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**AFRICA
EXPORT**
COMPETITIVENESS
REPORT

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FOREWORD

UNLOCK AFRICA'S POTENTIAL



H.E. Wamkele Mene
Secretary General, African
Continental Free Trade Area
(AfCFTA) Secretariat



Whilst the publication documents our progress, it also serves as a vital tool for understanding the landscape of trade across our continent.

It's an honour for me to present the second edition of the Africa Export Competitiveness Report. This report represents a significant milestone in Africa's journey towards economic integration and prosperity, serving as a strategic Call to Action for all stakeholders across and beyond the continent. The report has broadened its geographic coverage of countries from 30 in 2023 to 40, that is 72.7 percent of the continent. It features the Africa Export Competitiveness Index (AECI), which examines 40 countries based on their export performance. This represents a significant achievement in our effort to reach the objective of full continental coverage of State Parties to the AfCFTA Agreement. The AECI adopts an objective parameter that assesses key factors for enhancing export competitiveness, an important variable for sustaining manufacturing capacity necessary for effective trade under the AfCFTA regime.

The AfCFTA, being a flagship project of the Africa Union's Agenda 2063, represents actualisation of transformative tools forging Africa's economic future — one that aims to translate the world's largest free trade area by number of participating countries into continent-wide economic dividends and a driver of sustainable and inclusive development. In this context, whilst the publication documents progress to date, it also serves as a vital tool for understanding the landscape of trade across our continent. It presents the significant strides made since the inception of the AfCFTA, highlighting Africa's commitment to fostering a single continental market that serves the interests of over 1.4 billion Africans.

The key research output of this publication comes at a critical juncture in Africa's quest for economically meaningful integration, with the AfCFTA Agreement serving as a rallying point for economic liberalism in the continent — a bold step towards building a resilient and self-reliant single continental market, that is at the same time globally integrated, particularly in the wake of emergent geo-political and economic headwinds. It will thus, contribute to providing insights key to reinforcing implementation of the continent's economic integration agenda.

The AfCFTA is much more than a trade agreement, it is a transformative flagship project of Agenda 2063 that promises a brighter future for all Africans. It has created a conducive regulatory and policy framework that facilitates increase export capacity of the state parties, diversification

of intra-Africa markets, and competitiveness, all of which are at the centre of the objectives of the AfCFTA Agreement and structural transformation of the Continent.

This strategic publication comes at a time when the AfCFTA Secretariat is seized with working with State Parties to actualise the transition of the AfCFTA Agreement from negotiations to implementation, which among others includes strengthening institutional capacity to drive AfCFTA-related trade, policy and regulatory reforms. It is thus, an important knowledge product that is key to advancing evidence-based trade policy reforms. This is an important variable that will enhance the interdependent implementation of AfCFTA related policy measures and create an ecosystem of pro- AfCFTA Agreement implementation enabling policy measures at domestic and regional levels.

Since the inception of the negotiations of the AfCFTA Agreement, we have achieved significant milestones. Notable accomplishments include successful negotiations on Phase I and Phase II Protocols. These represent a portfolio of mutually inclusive and reinforcing legal instruments providing the private sector a holistic policy framework that not only reduces trade costs, but also derisks the continental investment market and expands market access opportunities at continental scale.

The Protocol on Trade in Goods being one of the earlier legal instruments that entered into force, laid the groundwork for the launch of a pilot AfCFTA Guided Trade Initiative (GTI). This pilot program which commenced in 2022, with initial 8 countries signing up, expanded to 39 countries, proving viability of trading under the AfCFTA regime and implementation readiness of State Parties.

The adoption of the Protocol on Digital Trade by the African Union's Assembly of Heads of State and Government was a proud moment for the Continent, setting up Africa to create a single digital market, while embracing the 4th Industrial Revolution. The Protocol importantly embraces digital inclusion and lays out commitments that are key to incentivising investment in digital public infrastructure across the continent.

A central theme of this edition of the report is empowerment of women in trade. Women constitute as high as 60-70% of informal cross-border traders across Africa, yet they contribute only 20% to export value. This disparity reflects systemic barriers that prevent women from fully participating in and benefiting from trade. To unlock the potential of women entrepreneurs across the Continent, it was yet another proud moment for the Continent to adopt one of its kind, the Protocol on Women and Youth in Trade, translating inclusive development theory into legally binding obligations. This adoption of the Protocol has paved a way for commercially and economically uplifting participation of women and youth in trade across the continent, by addressing their unique set of challenges and providing bespoke solutions applicable at continental scale.

EMPOWER WOMEN IN TRADE



The importance of the complementary measures to ensuring successful implementation of the AfCFTA Agreement cannot be overemphasised. Consequently, the AfCFTA operational tools play a Central role in the operationalisation of the Agreement. To this end, the launch of the Pan African Payment and Settlement System (PAPSS) represents a monumental step towards facilitating efficient, and secure cross-border payments, while reducing costs of doing trade in Africa. The e-tariff book, non-tariff barriers reporting platform, rules of origin manual etc. all represent tools at the disposal of the private and public sectors to respectively, beneficially exploit the economic benefits of the AfCFTA Agreement and its implementation.

Taking the foregoing into account, the insights presented in this report will serve multiple ends, including, guiding the Continent on how to identify the necessary steps to support women's integration into continental trade networks, scaling their integration as well as broader private sector players into regional value chains through building their capacity to benefit from the AfCFTA Agreement. In this regard, women's capacity can be leveraged to unlock the full potential of women, and African private sector in trade through among others, assisting them to establish resource consortiums at local and regional levels, comply with trade related regulations and requirements for import and export, including customs procedures, and build their supply capacity, including on value addition techniques. At a broader context, the publication stresses the necessity for targeted investments in both physical and soft infrastructure, such as education, and technology to bolster competitiveness and facilitate sustainable growth.

Tariff and non-tariff barriers, inconsistent legal frameworks, and varying regulatory standards can complicate trade for African enterprises. Building on the successful conclusion of the AfCFTA negotiations, these are problems of the past as the AfCFTA Agreement sets up a continental framework of shared rules. In this context, this report proffers insights that will positively orient all stakeholders' approaches regarding the "to dos" in order to effectively implement the Agreement and also commercially benefit from its implementation.

As we move forward, it is imperative that we leverage the insights and recommendations contained in this publication to create an environment where the benefits of the AfCFTA Agreement filter to the broader populace of the continent, for enhanced ownership of the Agreement and benefits thereof. Together, we can realize the full potential of the AfCFTA Agreement and drive sustainable and inclusive economic growth across the continent through effective implementation of the Agreement.

I invite you to engage with this report's findings, reflect on the progress made to date, and join us in our collective mission to create a unified, thriving single African market. Let us seize this moment of transformation and work collaboratively to unlock the immense potential that resides within our continent, ensuring that Africa emerges as self-reliant entity and a formidable player in the global economy. The report represents an important milestone by The African Capacity Building Foundation (ACBF) and its partners Shift Impact Africa and The African Competitiveness Institute, adding on to a number of African institutions reclaiming and indigenising research to reflect African realities.



H.E. Wamkele Mene

Secretary General

African Continental Free Trade Area (AfCFTA) Secretariat

FOREWORD

THE AFRICA WE WANT



Africa stands at a decisive moment in its integration journey. With the African Continental Free Trade Area (AfCFTA), we are building the largest single market in the world by membership – a market of 1.4 billion people with a collective GDP of over USD 3 trillion. This is more than an economic project; it is a continental vision rooted in Agenda 2063: The Africa We Want. It represents Africa's determination to transform from a supplier of raw materials into a creator of value, knowledge, and innovation.

H.E. Mrs Francisca Tatchouop Belobe

The Africa Export Competitiveness Report 2024 comes at a critical time. It challenges us to look honestly at where we stand. Africa accounts for less than 3% of global exports, with too many of our countries still dependent on unprocessed commodities. Women, who form the backbone of informal cross-border trade, remain marginalized regarding export value. Our enterprises face high trade costs, infrastructure gaps, and limited access to finance. Yet this report also illuminates the pathways forward – opportunities in regional value chains, digital trade, services exports, green industrialization and, above all, the immense creativity and energy of Africa's youth.

The message for the African Union Commission is clear: competitiveness is not an option but an imperative. Through the Department of Economic Development, Tourism, Trade, Industry, and Mining (ETTİM), we are advancing policies and partnerships that promote industrialization, strengthen African value chains, and ensure inclusive participation in global trade.

H.E. Mrs Francisca Tatchouop Belobe

Economic Development, Tourism, Trade, Industry, and Mining (ETTİM) Department
African Union Commission

This is also about Africa's place in the world. As global trade governance undergoes profound change, Africa must not be a bystander. We must shape the rules, set standards, and champion reforms that reflect our priorities and realities. To do so, we must speak with one voice, act with unity, and leverage our collective scale.

The road ahead requires ambition, urgency, and solidarity. It requires that we invest in the infrastructure that connects us, the skills that empower us, and the innovation that propels us. Above all, it requires that we place Africa's people – women, youth, and entrepreneurs – at the very center of our export transformation.

This report is both a mirror and a map. It reflects our current challenges and charts a course toward a competitive, resilient, and inclusive Africa. Let us take up its call – with vision, courage, and unity – to ensure that Africa claims its rightful place as a leader in global trade and a driver of shared prosperity for generations to come.

PERSPECTIVE FROM THE CREATORS AND PUBLISHERS



Africa, home to approximately 18% of the world's population, faces a sobering reality. Out of the 44 least developed economies in the world, 32 belong to the continent, depicting extremely low levels of prosperity for most of the African continent. Africa, abundant with natural resources such as hydrocarbons, natural gas, and minerals, is key to global progress as the continent's progress has a high impact on global supply chains, consumer markets and global production.

In this context, exports serve as powerful engines for raising prosperity levels, generating foreign exchange earnings that are essential for infrastructure, education and healthcare investments while creating employment. With per capita expenditure in sub-Saharan Africa remaining at just \$1,976, roughly one-sixth of the global average, export competitiveness is fundamental to the continent as it drives economic transformation, enabling countries to diversify beyond raw material extraction, develop manufacturing capabilities and foster innovation that increases productivity and prosperity levels across the continent.

The second edition of the Africa Export Competitiveness Report 2024 reflects upon both the immense potential and persistent challenges that define Africa's trade landscape today. Through a refined framework examining Enabling Environment, Demand Sophistication, Business Dynamism, and Export Performance, the report offers a deeper understanding of our continent's export dynamics while charting a path toward greater competitiveness and inclusive growth. The number of countries in the Index has been expanded from 30 in 2023 to 40 in 2024. Given South Africa's lead in the index, particular attention has been devoted

to the country in the report through a comprehensive case study to analyse its export strategies in greater detail, providing a practical example that other African countries can learn from and adapt to enhance their competitiveness.

What distinguishes this edition is its dedicated focus on gender inclusion in trade, a dimension too often overlooked yet absolutely critical to Africa's future. The statistics are compelling: women represent 26-30% of entrepreneurial activities in sub-Saharan Africa, the highest percentage globally, and constitute over 70% of informal cross-border trade across our continent. Most remarkably, women reinvest up to 90% of their income in families and local economies, compared to just 30-40% by men. The economic case for women's inclusion is undeniable. The report's analysis reveals that removing structural barriers and providing enabling infrastructure could unlock an additional \$58.5 billion in trade value, potentially reaching \$180 billion in total contributions. However, women traders face complex challenges ranging from limited access to finance and lack of collateral due to skewed inheritance rights, to lower financial literacy and inter-role conflicts between domestic responsibilities and professional aspirations, which must be systematically addressed.

The path forward requires addressing foundational barriers through increased investment in education, healthcare, and childcare services while reducing the burden of unpaid domestic work. We must shift from survival-based to opportunity-driven entrepreneurship, creating an environment where women can fully participate in and benefit from Africa's trade potential.

This report is more than just an analytical exercise, but a call to action. As the continent faces global economic uncertainties and evolving trade dynamics, Africa's export competitiveness will determine our continent's prosperity. By embracing inclusive growth and unlocking the potential of all our people, particularly women, the continent can transform its abundant resources into shared prosperity. Building on the foundation laid by the inaugural 2023 edition, the Africa Export Competitiveness Report 2024 has been produced through the collaborative efforts of the African Capacity Building Foundation, Institute for Competitiveness India, Institute for Competitiveness Africa, and Shift Impact Africa.



Mamadou Biteye
Executive Secretary
African Capacity Building Foundation.



Dr. Amit Kapoor
Honorary Chairman
Institute for Competitiveness, India



Tiekie Barnard
Chief Executive Officer
Shift Impact Africa & Institute for Competitiveness Africa



ACKNOWLEDGMENTS

We extend our heartfelt gratitude to all our colleagues and partners whose invaluable contributions have been pivotal in the development of this second edition of the Africa Export Competitiveness Report. Your expertise, insights, and dedication have significantly enriched our understanding of Africa's export competitiveness and the broader goals of the African Continental Free Trade Area (AfCFTA).

Our sincere appreciation goes to Mamadou Biteye, Executive Secretary of the African Capacity Building Foundation (ACBF), for his vision and leadership. Your unwavering support and profound insights have been instrumental in shaping this research, and we are grateful for the collaborative spirit you brought to this project. The entire ACBF team deserves recognition for their commitment to enhancing our analytical framework.

We are profoundly thankful to Dr. Amit Kapoor and the Institute for Competitiveness (IFC) team for their dedication and meticulous attention to detail. Your contributions have significantly deepened the analysis presented in this report, allowing us to draw meaningful conclusions that will benefit stakeholders across the continent.

Additionally, we wish to acknowledge and express our appreciation to Tiekie Barnard, Founder and CEO of Shared Value Africa, along with the Shift Impact team. Your leadership in spearheading the initial report laid the groundwork for this second edition. Your continued expertise and insights into regional dynamics have been invaluable, and your contributions have played a crucial role in enhancing the report's relevance and impact.

This collaborative effort underscores the importance of partnership and shared vision as we work towards economic integration and sustainable development in Africa. We are grateful to each of you who contributed your time, knowledge, and resources to this endeavor. Together, we are paving the way for a more competitive and prosperous African economy.

Thank you

for your commitment to this important mission. Your support has made this report a significant resource for understanding and enhancing Africa's export competitiveness in the years to come.

SUMMARY

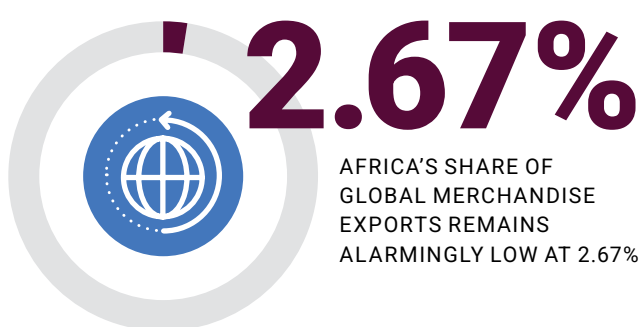
The Africa Export Competitiveness Report 2024 provides a detailed and comprehensive analysis of the current state of export competitiveness across the continent, highlighting significant challenges and promising opportunities for growth. In 2023, Africa experienced a GDP growth rate of 3.2%, supported by a remarkable 7.2% increase in intra-African trade, which reached a total of \$192 billion. However, despite these positive indicators, Africa's share of global merchandise exports remains alarmingly low at just 2.67%, emphasizing the urgent need for greater diversification of export products and markets.

The report features the Africa Export Competitiveness Index (AECI), which examines 40 countries based on their export performance. South Africa leads the index with a score of 70.79, followed by Morocco and Mauritius. Notably, only 17 countries outperformed the average score of 34.65, indicating that many nations still face significant barriers to enhancing their export capabilities. The index assesses several key pillars, including Enabling Environment, Demand Sophistication, Business Dynamism, and Export Performance, providing a holistic view of the factors influencing export success.

Among the key challenges identified are high levels of inadequate infrastructure and complex regulatory environments that impede export growth. Many African countries continue to grapple with systemic issues that hinder their ability to compete effectively in global markets. The report stresses the necessity for targeted investments in infrastructure, education, and technology to bolster competitiveness and facilitate sustainable growth.

A critical focus of this second edition of the report is the role of gender inclusion in trade. Women constitute a significant proportion of the informal trade sector, representing 60-70% of informal cross-border traders. Despite their numerical dominance, women contribute only 20% of the exported value, highlighting substantial barriers to their economic participation. The report calls for the promotion of gender-responsive policies and initiatives, particularly through the AfCFTA Protocol on Women and Youth in Trade, which aims to empower women and ensure their full integration into the trade landscape.

The report concludes with strategic recommendations to enhance export competitiveness across the continent. These include improving export policies, investing in necessary infrastructure, fostering a supportive environment for female entrepreneurs, and ensuring that gender considerations are integrated into trade frameworks. By addressing these challenges and leveraging the continent's diverse resources, Africa can position itself to emerge as a more competitive player in the global market, driving inclusive growth and sustainable development for all its citizens.



ABBREVIATIONS

ACBF	African Capacity Building Foundation
AEC	Africa Export Competitiveness
AECI	Africa Export Competitiveness Index
AfCFTA	African Continental Free Trade Area
Afreximbank	African Export Import Bank
AGOA	African Growth and Opportunity Act
AIFC	African Institute for Competitiveness
AU	African Union
BRICS	Brazil, Russia, India, China, and South Africa
CAGR	Compound Annual Growth Rate
COMESA	Common Market for Eastern and Southern Africa
DSL	Digital Subscriber Line
EAC	East African Community
ECOWAS	Economic Community of West African States
EPA	Economic Partnership Agreement
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNI	Gross National Income
GVCs	Global Value Chains
HDI	Human Development Index
ICBT	Informal Cross-Border Trade

ICT	Information and Communication Technology
IFC	International Finance Corporation
IMF	International Monetary Fund
KMO	Kaiser-Meyer-Olkin
LFPR	Labor Force Participation Rate
LSI	Liner Shipping Index
NTMs	Non-Tariff Measures
OECD	Organization for Economic Cooperation and Development
PCA	Principal Component Analysis
R&D	Research and Development
RECs	Regional Economic Communities
RTA	Regional Trade Agreement
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SMEs	Small and Medium Enterprises
TCP/IP	Transmission Control Protocol/ Internet Protocol
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
USD	United States Dollar
WGI	Worldwide Governance Indicators
WTO	World Trade Organization



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AFRICA'S MOMENTUM

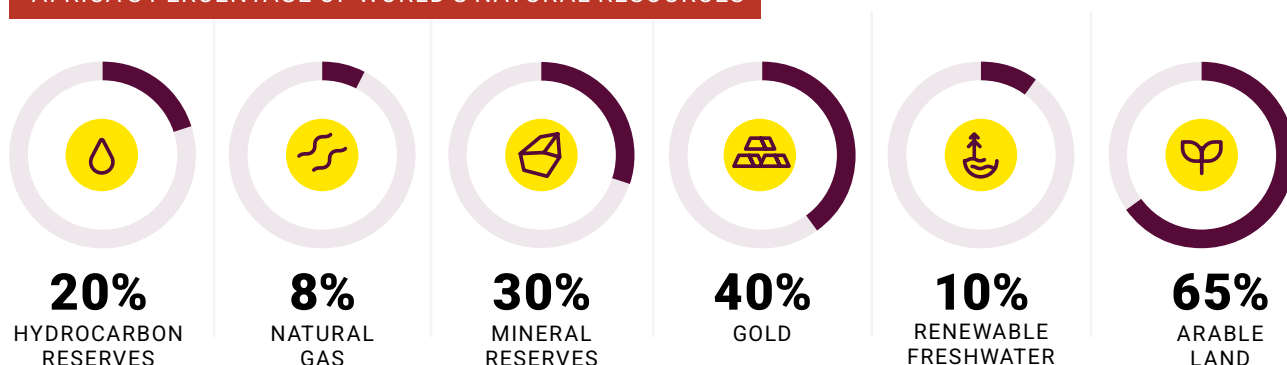
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Africa exceeded the global average, reflecting the continent's ongoing resilience.

AFRICA'S MOMENTUM: THE PROMISE BEGINS

Africa is home to a large and dynamic domestic market characterized by abundant opportunities and challenges. The continent is endowed with natural resources, holding approximately 20% of the world's hydrocarbon reserves, 8% of natural gas, and 30% of mineral reserves. It harbors up to 90% of the world's chromium and platinum, along with 40% of its gold, in addition to substantial quantities of cobalt, diamonds, and uranium. Furthermore, Africa accommodates 10% of the world's renewable freshwater and 65% of its arable land. Nevertheless, despite these resources, African nations encounter challenges in fully leveraging their potential (UNEP, n.d.).

AFRICA'S PERCENTAGE OF WORLD'S NATURAL RESOURCES



According to the African Trade Report 2024, despite the challenging operating environment, Africa experienced a growth rate of 3.2% in 2023. This figure is lower than the 4% growth recorded in the preceding year and the 5% average growth from 2011 to 2019. This growth performance is being attributed to several factors, including adverse weather conditions, a general slowdown in the global economy, domestic supply chain bottlenecks, high living costs which constrained the growth of consumption expenditure, the accumulation and repayment burden of debt, elevated interest rates and financing costs that restricted fiscal space, as well as rising political instability and conflicts both domestically and intra-regionally in certain areas. Furthermore, the report also notes that a deceleration of output influenced performance in the region's three largest economies: Egypt, Nigeria, and South Africa. Nonetheless, despite the slower growth trends in the region aligned with declining global growth, output on the African continent exceeded the global average, reflecting the continent's ongoing resilience (African Export-Import Bank, 2024).

The World Bank's September 2024 update highlights ongoing challenges in poverty alleviation in sub-Saharan Africa (SSA). The COVID-19 pandemic caused a global increase in extreme poverty, with SSA seeing a rise of 1.27 percentage points in 2020¹. **As of 2024, SSA is home to 67% of those living in extreme poverty, despite comprising only 16% of the world's population.** The number of individuals in extreme poverty in SSA rose from 282 million in 1990 to 464 million in 2024². The World Bank has also warned that eradicating extreme poverty could take decades without accelerated growth, and raising incomes above \$6.85 per day might take over a century. Addressing these issues is imperative for African economies and requires targeted education, infrastructure, and basic services investments.

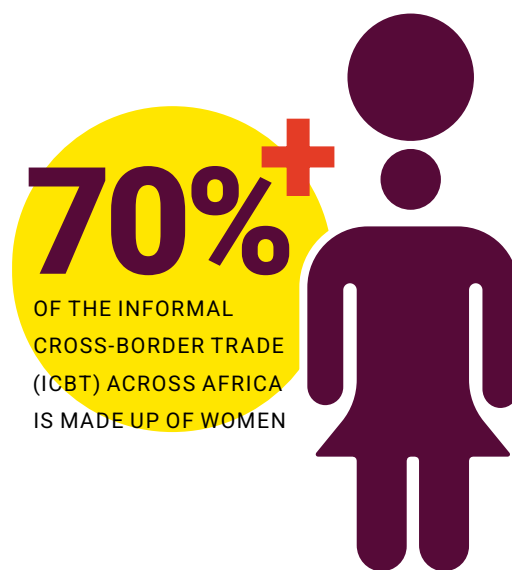


Africa's GDP in 2023 was \$2.8 trillion³ which translates to 2.5% of world GDP. With a population of approximately 1.4 billion, it is home to 18.13⁴% of the world's population. However, this translates to only an average per capita income of \$1,976⁵ in African nations, which is roughly one-sixth of the global average.

Despite the tumultuous global landscape, intra-African trade has exhibited remarkable resilience, providing hope for sustainable development in Africa. It experienced year-on-year growth of 7.2%, reaching a total of US\$192 billion, which constituted 15% of total African trade in 2023, an increase from 13.6% in the previous year. This resilience serves as a testament to the ongoing efforts to implement the African Continental Free Trade Area (AfCFTA), supported by initiatives that facilitate AfCFTA, including Afreximbank's Intra-African Trade Fair (IATF), the Pan African Payments and Settlement System (PAPSS), and the Intra-Champ Initiative. The Intra-Champ Initiative is designed to assist African businesses in executing projects and pursuing intra-African investments, as well as promoting the expansion of investments in industrial infrastructure. These initiatives not only foster trade but also cultivate a sense of optimism regarding the future of African trade and development. (African Export-Import Bank, 2024).

The initial section of this report will concentrate on the Africa Export Competitiveness Index, now in its second iteration, which has expanded to include 40 countries, up from 30 in the inaugural edition. The AEC report offers a thorough framework for evaluating export competitiveness and performance across African economies; however, more detailed, country-specific insights are essential to address the unique challenges and opportunities faced by each nation. To make the second edition of the report more special, we have conducted a country-specific case study on export competitiveness for South Africa. South Africa is among the top 3 largest economies in Africa and was chosen to gain a deeper understanding of export competitiveness at the national level. The country boasts a diverse economic structure, with key sectors including mining, manufacturing, agriculture, and services. This diversity, together with its status as a member of BRICS and other international trade agreements, provides a unique opportunity to analyze various export dynamics and competitiveness across different industries.

In the report, a special section entitled “**Gender Inclusion in Trade: Unlocking the Potential of Women for Africa’s Export Competitiveness**” has been introduced. This section of the report emphasizes the often overlooked, yet essential role of women in Africa’s trade ecosystem. In sub-Saharan Africa, women represent the highest percentage of individuals across the world involved in entrepreneurial activities, estimated at 26-30% (WEF, 2022; Moki, 2022; ASCL, 2023). Women account for approximately 58% of the continent’s self-employed population, with many transitioning into entrepreneurs and contributing about 13% to the continent’s GDP. Furthermore, women make up over 70% of informal cross-border trade (ICBT) across Africa, playing a crucial role in local economies and regional commerce (Confederation, 2025).



Despite the number of women in the world, the largest proportion of their value added is very low. Women contributed 40% of the exported value in developed economies, twice the share in Africa. In Latin America and the Caribbean, as well as in Asia’s developing economies, men’s contributions are nearly double. Statistically, industry in Africa has much less value added than other nations and more than average in services⁶. Therefore, until gender parity is achieved across Africa, female entrepreneurs will continue to earn less than their male counterparts. This makes the involvement of African women in entrepreneurship and trade crucial to the prosperity of African economies.

However, their participation remains largely **informal, survival-driven, and under-leveraged**, constrained by systemic barriers such as **limited access to finance, assets, education, healthcare, information, and digital tools**. Structural issues such as gender-based violence, regulatory complexity, and weak integration into global value chains (GVCs) further hinder their ability to scale. Despite their resilience, most women traders operate in **need-based businesses** with low capital intensity and limited market access. The study will attempt to quantify women’s contribution to exports and estimate their potential impact on GDP if constraints were addressed. It will assess issues such as access to finance, digital infrastructure, information, market, education, capacity building, and so on that restrict women from transitioning into formal, growth-oriented traders. The report also reviews existing initiatives targeting women traders, identifies gaps, and offers actionable policy recommendations to enhance cross-border trade conditions, foster inclusion in export value chains, and support women-led enterprises through targeted investment, capacity building, and legal protection. Shifting from survival to opportunity-driven entrepreneurship, empowering women in trade can unlock significant gains in inclusive growth, regional integration, and Africa’s long-term export competitiveness.



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AFRICA AND WORLD TRENDS

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Over the past decade, Africa has accounted for merely 2.51% of global merchandise exports on average.

AFRICA AND WORLD: TRENDS

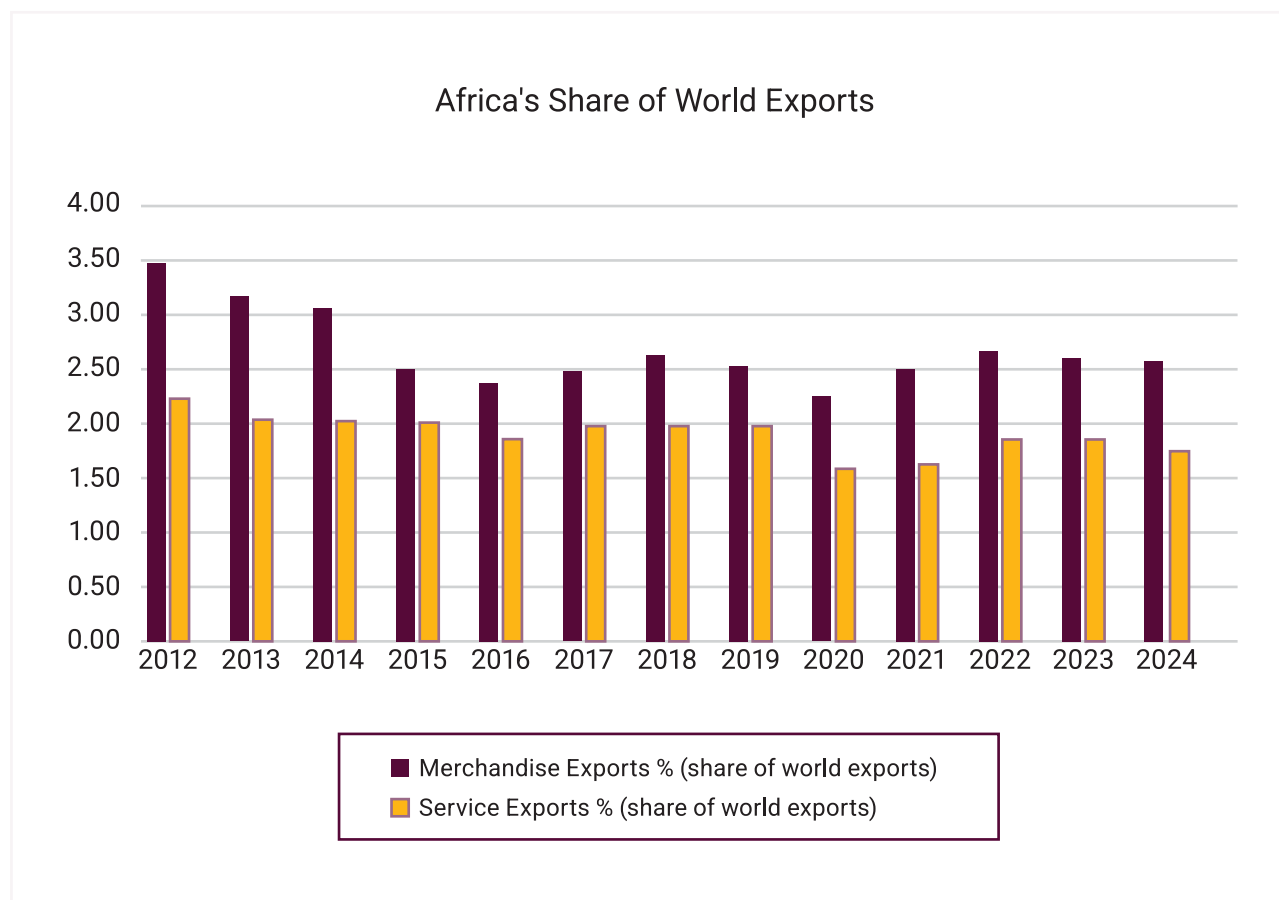
TRENDS FOR AFRICA: MERCHANDISE AND SERVICE EXPORTS

Africa's share of world merchandise exports is quite low. The value of merchandise exports from Africa in 2023-24 was USD 620.24 billion (UNCTAD, n.d.). In 2023-24 the world had recovered from the lows of the pandemic as the total world merchandise exports stood at USD 23.8 trillion, reaching far higher levels than before the pandemic.

The trade in services also showed a similar trend as African exports of services stood at USD 149 billion, which was an increase of 8.7 % from the previous year (UNCTAD, Services (BPM6): Exports and imports by service-category, trade-partner World, annual, n.d.).

FIGURE 1: AFRICA'S SHARE OF WORLD EXPORTS

Source: UNCTAD STAT calculations



Africa has been unable to establish itself as a prominent hub for exports in recent years. This is evidenced by the fact that Africa's share of total merchandise exports has not exceeded 3% since 2014, remaining at a mere 2.67% as of 2024. Over the past decade, Africa has accounted for merely 2.51% of global merchandise exports on average, the lowest among all continents except Oceania, and significantly lower than Asia, which had an average share of 39% during the same period. A comparable trend is observable in Africa's share of service exports, which has not surpassed the 2% threshold since 2016, averaging 1.86% over the last decade, significantly lower than those of Asia and Europe.

EXPORT BASKET: NEED FOR DIVERSIFICATION

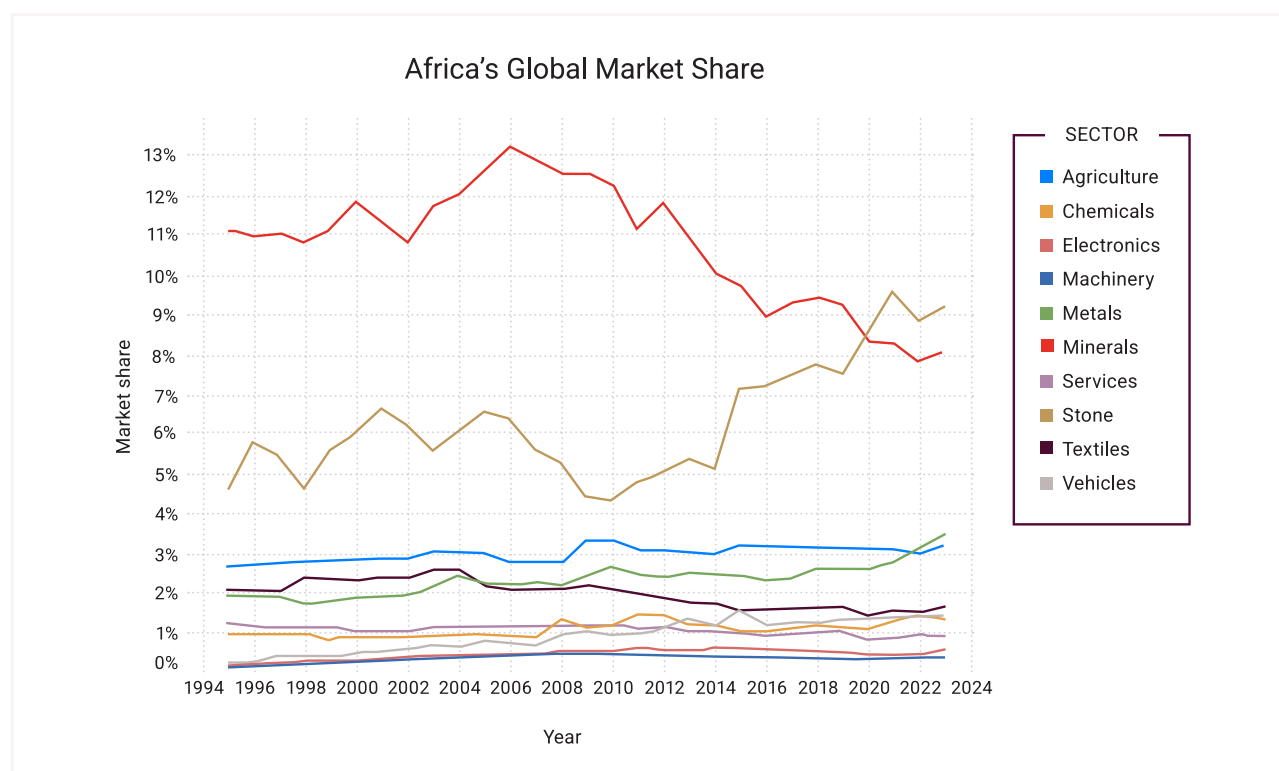
The prominence of mineral products in relation to African merchandise exports is evidenced by the fact that mineral products have consistently represented the most exported product category on the continent since 1995. Furthermore, as of 2021, stone has surpassed minerals in export volume. Over the past three decades, Africa's export market has remained primarily dominated by minerals, stone, and metals, although there has been a gradual increase in the share of vehicles and chemicals, indicating a modest degree

of industrial diversification.

Meanwhile, the share of agriculture has remained relatively stable, whereas services exports have consistently remained below 2%, thereby highlighting the untapped potential within tradable services. Concurrently, manufacturing sectors such as textiles and electronics have witnessed a decline in export share, underscoring the structural challenges faced in maintaining a competitive light industry.

FIGURE 2: AFRICA'S GLOBAL MARKET SHARE

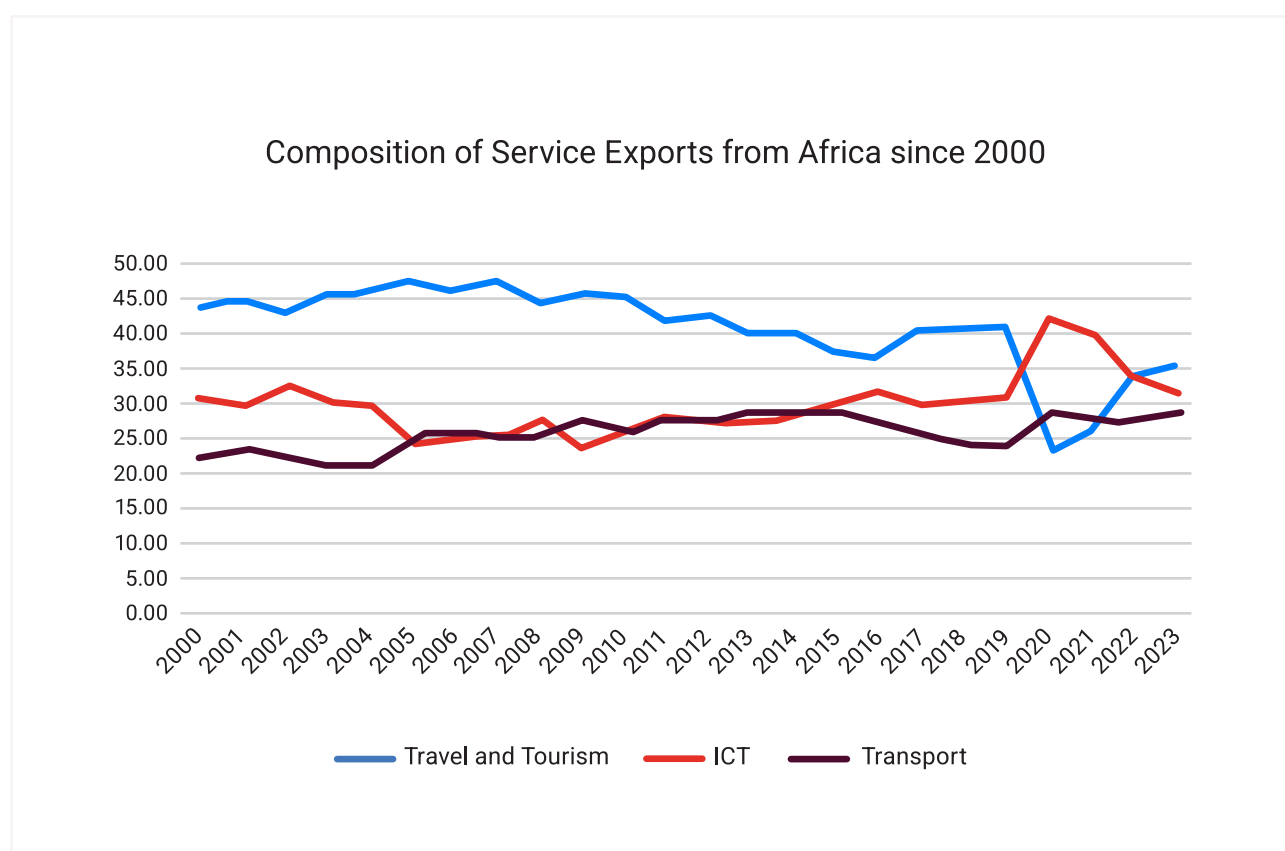
Source : The Growth Lab at Harvard University. The Atlas of Economic Complexity



The landscape of African service exports exhibited stability until the advent of the COVID-19 pandemic, with Travel and Tourism representing the most prominent category. From 2021 onwards, the share of Travel and Tourism in service exports has risen from 22.85% in 2020 to 35.20% in 2023. This growth was succeeded by ICT exports and Transportation services, which constituted 31.54% and 28.10%, respectively, in 2023. The continent's service exports have been predominantly dependent on traditional sectors, with Tourism and Transportation comprising two-thirds of the overall exports; this trend has occurred since 2021.

FIGURE 3: COMPOSITION OF SERVICE EXPORTS FROM AFRICA SINCE 2000

Source : The Growth Lab at Harvard University. The Atlas of Economic Complexity



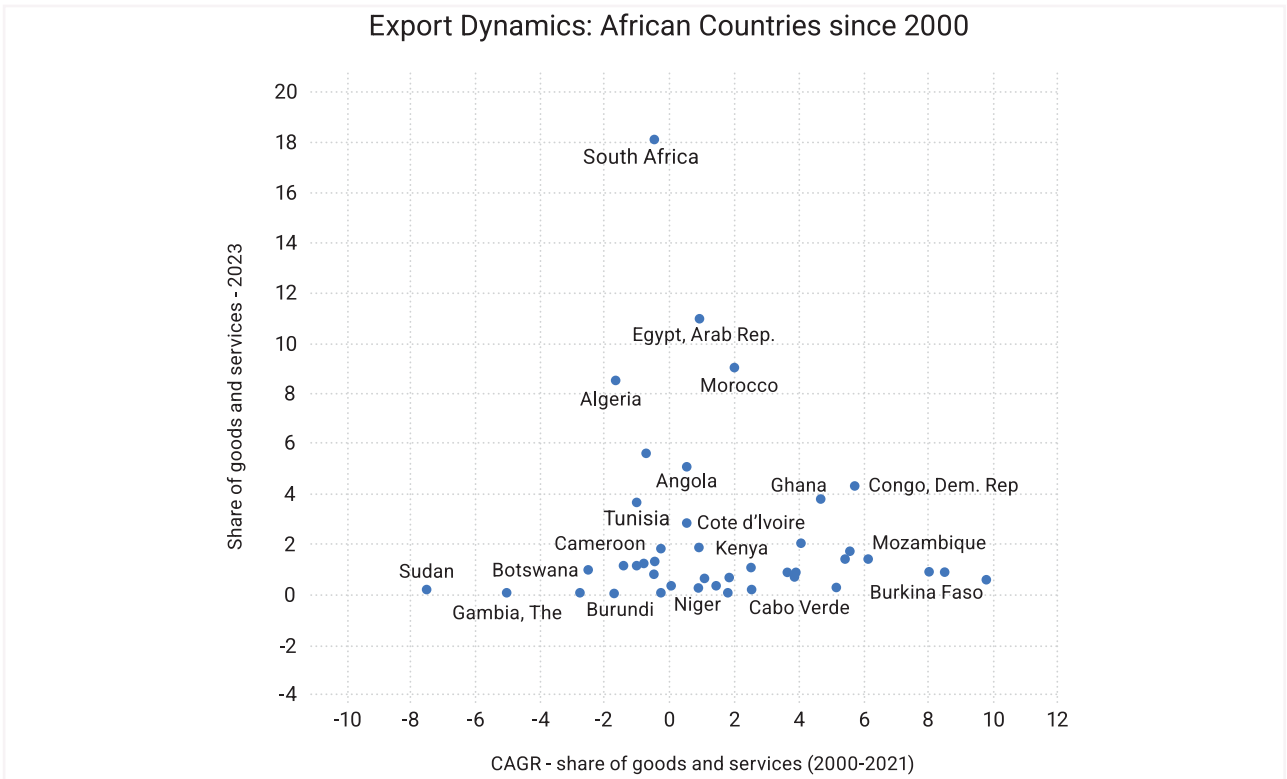
**EXPORT DYNAMICS:
UNRAVELING AFRICAN COUNTRIES**

After examining the export trends of the African continent as a whole, it becomes imperative to delve into the specific export trends of individual countries. It is evident that the majority of exports within the African continent are consistently dominated by a select group of African countries. South Africa, Morocco, and Egypt are the dominant players in Africa’s export dynamics, accounting for a 38% share of total exports. However, several other African nations, despite having a lower export share, are experiencing remarkable growth in their exports. This highlights the diverse and evolving export landscape across the continent. Further analysis and exploration of the factors driving these trends is needed to understand the intricate export dynamics within African countries.



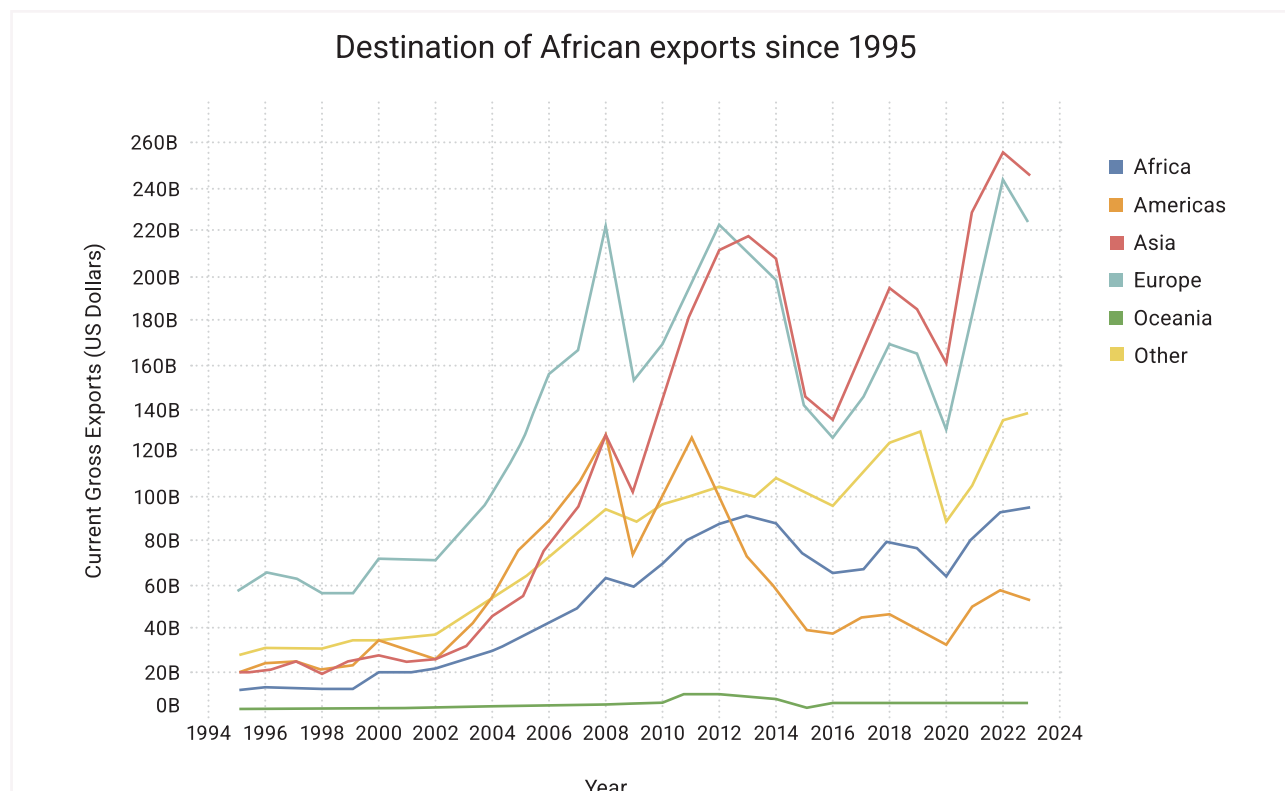
FIGURE 4: EXPORT DYNAMICS OF AFRICAN COUNTRIES SINCE 2000

Source: World Bank



Over the years, the primary export destinations for African goods have changed significantly. In the early 2000s, Europe was the most favoured continent for exports from African countries. This trend persisted until 2016, when Asia surpassed Europe as the preferred destination for African exports, which continues to this day.

FIGURE 5 : DESTINATION OF AFRICAN EXPORTS SINCE 1995



AfCFTA in Focus: Recent Trends and Implementation Milestones

Since the inception of AfCFTA, it has seen widespread adoption across African Union members. By mid-2025, 49 of the 55 AU member states had ratified the AfCFTA Agreement⁷, leaving Eritrea as the sole country that has yet to sign⁸. Benin, Libya, Madagascar, Somalia, South Sudan, and Sudan are among the few pending ratifications.

Over 23 countries have established their AfCFTA tariff schedules, allowing for legally preferred trade within their territories⁹. Major economies, including Kenya, Ghana, Egypt, South Africa, and Nigeria, are now among those ready to grant AfCFTA tariff concessions and trading benefits¹⁰. This extensive involvement illustrates

a strong continental commitment to implementing the free trade area. Official trading under AfCFTA began on 1 January 2021, but the practical rollout occurred gradually, with initial pilot trading starting in 2022 through a Guided Trade Initiative, as only a few countries initially met the minimum requirements¹¹. Since then, the number of participants engaging in preferential trading has steadily increased, with numerous state parties exchanging goods under AfCFTA terms.

Intra-African trade has experienced moderate growth as AfCFTA is being implemented. Afreximbank reports that intra-African trade hit \$192.2 billion in 2023, marking a 3.2% rise from the previous year. This increase raised

the portion of intra-African trade to roughly 15% of Africa's overall trade in 2023, up from about 13.6% in 2022¹². This reveals resilience as a positive indicator of AfCFTA's potential, even in the face of global challenges. Nevertheless, actual trading activities under AfCFTA preferences are still developing. The AfCFTA Secretariat launched the Guided Trade Initiative (GTI) in October 2022 to stimulate trade among select countries. Initially, eight countries – Ghana, Kenya, Rwanda, Cameroon, Egypt, Mauritius, Tanzania, and Tunisia began Ghana, Kenya, Rwanda, Cameroon, Egypt, Mauritius, Tanzania, and Tunisia – began trading goods with reduced tariffs under AfCFTA¹³. The early shipments under the GTI included various products such as batteries, tea, coffee, pasta, pharmaceuticals, steel, and rubber. For instance, Rwanda shipped its instant coffee while Kenya sent dry-cell batteries to Ghana under AfCFTA regulations, marking some of the continent's first AfCFTA-certified shipments. Throughout 2023, the initiative widened its scope to include more products and participating countries. Despite this progress, trade volumes utilizing AfCFTA preferences have remained low, reflecting the early stages of implementation. By mid-2025, with over 20 countries expected to adopt

AfCFTA tariffs, trade volumes are anticipated to increase gradually. Intra-African trade growth is predicted to speed up as tariff barriers decrease; United Nations Economic Commission for Africa estimates that AfCFTA could enhance intra-African trade by more than 30% in the long term but achieving these benefits will rely on overcoming implementation challenges.

The period from 2023 to 2025 witnessed significant policy advancements aimed at operationalizing and institutionalizing the AfCFTA. The African Union proclaimed 2023 the "Year of AfCFTA Acceleration," highlighting a strong political commitment to speeding up the implementation process¹⁴. A year later, during the 37th AU Summit in February 2024, African Heads of State approved two pivotal instruments: the Protocol on Digital Trade and the Protocol on Women and Youth in Trade. These protocols create a continental legal framework for e-commerce and promote the active involvement of women and young traders, which the AfCFTA Secretariat recognizes as vital for establishing a modern and inclusive trading system.



UNECA ESTIMATES THAT AfCFTA COULD ENHANCE INTRA-AFRICAN TRADE BY MORE THAN 30% IN THE LONG TERM





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AFRICA EXPORT

COMPETITIVENESS REPORT

METHODOLOGY

The Index utilizes the competitiveness framework.

03

METHODOLOGY

The Index utilizes the competitiveness framework established by Prof. Porter (1990) to provide a thorough understanding of the various factors influencing the performance of African economies. The Africa Export Competitiveness Index 2024 presents an in-depth assessment of current export conditions, highlighting

significant drivers and warnings that affect export capabilities. Through its extensive framework, it analyzes national export capacity and ecosystems. For the second iteration, the index assessment has increased from 30 to 40 out of 55 AU member states.

Africa Export Competitiveness Index

CONCEPTUAL FRAMEWORK

The Africa Export Competitiveness Index framework, as defined in the 2023 report which is the first edition, continues to thoroughly assess countries across several essential pillars and sub-pillars that are vital to export competitiveness. These aspects are crucial for gauging a nation’s readiness and potential in international trade. The primary pillars are “Enabling Environment,” which includes “Export Policy,” “Basic Infrastructure,” “Knowledge Workforce and Creation,” and “Administration.” The index also investigates “Demand Sophistication” through the sub-pillar of “Income Distribution.” Moreover, it analyzes “Business Dynamism” by examining the “Business Environment.” Finally, the “Export Performance” pillar assesses the “Growth and Orientation of Exports.” This comprehensive framework provides valuable insights into different dimensions of a country’s ability and prospects in the global trade landscape, deepening our understanding of export competitiveness. A more thorough discussion of the framework is included in the analysis.

PILLAR	SUB-PILLAR
Enabling Environment	Export Policy
	Basic Infrastructure
	Knowledge Workforce and Creation
	Administration
Demand Sophistication	Income Distribution
Business Dynamism	Business Environment
Export Performance	Growth and Orientation of Exports

GEOGRAPHICAL COVERAGE

The Africa Export Competitiveness Index covers 40 countries. The index recognizes the heterogeneity and vastness of the African continent in terms of geographical size, language, culture, and policies, which present complexities in analysing the index.

COUNTRIES	
Mauritius	Madagascar
Congo, Dem. Rep.	Kenya
Cabo Verde	Burkina Faso
Morocco	Cameroon
Rwanda	Seychelles
Togo	Lesotho
Namibia	Mauritania
Burundi	Botswana
Djibouti	Ghana
Benin	Zambia
Cote d'Ivoire	Ethiopia
South Africa	Tanzania
Senegal	Egypt, Arab Rep
Gambia, The	Uganda
Gabon	Mali
Tunisia	Angola
Algeria	Malawi
Niger	Mozambique
Eswatini	Zimbabwe
Sao Tome and Principe	Nigeria

Dealing with Data

There were a few indicators where updated data was unavailable in the public domain. In such cases, data from the previous year or national average of countries was considered. The issue was experienced in the indicators provided in the Appendix.

Data Transformation

All the indicators in the final set are modified so that a greater value means a higher score for the state. For instance, the pendency of court cases will have a negative impact on the index. Therefore, changes are made to make its impact positive.

As all the indicators are measured in different units, it is important to standardize them so they become comparable. Otherwise, a variable that has relatively less variance, but is measured on a larger scale, may appear to have much greater variation than it actually does. Standardization helps to solve this problem by making all the indicators unitless as it rescales using a mean of zero and a standard deviation of one.

Indicators are normalized using either total Africa exports or population to enable relative country comparison. This implies that changes in individual indicators may either be driven by the numerator or normalization factor. Moreover, assessing year-on-year performance relies on consistent data collection over time that is not collected for all indicators. Therefore, a change in definition or old variable data could create movements in the rankings unrelated to performance. Thus, inferences about the performance of the states and union territories based on a year-on-year ranking can be misleading.

Evaluating the Fit

The indicator selection process includes those that best describe the pillars' concept and are conceptually linked to each other. The rigour of the Africa Competitiveness Index methodology is strengthened by assessing multiple aspects of fit between those indicators.

First, the exploratory factor analysis is used to test the underlying factors among the set of selected indicators in each pillar. In this process, the indicators that are statistically incompatible are removed. Furthermore, the ACI methodology involves evaluating the fit between the individual indicators by calculating Cronbach's alpha for each pillar.

Alpha was developed by Lee Cronbach in 1951 to provide a measure of the internal consistency of a test or scale; it is expressed as a number between 0 and 1 (Tavakol & Dennick, 2011). Internal consistency describes the extent to which all the items in a test measure the same concept or construct; hence, it is connected to the interrelatedness of the items within the test. Internal consistency can be employed for research or examination purposes to ensure validity. An applied practitioner's rule of thumb is that the alpha value should be above 0.7 for any logical grouping of variables (Cortina, 1993).

The alpha values are significantly lower, i.e., 0.6 for Demand Sophistication. We acknowledge this shortcoming, but it is important to keep some indicators in the index due to their importance to the export landscape of Africa. This is also due to the unavailability of data for African countries other than selected parameters.

Aggregation

After calculating each pillar, the goodness of fit is evaluated using the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. The KMO index ranges from 0 to 1; as a rule of thumb, KMO scores should be above 0.5 (Williams, Onsman, and Brown, 2010). The results of this analysis are shown in Table 1 below. The KMO of all the pillars is above the set standards.

TABLE 1 : RESULTS OF CRONBACH ALPHA AND KMO

PILLAR	SUB-PILLAR	ALPHA	KMO
Enabling Environment	Export Policy	0.69	0.65
	Basic Infrastructure	0.77	0.72
	Knowledge Workforce and Creation	0.85	0.72
	Administration	0.96	0.87
Demand Sophistication	Income Distribution	0.72	0.51
Business Dynamism	Business Environment	0.67	0.65
Export Performance	Growth and Orientation of Exports	0.86	0.71

ESSENTIAL PILLARS AND SUB-PILLARS THAT ARE VITAL TO EXPORT COMPETITIVENESS.



ENABLING
ENVIRONMENT



DEMAND
SOPHISTICATION



BUSINESS
DYNAMISM



EXPORT
PERFORMANCE

The Africa Export Competitiveness Index uses the Principal Component Analysis (PCA) to calculate the indicators' weights within a pillar. The pillar values are calculated by summing up the weighted scores using the following formula:

The last step of determining the pillar score involves transforming the values to a 0 to 100 scale. This is done by calculating the scores using the best- and worst-case scenarios in addition to the regional dataset. The best- and worst-case scenarios are either actual best- and worst-case values from the dataset or adopted from global best practices.¹⁵

$$\text{Pillars} = \sum (w_i * \text{indicator})$$

This method enhances comparability as well as comprehensiveness across the dataset. The calculation is done using the following formula:

$$\frac{(X_j - \text{Worst Case})}{(\text{Best Case} - \text{Worst Case})}$$

Where X_j represents the raw pillar values.

Dimension Scores

Each dimension score is taken to be a simple average of its pillars. The rationale being the absence of any theoretical or empirical proof to weigh any of the pillars higher than the others.

$$\text{Dimension}_d = 1/i \sum \text{Pillar}_s$$

Index Scores

The four dimensions are believed to reflect equally important aspects of export competitiveness. Therefore, no priority has been given to any dimension while calculating the index. Equal weights have been assigned to each of them to highlight their roles.

$$\text{Africa Competitiveness Index} = 1/2 \sum \text{Dimension } d$$

QUICK GUIDE TO THE AFRICA EXPORT COMPETITIVENESS INDEX

PURPOSE

Assess African countries' export readiness and potential.

KEY PILLARS

- **Enabling Environment:** Covers policy, infrastructure, workforce, and administration.
- **Demand Sophistication:** Focuses on income distribution.
- **Business Dynamism:** Evaluates the business environment.
- **Export Performance:** Analyses growth and export orientation.

GEOGRAPHICAL SCOPE

40 African countries.

DATA HANDLING

- Adjustments made for missing data.
- Transformation and normalisation for comparability.

ANALYTICAL TOOLS

Factor analysis, Cronbach's alpha, KMO measure, and PCA.

SCORING

- 0 to 100 scale transformation.
- Average dimensions to determine the final index.



**20
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AFRICA EXPORT

COMPETITIVENESS REPORT



ANALYSIS AEC SCORE

AEC scores across the African countries

04

ANALYSIS

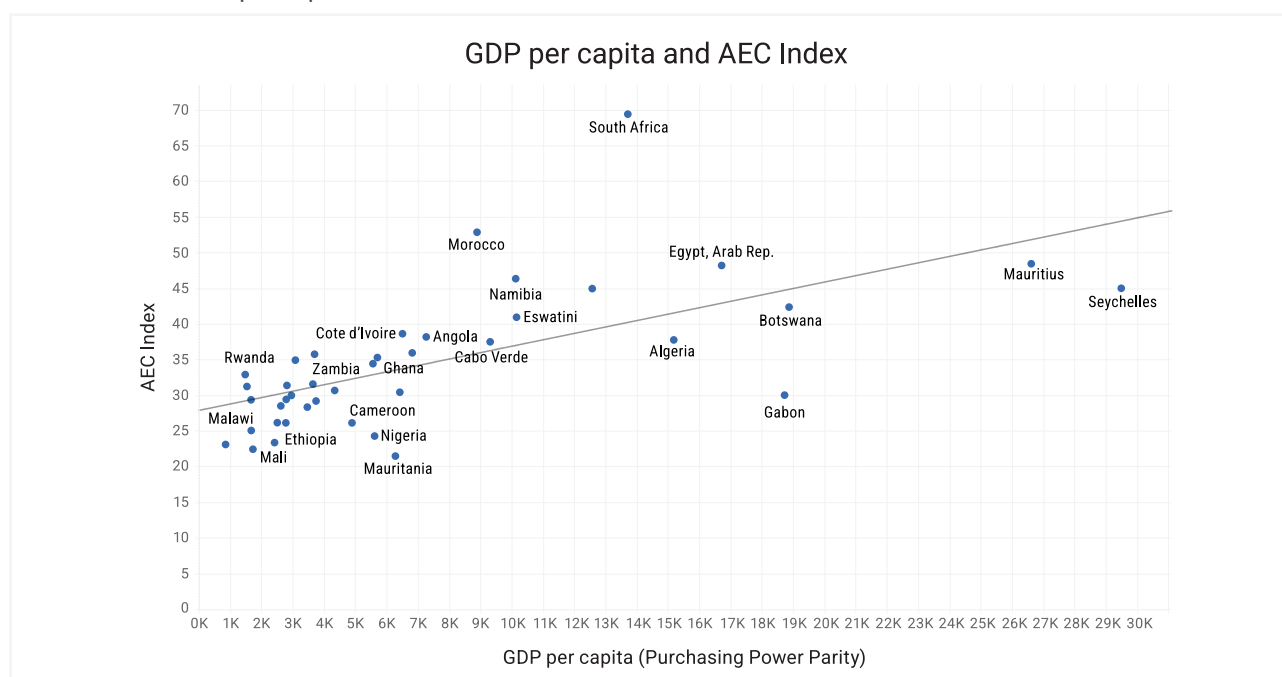
AEC SCORES ACROSS THE AFRICAN COUNTRIES

This section outlines the performance of the African countries on the African Export Competitiveness Index, highlighting key strengths and areas for improvement based on the performance of various countries. This index ranks 40 countries on the African continent. Of the countries included in the Index, South Africa performed the best with a score of 70.79. South Africa was followed by Morocco (53.14), Mauritius (48.70), Egypt (48.49) and Namibia (46.50).

The average score of all the countries in the Index was 34.65, ranging from 70.79 to 21.51. Of the 40 countries, 17 scored above the average. South Africa was far ahead compared to other countries, as the second-placed Morocco scored 17 points lower than South Africa. The following 10 countries in the index are placed closely, as the second-placed Morocco scored only 15 points higher than the 11th-placed Angola (38.25). On the other hand, we can observe a heavy concentration of scores among the countries performing on the lower end of the Index. The 30th-placed country scored only 7 points higher than the lowest-placed country at 40th place. **This indicates that the countries at the bottom end of the spectrum have similar export infrastructure and export performance, necessitating concerted international efforts to address these shared challenges.**

FIGURE 6: ANALYSIS OF GDP PER CAPITA AND AEC INDEX

Source: Sum of GDP per capita vs sum of AEC Index.



A notable trend within the Index is the significant clustering of countries at the lower end of the GDP per capita spectrum. Further analysis reveals a clear positive relationship between a country's overall AEC Index score and its GDP per capita, with a calculated correlation coefficient of 0.628. This moderate positive correlation suggests that higher levels of economic complexity, as captured by the AEC Index, tend to be associated with greater economic output per person.

However, high per capita GDP is not a necessity for a high AEC score, as demonstrated by the performance of Mauritius and Seychelles in contrast to Morocco. Seychelles has the highest per capita GDP among all the countries in the index at \$29,468, whereas Morocco has a modest per capita GDP of \$8,868. However, Morocco scored 53.14 on the AEC index and Seychelles scored only 45.16. Similarly, the contrast in performance of countries at the same level of per capita GDP hints at the fact that GDP per capita does not necessitate better export performance. For example, South Africa and Algeria have comparable levels of per capita GDP at \$13,690 and \$15,159. However, South Africa leads the AEC Index with an impressive score of 70.79 and Algeria ranks 12th with a score of 37.85.

The AEC Framework comprises four key pillars – Enabling Environment, Income Distribution, Business Environment and Export Performance. The Enabling Environment pillar is further expanded into four key dimensions – Export Policy, Basic Infrastructure, Administration and Knowledge Workforce and Output.

ENABLING ENVIRONMENT

Countries are thoroughly assessed in the “Enabling Environment” dimension, which encompasses critical pillars such as “Export Policy,” “Basic Infrastructure,” “Administration,” and “Knowledge Workforce and Output.”

1. **Export policy:** The pillar evaluates the extent to which nations have implemented favourable export policies that foster competition, remove trade impediments, and offer financial and marketing incentives.
2. **Basic Infrastructure:** The Basic Infrastructure pillar assesses financial accessibility, access to electricity and broadband internet, the cost of exports, air and sea transport, and road density. Infrastructure enhancements are crucial for increasing the competitiveness of exports.
3. **Administration:** The pillar evaluates the quality of governance, encompassing the efficacy of the government, adherence to the rule of law, suppression of corruption, and regulatory standards. Good governance is essential for the development and expansion of the economy.
4. **Knowledge Workforce and Output:** The pillar pertains to the presence of a workforce, the capacity for innovation, and the advancement of human resources. An innovative and knowledge-based workforce is critical for fostering economic development.

THE AEC FRAMEWORK COMPRISES FOUR KEY PILLARS



INCOME
DISTRIBUTION



BUSINESS
ENVIRONMENT



EXPORT
PERFORMANCE



ENABLING
ENVIRONMENT

- Export Policy
- Basic Infrastructure
- Administration
- Knowledge Workforce and Output

1. Export Policy

The Export Policy is the foundational framework influencing a nation's engagement in international trade. A stable and elaborate export policy forms the base for the catapult that propels the country's export performance. The Export Policy pillar assesses the existence of such a foundation in the countries. An entirely focused export promotion policy guides a country in identifying the sectors and markets the exporters can target to grow exports. In addition, it aids exporters in growing their exports worldwide. This pillar assesses the countries' existing export promotion plan, the number of regional trade agreements, the share of tariffs with international peaks, whether countries are able to claim duty drawback on imports, etc.

TABLE 2: SCORES OF TOP 10 COUNTRIES UNDER "EXPORT POLICY"

COUNTRIES	EXPORT POLICY
Egypt, Arab Rep.	96.66
Mauritius	93.09
Morocco	89.71
South Africa	80.09
Zimbabwe	69.06
Seychelles	62.32
Zambia	60.86
Tanzania	60.80
Ghana	57.26
Kenya	56.72

The pillar had an average score of **39.37**. The fact that 23 out of 40 countries score below this average suggests a widespread need for policy reform and enhancement across the continent. The leading performers in the pillar, Egypt (96.66), Mauritius (93.09), and Morocco (89.71), benefitted from well-structured tariff regimes that avoid excessive peaks, strategic engagement in Regional Trade Agreements (RTAs) to foster market access, presence of proactive Export Promotion Plans, and mechanisms that facilitate duty drawbacks on intermediate goods used in export production. As per the Trade Review Documents, only 18 out of the 40 countries had an export promotion plan, with only 12 countries allowing their exporters to claim drawback duty on imports of intermediate goods. In terms of regional trade agreements, only Egypt had RTAs crossing the double-digit mark with a total of 10 active RTAs.

Conversely, the bottom three countries – Djibouti (0), Gabon (8.12) and Mauritania (9.22) – grapple with high and unpredictable tariffs, limited participation in beneficial trade agreements, cumbersome and expensive border procedures, a lack of strategic support for export activities, and difficulties accessing duty drawback schemes. Neither of these countries had an export promotion plan or the option of claiming a duty to import intermediate goods. Two of these countries, i.e., Djibouti and Mauritania, had no regional agreements that heavily impacted the access provided by the countries to their exporters.

2. Basic Infrastructure

Basic infrastructure is the essential foundation upon which all trade activities are built. It ensures the smooth movement of goods, services, and information, connecting markets and facilitating transactions. Without it, the flow of commerce would be severely hampered, hindering economic growth and global interconnectedness.

The sub-pillar includes the following variables. Access to reliable power supply, a high number of fixed broadband internet subscribers signifies strong connectivity for communication and transactions, and provides exporters with remote access to international markets. Lower cost to export, border compliance directly reduces trade friction and enhances competitiveness. Efficient air freight enables the swift movement of high-value goods, and a strong presence of commercial bank branches indicates financial accessibility. In addition to air freight, a good network of roads and railways is critical in building a good infrastructural base to facilitate exports. For a continent like Africa with a low share of intercontinental trade, road and rail networks form a crucial base for cross-border trade and allow better movement of goods across countries. Finally, a high liner shipping index score points to well-established maritime trade routes, all contributing to a dynamic and interconnected export landscape.

TABLE 3: SCORES OF TOP 10 COUNTRIES UNDER “BASIC INFRASTRUCTURE”

COUNTRIES	BASIC INFRASTRUCTURE
Seychelles	69.44
Morocco	57.83
Mauritius	56.72
Egypt, Arab Rep.	54.63
Tunisia	48.39
Cabo Verde	45.84
Ethiopia	39.99
Algeria	38.74
Ghana	32.57
South Africa	31.64

The Basic Infrastructure pillar averages a lower score of 27.53, with 24 countries below this mark, highlighting a significant impediment to export competitiveness for the majority of the nations on the continent. The top performers – Seychelles (69.44), Morocco (57.83), and Mauritius (56.72) – possess relatively reliable access to a robust infrastructural framework in their countries. The three lowest performing countries in the pillar are Democratic Republic of Congo (3.21), Niger (10.83) and Malawi (10.94).

The top three countries, along with three others (Algeria, Egypt and Tunisia), have provided access to consistent electricity to their entire population. In contrast, in countries such as the Democratic Republic of Congo, Burkina Faso, Burundi and Malawi, less than a quarter of the population has access to electricity. Internet connectivity remains a critical issue among countries in Africa with 11 out of the 40 countries having less than 1 fixed broadband subscription per 100 people. This lack of internet connectivity hinders the ability of exporters in the country to access potential international markets remotely. The lack of access to financial institutions is also evident in the

region, with an average of 8 commercial branches per lakh population observed in the countries. In addition, African nations show less connectivity with the Liner Shipping networks worldwide. However, among the African countries, Egypt and Mauritius earned the highest score in the Liner Shipping Connectivity Index, scoring highly under this pillar.

Infrastructural deficits across Africa directly translate into higher transaction costs, longer lead times, and reduced competitiveness in international markets. The absence of well-maintained financial infrastructure, reliable energy sources, effective transport infrastructure including rail, air, roads and efficient communication systems creates significant hurdles for businesses. According to the UN Economic Commission for Africa, infrastructural deficits reduce the economic growth potential of the continent by 2% annually. (United Nations Economic Commission for Africa, 2025). The road infrastructure deficit is of utmost concern with only 43% of the rural population in the country being able to access all-season roads, heavily impacting the movement of goods and impacting the export potential of the continent (African Development Bank Group, 2023). Consequently, strategic and sustained investments in these fundamental areas are essential for these countries to participate more effectively in global trade and unlock their full economic potential.

3. Administration

Effective administration lays the groundwork for smooth and predictable trade. Strong governance ensures fair enforcement of contracts and regulations, reducing business risks and uncertainties. Efficient administrative processes minimize delays and costs associated with trade-related activities, fostering a more competitive environment.

A strong **rule of law** provides a stable and predictable legal framework, essential for enforcing contracts and protecting investments in trade. Effective **control of corruption** ensures a level playing field, preventing unfair advantages and reducing the hidden costs of trade. According to the recent Global Corruption Barometer Africa report, more than 55% of the people on the continent think that corruption increased in their country in the past 12 months, with 47% of people saying that bribery is acute within their judicial system, and corruption is rising among police personnel. In the Democratic Republic of Congo, 85% of the people experienced a perceived increase in the level of corruption. The report also found that one in four people, around 130 million people, on the continent had to pay bribes to access basic facilities like education and healthcare. The incidence of corruption is higher among disadvantaged people, as poor people are twice as likely to pay bribes as compared to the wealthiest people on the continent (Transparency International, 2019). These insights clearly indicate the urgent need to control corruption in various countries on the continent.

High **government efficiency** translates to streamlined processes, reducing bureaucratic hurdles and the time needed for trade-related procedures. Finally, **regulatory quality** ensures that trade regulations are clear, consistent, and minimally burdensome, fostering a more conducive environment for businesses to operate and engage in international commerce.

The Administration pillar, with an average of 37.77 and 23 countries below it, underscores the critical role of governance and institutional quality in facilitating trade. The top performers under the pillar are Mauritius (92.41), Seychelles (85.40), and Botswana (80.63). Among the 40 countries, Mauritius leads in 3 out of the 4 parameters in this pillar, namely Rule of Law, Government Effectiveness, and Regulatory Quality, becoming an example for the other countries in the region. Regarding Control of Corruption, Seychelles leads the line, followed by Cabo Verde and Botswana.

TABLE 4: SCORES OF TOP 10 COUNTRIES UNDER “ADMINISTRATION”

COUNTRIES	ADMINISTRATION
Mauritius	92.41
Seychelles	85.40
Botswana	80.63
Cabo Verde	75.28
Rwanda	74.43
Namibia	67.51
Ghana	56.15
Senegal	55.58
Morocco	53.85
South Africa	53.65

Conversely, the bottom five countries – Democratic Republic of Congo (0.51), Zimbabwe (6.51), Burundi (7.05), Cameroon (15.11), and Madagascar (16.67) – struggle with weak rule of law, high levels of corruption, inefficient government bureaucracy, and unpredictable or burdensome regulations. These administrative weaknesses can significantly increase the costs and risks associated with trade, deterring both domestic production for export and foreign investment in export-oriented sectors. Strengthening administrative capacity and promoting good governance are fundamental for enhancing export competitiveness.

4. Knowledge Workforce and Output

A robust knowledge workforce and high-quality output are fundamental drivers of successful trade in the modern global economy. A skilled population fuels innovation and the creation of sophisticated goods and services that hold higher value in international markets. This capability enhances a nation's competitiveness and its ability to engage in profitable trade relationships.

The importance of this pillar is reflected in several key indicators. A high Labor Force Participation Rate (LFPR) among the working-age population signifies an active and potentially skilled workforce. Strong tertiary school enrolment indicates investment in future knowledge and expertise. A high Human Development Index (HDI) encompasses health, education, and living standards, reflecting overall human capital. Innovation output is directly measured by Patent Applications per Million Population, showcasing the creation of new technologies. Similarly, Trademarks per Million Population indicate the development and branding of unique goods and services, all contributing to a nation's ability to produce and trade valuable output.

TABLE 5: SCORES OF TOP 10 COUNTRIES UNDER "KNOWLEDGE WORKFORCE AND OUTPUT"

COUNTRIES	KNOWLEDGE WORKFORCE AND OUTPUT
Mauritius	75.27
Seychelles	65.76
South Africa	58.79
Algeria	53.47
Morocco	51.57
Tunisia	48.46
Egypt, Arab Rep.	47.05
Botswana	33.61
Namibia	29.71
Cabo Verde	28.73

The Knowledge Workforce and Output pillar, with a low average of 22.17 and a significant skew with 28 countries below average, underscores the critical importance of human capital and innovation for producing higher value and more competitive exports. Mauritius leads the pillar with a score of 75.27, followed by Seychelles at 65.76 and South Africa at 58.79. At the bottom of the ranking are Niger with a score of 2.52, followed by Mali at 3.49 and Burundi at 4.61.

The success of Mauritius in the pillar was mainly driven by its HDI score of 0.796, second only to Seychelles at 0.802. The lowest HDI score among the countries belonged to Niger (0.394), Mali (0.41), and Burundi

(0.42), the three lowest ranked countries in the pillar. Higher education attainment is a significant concern across the continent, with a low average tertiary school enrolment rate of just 15%. Similarly, innovation indicators paint a lagging picture: out of 40 countries, 27 have fewer than 10 patent applications, and 12 show no trademark applications by residents.

Substantial improvements in higher education and innovation are crucial to enhance export capacity, particularly in sophisticated and high-tech sectors. Increased investment in tertiary education will develop a skilled workforce capable of driving innovation. Furthermore, fostering a supportive ecosystem for research and development, protecting intellectual property, and incentivizing local innovation will be essential to boost the development and export of high-value goods and services.

After analyzing the Enabling Environment pillar and its various dimensions, we examine the performance of the countries under the remaining three pillars: Business Environment, Income Distribution, and Export Performance.

DEMAND SOPHISTICATION

“Demand Sophistication” assesses the income distribution and sophistication of countries by considering several key indicators. Skewed income distribution concentrated within urban populations plays a crucial role in shaping the demand landscape of a country. A significant concentration of wealth and income at the top end of the Income Distribution pillar fosters a demand for more sophisticated and higher-quality goods and services. Domestic demand incentivizes local producers to innovate and develop the capabilities to manufacture these complex products. As domestic firms gain expertise and efficiency in producing sophisticated goods, they become increasingly competitive internationally, enabling them to export these high-end products internationally.

TABLE 6: SCORES OF TOP 10 COUNTRIES UNDER “DEMAND SOPHISTICATION”

COUNTRIES	DEMAND SOPHISTICATION
South Africa	94.76
Namibia	65.74
Botswana	60.53
Eswatini	58.63
Angola	56.82
Mozambique	53.77
Zambia	46.96
Congo, Dem. Rep.	46.47
Tunisia	41.23
Cote d'Ivoire	41.08

The Income Distribution pillar, with an average of 32.04 and most countries (25) below it, presents a different dimension of competitiveness. The top performers – South Africa (94.76) and Namibia (65.74) – exhibit a higher degree of urbanization and a high concentration of wealth and income among the top 10%. The bottom three countries, Niger (9.70), Mauritania (10.13), and Ethiopia (12.06) showed an opposite pattern in terms of urbanization and income concentration.

Gabon and Djibouti had the highest urban populations, at 91% and 78%, respectively, with 11 out of the 40 countries having more than 60% of their population living in urban areas.

Whereas countries such as Niger and Burundi had a mere 17% of their population residing in urban areas. In terms of heavy concentration of wealth among the top end of the population, Africa shows a significant upward trend with the top 10% population in 15 out of the 40 countries, sharing more than 50% of the national wealth and 62% of the pre-tax national income. The top 10% of the population in Namibia and South Africa have a share of more than 60% of the net wealth and more than 70% of the pre-tax national income. Conversely, Mauritania had the lowest wealth and national income share by the top 10% at 39% and 58%, respectively. A high concentration of wealth among the top tier of the population leads to increased demand for sophistication and enhances demand for high-quality products in the country. The improved demand thus leads to the production of sophisticated goods in the economy, making the country's exports attractive to foreign consumers. However, the high concentration of wealth and income held by the top 10% population also points to a heavy level of inequality in the country. While the high concentration of wealth leads to demand sophistication, the high level of inequality reduces the overall demand potential for the entire economy which negatively impacts the economic wellbeing of the country. The high level of inequality in the countries scoring high under this pillar must be addressed to have more equitable development of the country and more equitable development of exports in the country.

BUSINESS DYNAMISM

A favourable business environment is crucial for trade as it lowers barriers to entry and operation, encourages investment, and fosters fair competition. It provides the stability and predictability businesses need to engage in domestic and international commerce. A healthy business environment ultimately drives economic growth and facilitates seamless trade flows.

The pillar includes the following indicators. **The cost and time required to start a business** directly reflect the ease with which new entrants can participate in the economy and contribute to trade. A higher **manufacturing value-added growth rate** signifies a robust domestic production capacity, creating goods for both local consumption and export. An increase in **FDI inflow** indicates foreign investor confidence in the economy's potential for trade and growth, bringing in capital and expertise. Strong **gross fixed capital formation growth** points to investments in infrastructure and productive assets, essential for expanding trade capacity. Finally, a healthy level of **domestic credit to the private sector** demonstrates the availability of financing for businesses to invest, produce, and engage in trade activities. Together, these indicators paint a picture of the underlying conditions that support and drive export growth within an economy.

TABLE 7: SCORES OF TOP 10 COUNTRIES UNDER “BUSINESS DYNAMISM”

COUNTRIES	BUSINESS DYNAMISM
Mauritius	71.52
Congo, Dem. Rep.	70.59
Cabo Verde	67.88
Morocco	66.99
Rwanda	65.93
Togo	63.54
Namibia	63.45
Burundi	63.40
Djibouti	62.21
Benin	62.09

The Business Environment pillar, with a healthier average of 55.09 and 19 countries above it, reflects the enabling conditions for domestic firms to operate and compete, indirectly impacting their export capacity. The top performers under the pillar are Mauritius (71.52), the Democratic Republic of Congo (70.59), and Cabo Verde (67.88), showcasing strong results. The lowest-performing countries under the pillar are Nigeria (36.33), Mozambique (42.77), and Malawi (45.11). Mauritius's high performance in the pillar is driven by the country's efforts to ease the setting up of a new business. The country has one of the lowest costs and time required to start a business among all nations. The success of the Democratic Republic of Congo under the pillar was based on strong growth in the inflow of foreign direct investments and gross fixed capital formation.

EXPORT PERFORMANCE

The **Export Performance** pillar assesses a nation's current success and sophistication in international trade. It delves into the composition and reach of a country's exports, utilizing indicators such as the proportion of high-tech exports to gauge technological advancement and value addition. The service exports share highlights the importance of the services sector in global commerce. Bio trade as a percentage of total exports indicates engagement in environmentally sustainable trade. The merchandise exports share reflects the traditional goods-based trade. The Complexity Score captures the sophistication and diversity of a nation's export basket, while market penetration reveals its success in reaching and serving international markets. Analysing these indicators provides a comprehensive understanding of a country's current standing and potential in the global export landscape.

TABLE 8: SCORES OF TOP 10 COUNTRIES UNDER "EXPORT PERFORMANCE"

COUNTRIES	EXPORT PERFORMANCE
South Africa	70.85
Egypt, Arab Rep.	60.46
Morocco	54.60
Tunisia	36.01
Angola	29.10
Kenya	28.87
Algeria	26.21
Mauritius	23.78
Cote d'Ivoire	23.67
Ghana	23.43

The Export Performance pillar reveals a significant skew in outcomes, as evidenced by its low average of 19.76 and the fact that only 13 countries scored above this modest benchmark. This high concentration below the average score highlights a considerable disparity in export success across the nations. The top performers – South Africa (70.85), Egypt (60.46), and Morocco (54.60) – have the highest share of merchandise and service exports in world trade among the nations in the index. The bottom three countries, Burundi (2.38), the Democratic Republic of Congo (5.32), and Mauritania (8.29) exhibit significant challenges across these dimensions, indicating fundamental constraints in their export capabilities.

Egypt and Morocco have the highest service export share, at 0.32% each, whereas South Africa leads

the way in merchandise exports with a global share of 0.47%. However, the picture of the global share of African countries in exports seems bleak, with the combined share of all 40 countries in service and merchandise exports only amounting to 1.41% and 2.22%, respectively – one of the major reasons being the low share of high-tech exports in their export basket. Among the 40 countries, only two countries have a share of high-tech exports in their total exports over the two-digit mark, indicating huge potential for countries on the continent. Concerning export complexity, the index reveals a striking concentration in the export base of the countries in the index, with a stark majority exhibiting low complexity. Notably, only 2 out of the 40 nations, i.e. Eswatini and Tunisia, achieve a complexity score greater than 0, within a measure ranging from -2.5 to +2.5. This skewed distribution underscores a general lack of diversification and sophistication in the export profiles across these economies.

In terms of access to a large number of markets for exports, South Africa leads the way with the highest market penetration among all the countries. The countries in the index can easily leverage biotrade to improve their export performance. The 40 countries have an average of 29.59% of their total trade from biological products. With the increasing demand for biosphere-friendly products, this high share can be leveraged by the countries to increase their share of exports globally.

**20
24**

AFRICA EXPORT

COMPETITIVENESS REPORT



CASE STUDY SOUTH AFRICA

05

CASE STUDY ON SOUTH AFRICA

As per the South Africa country brief of August 2024, South Africa's isiZulu and isiXhosa population increased from 16.5 million in 1960 to around 60 million by 2023 (African Export-Import Bank, 2024). The nation recognizes 11 official languages, which include English, Afrikaans, and 9 ethnic languages, with Zulu and Xhosa being the most widely spoken. English serves as the principal language for business and commerce. In 2023, South Africa emerged as Africa's second-largest economy, following Egypt, contributing 13.2% to the continent's GDP, marginally surpassing Nigeria (Statistics South Africa, 2024). The services sector dominates the economy, accounting for 75% of GDP, followed by the industrial and agriculture sectors with 22% and 3%, respectively. Though agriculture contributes a small share to GDP, it employs 21.3% of the workforce and is vital for rural communities. Industry, particularly mining and manufacturing, employs 17.3%, while the services sector leads with 61.4% (African Export-Import Bank, 2024).

South Africa, the second-largest African economy, reached a major milestone by starting preferential trade under the AfCFTA on 31 January 2024. A prominent launch event in Durban celebrated South Africa's inaugural AfCFTA shipment of domestically produced goods intended for Ghana, Egypt, Rwanda, and Tunisia¹⁶.

This follows South Africa's publication of its AfCFTA tariff schedule, effective 31 January 2024, incorporating AfCFTA preferences into its customs system. The country's participation in AfCFTA trading will enhance continental trade in value-added products. Officials emphasized South Africa's pivotal role in key regional value chains, especially in the automotive sector, within the AfCFTA framework. South African manufacturers expect to see increased competitiveness as tariffs decrease, potentially driving domestic industrial growth and job creation¹⁷.

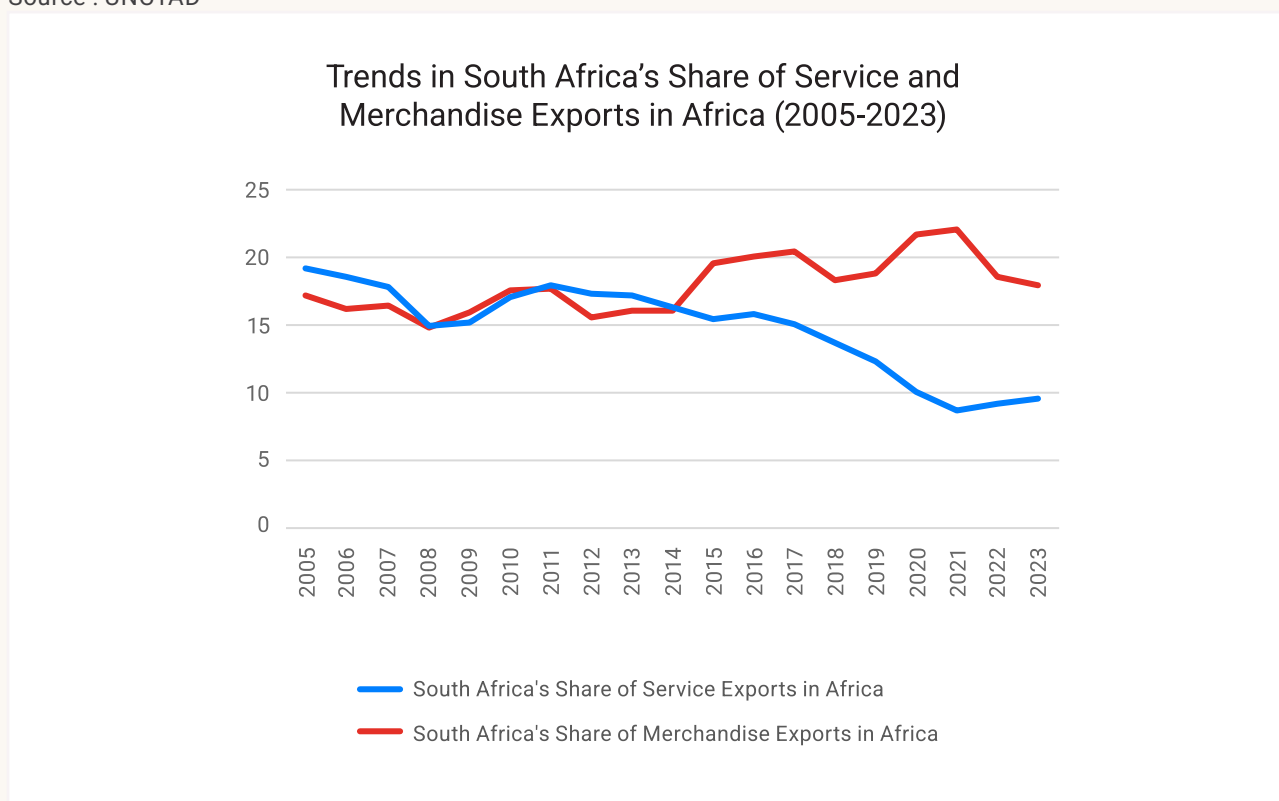
South Africa ranked first in intra-African trade in 2023, contributing 20.4% to total intra-African commerce, with Southern Africa representing 41.1%. Intra-African trade constituted 18% of South Africa's overall trade, which was US\$39 billion, surpassing the continental average of 14.1%. Intra-African exports amounted to US\$30 billion, with over 68% directed to Mozambique, Botswana, Zimbabwe, Namibia, and Zambia, with Mozambique receiving 20%. Major exports included mineral products (12%), vehicles (8%), and machinery (5%). The external debt-to-exports ratio reduced from 130% in 2021 to 115% in 2023, remaining below the sustainable threshold of 180%. The debt service-to-exports ratio also decreased from 20.5% to 19%. However, the debt service-to-revenue ratio increased to 27.5% in 2023, surpassing the 20% threshold and indicating fiscal challenges even with improved export capacity (African Export-Import Bank, 2024). Incidentally, on the Africa Export Competitiveness Index, South Africa outperformed 39 countries.

SOUTH AFRICA'S PERFORMANCE ON KEY INDICATORS

South Africa's proportion of Africa's merchandise exports has remained robust and relatively stable, reaching a peak of 22.06% in 2021, although it experienced a slight decline to 17.87% in 2023. Conversely, its share of service exports has demonstrated a consistent decrease from 19.16% in 2005 to merely 9.48% in 2023, signifying diminishing regional export competitiveness in the services sector. This divergence indicates increasing dependence on merchandise trade while services continue to underperform in export capacity.

FIGURE 7: TRENDS IN SOUTH AFRICA'S SERVICE AND MERCHANDISE EXPORT SHARE IN AFRICA

Source : UNCTAD

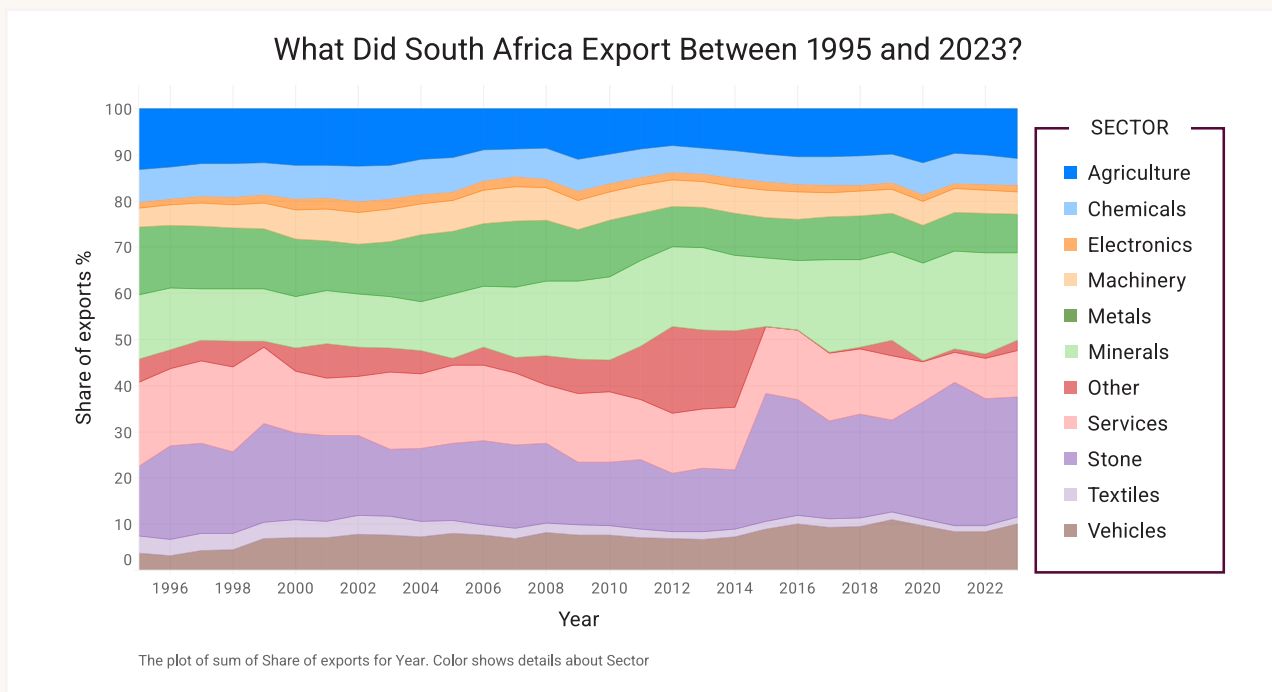


Export Composition

South Africa's export portfolio exhibits a considerable degree of diversification in comparison to numerous developing nations; nevertheless, the mining sector continues to play a vital role. The composition of South Africa's exports has experienced substantial changes from 1995 to 2023, characterized by a noteworthy increase in the proportion of minerals, stone, and vehicles, signifying a transition towards resource-based and automotive exports. Meanwhile, textiles, chemicals, and machinery have experienced relative declines in their share of exports, which reveals competitive pressures and structural transformations in the manufacturing sector. The agricultural sector remains stable; however, the services sector witnessed a pronounced decline after 2019, although a modest recovery was noted by 2023. In summary, South Africa's export profile continues to be predominantly concentrated in commodities, with limited diversification into high-tech or manufacturing sectors.

FIGURE 8: SOUTH AFRICA'S SHARE OF EXPORTS SINCE 1995

Source Data : The Atlas of Economic Complexity



Between 1995 and 2023, total value of South Africa's exports experienced substantial growth, increasing from \$26 billion to \$141 billion, representing an increase of more than fivefold over nearly three decades. This growth not only reflects heightened trade volumes but also indicates diversification in both export destinations and product categories.

South Africa's Export Composition in 2023

The export composition of South Africa is predominantly concentrated in a limited number of key sectors, particularly commodities and metals, which indicates a notable lack of diversification. Gold accounts for 12.81% and platinum for 9.20%, while coal represents 5.35%, iron ore 4.14%, and diamonds 2.30%. This distribution highlights a significant reliance on extractive industries that are susceptible to fluctuations in global prices. Conversely, the automotive sector, which includes cars at 4.74% and motor vehicles at 2.61%, stands out as an essential value-added industry, bolstered by robust policy frameworks and trade agreements, especially with the European Union and the United Kingdom.

BETWEEN 1995 AND 2023,
THE TOTAL VALUE OF
SOUTH AFRICA'S EXPORTS

FROM

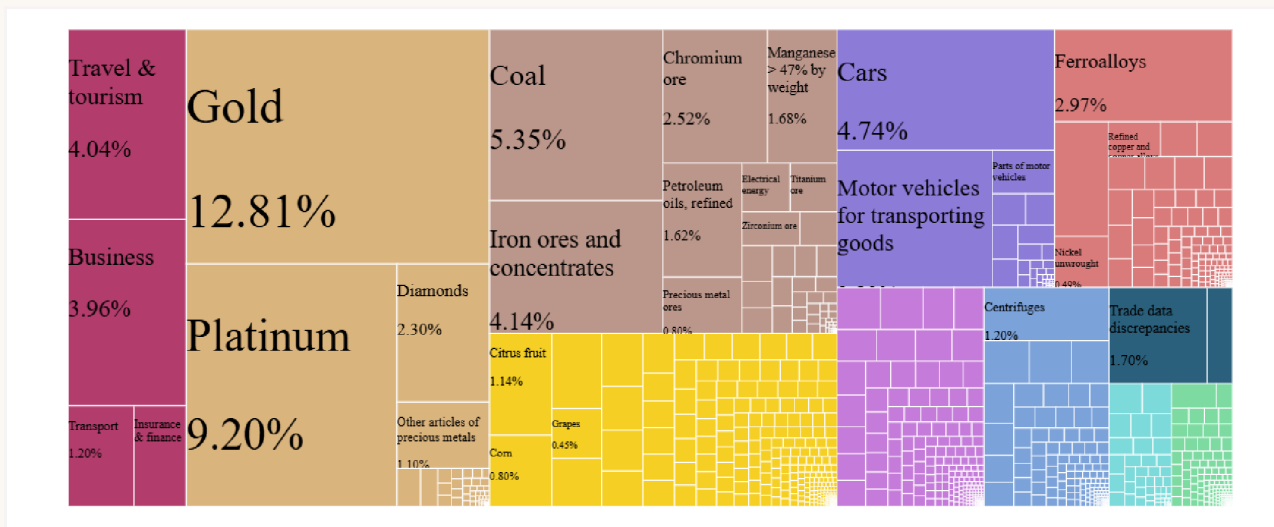
\$26
BILLION

TO

\$141
BILLION

FIGURE 9: EXPORT COMPOSITION: 2023

Source : The Atlas of Economic Complexity



AGRICULTURAL EXPORTS
REPRESENT A MODEST SHARE
OF EXPORTS



HOWEVER THEY ARE CRUCIAL IN
PROVIDING EMPLOYMENT AND
REGIONAL INTEGRATION

Agricultural exports, including citrus fruit, corn, and grapes, represent a relatively modest share overall; however, they are crucial in providing employment and fostering regional integration. Service sectors such as travel and tourism, accounting for 4.04%, and business services at 3.96%, contribute significantly, suggesting potential for further expansion in tradable services.

Smaller industrial exports, such as ferroalloys and centrifuges, exhibit indications of developing complexity, yet their volumes remain limited. In summary, South Africa's export portfolio demonstrates moderate industrial capability and pronounced dependence on commodities.

To enhance resilience, South Africa must strengthen manufacturing, agro-processing, and service exports, capitalize on the African Continental Free Trade Area (AfCFTA), and invest in infrastructure and innovation. Decreased reliance on primary goods is essential to improving long-term export competitiveness and ensuring sustainable growth.

SOUTH AFRICA'S EXPORT DESTINATIONS 1995 VS 2023

FIGURE 10: SOUTH AFRICA EXPORTS TO WORLD – 1995 VS 2023

Source : The Atlas of Economic Complexity



In 1995, exports were predominantly oriented towards traditional trading partners such as Japan, the United States, Germany, and the United Kingdom, with notable regional trade with Zimbabwe. By 2023, China emerged as South Africa's primary export destination, accounting for 16.89% of total exports, followed closely by sustained trade with the United States, Germany, India, and the United Kingdom. The remarkable increase in export value emphasizes South Africa's expanding role in global trade, particularly in commodities and select value-added sectors, while simultaneously underscoring the necessity for continued diversification and competitiveness in emerging markets.

TRADE BALANCE OF SOUTH AFRICA WITH OTHER COUNTRIES¹⁸

FIGURE 11: TRADE BALANCE OF SOUTH AFRICA WITH COUNTRIES

Source: https://oec.world/en/profile/country/zaf?selector2297id=trade_i_baci_a_96&selector343id=Import#market-growth

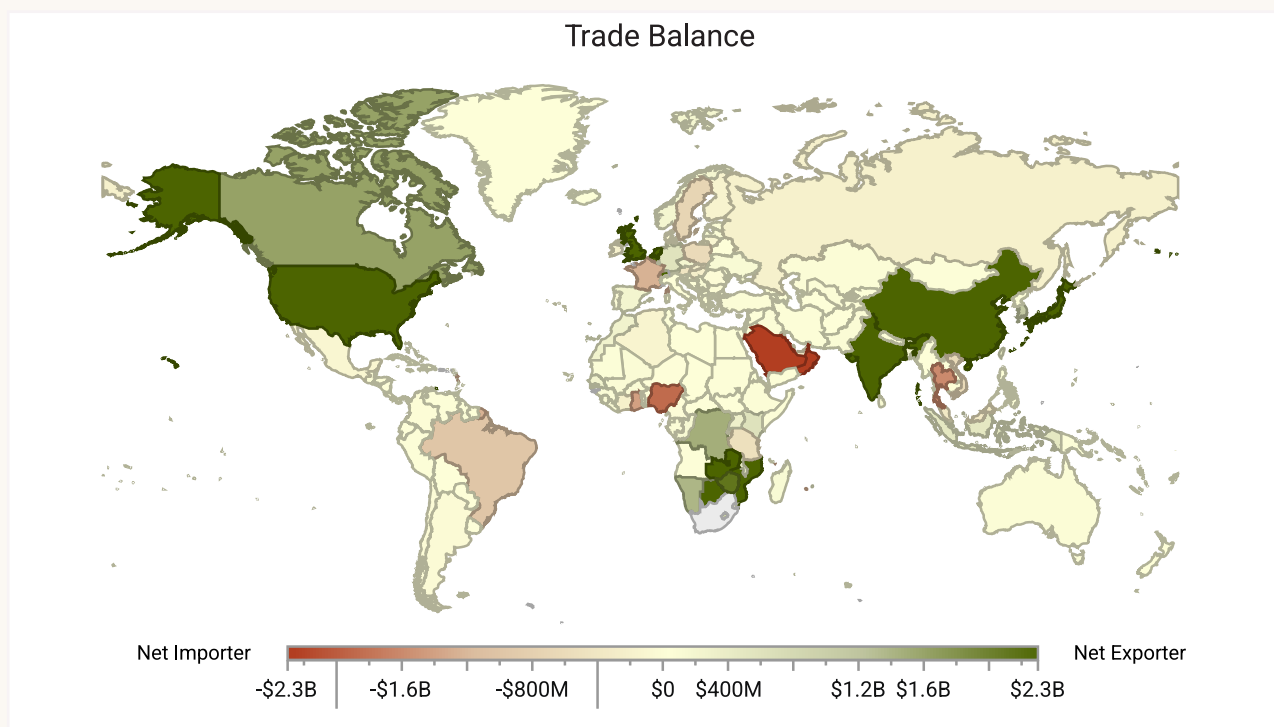


TABLE 9 : TRADE BALANCE OF SOUTH AFRICA WITH OTHER COUNTRIES

TRADE SURPLUS WITH SOUTH AFRICA (2023)			TRADE DEFICIT WITH SOUTH AFRICA (2023)		
Rank	Country	Trade Balance (USD)	Rank	Country	Trade Balance (USD)
1	Oman	\$2.51B	1	United Kingdom	-\$6.04B
2	Saudi Arabia	\$2.43B	2	Mozambique	-\$5.10B
3	Nigeria	\$1.95B	3	China	-\$4.51B
4	Thailand	\$1.65B	4	Japan	-\$4.41B
5	Bahrain	\$1.49B	5	Botswana	-\$3.75B

OVERVIEW OF SOUTH AFRICA'S TRADE POLICY

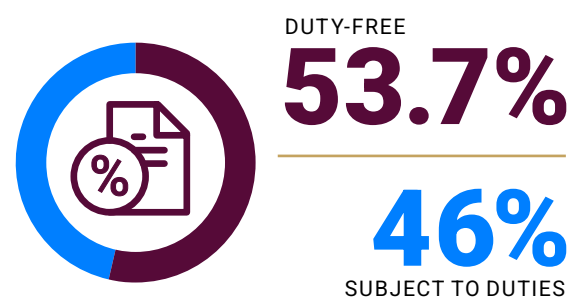
South Africa, the largest member of the Southern African Customs Union (SACU), underwent a World Trade Organization (WTO) Trade Policy Review (TPR) in 2023 as part of the SACU's fifth TPR. This review provides a comprehensive overview of South Africa's trade policy framework and its impact on export competitiveness. (WTO, TRADE POLICY REVIEW SOUTHERN AFRICAN CUSTOMS UNION (SACU) MINUTES OF THE MEETING, 2023).

South Africa's trade policy focuses on promoting industrial development and structural transformation. The Department of Trade, Industry, and Competition (DTIC) considers trade measures, especially tariffs, as tools to support domestic manufacturing, create jobs, and promote diversification. This "developmental" approach involves adjusting tariff levels on a case-by-case basis, backed by evidence, to protect or stimulate specific industries without a predetermined preference for high or low tariffs. Key national strategies, such as the **National Development Plan, the Industrial Policy Action Plan, and the Trade Policy and Strategy Framework**, guide these decisions. South Africa aims to build industrial capacity and advance up value chains through initiatives such as developing regional value chains within BRICS or Africa, while also working to include previously marginalized groups, as indicated by the country's initial steps toward a gender-responsive trade policy (WTO, TRADE POLICY REVIEW SOUTHERN AFRICAN CUSTOMS UNION (SACU) MINUTES OF THE MEETING, 2023).

The government uses a comprehensive range of trade policy instruments to achieve its objectives. These instruments include traditional import duties, duty rebates and drawbacks, which help lower exporters' input costs, and trade defence measures such as anti-dumping, countervailing duties, and safeguards to address unfair imports. In certain situations, import and export controls are implemented to ensure the domestic supply of critical materials or to manage sensitive goods. The main goal is to utilize trade policy to support industrialization rather than merely treat tariffs as revenue generation tools. South Africa explicitly views tariff setting as a "purposeful intervention" to foster investment, innovation, and employment in targeted sectors. This proactive approach highlights a key theme in South Africa's trade policy framework: enhancing the competitiveness of domestic industries to increase exports while balancing commitments to the multilateral trade system.

Tariff Structure and Import Protection

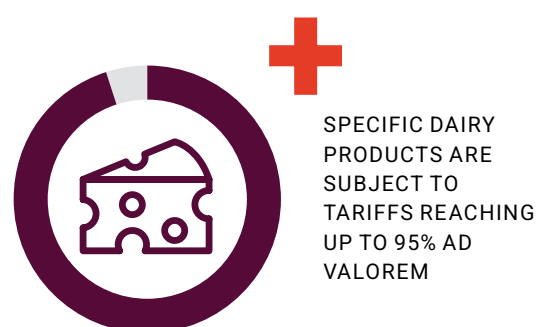
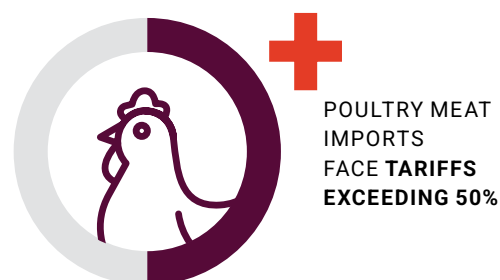
South Africa, alongside its SACU partners, enforces a common external tariff (CET) schedule that is generally moderate but has some areas of high protection. As of 2023, this schedule includes 8,420 tariff lines, with approximately 53.7% being duty-free. The remaining roughly 46% are subject to duties, with a simple average applied MFN tariff of 8.5% ad valorem¹⁹. This figure is slightly above the average from the last review in 2015, about 8.3%, suggesting a relatively stable tariff environment during this period (Chance, 2023). South Africa's overall applied tariffs are not excessively high compared to standards in developing countries, and over half of all products enter the country without tariffs, which benefits both consumers and exporters that rely on imported inputs (WTO, TRADE POLICY REVIEW SOUTHERN AFRICAN CUSTOMS UNION (SACU) MINUTES OF THE MEETING, 2023).



THERE ARE A TOTAL OF 8,420 TARIFF LINES, OUT OF WHICH 53.7% ARE DUTY FREE AND 46% SUBJECT TO DUTIES

Certain sectors continue to have high levels of protection due to tariff peaks that significantly surpass the average. Specifically, steep duties are imposed on some agricultural and consumer goods. For instance, poultry meat and second-hand clothing imports face tariffs exceeding 50%, while specific dairy products are subject to the highest tariffs, reaching up to 95% ad valorem. These tariff peaks indicate South Africa's strategy of utilizing tariffs to protect sensitive or pivotal industries, such as poultry farming, textiles/apparel, and dairy. Beyond ad valorem duties, the tariff framework also incorporates various non-ad valorem rates, including specific duties and mixed formulas on products like sugar, wheat, and certain meats. These complexities can elevate effective protection levels. For example, sugar imports are subject to a "dollar-based reference price" mechanism that triggers variable levies based on world prices. Although these measures benefit producers, WTO members have urged South Africa/SACU to simplify its tariff system by converting specific or formula duties into clear ad valorem rates and to contemplate lowering the excessively high tariff peaks to enhance transparency and competitiveness downstream (WTO, TRADE POLICY REVIEW SOUTHERN AFRICAN CUSTOMS UNION (SACU) MINUTES OF THE MEETING, 2023).

It is essential to recognize that South Africa's applied tariffs comply with its WTO commitments and free trade agreements (FTAs). Any tariff increases are limited by the schedules established in WTO negotiations and trade pacts. South Africa maintains most applied rates significantly below these bound limits. The tariff policy allows flexibility to adjust duties as needed, but this flexibility is exercised within the established legal constraints. The tariff structure is moderate and relatively open, featuring selective protection. Many industrial inputs face zero or low duties, aiding exporters' competitiveness, while consumer-ready and sensitive goods often receive higher protections. This carefully designed structure illustrates the balance South Africa seeks between safeguarding emerging industries and keeping input costs manageable for exporters. For maintaining export competitiveness, reasonable input tariffs, combined with generous rebate schemes, enable exporters in sectors such as automotive and electronics to import components affordably, even as other sectors benefit from tariff support (WTO, TRADE POLICY REVIEW SOUTHERN AFRICAN CUSTOMS UNION (SACU) MINUTES OF THE MEETING, 2023).



Non-Tariff Measures and Border Administration in South Africa

South Africa implements various non-tariff measures (NTMs) that significantly affect trade, typically for health, safety, or strategic purposes. Import controls encompass licensing and permit requirements on products such as used vehicles, second-hand clothing, hazardous materials, and specific agricultural products, overseen by ITAC and other relevant authorities. Furthermore, South Africa enforces trade remedies, including anti-dumping duties (especially on poultry, steel, and metals), which increase import costs and limit market access. The WTO's 2023 Trade Policy Review raised concerns about these measures, particularly regarding how high base tariffs exacerbate trade restrictions.

On the export front, South Africa employs NTMs to bolster domestic industry. A notable instance is the export duty and temporary ban on scrap metals to ensure domestic supply for foundries and prevent infrastructure theft. Though strategic, these measures have attracted criticism from trading partners and the WTO, leading South Africa to suggest reforms like an electronic scrap registry and improved licensing systems.

In terms of customs administration, South Africa has made strides through digital modernization, risk-based inspections, and the implementation of an Authorized Economic Operator (AEO) program. Initiatives such as creating a "single window" for trade documentation and One-Stop Border Posts (OSBPs) with neighboring countries seek to decrease clearance times and reduce transaction costs. However, challenges like permit delays and inconsistent enforcement remain. The WTO has called for greater simplification and transparency of NTMs to enhance trade. Tackling these issues is crucial for improving export competitiveness and further integrating South African companies into global value chains.



THE WORLD TRADE ORGANIZATION HAS CALLED FOR GREATER SIMPLIFICATION AND TRANSPARENCY OF NTMS TO ENHANCE TRADE

SOUTH AFRICA'S ENGAGEMENT IN TRADE AGREEMENTS

South Africa's export competitiveness is strongly influenced by the network of trade agreements it has entered (both as an individual country and as part of SACU or regional groups). The TPR documents South Africa's active participation in **regional and global trade agreements**, which provide preferential market access and lock in policy commitments. Key agreements involving South Africa include (WTO, 2024).

TABLE 10: SOUTH AFRICA'S ENGAGEMENT IN TRADE AGREEMENTS

AGREEMENT	PARTNERS	STATUS	KEY FEATURES
Southern African Customs Union (SACU)	Botswana, Eswatini, Lesotho, Namibia	Established in 1910; revised in 2002	The SACU is the world's oldest functioning customs union. The union enables tariff-free movement of goods within the SACU and has a common external tariff, and a unified platform for external trade negotiations.
SADC Free Trade Area (FTA)	12 SADC countries	Protocol signed in 1996; the FTA was launched in August 2008	Elimination of duties on 85% of tariff lines by 2008; duty-free access for goods within the region; supports regional integration and trade in manufactured products.
EU-SADC Economic Partnership Agreement (EPA)	European Union	Provisionally applied from 10 October 2016; fully in force since February 2018	Grants duty-free, quota-free access for most South African exports to the EU; simplifies rules of origin; enhances market access for key exports like citrus, wine, and vehicles.
UK-SACUM Economic Partnership Agreement (EPA)	United Kingdom	In force since 1 January 2021	Mirrors the EU-SADC EPA to ensure continuity post-Brexit; maintains preferential access for South African exports to the UK market.
SACU-Mercosur Preferential Trade Agreement (PTA)	Argentina, Brazil, Paraguay, Uruguay	In force since 1 April 2016	Provides reciprocal tariff concessions on approximately 1,000 product lines; facilitates trade in selected industrial and agricultural goods.
SACU-EFTA Free Trade Agreement (FTA)	Switzerland, Norway, Iceland, Liechtenstein	Signed in 2006; in force since 1 May 2008	Liberalizes trade in industrial goods; includes provisions for agricultural products through bilateral agreements; aims to deepen economic relations and integration.
African Continental Free Trade Area (AfCFTA)	54 African Union member states	Agreement entered into force on 30 May 2019	Aims to create a single continental market for goods and services; SACU collectively negotiated tariff concessions; South Africa began preferential trade under AfCFTA in January 2024.
Tripartite Free Trade Area (TFTA)	COMESA, EAC, SADC	Agreement signed in 2015; set to enter into force on 25 July 2024 upon ratification by requisite number of states	Seeks to harmonize trade policies and reduce trade barriers among member blocs; serves as a precursor to the AfCFTA.
SACU-India Preferential Trade Agreement (PTA)	India	Under negotiation; five rounds held since 2007	Aims to enhance trade relations through tariff concessions; negotiations are ongoing with no finalized agreement yet.
African Growth and Opportunity Act (AGOA)	United States	Enacted in 2000; set to expire in September 2025	Provides eligible African countries duty-free access to the U.S. market; significant for South African exports like automotive products and agricultural goods; future renewal is uncertain.

South Africa is a State Party to the AfCFTA Agreement and is among the continent's larger economies. The effective implementation of the AfCFTA is projected to boost intra-African trade, foster growth, and stimulate intra-African investments, among other benefits. Additionally, it will offer South African exporters access to new important markets across Africa, extending beyond the Southern African Development Community. This access can catalyse economic growth and simultaneously create opportunities for other African nations to enter the South African market²⁰. In South Africa, the AfCFTA creates opportunities to increase exports to new preferential markets across East, West, Central, and North Africa. Additionally, it provides an alternative market for exporting value-added goods and services²¹. (WTO, 2024)

TABLE 11: SOUTH AFRICA AND AFCFTA

ASPECT	STATUS UPDATE
Commencement of Preferential Trade	South Africa began preferential trade under the AfCFTA on 31 January 2024 , following the gazetting of the SACU joint offer covering 90% of the tariff book, as per Section 48 of the Customs and Excise Act, 1964.
Trade Partners under AfCFTA	South Africa can now trade preferentially with countries that have implemented their tariff preferences, including Algeria, Burundi, Cameroon, Egypt, Ghana, The Gambia, Kenya, Morocco, Rwanda, Tunisia, and Uganda.
SADC Trade Protocol	For SADC countries that are party to the SADC Trade Protocol, South Africa continues to trade under existing SADC preferences.
First Shipments	The inaugural consignments under AfCFTA were dispatched to Ghana and Kenya, comprising value-added manufactured products.
Tariff Liberalization	The SACU liberalizes 90% of tariff lines (Category A) over 5–10 years. The remaining 10% includes 7% sensitive products (Category B) to be liberalized over 10–13 years, and 3% excluded products (Category C).
Trade with Non-Implementing Countries	South Africa can only trade preferentially under the AfCFTA with countries that have ratified the agreement and gazetted their tariff schedules. As of October 2024, 37 countries, including SACU members, have done so.

SOUTH AFRICA'S PERFORMANCE ON AEC INDEX

ENABLING ENVIRONMENT

1.1 Export Policy

South Africa excels in export policy, scoring 80.09 and ranking 4th in this pillar. The country's export policy framework includes various institutional support mechanisms, challenges in tariff structure, and moderate regional integration. With 20.7% of tariffs reaching international peaks, a notable portion of South Africa's tariff lines remains high by global standards but lower relative to African peers. While this protective tariff structure may aid some domestic industries, it can increase input costs for exporters who rely on imported intermediate goods, thereby hindering global competitiveness, especially in manufacturing.

Nevertheless, South Africa is committed to international trade integration. The latest TPR document indicates that it has signed seven Regional Trade Agreements (RTAs) with major partners, including the European Union, United Kingdom, SADC, EFTA, and Mercosur. It participates in the African Continental Free Trade Area (AfCFTA). These agreements facilitate preferential access to important global and regional markets, assisting South African exporters in broadening their market presence (WTO, 2024).

Importantly, South Africa has implemented an Export Promotion Plan that aids firms, particularly in high-potential sectors like agro-processing, automotive, and manufactured goods, by providing market intelligence, financial incentives, and international trade missions. The involvement of agencies such as the Department of Trade, Industry and Competition (DTIC) and the Industrial Development Corporation (IDC) further enhance this supportive environment. Additionally, South Africa is among the few African nations that offer a duty drawback mechanism for intermediate goods used in exports, allowing exporters to reclaim import duties on inputs, which boosts cost efficiency and competitiveness for businesses involved in global value chains.

1.2 Basic Infrastructure

South Africa exhibits moderate performance on this pillar. At 87.7%, electricity access is relatively high compared to other African countries. Still, ongoing power shortages and grid instability (load shedding) remain major bottlenecks that constrain industrial productivity and discourage investment. Digital infrastructure shows significant limitations. With only **3.4 fixed broadband subscribers per 100 people**, South Africa lags well behind its upper-middle-income peers, indicating limited digital penetration, especially in rural and underserved areas. This weakens the country's potential to scale digital trade, e-commerce, and innovation-driven exports.

Trade facilitation indicators show varied results. The cost to export, border compliance is \$1,257, a notably high amount indicating inefficiencies in customs processes, port handling, and necessary documentation. This is based on the last update in 2019. This is one of the highest on the continent, which negatively impacts export competitiveness, particularly for goods with time constraints. Despite these obstacles, the Liner Shipping Connectivity Index stands strong at 99.27, demonstrating South Africa's solid positioning within global maritime networks and its importance as a main shipping and logistics center on the continent. Air freight performance is modest at 15.13 million ton-km, which benefits niche sectors such as high-value perishables and pharmaceuticals but lacks broader application. Banking infrastructure is fairly accessible, boasting 9.1 commercial bank branches per million people to support business financing and trade transactions.

1.3 Knowledge Workforce and Output

South Africa's rank on this pillar is 3rd with a score of 58.79. The country provides a mixed profile in developing a knowledge-based economy, reflecting institutional strengths and persistent structural gaps. **The Labour Force Participation Rate (LFPR) among the working-age population (15–54) stands at 62.82%**, indicating moderate economic engagement. However, high unemployment, particularly among youth and graduates, suggests underutilization of human capital rather than a shortage of it. The **tertiary education enrolment rate of 27.17%** is relatively strong in an African context but remains low compared to middle-income peers globally. This reflects both access limitations and systemic issues in the education system, including poor throughput rates and skill mismatches with labour market needs.

South Africa's **Human Development Index (HDI) score of 0.717** places it in the “high human development” category, signalling foundational health, education, and income progress. Yet, this progress is uneven, with sharp regional and socio-economic disparities affecting the inclusiveness of the knowledge economy. Innovation indicators further reflect the country's potential and constraints. Patent applications per million people (29.33) remain low for an upper-middle-income country, indicating limited formal innovation outputs and weak commercialization of R&D. In contrast, trademark applications (359.40 per million people) are relatively high, suggesting stronger activity in brand-building, entrepreneurship, and small business formalization, important components of non-technological innovation.

Overall, while South Africa possesses a sizeable, semi-skilled workforce and a growing base of higher education participation, it struggles to convert this into consistent high-value innovation. Strengthening linkages between education, research institutions, and industry is essential to enhance export sophistication and long-term competitiveness.

1.4 Administration

South Africa's Administration score is 53.65, ranking it in 10th place. The country's performance on key World Governance Indicators shows a mixed governance landscape that offers opportunities and challenges for its economic and export competitiveness. With a Government Effectiveness score of 40.57 and a Regulatory Quality score of 44.34, South Africa faces difficulties in policy execution, administrative efficiency, and the predictability of the regulatory environment, which can hinder investment and complicate business activities. The Rule of Law score of 54.25 points to a moderately strong legal and institutional framework, providing stability in property rights and contract enforcement; however, issues such as judicial delays and law enforcement challenges remain. A Control of Corruption score of 45.75 also reflects ongoing concerns about governance integrity, especially within state institutions and procurement processes.



DEMAND SOPHISTICATION (INCOME DISTRIBUTION)

The AEC highlights that the richest 10% control around 60% of the income in numerous African nations, including South Africa. The demand conditions in South Africa showcase a mix of facilitating factors and structural disparities that influence its export competitiveness. With an urban population of 68.8%, the country benefits from a dense and interconnected consumer market, which fosters economies of scale, logistical efficiency, and access to modern retail elements essential for companies creating products for export. Income and wealth distribution in the country is notably skewed: the top 10% possess 65.1% of net personal wealth and 85.6% of pre-tax national income.

While this inequality indicates economic exclusion, it also establishes a sophisticated domestic market segment. Affluent consumers seek premium goods and services, offering a launching pad for companies to produce high-quality, export-ready products in sectors such as automotive, wine, design, and financial services. These circumstances promote a luxury-driven demand sophistication model, where domestic expectations incentivize firms to enhance quality and compete internationally. This trend can propel the rise of globally competitive industries when paired with urbanization. However, although some concentration of demand can boost export growth, an enduring high level of inequality is neither desirable for export competitiveness nor GDP growth. It constrains inclusive growth, stifles mass market development, and undermines the full capacity of domestic demand to foster widespread industrialization. Ultimately, long-term prosperity that encompasses a broad base, not solely elite consumption, is crucial for cultivating a robust middle-class consumer base and a diversified export landscape.



THE AEC HIGHLIGHTS THAT THE RICHEST 10% CONTROL AROUND 60% OF THE INCOME IN NUMEROUS AFRICAN NATIONS



SOUTH AFRICA'S
BUSINESS DYNAMISM
SCORE: **61.49**

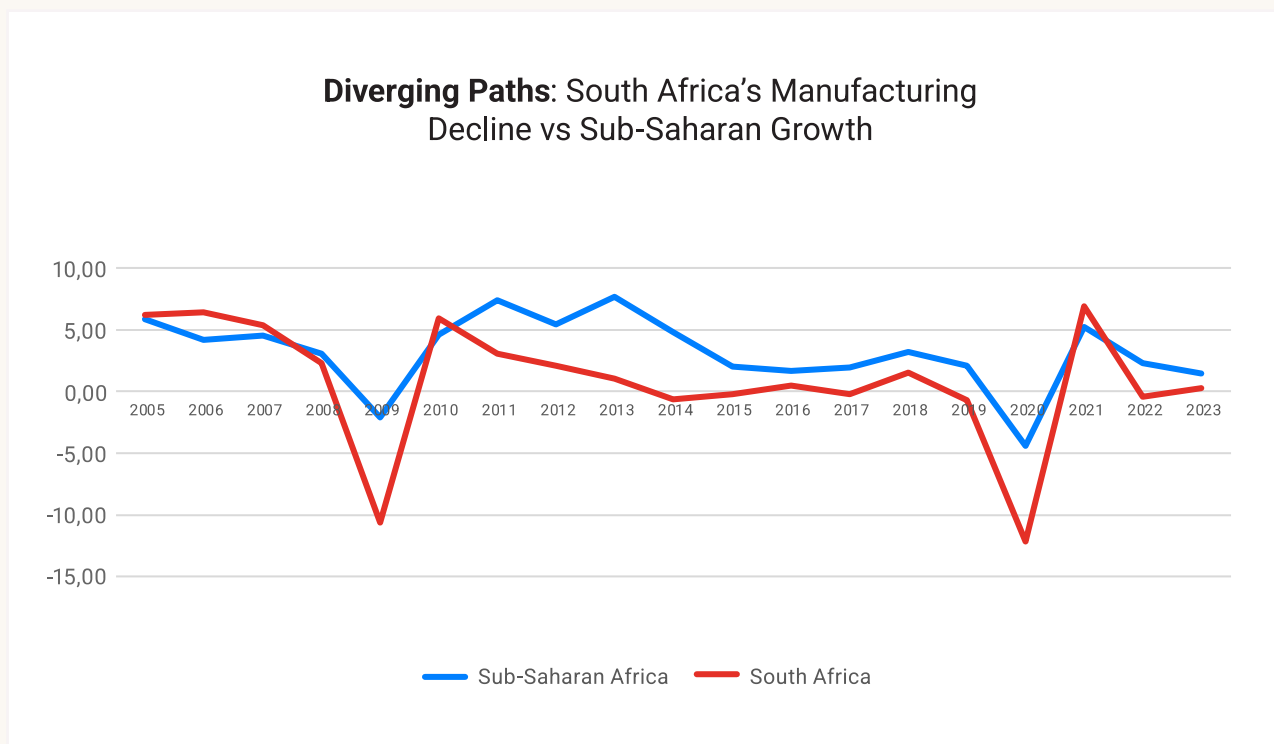
BUSINESS DYNAMISM

In the Business Dynamism pillar, South Africa scores 61.49, which ranks 12th out of 40 African countries. However, it shows a mixed performance in business dynamism, revealing notable cost and procedural efficiency differences. The cost of starting a business is just 0.20% of GNI per capita, making the country the 2nd lowest among 40 African countries assessed on AEC, indicating a relatively low financial barrier to entry. In contrast, the time required to start a business remains high, taking 40 days, which ranks South Africa 38th in Africa by this measure, according to the 2019 data from the World Bank. This procedural inefficiency weakens the country's business climate and can hinder entrepreneurship, especially among small and medium-sized enterprises (SMEs), vital for export diversification.

Regarding investment attractiveness, South Africa experienced a record high of \$40.66 billion in foreign direct investment (FDI) inflows in 2021. However, this upward trend has not continued as FDI inflows decreased to USD 3.44 billion in 2023, marking a significant 62% decline from 2022 to 2023. This sharp decrease reflects waning investor confidence, likely due to concerns about energy security, logistical challenges, and regulatory unpredictability. Nevertheless, the domestic financial sector remains strong. Domestic credit to the private sector reached 90.96% of GDP, indicating substantial access to finance for businesses. Furthermore, gross fixed capital formation expanded by 3.86%, suggesting moderate investment in productive assets. These factors directly influence export competitiveness. While access to finance and low startup costs enhance export potential, procedural setbacks, falling FDI, and limited capital growth restrict industrial capacity, innovation, and the ability to increase exports, particularly in high-value and complex industries. Overall, SA's business environment is relatively strong, in Africa, but limits entrepreneurship and firms' entry into high-value manufacturing and services. From 2005 to 2023, South Africa's manufacturing sector's performance has declined significantly compared to its previous trajectory and the broader sub-Saharan Africa (SSA) region. The country experienced considerable manufacturing growth in the mid-2000s, exceeding 6% in 2005–2006, but has faced ongoing stagnation since then. Notable contractions occurred, particularly in 2020 with a decline of 12.1% due to COVID-19, and again in 2022 and 2023. In contrast, SSA's manufacturing value added exhibited more consistent growth, averaging between 2% and 5%, and exceeding 7% in years like 2013 and 2021. This disparity highlights deeper structural issues within South Africa such as ongoing energy shortages, weak investment, skills mismatches, and logistical challenges, notably at ports and with rail systems.

FIGURE 12: DIVERGING PATHS: SOUTH AFRICA'S MANUFACTURING DECLINE VS SUB-SAHARAN GROWTH

Source : World Bank



Unlike its SSA counterparts that have utilized light manufacturing and agro-processing for growth, South Africa has increasingly depended on resource-based exports, resulting in limited industrial diversification. The underperformance of the manufacturing sector can diminish South Africa's export competitiveness by reducing value addition and economic complexity, which are crucial factors in the Africa Export Competitiveness (AEC) Index. This scenario also hinders job creation and limits the country's ability to take advantage of regional trade opportunities, including the African Continental Free Trade Area (AfCFTA). A unified strategy that prioritizes energy reform, trade facilitation, infrastructure upgrades, and realigning industrial policy is crucial for revitalizing manufacturing. Without these initiatives, South Africa risks further economic decline and a diminished regional role in manufacturing-driven trade and development. The disparity between its potential and actual performance highlights the urgent need for a manufacturing-led recovery strategy.

EXPORT PERFORMANCE

South Africa is at the forefront of Africa regarding pure export performance, achieving an Export Performance score of 70.85 (rank 1), significantly higher than the African average score of 19.76. From 2000 to 2023, South Africa's compound annual growth rate (CAGR) for export share was -0.45%. The export share was 20.13% in 2000 and decreased to 18.13% by 2023.

In the current Africa Export Competitiveness (AEC) Index edition, South Africa ranks the 8th highest African country out of 40 based on its high-tech exports as a share of total manufactured exports, reflecting moderate capacity in exporting technologically advanced goods. However, broader indicators within the Export Performance pillar underscore structural limitations in the country's global trade footprint.

South Africa's **merchandise exports account for just 0.47% of total global exports**, a modest figure given the country's relative industrial development and status as the most diversified exporter on the continent. Its services export share is even lower, comprising only **0.18% of world services exports**, despite having one of Africa's more developed financial, IT, and travel sectors.

This limited services export footprint points to underutilized potential in tradable services and reflects declining competitiveness in tourism, business outsourcing, and digital services.

Moreover, bio-trade products such as natural plant-based products, essential oils, and sustainably sourced biological goods comprise only 16.13% of South Africa's total exports. Given the country's rich biodiversity and comparative advantage in natural resource-based sectors, this relatively low share highlights missed opportunities for diversification into value-added, sustainability-linked exports with growing global demand. These figures suggest that while South Africa maintains a relatively strong position in Africa, its overall export performance remains constrained by a narrow global export share, underexploited service and bio-trade sectors, and a need for greater movement up the value chain. Strengthening high-tech capabilities, scaling green and nature-based exports, and revitalizing services trade are critical to improving South Africa's standing within the Export Performance pillar of the AEC Index and achieving more resilient, inclusive, and sustainable export growth.

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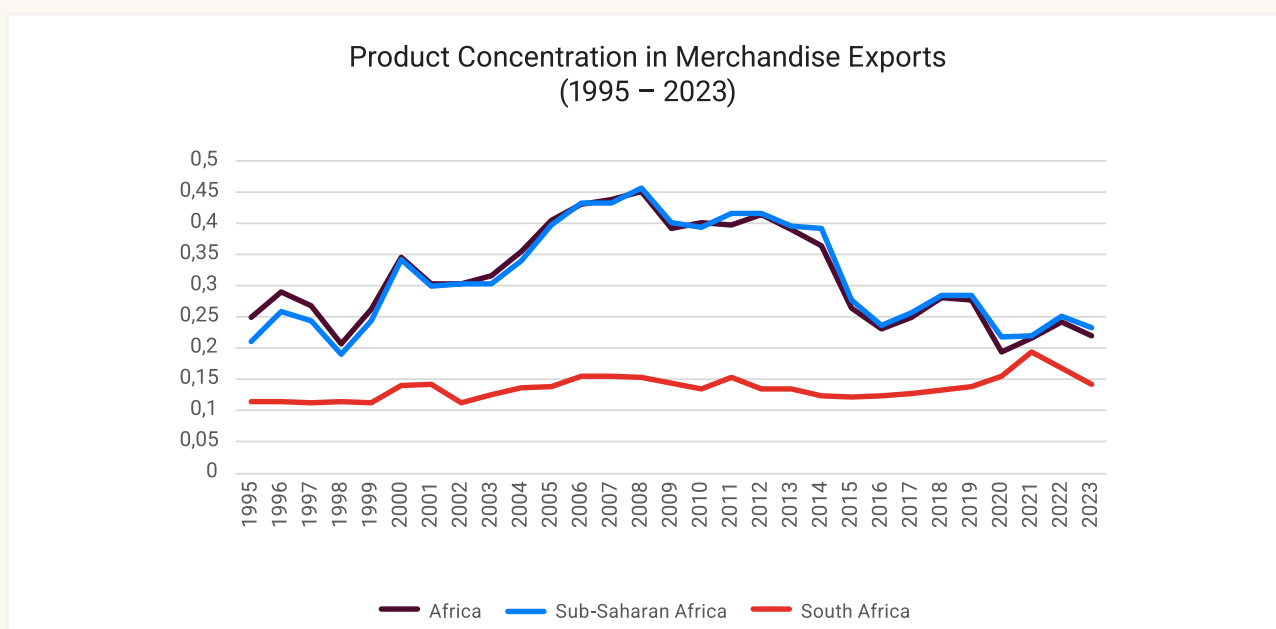
SOUTH AFRICA'S EXPORT PERFORMANCE SCORE OF 70.85 (RANK 1), SIGNIFICANTLY HIGHER THAN THE AFRICAN AVERAGE SCORE OF 19.76

Understanding Export Diversification

The Export Product Concentration Index assesses how much a country's merchandise exports rely on a small selection of products. It reveals whether a limited number of key commodities predominantly drive a country's exports or if there is a broad distribution across multiple products²². A higher index value signals increased concentration, meaning that a large share of export revenue relies on a few goods. In contrast, a lower index value points to higher diversification, showcasing a more balanced and robust export profile structure. This indicator is particularly useful in assessing a country's export diversification and economic vulnerability. Economies with high product concentration are typically more exposed to external shocks, such as commodity price fluctuations or demand shifts in specific sectors.

FIGURE 13: PRODUCT CONCENTRATION IN MERCHANDISE EXPORTS (1995-2023)

Source : UNCTAD



South Africa's index fluctuated between 0.112 and 0.195 during this period. It consistently exhibited a lower product concentration index than both Africa and sub-Saharan Africa, indicating a more diversified export base that includes manufactured goods (like vehicles and machinery) as well as processed materials, rather than solely raw commodities. Initially (1995–2005), it showed a low and stable concentration (approximately 0.11–0.14), reflecting a moderately diversified export basket. However, starting in 2006, the concentration gradually increased, reaching a peak of 0.195 in 2021, which suggests that South Africa's exports became more concentrated, particularly during global commodity booms. In 2022, the index declined slightly to 0.169, yet it still remained notably higher compared to the 1990s, indicating continued dependence on a narrower range of products, especially minerals, metals, and automotive components.

Market Penetration

As revealed through market penetration calculations, South Africa's top 10 export product categories reflect a complex interplay of strengths and evolving vulnerabilities across sectors. These insights highlight the breadth of South Africa's trade reach and the structural challenges that constrain export diversification and long-term competitiveness.

TABLE 12: SOUTH AFRICA: TOP 10 PRODUCTS MARKET PENETRATION

Source : Author compiled data from ITC trade map

SOUTH AFRICA- TOP 10 PRODUCTS MARKET PENETRATION					
HS Code	Product by Rank	Product Label	Number of Countries to which it Exports	Number of Countries that Import the Product	Market Penetration
71	1	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad . . .	87	220	0.40
26	2	Ores, slag and ash	96	194	0.49
87	3	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	153	226	0.68
27	4	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral . . .	128	228	0.56
72	5	Iron and steel	114	224	0.51
84	6	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	183	227	0.81
8	7	Edible fruit and nuts; peel of citrus fruit or melons	145	225	0.64
76	8	Aluminium and articles thereof	114	227	0.50
85	9	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, televisions . . .	225	228	0.99
10	10	Cereals	96	223	0.43

At the top of the export basket is electrical machinery and equipment (HS85), demonstrating near-universal global penetration (98.7%), signalling broad access to international markets. While this reach may be partly attributed to re-exports or standard electrical components, it nonetheless offers a platform to scale up value-added electronics manufacturing, provided the country invests in innovation and skills. Similarly, nuclear reactors, boilers, and machinery (HS84), with 80.6% penetration, reflect South Africa's relatively diversified industrial base, especially in mining and energy-related equipment. This sector presents a strong foundation for technological upgrading and integration into more sophisticated global value chains.

The automotive sector (HS87), underpinned by policy mechanisms like the Automotive Production and Development Programme (APDP²³), continues to perform well, with 67.7% market penetration. South Africa's success in exporting vehicles and parts is built on robust OEM investments and regional integration. However, this strength is overly dependent on a few global firms and limited in technological depth. Local content, component manufacturing, and eventual movement toward electric vehicle (EV) technologies are crucial to sustain and expand this sector's competitiveness.

In agriculture, edible fruits and nuts (HS08) demonstrate strong

performance (64.4% penetration), underscoring South Africa's leadership in citrus, grapes, and other fruits. However, sustained growth in this sector will rely on addressing infrastructure constraints particularly cold-chain logistics and compliance with sanitary and phytosanitary standards. Meanwhile, mineral fuels (HS27), iron and steel (HS72), and aluminium (HS76) reflect enduring comparative advantages in resource-based exports, with penetration rates ranging from 50% to 56%. While these sectors produce significant revenue, their long-term sustainability is jeopardized by global decarbonization trends and fluctuating commodity markets. The way forward lies in beneficiation adding value through refined metal products, alloys, and energy-intensive components.

Mining-related exports like ores, slag, and ash (HS26) remain globally competitive (49.5% penetration), especially in platinum group metals and manganese. However, these exports are highly concentrated in a few markets, exposing them to external shocks. Similarly, cereals (HS10) primarily maize, are largely regionally focused, with 43% penetration. This underscores the potential for growth through productivity improvements and processing grain product exports. Finally, precious stones and metals (HS71), historically dominant, now exhibit relatively low market penetration (39.5%), signaling

both demand concentration and underutilized beneficiation capacity.

From a strategic perspective, diversification is crucial. Although South Africa benefits from strong market access in specific industries, a significant portion of its export value is still linked to low-complexity commodities. Investing in infrastructure, especially improving port efficiency and ensuring reliable electricity, is vital for facilitating time-sensitive exports such as automotive and agricultural products. South Africa can increase export complexity and value by enhancing technological capabilities in crucial sectors. Lastly, ongoing policy support, including export incentives, promotion of research and development, and targeted sector development programs are essential for helping South Africa shift from resource reliance to a more resilient, sophisticated, and internationally competitive export framework.

Complexity Ranking: Performance of South Africa

The Economic Complexity Index (ECI), developed by the Harvard Growth Lab, measures the sophistication of a country's productive capabilities based on the diversity and complexity of its export basket. It indicates how much know-how is embedded in a country's exported products and assesses how rare or common those products are globally. A higher ECI score suggests that a country

exports a wide range of diverse, high-value, and technologically advanced goods produced by few others. Countries improve their ECI by increasing the number and complexity of the products they successfully export.

As of 2023, South Africa ranks 78th globally in the Economic Complexity Index (ECI), a marked decline of 16 positions compared to a decade ago. From 2000 to 2023, South Africa's ECI ranking dropped from 53rd to 78th, decreasing its ECI score from +0.13 to -0.31. This trend signals a concerning erosion

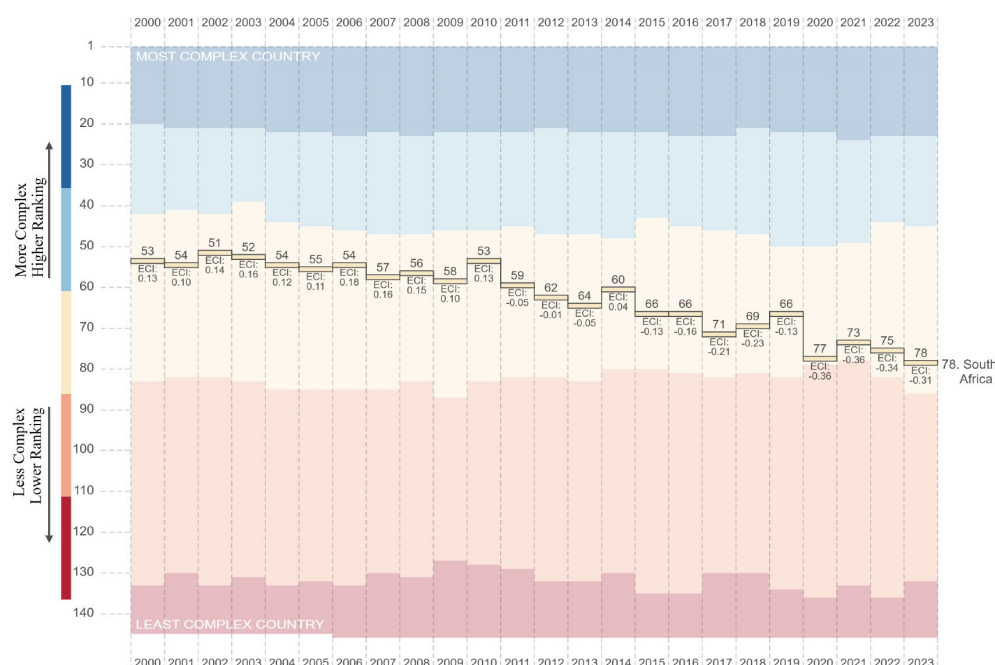
of economic complexity over the past two decades, even though South Africa continues to be the most diversified and industrialized economy in Africa. This deterioration reflects a worsening in the diversity and sophistication of its export structure.

The Harvard Growth Lab also notes that South Africa is "as complex as expected" given its income level, suggesting the economy is not underperforming relative to its current capabilities. Still, it also isn't progressing toward higher-value sectors. Nonetheless, the country

is well-positioned to diversify, particularly into "nearby" products in the product industries adjacent to current capabilities. These include **automotive components, agro-processing, mineral-based advanced materials, and green energy technologies**. The challenge lies not in starting from scratch, but in unlocking dormant industrial potential by investing in innovation, skills, and export promotion, while resolving structural barriers such as energy insecurity, policy inconsistency, and logistics inefficiencies.

FIGURE 14: SOUTH AFRICA'S RANKING OVER THE YEARS AND COMPARISON WITH TOP PERFORMERS ON EXPORT PERFORMANCE

Source : Growth Lab at Harvard University, The Atlas of Economic Complexity

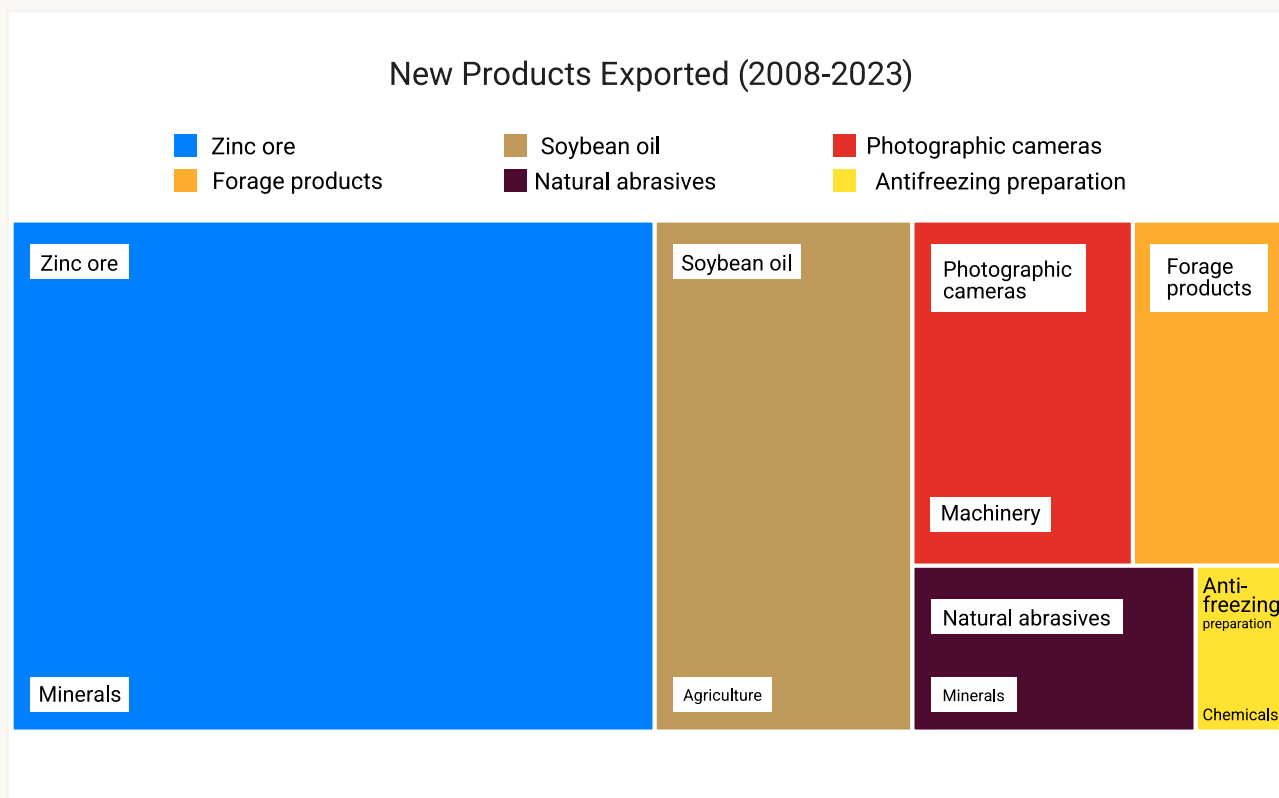


South Africa currently ranks first on the Economic Complexity Index (ECI), significantly ahead of other African nations. However, this leadership position is relative to African countries. While most African countries primarily focus on resource-based or agricultural exports, South Africa's slight advantage in complexity is diminishing. Its struggle to advance to higher product sophistication restricts its ability to anchor regional value chains, serve as a gateway for high-tech manufacturing, and drive structural transformation across the continent. Moreover, the complexity ranking profile²⁴ notes that "South Africa has not yet started the traditional process of structural transformation. A key source of economic growth, this process reallocates economic activity from low to high productivity sectors."

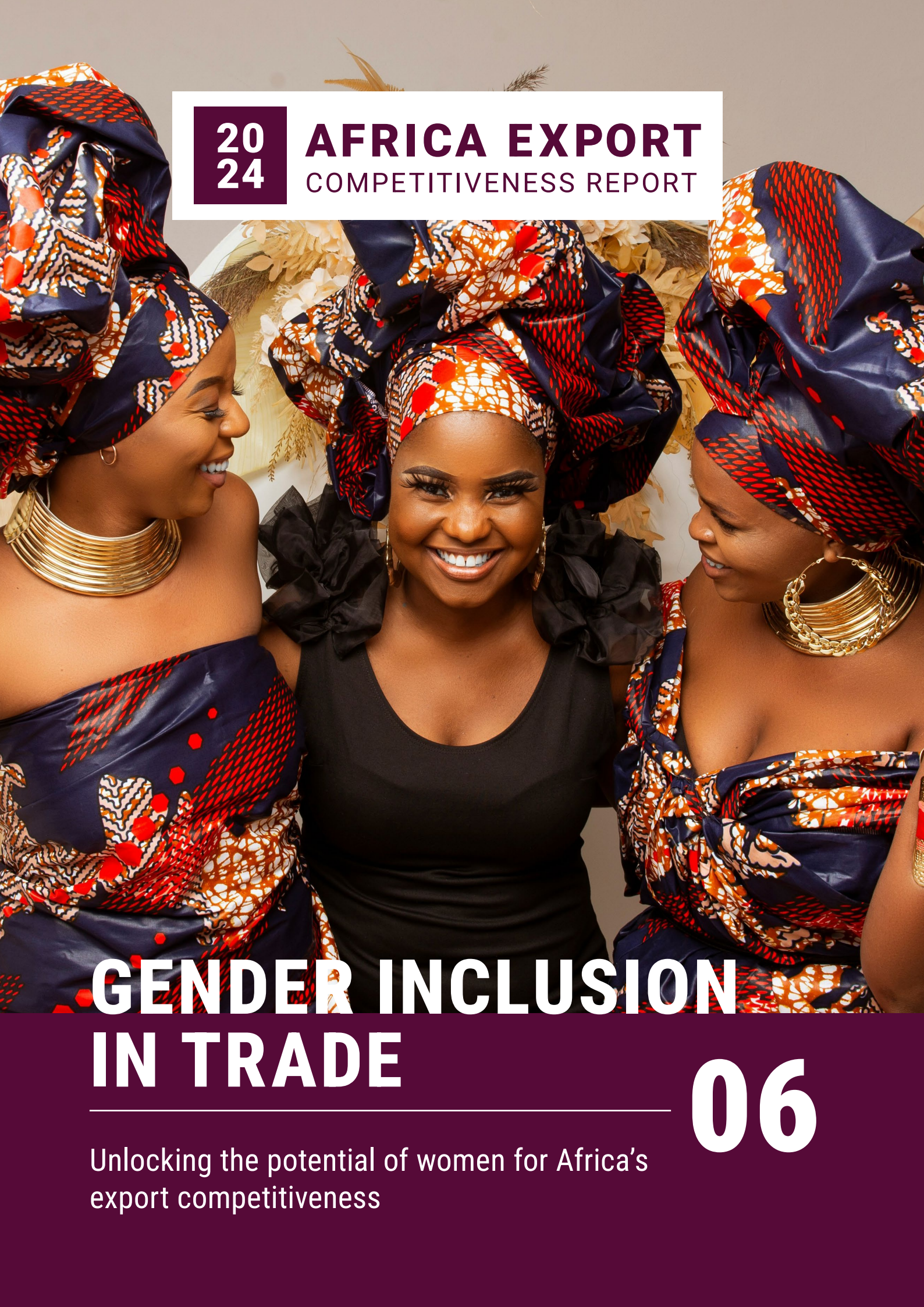
From 2008 to 2023, South Africa introduced six new export products into its trade portfolio. However, the overall economic impact has been limited as suggested by a complexity analysis by Harvard Growth Lab. The new products contributed only \$9 per capita in 2023.

FIGURE 15: NEW PRODUCTS EXPORTED (2008-2023)

Source : Diversification into New Products , The Atlas of Economic Complexity



This figure is considerably lower than Botswana's \$79 per capita, even though both nations launched an equal number of products (6). The total export value generated by South Africa's new products was \$548 million, in contrast to Zambia's \$712 million from its 20 products. These numbers imply that South Africa has diversified into a limited selection of less impactful products, which restricts the opportunity for greater income growth through expanded exports²⁵.

A photograph of three African women smiling and looking at each other. They are wearing traditional headwraps with red, orange, and white patterns on a dark blue background. The woman on the left is wearing a gold beaded necklace. The woman in the center is wearing a black top. The woman on the right is wearing a large gold hoop earring and a gold beaded necklace. The background is a light-colored wall with some dried flowers.

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AFRICA EXPORT

COMPETITIVENESS REPORT

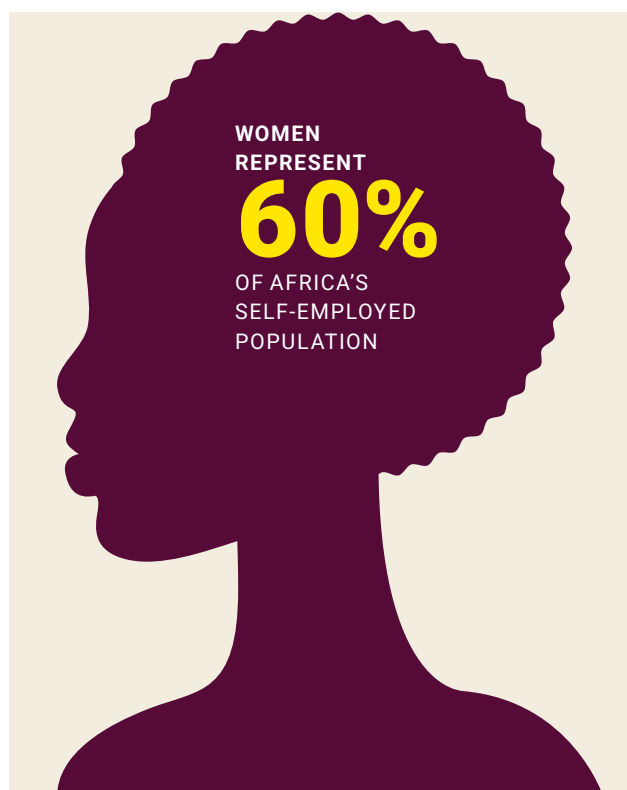
GENDER INCLUSION IN TRADE

06

Unlocking the potential of women for Africa's
export competitiveness

GENDER INCLUSION IN TRADE: UNLOCKING THE POTENTIAL OF WOMEN FOR AFRICA'S EXPORT COMPETITIVENESS

Africa has the highest rate of female entrepreneurship in the world, with women accounting for the majority of entrepreneurs on the continent (Ojong, 2021; World Bank, 2019). Women represent nearly 60% of Africa's self-employed population and constitute 60% to 70% of the informal cross-border trade, forming its backbone. (African Studies Centre, Leiden, African Continental Free Trade Area Secretariat & United Nations Development Programme, 2020). African women play a vital role in the continent's economy, driving 70% of informal cross-border trade (ICBT) and accounting for 40% of small and medium enterprises (SMEs). In nations such as South Africa, Ghana, Nigeria, Uganda, and Ethiopia, women entrepreneurs are significant contributors to economic growth. Sub-Saharan Africa has the highest rate of female entrepreneurs at 26% to 30% (WEF, 2022). There has been a constant upward shift in the number of female-owned or female-managed businesses in Africa. In 2008, a World Bank Report (Doing Business: Women in Africa) stated that the three countries with the relatively largest proportion of women entrepreneurs were Ghana (44%), Cabo Verde (43%), and Rwanda (41%). In 2018, the Mastercard Index of Women Entrepreneurs showed the countries with the highest number of female entrepreneurs were Ghana (46%), Uganda, Bangladesh, and Vietnam. Further, in the Mastercard Index of Women Entrepreneurs (2021), the highest number of female entrepreneurs were in Nigeria, Zambia, followed by Botswana, South Africa and Ghana. However, this does not reflect in the disproportionately low contribution to value added, national income and formal trade. A troubling reality persists according to a 2023 report by UN Women, women in Eastern and Southern Africa earn only \$0.81 for every \$1 earned by men. This disparity highlights the need for targeted initiatives to support and empower women in the trade sector.



Though women entrepreneurs are present in a large number, they are mostly active in informal, survival-based businesses and underrepresented in growth-oriented and export-facing enterprises (African Association of Entrepreneurs, n.d.). For example, women account for only 20% of high-performing firms in West Africa and tend to exit businesses at a higher rate than men due to structural constraints (Grimm et al., 2012; Kelly et al., 2015). A study by the Economic Commission for Africa (2023) estimated that the total value of informal cross-border trade (ICBT) in the ECOWAS region between 1 October 2022 and 31 January 2023, was USD 22.8 million. While women accounted for 74% of the traders involved in ICBT, men conducted higher-value transactions. On average, the value of trade carried out by male traders was approximately 3.6 times greater than that of their female counterparts, highlighting a significant gender disparity in transaction value despite women’s numerical dominance in the sector. The sectoral distribution of women’s businesses also skews toward low value-added sectors such as agriculture, retail, and food services, which offer limited scalability. African women contribute only 20% of exported value, half the contribution of women in developed economies (UNCTAD, 2025). These figures indicate a large and untapped economic potential.

FIGURE 16: WOMEN ENTREPRENEURS IN AFRICA

Source: Roland Berger, 2021

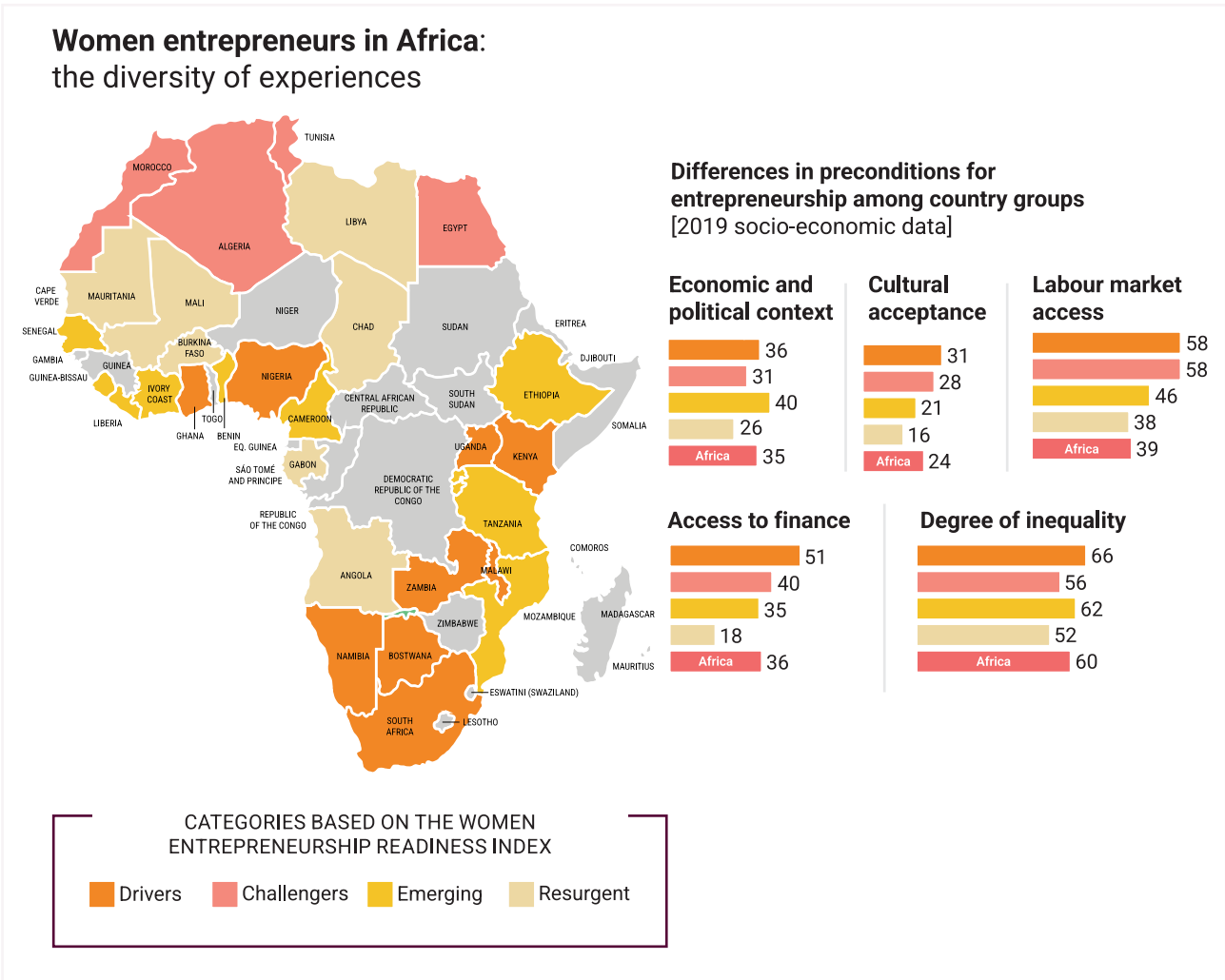
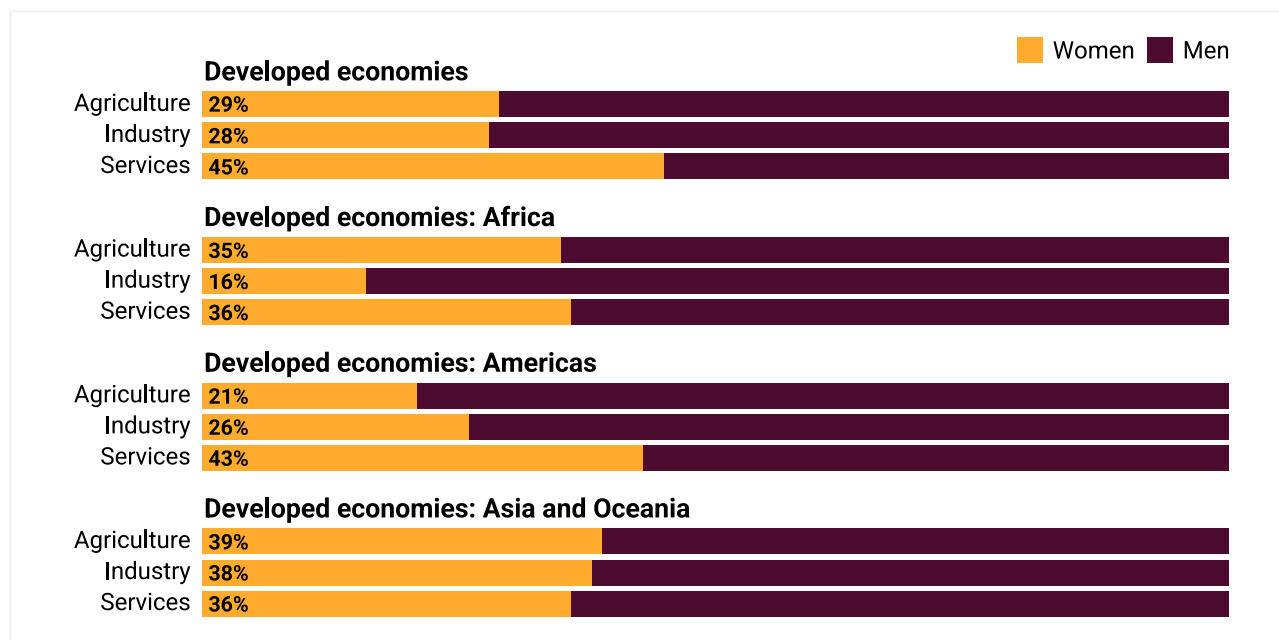


FIGURE 17: WOMEN'S SHARE OF VALUE ADDED IN EXPORTS (MEN AND WOMEN) PERCENTAGE 2020

Source: UN Trade and Development (UNCTAD) calculation based on ILO (2024) and OECD (2024) (<https://unctad.org/news/women-trade-female-labour-remains-undervalued-global-exports>)



Beyond economic output, empowering women in trade also has broader implications for human development, including improvements in health, education, and food security. In Africa women play a critical role in household welfare and community development and have been noted to reinvest up to 90% of their income in their families and local economies against 30% to 40% reinvested by men. This presents a strong case for treating women's participation in trade not only as a matter of economic justice but as a lever for inclusive growth (African Association of Entrepreneurs, n.d.).

Gender Lens on Trade Policy

Trade and its distributional effects are shaped by deeply embedded gender roles. Men and women participate in different sectors, occupy different positions in value chains, and experience divergent levels of access to markets. Finance, education, and trade liberalization, in particular, can exacerbate gender inequalities if the industries with a higher concentration of women entrepreneurs faces job losses or increased import competition. Women are often observed to be disproportionately affected by trade policy shocks because they are concentrated in sectors with low capital intensity, low profit margins, and high informality. This effect is further intensified because of the social and legal constraints in accessing productive inputs such as technology finance, information, land, credit, and training, which prove crucial under a competitive trade policy. (Women Watch, n.d.; Fontana, 2009; Vossenbergh, 2016; UNCTAD, 2008)

Mainstreaming gender into trade policy is essential to address these asymmetries. It requires evaluating the gendered effects of trade liberalization. Gender-responsive trade policymaking can support equitable outcomes by enhancing women's access to productive resources, integrating them into regional and global value chains, and designing protocols, simplifying procurement, and designing capacity building and training policies that reflect women's economic realities.

The Economic Rationale Through Quantification of Potential Gains

While the overarching picture and social imperatives for gender-inclusive trade are clear, economic evaluation also reveals the potential scale of benefits. A quantitative estimation of the potential gains from improving the participation of women in informal trade provides a compelling rationale for reform.

Methodology and Assumptions

This analysis is cognizant of the sensitivities of the trade ecosystem in Africa, and does not assume or propose a mandated full formalization but rather hypothesizes the productivity gains that could be achieved if women traders could access benefits typically linked to formalization: credit, information, technology, market access, and institutional protection.

- 1. Base Population:** There are approximately **227 million informal firms** in Africa, of which about 23% are **engaged in exporting**, based on exports as a share of GDP (World Bank, 2023).
- 2. Women's Share:** Around **65% of exporting informal firms are women-led**, yielding approximately **34 million women-led exporting firms** (Trade Unions in AfCFTA, 2025).
- 3. Employment Impact:** These businesses collectively employ about **43.7 million women**, based on proportional employment data from the World Bank.
- 4. Economic Contribution:** The average per capita income in Africa is estimated at **USD 2,789** (World Bank, 2023). Based on this, women's current contribution to GDP through informal trade is estimated at approximately **USD 120 billion**, or **4.1% of Africa's GDP**.
- 5. Productivity Impact:** Evidence suggests that access to formalization-linked benefits can improve productivity by up to 48% (Kabubo-Mariara, 2023).

CATEGORY	NUMBER (ALL MONETARY VALUES ARE IN USD)
Total informal firms	227658000
Export as % of GDP	0.23
Number of exporting firms	52361340
Women % in exporting firms	0.65
Women participation in exporting informal firms	34034871
Women employment	43758650
Africa average per capita income	2789
Total contribution of women in informal	122042874850 (122.04 billion)
Increase in productivity	0.48
Total Increase	180623454778 (180.62 billion)
Increment	58580579928 (58.58 billion)

If these gains were realized across the population of informal women traders, the total contribution could increase to USD 180 billion, a gain of USD 58.5 billion could be unlocked by removing structural barriers and providing women traders with enabling infrastructure and policies. It does not account for multiplier effects such as job creation, household consumption, or intergenerational returns on education and income.

Central Idea of the Study: Women-Centric Trade Barriers

Women are critical economic actors in both formal and informal economies, yet their contributions are consistently undervalued and under-leveraged. Their overrepresentation in low-profit sectors and underrepresentation in high-growth industries is a clear indication of structural constraints that go far beyond individual choices. Leveraging women's contribution in trade requires a comprehensive understanding of the barriers they face and the tools available to address them.

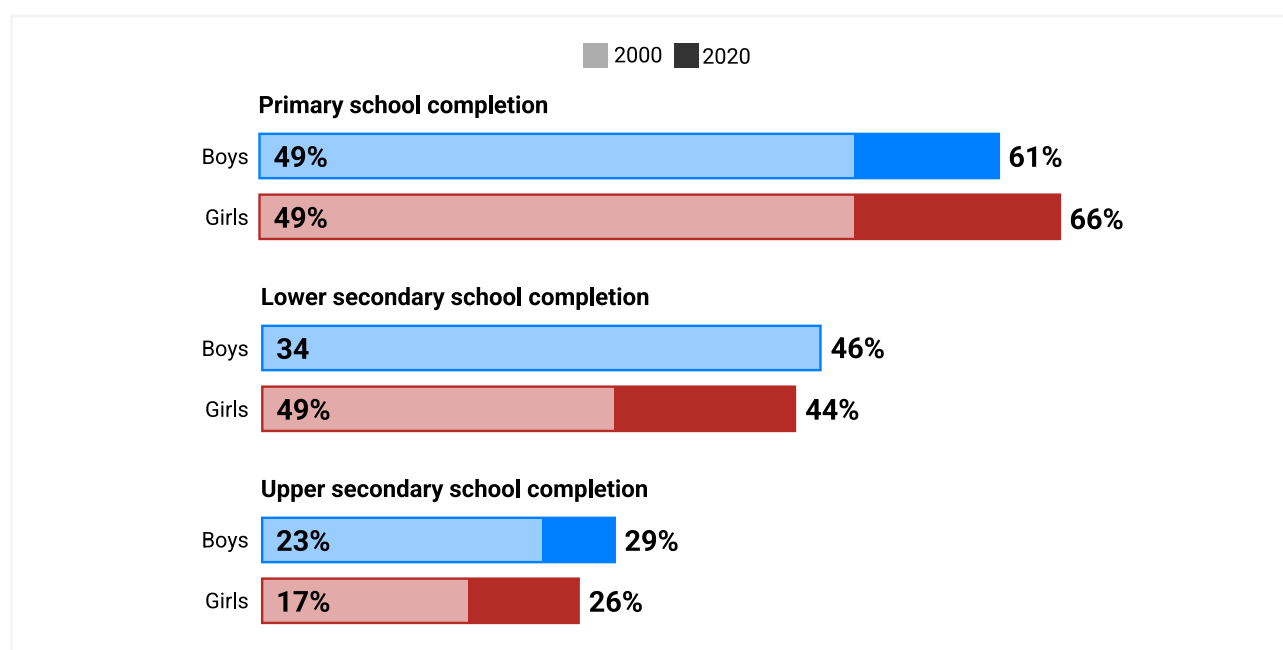
In the following section, each of these constraints is looked at in detail, beginning with the foundational issues of education, and proceeding to challenges related to financial inclusion, gendered trade barriers, capacity building, digital infrastructure, border issues, and trade agreements. These analyses together recognize the complexities of African women entrepreneurs and traders and provide insights into the interventions required to overcome them.

FOUNDATIONAL EDUCATIONAL BARRIER

Education remains a foundational barrier to women's participation in Africa's trade and business ecosystems. Although primary school enrolment and completion rates for girls have improved in recent decades (from 44% in 2000 to 66% in 2020) gender disparities persist. Despite improvement in percentage, girls have lower rates of education completion compared to boys (2 percentage points and 3 percentage points lower than boys in lower secondary school completion and upper secondary school education) (World Economic Forum, 2022).

FIGURE 18: SHARE OF CHILDREN COMPLETING SCHOOL IN SUB-SAHARAN AFRICA IN 2000 AND 2020, BY EDUCATION STAGE AND GENDER

Source: UNESCO, WEF (<https://www.weforum.org/stories/2022/07/education-africa-girls-boys-gender-school/>)



The limited access to education has a direct influence on the type and nature of women's economic participation. Without educational credentials to compete in the formal labour market, women often create their own jobs in low-capital sectors such as agriculture, retail, and small-scale services. As a result, many women are pushed into entrepreneurship out of necessity rather than opportunity. This results in the majority of women-led entrepreneurship ventures being need/sustenance based rather than growth/opportunity based (Roland Berger, 2018). These enterprises, while critical for household survival, tend to remain informal, undercapitalized, disconnected from formal financial systems and trade networks and lack integration with local and global value chains. (Vossenbergh, 2016).

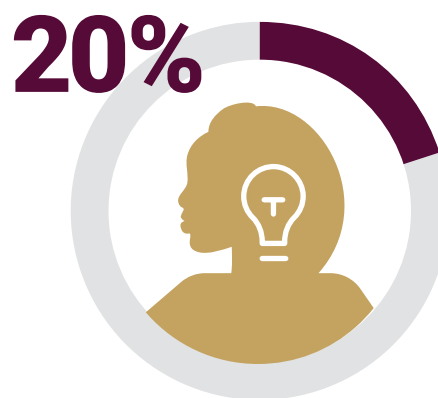
Moreover, the lack of basic education and vocational training constrains women's ability to expand or scale their businesses. Limited literacy and numeracy skills hamper daily business operations such as budgeting, inventory management, and customer engagement (Otoo et al., 2012). Women with little or no formal education are less likely to develop business plans, anticipate working capital needs, or seek external partnerships and investments (Roland Berger, 2018).

Educational Gaps and the Broader Development Implications

While need-based entrepreneurship ventures have created economic space for women, the lack of education continues to cap potential. Women entrepreneurs often operate within sectors requiring limited capital and training (agriculture, retail, food and beverage, and services) because they present fewer barriers to entry (African Association of Entrepreneurs, n.d.; Ojong, 2017). However, these sectors also tend to be lower growth and more vulnerable to market fluctuations. Women in Africa, though making significant strides, exhibit low participation in high-tech, digitally driven, and export-oriented industries that are becoming increasingly central to Africa's development agenda.

The entrepreneurial divide between Africa and Western economies illustrates this disparity. While Western startups are seen to be engaged in technology and innovation-centric products with a high focus on digital tools and new-age technologies, the majority of African women entrepreneurs are less likely to identify their products or services as innovative. Only 20% of women entrepreneurs surveyed considered their offerings to be innovative (Roland Berger, 2018). This is not a reflection of creativity or capability but rather the result of structural systemic constraints.

The absence of formal education also has intergenerational consequences. Many women pursue entrepreneurship as a means of supporting their families, including younger siblings and children, after being forced to drop out of school (Monteith & Camfield, 2019). Without interventions that address these structural breaks, cycles of low education level and low-income entrepreneurship may continue across generations.

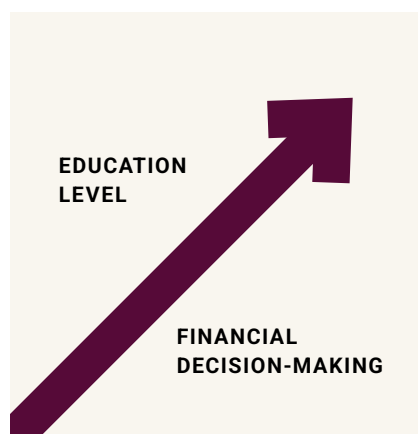


20% OF WOMEN ENTREPRENEURS CONSIDER THEIR OFFERINGS TO BE **INNOVATIVE** (ROLAND BERGER, 2018)

THIS IS NOT A REFLECTION OF CREATIVITY OR CAPABILITY BUT RATHER THE RESULT OF STRUCTURAL SYSTEMIC CONSTRAINTS

The Case for Education

Education equips women with foundational competencies that enhance entrepreneurial success, business resilience, and economic independence. Studies consistently show a positive correlation between educational attainment and business performance among women entrepreneurs. In Ghana and Nigeria, high levels of education among female entrepreneurs have been linked to improved financial decision-making, stronger customer management, and better strategic planning (Adom & Asare-Yeboah, 2016; Adesua-Lincoln, 2011).



In South Africa, over 50% of surveyed female entrepreneurs had completed university education, significantly enhancing their capacity to operate and grow businesses (Crittenden et al., 2019). In Eritrea, women with higher education levels recorded stronger business growth compared to their less-educated counterparts (Desta et al., 2015). In Uganda, highly educated women pursued financial success and showed stronger

long-term growth orientation, while less-educated women were more likely to settle for subsistence-level outcomes (Katongole et al., 2014).

Formal education also plays a significant role in building human capital through exposure to formal employment and managerial skills. Aterido and Hallward-Driemeier (2011) found that women in the formal sector did not lag behind men in years of education or business acumen. In Ghana, women entrepreneurs were often more educated than their male peers, with many holding tertiary or professional degrees (Adesua-Lincoln, 2011; Reid et al., 2015; Abor & Biekpe, 2006). Similar trends were observed in South Africa and Tunisia, where women entrepreneurs demonstrated equal or higher education levels than men (Crittenden et al., 2019; Drine & Grach, 2012).

Beyond formal education, continuous training and targeted entrepreneurial education also contribute meaningfully to women's empowerment. While improving access to school and university education should continue to remain a long-term goal, vocational training can offer more immediate benefits for entrepreneurs already in business. Short-term training modules that educate on specific vocations or business-centric skills can help bridge immediate knowledge gaps in business management, financial literacy, and market strategy. These skills are

especially important for smaller entrepreneurs, who often need to learn how to manage cash flows, repay microloans, and transition from informal to formal markets. Continuous learning can also enable women to shift from need-centric to growth-centric businesses including science, technology, engineering, and digital services. Both forms of human capital development can prove important to address the spectrum of needs and attain shorter term as well as long-run goals among women entrepreneurs (Roland Berger, 2018).

Formal and informal education platforms provide women with the tools to redefine career aspirations, pursue new fields, and overcome psychological barriers to entry (Roland Berger, 2018). It is essential for women to graduate towards dynamic, high-value sectors and supply chains shifting away from gendered and generational patterns of survival entrepreneurship. A combined investment in schooling, vocational training, and business education will not only strengthen women's capabilities but also contribute to inclusive and sustainable economic growth across the continent.

GENDERED BUSINESS AND INCLUSION BARRIERS

Women engaged in trade and entrepreneurship in Africa face a range of gender-specific barriers rooted in social norms, institutional biases, and legal restrictions. These barriers extend beyond market access and include deeply embedded structural inequalities within households, communities, and financial systems. To illustrate, across Southern Africa, women dominate informal cross-border trade (ICBT), and are estimated to yield \$17.6 billion by the African Development Bank. In ECOWAS, women constitute 74% of ICBT. Despite their significance in ICBT, women are subject to numerous gender-specific issues, like social and cultural perceptions, support and physical and mental harassment across borders (Vossenbergh, 2016; Machacha and Middleton, 2024)

One of the most persistent challenges is the issue of unpaid care work. Many women entrepreneurs are expected to prioritize domestic responsibilities, which limits their time, mobility, and ability to attend training or explore new market opportunities (Vossenbergh, 2016). Additionally, inequalities at the household level further restrict women's decision-making power over how financial resources are allocated, often forcing them to manage businesses without adequate family support (Agarwal, 1997; Quisumbing & Maluccio, 2003).



Social norms and discriminatory attitudes also constrain women's ability to assert themselves in business environments. In some regions, women who run enterprises are perceived as challenging traditional gender roles. In Nigeria, for instance, entrepreneurial women are often viewed as threatening the authority of male heads of households (Ojong, 2021). This resistance from within their own social circles not only discourages business growth but can isolate women from the support networks they need to succeed.

Legal and institutional barriers compound these challenges. Legal systems and patriarchal gender norms often discriminate against women, resulting in obstacles for women to acquire and retain land. These challenges are particularly acute in sub-Saharan Africa, where discriminatory laws, often with colonial roots, limit women's legal rights to land. Women make up 70% of Africa's family farmers, but fewer than 20% have full land access. Women own less than 10% of land. Even when joint ownership is considered, only 38% of women report any land ownership compared to 51% of men. Though these issues stem from socio-cultural norms, they are exacerbated by discriminatory laws rooted in colonial structures, restricting women's legal rights to land. (International Land Coalition, n.d.; Gaddis, Lahoti & Li, 2018; Behr et al, 2023, World Bank, 2023)

In many African countries, women are excluded from inheritance or land ownership, reducing their access to collateral and formal financing (Adom & Anambane, 2019; Akinbami & Aransiola, 2016). Even in countries like Kenya, where legal reforms have guaranteed equal ownership rights, cultural norms continue to restrict them from gaining ownership of productive assets, resulting in reduced access to financial assets (Makena et al., 2014; Mwobobia, 2012). Along with this, women traders also face bureaucratic hurdles, extortion, harassment, discrimination, and unsafe working conditions, with no institutional protection, particularly in ICBT.

Limited access to financial assets, constraints on mobility, and unsafe trading environments do not allow for women's business expansion, undermining their autonomy and capacity to participate fully in the market (World Bank, 2015). The cumulative effect of these issues is that many women-owned enterprises remain restricted to certain low value, easy access, small-scale ventures. Women are less likely to benefit from trade liberalization or access regional markets, limiting their contribution to national economic growth.

Institutional and Programmatic Responses

Several initiatives have been launched to address these gender-specific barriers. One notable example is the partnership between EXIM Bank Tanzania and the International Finance Corporation (IFC), which began in 2007 with a focus on developing women entrepreneurship. Initially centered around business advisory services, the program evolved to adapt institutional shortcomings within the banking sector, including the need for gender-sensitization training for bank staff. This led to a decrease in instances of misconduct and increased women's confidence in seeking formal financial services (Vossenbergh, 2016).

International frameworks such as ILO Convention 190 (Violence and Harassment Convention, 2019) offer a global standard to safeguard women's rights by eliminating violence and harassment in work and business spaces, with specific relevance for informal traders. The Convention recognizes the unique challenges faced by women and calls for legal and institutional reforms to safeguard their rights (Machacha and Middleton, 2024).

Recommendations for Policy and Practice

Addressing the gender-related barriers in trade requires systemic and multi-stakeholder approaches. First step is to tackle discriminatory social norms by promoting awareness campaigns and incorporating gender sensitivity into national education and media strategies. Community engagement is essential to shift perceptions around women's economic roles. Second, legal frameworks should be aligned with gender equality goals. Reforms guaranteeing women's property and inheritance rights must be supported by implementation mechanisms that ensure adherence to these frameworks and address local cultural resistance and administrative bottlenecks. Third, gender-sensitization training should be institutionalized within banks, border posts, and trade facilitation bodies to reduce instances of discrimination and bias. (UNCTAD, 2019). Finally, regional and national governments should support the implementation of international conventions, and mainstream gender across trade-related legislation and enforcement mechanisms.

To conclude, it is evident that gender-based challenges continue to hinder women's full participation in Africa's trade and business ecosystems. While several institutional responses have emerged, broader reforms are needed to ensure inclusive and equitable economic participation. Addressing social norms, legal constraints, discrimination, and unsafe environments will allow a more enabling ecosystem for women traders to contribute to their full potential.

1

**AWARENESS
CAMPAIGNS AGAINST
DISCRIMINATORY
SOCIAL NORMS**

2

**ALIGN LEGAL
FRAMEWORKS**

3

**GENDER-
SENSITIZATION
TRAINING SHOULD BE
INSTITUTIONALIZED**

4

**GOVERNMENT
SUPPORT**

ACCESS TO FINANCE

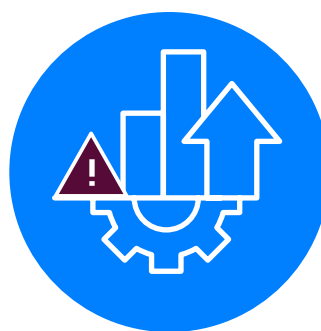
Financial inclusion is pivotal for enabling women's participation in trade and entrepreneurship. Yet in Africa, women continue to face barriers to accessing essential financial services. The financial inclusion gap is a significant factor contributing to women's underrepresentation in formal trade and their over-reliance on informal, low-margin activities. An estimated \$42 billion financing gap persists for women-led businesses across Africa, with women receiving just 7% of total venture capital funding. Although female entrepreneurs own up to 58% of SMEs in sub-Saharan Africa, the majority of these businesses are informal, small-scale, and underfunded (AFI, 2023; African Association of Entrepreneurs, n.d.; TDB, 2022)

Key Challenges

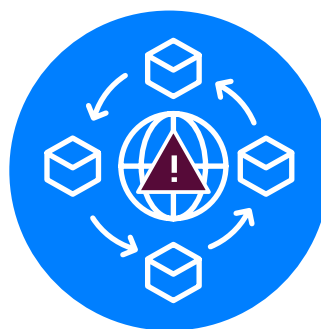
Demand-Side Constraints: Women entrepreneurs face structural and behavioural hurdles in accessing finance. A significant number self-select out of the credit market due to perceived low creditworthiness, regardless of actual financial viability (IMF, F&D, 2019; Morsy, et al, 2019). This is compounded by low financial literacy, which reduces women's ability to assess credit options, navigate application processes, or negotiate loan terms (IFC, 2024). For many, the complexity of credit products or a lack of understanding of trade finance tools limits uptake and deepens exclusion.

The social norms and discriminatory property laws mentioned in the section above prevent women from owning assets that can be used as collateral. These endowment disparities are intensified by restrictive inheritance practices and limited control over household resources (IFC, 2024).

Supply-Side Constraints: From the financial institutions' perspective, women-led enterprises are perceived as high risk, often due to their smaller size, younger age, and limited financial documentation. The cost of serving clients with small loans is another critical supply-side issue. The lending institutions cite weak unit expenses, and repayment due to operational cost, credit risk, funding expenses and repayment issues in microfinance. (TDB, 2022). Many lenders prioritize safer clients in the formal economy, leaving women and small enterprises on the periphery.



DEMAND-SIDE
CONSTRAINTS



SUPPLY-SIDE
CONSTRAINTS

Limited financial access confines women to low-capital, low-profit sectors and prevents investment in productivity-enhancing technologies, skills, or supply chain integration. The absence of working capital reduces their ability to compete, scale, or access new regional or international markets. Without tailored products or institutional support, women traders remain locked out of the many potential opportunities, and disconnected from local and global value chains.

Successful Interventions and Innovative Models

Several initiatives have emerged to close the financial inclusion gap for women entrepreneurs. One example is the African Development Bank's Affirmative Finance Action for Women in Africa (AFAWA) Guarantee for Growth program, which aims to unlock \$3 billion in financing through risk-sharing mechanisms, capacity building, and policy advocacy. AFAWA tackles three core constraints: collateral availability, institutional capacity, and an enabling business environment (African Development Bank Group, 2021).

The blended finance approach, which combines concessional donor funding with private capital, has also gained traction in recent years. This model addresses risk sharing, creates more inclusive financial ecosystems, and integrates gender-focused criteria into funding decisions (IFC, 2024).

Examples from the Trade and Development Bank (TDB) illustrate targeted interventions. In Madagascar, a \$10.6 million facility supported a women-led vanilla export business, providing not only credit but also technical training to women farmers. In Kenya, a \$4.2 million loan to a solar SME employing 40% women improved livelihoods and expanded energy access. In Uganda, funding to Mercantile Credit Bank enhanced financial services for women clients, particularly SMEs (TDB, 2022).

Informal solutions such as savings clubs like "chamas" in Kenya, "susus" in Ghana, or "Ekub" in Eritrea and Ethiopia, have also filled the credit gap. These collective schemes mobilize savings and distribute loans among women members, often with better repayment discipline than formal institutions. The chamas in Kenya have helped accumulate over \$600 million (Kamau & Routman, 2011), in promoting both economic and social empowerment.

Initiatives Related to Financial Access

Beyond conventional credit, there is growing evidence that tailored financial products can enhance outcomes for women. These include:

- Warehouse receipt financing and supply chain finance: This can be beneficial in agriculture, where women lack traditional collateral (IFC, 2024).
- Grace periods and flexible repayment terms: This can improve borrower outcomes by synchronizing repayments with income cycles (Abdul Latif Jameel Poverty Action Lab, 2023; TDB, 2022).
- Asset-based lending: Such as PAYGO or equipment financing, where the asset serves as collateral, has proven successful among women smallholder farmers (Abdul Latif Jameel Poverty Action Lab, 2023).
- Digitization: Digital finance platforms can expand reach, lower costs, and improve risk assessment through alternative credit scoring (IFC, 2024).

Experiments in business registration and financial literacy have also shown promise. In Malawi, a World Bank intervention that combined registration support, financial literacy training, and bank sessions increased formalization rates among women (Vossenbergh, 2016).

Recommendations and Way Forward

To make financial inclusion transformative for women traders, coordinated interventions are essential:

- 1. Regulatory Reform:** Policymakers must ensure a gender-sensitive regulatory environment that reduces documentation burdens and supports financial product innovation.
- 2. Institutional Capacity Building:** Financial institutions should receive training to better assess and serve women-led MSMEs. Risk-sharing instruments like credit guarantees and blended finance can encourage lending.
- 3. Tailored Financial Products:** Institutions must design products aligned with women's business cycles, including agricultural credit, asset-backed lending, and flexible repayment terms.
- 4. Digital and Informal Finance Integration:** Digital infrastructure should be expanded to enable mobile-based finance. Formal financial institutions can partner with informal groups like savings clubs to scale their impact.
- 5. Financial Literacy:** Widespread financial education is needed, including training on digital tools, trade finance, and creditworthiness, to boost women's confidence and participation.
- 6. Targeted Support Through Consortia:** Women entrepreneurs can form business consortia to pool resources, reduce costs, and collectively access larger markets and export opportunities (IGC, 2023).

CAPACITY BUILDING

Capacity building, for access to information, market and tools to leverage the access, is a key enabler of women's participation in trade across Africa. It plays a foundational role in enhancing women's access to markets, finance, and knowledge systems. These factors are indispensable for transitioning from small-scale, subsistence-level activity to competitive engagement in regional and global trade (Vossenbergh, 2016). However, for capacity-building initiatives to be effective, they must address both technical skills and systemic constraints that disproportionately hinder women entrepreneurs.

Key Issues Hindering Capacity Development

A primary barrier faced by women traders is the lack of accurate and accessible information. Women frequently encounter an information deficit regarding trade finance instruments, customs procedures, market requirements, and regulatory obligations. This lack of clarity results in underutilization of existing services and programs. For instance, many women refrain from applying for trade finance, due to fear of rejection and limited awareness or misperceptions regarding eligibility. These gaps are exacerbated by the heterogeneity of trade finance instruments and the inconsistent information available to traders across markets. (IFC, 2024)

Additionally, misinformation related to border protocols, tariffs, and cross-border agreements remains a persistent challenge. Many informal women traders remain unaware that intra-regional trade can be exempt from duty, or that simplified trade regimes (STRs) can be leveraged to ease the compliance burden, many women still continue to incur duties (UNCTAD, 2025; IGC, 2018). This prevents them from transitioning to formal trade channels and reaping the benefits and advantages they offer.

The limitations of women's business networks also affect their ability to navigate and expand in competitive trade environments. Female entrepreneurs often operate within restricted social networks that lack the diversity and reach necessary for international trade (Munch et al., 2023). Without stronger business associations or support platforms, women continue to struggle to access market intelligence, forge strategic partnerships, or build trade linkages across regions. These issues intersect with technical barriers to deepen inequality. Women entrepreneurs may lack exposure to digital platforms that facilitate cross-border transactions or trade finance applications, reducing their capacity to grow their enterprises (UNCTAD, 2019; IFC, 2024).

Strategic Solutions for Enhancing Capacity

Addressing these challenges requires a multi-pronged strategy. Capacity-building efforts must go beyond generic training sessions to incorporate tailored, practical interventions that address the specific needs of women traders. Research indicates that combining business training with technical assistance and tools to improve financial accessibility has proved to be more effective than training alone. Three evaluations found that integrated interventions (training and finance) help overcome credit constraints and improve business performance as they helped in navigating financial and business entry constraints. These results were found to hold true in the short term and will need continued long-term framework formation for these to translate into long-term impacts (Vossenbergh, 2016; de Mel et al., 2009; Klinger & Schundeln, 2011).

The formation of export consortia is another effective mechanism for enhancing women's capacity in trade. These platforms facilitate the pooling of resources, the

sharing of market intelligence, and the establishment of trust-based trade relationships. Export consortia also expose women to peer mentorship, managerial practices, and knowledge of trade agreements, thereby expanding their operational capacity and confidence in navigating new markets (Munch et al., 2023).

For women entrepreneurs, informal social capital is a vital though often overlooked aspect of women's entrepreneurial ecosystems. Many women depend on family networks for labor, start-up capital, moral support, and to secure locations in the market, particularly in contexts with high social homogeneity (Ojong, 2021). Policies and initiatives promote cooperatives, associations and strengthen women's trade networks, which can significantly increase their bargaining power and market presence. Through pooling and cooperation, they can benefit from group lending, share transportation logistics, and mitigate capacity deficits in literacy, numeracy, and business planning (UNCTAD, 2019).

Institutional and Regional Capacity-Building Initiatives

Several initiatives across Africa illustrate the application of these strategies at national and regional levels. The Economic Community of West African States (ECOWAS), in collaboration with the UNDP, has implemented capacity-building workshops in Ghana and Côte d'Ivoire to assist women producers and traders in engaging with AfCFTA. These workshops cover critical topics such as importing and exporting under AfCFTA, regional market opportunities, and operational financing, offering direct guidance on entry and compliance (UNDP Africa, 2021). In Uganda, the government launched a four-year program in 2015 focused on addressing barriers to women's entrepreneurship. This included improving access to credit, business development skills, and market information, with the objective of integrating women into broader economic planning (Vossenbergh, 2016).

The African Women Entrepreneur Program (AWEP)²⁷ Network in Nigeria provides a different model of grassroots engagement. By hosting forums such as a roundtable in Lagos in 2014, where AWEP created a platform for young women entrepreneurs to discuss barriers such as corrupt tax regimes and informal sector vulnerabilities, fostering mutual learning and advocacy (Vossenbergh, 2016).

Similarly, TradeMark Africa partnered with the Tanzania Women Chamber of Commerce to implement capacity-building programs for Women Informal Cross Border Traders (WICBTs). This initiative has resulted in increased formalization, expanded exports to the East African Community (EAC) markets, and improved compliance with regional standards and customs procedures (Tanzania Women Chamber of Commerce & TradeMark Africa, 2019; APRM, 2022). These outcomes demonstrate the effectiveness of context-specific, tailored training programs that align with regional trade frameworks.

Capacity-building efforts must focus on improving access to information, strengthening networks, and integrating support into long-term institutional mechanisms. Digital inclusion, financial access, and formal cooperatives are vital components of this ecosystem. As regional trade frameworks, such as the AfCFTA, gain momentum, national and local initiatives must align to ensure that women are not left behind. A cohesive and multi-stakeholder approach, grounded in practical, evidence-based interventions, offers the most promising path toward enabling women to participate meaningfully and competitively in Africa's trade landscape.

ACCESS TO DIGITAL INFRASTRUCTURE AND SERVICES

Digital infrastructure remains unevenly developed across Africa, exhibiting significant gaps in access, affordability, and usage. Despite recent expansions in telecommunications networks, internet penetration remains low, particularly among women. From 2015 to 2019, internet access improved by a meager 0.24%, with considerable regional variation. In North Africa, every second person was online, but in countries such as Madagascar (which had the second fastest fixed broadband in Africa after Ghana), only 5% of the population has internet access (UNESCO, 2021). These figures reveal that infrastructure alone does not guarantee accessibility.

One of the primary barriers is cost. High prices, driven by limited competition in national telecommunications markets, make internet access unaffordable for many users, especially those in rural or disadvantaged communities (UNESCO, 2021). This not only impedes individual access but also constrains business development, particularly for micro- and small-scale enterprises that rely increasingly on digital tools.

Africa has the lowest gender parity in internet usage globally, with a parity score dropping from 0.79 in 2013 to 0.54 in 2019 (ITU, 2020). Women in low-income areas are especially disadvantaged; in Maputo, Mozambique, for example, only one-third of women had internet access, compared to nearly two-thirds of men (UNESCO, 2021). This gender gap in digital access directly restricts women's ability to engage in modern economic activities, including online trade.

The Role of Digital Infrastructure in Women's Trade Participation

Access to digital infrastructure is a critical enabler of women's participation in trade. The internet, mobile networks, and digital platforms reduce geographical and mobility constraints, expand access to financial services, and provide vital information on markets and regulations. For women facing time and mobility burdens due to unpaid care responsibilities, digital tools offer flexible alternatives for communication, training, and commerce.

Information and communication technologies (ICTs) are particularly valuable for women entrepreneurs in overcoming barriers related to skills, information asymmetry, and access to clients and suppliers. Through digital platforms, women can receive training on financial literacy, participate in online marketplaces, and negotiate

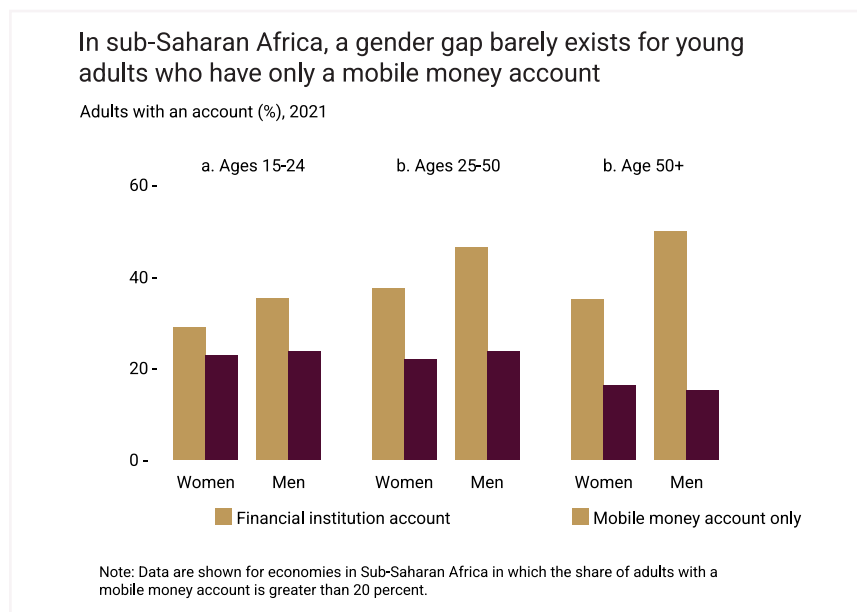
contracts. These tools save time and lower costs, providing an accessible gateway into regional and global trade networks. Kenya is one of the most mature digital credit markets in developing economies, where the volume of digital loans surpassed traditional loans in 2015. In 2020, Tanzania also took a step forward when the National Data Center launched the N-Card enabling digital payments (Maiga, 2021; UNESCO, 2021).

The use of mobile money has also proven inclusive. In sub-Saharan Africa, mobile money accounts are helping younger women access financial services. M-Pesa, a pioneering mobile banking service launched by Safaricom in Kenya in 2007, enables users to store and transfer money via mobile phones, expanding access to financial services across several African countries (Vodafone, 2024). Research shows M-Pesa has played an important role in reducing poverty, especially among female-headed households, by increasing savings and enabling occupational shifts into business (Suri & Jack, 2016). In 2024, M-Pesa Africa launched the Women in Fintech Forum to support women through mentorship, financial tools, and safe spaces (M-Pesa, 2024), and collaborated with the Rose Women's Foundation on an initiative equipping low-income women with entrepreneurial skills (SwalaNyeti, 2024).

Unlike traditional bank accounts, which show growing gender gaps with age, mobile money accounts remain equally used by men and women across age groups. Among economies in sub-Saharan Africa with more than 20% of adults with a mobile money account, young adult men are 6 percentage points more likely than young adult women to have a financial institution account. As adults grow older, this gap increases to 9 percentage points between men and women aged 25–50 and 15 percentage points between men and woman aged 51 and older. By contrast, there is no gender gap in mobile money account ownership as adults age. In terms of gender, 23% of young women and 24% of men have only a mobile money account; the age gap for mobile money accounts remains insignificant as adults age. This indicates the transformative role of mobile technologies in promoting inclusive financial access and facilitating digital trade for women. (Demirgüç-Kunt et al., 2021)

FIGURE 19: GENDER GAPS IN ACCOUNT OWNERSHIP NARROW AMONG YOUNG ADULTS

Source: The Global Findex Database 2021 (Demirgüç-Kunt et al., 2021)



Digital platforms can enable women-owned enterprises to reach wider markets and can help level the playing field. While women account for only one-quarter of offline firms, they represent half of businesses engaged in e-commerce (UNESCO, 2021). As e-commerce grows, it can stimulate demand for formal financial services, enhancing women's integration into formal economic systems and reducing reliance on cash-dominated informal trade.

How Women Entrepreneurs Leverage Digital Tools

Some women-led startups already demonstrate the benefits of digital adoption. In Nigeria, Farmbracket connects farmers and buyers through an SMS-based platform, increasing agricultural trade efficiency. In Uganda, DigiHealth enables low-cost healthcare providers to manage patient data via mobile applications (Roland Berger, 2018). Women also use ICTs to maintain professional networks, share knowledge, and access mentorship. These functions are particularly important in contexts where there are mobility and time use constraints, and corruption or institutional issues. Digital connectivity thus facilitates both entrepreneurial action and peer support. Governments and organizations in several African countries have taken steps to support digital entrepreneurship among women. In Tunisia and Egypt, women's business associations have been active in providing technical assistance and digital literacy training. Nigeria's Women's Technology Empowerment Centre, as well as similar initiatives in Kenya and Uganda, encourage women to adopt digital solutions to grow their businesses (Roland Berger, 2018).

However, these interventions are limited in scale and do not reach all areas. Most digital infrastructure development remains concentrated in urban centers, while rural and lower-income communities continue to lag behind. Without broadening the reach of these programs, the digital divide risks reinforcing existing economic inequalities.

Recommendations and Way forward

To enhance digital accessibility and usage for women traders, policy interventions must be comprehensive and targeted. **First**, to combat high service costs governments should prioritize the expansion of affordable internet services through public investment and increased market competition by encouraging new entrants into the telecommunications market (UNESCO, 2021).

Second, digital literacy programs specifically targeting women. These programs should focus on practical skills such as mobile banking, online payments, and digital marketing. Tailored training can empower women to utilize available infrastructure effectively, particularly in contexts where general education levels are low.

Third, financial inclusion strategies should be aligned with the goals of digital infrastructure. Initiatives such as Egypt's Financial Inclusion Programme, which increased women's access to bank accounts from 9% to 27% between 2015 and 2017, mandates the use of cashless payments, and enables wider access to financial tools. Egypt has also initiated efforts to establish a unified definition for women-led businesses and a gender-disaggregated database to monitor progress (UNESCO, 2021).

At the continental level, the African Union's Digital Transformation Strategy and the Malabo Convention offer frameworks for promoting inclusive digital economies. Ratification by at least 15 countries²⁸ and implementation of these frameworks can enable acceleration to create a harmonized regulatory environment that protects users while encouraging innovation (UNESCO, 2021).

To enhance support for women-led digital startups, it is essential to increase funding incentives, foster public-private partnerships, and promote cross-border knowledge sharing. Fintech innovation, in particular, holds significant promise for leapfrogging traditional financial inclusion barriers (Hope, 2018). Governments should also incentivize banks and financial institutions to fund women entrepreneurs through tailored credit schemes and

microfinance support (Roland Berger, 2018).

Access to digital infrastructure is not merely a technical issue; it is integral to unlocking women's economic potential across Africa. As more trade activity shifts online, the gender gap in digital access must be urgently addressed. Digital tools offer women entrepreneurs the opportunity to overcome long-standing barriers to trade, provided that access is equitable, training is tailored, and support is sustained. Bridging the digital divide is thus essential for achieving inclusive trade growth on the continent.

TRADE FACILITATION AND BORDER ISSUES

Trade and border infrastructure play a critical role in shaping the efficiency and inclusivity of cross-border commerce. In Africa, women account for a significant proportion of small-scale and informal cross-border trade, yet they continue to face structural constraints that limit their economic participation. Key issues like delays, inadequate facilities, and gender-insensitive procedures at border posts disproportionately affect women, leading to increased operational costs, limited market access, and constrained profitability (UNCTAD, 2019). Strengthening border systems with gender-inclusive policies is essential to ensure that women traders can fully benefit from regional trade opportunities.

Key Challenges Faced by Women Traders

One of the foremost barriers is the lack of trade facilitation mechanisms, including time and costs associated with logistics and the number of documents required for each transaction. COMESA, EAC, and SADC, have some of the and lengthiest processing times for imports and exports, compounded by excessive documentation requirements (UNCTAD, 2019). Countries such as Tanzania and Zambia (as of 2018, Tanzania ranked 182nd and Zambia 150th) have some of the poorest rankings on the World Bank's "Doing Business" indicators for cross-border trade. These inefficiencies result in negative repercussions by impeding time to reach markets, inflation of transaction costs, and increasing the time required to complete trading activities, these become more harmful for women involved in time-bound trade of perishable items.

TABLE 13: CROSS-BORDER TRADE INDICATORS

Source: UNCTAD, 2019

COUNTRY OR REGION	DOCUMENTS TO EXPORT (NUMBER)	TIME TO EXPORT (HOURS)	COST TO EXPORT (US\$)	DOCUMENTS TO IMPORT (NUMBER)	TIME TO IMPORT (HOURS)	COST TO IMPORT (US\$)
Malawi	11	153	585	12	110	305
United Republic of Tanzania	7	192	1,435	11	642	1,725
Zambia	7	216	570	8	192	555
COMESA	7	213	781	9	255	1,076
EAC	8	137	542	10	338	1,066
SADC	7	220	938	8	215	836
Sub-Saharan Africa	8	197	812	9	253	991
South Asia	8	137	559	10	222	993
East Asia and the Pacific	6	130	534	7	142	564
Middle East and North Africa	6	141	721	8	222	860
Latin America and the Caribbean	6	119	638	7	148	805
OECD	4	186	186	4	13	141

Border delays have particularly serious repercussions for women as their businesses are primarily SMEs and often focus on trading perishable goods, which are disproportionately affected by time disruptions. These can result in three major consequences. First is the product loss, especially in the case of perishable goods. Second, is missed market opportunities and increased expenses related to accommodation which is compounded by women's domestic responsibilities, which limit their flexibility to remain at border posts for extended periods (UNCTAD, 2019). Third, is to resort to payment of bribes to expedite clearance or select less profitable, closer destinations to minimize travel time (Thubelihe, 2013).

Inadequate infrastructure at and around border areas further impedes trade. Border posts often lack essential facilities such as storage rooms, cold chains, restrooms, and inspection spaces. At borders like Mwami/Mchinji and Songwe/Kasumulu, infrastructure gaps such as the absence of public toilets and market stalls disproportionately affect women (UNCTAD, 2019). Moreover, the presence of childcare facilities could enable women to spend extended periods at markets or border points (APRM, 2022).

Inconsistent **transportation networks** add another layer of difficulty. Poor road conditions, irregular bus schedules, and limited availability of safe public transport significantly constrain women's ability to reach cross-border markets (Afrika and Ajumbo, 2012).

Immigration procedures also pose considerable challenges. Many countries require passports, vaccination certificates, or other formal documents for cross-border trade. These documents are often only issued in urban centers, making them inaccessible for women living in rural communities (APRM, 2022). Although some countries allow national IDs or border passes within a limited trading perimeter, the lack of consistent and simplified documentation frameworks continues to hinder formalization efforts.

Lastly, the **centralization of essential procedures**, such as the issuance of export permits and sanitary certifications for agricultural products, increases both time and monetary costs, particularly for small-scale female traders (APRM, 2022). Malfunctioning customs systems, frequent power shortages, and manual processing procedures further slow down clearance and create uncertainty.

BORDER DELAYS HAVE PARTICULARLY SERIOUS REPERCUSSIONS FOR WOMEN

1

PRODUCT LOSS, ESPECIALLY IN THE CASE OF PERISHABLE GOODS

2

MISSED MARKET OPPORTUNITIES AND INCREASED EXPENSES RELATED TO ACCOMMODATION

3

RESORT TO PAYMENT OF BRIBES TO EXPEDITE CLEARANCE

Recommendations and Way Forward

Drawing from the challenges and their implications mentioned above, it is apparent that the trade and border environment for women requires structural and procedural reforms that address these multi-layered constraints. Investment in physical infrastructure, including reliable road networks, storage and sanitation facilities, and cold chain systems, is essential to support traders handling perishable goods and operating on tight margins. Upgraded facilities at border posts, such as those introduced in Nakonde, Zambia, which offer inspection rooms and rest areas, demonstrate how appropriate infrastructure can positively impact trade operations (UNCTAD, 2019).

Gender-sensitive services also play a transformative role. Help desks established at selected Tanzanian border posts through a joint initiative by UN Women, the Ministry of Trade, and other stakeholders served as accessible points for information and assistance. Although the initiative was discontinued due to sustainability concerns, it highlighted the potential of localized support structures to enhance women's engagement in trade. Providing sustained funding and integrating such services into national border management systems could improve long-term viability (UNCTAD, 2019).

Training border officials through **gender responsive border management programs** can prove essential to ensure respectful and equitable treatment of women traders. Joint border committees in some regions have begun implementing such measures, but wider adoption is needed to institutionalize inclusive practices (UNCTAD, 2019). **Simplifying immigration and trading requirements** through regionally harmonized ID recognition, border passes, and standardized documentation procedures can lower barriers to entry for informal traders. Within certain EAC and COMESA border schemes, these have facilitated trade without increasing regulatory burdens. Along with this, streamlining manual processes, and enhancing operational efficiency by implementing scanners and electronic clearance systems can significantly accelerate customs processing and reduce the need for direct interactions with border officials. This approach fosters a safer environment, thereby contributing to the protection of women from harassment at border crossings. Moreover, decentralizing the issuance of permits and certifications can make these services more accessible to rural and small-scale traders. Hence, the establishment of "women-friendly" corridors that incorporate safe accommodation, efficient customs clearance, legal aid and information desks, appropriate storage facilities, and childcare services to address structural barriers and enable equitable participation (APRM, 2022). Strengthening physical facilities, simplifying procedures, and institutionalizing gender-responsive practices will not only promote formalization but also enhance women's economic agency across regional markets. The success of these reforms will depend on coordinated action by governments, regional bodies, and local institutions committed to inclusive trade development.

INVESTMENT IN PHYSICAL INFRASTRUCTURE
IS CRITICAL TO SUPPORT TRADERS HANDLING
PERISHABLE GOODS



RELIABLE ROAD
NETWORKS



STORAGE AND
SANITATION FACILITIES



COLD CHAIN
SYSTEMS

GENDER-DISAGGREGATED DATA

Designing effective trade policies that advance gender equality requires access to reliable and context-specific data. In Africa, where a significant portion of informal trade is conducted by women, the absence of sex-disaggregated data limits the ability of policymakers to assess gendered trade impacts and design responsive interventions (UNCTAD, n.d.).

Gender and trade interact in complex ways, often shaped by socio-economic factors, the informal economy, and regional disparities. Despite this, statistical authorities in many African countries lack the tools, capacity, or institutional mandate to collect and analyze gender-specific trade data. This gap is particularly concerning in low-income countries where women's economic vulnerabilities are most pronounced and where ICBT is dominant (UNCTAD, n.d.; Economic Commission for Africa, 2025).

To address these challenges, regional and multilateral organizations have launched initiatives to support better data collection. In 2017, a stakeholder discussion at the Buenos Aires Declaration on Trade and Women's Economic Empowerment called for the sharing of methods and procedures for the collection of sex-disaggregated data, and the analysis of gender-focused statistics related to trade (UNCTAD, n.d). The African Continental Free Trade Area (AfCFTA) protocol on women and youth in trade emphasizes the importance of collecting and sharing sex- and age-disaggregated statistics, especially on ICBT, to inform inclusive policy design (Economic Commission for Africa, 2025). Building on this, the African Union, ECA, and Afreximbank developed the Continental Methodology for ICBT Data Collection, which was adopted by the Ordinary Session of the Assembly of Heads of States and Government of the AU in February 2025.

Institutionalizing this methodology at the national level could lead to more consistent and accurate trade data across the continent. The ECA has committed to supporting national statistics offices in using the UNCTAD gender-in-trade framework that has been adapted to the African context.

Investing in gender-responsive trade statistics is a necessary step toward evidence-based policymaking. Expanding these efforts across national statistical systems will support the development of inclusive trade policies and ensure that women's contributions and constraints are fully captured in Africa's trade data.

TRADE AGREEMENTS

The policy objective should be to promote women as 'achievers' in, rather than 'sources' of, trade competitive advantage." — African Continental Free Trade Area Secretariat (2021).

Trade agreements have long served as tools for shaping economic governance, establishing market access rules, and promoting cross-border integration. In recent years, their scope has expanded to incorporate a gendered view. Gender-responsive trade policies aim not only to eliminate discriminatory practices but also to actively promote women's inclusion in economic activities through access to resources, services, and decision-making platforms. Yet the extent to which these provisions are operationalized, enforced, or mandated is subjective. In Africa, where women dominate sectors such as informal cross-border trade and agriculture, embedding gender considerations in trade frameworks is both a development imperative and a policy challenge (UNCTAD, 2019).

Global Overview of Gender in Trade Agreements

Globally, efforts to mainstream gender in trade agreements have varied in form and effectiveness. Some agreements, such as the Canada-Chile Free Trade Agreement, include a dedicated gender chapter, while others incorporate gender-sensitive language within their preambles or cooperation clauses.

However, in many instances, the language used is non-binding, aspirational and suggestive rather than direct, mandating enforceable actions (Monteiro, 2021). The European Union's Economic Partnership Agreements with African, Caribbean, and Pacific countries, for example, encourage cooperation on gender issues but fall short of requiring structural reforms or providing accountability mechanisms (Monteiro, 2021). The challenge with these models is that they convey intention and signal commitment but often lack the legal obligation to deliver measurable outcomes.

Trade Agreements in Africa and the AfCFTA Protocol

Gender Provisions in African Trade Frameworks

Africa has witnessed several efforts to incorporate gender into regional economic communities (RECs), such as the Southern African Development Community (SADC), the East African Community (EAC), and the Common Market for Eastern and Southern Africa (COMESA). These communities have included gender policies and action plans, many of which focus on women's access to trade-related information, credit, and networks. However, gender considerations in trade have often been incorporated in silos in individual non-integrated policies rather than integrated into binding trade instruments. Most frameworks lack clear mechanisms for enforcement, monitoring, or accountability, thereby limiting their practical impact and restricting them to aspirational documents (UNCTAD, 2019).

The AfCFTA Protocol on Women and Youth in Trade

The African Continental Free Trade Area (AfCFTA), established in 2018 and ratified by 54 countries, represents one of the most ambitious regional trade agreements on the continent. It aims to create a unified market of over 1.2 billion people with a combined GDP of \$2.5 trillion. Recognizing the structural barriers faced by women and youth, the African Union introduced a **dedicated Protocol on Women and Youth in Trade** in 2023, making it one of the first major trade agreements globally to include such a provision.

The protocol acknowledges the specific challenges that women and young people face in engaging with intra-African trade. It seeks to:

- Promote the inclusion of women and youth in regional value chains
 - Ensure equitable access to trade finance and information
 - Facilitate capacity building through digital tools and training
 - Enhance representation of women and youth in decision-making roles within AfCFTA institutions
- (Economic Commission for Africa, 2023)

The protocol aims to go beyond suggestions and calls upon member states to adopt enabling policies, including the creation of gender-responsive procurement systems and the integration of gender criteria in investment decisions. The response to the call to action is highly dependent on the way these commitments are translated into national policies, as the protocol itself does not obligate action by members, have enforcement mechanisms, or framework for non-compliance.

The Guided Trade Initiative: Testing Implementation

To test the operational readiness of the AfCFTA framework, including the provisions relevant to women, the Guided Trade Initiative (GTI) was launched in 2022 in **eight countries (Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania, and Tunisia)** to facilitate trade under AfCFTA rules and examine practical challenges in implementation (Economic Commission for Africa, 2023; Agarwal & Tayo, 2024).

The GTI provided several insights relevant to the Protocol on Women and Youth:

- **Distinction Between Traders and Exporters:** There was a distinction in the safety issues faced by formal and ICBT traders. While women informal cross-border traders face high levels of harassment and discrimination, women-owned businesses formally engaging in exports were better supported and often shielded from these challenges through national implementation committees (Economic Commission for Africa, 2023).
- **Capacity Building and Sensitization:** The GTI included awareness programs for women-led SMEs and agribusinesses, highlighting the importance of targeted outreach in translating trade rules into actionable knowledge for female entrepreneurs.
- **Trade Facilitation Gaps:** Despite formal adherence to AfCFTA rules, border procedures and documentation requirements remained cumbersome, particularly for women in agriculture and small-scale trade. The need for specialized agro-trade facilitation to prevent long waiting times at borders was repeatedly flagged (Economic Commission for Africa, 2023).
- **Need for Scale and Investment:** The GTI emphasized that scaling women-owned businesses and facilitating their entry into regional value chains necessitates substantial investment and integration into more advanced production networks.
- **Institutional Representation:** The pilot also revealed a lack of women in decision-making roles within AfCFTA's national and continental institutions, highlighting the gap between the protocol's inclusive vision and its actual governance structures.

While the GTI was a step forward in aligning policy with practice, it aimed to analyse the improvements required in the protocol and will enable a more holistic approach in the future implementation and iterations of AfCFTA.

Recommendations for Strengthening Gender-Responsive Trade Implementation

To ensure the AfCFTA Protocol on Women and Youth delivers on its promises, action is required across multiple fronts:

1. Strengthen Legal Language and Binding Commitments

While the protocol includes explicit objectives, its language remains largely enabling rather than obligatory. Future revisions or complementary instruments should incorporate binding commitments on reporting, monitoring, and outcomes.

2. Institutionalize Monitoring and Evaluation Mechanisms

The African Union and AfCFTA Secretariat should establish a gender-specific monitoring body tasked with evaluating implementation progress, collecting sex-disaggregated data, and holding member states accountable for unmet obligations.

3. Enhance Capacity Building and Information Dissemination

National governments must integrate gender-focused trade awareness into training for women entrepreneurs, border officials, and trade associations. These programs should prioritize accessibility, including translation into local languages and delivery in rural areas.

4. Increase Women's Representation in Trade Governance

Representation gaps in national and continental trade bodies must be addressed. Gender parity targets should be set for AfCFTA institutions, particularly in national implementation committees and decision-making units.

5. Align National Policies with the Protocol

Domestic legal frameworks must be reviewed and harmonized to reflect the protocol's provisions. This includes incorporating gender impact assessments into trade legislation and budgeting processes.

6. Foster Investment in Women-Owned Businesses

To support women's integration into regional value chains, member states and development finance institutions should create dedicated financing support and incentives for women-led enterprises in high-value sectors such as manufacturing, agri-processing, and digital services.

The AfCFTA Protocol on Women and Youth in Trade represents a landmark moment for gender-sensitive trade policy on the continent. It articulates clear objectives for inclusion, equity, and empowerment, positioning women as central to Africa's economic integration agenda. However, the effectiveness of this framework hinges on its translation into actionable national commitments, institutional accountability, and targeted investment. The Guided Trade Initiative has laid the groundwork by identifying gaps and potential, which will enable transformation of Africa's trade architecture by incorporating recommendations on the basis of the pilot and ensure Africa walks the talk and by aiding in these goals reaching fruition.



CONCLUSION

Achieving inclusive trade-led growth in Africa demands a deliberate shift. Even though women entrepreneurs hold a central role in informal trade and entrepreneurship, they continue to face structural and systemic barriers across major pillars that are indispensable in securing their social and economic agency such as education, finance, digital infrastructure, capacity, frameworks and agreements. These constraints are interconnected and mutually reinforcing, confining women to low-value sectors and excluding them from regional and global value chains. To address these concerns, major economies have begun to take action beyond mere acknowledgement. One of the steps taken is to mainstream gender in trade agreements through the AfCFTA Protocol on Women and Youth. This represents a promising step forward but must be backed by obligatory commitments (that are flexible in nature and can be customized to nations' unique environments), targeted investments, and robust implementation. By addressing foundational inequalities and enabling women to access opportunities on equal footing, the AfCFTA and related policy frameworks have a historic opportunity to embed gender equity into Africa's economic architecture and stand to make advances in productivity, employment, and inclusive development. Realizing this potential will require coordinated action from policymakers, institutions, private sector actors, and women themselves to create a trade ecosystem that is not only efficient but equitable. This transformation calls for urgency in adopting inclusive trade practices that can capitalize on women's immense potential and unlock a future of shared prosperity.



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AFRICA EXPORT

COMPETITIVENESS REPORT

LEARNINGS AND WAY FORWARD

Enhancing export competitiveness is crucial for African countries to unlock economic potential.

07

LEARNINGS AND WAY FORWARD

Enhancing export competitiveness is crucial for African countries to unlock their economic potential and achieve sustainable growth. Building on the foundation established by the inaugural Export Competitiveness Report, this new report is organized into three main sections.

- First, we aim to expand the report's geographic coverage to comprehensively represent all 54 African nations within five years, depending on data availability. So far, we have successfully ranked 40 countries in the Africa Export Competitiveness (AEC) Report.
- Second, to gain deeper insights into AEC performance at the country level, we conducted a case study on South Africa, which is the top performer on the AEC Index for 2024.
- Finally, the last section of the report examines the critical role of women in enhancing export competitiveness across Africa.

AEC 2024 TAKEAWAYS

The recommendations for enhancing export competitiveness in Africa are outlined by their respective pillars (**Competitiveness, 2023**). The recommendations emphasize the essential structural priorities to improve export performance continent-wide. Although advancements have occurred in certain areas — including AfCFTA implementation and digital trade protocols — the fundamental challenges noted in 2023 still exist, making the recommendations a relevant framework for policy action.

Key pillars influencing the export environment include Export Policy, Basic Infrastructure, Administration, Knowledge Workforce, Demand Sophistication, Business Dynamism, and Export Performance. Tailored recommendations for each pillar can guide policymakers and stakeholders toward export-led growth. African nations need to diversify their export portfolios to thrive in the global market and reduce reliance on volatile commodity prices. This strategic focus will help foster innovation, improve infrastructure, and engage with global markets. Although many recommendations may not be new, their importance in overcoming persistent challenges is essential for driving economic progress and sustainable development across the continent.

Export Policy	Most African countries still lack comprehensive export promotion frameworks in their export policy. Formulating integrated strategies to assist exporters, from production to market access, is essential. Nations such as Mauritius and South Africa provide replicable models for effectively utilizing trade agreements and financial incentives.
Basic Infrastructure	Enhancing logistics, transportation networks, and access to electricity and the internet remains critical for basic infrastructure . These limitations continue to rank as some of the primary obstacles to competitive exporting, especially in landlocked and low-income countries.
Administrative Efficiency	Administrative efficiency , especially in reducing corruption and regulatory red tape, is still central to improving the business climate. A transparent and predictable policy environment is a precondition for attracting investment and boosting trade flows.
Knowledge Workforce and Output	Under knowledge workforce and output , the emphasis on tertiary education, innovation and technology transfer is as vital today as it was in 2023. Without building human capital, Africa's export base cannot evolve beyond primary commodities.
Demand Sophistication	The report continues to emphasize how crucial it is to develop a strong, diverse customer base in order to foster innovation and scale. This is still crucial, though, especially for nations where high-value exports are supported by elite-driven demand but inequality limits the growth of the market as a whole. In 2025 and beyond, strengthening domestic markets and encouraging export-oriented production will still depend on investing in social infrastructure, lowering inequality, and growing the middle class.
Business Dynamism	The emphasis on regulatory simplification, investment climate reforms, and manufacturing-led growth continues to hold. While some progress has been made in FDI attraction and industry policy, cost of export compliance and other requirements hinder private sector and SMEs' expansion. Therefore, simplifying processes and enabling manufacturing competitiveness for scalable high-quality exports is a must.
Export Performance	To enhance export performance, product diversification, enhancing market penetration and complexity is a must. Countries can use AEC indicator parameters to deepen their engagement in guiding strategic interventions in their respective export baskets.

SOUTH AFRICA CASE STUDY ON EXPORT COMPETITIVENESS

The case study of South Africa provides critical insights into how the country’s trade and industrial policy framework impacts its export competitiveness. Based on the findings, the following recommendations are proposed to enhance South Africa’s export competitiveness:

FOCUS AREA	RECOMMENDATION
1. Tariff Policy and Industrial Strategy	Maintain flexible tariffs for strategic sectors, but improve transparency and periodic reviews to understand downstream competitiveness in industry.
2. Trade Agreement Utilization	Invest in SME capacity to meet standards and use preferences under AfCFTA, EPA, and SADC FTAs. This can help expand new products and new destination markets for South Africa.
3. Export Support Measures	Assess the efficiency of incentives (e.g., EMIA, SEZs) and align with WTO disciplines. It is important to understand whether that financial support leads to measurable improvements in export capacity, innovation, and global integration.
4. Trade Facilitation and Infrastructure	Accelerate reforms in ports, energy, logistics, and customs; fully implement WTO Trade Facilitation Agreement.
5. Institutional and Regional Coordination	Enhance SACU tariff governance and inter-agency cooperation on trade issues. This needs to be focused on the sub-national level.
6. Export Diversification	Promote non-commodity sectors through skills, technology, and green economy initiatives. This is required to improve complexity ranking and overall export performance. New growth opportunities for products need to be explored via tools such as complexity diagnostics.

GENDER INCLUSION IN TRADE: UNLOCKING THE POTENTIAL OF WOMEN FOR AFRICA'S EXPORT COMPETITIVENESS

Due to their inherently different and defined social roles, access to resources, and mobility, women and men face structurally different opportunities and constraints in markets. Therefore, trade policies and support mechanisms must be intentionally designed to address these disparities. The following recommendations aim to strengthen women's integration into trade and maximize the benefits of trade reforms for gender-inclusive development.

1. Addressing Foundational Barriers to Participation

Women's limited access to quality education, healthcare, resources, and productive assets forms the basis of their economic marginalization. In recent times, there has been a shift from need/survival-based entrepreneurship by women from lower economic strata to opportunity/growth-driven entrepreneurship. Women still predominantly enter informal trade out of necessity, constrained by socio-economic responsibilities such as childcare, family responsibilities, and expected social duties. To address this, interventions should begin with increased investment in education and vocational training targeted at women and girls, affordable and accessible healthcare and childcare services due to which nutrition and menstrual cycles will not cause a disruption in their education, and a reduction in the burden of domestic unpaid work.

2. Improving Access to Finance through Targeted Financial Solutions

Access to finance remains a major barrier to women's economic participation. Women traders often face both supply-side and demand-side constraints. On the supply side, lending institutions cite management and economic issues such as credit risk, high operating costs of small loans, funding costs, and limited borrower information as constraints. On the demand side, women experience lower levels of financial literacy, lack of collateral due to limited asset ownership as a result of skewed inheritance rights leading to lack of personal guaranteed requirements, inter-role conflicts from juggling domestic work and professional aspirations, and a lack of market exposure. These factors, at times lead women to "self-select" out of the banking cycles, or get stuck in procedural issues.

To address this:

- Promoting alternative financing mechanisms not dependent on traditional collateral, such as warehouse receipt systems and supply chain finance is crucial.
- Leveraging blended finance by integrating donor support with private capital to de-risk lending to women-led enterprises.
- Providing simplified and digitized financial instruments accompanied by training for both financial institutions and women entrepreneurs is necessary.
- In many African countries, voluntary informal savings groups such as "chamas" in Kenya, "osusus" in Ghana and "Ekub" in Eritrea and Ethiopia have empowered women businesses and decision-making through a pooled circular system of financing. Similar groups can be formed with pooled resources which reduces management risks of institutions and requirements from borrowers. These groups can be an important platform for disseminating knowledge related to financial education, digital tools, and formal credit systems.

STRENGTHENING CAPACITY AND KNOWLEDGE RELATED TO TRADE

Many women traders lack clarity about trade-related laws, duty structures, and available support schemes. This often results in unnecessary payments, non-compliance, and missed opportunities for growth. The uncertainty about border procedures can subject them to loss/confiscation of goods and security risks. Along with this, educational and financial barriers have led women to concentrate on selected low-value goods, such as agricultural products and food processing, which restricted their expansion in terms of scale and diversification of goods and sectors.

Steps to support scaling and integration into regional value chains by building women's capacity in trade include:

- Establishing resource consortiums at local and regional levels where women can access training on trade regulations, customs procedures, and value addition techniques.
- In many nations in Africa regular workshops are conducted focused on cross-border trade rules, taxation, and export standards. These workshops should be expanded with low entry barriers and increased accessibility.
- Providing digital literacy and business development services tailored to women traders.
- Designing capacity-building initiatives that address export procedures, logistics, marketing strategies, and trade research.
- Providing mentorship and networking platforms that connect women entrepreneurs with buyers and business opportunities to facilitate access to markets and promote industry diversification.
- Establishing a dedicated Continental Export Readiness for African Women (CERAW) Program that focuses on the provision of targeted skills, market knowledge, and resource support, with a special focus on SMEs, to enable women's integration into the local and global value chain, which will offer a valuable opportunity to bridge capacity and access gaps.

ENHANCING TRADE FACILITATION AND BORDER INFRASTRUCTURE

Women informal cross-border traders (WICBTs) often face risks at border crossings, including verbal, physical and sexual harassment, extortion, and confiscation of goods. Inadequate infrastructure, procedural ambiguity, and security issues deter formalization and impede trade efficiency.

Recommended actions include:

- Availability of mechanisms for complaint redressal of gender-sensitive border issues that ensure women's safety and streamline customs procedures, such as hotlines, legal aid services, and training on women's rights at borders.
- Deploying specialized trade facilitation personnel to assist women traders and reduce time spent in transit.
- Increasing investments in border infrastructure to improve safety, reduce delays, and enable predictable clearance processes.

COLLECTION AND UTILIZATION OF GENDER-DISAGGREGATED DATA

The absence of gender-disaggregated data significantly impedes effective policymaking. Reliable statistics are essential to assess gaps, design interventions, and monitor progress. For this, the collection and analysis of sex-disaggregated trade data across national and regional databases is necessary to support gender-focused trade impact assessments to inform policy development.

MAINSTREAM GENDER INTO TRADE AGREEMENTS AND REGIONAL INITIATIVES

While the African Continental Free Trade Area (AfCFTA) marks another milestone in the pan-African imperative of an economically integrated Africa. Signed by 54 African Union member states it offers a unique opportunity to address structural gender inequalities, its benefits will need commitment from all member nations. A review of trade protocols and agreements along with the recent pilot initiatives of the Guided Trade Initiative (GTI) that took place in eight countries provide some useful insights that can be embedded to ensure gender-responsive implementation of AfCFTA:

- There is a need to move away from aspirational and suggestive language in protocols to affirmative language and binding commitments in trade protocols and negotiations.
- Developing country-level gender strategies aligned with AfCFTA objectives that facilitate market access, working capital, and capacity-building support specifically for women-led enterprises.
- Introducing specialized support in meeting rules of origin, local content requirements, and product certification standards will be helpful. Along with this, support with access to digital services and mentorship for its usage is essential. Mentorship in necessary procedures like market research, devising strategies, and logistics management will also be helpful.
- Specialized assistance in most common industries like agriculture will enable faster customs clearances.
- Increasing women's representation in decision-making roles at both national and AfCFTA institutional levels is crucial for gender-sensitive policies and considerations.

These recommendations emphasize the importance of a holistic approach that spans financial inclusion, institutional reform, legal protection, and trade-specific policy measures. Achieving this vision requires cohesive efforts from all tiers of stakeholders, including national governments, local and community-based groups, border authorities, and women entrepreneurs themselves. These steps are essential for addressing technical barriers and confronting systemic challenges rooted in socio-economic and institutional inequalities. These coordinated interventions will enable women to transition from small-scale, low-profit activities to higher-value, growth-oriented sectors, thereby achieving sustainable trade-led growth in Africa.

APPENDIX

Appendix 1: Rationale for Indicators

DIMENSION/ PILLAR	INDICATOR	RATIONALE
Export Policy	Existence of an Export Promotion Plan	The existence of an export promotion plan reflects a nation's commitment to developing a strategic approach to enhance its exports, which has far-reaching implications for its economic stability and global standing. By formulating a well-defined strategy, governments can identify target markets, products, and industries with export potential. This not only facilitates the allocation of resources but also encourages the private sector to align its activities with national export goals. An export promotion plan is essential for improving the overall competitiveness of a nation's products and services.
	Number of Regional Trade Agreements	The number of trade agreements reflects the extent to which a nation is integrated into the global economy and its commitment to fostering international trade relationships. A higher number of trade agreements typically signifies a country's proactive approach towards expanding its export markets. It also serves as a clear measure of a country's commitment to free trade and economic openness. Nations that actively engage in negotiating and signing trade agreements demonstrate their willingness to reduce trade barriers, such as tariffs and quotas, thereby creating a more conducive environment for their domestic industries to access foreign markets.
	Claiming a Duty Drawback on Import Duties Paid on Intermediate Goods	Claiming a Duty Drawback on Import Duties Paid on Intermediate Goods embodies the principle of reducing production costs, which is vital for enhancing a country's export competitiveness. When a country allows exporters to claim a refund on import duties paid for intermediate goods used in the production process, it effectively lowers the cost of production. This reduction in costs can make the country's products more competitive in international markets by offering competitive pricing, thus increasing demand for its exports.
	Share of Tariff with International Peaks	This indicator evaluates the presence of tariff peaks in a nation's trade policy. Tariff peaks refer to unusually high import duties imposed on particular commodities or product categories. A high proportion of tariffs with international peaks indicates that certain industries may be subject to substantial trade barriers, which can have a negative impact on the competitiveness of domestic firms in those industries. The reduction of tariff peaks can make exports more competitive.

DIMENSION/ PILLAR	INDICATOR	RATIONALE
Basic Infrastructure	Access to Electricity	Export-oriented industries require dependable and extensive access to electricity. It ensures that businesses are able to function effectively and maintain production schedules. A high percentage of access to electricity indicates a reduced risk of production disruptions and can attract investment in the region, which relies on a stable power supply.
	Fixed Broadband Subscriptions (per 100 people)	Access to high-speed internet is essential for a conducive business environment. It allows exporters to communicate with customers and partners worldwide, access global markets, and gather market intelligence. A higher number of fixed broadband subscriptions per 100 people indicates better connectivity, which is advantageous for export competitiveness.
	Cost to Export: Border Compliance	Cost and efficiency of export processes, including compliance at borders, are crucial export competitiveness factors. There are fewer financial and administrative obstacles for exporters if exporting is less expensive. Streamlined border compliance procedures can reduce the time and cost of transporting products across borders, thereby increasing their competitiveness.
	Air Transport, Freight (million per km)	Efficient air freight transport infrastructure is essential for exporting goods quickly and reliably, especially for perishable or time-sensitive products. The volume of air cargo transported is an indicator of the capacity and efficacy of the air transport system, which is significant for export-dependent industries that rely on air cargo.
	Liner Shipping Index (LSI)	LSI is a robust indicator of a country's export competitiveness because it directly reflects the costs associated with shipping goods to international markets. Lower LSI values indicate cost-efficient shipping, which can significantly enhance a country's competitiveness in global trade. When a country can transport its products at a lower cost, it is better positioned to offer competitive prices to international buyers, thus increasing its market share and export volumes.
	Commercial Bank Branches (per million population)	Access to banking services is essential to a thriving business ecosystem in order to assist exporters in procuring financing, managing international transactions, and mitigating financial risks.

DIMENSION/ PILLAR	INDICATOR	RATIONALE
Knowledge Workforce and Creation	LFPR (15-64)	The Labor Force Participation Rate (LFPR) for the population aged 15–64 is a key indicator for export competitiveness. A high LFPR indicates that a substantial proportion of the population of working age is actively employed. This can be advantageous for export competitiveness because it implies a larger pool of potential employees with diverse skills and expertise, which can contribute to increased productivity and the capacity to meet increased export demand.
	Tertiary Education Enrollment (%)	Tertiary Education Enrollment (%): For export competitiveness, the percentage of the population enrolled in tertiary education institutions (universities, colleges, etc.) is crucial. Tertiary education typically imparts sophisticated knowledge and abilities, which are frequently required in export-oriented industries. A higher enrollment rate in tertiary education indicates that the labour force is more likely to possess the specialized knowledge and qualifications required for success in industries with high export potential.
	Human Development Index	HDI provides a holistic view of a country's development status by considering key dimensions of human well-being, such as life expectancy, education, and per capita income. These factors are not only indicative of a nation's overall quality of life but also influence its economic capabilities. A country with a higher HDI is more likely to have a skilled and healthy workforce, which is crucial for enhancing export competitiveness.
	Patent Applications by Residents (per million population)	Patent Applications by Residents per Million Population: The number of patent applications filed by residents per million inhabitants demonstrates the region's innovative capacity. Innovative products and technologies can provide exporters with a competitive advantage in global markets. Higher patent application rates indicate that the region is actively engaged in the creation and protection of intellectual property, which can be utilized to boost export competitiveness.
	Trademark Applications by Residents (per million population)	Trademark Applications by Residents per million population contribute to export competitiveness. They illustrate the significance of branding and intellectual property protection, which are essential for establishing trust and recognition on international markets. Strong trademark activity suggests that companies in the region are investing in the branding and export positioning of their goods and services.

DIMENSION/ PILLAR	INDICATOR	RATIONALE
Administration	Rule of Law	Rule of Law encompasses a set of principles and institutions that ensure that all individuals and entities, including businesses, are subject to and accountable under the law. In countries where the rule of law is strong, businesses can operate with confidence that their contractual agreements will be upheld, property rights will be protected, and disputes will be resolved fairly through a transparent legal system. This predictability reduces transaction costs and risks associated with exports and increase competitiveness.
	Control of Corruption	A low level of corruption is essential for fostering a fair and transparent business environment. When corruption is pervasive, businesses are often forced to engage in corrupt practices to navigate bureaucratic hurdles, obtain permits, or secure contracts. Countries with strong control over corruption ensure a level playing field for all businesses, promoting healthy competition and encouraging investment in innovative industries. A high level of corruption can lead to inefficiencies, red tape, and unpredictable costs, which can significantly hinder a nation's export competitiveness. Inefficient customs processes, for instance, can delay shipments and increase trade costs, making products less competitive on the global market.
	Government Effectiveness	Government Effectiveness evaluates the efficiency, transparency, and capability of a government to provide essential services, maintain law and order, and execute policies that foster a conducive environment for businesses to thrive. A government that functions efficiently, with minimal bureaucracy and corruption, simplifies regulatory processes, reduces red tape, and facilitates smoother business operations. This, in turn, reduces the cost of exporting goods, making a country more competitive in the global market.
	Regulatory Quality	Regulatory Quality evaluates the effectiveness and consistency of a nation's regulatory framework, encompassing a wide range of factors such as the transparency of regulations, the ease of doing business, and the strength of institutions responsible for enforcing these rules. It also directly impacts the predictability of business operations. When regulations are clear, stable, and consistently enforced, businesses can plan their operations with confidence, leading to increased investment in export-oriented ventures. Investors and entrepreneurs are more likely to commit resources to long-term export strategies in countries with high regulatory quality, as they can better anticipate the rules governing their operations.

DIMENSION/ PILLAR	INDICATOR	RATIONALE
Income Distribution	Urban Population	A high urban population indicates a market with greater income levels and access to diverse goods and services. This dynamic contributes to a more sophisticated demand for products, including luxury items and advanced technology. For exporters, targeting urban areas can be crucial because they offer customers that are willing and able to purchase sophisticated goods.
	Top 10% Share Wealth – Net Personal Wealth	This indicator assesses the concentration of wealth among the top 10% of the population. A higher share of wealth held by the wealthiest individuals may indicate income inequality. In the context of export competitiveness, extreme income inequality can lead to social and political tensions, potentially affecting economic stability and investment climate, which can indirectly impact a country's export competitiveness.
	Top 10% Share – Pre-Tax National Income Share	Similar to the previous indicator, this measures the share of pre-tax national income held by the top 10% of the population. A higher concentration of income among the wealthiest can result in disparities in access to education, healthcare, and other resources that are crucial for a competitive and skilled workforce.

DIMENSION/ PILLAR	INDICATOR	RATIONALE
Business Environment	Cost of Starting a Business	The cost of establishing a business is an evaluation of the financial costs and regulatory requirements associated with launching and operating a new business. A decrease in the cost of beginning a business can attract entrepreneurs and encourage the formation of new businesses. This may contribute to a more competitive and dynamic business environment, which is advantageous for export competitiveness.
	Time Required to Start a Business	The Time Required to Start a Business reflects the efficacy and simplicity of registration and startup processes. A shorter period to establish a company is advantageous for entrepreneurs and can encourage the formation of new businesses. This can result in a more competitive business environment and may encourage the expansion of export-oriented enterprises.
	Manufacturing Value Added (annual growth rate)	Manufacturing Value Added assesses the contribution of the manufacturing sector to a country's gross domestic product. A robust and competitive manufacturing sector is able to produce goods for export markets, substantially enhancing export competitiveness. In this context, the expansion and vitality of the manufacturing sector are crucial.
	FDI Inflows Increment %	An increment in FDI inflow can have a profound impact on a country's export competitiveness by contributing to economic growth, technology transfer, diversification of export products, and access to international markets. Therefore, studying FDI inflow is essential for comprehensively assessing a country's export competitiveness and formulating effective export promotion strategies.
	Gross Fixed Capital Formation Growth	This indicator measures the growth in investments made by businesses in physical assets like machinery and buildings. A positive growth rate in this indicator can be the sign of a dynamic business environment where firms are investing for expansion. It is suitable for assessing business dynamism, as increased investment often reflects confidence in the business environment.
	Domestic Credit to Private Sector (% of GDP)	Access to credit is essential for businesses to finance their operations, invest in technology, and increase production. The ratio of domestic credit to the private sector to GDP indicates the availability of capital for businesses. A greater proportion indicates that businesses have improved access to credit, which can support their growth and competitiveness in export-oriented industries.

DIMENSION/ PILLAR	INDICATOR	RATIONALE
Growth and Orientation of Exports	Complexity Score	This indicator captures a country's capacity to produce and export complex, high-value goods, which is strongly linked to economic growth, competitiveness, and resilience. It's a forward-looking measure that reveals not just what a country does today, but what it is capable of doing tomorrow. A higher ECI value indicates a country exports diverse, complex products and has strong capabilities for growth and innovation. A lower ECI reflects reliance on simple or raw exports, signaling limited industrial diversity and economic vulnerability.
	Market Penetration	Market penetration measures a country's ability to expand its exports into new markets. It evaluates the competitiveness of a country's exports by examining the extent to which it has entered and succeeded in different global markets. A high market penetration indicates a strong presence in a variety of markets, which can enhance export competitiveness.
	Service Exports %	Service exports play a vital role in enhancing a country's export competitiveness. They contribute to economic diversification, job creation, innovation, and overall economic resilience. A strong service export sector complements goods exports and can be a significant driver of economic growth and prosperity.
	Merchandise Exports %	This indicator measures a nation's standing in global merchandise trade. It measures the proportion of a nation's exports in the global trade of goods. A higher merchandise share indicates that the country is a significant player in international trade, possibly indicating a competitive export sector.
	High-Tech Exports % (total exports)	This indicator assesses the proportion of high-tech exports within a nation's overall exports. High-tech exports typically consist of technologically advanced electronics, machinery, aerospace products, pharmaceuticals, and other products. A greater proportion of high-tech exports indicates that a nation is producing and exporting technologically advanced, high-value goods, which can contribute to increased export competitiveness and revenues.
	Information and Communication Technology (ICT) Service Exports	Information and Communication Technology (ICT) service exports include information technology, telecommunications, software development, and other ICT-related activities. This indicator gauges the value of a country's exported ICT services. A strong presence in ICT service exports indicates a competitive ICT sector and a skilled workforce, thereby contributing to overall export competitiveness, particularly in the swiftly expanding digital economy. Exports of ICT services demonstrate the competitiveness of a nation's technology and services sector. It can attract foreign investment, create employment, and generate export revenue.

Appendix 2 : Indicator, Year, Source, Definition

SUB-PILLAR	INDICATOR	YEAR	SOURCE	DEFINITION
Export Policy	Existence of an Export Promotion Policy	Latest available, 2025	Trade Policy Review , WTO	The Export Promotion Policy is a public policy measure aimed at enhancing export activity at national level. It is a metric used to assess whether a country has implemented a structured and documented strategy or plan specifically aimed at promoting its exports. This indicator draws its information from each country's Trade Policy Review conducted by the World Trade Organization (WTO), which is a comprehensive evaluation of a nation's trade policies and practices.
	Number of Regional Trade Agreements	As of May 2025	WTO regional Trade database	The Number of Regional Trade Agreements is an indicator that quantifies the extent to which countries engage in formal, mutually agreed upon arrangements to facilitate trade and economic cooperation within a specific geographical region. This indicator is a count of the distinct RTAs that a particular country or group of countries is party to, each representing a legally binding agreement designed to reduce trade barriers, enhance market access, and promote economic integration among the participating nations within the defined geographic scope.
	Claiming a Duty Drawback on Import Duties Paid on Intermediate Goods	Latest available, 2025	Trade Policy Review , WTO	The Claiming a Duty Drawback on Import Duties Paid on Intermediate Goods indicator refers to a measure that assesses the extent to which a country's customs and trade policies allow for the reimbursement or refund of import duties previously paid on intermediate goods used in the production process. Intermediate goods are raw materials, components, or other inputs that are not meant for final consumption but are incorporated into the production of finished products.
	Share of Tariff Lines with International Peaks	2022	World Bank	Share of Tariff Lines with International Peaks is the share of lines in the tariff schedule with tariff rates that exceed 15%. It provides an indication of how selectively tariffs are applied.

SUB-PILLAR	INDICATOR	YEAR	SOURCE	DEFINITION
Basic Infrastructure	Access to Electricity	2023	World Bank	Access to electricity is the percentage of the population with access to electricity. Electrification data are collected from industry, national surveys and international sources.
	Fixed Broadband Subscriptions (per 100 people)	2023	World Bank	Fixed broadband subscriptions refers to fixed subscriptions to high-speed access to the public Internet (a TCP/IP connection), at downstream speeds equal to, or greater than, 256 kbit/s. This includes cable modem, DSL, fiber-to-the-home/building, other fixed wired broadband subscriptions, satellite broadband and terrestrial fixed wireless broadband. This total is measured irrespective of the method of payment. It excludes subscriptions that have access to data communications (including the Internet) via mobile-cellular networks. It should include fixed WiMAX and any other fixed wireless technologies. It includes both residential subscriptions and subscriptions for organizations.
	Cost to Export: Border Compliance	2019	World Bank	Border compliance captures the time and cost associated with compliance with the country's customs regulations and with regulations relating to other inspections that are mandatory in order for the shipment to cross the country's border, as well as the time and cost for handling that takes place at its port or border. The time and cost for this includes customs clearance and inspection procedures conducted by other government agencies.
	Air Transport , Freight (million per km)	2021	World Bank	Airfreight is the volume of freight, express, and diplomatic bags carried on each flight stage (operation of an aircraft from take-off to its next landing), measured in metric tons times kilometers travelled.
	Liner Shipping Index	2024	UNCTAD	The Liner Shipping Connectivity Index captures how well countries are connected to global shipping networks. It is computed by the United Nations Conference on Trade and Development (UNCTAD) based on five components of the maritime transport sector: number of ships, their container-carrying capacity, maximum vessel size, number of services, and number of companies that deploy container ships in a country's ports. For each component a country's value is divided by the maximum value of each component in 2004, the five components are averaged for each country, and the average is divided by the maximum average for 2004 and multiplied by 100. The index generates a value of 100 for the country with the highest average index in 2004.
	Commercial Bank Branches (per million population)	2022	World Bank	Commercial bank branches are retail locations of resident commercial banks and other resident banks that provide financial services to customers and are physically separated from the main office but not organized as legally separated subsidiaries.

SUB-PILLAR	INDICATOR	YEAR	SOURCE	DEFINITION
Knowledge Workforce and Creation	LFPR (15-64)	2024	World Bank	Labor force participation rate is the proportion of the population aged 15-64 that is economically active: all people who supply labor for the production of goods and services during a specified period.
	Tertiary School Enrollment (%)	2023	World Bank	Gross enrollment ratio is the ratio of total enrollment, regardless of age, to the population of the age group that officially corresponds to the level of education shown. Tertiary education, whether or not to an advanced research qualification, normally requires as a minimum condition of admission the successful completion of education at the secondary level.
	Human Development Index	2022	United Nations Development Indicators	The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions. The health dimension is assessed by life expectancy at birth, the education dimension is measured by mean of years of schooling for adults aged 25 years and over and expected years of schooling for children of school entering age. The standard of living dimension is measured by gross national income per capita. The HDI uses the logarithm of income to reflect the diminishing importance of income with increasing GNI. The scores for the three HDI dimension indices are then aggregated into a composite index using geometric mean.
	Patent Applications by Residents (per million population)	2021	World Bank	Patent applications are worldwide patent applications filed through the Patent Cooperation Treaty procedure or with a national patent office per million population.
	Trademark Applications by Residents (per million population)	2021	World Bank	Trademark applications filed are applications to register a trademark with a national or regional Intellectual Property (IP) office and designations received by relevant offices through the Madrid System. A trademark is a distinctive sign which identifies certain goods or services as those produced or provided by a specific person or enterprise. A trademark provides protection to the owner of the mark by ensuring the exclusive right to use it to identify goods or services, or to authorize another to use it in return for payment. The period of protection varies, but a trademark can be renewed indefinitely beyond the time limit on payment of additional fees. Resident applications refer to an application filed with the IP office of or acting on behalf of the state or jurisdiction in which the first-named applicant in the application has residence. Class count is used to render application data for trademark applications across offices as some offices follow a single-class/single-design filing system while others have a multiple-class/design filing system.

SUB-PILLAR	INDICATOR	YEAR	SOURCE	DEFINITION
Administration	Rule of Law	2023	Worldwide Governance Indicators (WGI)	Rule of Law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank.
	Control of Corruption	2023	Worldwide Governance Indicators (WGI)	Control of Corruption captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank.
	Government Effectiveness	2023	Worldwide Governance Indicators (WGI)	Government Effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank.
	Regulatory Quality	2023	Worldwide Governance Indicators (WGI)	Regulatory Quality captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank.

SUB-PILLAR	INDICATOR	YEAR	SOURCE	DEFINITION
Income Distribution	Urban Population	2023	World Bank	Urban population refers to people living in urban areas as defined by national statistical offices. The data are collected and smoothed by United Nations Population Division.
	Top 10% Share Wealth – Net Personal Wealth	2023	World Inequality data base	Net personal wealth share held by the p90p100 group. Net personal wealth is the total value of non-financial and financial assets (housing, land, deposits, bonds, equities, etc.) held by households, minus their debts. The personal or household sector – in the national accounts sense – includes all households and private individuals (including those living in institutions), as well as unincorporated enterprises whose accounts are not separated from those of the households that own them. The population is comprised of individuals over age 20. The base unit is the individual (rather than the household) but resources are split equally within couples. [Net personal wealth]=[Personal non-financial assets]+[Personal financial assets]-[Personal debt]
	Top 10% Share – Pre-Tax National Income Share	2023	World Inequality database	Pre-tax national income share held by the p90p100 group. Pre-tax national income is the sum of all pre-tax personal income flows accruing to the owners of the production factors, labor and capital, before taking into account the operation of the tax/transfer system, but after taking into account the operation of the pension system. The central difference between personal factor income and pre-tax income is the treatment of pensions, which are counted on a contribution basis by factor income and on a distribution basis by pre-tax income. The population is comprised of individuals over age 20. The base unit is the individual (rather than the household) but resources are split equally within couples. Pre-tax national income =Pre-tax labour income [total pre-tax income ranking]+Pre-tax capital income [total pre-tax income ranking]

SUB-PILLAR	INDICATOR	YEAR	SOURCE	DEFINITION
Business Environment	Cost of Starting a Business	2019	World Bank	Cost to register a business is normalized by presenting it as a percentage of gross national income (GNI) per capita.
	Time Required to Start a Business	2019	World Bank	Time required to start a business is the number of calendar days needed to complete the procedures to legally operate a business. If a procedure can be speeded up at additional cost, the fastest procedure, independent of cost, is chosen.
	Manufacturing Value Added (annual growth rate)	2023, 2022	World Bank	Annual growth rate for manufacturing value added based on constant local currency. Aggregates are based on constant 2015 prices, expressed in U.S. dollars. Manufacturing refers to industries belonging to ISIC divisions 10-33. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. The origin of value added is determined by the International Standard Industrial Classification (ISIC), revision 4.
	FDI Inflows Increment %	2023, 2022	World Bank	Foreign direct investment refers to direct investment equity flows in the reporting economy. It is the sum of equity capital, reinvestment of earnings, and other capital. Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. Ownership of 10% or more of the ordinary shares of voting stock is the criterion for determining the existence of a direct investment relationship. Data are in current U.S. dollars.
	Gross Fixed Capital Formation Growth	2023, 2022	World Bank	Average annual growth of gross fixed capital formation based on constant local currency. Aggregates are based on constant 2015 prices, expressed in U.S. dollars. Gross fixed capital formation (formerly gross domestic fixed investment) includes land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases; and the construction of roads, railways, and the like, including schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings. According to the 2008 SNA, net acquisitions of valuables are also considered capital formation.
	Domestic Credit to Private Sector (% of GDP)	2023	World Bank	Domestic credit to private sector refers to financial resources provided to the private sector by financial corporations, such as through loans, purchases of non-equity securities, and trade credits and other accounts receivable that establish a claim for repayment. For some countries these claims include credit to public enterprises. The financial corporations include monetary authorities and deposit money banks, as well as other financial corporations where data are available (including corporations that do not accept transferable deposits but do incur such liabilities as time and savings deposits). Examples of other financial corporations are finance and leasing companies, money lenders, insurance corporations, pension funds, and foreign exchange companies.

SUB-PILLAR	INDICATOR	YEAR	SOURCE	DEFINITION
Growth and Orientation of Exports	Complexity Score	2023	The Atlas of Economic Complexity, Harvard's Growth Lab	The Economic Complexity Index is a ranking of countries based on the diversity and complexity of their export basket. High complexity countries are home to a range of sophisticated, specialized capabilities and are therefore able to produce a highly diversified set of complex products. Determining the economic complexity of a country depends not only on the productive knowledge of a country. Information about how many capabilities the country has is contained not only in the absolute number of products that it makes, but also in the ubiquity of those products (the number of countries that export the product) and in the sophistication and diversity of products those other countries make. Economic complexity expresses the diversity and sophistication of the productive capabilities embedded in the exports of each country. The Economic Complexity Index (ECI) has been shown to explain income differences across countries and predict future growth better than any other single measure.
	Market Penetration	2023	ICT	Market Penetration Index measures the extent to which exports from a country reach proven markets. It is calculated as the number of countries to which an exporter country in question exports a particular product divided by the number of total countries that import that product in a year.
	Service Exports %	2024	UNCTAD	Value of total service exports as percentage of total service exports of the world.
	Merchandise Exports %	2024	UNCTAD	Value of total merchandise exports as percentage of total merchandise exports of the world.
	High-Tech Exports % (total exports)	2023	World Bank	High-technology exports are products with high R&D intensity, such as in aerospace, computers, pharmaceuticals, scientific instruments, and electrical machinery.
	Bio Trade as a Share of Total Exports	2023	UNCTAD	Bio Trade as a Share of Total Exports refers to the proportion of international trade of the country that involves the exchange of biological resources and related products in a manner that promotes sustainability, conservation, and equitable benefit sharing among the stakeholders involved.



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END NOTES

- 1 <https://blogs.worldbank.org/en/opendata/september-2024-global-poverty-update-from-the-world-bank--re->
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- 2 <https://www.worldbank.org/en/publication/poverty-prosperity-and-planet?>
- 3 <https://www.imf.org/external/datamapper/NGDPD@WEO/DZA/ZAF/MAR/NGA/EGY/AFQ>
- 4 UNCTAD STAT calculations based on total and urban population, annual for 2023
- 5 UNCTADstat for 2023
- 6 Women in trade: Female labour remains undervalued in global exports | UN Trade and Development (UNCTAD)
- 7 Statement by H.E. Wamkele Mene, secretary-general AfCFTA at the fifty-seventh session of the Economic Commission for Africa
- 8 AfCFTA Ratification and Domestication-Making Regional Integration a Reality
- 9 Nigeria becomes 23rd country to enforce AfCFTA tariff commitments
- 10 [https://www.ecofinagency.com/homepage/0502-46404-africa-s-free-trade-dream-faces-hurdles-despite-](https://www.ecofinagency.com/homepage/0502-46404-africa-s-free-trade-dream-faces-hurdles-despite-widespread-support-report)
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- 12 Intra-African trade and its potential to accelerate progress toward the SDGs
- 13 Africa's Free Trade Dream Faces Hurdles Despite Widespread Support (report)
- 14 Theme of The Year 2023: "Acceleration Of Afcfta Implementation" | African Union
- 15 See the Appendix for the best and worst-case scenarios.
- 16 South Africa kicks off huge trade deal – BusinessTech
- 17 South Africa to begin trading under the African Continental Free Trade Agreement
- 18 South Africa (ZAF) Exports, Imports, and Trade Partners | The Observatory of Economic Complexity
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AFRICA EXPORT

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