

JOINT UNCTAD-UNECA PROJECT ON

# SERVICES TRADE IN AFRICA

# PROJECT OVERVIEW



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# Strengthening services trade policy-making for Africa's integration into regional value chains in support of the 2030 Agenda

**Project partners:** UNCTAD and UNECA

Funding: United Nations Development Account Project

**Beneficiaries:**

Ethiopia, Gambia, **Kenya**, Mali, Nigeria, Togo

Together with their respective Regional Economic Communities



# WHY THIS PROJECT ?

- Research on the importance of services sector for growth in Africa and the need to measure this.
- Integration into higher value-added activities of global and regional value chains is crucial for development outcomes and realizing the targets of the Sustainable Development Goals.
- Services are essential in this endeavour owing to their ability to stimulate trade and to provide comparatively high value addition. Connecting and integrating into value chains is, however, demanding. A major challenge is to understand how these value chains operate, to measure them and design policies to support a higher degree of integration.



# PROJECT OBJECTIVES I

To stimulate knowledge sharing across countries, lessons learned and best practices identified will be disseminated through Regional Economic Communities and an online knowledge sharing platform.

The project targets **three services sectors** that are critical for enabling trade and fostering inclusiveness, in particular in relation to women and youth, namely: infrastructure services (transport and energy), financial services and tourism services.





# PROJECT OBJECTIVES II

Highlighting the **importance of value chains** and the **contribution of services** to value chains, international trade and better regional and global integration



Awareness raising and capacity building of measurement tools



Engagement with key stakeholders



# WHAT THE PROJECT OFFERS (ACTIVITIES)

- Train-the-trainers seminars on measuring and analyzing global and regional value chains
- Analysis of selected regional value chains
- Multi-stakeholder workshop to share experiences of value chain analysis
- Contribution to evidence-based services trade policies
- Online knowledge-sharing platform on regional value chain analysis
- Guidebook on the experiences, lessons learned and best practices of services value chain analysis



# WHY THIS VALIDATION WORKSHOP ?

- The workshop is part of *UNCTAD-UNECA capacity building project on Services Trade in Africa*

Objective of the project: Measure and analyze **services value chains** and design **services policies** aimed at enabling higher integration into global and regional value chains

- Partnership with Kenya: Focus on **transport services**
- Opportunity to discuss the findings from the study on **Examining road transport services in Kenya: A case study for the tea value chain”**





# RECENT PROJECT HIGHLIGHTS

- Train-the-trainer seminar on measuring the contribution of services to regional value chains *Addis Ababa, Ethiopia 29 - 31 January 2019.*
- *National capacity building workshops on measuring the contribution of services to regional value chains Ethiopia, Kenya, Mali, Nigeria, The Gambia, and Togo*
- In Kenya and Ethiopia, the seminars were organized respectively on 14-15 May and 12-13 June 2019 .
- Services value chain analysis
- By the first quarter of 2020, UNCTAD and the UNECA provided support to national consultants and stakeholders in each of the project countries to undertake value chains studies in selected services sub-sectors.
- In Kenya, the analysis assessed the role of transport services within the tea value chain, which is heavily export oriented, and, therefore, has a strong regional and global value chains component.





# NEXT STEPS

In the coming months, the UNCTAD and UNECA project teams will undertake the following activities:

- By end of January 2021, prepare a COVID-19 impact and response study, with a focus on the target services sectors in the project beneficiary countries. So far work has started in 3 project countries: Ethiopia, Mali and Nigeria. In Kenya, we have just identified a consultant for this work. (see next slide)
- From February 2021 start to roll-out National Validation and training workshops in each of the beneficiary countries focusing on both national case studies on measuring contribution of services value chains to trade and development, and COVID 19 impact assessment.
- These will also focus on the development of policy options and recommendations from the analyses.



# REPORT: COVID-19 IMPACTS AND RECOVERY RESPONSES

1. **Descriptive data analysis / Statistics from the survey responses**
2. **COVID-19 impacts on the selected service sectors**
  - a. **Impacts (actual and expected impacts) of COVID-19 on the selected services sector**
    - **Large enterprises**
    - **Small and Medium Enterprises (SMEs)**
    - **Informal sector Etc.**
3. **Response measures to mitigate the impacts of COVID-19: success and failure (Immediate responses:**
  - a. **Short term (immediately till next 6 to 12 months)**
  - b. **Recovery responses: Medium to long term**
4. **Conclusion and Policy recommendations including Action plan for a more resilient and sustainable service sector within/post COVID-19 (back to previous slide)**



# NEXT STEPS

- During the second half of 2021, organize a Multi-stakeholder 2-day seminar in Nairobi, Kenya to share experiences and lessons learnt in the project countries, as well as identify emerging best practices in quantifying the contribution of targeted services sectors to national and regional value chains, in support of services trade policy making.
- This will involve all six project partner countries, development partners in related programmes and experts on services that we will also convene at this seminar.
- Provide advisory services to support the project countries in harnessing services trade opportunities, while at the same time devising policy responses to mitigate the adverse impacts of COVID-19 on services sector.



# CHALLENGE MEASUREMENT RVC

Data on services exports only capture standalone services trade. But there is also:

- Embodied services trade: services used as inputs into the production of other goods and services.  
e.g.: transport, finance, legal services used by a firm producing processed food exports.
- Embedded services trade: services added to a good and complementary to it.  
e.g.: Apps added to a cell phone.

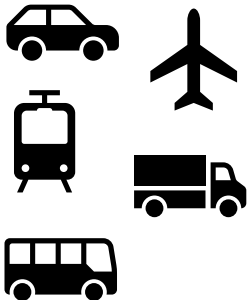
Trade in value added data help track some embodied services trade, but embedded services trade is very difficult to capture.

Analysis of RVCs and GVCs in Africa is in very early stages, in particular for services

# CONTRIBUTION PROJECT

Measuring the value added contribution of Kenya's transport sector to other industries and countries

Backward linkages: how much content is domestic and how much is foreign value added



## Demand for transport services, by selected domestic industries and exports

Agricult.	Construct.	Food products	Manufact.	Hotels & restau.	Exports
Dom. VA	Dom. VA	Dom. VA	Dom. VA	Dom. VA	Dom. VA
Foreign VA	Foreign VA	Foreign VA	Foreign VA	Foreign VA	Foreign VA

Examples: - Foreign lorry company transporting horticultures for exports

- Domestic airline transporting tourists to international destinations

Forward linkages: How much Kenyan transport services are exported to be re-exported



# THANK YOU

