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Position Paper

Making AfCFTA Protocol work for Women and Youth in Trade

"Women and Youth are the engine for Trade and a potential catalyst to achieving AfCFTA single Market"

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Policy Issue

This position paper advances a critical impetus for integrating the needs and potentials of women and youth in trade for Rwanda team of negotiation during upcoming negotiations for the women and youth Protocol under AfCFTA Phase II&III.. Women and youth-led businesses in Africa, and Rwanda in particular play a significant role in economic transformation and poverty reduction. They account for the majority (80% of the continent's businesses) of the population, business owners and workforce, and play a leading role in cross-border trade (formal &informal) in Africa. Is it socially and economically relevant to making AfCFTA Protocol work for Women and Youth in Trade in Rwanda? If the answer is YES, by doing so, we are enormously contributing to realizing the objective of the AfCFTA for Women and Youth, in particular gender equality and opportunities for youth in the AfCFTA, and Rwanda in particular.

Rwanda is a signatory to the AfCFTA Agreement where the Article 3 (e) calls for state parties to promote sustainable and inclusive socio-economic development, gender equality and structural transformation. Article 27 (2) (d) of the Protocol on Trade in Services, calls State Parties to: "improve the export capacity of both formal and informal service suppliers, with particular attention to micro, small and medium size; women and youth service suppliers". AfCFTA contributes to various Sustainable Development Goals (SDGs), including employment creation and industrialization (SDGs 8 and 9), creation of business opportunities for women and youth (SDGs 4 and 5), poverty alleviation (SDG 1), and environmental sustainability (SDG 14 and 15) among others. The Government of Rwanda (GoR) prioritizes gender mainstreaming and integration of youth in all government policy frameworks as it is enshrined in the Rwandan constitution, Vision 2020/50, National Strategy for Transformation (NST1), sector plans, and in the AfCFTA National Implementation Strategy. In Rwanda, the recent study reveal that the majority of traders are women (52.3%) with young women traders taking the lion's share (26.2%) while 85% are engaged in informal cross-border trade. However, Women and Youth, mostly those in cross-border trade continue to encounter challenges that limit them to tap and exploit opportunities presented by AfCFTA protocols and the market. These include but are not limited to 1) Limited access to information on trade (25.3 %); 2) Limited access to productive and financial resources (inadequate equipment, 25.3%, and inadequate technologies, 24.2%); 3) lack of harmonization of standards within AfCFTA market; 4) Lack of enabling environment for trade-related factors (regulatory barriers, 17.8%, tariff barriers, 24.6%, non-tariff barriers, 17.8%); 5) Limited entrepreneurial and business skills (19.4%), to mention but a few. Despite the existing challenges, the GoR has implemented several initiatives to support the growth of export sectors and revamp the economy after the post-COVID-19 pandemic, nevertheless, the majority of women and youth in trade (70.8%) have not yet benefited from these initiatives.

Based on the information from the review of literature, analysis of different data, and opinions and views from the survey, KIIs and FGDs, this position paper suggests the following policy priorities that the Rwandan negotiating team should negotiate to be part of the protocol on women and youth in trade during upcoming negotiations for women and youth protocol: 1) Innovative Initiatives to promote access to trade finance for women and youth such as establishing and decentralizing a continental Export Development Fund to support women and youth-owned exporting companies and putting in place affordable financial products that are suitable and tailored to women and youth in trade; 2) Enhance Capacity Building Interventions for Women and Youth in Trade like building the capacity of women and youth in trade on how to conduct basic market research and information for their products and, 3) Enhance enabling environment for trade and trade Facilitation measures such as establishing a One Stop Shop/Centre on AfCFTA in regional bodies to provide information on key markets and products; removing all tariff and Non-Tariff Barriers that restrict trade among African traders, and harmonize standards across the eight Regional Economic Communities (RECs).

The paper concludes with the fact that, like other countries, the GoR prioritizes trade and regional integration in all its policy frameworks as means to achieving economic transformation and inclusive development, and mainstreaming of women and youth in the AfCFTA agenda, however, much has not yet realized both at national, and at the continental level. Central to this is the impetus to streamline and mainstream women and youth priorities in national, regional and continental policies and strategies. This position paper reminds us that, Women and Youth are the potential catalyst for a productive and competitive economy if enabled and facilitated, and the engine to achieving one African market.

1.0 Background and Context

The African Continental Free Trade Area (AfCFTA) is one of the flagship projects of the African Union Agenda 2063 expected to be a key driver for Africa to realize continental structural transformation and industrialization. The agreement was signed in Kigali in March 2018 by 44 African Union Member States. The AfCFTA protocol for Women and Youth is one of the AfCFTA legal instruments in addition to the protocols on Trade and Services. The latter two protocols have been negotiated through phase I and II, while state parties are planning to initiate the negotiation for the AfCFTA protocol for Women and Youth, of which GIZ is supporting the Ministry of Trade and Industry (MINICOM) - the lead institution to prepare Rwanda's position and priorities for the negotiations.

The AfCFTA prioritizes women and youth as priority actors in Africa's trade. Women and youth conduct the majority of business in Africa. For instance, 80% of businesses (formal and informal) in Africa are categorized as small- and medium-sized enterprises. The informal sector accounts for more than 85% of economic activity in Africa, and it is largely conducted by women (90%) including informal cross-border trade. However, women face a range of societal-, business-, and trade-related constraints. Women suffer pervasive harassment, lack of access to credit and training, and restrictions on their mobility and capacity to exploit market opportunities . Women and yourth are priority focus for the AU agenda 2063 and AfCFTA.

Rwanda is a signatory of the AfCFTA agreement and is among the 44 member states that have rectified the agreement. The country has embarked on the development of the AfCFTA implementation strategy. The strategy will inform the effective and successful application of the agreement. The agreement explicitly requires implementation through national arrangements including National Committees on Trade Facilitation (NTFC) and National Monitoring Committees (NMC) on Non-Tariff Barriers (NTBs).

1.1 Challenges encountered by Women and Youth in Trade

The study commissioned on Women and Trade by GIZ and MINICOM has shown that women and youth are instrumental in trade in Africa, and they are key actors and beneficiaries in the implementation of the

AfCFTA. Because the AfCFTA presents economic opportunities for SMEs, women and youth-owned businesses, allowing them to benefit from a diversified market through intra-continental trade. Facilitating women and youth in cross-border trade is one of the direct avenues to a liberalized African market, thus realizing AU agenda 2063, and AfCFTA inspirations. We know that women and youth play a significant role in economic transformation and poverty reduction. They account for the majority (80% of the continent's businesses) of the population, business owners and workforce, and play a leading role in cross-border trade (formal &informal) in Africa. If supported and enabled, women and youth are the engine for realizing the promises of the AfCFTA agreement.

Based on the information from the review of literature, analysis of different data, and opinions and views from the survey, KIIs and FGDs on a total population of 539 women and youth in trade in Rwanda, and a sample of 175 respondents identified key challenges and constraints affecting women and youth, thus limiting their full participation in intra-Africa trade. These challenges are either at the national or continental level respectively. They revolve around productive and competitive capabilities at the national level, and institutional deficiency that affects institutional delivery and effectiveness both at the national and regional levels respectively, and as a result, limit cross-border trade for women and youth within Africa. These challenges include but are not limited to 1) Limited access to information on trade (25.3 %); 2) Limited access to productive and financial resources (inadequate equipment, 25.3%, and inadequate technologies, 24.2%); 3) lack of harmonization of standards within AfCFTA market; 4) Lack of enabling environment for trade (regulatory barriers, 17.8%, tariff barriers, 24.6%, non-tariff barriers, 17.8%); 5) Limited entrepreneurial and business skills (19.4%); 6) Limited access to finance, to mention but a few. Furthermore, the study reveals that, despite the existing initiatives to support the growth of export sectors and revamping of the economy after the post-COVID-19 pandemic, the majority of women and youth in trade (70.8%) have not yet benefited from these initiatives.

In the end, therefore, there is an urgent imperative to make the AfCFTA, in particular the protocol on women and youth work for the women and youth in Rwanda, thus contributing to realizing the promise of the AfCFTA, in particular gender equality and opportunities for youth in the AfCFTA, and Rwanda in particular. This calls for the AfCFTA negotiating team and the associated stakeholders to consider prioritizing the needs of Women and Youth in the national and regional development plans and address continental bottlenecks that adversely limit cross-border trade, particularly for women and youth.

2.0 Policy priorities for the Protocol on Women and Youth in Trade

Given the state of the issue, this position paper suggests the following policy priorities for the negotiators of the AfCFTA protocol for women and Youth. The policy priorities are based on the issues and challenges from the analysis and wider consultations conducted from all primary and secondary stakeholders, as well as other trade related institutions in Rwanda.

1. **Innovative Initiatives to promote access to trade finance for women and youth.** It all revolves around financing. Therefore, the AfCFTA protocol for women and youth should consider: 1) introducing innovative financial products that are suitable and tailored to women and youth-led businesses that

are unable to get collaterals or the required trader contribution as a condition to get a loan; 2) Establish and decentralize a continental Export Development Fund to support women and youth-owned cross-border traders thus facilitating access to export finance and guarantees; 3) Strengthen the financial education (literacy) for women and youth in trade mostly targeting MSMEs in trade; 4) Introduce digital literacy and digital financing for Women and Youth in Trade, by digitalizing the trade information/data of women and youth traders, thus increasing the credibility of the trader during the loan application.

2. **Enhance Capacity Building Interventions for Women and Youth in Trade focusing on** 1) Building the capacity of women and youth in trade on how to conduct basic market research and information for their products; 2) Simplifying and translating information on AfCFTA markets and AfCFTA and its protocols in local languages, and raise awareness based on sectors and categories of traders to ease understanding; 3) Introducing and strengthening tailored training program aimed at improving business management, financial literacy, product quality assurance and management, market access and research, production and product value-addition, Intellectual property rights, digital literacy and digital financing, packaging, understanding of tariff and Non-tariff Barriers to mention but a few. 4) Finance: women to participate in knowledge sharing session and organized seminars to understand opportunities under AfCFTA 5) identify special provision to be offered to women and youth including tax and tariff grace period
3. **Enhance enabling environment for trade and trade facilitation measures by focusing on** 1) Removing all tariff and Non-Tariff Barriers to trade including infrastructure bottlenecks that restrict trade among African traders; 2) Introduction of a continental Trade Information Portal linked to national trade portals (where they are established) for storage and publication of trade information data; 3) Establishing a One-Stop Shop/Centre on AfCFTA to provide information on key markets and products; 4) Streamlining regulations aimed at supporting local production within sectors where women and youth in trade are most active such as services, agriculture, agro-processing and manufacturing; 5) Harmonize standards and regulations within RECs; 6) Harmonizing policy and legal frameworks for mobile money and cross-border electronic payment systems to reduce the risks and inefficiencies associated with cash-based transactions; 7) Introducing an AfCFTA gender-responsive simplified trade regimes (STR) for women and young traders; 8) Adoption of a trade policy and laws eliminating discrimination including harassment and violence against women and youth; 9) Adopting cost-effective measures for dispute settlement mechanisms through the use of online dispute resolution mechanisms.

Policy option on increasing local productivity along the value chain by focusing on 1) strengthening the institutional representation of women and youth small and medium-sized enterprises to ensure inclusiveness in the productive regional value chains; 2) Strengthening the linkages between workers, suppliers and multinational enterprises to facilitate productivity, skills development and job creation for women and youth in trade; 3) Facilitating investment and infrastructure development along existing networks of industrial clusters to provide a critical entry point for MSMEs and SMEs industries in areas with high concentration of women and youth; 4) Improving the productivity, product quality, and women and youth 's participation in high-value local and regional markets by proving training and technical support to them; 5) strengthening the brand of women and youth products by offering technical support to them on new branding and marketing targeting premium markets with a significant impact on consumer purchasing decisions.