideration restrictive trade liberalization measures on specific products deemed essential for women's needs – e.g. reproductive health products, and agro-processing.
- The AfCFTA adopts preferential trade regimes facilitating small-scale cross-border traders and smallholder farmers through measures that promote their integration into larger value chains. For example, the provisions of the AfCFTA annex on standards and phytosanitary measures entails mutual recognition of standards, licensing and certification of service suppliers across the continent, making it easier to meet export standards and satisfy regulatory requirements for niche markets.
- Under the AfCFTA, women in informal cross-border trade (WICBT) will have greater opportunities due to the tariff reductions promised under the Protocol on Trade in Goods. Women in agriculture value chains will gain a comparative advantage by leveraging the AfCFTA's Protocol on Rules of Origin which permits access to cheap raw materials. And by increasing their participation in public procurement at the national level, with the impetus of AfCFTA preferential regimes, women will realize increased revenue gains and be better positioned to play a larger role in AfCFTA intra-regional trade opportunities.

However, various country reports continue to highlight key challenges to Women's participation in regional value chains and this have serious implication for the AfCFTA.

- Women are increasingly involved in agriculture value chain, although the majority seem to be concentrated in the upstream segment of the respective value chain. Women tend to be involved in the primary production segment of the value chain, and face significant challenges in moving downstream in the value chain – i.e. into marketing, processing and distribution. This tendency is mainly driven by limitations posed by household responsibilities, limited access to credit (for productive investments) and more restricted rights to land.⁴ These factors create barriers for women to participate in more productive agricultural activities and trade. If these factors are not properly addressed, increased regional competitiveness under the AfCFTA agreement may negatively affect less productive players which can pose a risk to livelihoods especially for women in agriculture.
- Women in Africa are predominantly in subsistence agriculture. They make up a large part of the agricultural labour force and produce much of Africa's food. Women predominantly participate in agriculture value chains – mostly in cereals (e.g. maize, rice, wheat, soya bean), horticulture products, fish and fish products, dairy and livestock. However, women's participation in agriculture value chains is characterized by limited production capacities, both in terms of quantity and quality. The situation is exacerbated by poor market infrastructure as well as by inconsistent policy regimes, contributing to segmented markets. Women are also limited in terms of their ability to comply with technical standards requirements for agricultural products which require packaging (including branding), labelling and certification.

The AfCFTA is expected to include full liberalization of agricultural inputs under the exclusion list. The agreement has the potential to boost intra-African agricultural trade in line with the priorities outlined in the AU Action Plan for Boosting Intra-African Trade. There is also scope for building agro-regional value chains and enhancing value addition in agro-processing. In light of this, AfCFTA implementation should consider targeted capacity-building programmes in support of smallholder farmers, especially women. Such programmes should adopt technologies for increased production and productivity and help connect women to agricultural regional value chains.

- Women-led SMEs are beginning to participate in both regional and international export markets, but market access challenges limit their effective participation. Furthermore, the majority of women-led SMEs are not fully mainstreamed in international exportation and are thus unable to receive institutional support for their

service delivery. Women's lower literacy levels mean that they are likely to face more difficulties in complying with border management procedures given the concomitant paperwork requirements, such as sanitary and phytosanitary certificates, certificates of origin, trade permits and export certificates. Women-led SMEs also appear to have limited information on cross-border trade requirements and existing trade facilitation provisions.

The AfCFTA agreement is expected to directly address trade facilitation measures for small-scale traders. Such measures should specifically include an objective of supporting female traders in particular. A continental Simplified Trade Regime could encourage the formalization of small-scale businesses and support the participation of women-owned enterprises in intra-African trade. Under the AfCFTA, an extensive common list of low-value exports should be considered for duty-free market access, with a focus on products of particular significance to women traders.

Trade in services issues should also be targeted. This aspect will presumably come into play in the contexts of specific needs such as access to finance, availability of data and in respect of the needs of women entrepreneurs and professionals. Services sectors such as transport and logistics can be prioritized in order to assist women in their operations. Services are regulatory intensive and the accommodation of women in this context will to a large degree depend on the specific measures adopted and implemented by governments and Regional Economic Communities (RECs).

Women traders face unique obstacles. Lack of knowledge about their rights (under the law of the land and under trade agreements) exacerbates their challenges. In some cases, women are forced to pay bribes or are subjected to harassment by customs and immigration officials. The activities of women traders should be recognized as legitimate and making an important contribution to national economies. They make positive contributions and have specific rights as traders.

The efforts to accommodate the needs of women in an encompassing and systemic manner will, if properly designed, become a dynamic process, and linked to other trade practices and arrangements. Further steps and more policy innovation should follow. To improve the position of women, African governments must enact policies that remove existing constraints.

*Extracted from a Study Report -
OPPORTUNITIES FOR WOMEN ENTREPRENEURS IN
THE CONTEXT OF THE AFRICAN CONTINENTAL FREE TRADE
AREA
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