

## Promoting the Implementation of the AfCFTA Agreement: The Role of Regional Business Councils

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Business communities stand to gain significantly from increased market access, investment opportunities, supply chain optimisation, and improved competitiveness from the African Continental Free Trade Area (AfCFTA) Agreement. By driving economic integration and cooperation, the AfCFTA Agreement would foster an environment conducive to business growth and prosperity, contributing to Africa's sustainable economic development.

Regional business councils (RBCs) provide services that go beyond advocacy: they actively promote business participation in regional integration, investment, and global trade. Globally, business associations continue to represent their members in a very dynamic environment both at regional and continental levels. In addition, they play a major role in driving the agendas of regional economic communities (RECs). With the emergence of AfCFTA, the focus of RBCs has now been shifted to the implementation of the AfCFTA Agreement.

The entry into force of the AfCFTA Agreement on 30 May 2019, the subsequent implementation of the guided trade initiative (GTI) on Trade in Goods on 7 October 2022 and the upcoming GTI on Trade in Services have expanded the responsibility and scope of regional private sector bodies to support the private sector to prepare for trade under the AfCFTA. The Agreement provides a significant market size of approximately [1.3 billion people with gross domestic product \(GDP\) of US\\$ 3.4 trillion in 2020](#). It will also create a continental market that is expected to enable companies to benefit from economies of scale. This is a major opportunity for the private sector which needs to be exploited at continental level and calls for the private sector led by RBCs to position itself to exploit these opportunities including the emerging ones at the continental level.

The full implementation of the AfCFTA is expected to contribute to Africa's structural transformation and will redefine markets and economies across the continent. However, no matter how well-grounded the AfCFTA objectives are, they will remain elusive if African private sector businesses are unable to fully take up the opportunities offered by the agreement in terms of trade and investment. [Notably, the private sector has not been well engaged and the process should be fully inclusive.](#)

As a result, it is critical that the private sector is allowed to participate in the implementation process along with active governments, the African Union (AU) and development partners. The RBCs must be positioned effectively to fully support their business members in the eight RECs. They must also understand their expected roles in promoting AfCFTA implementation and assisting private sector members to tap and fully maximize the benefits offered by the AfCFTA. RBCs can monitor implementation by the respective governments in the RECs – and inform as well as train their members about the implementation processes and what is required to trade under the AfCFTA.

### **Positioning the Regional Business Councils: a case study of the COMESA Business Council**

The African Union recognises eight Regional Economic Communities (RECs), but not all the RECs have Regional Bodies or Councils established under them. The primary goal of these RECs is to promote regional economic integration among their member states within their respective local regions, ultimately contributing to the larger African Economic Community (AEC) established by the Abuja Treaty in 1991. This treaty, in effect since 1994, laid the foundation for creating an African Common Market, with the RECs serving as essential building blocks. As a result, one of the key principles of the AfCFTA is the ["preservation of the \*acquis\*"](#), which means that the Free Trade Agreements (FTAs) of the RECs serve as the building blocks of the AfCFTA.

The AfCFTA heralds a new era of opportunities for the continent's economic growth. However, to ensure a comprehensive and inclusive representation of stakeholders, it is essential to establish RBCs from the Treaty of the respective REC and to operate as an institution of that REC.

The RBC of the Common Market for Eastern and Southern Africa (COMESA) – the COMESA Business Council (CBC) – serves as a good example. CBC is a recognised business member organisation established under Article 7(h) of the COMESA Treaty as a consultative Committee of COMESA. Therefore, CBC is one of the institutions of COMESA. Its operations are guided by Article 18 of the COMESA Treaty and chapters 23. [The mandate of CBC is derived from Article 18 and chapter 23.](#) It

ensures that the interests of businesses and other interest groups within the Common Market are considered by the Common Market Organs.

CBC engages in consultations, receives reports from other interest groups, and actively participates in Technical Committees, contributing to meetings and submitting annual reports and recommendations to the Intergovernmental Committee as provided under Article 18.

### **Roles of the Regional Businesses Councils in effective implementation of AfCFTA**

Several RBCs such as the East African Business Council (EABC), Southern African Development Community (SADC) Business Council and CBC have been doing significant work in promoting intra-African trade and economic integration. Through proactive initiatives and advocacy, these organisations have played a significant role in promoting economic cooperation, trade facilitation, and investment within their respective regions. Their consistent efforts contribute to fostering stronger relationships among African countries, creating a more conducive environment for intra-continental trade, and driving overall economic growth across the continent. Further, they have also made immense efforts in promoting the AfCFTA's implementation within their respective RECs. Some of the roles include:

- Promoting a favourable trade environment, which supports outputs and inputs for micro, small, and medium enterprises (MSMEs);
- Promoting favourable regional policies by facilitating discussions between the public and private sectors, while also reinforcing platforms for dialogue, cooperation, and partnerships between public-private partnerships;
- Providing guidance on the necessary measures that each country should undertake to fully benefit from opportunities in their national, regional, and global markets within the framework of the AfCFTA (they can develop guides for business to the AfCFTA). They further advise their business communities' members of the opportunities available in trading under the AfCFTA; and
- Implementing a participatory approach led by various stakeholders at the national level.

### **Challenges faced by the Regional Business Councils**

Maintaining a steady and reliable source of funding has posed a major obstacle. The primary difficulty revolves around securing consistent subscription payments from members. Additionally, managing the

duration of project grants from donors and ensuring continued effectiveness after the grant period has significant repercussions on both the workforce and the performance of specific projects. Most RBCs have established partnerships with a project-centric focus to achieve a more balanced financial support system for its operations and programmes. This has made it very difficult for most business councils to maintain adequate staff.

Policy decisions made within the RECs do not automatically result in effective action at the national level because member states often fail to adopt the necessary measures to implement these decisions. What is essential is a stronger commitment and political determination – here RBCs can play a role by requesting transparency about implementation – and holding governments accountable. One consequence of this issue is a decrease in the council's membership, as members feel that their expectations in terms of policy and regulatory compliance are not being fulfilled.

## Conclusions and recommendations

The AfCFTA Agreement provides a market size of 1.3 billion people with various opportunities to be exploited by the Private sector. However, it is up to the RBCs in the RECs to sensitise their members on the available opportunities and how to exploit them. Some of these councils have platforms to advocate for interests of their members, both at regional and continental levels, but they are constrained by limited resources especially financial resources.

RECs, as the building blocks of the AfCFTA, are very important and so are the RBCs. The statutory recognition of RBCs as RECs organs is crucial for their policy advocacy role. RBCs are essential for supporting the private sector in member countries. The presence of RBCs is not uniform across all RECs. It is also crucial to examine whether the RECs that possess established RBCs demonstrate better performance compared to those RECs lacking such business councils.

In an attempt to address the challenge of constraints in financial resources, RBCs have been compelled to reach out to the government agencies and development partners for additional resources in order to strengthen their role in the implementation of AfCFTA Agreement. Their role in the implementation of the Agreement includes *monitoring* the implementation of AfCFTA; undertaking research on the *issues of concern* to the private sector; *sensitise private sector players or business community on the issues of the Agreement*; and implementing AfCFTA awareness/sensitisation strategies.

For the AfCFTA to effectively alleviate poverty, RBCs must concentrate on addressing issues that are beneficial to all member states and sectors, thus advancing regional integration within their respective RECs.

## Recommendations

- (a) Engagement of the Business Councils at the continental level must extend beyond observer status to being active participants in negotiations, implementation, and monitoring and evaluation processes of the AfCFTA.
- (b) There should be continuous capacity-building, sensitisation, and awareness-creation for the Private Sector players and business community on the AfCFTA by both Business Councils and the AfCFTA Secretariat.
- (c) RBCs should consider participating in the development of REC implementation strategies for the AfCFTA Agreement. Collaboration between the RECs Secretariat and RBCs secretariat is vital, fostering RBCs' growth. Further, the AfCFTA Secretariat needs to have a closer working relationship with Business Councils through the African Business Council.
- (d) RBCs should consider developing resource mobilisation strategies to facilitate mobilisation of financial resources.

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