Africa Business Forum 2025

Eighth Africa Business Forum

FROM POTENTIAL TO PROSPERITY

Activating Africa's Regional Value Chains

17 February 2025, Addis Ababa

Concept Note

I. Introduction

The eighth Africa Business Forum will be held in Addis Ababa on 17 February 2025, on the margins of the thirty-eighth ordinary session of the Assembly of Heads of State and Government of the African Union. It will build on the work of the Economic Commission for Africa (ECA), the regional economic communities and the bilateral initiatives of Governments to identify bankable projects throughout the continent.

The Forum will be jointly convened by ECA and the Africa Finance Corporation (AFC). Since its inception, the Forum has brought together representatives of Governments, private enterprises, development partners, domestic and international investors, financial institutions and civil society to promote investment in bankable projects that facilitate job and wealth creation in Africa. At the eighth Forum, a great many participants will be stakeholders in regional value chains.

The Forum will allow participants to explore opportunities to invest in regional value chains and special economic zones in Africa and will facilitate a common understanding of the current demand for and supply of finance. These insights will shape the analytical and operational support provided by ECA for the development of various regional value chains on the continent.

II. Background

Since the early 1980s, African States have committed themselves to developing regional value chains through a number of programmes and strategies. As economies that are integrated into regional trade networks are more likely to attract leading global firms, regional value chains have been recognized as a vital rung on the ladder by which African countries can climb global value chains.[1]

While progress has been made, the African contribution to global production and commerce remains significantly below its potential. According to research jointly conducted by ECA and the Centre d'Etudes Prospectives et d'Informations Internationales, from 1990 to 2018, African participation in global value chains accounted for just 8 per cent of continental gross domestic product. Its backward participation in global value chains is particularly low, at 2 per cent, compared with a forward participation rate of 6 per cent, which essentially means that African

[1] ECA, Economic Report on Africa, 2015: Industrializing through Trade (Addis Ababa, 2015).

firms are more active in contributing to products that undergo further processing in other regions than in importing intermediate inputs to which value can be added within Africa. This mismatch between the continent's resources and its value addition suggests that there is a significant opening for investment in sectors that enhance local processing and industrialization.

It is precisely this low level of participation that points to untapped opportunities on the continent. African regional value chains therefore offer a strategic entry point, through which investors can participate in the continent's accelerated industrialization and secure a foothold in a rapidly expanding market. Investors can also mitigate supply and market risks, while forging partnerships with African States, in order to tap into natural resource endowments and emerging sectors.

The landscape has never been more favourable. The Agreement Establishing the African Continental Free Trade Area is removing obstacles to the connection of links in the value chain and is promoting value accumulation within Africa. By eliminating tariffs and non-tariff barriers, the Agreement will address the current imbalance, whereby, on average, tariffs of 10.6 per cent are levied on finished goods and tariffs of 5.6 per cent are levied on intermediate goods within Africa, whereas the corresponding tariffs on imports from the rest of the world are 9.4 per cent and 5.5 per cent, respectively.[3]

It is projected that, by 2050, the population of Africa will reach 2.5 billion and, with a median age of 20 years, be the most youthful of all the continents. That young population represents a valuable demographic dividend, which can be harnessed in the form of labour for industrial development. Moreover, in combination with the $60 billion per year spent on food imports into Africa,[4] the continent's large population represents a sizable potential domestic market for agricultural products produced by regional value chains. The operationalization of the Agreement Establishing the African Continental Free Trade Area will boost intra-African trade by eliminating barriers to trade and investment, while improving access to larger global markets.

Another asset is the strong readiness of African enterprises to move away from extractivism and engage more deeply in diversified and value-added economic activities. This is evident in the increasingly diverse composition of intra-African trade, of which manufactured goods and

[2] Stephen Karingi and others, "Implementing the AfCFTA Agreement and implications for Africa's regional value chains", paper presented at the Twenty-Seventh Annual Conference on Global Economic Analysis, Fort Collins, Colorado, United States of America, 5 June 2024.
[3] Ibid.
[4] Kingsley Ighobor (Africa Renewal), "Transforming Africa's Food Systems: the challenges and opportunities — a conversation with Ibrahim Mayaki, African Union special envoy", United Nations, 29 June 2023.
[5] ECA, The AfCFTA – What You Need to Know: Frequently Asked Questions & Answers (Addis Ababa, 2023).

machinery together account for one quarter of total value. These internal trade dynamics contrast sharply with the continent's external trade dynamics.[5]

It has never been a challenge to identify viable potential regional value chains in Africa, of which the regional economic communities have proposed a significant number. For instance, in the road map and strategy for industrialization in the period 2015–2063 of the Southern African Development Community, six value chains are identified for development: agroprocessing, minerals and mining, pharmaceuticals, other consumer goods, capital goods and services. In 2014, the Economic Community of West African States and the West African Economic and Monetary Union adopted the West Africa Competitiveness Programme, a sixyear plan to support the development of value chains for seven product categories: cassava; textiles and garments; mangoes; information and communications technology; onions; pineapples; and hides, skin and leather. Following the development of the strategy on the cotton, textiles and apparel industry for the period 2020–2030 of the East African Community, the industry has emerged as a priority sector within the national development plans of the Community's partner States, which have a common target of building a globally competitive industry. The identification of those regional value chains has not, however, translated into commensurate flows of investment.

III. Areas of focus

Taking into consideration the rich natural resource endowments of Africa and the areas in which greater attention from investors and more focused national and regional policies are needed, ECA has identified three especially significant regional value chains. They will be highlighted at the Africa Business Forum.

A. Agro-industrial value chains

The Agreement Establishing the African Continental Free Trade Area is projected to bring about a 49.1 per cent increase in intra-African trade in the agrifood sector by 2045, compared with a 34.2 per cent increase in overall trade.[6] From those figures, it is clear that agricultural value chains in Africa have significant potential. Not only is the agrifood sector profitable, but it also has great potential for fostering sustainable development, given its significant spillover effects on the livelihoods of women, who make up 70 per cent of the continent's agricultural labour force, and of smallholder farmers, who are responsible for 80 per cent of African food production.[7]

[5] ECA, The AfCFTA – What You Need to Know: Frequently Asked Questions & Answers (Addis Ababa, 2023).

[6] Ibid.

[7] Chido Munyati and Landry Signé, "How Africa's new Free Trade Area will turbocharge the continent's agriculture industry", World Economic Forum, 14 March 2023.

The 2021 agreement between Zambia and Zimbabwe to establish a common agro-industrial park, the proposed partnership between Côte d'Ivoire and Ghana on a common agro-industrial park focused on cocoa and the multi-industry special economic zone in Kaweweta, Uganda, are all examples of concrete steps towards transforming potential into reality. Each initiative is intended to position the country or countries in question as major players in alleviating the continent's food security concerns and reducing the amount of food imported into Africa, spending on which currently totals around $60 billion per year.

Participants will explore investment opportunities in these and other emerging agro-industrial hubs across Africa. They will also discuss critical backward and forward linkages, such as fertilizer, packaging, animal feed, logistics and services.

B. Livestock value chains

By 2050, the African meat and milk markets are projected to have grown by 145 per cent and 155 per cent, respectively, compared with the 2005–2007 period. Furthermore, the annual growth rates of both meat and milk consumption are forecast to be higher in Africa than in other regions and to be similar to those in the developed world. Within Africa, beef, milk and poultry are anticipated to provide favourable business opportunities for livestock producers, in both volume and value terms. Production will not keep pace with consumption, providing lucrative opportunities for investment.[8]

The African beef sector, led by Botswana, Chad and Ethiopia, holds a significant comparative advantage, positioning the continent favourably in premium markets worldwide. For instance, 80 per cent of the beef exported from Botswana meets grass-fed standards.[9] In the scaling of such premium beef production, one example that could be followed elsewhere on the continent is Lobu Small Stock Farm, Botswana: a centre of excellence, it serves as model for other farms because, through its adoption and promotion of of smart farming techniques, it has expanded from the rearing of solely small stock into the beef value chain.

Participants will discuss what is needed to elevate the competitiveness of the African meat sector, moving beyond natural resource endowments to create value chains that are robust and high-performance, in both institutional and operational terms. In particular, participants will address the bottlenecks that private companies face and will explore de-risking measures to

[8] Derek Baker and others, "Investing in African livestock: business opportunities in 2030—2050" (Washington, D.C.: World Bank).

[9] United States of America, Agency for International Development, The Revised AGOA National Response Strategy for Botswana (Washington, D.C., 2021).

support those companies. In addition, during the discussion, backward and forward linkages will be highlighted, in particular in the leather industry. In relation to the meat and leather value chains more broadly, participants will also discuss critical enablers, such as financing, standards, branding and support services.

C. Pharmaceutical value chains

Since the mid-2010s, African States and institutions have been intensifying their efforts to strengthen the continent's healthcare systems, in particular its pharmaceutical manufacturing capacity, and thereby contribute to improved public health outcomes and to socioeconomic development. The disruptions to African economies caused by the coronavirus disease (COVID-19) pandemic have demonstrated that the health sector plays a critical role in the continent's economic development. The importance of the health sector to African economies, however, extends beyond the adverse effects of COVID-19. Since good health is a cause, not just a consequence, of economic growth, public and private investment in the continent's health sector is an important strategy for the construction of resilient African economies. The Pharmaceutical Manufacturing Plan for Africa, under the Africa Health Strategy, 2016–2030 and the Action Plan for Accelerated Industrial Development in Africa, both of the African Union, is the framework within which this agenda is being promoted on the continent.

The health sector is an important source of employment in Africa. Increasing the sector's capacity, not only to provide essential services, but also to meet the demand for high-quality, specialized services can be a significant source of revenue for African economies. Such capacity increases can also foster the development of higher value-added industries on the continent. In most countries of sub-Saharan Africa, 70 per cent to 90 per cent of the pharmaceutical products that are used are imported. With a population of about 1.5 billion, however, the continent has only 375 drug manufacturers, most of them located in North Africa.[10] The high demand for imported pharmaceuticals is due to the heavy disease burden on Africa, where both communicable and non-communicable diseases are prevalent, and to the rapid growth and changing lifestyles of its population. Africa has great potential for the manufacture of pharmaceuticals, given the diversity of its plant species and the unique traditional understanding among some population groups of the medicinal value of numerous native plants. This provides a fertile environment for research and development and for the establishment of auxiliary systems and services, such as patenting, standardization and quality control.

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[10] Michael Conway and others, "Should sub-Saharan Africa make its own drugs?", McKinsey, 10 January 2019.

The implementation of the Agreement Establishing the African Continental Free Trade Area will result in a larger, more liberalized market that will encourage investment in all economic sectors, including health. African Governments and institutions are in agreement that the full implementation of the Agreement represents an opportunity to develop resilient regional value chains in the health sector, with all the attendant socioeconomic benefits outlined above.

IV. Reasons why private sector stakeholders, including investors, should attend the eighth Africa Business Forum

By attending the Forum, private sector investors, financiers and other stakeholders will increase their awareness of specific bankable opportunities for investment in African regional value chains and special economic zones.

Government officials and other policymakers will benefit from the Forum by directly engaging with investors to increase their understanding of demand-side areas of investor interest. In addition, they will have an opportunity to receive feedback from investors on perceived risks, thus enabling them to put in place appropriate de-risking mechanisms.

Direct engagement with financiers, such as the Arab Bank for Economic Development in Africa, the Africa Finance Corporation, the African Export-Import Bank and the Trade and Development Bank of the Common Market for Eastern and Southern Africa, will provide valuable insights on access to traditional and alternative sources of finance for the development of regional value chains and special economic zones. Meanwhile, the presence of representatives of women's business groups, youth groups, civil society organizations and the regional economic communities, among other stakeholders, will create an ideal environment for the coordination of inclusive development, for cooperation and for information-sharing.

V. Objectives

The specific objectives of the Forum are:

1. To showcase opportunities to invest in African regional value chains and special economic zones, in order to attract potential investors;

2. To enhance awareness of regional value chains and special economic zones at the national, subregional, continental and international levels;

3. To establish a common understanding among all stakeholders on feasible solutions to overcome the implementation challenges faced by projects relating to African regional value chains;

4. To create a platform for the exchange of information between traditional and non-traditional financiers, African private companies and Governments on access to alternative sources of finance and on the bankability of projects relating to African regional value chains;

5. To establish whether there is consensus on the need for a digital platform to provide information to investors, States and financiers on current trends and opportunities pertaining to African regional value chains and special economic zones;

6. To obtain declarations of interest in investing in specific projects relating to regional value chains.

VI. Expected outcomes

The expected outcomes of the Forum are:

1. Increased awareness of specific opportunities to invest in African regional value chains and special economic zones;

2. Common understanding on feasible solutions to overcome the implementation challenges faced by projects relating to African regional value chains;

3. Increased awareness of alternative sources of finance for projects pertaining to African regional value chains and special economic zones;

4. Consensus on the establishment of a digital platform on regional value chains and special economic zones.

VII. Target participants

- African leaders participating in the thirty-eighth ordinary session of the Assembly of Heads of State and Government of the African Union
- Representatives of the African Union Commission

- Representatives of private sector enterprises operating in regional value chains in Africa
- Representatives of multilateral development banks, investors and venture capitalists interested in supporting initiatives relating to regional value chains in Africa
- Policymakers and thought leaders
- Researchers and representatives of non-profit organizations
- Representatives of young people and of small and medium-sized enterprises
- Media representatives

VIII. Practical details

Date	17 February 2025
Venue	Africa Hall; Conference Room 1 of the United Nations Conference Centre in Addis Ababa
Co-convened by	ECA and the Africa Finance Corporation (AFC)
Format	The Forum will consist of sessions that are centred on the three regional value chains that have been identified. In addition to a dialogue between Heads of State and Governments, the sessions will feature panel discussions involving a diverse group of participants, CEOs of multinational companies, project promotors, investors, financiers, service providers, representatives of regional economic communities, African opinion leaders, policymakers and representatives of think tanks, youth groups, civil society, ECA and the African Union. The outcome of each session will be at least three action-oriented resolutions. An accompanying exhibition, to be held in Africa Hall or Conference Room 1, will showcase infographics and dynamic content displays about selected value chains and will provide pportunities for awareness-raising, networking and peer-to-peer learning.