



United Nations
Economic Commission for Africa



Multi-stakeholder Conference on GIZ/ECA cooperation: Supporting the AfCFTA

Session 4: Country-level implications of the AfCFTA

A new comprehensive modeling assessment



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- ECA's modeling work in relation to AfCFTA
- Expected trade-related benefits from AfCFTA
- Foreseen poverty (and inequality) impacts of the AfCFTA for selected countries. with results presented:
 - *At national level;*
 - *By gender;*
 - *By area;*
 - *By education;*
 - *By employment status.*
- Conclusion

ECA's modeling work on AfCFTA

- Key assessments of AfCFTA impacts (2011-2013, 2018, 2021)
- AfCFTA & other trade arrangements/agreements (e.g. AGOA-2013, EPAs-2015, MRTAs-2016)
- AfCFTA & poverty/inequality (ongoing) – With support from GIZ
- AfCFTA & environment (just starting, with preliminary results expected for COP27 in November 2022 in Egypt)
- AfCFTA & RVCs (2023)

AfCFTA: Benefits centered on intra-African trade

The AfCFTA is expected to have positive impact on Africa's global GDP, trade, output and welfare

Intra-African trade creation would also lead to an improvement in Africa's output

Percentage change in intra-African trade, by main sectors with AfCFTA implemented in 2045 as compared to baseline (i.e. without AfCFTA)

41.1%
Agrifood

39.2%
Services

39.0%
Industry

16.1%
Energy/Mining

At sub-sectoral level, the most notable increases in intra-African trade, with positive output variations are to be found in:

Cereals and crops, milk and dairy products, sugar, processed food



Tourism and transport

Wood and paper, chemicals, rubber, plastic and pharmaceutical products, vehicles and transport equipment, metals, other manufactured products



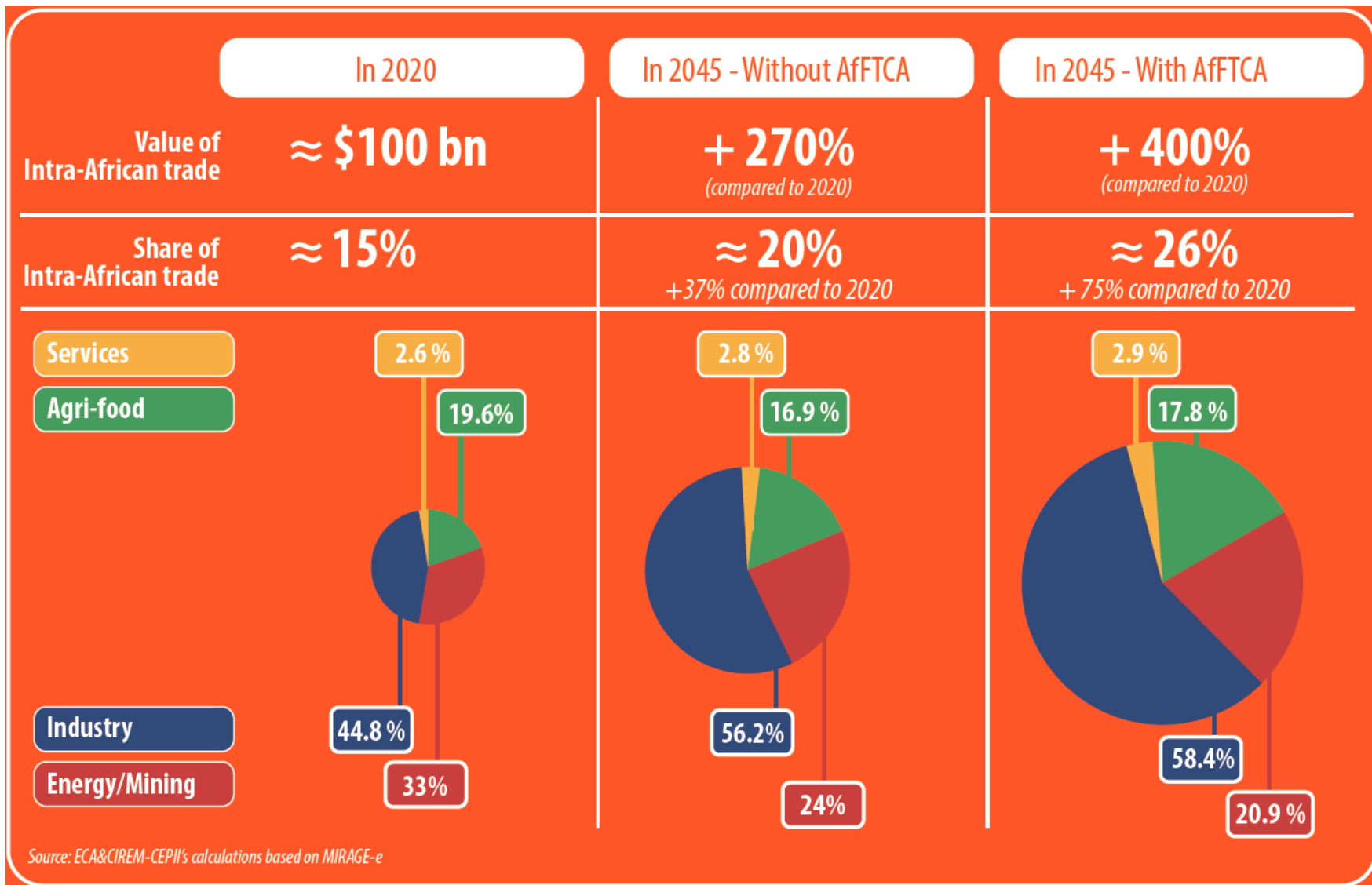
Refined oil



Expected benefits in refined oil need to be analyzed carefully, in light of environmental concerns associated with CO2 emissions from fossil fuels

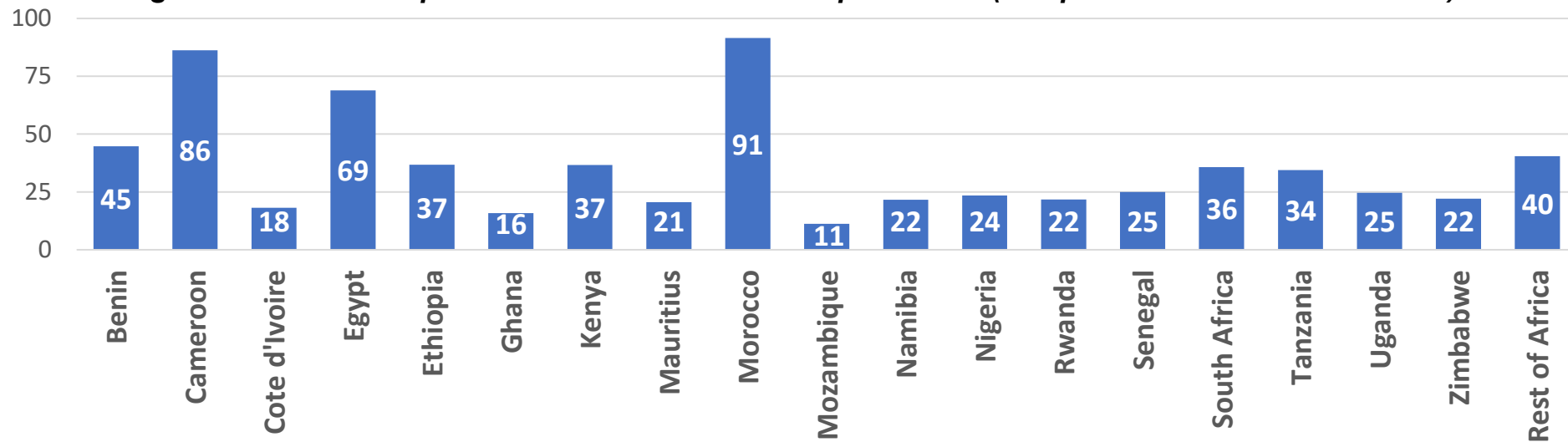
Source: ECA (https://uneca.org/sites/default/files/keymessageanddocuments/en_afcfta-infographics-11.pdf)

AfCFTA: Benefits centered on intra-African trade

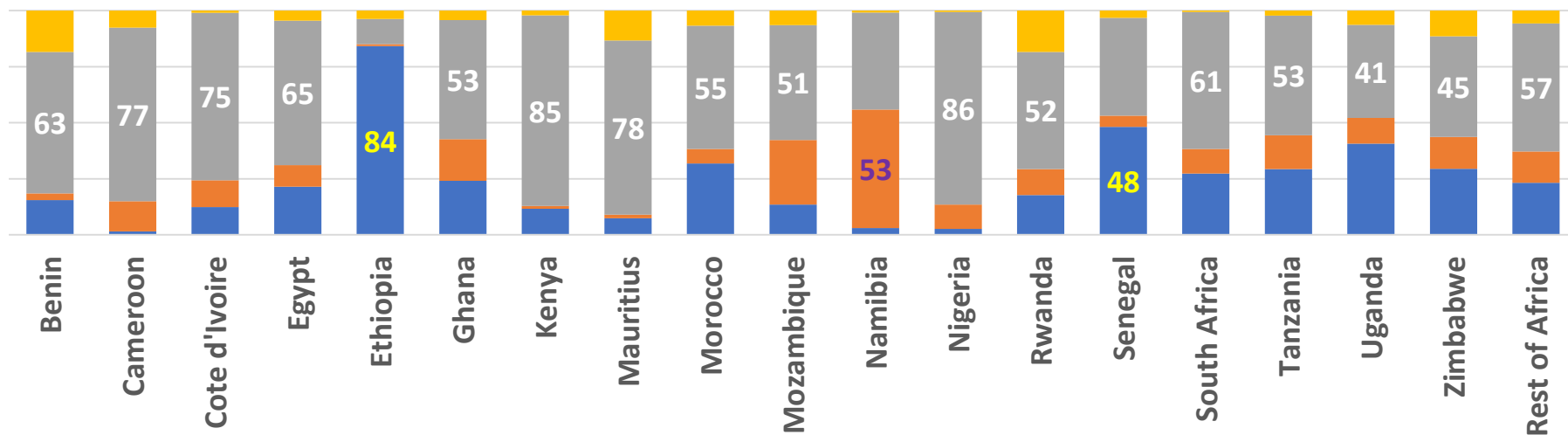


AfCFTA: Country-level results (exports to Africa)

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



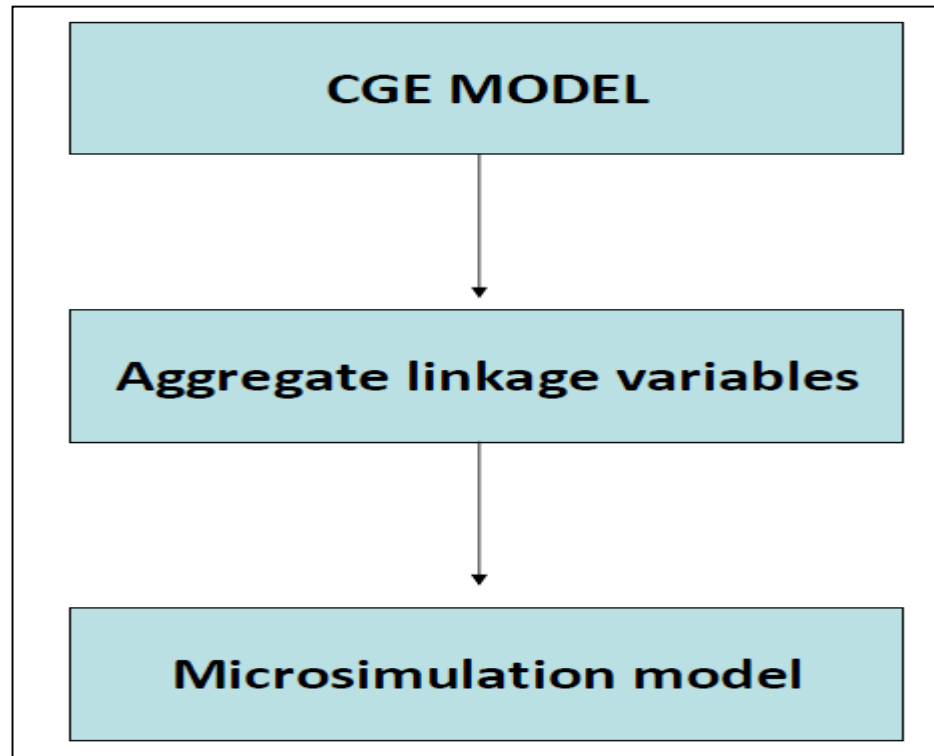
Distribution of absolute gains by main sectors (%)



■ Agrifood ■ Energy/Mining ■ Industry ■ Services

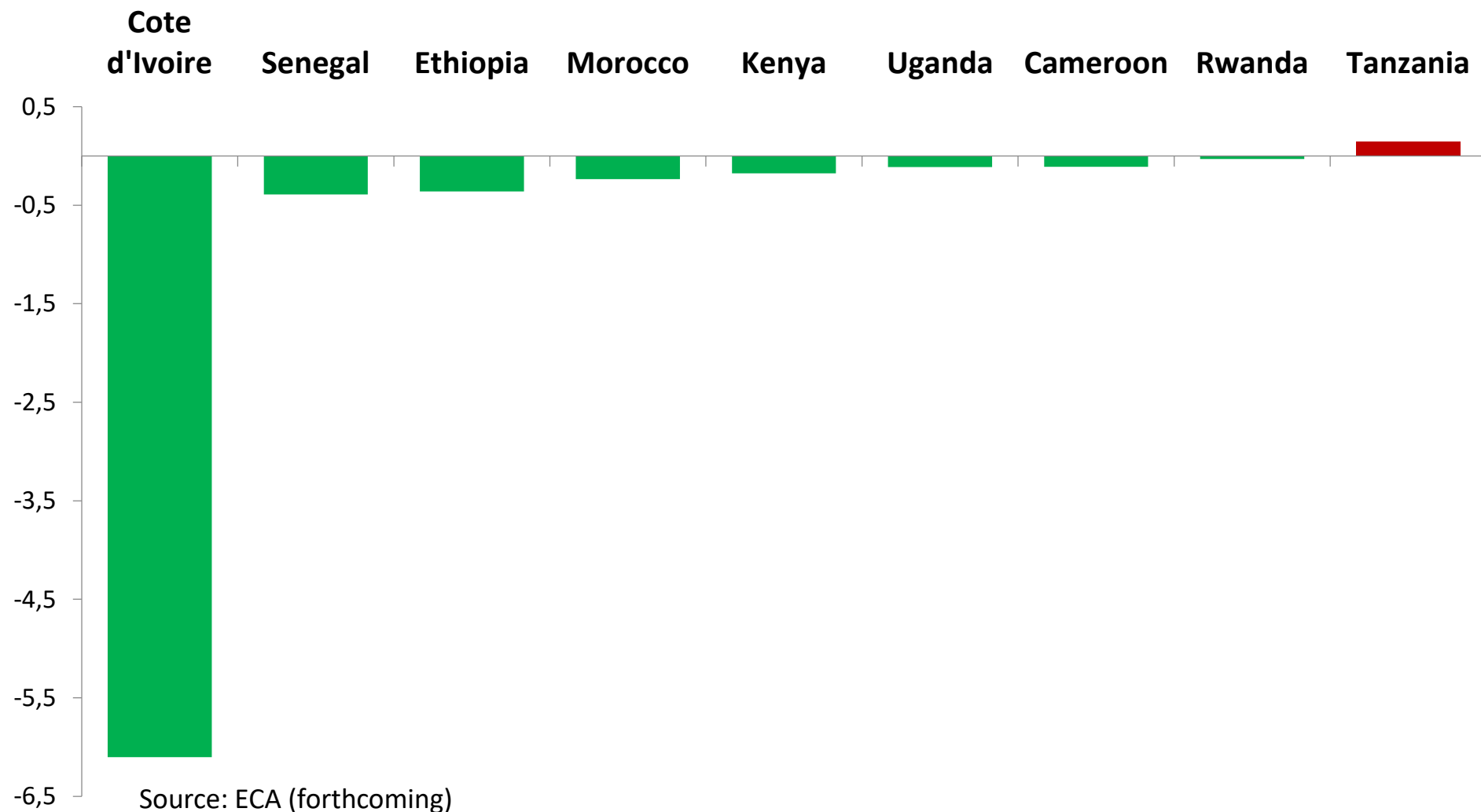
AfCFTA: Impact on poverty & inequality

- Results from global CGE model (*evolution of global consumption*) to feed into micro-simulation model (*individual income distribution and consumption patterns*) itself informed by detailed household survey data;
- Sequential combination of the CGE model & a non-parametric microsimulation model as follows:



AfCFTA: Inequality impact (National level)

Change in Gini index with AfCFTA (as compared to absence of AfCFTA) - % points - 2045



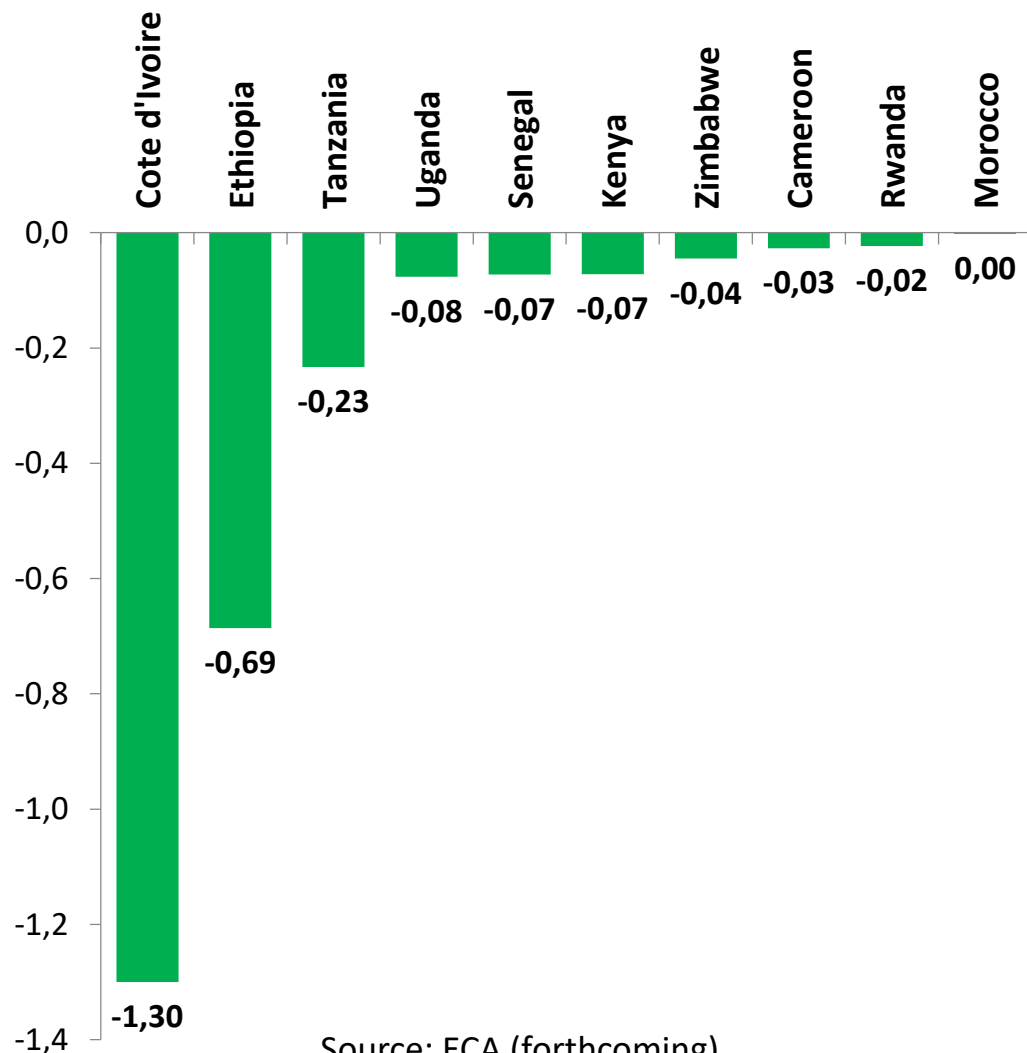
Source: ECA (forthcoming)

AfCFTA: Poverty impact (National level)

Evolution of poverty rate - %
(initial & without vs. with AfCFTA)

	Initial Poverty rate	2045	
		Without AfCFTA	With AfCFTA
Cote d'Ivoire	28.2 (2015)	7.0	5.7
Ethiopia	27.2 (2018)	21.4	20.7
Tanzania	49.2 (2016)	18.4	18.2
Uganda	41.7 (2016)	11.0	10.9
Senegal	32.5 (2018)	2.6	2.5
Kenya	36.8 (2016)	10.6	10.6
Zimbabwe	33.9 (2017)	3.5	3.5
Cameroon	23.8 (2017)	7.6	7.6
Rwanda	55.5 (2016)	15.6	15.6
Morocco	1.0 (2014)	0.3	0.3

Change in poverty rate with AfCFTA (as compared to absence of AfCFTA) - % points - 2045

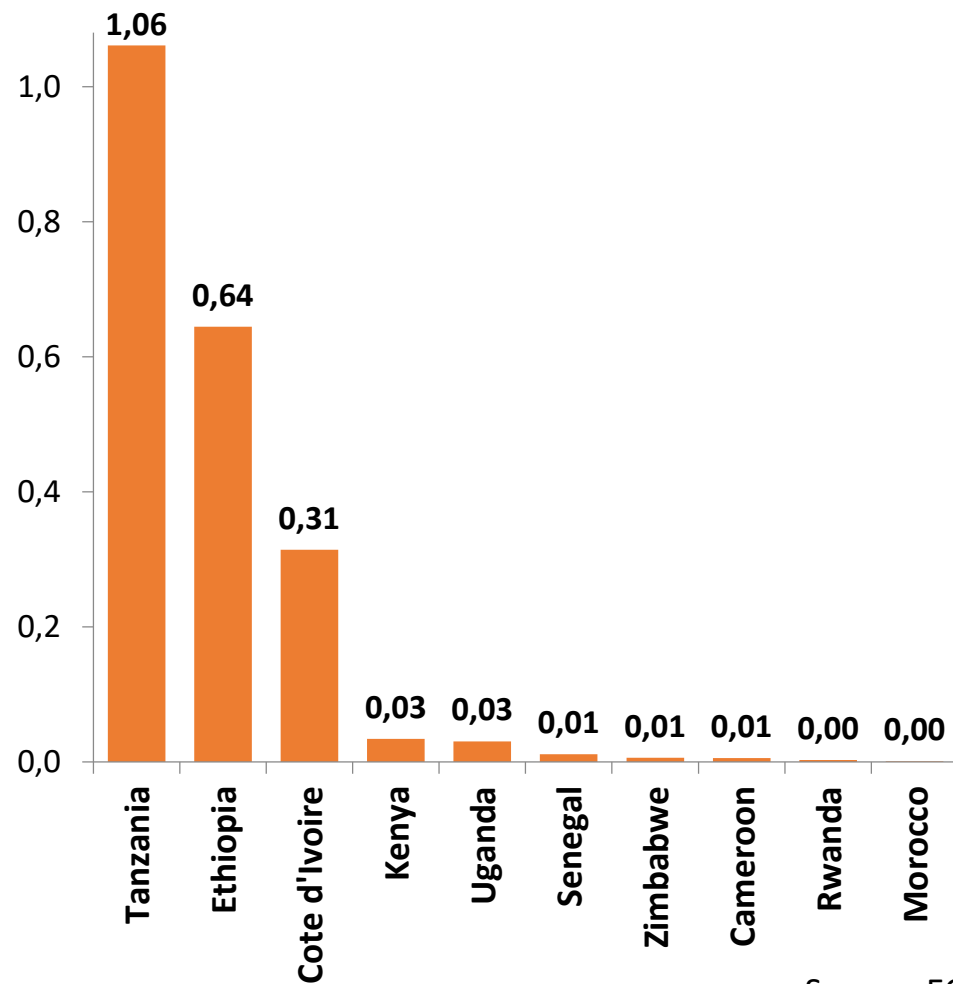


Source: ECA (forthcoming)

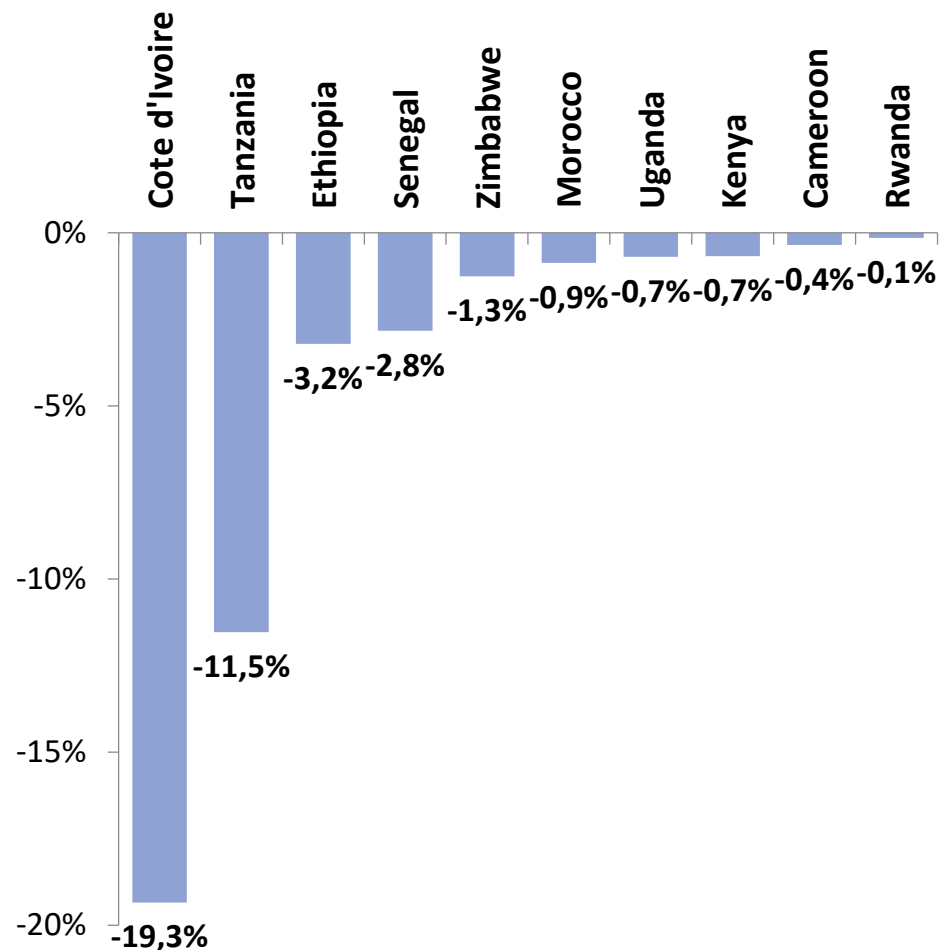
AfCFTA: Poverty impact (National level)

People expected to move out of poverty with AfCFTA (compared NO AfCFTA) - 2045

Absolute number of people (Millions)



Relative variation (%)

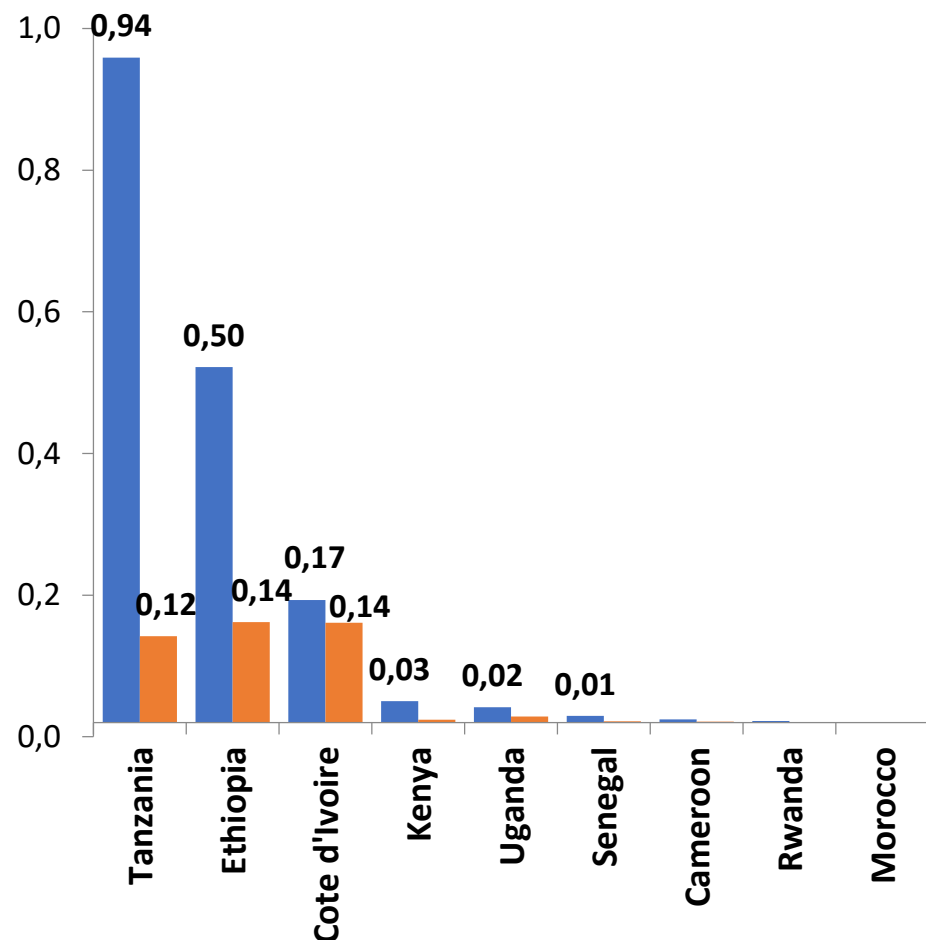


Source: ECA (forthcoming)

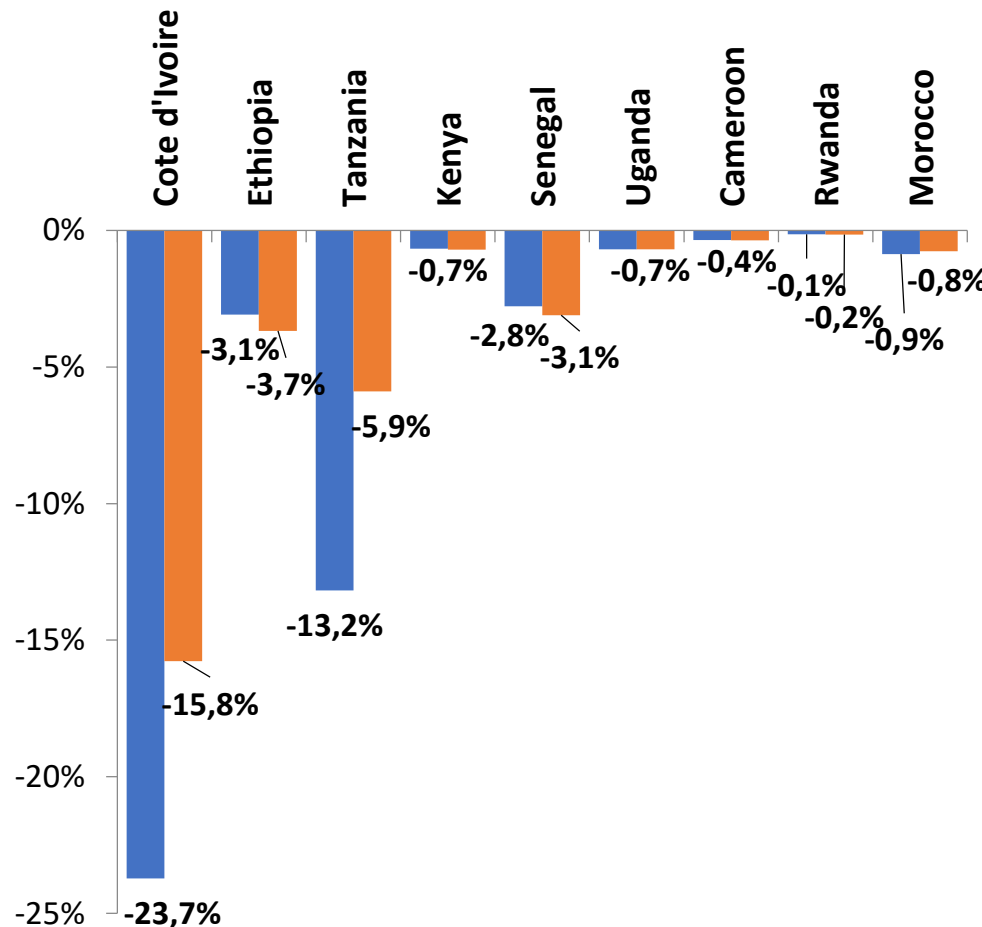
AfCFTA: Poverty impact (By Gender)

People expected to move out of poverty with AfCFTA (compared NO AfCFTA)-by Gender - 2045

Absolute number of people (Millions)



Relative variation (%)



Male Female

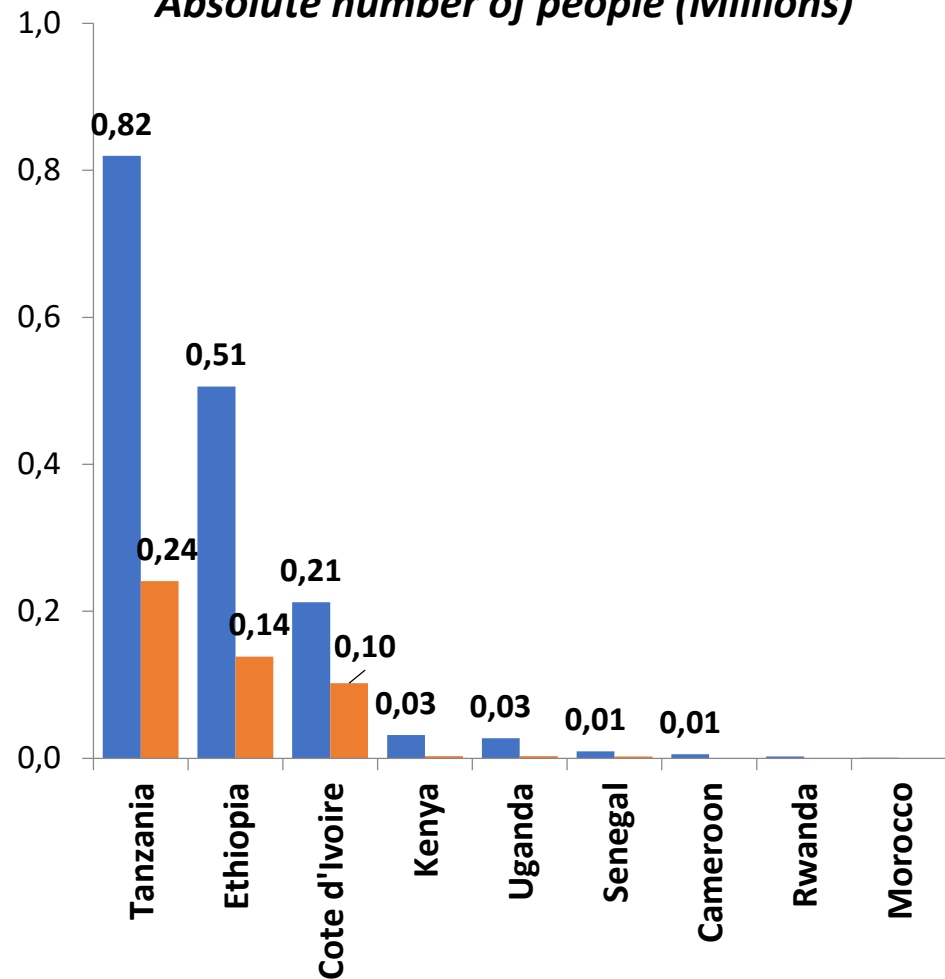
Source: ECA (forthcoming)

Male Female

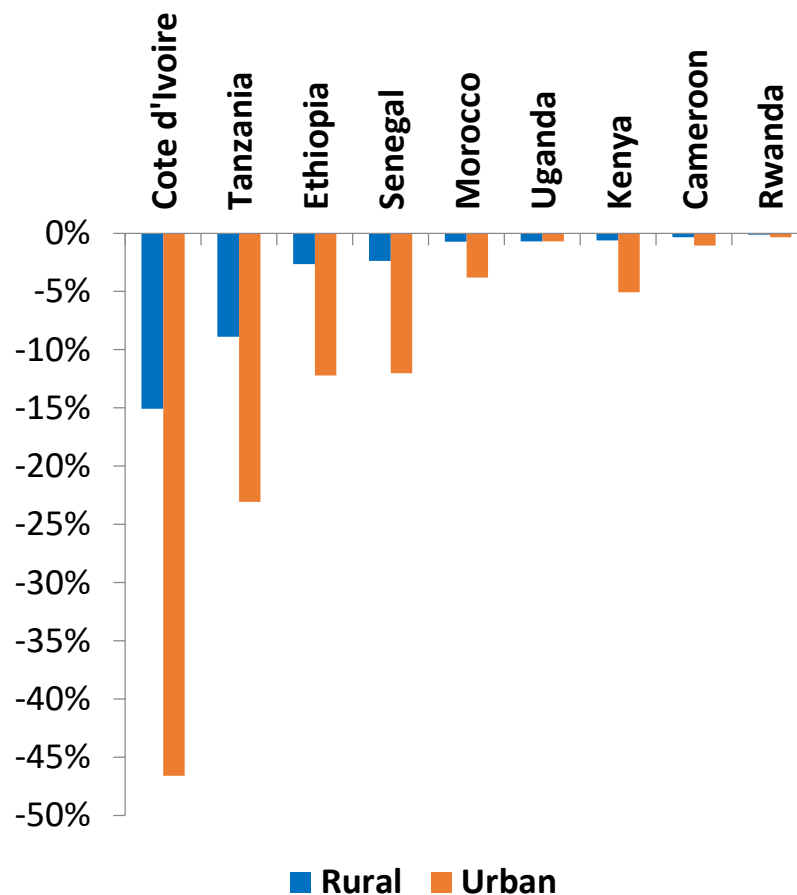
AfCFTA: Poverty impact (By Area)

People expected to move out of poverty with AfCFTA (compared NO AfCFTA) - by Area - 2045

Absolute number of people (Millions)



Relative variation (%)

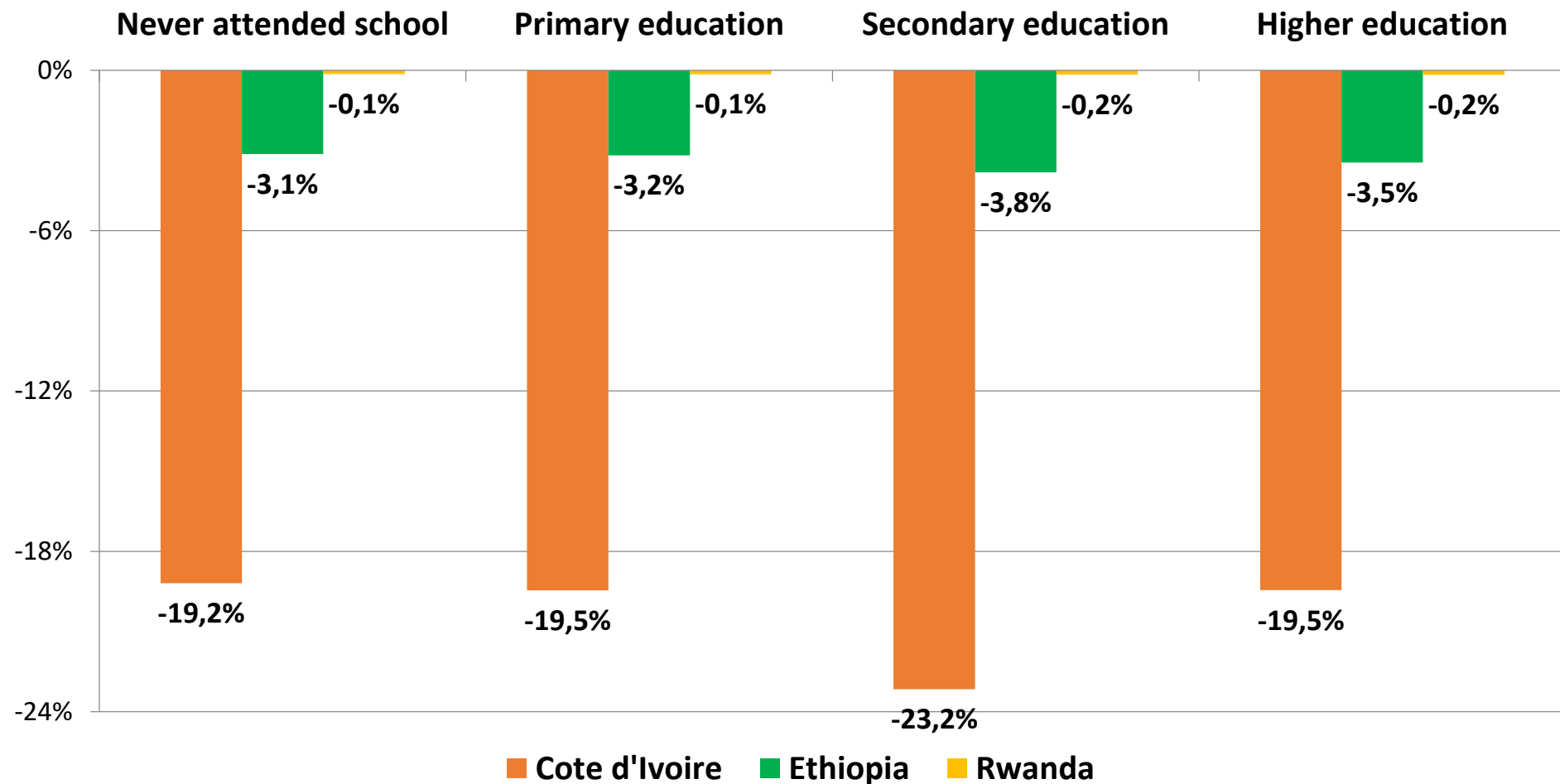


■ Rural ■ Urban

Source: ECA (forthcoming)

AfCFTA: Poverty impact (By Education)

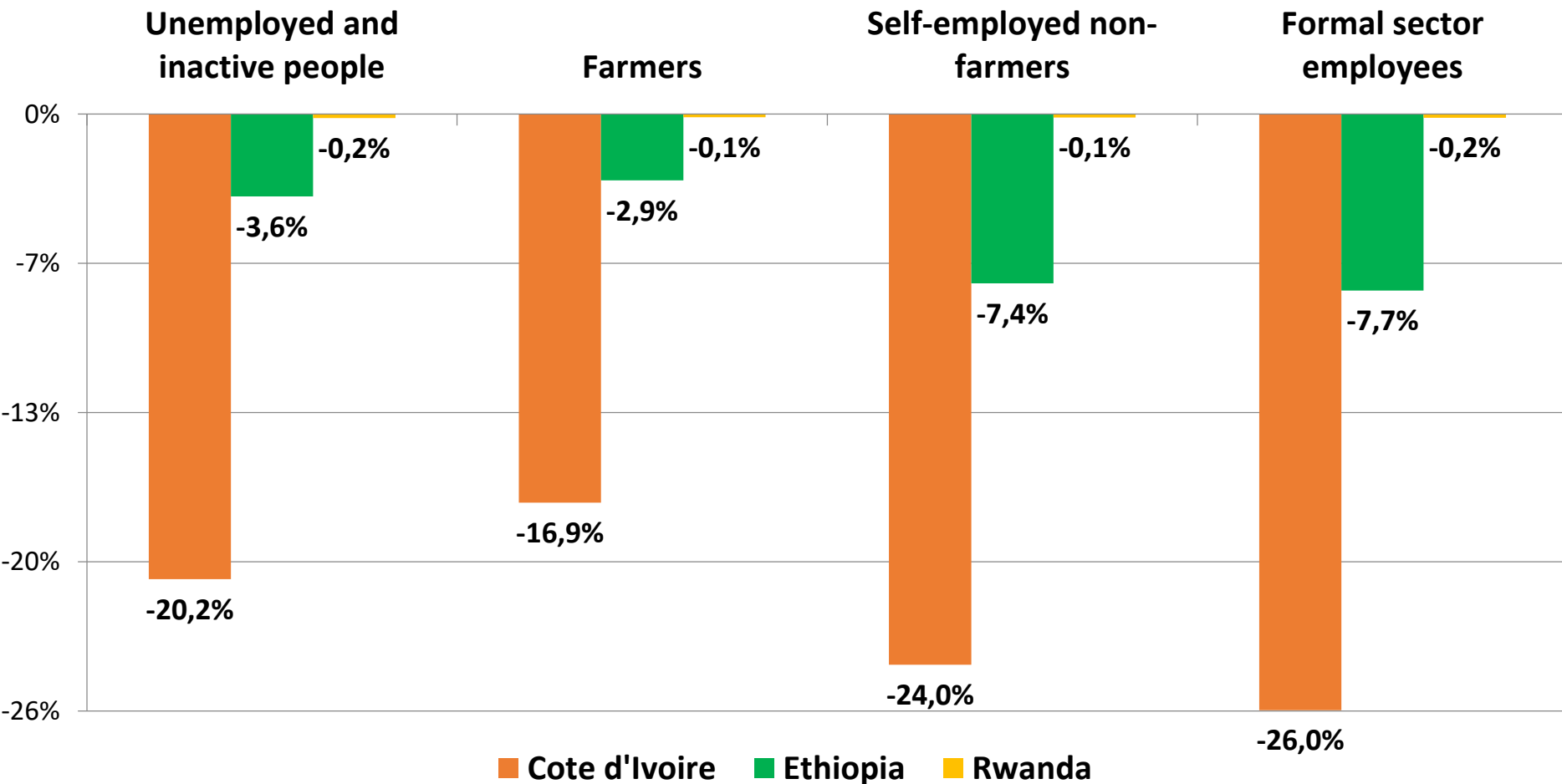
Change in people expected to move out of poverty with AfCFTA
(as compared NO AfCFTA) - by Education - % - 2045



Source: ECA (forthcoming)

AfCFTA: Poverty impact (By Employment)

Change in people expected to move out of poverty with AfCFTA
(as compared to without AfCFTA) - by Employment status - % - 2045



Source: ECA (forthcoming)

Conclusion

- **Results clearly indicate that AfCFTA's Agreement implementation will boost intra-African trade in all main sectors**
 - **With clear opportunities to promote industrialization through trade.**
- **From the sample of countries analyzed. the AfCFTA will contribute to inequality and poverty reduction. However:**
 - **Overall impacts will be rather moderate;**
 - **Poverty will still be predominantly rural;**
 - **Decline in poverty will generally be greater for men than women.**
- **Currently being negotiated AfCFTA Protocol on women and youth in trade will be essential to ensure the AfCFTA can better deliver for women**
 - **e.g. through supporting formalization/greater incomes of women traders; facilitating their access to trade finance; granting better access to young women/girls to education (especially for jobs in industrial and services sectors).**



THANK YOU!

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Ideas
to
Action