



MINISTRY OF TRADE, INDUSTRY, REGIONAL INTEGRATION AND EMPLOYMENT

National Strategy for AfCFTA Implementation: Accompanying measures and benefits for the Gambian MSMEs

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INTRODUCTION

- African Continental Free Trade Area is one of the flagship projects of the First Ten Year Implementation Plan under the African Union **Agenda 2063 – The Africa We Want.**
- Phase 1 of the AfCFTA negotiations has covered areas of trade in goods and trade in services. Phase 2 negotiations of the AfCFTA covering areas of Investment, Intellectual Property Rights and Competition Policy are at initial stages. Phase 3 will cover E-Commerce and digital trade.
- On 21st March, 2018, in Kigali, Rwanda, the Agreement Establishing the AfCFTA was open signature.
- To-date, 54 countries have signed and 36 have ratified the Agreement.
- The operationalisation of the agreement started in July 2019 for Start of trading in January 2021.



Introduction

Key Milestones to date



Milestone	Date
Start of Negotiations	February 2016
Signature of Agreement	21 March 2018
Entry into force	30 May 2019
Operationalization	7 July 2019
Secretariat Establishment	17 August 2020
Start of Trading	1 January 2021

Status of signing and ratification of AfCFTA Agreement	
Signing of the Agreement	54 out of 55 AU member states
Ratification of the Agreement	36 out of 54 Countries (22 Countries required for operationalization)



Introduction –

Key outcomes of the negotiations

	Non-LDCs	LDCs
Non-sensitive Products (90% of tariff lines)	Linear Cut, (years 1-5)	Linear Cut, (year 1-10)
Sensitive Products (7% of tariff lines)	Linear Cut, (years 6-10)	Linear Cut, (year 6-13)
Exclusion List (3% of tariff lines accounting of up to 10% of imports from African Countries)	No Cut	No Cut

- ❑ Objectives and Guiding Principles for AfCFTA negotiations Adopted;
- ❑ Modalities for tariff liberalisation were adopted with a level of ambition of 90% of tariff lines to be liberalised over a period of 5 – 10 years
- ❑ Modalities for liberalisation of trade in services were adopted - schedules of specific commitments accompanied by regulatory cooperation;
- ❑ The Agreement Establishing the AfCFTA together with 3 Protocols were by the Assembly on 21 March 2018 ;
- ❑ 12 Annexes to the Protocols were also adopted by the Assembly on 1 July 2018 in Nouakchott, Mauritania;



Introduction – implementation arrangement



National level preparations for start of trading under the AfCFTA Regime is very key:

1. Trade Documents to be produced at National Level (Based on Template in the Protocol on Trade in Goods):

- *AfCFTA Certificate of Origin*
- *AfCFTA Origin Declaration*
- *AfCFTA Supplier or Producer's Declaration*
 - Supplier or Producer's Declaration for Products having Preferential Origin Status
 - Supplier or Producer's Declaration for Products not having Preferential AfCFTA Origin Status
- *AfCFTA Transit Documents*
- *AfCFTA Certificate of Approval of Means of Transport*
- *AfCFTA Certified Declaration Form for Examination of Contents of Means of Transport*
- *AfCFTA Transit Plates.*

2. Development of National AfCFTA Implementation Strategies.



National AfCFTA Structures



- **A Negotiating Team established**
- **AfCFTA National Implementation Committee**
 - TOR developed and Committee established and officially launched.
 - Four Sub-committees established
 - Three Technical Working Groups (TiG, TiS and IPRs)
- **National AfCFTA Communication Strategy**
- **National Consultations conducted to develop**
 - The Gambia Schedules of tariff offers for trade in goods were prepared and submitted to ECOWAS
 - The Gambia Schedules of specific commitments for trade in services were developed (ITC support)
 - Regulatory mapping conducted for development of Regulatory Frameworks (ITC support)
- **National AfCFTA Implementation Strategy developed**



National Strategic Framework for AfCFTA

Vision

The Vision for the National AfCFTA Strategy for The Gambia

- **To boost The Gambia's trade and investment with the AfCFTA Member States in order to support economic growth, industrialization and sustainable development**

Specific Goals

The specific goals of this National AfCFTA Strategy over the next 10-years are as follows:

1. Increase the Gambia's exports to Africa beyond ECOWAS.
2. Ensure that Africa is The Gambia's leading export growth market (i.e. The Gambia's exports to Africa grow at a faster rate than those to other regions) and
3. Increase of The Gambia's domestic, re-exports and service exports.



National Strategic Framework AfCFTA Cont

Strategic Objectives

1. Develop a comprehensive approach to continental integration to facilitate trade and investment
2. Build strong institutional, policy, and regulatory frameworks to enhance the business environment, to support Businesses.
3. Enhance productive capacity, value addition and trade diversification for domestic and export markets within the AfCFTA region
4. Enhance trade facilitation and the elimination of Non-Tariff Barriers for seamless trade with Africa
5. Build the capacity of MSMEs to be competitive and participate in the regional and global value chains.
6. Increase awareness, foster strategic partnerships and mobilise the required resources for the successful implementation of the AfCFTA.
7. Ensure the inclusion of women, youth, people with disability and other vulnerable groups to maximize AfCFTA



MSMSEs for the AfCFTA

- MSMEs play an important role in The Gambia's economy
- In 2018, MSMEs contributed more than 26% to real GDP, employed 62.9% of the labor force and accounted for 70% of private sector operators.
- Moreover, 98% of MSMEs are micro-enterprises and 77% of MSMEs are not registered.
- The government recognized the important role MSMEs play in providing a livelihood and employment opportunities to most of The Gambia's population.

Government regularly updates MSME policy and strategy documents and works with donors to provide technical support to MSMEs.

- Provision to GIEPA the mandate of export promotion and support for MSMEs
- Operationalization of the Empretec Program to support the MSME sector through the provision of training and business support services
- MSME Policy and Strategy 2019-24,
 - Promote entrepreneurship in MSMEs,
 - reduce bureaucracy to improve the ease of doing business,
 - Build capacities of MSMEs
 - Promote sectoral linkages



Challenges for MSMEs



The MSME Policy and Strategy 2019-24, for example, identified the following challenges:

- access to finance, capital and credit;
- heavy tax system;
- lack of country-wide availability of SWBR;
- poor quality infrastructure;
- cost and access to electricity;
- absence of a land policy; and
- access to markets;
- Limited digital capabilities

The recommendations

- Continue process of improving business environment for MSMEs as per MSME Policy and Strategy 2019-24 and Entrepreneurship Policy Framework (EPF)
- Increase coordination and the sharing of best practices amongst the BSOs (including Empretec)
- Support MSMEs become more competitive through digital tools and platforms
- Support technology absorption and productivity gains at the firm .
- Support GIEPA build capacity to support MSMEs improve competitiveness
 - trainings on improved production techniques,
 - product development & diversification
 - marketing (including branding and the creation of market linkages)



Opportunities and Benefits of AfCFTA for the MSMEs



- The AfCFTA will provides The Gambia with a continental free trade area of 1.2 billion people, a combined GDP of US\$2.5 trillion and combined consumer and business spending of more than US\$4.0 trillion.
- Studies shows that the manufacturing and agricultural sectors will experience the biggest gains from trade in good liberalization, - This offers prospects for agriculture, agro-processing and other value-adding economic activities in The Gambia.
- The AfCFTA also create opportunity to regionally and/or continentally integrate agricultural factor markets which can drive down the costs of farm inputs and increase agricultural output.
- the AfCFTA's efforts at facilitating trade through the implementation of trade facilitation measures as well as mechanisms to address NTBs, Technical Barriers to Trade (TBT) and sanitary and phytosanitary standards (SPS) provide an opportunity to boost intra-industry trade and promote the development of regional value chains.



Opportunities and Benefits of AfCFTA for the MSMEs



- The AfCFTA will promote cross border trade and this will allow MSMEs to access more markets beyond national borders.
- Growth through the AfCFTA means being able to enter new markets
- Incentives to increase manufacturing through demand in the African market will create more jobs opportunities
- Simplifying the purchase of raw materials from other African countries will also help to open opportunities to set up assembly firms in other African countries.
- The AfCFTA will allow larger firms to partner with MSMEs to process raw materials, learning best practices and transferring technology in the process.
- Increase trade between African countries will enable MSMEs and traders improve their businesses and boost livelihood,
- It can help MSMEs get better access to trade financing



Strategic Sectors for MSMEs – Agriculture



- Agriculture is one of the major drivers of growth in The Gambian economy.
- Women 78% of the economically active population working in agriculture. Active in horticultural production, but activities are mainly subsistence-based

Constraints

MSMEs particularly women have difficulties moving beyond subsistence agriculture due to unequal access to productive resources :

- Less access to land ownership and extension services,
- limited access to capital and market information
- poor access to new and appropriate technologies,
- lack of financial literacy and business administration/training;
- lack of technical expertise to comply with regulations and export quality standards

Measures

For MSMEs to leverage the benefits of intra-African agricultural trade, they require targeted support:

- Agricultural trade policies that respond to the AfCFTA
- Increase the participation of MSMEs in productive agriculture activities and trade
- Programs supporting MSMEs & women-farmers integrate and supply lead firms and/or export markets.



Strategic Sectors for MSMEs

- Manufacture



- The Gambia's industrial sector consists mostly of construction and agro-processing activities
 - Agro-processing activities, including groundnut and fruit processing, and, recently, processed seafood
 - Light manufacturing products, including candy, snack foods, cosmetics, soaps and bricks.
- Priority manufacturing sectors in The Gambia's AfCFTA Strategy :
 - groundnut oil,
 - agro processing including processing of cashew nuts, coarse grains, fruits and vegetables as well as manufacturing of fruit juice, honey and other food and beverages.
 - Glass containers and wood products (sheets for veneering and handicrafts) are also identified as priority manufacturing sectors.

More detailed studies, are required to:

- Identify and support MSMEs development in targeted value chains in the manufacturing sector.
- Identify employment and empowerment opportunities for women & youth in labour intensive manufacturing sectors,
- more capital-intensive sectors



Gambia Priority Sectors for AfCFTA



The following priority sectors for the AfCFTA:

- **Agriculture, Livestock and Fisheries**

- Groundnuts
- Cashew Nuts
- Horticulture
 - Fruits (mangos, oranges and tomatoes) and
 - Vegetables (Chili peppers, sweet potatoes, onions and baby corn)
- Cassava
- Poultry
- Fish and Crustaceans
- Rice

- **Services**

- Tourism
- Travel and Transport
- ICT
- Creative Industries
- Financial Services
- Construction Services
- Sports

- **Manufacturing**

- Edible oils (groundnut, sesame and cashew-nut oils)
- Agro-Processing - processing of cashew nuts, coarse grains, fruits, vegetables, rice fruit juices and other food and beverages
- Agro-forestry products (honey, handicrafts wood products)
- Glass containers
- Textiles and Apparel
- Soap

- **Regional Value Chains**

- Agricultural input sourcing (i.e. seeds, fertilizers, tools and inputs)
- Agri-processing input sourcing (i.e. rice, cassava, cereals, fish etc. for domestic processing)
- Tourism
- Plastic Recycling (packaging materials)
- Animal feed



Accompanying Measures for MSMEs



Build the capacity of MSMEs to be competitive and participate in the regional and global value chain

- Addressing constraints faced by SMEs and the informal sector
 - Improve regulatory environment, expand entrepreneurship training, support technology absorption, improve access to finance for MSMEs, provide training for women entrepreneurs and women in the informal sector on overcoming gender-specific challenges
 - Address the NTBs and promote digitalization of processes to reduce cost of doing businesses,
 - Increase coordination and sharing of best practices amongst the various entrepreneurship skill development across the country
- Supporting Aid-for-trade initiatives in buyer-driven chains that foster supply-chain and/or value chain linkages with lead firms;
- Building on existing capabilities in digitalization to expand reach of government support as well as to support technology absorption and productivity gains at the firm level.
 - Expand online government-supported MSME capacity-building support.



Conclusion

- MOTIE working with a number of partners in support of MSMEs
 - UNDP – Entrepreneurship and Support to Private sector Development project (ESDP)
 - ITC - Youth Empowerment Project
 - ITC – SheTrades project/Hub
 - UNECA – National AfCFTA Implementation Strategy
 - UNDESA – Technical support
- MOTIE will give more attention to and effort for the integration of the MSMEs into the regional and continental markets through AfCFTA
 - Identify matured businesses that are ready for exports
 - Identify targeted emerging MSMEs with export potential



THANK YOU