United Nations
Office for South-South Cooperation

SOUTH-SOUTH GLOBAL THINKERS SCOPING PAPER

South-South Cooperation and Investment in Africa: Implications of the African Continental Free Trade Area (AfCFTA)

United Nations Development Programme
304 East 45th Street
New York, NY 10017 USA

SOUTH-SOUTH GLOBAL THINKERS SCOPING PAPER

South-South Cooperation and Investment in Africa: Implications of the African Continental Free Trade Area (AfCFTA)

February 2021

Disclaimer

Table of Contents

Acknowledgements

This research paper was authored by Dr. Hany Besada, Senior Research/Programme Advisor at the United Nations Office for South-South Cooperation UNOSSC). The author would like to thank Ms. Shams Banihani, Knowledge and Research Specialist, UNOSSC, for ensuring the final development of the paper.

Acronyms and Abbreviations

AfCFTA	African Continental Free Trade Area
BAPA+40	Second High-Level United Nations Conference on South-South Cooperation, also known as the Buenos Aires Plan of Action (plus 40 years)
COMESA	Common Market for Eastern and Southern Africa
ICT	Information and Communication Technology
ITC	International Trade Centre
PPP	Public-Private Partnerships
RIS	Research Information System for Developing Countries
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SSC	South-South Cooperation
UNOSSC	United Nations Office for South-South Cooperation
WTO	World Trade Organization

1. Introduction

The push toward Africa's economic, social and political integration has been increasing over the past century, with trade at the heart of the dialogue. New policies are continuously being put in place to drive economic broad-based growth and increase Gross World Product reflecting domestic market demand.

Many scholars undertake the difficult task of examining the notion of development as the product of a global North-South ideological battle. As historically described by philosophers and currently by political scientists, the idea of development has continuously been tied to economic and social progress through the process of liberalization and democratization (Inglehart and Welzel, 2009). More recently, however, this ideological trend has received push back through the unprecedented rise of the emerging Southern countries and their increasingly significant global influence.

Brazil and India, for instance, are involved in various South-South Cooperation development interventions in areas such as health, agriculture, education and manufacturing (Amanor and Chicava, 2016; Cheru, 2016). Their efforts to promote South-South Cooperation are reflected in the establishment of the India, Brazil and South Africa (IBSA) Facility for Poverty and Hunger Alleviation, committing to effective contributions to deliver on the 2030 Agenda for Sustainable Development (UNOSSC, 2018). The IBSA Fund finances projects tied to various Sustainable Development Goals and brings in partners from the North to encourage capacity building in the region. Similarly, China's involvement in promoting South-South Cooperation has provided a trail for African states to follow and a strategic pattern to replicate (Zhenqiu, 2017).

The promotion and expansion of South-South Cooperation, especially South-South trade and investments appears crucial for African countries in their attempt to meet pressing developmental needs and the attainment of the Sustainable Development Goals (SDGs). As current patterns have shown, intra-African trade has been a point of weakness for much of the continent and requires effort from the region to develop in accordance with the global economy. The greatest difficulty in tackling stagnant regional development in Africa is creating cohesive integration by decreasing barriers and promoting competitive markets that can compete on a global level. At the same time, countries must balance the level of trade liberalization with a focus on domestic economic challenges and competing interests.

Traditional cooperation models have not produced the expected results in Africa due to trade imbalances, as Africa largely exports commodities and imports manufactured goods. To ameliorate this situation, it is imperative to promote more South-South cooperation joint ventures in Africa that exploit complementary trade.[1] Emerging economies have the will and power to influence shifts in trade and investment focused on other regions of the global South.

An opportunity exists currently for countries to strengthen economic relations with other countries around the world that share similar political and economic environments and, therefore, share in regional concerns related to structural trade barriers. South-South Cooperation provides a model to fuel the expansion of economic and political progress and to shift regions, such as Africa, into a new era of development.

As highlighted by Abegunrin (2019), "regional integration has been idolized as the key to promoting regional growth and development through the adoption and implementation of policies that will yield mutual benefits for all parties involved." The African continent has seen a proliferation of regional mechanisms and has been at the core of regional integration experiments since the 1950s. For example, the Central African Federation was established in 1953 followed by the East African Community in 1967, which collapsed ten years later but was revived in 2000. Other economic integration projects formed in Africa are the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and the Economic Community of West African States (ECOWAS). The *Organisation pour l'Harmonisation en Afrique du Droit des Affaires* (Organization for the Harmonization of Corporate Law in Africa), which integrates business law among 17 African countries, also represents a lasting effort of regional integration.

Nonetheless, as of 2017, figures show that Africa makes up 16 percent of world exports and 13 percent of world imports. Intra-regional trade in Africa, while fairly active — with 55 percent of COMESA exports being intra-COMESA exports, 54 percent of the East African Community's intra-Africa exports being regional exports and 87 percent of exports from SADC countries being intra-SADC exports, remains incredibly low. In recent years, intra-regional trade in Africa has not seen significant change: intra-African trade (the average of intra-African exports and imports) stagnated around 2 percent between 2015 and 2017 and intra-Africa exports only increased 8 percent between 2017 and 2018. Comparative figures for intra-regional trade for America, Asia, Europe and Oceania over the same period of time were, respectively, 47 percent, 61 percent, 67 percent and 7 percent (Economic Development in Africa Report, 2019). Meanwhile, intra-African exports were 16.6 percent of total exports in 2017, compared with 68.1 percent in Europe and 59.4 percent in Asia. While intra-regional economic communities are important institutions for facilitating increased trade between member countries, African countries still require greater platforms for facilitating trade beyond regional divides (Tralac, 2019).

The African Union gave a boost to trade integration in Africa in 2018 by creating the African Continental Free Trade Area (AfCFTA), which entered into force on 30 May 2019. This agreement is integrated into the broader African Union Vision 2063 that supports the creation of an integrated system of free movement of people, goods, capital and services and infrastructure connections (Abegunrin, 2019). As the largest free trade agreement in history (based on the number of member countries)[2] with 54 member states and a market size of US$3 trillion, expectations are high for AfCFTA (Akeyewale, 2018). With average tariffs of 6.1 percent between African states, businesses face higher tariffs conducting intra-African trade than when exporting to other markets. According to the United Nations Economic Commission for Africa, the elimination of these obstacles and other integration mechanisms have the potential to boost trade between African countries by 52.3 percent (Luke, 2019; Tralac, 2019) and increase African exports by four percent, or $25.3 billion. Trade in industrial goods is also predicted to increase by 53 percent between 2010 and 2022 (AU, 2018). AfCFTA aims to reduce tariffs on 90 percent of products and establish a liberalized market for services between African Union Member States (Tralac, 2019).

While intra-African trade grew from $16 billion in 2000

1 China already does this in the fishing sector with a few African countries, namely Mauritania and Senegal. In Senegal, the China National Fisheries Corporation bought two local Senegalese companies, one of which is Senegal Peche, which has operated a fish processing plant for export since 2008 (Colom-Jaen, 2012). An Indian company signed a joint venture contract with Nouvelle Textille du Senegal to export to the United States.

2 As of November 2020, 29 African countries had submitted instruments of ratification to AfCFTA, www.tralac.org/resources/infographic/13795-status-of-afcfta-ratification.html.

to an estimated $40 billion in 2016, the enactment of AfCFTA will boost this trend that still represents a minimal portion of the $220 billion in trade that Africa exchanged with Northern countries in 2016 (MacLeod, 2019). South-South Cooperation can contribute to the achievement of this objective if it can succeed in the two areas described below.

1. **Improve the Productive Base of African Countries.** African economies for the most part are not diversified and are essentially based on primary specialization. The potential for industrial processing of commodities is largely under-exploited. Thus, through technology transfer, South-South Cooperation offers opportunities for African countries to develop regional value chains.

2. **Control Commercial Costs**. Non-tariff barriers related to infrastructure (tangible and intangible) in areas such as transport, energy, trade and logistics are more important than tariffs in intra-African trade. For example, a recent study done on Senegalese manufacturing companies showed that the quality of infrastructure, electricity costs, finance and storage costs at port level were the main factors that reduced the probability of manufacturing companies exporting. South-South Cooperation should be oriented toward reducing such trade-related costs that inhibit the competitiveness of companies.

South-South Cooperation has an important role to play and can be utilized to provide African countries with opportunities to influence and direct economic growth and development in the region. Through implementation of policies that encourage trade and investment among economies of the global South and by adopting innovative methods of development, doors can be opened to the continent's countries and cities. It appears likely that the recently ratified AfCFTA will be instrumental in bolstering South-South Cooperation for trade and investment in African countries.

The purpose of this paper is to analyze South-South Cooperation (SSC) in the context of South-South trade and investment in Africa following the implementation of AfCFTA. The paper draws from two significant discussions: 1) the African Union Commission's 11th African Private Sector Forum in November 2019, themed "Transforming African economies through private sector mobilization and capitalization of experiences from other regions of the world;" and 2) a workshop on "The role of South-South Cooperation in promoting and deepening trade and investment in Africa: Promoting conducive policy and legal environments in Africa" organized by the United Nations Office for South-South Cooperation (UNOSSC), also held in November 2019. This paper is the third in a series of South-South Global Thinkers Scoping Paper launched by UNOSSC.

The paper breaks down various concepts related to AfCFTA and examines how promoting South-South Cooperation can accelerate the successful implementation of that trade deal. First, the role of SSC in regional trade and technological advancement in Africa will be demonstrated to point out previous gains and losses and point to potential avenues for development.

The paper discusses the important role of the private sector and the use of effective public-private partnerships (PPPs) to further promote SSC and investment on the African continent. The paper's section on AfCFTA and infrastructure speaks to the importance of building financial and structural infrastructure that can expand regional trade beyond national capacities. Potential challenges of the AfCFTA dispute settlement agreement that may fuel regional inequality in trade and development are also outlined.

2. The Role of South-South Cooperation in Promoting Trade and Investment in Africa: Topics of Consideration

2.1 Economic Diversification to Bolster Regional Trade in Africa

Successful examples of South-South trade today are largely concentrated in Asia. This is the case not just because of China's economic vitality, but also because of the regional value chains China put in place with neighbouring countries. The Chinese/Asian model should be studied and perhaps replicated. However, a major factor in promoting regional trade has to do with trade complementarity, which is high in parts of Asia but low in other regions of the developing world.

Hence, if African countries produce (and have comparative advantages in) the same goods, it will be difficult to promote trade between themselves and they will benefit less from intra-African trade. Thus, it becomes crucial to advance economic diversification in Africa to bolster regional trade that promotes growth and development. This is not meant to suggest that AfCFTA is unimportant or bound to fail. On the contrary, based on the experience of other trading blocs in the global South, such as the South American trading bloc Mercosur,[3] AfCFTA is likely to prompt a significant increase in trade in the short-term. This is triggered by the effect of trade facilitation, which reduces the costs of imports and exports and thereby makes them more profitable. However, the introduction of a process of economic integration, like AfCFTA, does not, per se, entail any economic structural transformation. The challenge is to make growth in intra-Africa trade sustainable in the medium- and long-term. Mercosur shows that not only does trade volume matter, but also its composition. Notably, Mercosur members constitute Brazil's main markets for manufactured and technology-intensive goods.

2.2 General Trade Agreements versus Preferential Trade Agreements

Although AfCFTA is perceived as a comprehensive new deal that holds great opportunities for the path to trade liberalization for African countries, the agreement also has the potential to foster adverse implications. There is a continuous need to promote South-South Cooperation to prevent the slow return of countries to patterns of trading with familiar markets. Christopher Magee (2008) concluded that although regional trade deals may promote trade and sustainable market growth, the net effect

3 Mercosur is a South American trade bloc established in 1991 through the Asunción Treaty and celebrated in 1994 through the Ouro Preto Protocol attributing to its legal institutional structure. The comprehensive Southern Common Market was initially comprised of four founding members, Argentina, Brazil, Paraguay and Uruguay, with the subsequent addition of Venezuela in 2012. Its official languages are Spanish and Portuguese (Mercosur, 2019).

should be diligently steered by country-specific economic structures. Countless scholarly articles and books discuss the positive effects of trade liberalization, especially in Southern countries, but many fail to suggest specific paths countries should take in these deals based on their distinct economic and political characteristics.

For instance, Mansfield and Reinhardt note a recent shift of country trade agreements from multilateral ones to preferential ones. The authors provide evidence of how countries gain a bargaining leverage when trading as part of a Preferential Trade Agreement rather than as part of the General Agreement on Tariffs and Trade (GATT) of the World Trade Organization (WTO). Regional agreements, such as preferential trade agreements, are strategically advantageous to states and can create a way of internalizing the negative externalities of trade liberalization, increasing interdependence and economic exchange. Although the objective of a centralized multilateral system, such as the WTO and AfCFTA, is to liberalize existing trade systems, the unforeseen consequence can be a potential rise in preferential trade agreements due to dispute settlement procedures. The greater number of countries involved, the more each country must navigate the constant battle of fulfilling its own interests versus making decisions for the common good. South-South Cooperation could be helpful to leverage increased economic cooperation and allow African countries to build trust in multilateral agreements.

2.3 Establishing Stronger Value Chains in Africa

A considerable part of understanding current industry structures in Africa is determining the importance of manufacturing to industry. Studies have shown that over time the value-added share of manufacturing is vertically integrated and task-based value chains have declined, which makes the manufacturing stage far less significant in modern economic structures. This results in manufacturing no longer being synonymous with industry, as it had been historically. As such, it is recommended that economic policies should refrain from hyper focusing on manufacturing and examine the role of more diverse activities with greater value.

Growth in manufacturing and manufacturing value chains in the coming years is believed to be driven by increased integration and connectivity among African countries and with the rest of the world, and growing consumer markets on the continent. Accordingly, it is important not to completely overlook manufacturing, which has in recent years been growing at more than 7 percent per year in several countries, including Ethiopia, Mozambique, Nigeria, Rwanda, Tanzania and Uganda (Newfarmer et al., 2018). More importantly, however, analysts predict that the fastest growth over the next decade will be reflected in the subsectors agro-processing (with a projected revenue increase of $122 billion), cement production ($72 billion) and clothing and footwear ($27 billion) (Brookings Institute, 2018). This means that those looking to invest in the region will benefit from consumer-facing and infrastructure-related industries which are forecasted to have paramount value in terms of annual revenue by 2025.

Understanding patterns of structural change in contemporary low-income countries are important to understand the critical differences between what may be necessary for Africa's structural transformation as opposed to the historical experiences of East Asian, and even European and North American, economies. To dig deeper, the Brookings Institution and the United Nations University World Institute for Development Economics Research (UNU-WIDER) examined the role of industries without smokestacks in Africa. Industries without smokestacks share the following characteristics: they are amenable to technological change; they exhibit productivity growth; and they also exhibit learning. Across Africa, major and fast-growing sectors that have benefited from technological shifts and which are considered emerging industries without smokestacks include improved and strengthened agro-industrial and horticultural value chains. High-value agricultural exports make up an increasing share of the continent's overall exports. Countries, such as Ethiopia, Ghana, Senegal and South Africa, have succeeded in breaking into the global value chains in horticulture (Page, 2019). These industries hold immense potential for sectoral productivity among themselves and for other sectors in the economy and they can contribute to and absorb the growth and urbanization happening at increasing rates across the continent. This would allow such industries to become the drivers of a transformative structural adjustment in a shifting global economic landscape.

2.4 Demographics Could Be in Africa's Favour, if Utilized

For successful trade and development, the demographic dividend in the African region needs to be harnessed. Participants at the workshop stressed the importance of understanding China-Africa Cooperation in terms of industrialization development. This was placed in the context of recent concerns regarding utilizing Africa's working age population as human capital to guarantee sustainable development. The African continent requires heavy investment in knowledge and skills transfer to its population to be able to involve individuals in the economic opportunities provided by South-South Cooperation, and for example, in Chinese corporations operating in Africa.

South-South Cooperation has the potential to improve knowledge sharing platforms and encourage the transfer of skills, especially in the context of digitalization and technological innovation. This requires strengthening foundational skills among the workforce, in particular skills in ICT and health, to inform and empower people and increase productivity. Projected African population growth, specifically youth, represents a significant challenge, as well as opportunity, to improve infrastructures supporting social and economic transitions. It is believed that adoption of strong SSC frameworks could make it easier for countries, such as China, to invest in African economies, particularly with respect to knowledge and skill transfers. As part of the Beijing Action Plan (2019-2021), particular emphasis was made with respect to knowledge transfer from China to Africa in the form of training young people. This is primarily aimed at addressing inadequate technical and vocational training among Africa's youth, the lack of which has been an impediment to industrialization on the continent.

2.5 Cooperation in the Digital Economies of Urban Centres Can Promote Wider South-South Cooperation

Not only is SSC crucial for the development of domestic and international economies, but it is critical for sectoral-based initiatives promoting sustainable development in the global South. Today, with ever-increasing numbers of internet users and local e-commerce platforms, the vast majority of Southern countries share both challenges and opportunities to cooperate in financing and technology of ICT infrastructure, logistics capacity and regulatory frameworks. (UNOSSC, 2018).

South-South Cooperation among cities can be effective in mobilizing the private sector for inclusive growth of the digital economy in Africa. Cities are centres of business, innovation, culture, knowledge and education. By 2030, the world's urban population is expected to reach 60 percent, and more than 80 percent in developing countries (United Nations, 2014). Local and sub-national governments hold exclusive or shared competencies in a whole range of areas, including the digital economy. Sustainable urban development policies in cities and regions can contribute to eradicating extreme poverty, making public services more accessible and increasing social inclusion (UN DESA, 2018). Thus, solutions to some of the greatest issues facing human beings must be found in cities of the global South.

Bringing together Southern cities to form partnerships for South-South and Triangular Cooperation in the digital economy can precipitate South-South exchanges, help build trust in strategic partnerships and identify common challenges (such as private sector mobilization) and address them in a collaborative manner. Cooperation among cities has been noted in several high-level United Nations policy documents, such as the Buenos Aires Plan of Action (BAPA+40) outcome document (A/73/291) which highlighted the participation of sub-national entities in SSC and encouraged Southern countries to enhance the capacity of sub-national coordination mechanisms and to further explore new sources and instruments of innovative financing for funding at, among other things, the sub-national level.

2.6 The Role of South-South Cooperation for Technological Advancement in Digital Technologies in Africa

A significant outcome of South-South trade, bringing change to the Africa region, is innovation fostered by technological advancements.

Interestingly, developing and least developed countries do not need to reinvent the wheel or follow the same path as the North in technological development. A lack of widespread and entrenched older technologies allow these countries to leapfrog and become quicker adopters of the most up-to-date technologies. A prime example is how these countries did not need to install fixed telephone lines after the spread of mobile phone technology. And there are many others. Gradual reductions in the costs of digital technologies coupled with increased proliferation, even among the poor, may in effect generate significant transformations in the global South by allowing unprecedented and fast access to information and communication.

Another positive outcome of new technologies in developing and least developed countries are innovations in approaches to monitoring and evaluation, such as crowdsourcing and participatory statistics. Through crowdsourcing, large numbers of people can actively report on a situation around them, frequently using mobile phone technology and open-source software platforms. Crowdsourcing allows data collection on a scope that has not been feasible through traditional evaluation methods and allows input on sensitive issues that traditional methods might have had difficulty addressing (such as corruption).

Moreover, crowdsourcing is able to gather massive amounts of location-specific data in real-time with lower running costs than more traditional methods. It can boost civic engagement by establishing direct channels of communication from the bottom up and, if systems are set up right, crowdsourced data tend to be more difficult to manipulate and less vulnerable to result in biased interpretations, therefore potentially increasing independence and credibility. Structured mobile data collection systems also may also be put in place to conduct designed surveys that collect specific information from a target audience. Participatory statistics —an approach in which local people themselves generate the data and replicate participatory techniques (e.g., participatory mapping, 'ten seeds technique,' pairwise ranking, proportional piling, matrix ranking) with a large number of groups to produce robust quantitative data— have the same advantages as crowdsourcing. The decentralization of statistical data collection empowers citizens who are most familiar with local information.

Fast-paced technological development on the African continent has created dynamic information infrastructures, which can significantly support socio-economic growth. This can be tapped for South-South Cooperation by fostering efficient transnational transfer of skills, knowledge and tools. Cross-border e-commerce and digital and intelligent technologies are already providing incentives to expand and strengthen SSC infrastructures on the continent. AfCFTA can play a critical role in this positive trend by emphasizing the creation of digital policy frameworks among African countries that ease cross-country negotiations and overcome challenges of weak transportation, logistics and digital infrastructure.

AfCFTA can be especially useful in nurturing alliances, promoting legal coherence and facilitating collective risk-mitigation across the continent. This would allow countries' domestic concerns to be heard at a regional level and create better tools for cohesive multilateral cooperation. Risks in capacity-building exist due to digital inequalities between urban and rural regions and between countries themselves. However, AfCFTA lays out mechanisms to deepen integration and provides access for economies to share methods of tackling these areas of concern. A list of short-term steps that can be taken by AfCFTA to promote digital integration are listed below.

- Build ICT infrastructure and connectivity, namely the digital infrastructure and backbone required to enhance and create successful digital economies.
- Focus on data protection of African citizens (given the important role of data for the digital economy).
- Attract technology talent to the region. Early adopters have an important role to play as they pave the way to gaining a competitive advantage and preparing the marketplace for digital innovation.
- Engage the private sector through attractive investment incentives. Explore PPPs to address capacity shortfalls in governments.

- Facilitate e-commerce and e-payments with a special focus on harmonization of policies, standards and rules.
- Work actively toward achieving cheaper access to internet services.
- Focus on cyber security and facilitating e-commerce, working closely with the banking and finance sector that have a wealth of experience in this area.
- Carefully consider the key mineral inputs into the digital economy and how their ethical sourcing can support broader diversification of the underlying economies of countries in the region.

The capacity of AfCFTA to foster the development of technological infrastructures will be crucial as a mechanism to increase investment and trade. The agreement lays a good foundation of consolidated requirements for cross-border e-commerce and digital trade. AfCFTA pushes for reform and for improving national digital policies that are more adaptable and compatible. AfCFTA encourages local digital capacity building, accelerating the expansion and standardization of digital connectivity, infrastructure, technologies, tools and services in Africa. The agreement will play a critical role in building a consistent and harmonized African market that is attractive to technology companies, while in parallel supporting increasing cooperation between member countries to share best practices.

Technology and innovation will be important to building productive capacity and private sector development in Africa. Access to information is at the forefront of generating an innovative and open space for communication. An increased emphasis on opportunities in trade and investment provide these essential tools and promote the development of institutional frameworks. The effects in the private sector can then be seen through stronger policies for intellectual property that will foster an entrepreneurial environment. This in turn enables individuals to trade and have access to information reflecting strong economic freedom.

Moreover, the focus on technological innovation will gradually reduce reliance on industry-based exports, mainly natural resources. A shift away from commodity-based economies can build diversified and risk resilient economic conditions driven by private sector growth. Veering away from the traditional economic patterns of Africa's past provides significant opportunities for growth through the formation of improved institutions. Of course, a concern related to technological development in developing countries is the structural network that encourages its financing, both from regional and global actors. AfCFTA can be a key aspect of tackling this issue. As noted above, AfCFTA is expected to increase trade in the short-term, and the benefits from such trade can be valuable for long-term technological investments. Once countries have developed a strong platform for innovation, they can utilize their knowledge as a competitive advantage and negotiate deals that attract increased investment. Motivating African nations to engage in South-South cooperation that involves technological exchanges can provide a basis for building the right infrastructure to finance technological development.

In brief, the spread of technology is expected to have significant implications for growth and development on the African continent. Considerable research on the correlation between economic freedom and development suggests that advancing technology places power in the hands of individuals in the developing world. The important role that technology plays in generating access to information has made it essential in creating new business opportunities and encouraging political transparency. With the use of phones, in even the most remote parts of the continent, the spread of information and flow of finances have dramatically improved. Individuals have the power to hold governments accountable for actions as soon as they have been informed and this level of transparency is essential for political mobility. As such, incremental social change has the power to drive domestic innovation. Subsequently, when supported by the necessary institutional frameworks this change allows for the disruption of development patterns, offering new avenues for sustainable economic growth.

2.7 South-South Cooperation and Investment in Africa

South-South Cooperation is recognized for setting the stage to push for increased cooperation and investment, not only between international actors in the private sector, but also among players in domestic public and private sectors. Public sector involvement in private sector growth and development is critical to maintain resilient and sustainable infrastructures that promote further investment opportunities. This requires massive structural organizations that support the effective implementation and maintenance of such infrastructures. PPPs maximize using private finance for public infrastructure, generating cost-effective and less time-consuming services available to the public. This efficient type of partnership reinforces the strengths of each sector and supports the economy through the development of competition and advanced technology.

Collaboration between domestic governments and the private sector brings many benefits to the accessibility of public sector services. However, PPPs present some potential problems; among them concern that government interference may place political pressures on private company projects. At times, the public sector may assume a greater position in infrastructure project agreements and attempt to control activities in a way that curtails the profit-driven agenda of the private sector (Yescombe, 2017). Indeed, it is important that government monitor the outcomes of PPPs to ensure their success and financial backing, however, a balance is required that compliments rather than hinders the process.

Despite concerns that may arise with the complex responsibilities that come with implementation of PPPs, successful ones are thriving. One such example is using PPPs to bridge the gap between private financing and healthcare services on the African continent. Significant potential exists to increase access to affordable healthcare across Africa and setting up innovative methods of delivering this service is crucial. Such an opportunity allows businesses to improve corporate core competencies while contributing to the healthcare sector through improved and innovative investments. For example, a PPP between the Abbott Fund and the Government of the Republic of Tanzania launched in 2001 helped reshape and improve hospital and patient management in over 90 facilities across rural Tanzania. Along with an investment of over $50 million, the Fund has provided access to technical training and expertise for a lasting influence on hospital staff conduct (Matthews, 2019).

During his presentation at the African Union conference on *Transforming African Economies Through Private Sector and Learning*, a minister in the Government of Ethiopia presented examples of China's investments in the country and the benefits this investment has brought. The rapid economic growth reflected in the region due to long-term Chinese investments has allowed for increased exports, increased industrial hubs, increased domestic capabilities and the attraction of manufacturing Foreign Direct Investment. Recently the country has seen the construction of Dire Dawa Industrial Park, Adama Industrial Park, Mekelle Industrial Park, and many others. These long-term investments are increasing productive capacity and pushing domestic development through the creation of policy independence and a growing state industry.

In the words of a private sector conference participant, for countries in Africa to attract South-South investments through AfCFTA, "transparency of policies and regulations and reinforcement of arbitration laws will need to be strengthened to attract private sector resources and promote PPPs." She noted that "at times the legal policies in the country are there to initiate business for foreign investors, but when it comes to the implementation of those policies, there seems to be a disconnect. Some ministries and units do not know how to interpret or implement the policies."

Equally important, the PPP model has been considered capable of enhancing the use and management of assets in cities while embracing innovative businesses (World Bank, 2019). Collaboration between local governments and the private sector through PPPs can be an effective way to secure funding for infrastructure projects that bear high upfront costs, such as the ICT infrastructures needed to advance a digital economy (WIPO, 2019). African cities can mobilize social and economic change through forming partnerships with other cities across the region that share similar pressing challenges.

The exchange of knowledge across regions creates opportunities for public and private sector parties to trade beyond the national capacity and overcome infrastructural barriers in their economies. Here is a place AfCFTA can play an important role as it can create a favourable environment by harmonizing rules and mechanisms, as well as unlocking trade barriers.

The BAPA+40 outcome document recognizes the significant contributions of South-South trade and investment and their ability to promote sustainable development and has called for their strengthening. However, this will require the promotion of private sector development, capacity-building, strengthening of regional integration efforts and interregional linkages, infrastructure interconnectivity and the development of national productive capacities through policy coordination, exchanges of knowledge, technological innovations and technology transfer on mutually agreed terms.

Women and youth entrepreneurs need to be at the centre of mobilizing activities in the private sector. Capacity building of women and youth entrepreneurs is required so that these groups can be represented in sectoral development and change. To empower women and youth to seek and improve their employability, a focus is required on building a range of skills for success in the business field. Regional leaders need to cultivate a strong commitment to empowering vulnerable groups in the business sector, including by opening up dialogue for groups to voice their perspectives and concerns.

The private sector has a critical role to play. AfCFTA represents a milestone achievement in Africa's regional integration to boost trade and investment in the continent. It is meant to promote sustainable socio-economic development throughout the continent. However, to ensure that it will, measures need to be in place to ensure that people, especially, disadvantaged groups can benefit from what it aims to achieve. This analysis starts at the domestic level, ensuring the prioritization of policies that address underrepresented issues on local scales to better understand the implications they may have on a larger scale.

SSC is crucial in setting the stage for improved regional infrastructure to facilitate increased trade flows. Due to the capital-intensive nature of the construction of greater quality infrastructure and basic trade logistics, African countries will require external investments from partners such as China. Funding of regional infrastructure projects that range from hydroelectric dams to transnational railways are significant in addressing the lack of access to suitable trade methods. Increased regional market access resulting from lower trade barriers and price differentials will improve the competitive scope of intra-industry trade and substantially benefit further integration efforts. As well, an anticipated increase in intra-African trade will increase multilateral and bilateral trade with external countries resulting in strengthened economic infrastructure. Nevertheless, ensuring a long-term and broad-based beneficial investment environment will necessitate the development of sector resources on the continent, particularly education. The main challenge faced by foreign-owned investors is the lack of training and skilled workforce in African states.

The projected increase in foreign direct investment as a result of AfCFTA will support the financing of infrastructure development, further supporting implementation of increased cross-border trade. One of the main concerns of the private sector is the financial infrastructure on the continent. Access to financial means to push regional sectorial development is significant in facilitating trade. Greater research and education are required to support local economies in the midst of the regional transition. Although goods make up a large portion of regional trade in Africa, services are a critical component that require independent analysis to better allow countries to utilize their comparative advantage. Therefore, in terms of infrastructure development there are many aspects to consider for local economies that require effective policies prior to the implementation of AfCFTA.

The oversaturation of the Chinese market and the attractiveness of African countries due to cheap labour and support for foreign investment in African jurisdictions, constitute critical factors driving Chinese corporate actors to invest in Africa. Foreign investment, particularly in the SSC context, often concentrates on raw materials and low added-value sectors, which significantly constraints economic diversification.

South-South investment in African countries is needed to promote and deepen trade and investment in Africa. Sharing the dividends of the digital economy will be needed, including improving collaborative regulations and consistent policies, enable technology transfer and innovation, strengthen human capital and skills. The increasing role that digital and intelligent technologies will play in establishing and strengthening South-South trade and investment through fintech.

Digital financial services transformations may be produced by AfCFTA with consequences for transnational South-South investments. Examples of this trend are many. While China-Africa trade reached $204 billion in 2018 (Xinhua, 2019), a large part of this was done by e-commerce platforms, the largest of which was the Chinese giant Alibaba. African-based e-commerce is also booming, with the Nigerian company Jumia, established in 2012, now serving 1.5 million users in 16 countries, with an estimated 1.2 billion potential consumers. In line with the WTO's joint statement on e-commerce and global trade, in 2018 Alibaba signed an agreement with Rwanda to develop a global digital hub for logistics, payment, customs and big data integration. Similar SSC programmes will support AfCFTA's goal to inscribe African states on the digital global trade and investment map.

3. Elements of Success for AfCFTA

3.1 Greater Analysis Will Be Required For Successful Implementation of AfCFTA

The uncertainty that follows an unprecedented structural transformation such as AfCFTA will require intensive research and analysis into the specific implications of integration for each country. The complexity of each country's economy can be easily lost amid such a significant agreement and this could cause further complications in the implementation process. When implementing AfCFTA, it must be borne in mind that each country shares the commonality of having layered historical underpinnings to its economy that shape their current trade policy.

For instance, a study done by the South African University of Pretoria looked at the impact of trade liberalization following apartheid and found that from 1992 to 2005 there was a dramatic increase in trade in response to the country's reintegration into the global economy (Fadeyi, 2013). In the South Africa case, exports were primarily dominated by resource-based commodities while imports were dominated by higher value-added goods, which is similar to many African countries today. The study examined the initial impacts of complete trade liberalization on South Africa's economy by looking at macroeconomic effects and sectoral effects from 2008 to 2020. The results found that the macroeconomic effects were insignificant in the short run due to increased investment being location based. However, in the long run the decrease in domestic import prices and a fall in the consumer price index as a result of reduced production costs, caused an increase in imports and therefore a positive response in the economy.

A report released by the International Trade Centre specifically analysing the impact of AfCFTA on businesses stated concerns over the way trade integration may limit private sector opportunities if not approached cautiously. To promote cohesive intergovernmental relations, South Africa needs to consult private sector agencies and intermediary bodies (such as public research institutes and industry associations and unions) and facilitate a correspondence between the two parties.

3.2 Quality Governance and Infrastructures of Member States Must Underpin AfCFTA

Another important step for ensuring the successful outcomes of AfCFTA will be the role governments play in providing legal and political infrastructures that support the economic strategy. A strong correlation between the quality of a country's infrastructure and its governance standards points to effective government capacity as crucial to adopting sustainable trade policies that push regional integration. This takes on different forms as one examines countries across the continent that vary in geographic position, population size and economic strength. Smaller countries tend to have greater ability to push through domestic hurdles, while larger ones tend to struggle due to diverse groups with varying interests. For decades, the path to development for the continent has been debated between reform through liberalization or protectionist policies.

With AfCFTA, a strong set of policy issues will be required so that governments do not fall into a disadvantageous position in regional agreements. For instance, countries must find ways to brace for short-term adjustment costs that come with the significant responsibility of opening up their economies to regional exposure. Governing bodies will need to prioritize policies regarding protection of local businesses from the vulnerable position and to provide the necessary resources to stimulate the local economy. Some African governments have experienced successes with reform of certain commodity industries; however, a lack of proper incentive structures could quickly hinder the ability to keep a cohesive political environment. Countries will need to begin building foundational institutional frameworks politically that will set the conditions for success for working within the multilateral agreement. Low levels of productivity on the continent have consistently hindered consensus on economic development initiatives; the prospect of greater productivity under AfCFTA presents an opportunity for governments to gain consensus that might preclude failed outcomes. Domestic reform can be the most difficult preliminary step to reaping the benefits of trade, but it is required to make the journey significantly more rewarding and less slow and painful.

3.3 Promotion of Agribusiness Under AfCFTA Needs to Support Food Security

A critical domestic challenge to AfCFTA, underlined by participants of the UNOSSC workshop, is food security, as many African countries face a wide diversity of challenges to ensure access to food for their citizens. Development of an agricultural food value chain and strengthening linkages between national and cross border trade in the context of AfCFTA will constitute a necessary step in addressing food security issues. Expansion of agribusiness on the continent and the creation of regional agricultural hubs may test the limits of national interests and the flexibility of countries in the agreement.

The ability of AfCFTA to have a positive effect on food security will largely depend on national and local policies and practises. Specifically, a thorough understanding of the mechanisms and operational strategies already in place for food security and agricultural development will enable governments to position themselves well in the policy-making context of AfCFTA. This would increase the likelihood that certain countries could actually benefit from the Trade Area. For example, if a country has conducive policies, AfCFTA can help promote access to a greater supply of cheaper, higher-quality food products.

One of the many concerns for AfCFTA, however, is the domestic impact of lowering trade barriers across the continent. Eliminating trade barriers could pave the way for small-scale food producers and traders to be replaced by African agri-food companies, causing them to lose their livelihoods. Smallholder producers face considerably more challenges than medium- and large-scale producers in entering export markets. Many of them are unable to produce the surplus needed for export, their production quality tends to be lower than that of larger farms and the cost of meeting international quality standards is comparatively higher. Thus, through AfCFTA, a cooperation programme could help develop micro-, small- and medium-sized business capacities and promote collaboration with larger players, while also fostering enhanced efficiency and increasing the use of creative solutions.

3.4 AfCFTA Dispute Settlement Hinges on Effective and Transparent Governance

The dispute settlement protocol under AfCFTA presents both opportunities and challenges for South-South Cooperation within the African region. Up until now, under the traditional WTO dispute settlement mechanism,[4] Southern countries have had problems instituting claims because of the political costs involved in confronting another WTO member, especially when the other disputed party is a powerful country, meaning that developing countries have held very little leverage to retaliate against the so-called powerful states (Reich, 2017). The dispute settlement protocol[5] under AfCFTA provides a unique opportunity for African states to create a parallel system, in which they may feel more comfortable adjudicating their trade disputes with neighbouring countries.

While there are clear economic differences among AfCFTA member states, many members of the agreement tend to view themselves as peers, particularly because the balance of the scale does not tilt as high as when they are faced with world superpowers. This can create a favourable situation for members, as political fears of withdrawn aid and military assistance will no longer play a role (Reich, 2017). Moreover, the dispute protocol makes leeway for parties by mutual agreement to refer disputes to arbitration instead of the Dispute Settlement Body (Parry, 2018). The only system that competes with the WTO Dispute Settlement system is that of international investment arbitration as it is a private and consensual mechanism for the settlement of disputes and it leads to a final and binding determination of the rights and obligations of the parties (Reich, 2017; UNCTAD, 2005).

However, the caveat is that legal costs will probably remain a big impediment for the least developed countries to institute claims. The legal costs associated with pursuing dispute settlement procedures can be quite expensive and African countries need to be willing to commit their in-house legal counsels and other government officials to invest a significant amount of time and effort to work on cases together with the outside counsels (JMiles & Co., 2019). In this regard, it is advisable that member states establish and fund advisory centres that can assist the members and help ease the burden of poorer states in instituting and defending claims (Reich, 2017).

Moreover, the dispute settlement process is modelled after the WTO example, consisting of a Dispute Settlement Body (and an Appellate Body, to constitute a strong system. However, there are concerns that the legal constitutions will not smoothly translate into the African economic and political scene. For instance, Article 23 of the Dispute Settlement Understanding Protocol provides: *Where the Panel or the Appellate Body concludes that a measure is inconsistent with the Agreement, it shall recommend that the State Party concerned bring the measure into conformity with the Agreement. In addition to its recommendations, the Panel or the Appellate Body may suggest ways in which the State Party concerned could implement the recommendations*. This means that only State Parties have access to dispute settlement under the protocol (Tralac, 2019). Yet, within Africa most trade will be facilitated by private parties which requires that their state effectively protect their rights. In the international setting, this is not as big of a challenge as governments protect their private industries, whereas this scenario is not necessarily replicated in Africa.

Effective and transparent governance will be key to implementing efficient dispute settlement safeguards that allow for countries and parties to trade successfully. Shifts in the culture and imagery around court proceedings within African countries are crucial to creating a cohesive legal institution that stands for and protects the interests of regional actors. Furthermore, it is inevitable that a handful of countries will, initially at least, dominate the playing field in AfCFTA and this could cause further regional instability. However, with proper policies and procedures that support the equality of all countries in the eyes of the law, inequalities in access to dispute settlements procedures can be gradually overcome. It may behoove AfCFTA members to refrain from depending on the WTO structure as an effective example to replicate regionally. The WTO has consistently been critiqued over their unequal representation and support of developing countries in international disputes. If AfCFTA does not build institutional safeguards that appeal to the cultural and political sphere of the continent, it will create and institutionalize inequality within the region.

3.5 The Diversity of AfCFTA Members Needs to be Taken into Account

The flexibility of AfCFTA in accounting for development differences between member states and the diversity in their strategic orientations will be important. By advocating for better integration of economies across the continent, the agreement provides countries with the possibility of flexible commitments without strong binding mechanisms that could have a positive impact on their development, particularly in the digital economy context.

4 Referred to as a "Jewel in the Crown" of the WTO.

5 Referred to in Article 20 of the main agreement for settlement of disputes between parties, the AfCFTA protocol on rules and procedures on the settlement of disputes details a Dispute Settlement Body and mechanism (AU, 2019).

To better understand domestic trade concerns, it helps to breakdown the multiple levels and regional economic agreements that make up AfCFTA. AfCFTA combines three existing free trade agreements, the East African Community (EAC), SADC and COMESA. To note, the initial goals of these three agreements were not quite met, and for this reason expectations of the success of AfCFTA may be lackluster and result in some resistance to cooperation. For instance, while COMESA has shown great promise since its establishment, increasing intra-regional trade of member states by 12 percent, a lack of development and awareness of the COMESA legal institutions have hindered its success and generated several clashes between member states. A notable instance were the unsuccessful negotiations for a proposed Visa Protocol encouraging free movement of citizens across member state borders.

Although regional integration as a development policy has generally been more accepted in recent years, it will be difficult to establish confidence in the success of AfCFTA due to past objectives that were left unmet in trading blocs. Without strong recognition and acceptance of the legal instruments in the trade agreement, it will be difficult to mobilize and implement transformations that impact diverse stakeholders. For AfCFTA, the approach to legal instruments will need to be applied with caution to refrain from having countries doubt the trade agreement. Layering intra-regional economic communities to reach a greater common market may be an appropriate way to ease into AfCFTA but it requires great efforts to ensure that hurdles are addressed in the smaller regional agreements so that they do not transfer and intensify in the wider continental trade area.

Free trade agreements have a bearing on the ability of weaker economies to diversify their economies and take the necessary steps to enter trade agreements in a position of strength. In the existing free trade agreements in Africa, the regions provide an opportunity for member countries to leverage their strengths to negotiate better trade deals. Due to the region's ability to compile data and get a sense of neighbouring countries' trade strengths, they can then structure their markets to better position themselves in more favourable negotiations. In a trade bloc seeking to unify the continent into a single market, it can be difficult for countries to differentiate themselves among their neighbours who share similar resources and who have greater capacity to compete. Smaller countries could face even greater challenges in keeping up with trading partners in a continental wide trading bloc than in a regional trading bloc if they do not find ways to quickly assess the markets and trade strategically.

One suggestion for smaller countries attempting to adapt to the new agreement is for them to utilize resources in the manufacturing industry that have a high demand from larger countries. As larger countries open their markets they will need to focus on their competitive advantage and source inputs from smaller countries to build the value of the products they are exporting. This provides an opportunity for smaller countries to structure their markets in a competitive manner (Ighobor, 2018). The implementation process of AfCFTA will heavily depend on the ability of countries, specifically ones in a disadvantageous position, to restructure and diversify their markets to meet the demands of the regional competitive scope going forward. This is also an opportunity for African policymakers to ask two critical questions: 1) How will AfCFTA advance the African continent's equitable and inclusive growth and economic development? and 2) How can smaller and less developed African countries benefit from AfCFTA?

The profound diversity of potential member states of AfCFTA and the disparities between regional blocks (East Africa, Central Africa, Southern Africa, etc.), combined with the specific challenges of state's domestic circumstances will raise diverse sets of expectations for AfCFTA. One important domestic characteristic that must be considered when superimposing global trade requirements on member states is the informal economy, which is estimated by the International Labour Organization to represent 86 percent of employment in sub-Saharan Africa (ILO, 2018). For AfCFTA to succeed, the multiplicity of economic, social and political circumstances of member states will need to be considered on a case-by-case approach to support countries to quickly achieve early wins and build momentum toward regional integration.

4. Follow-Up Research Considerations

Knowledge of how an industry or a specific institution is developing, policy changes and awareness of end markets are all essential in building a promising platform for South-South Cooperation. This information is critical to determine the outcomes and benefits both sides can gain. Africa has been an attractive destination for investment due to its wealth in raw materials and opportunities, however this has not always benefited African countries. Countries in Africa can adopt SSC frameworks to more effectively utilize its opportunities and advance trade and investment.

While SSC frameworks show promise for promoting trade and investment between African states, offering mutual benefits for investors from both sides, the merits of AfCFTA remain to be seen. The lack of research capacity to realistically outline the benefits of the trade liberalization promised through this agreement generate concern among member states. Certain countries are thus hesitant and are not clear on how AfCFTA will refrain from repeating historically damaging trade liberalization agreements. This is reflected in the shortcomings of the agreement in answering questions regarding patterns of development and prospects of free trade in Africa, as well as the possibilities of avoiding free trade rules that previously harmed the continent. Currently, free trade agreements are designed to cut trade tariffs between member countries. The best free trade agreements tend to remove all border taxes or trade barriers on goods thereby removing limits on the amount of trade that can be done. Eventually exports are made cheaper and barriers to entry into the market become less challenging, making trade among states liberal and spurring competition and job creation for the higher output of goods. This shift will, however, require rigorous political and economic effort to ensure a positive outcome, unlike the historical backlash the continent has so often experienced.

Significant benefits can result from stepping back to analyze the needs of the African continent's economy as a whole. However, this can make country-specific problems blend into the background as issues are grouped together to better categorize and prioritize regional concerns. This is one reason many barriers lie ahead for AfCFTA, such as challenges with transportation, border controls and assigning import quotes for each country. Variation among African countries will be reflected and soon measured against which and who will bear the fruits of the agreement. Whether the free trade area is the answer for promoting trade and investment in Africa, is yet to be seen and could take years to materialize.

Policymakers, trade negotiators and scholars are engaged in policy debates and grappling with questions around whether well-established circumstances in African states exist that secure rewards for all countries throughout the process. Other questions to be pondered are:

- What lessons have been learned from other regional African integration systems, particularly for considering AfCFTA as a mechanism for greater South-South Cooperation?
- What role can an SSC framework play in enhancing cooperation among African states, with or without the free trade agreement?
- How can AfCFTA be integrated as a mechanism to fulfill the Sustainable Development Goals and fully integrate sustainability concerns?

These questions may linger before a definitive answer can be provided, but research efforts could go a long way toward informing policies targeting such concerns.

Below are three suggested areas of research and the significant questions under each that could be investigated. Publications researching these issues have the potential to enhance policy research and debates around the importance of SSC in promoting and strengthening trade and investment in the global South, particularly in Africa, in light of implementation of AfCFTA.

1

Implementation of the AfCFTA and Digitalization: Comparing Experiences from the Global South

- What factors could constrain potential operationalization of AfCFTA, including the risks underlying its implementation? How could these factors enhance or hinder the process of digitalization throughout the continent?
- How could digitalization and the range of available digital technologies from the Third and Fourth Industrial Revolution facilitate effective implementation of AfCFTA, while delivering on its promise to boost intra-African trade, create jobs and promote structural transformation?
- How are existing non-African Southern regional economic blocs undertaking the great task of harnessing digitalization as an enabler of regional integration and what are the comparative lessons for Africa?

2

Importance of South-South Cooperation in Strengthening Global South Trade, Investment and Regional Integration in the Context of AfCFTA

- What information gaps exist and what lessons learned are available regarding the economically empowered global South that is driving the revitalization of global partnerships toward sustainable development? How can South-South and triangular cooperation serve as a pathway toward a more inclusive and sustainable economic development landscape for the effective implementation of AfCFTA — a pathway in which all stakeholders and beneficiaries are meaningfully engaged?
- What are the appropriate financial governance architectures required to facilitate higher flows of trade and investments in the global South in a sustainable manner?
- How can global and regional partnerships for sustainable development be revitalized and implemented to enhance the achievement of the 2030 Agenda for Sustainable Development across the African continent?
- How can South-South Cooperation advance the AfCFTA agenda in facilitating the use of new financial institutions to promote sustainable broad-based development in Africa?
- What are the modalities for fostering regional integration and creating a more balanced international trade within the context of implementing the AfCFTA?
- How can South-South Cooperation contribute to achieving a more coherent and predictable policy environment through the promotion of AfCFTA for a balanced international trade regime and the creation of regional value chains?

3

South-South Cooperation for Building Digital Capacities for Industrialization in Africa

- How does the lack of technology infrastructure to enhance cyber connectivity continue to undermine Africa's digital economy and hence its capacity to propel industrialization? How can the availability of efficient digital systems fundamentally support the rapid exchange of information to better address this key industrial development gap?
- What is the role of policymakers in supporting the development of necessary technical capacities for transforming Africa's digital base for the needed urgent industrialization? How can these appropriate capacities best help to transform Africa's immense natural wealth into tangible and enduring development outcomes?
- What are some ways for AfCFTA to encourage private and informal sector actors to utilize the digital economy to promote service delivery in the financial sector, agriculture and agribusiness in various rural African communities?

5. Conclusion

Enormous complexities surround AfCFTA implementation. It is widely accepted that it will take 10 to 15 years for the agreement to be fully implemented, while real African integration is expected to take even longer. The path toward delivery will have its own unique challenges. This report, in an effort to demonstrate the significance of trade and investment to Africa's development, has presented an analysis of the implications of South-South Cooperation with respect to the recent ratification of the AfCFTA agreement.

South-South Cooperation has been recognized as a valuable platform for collaboration among countries of the global South in many areas, including politics, economics, social relations, culture, environment and technology. Similarities in the experiences of these countries and their position within the structure of the global economic order make such cooperation feasible and, more recently, imperative. Over the past four decades, the patterns and forms of growth of trade and investment within and between countries of the global South has had mixed results. Nonetheless, there has been a dramatic increase in trade and investment among Southern countries, with China leading the pack on both scores. The structure of exports has also changed with value-added manufacturing growing within these countries. Differences in the socio-economic development of Southern countries and the interlinkages in their economies necessitate a greater amount of cooperation.

Policy improvements and strong policy frameworks are required to emphasize the role of domestic leadership to follow through with the implementation of AfCFTA. The prospects for this ambitious regional trade deal are extremely optimistic but require comprehensive analysis and policy implementation to bring about the anticipated changes. For South-South Cooperation in the context of AfCFTA to shine, government policies will need to target country-specific challenges and look for innovative solutions to overcome them. Actors will need to avoid repeating past mistakes made with international trade agreements that pushed the needs and concerns of developing economies to a lower set of priorities. An important example is the lack of consultations that were inclusive of various stakeholders – businesses (medium-sized and small), trade unions and civil society organizations – in implementing previous regional agreements. It is important that African governments ensure the representation of such stakeholders when consulting over new policies and regulations so as to provide a transparent and cohesive implementation process. In many cases, not doing so has generated tension within African regional economic communities, resulting in political fragmentation, governments favouring specific industries and economic policy incoherence.

Changes in the global structure of accumulation, the return to a mercantilist economic system in which protectionism is gaining traction in industrialized economies, the retreat of globalization and the continued widening inequality gap and poverty in

many countries in the global South make South-South Cooperation an even more compelling imperative. An increased flow of trade and investment between countries of the global South is an imperative for increased economic growth, job creation and poverty reduction. It is posited that the realization of the United Nations Sustainable Development Goals and Agenda 2030 for Sustainable Development in Southern countries is actually contingent on SSC. Moreover, the continued economic rise of emerging Southern countries has given further impetus to the movement, as these countries seek trade partnerships, new investment opportunities and political influence abroad. Although data can be difficult to collect and verify, the financial value of South-South Cooperation in 2015 alone was estimated to be $16-19 billion (UNCTAD, 2016). This demonstrates the benefits that Southern countries stand to gain through the shift. Emerging Southern countries have identified Africa as an important trading and investment partner and have crafted policies, programmes and initiatives targeted at wooing African governments to engage them in what they believe will bring win-win outcomes.

In terms of the digital economy, disparities both between AfCFTA member states and compared to their global SSC partners presents a critical challenge to integration of Africa into global trade and investment networks. While the continent accounts for more than 500 million internet users and 50 percent of its population uses mobile phones, only 10 percent of households have access to electricity. This infrastructural deficiency will be one of the great obstacles for the continent and AfCFTA to achieve full integration in global e-commerce. AfCFTA provides a useful mechanism for reframing SSC in Africa, or perhaps for rethinking it, in two ways: first, re-imagining the scale of engagement between African countries; and second, pondering how African countries can deepen economic engagement with the rest of the global South and strengthen their roles in an evolving global economy.

In conclusion, AfCFTA has a definitive role to play in placing African states on the global map of trade and investment, which can be amplified by exploiting South-South Cooperation frameworks and emphasizing the invaluable role of digital expansion. As a review of current practices and potential avenues for further regional integration in Africa, this report hopes to serve as groundwork for future research on the topic.

References

Abegunrin, O. (2019). *China's Power in Africa: A New Global Order*. London: Palgrave Macmillan.

African Union (2018). "AfCFTA Summit," website. https://au.int/en/CFTASummit2018. [Accessed 10 February 2020].

________ (2019). "Training on the Settlement of Disputes: The African Continental Free Trade Area," website. https://au.int/en/newsevents/20190513/training-settlement-disputes-african-continental-free-trade-area [Accessed 10 February 2020].

Akeyewale, R. (2018). "Winners and losers in Africa's Continental Free Trade area," *Forum* 4: 14-15.

Colom, J. (2012). *South-South Cooperation in Senegal: Real Opportunities for Development*. http://gent.uab.cat/artur_colom/sites/gent.uab.cat.artur_colom/files/South_South_Senegal_def_web_0.pdf [Accessed 10 January 2020].

Fadeyi, O. (2013). *Assessing the Impacts of SADC Free Trade Agreements on South African Agricultural Trade*. Bloemfontein: University of the Free State. http://scholar.ufs.ac.za:8080/xmlui/bitstream/handle/11660/818/FadeyiOA.pdf;jsessionid=5C531AF1CA11EB31BFDA1212318BD627?sequence=1 [Accessed 6 November 2019].

Ighobor, K. (2018). "Africa Set for a Massive Free Trade Area," *Africa Renewal*, vol. 32, no. 2, August 2018, pp. 3–5., doi:10.18356/62af7ff2-en.

Inglehart, R and Welzel, C. (2009). "How Development Leads to Democracy: What We Know About Modernization." Foreign Affairs, vol. 88, no. 2, March/April 2009, pp.33-48. https://www.jstor.org/stable/20699492?seq=1. [Accessed 7 February 2021].

International Labour Organization (ILO) (2018). "More than 60 per cent of the world's employed population are in the informal economy." www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_627189/lang--en/index.htm [Accessed 29 January 2020].

International Trade Centre (ITC) and Research Information Systems for Developing Countries (RIS) (2019). "The Power of International Value Chains in the Global South." www.intracen.org/uploadedFiles/intracenorg/Content/Publications/Global%20South%20value%20chains_final_Low-res.pdf [Accessed 7 December 2020].

JMiles & Co. (2019). "Tackling the Achilles Heel: Why the AfCFTA-DSM has a Chance to Contribute to International Law." http://bizweek.mu/fr/info/tackling-achilles-heel-why-afcfta-dsm-has-chance-contribute-international-law.
Luke D. (2019). "Making the case for the African Continental Free Trade Area," in Luke, D. and MacLeod J. (eds.). *Inclusive Trade in Africa: The African Continental Free Trade Area in Comparative Perspective*. London: Routledge.

MacLeod, J. (2019). "The AfCFTA in a changing trade Landscape: Rise of the emerging market economies and the persistence of African export dependency," in Luke, D. and MacLeod J. (eds.). *Inclusive Trade in Africa: The African Continental Free Trade Area in Comparative Perspective*. London: Routledge.

Magee, C. S. (2008). "New Measures of Trade Creation and Trade Diversion." *Journal of International Economics, 75*(2), 349-362. doi:10.1.1.608.584.

Matthews, I. (2019) "Healthcare and Economic Growth in Africa: Public-Private Partnerships," *GBC Health*, 8 August 2019. www.gbchealth.org/healthcare-and-economic-growth-in-africa-public-private-partnerships [Accessed 30 November 2019].

Mercosur (2019). "Mercosur In Brief," website. www.mercosur.int/en/about-mercosur/mercosur-in-brief/ [Accessed 11 February 2020].

Newfarmer, R. S., Page, J., and Tarp, F. (2018). *Industries without smokestacks: Industrialization in Africa reconsidered*. Oxford: Oxford University Press. http://fdslive.oup.com/www.oup.com/academic/pdf/openaccess/9780198821885.pdf.

Page, J. (2019). "How Industries Without Smokestacks Can Address Africa's Youth Unemployment Crisis." Washington, D.C.: Brookings. www.brookings.edu/research/how-industries-without-smokestacks-can-address-africas-youth-unemployment-crisis/.

Parry, A. (2018). "African Continental Free Trade Area." www.lexology.com/library/detail.aspx?g=72730a2c-e77d-4953-b24c-d814a952ad26.

Reich, A. (2017). "The Effectiveness of the WTO Dispute Settlement System: A Statistical Analysis." San Domenico di Fiesole: European University Institute. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2997094 [Accessed 10 January 2020].

Reinhardt, E., and Mansfield, E. (2003). "Multilateral Determinants of Regionalism: The Effects of GATT/WTO on the Formation of Preferential Trading Arrangements." Rep. No. Vol. 57, No. 4. www.jstor.org/stable/3594848 [Accessed 10 December 2018].

Tralac Trade Law (2019). "Dispute Settlement in the African Continental Free Trade Area." www.tralac.org/blog/article/-14150 dispute-settlement-in-the-african-continental-free-trade-area.html [Accessed 10 December 2019].

Tralac (2019). "African Continental Free Trade Area (AfCFTA)." www.tralac.org/documents/resources/faqs/2377-african-continental-free-trade-area-faqs-june-2018-update/file.html [Accessed 10 December 2019].

United Nations Conference on Trade and Development (2005). "Dispute Settlement: International Commercial Arbitration." Geneva. https://unctad.org/en/Docs/edmmisc232add42_en.pdf [Accessed 17 December 2019].

________ (2016). "International Day for South-South Cooperation." Geneva. https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1320 [Accessed 17 December 2019].

United Nations (2014). "World's Population Increasingly Urban with More than Half Living in Urban Areas." New York. www.un.org/en/development/desa/news/population/world-urbanization-prospects-2014.html [Accessed 17 December 2019].

United Nations Department of Economic and Social Affairs (2018). "Transforming Our World: The 2030 Agenda for Sustainable Development," website. https://sustainabledevelopment.un.org/post2015/transformingourworld [Accessed 11 February 2020].

United Nations Office for South-South Cooperation (2018). "The South Working for the South: The India-Brazil-South Africa Fund." www.unsouthsouth.org/2017/12/18/the-south-working-for-the-south-the-india-brazil-south-africa-fund/ [Accessed 12 February 2020].

World Intellectual Property Organization (2019). "The Geography of Innovation: Local Hotspots, Global Networks," *World Intellectual Property Report 2019*. Geneva. www.wipo.int/edocs/pubdocs/en/wipo_pub_944_2019.pdf [Accessed 18 December 2019].

World Bank (2019). "Public Private Partnerships." Washington, D.C. www.worldbank.org/en/topic/publicprivatepartnerships/overview [Accessed 18 December 2019].

Xinhua (2019). "Opinion: Pragmatic Cooperation on Various Fronts to Fortify China-Africa Ties." www.xinhuanet.com/english/2019-09/03/c_138362356.htm/ [Accessed 10 February 2019].

Yescombe, E.R. (2017). *Public-Private Partnerships in Sub-Saharan Africa: Case Studies for Policymakers*. Dar es Salaam: UONGOZI Institute; Mkuki na Nyota Publishers.

Zhenqiu, G. (2017). "Interview: China is playing leading role in promoting South-South Cooperation, Senior UN Official says," *Xinhua*, 9 March. www.xinhuanet.com//english/2017-03/10/c_136116659.htm [Accessed 21 December 2019].

United Nations
Office for South-South Cooperation