

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD



REAPING THE POTENTIAL BENEFITS OF THE
**African Continental
Free Trade Area**
FOR INCLUSIVE GROWTH



ECONOMIC
DEVELOPMENT IN

AFRICA

Report 2021



UNITED NATIONS

Introduction

Reaping the potential benefits of the African Continental Free Trade Area for inclusive growth

Over the past decades, regional integration in Africa has not involved a purely trade liberalization agenda, but rather been based on a pillar of collective self-reliance or, in current terms, been a step towards a peaceful, prosperous and integrated continent. The African Continental Free Trade Area is expected to be a game changer for development ambitions in Africa. The design of the Agreement Establishing the African Continental Free Trade Area reflects an explicit commitment to create a framework for deeper socioeconomic integration and improved cooperation that enables trade, investment and the mobility of people, to support industrialization and the development of a dynamic services sector. Such achievements could ultimately generate decent jobs and increase revenue and thereby contribute to inclusive growth on the continent. A greater emphasis on deeper intraregional trade, cross-border investments in infrastructure and fostering “made in Africa” trade and industrialization policies is key to the continent’s future prosperity and resilience to global financial, food-related, climatic and pandemic-related shocks. For the African Continental Free Trade Area to be a game changer, countries in Africa need to adopt policies that enhance consistency between trade measures, diversification objectives and inclusivity. Unless this is accomplished, the Free Trade Area may be restricted to a trade liberalization agenda and thereby not fulfil the hopes and aspirations of the people of Africa. If effectively implemented, the African Continental Free Trade Area can help address challenges emanating from the excessive reliance in Africa on the supply of primary commodities and goods embodying limited value added to world markets.

**ECONOMIC GROWTH IS INCLUSIVE IF THERE IS A
simultaneous reduction of
POVERTY AND INEQUALITY**



across all segments of the population



The transformational ambition of the African Continental Free Trade Area requires that it be effectively implemented, whereby a level playing field is created for African businesses and workers. This entails, for example, that producers and traders (large, medium-sized and small firms) all have good access to markets and productive resources. Workers need to acquire better skills to respond to evolving labour market demands. An African Continental Free Trade Area that yields inclusive growth requires that disparities between diverse entities between and within countries (including, among others, disparities or inequalities between men and women; informal and formal actors; and different regions, with regard to growth) are both effectively and sustainably addressed. Governments need to foster a conducive enabling environment in which the private sector remains the backbone of dynamic industrial and services-led growth. Regional integration is critical because it has the potential to foster international and regional cooperation in overcoming barriers to trade that impede the flow of people, goods, services and knowledge. Greater cooperation among economies is also essential in order to promote peace among countries which, in turn, is a driver of prosperity. National efforts of economies in Africa to promote growth, curtail inequality and reduce poverty will, to some extent, be linked to the success or failure of the African Continental Free Trade Area.

Africa needs to pursue institutional improvements and structural reforms to maximize the potential of regional integration in achieving the goals of the 2030 Agenda for Sustainable Development and Agenda 2063 of the African Union. However, the extent to which the potential benefits of the African Continental Free Trade Area will be seamlessly achieved depends on several factors, including the level of integration and the policies and other complementary interventions in place that allow for the efficient exploitation of the opportunities accorded by deeper integration. These issues are all the more important and timely because, in January 2021, free trading officially commenced under the African Continental Free Trade Area. The relative sophistication of intra-African trade suggests that the regional market may offer greater (and, to date, largely untapped) scope for supporting economic diversification, provided that the Free Trade Area is approached and implemented as an opportunity to enhance consistency in the trade policy framework of Africa and the structural transformation agenda of the continent.

Rapid and sustained poverty reduction requires inclusive growth that allows people from different groups (e.g. based on gender, ethnicity and/or religion) and in different sectors (agriculture, manufacturing, industry and/or services) to contribute to and benefit from economic growth. Inclusive growth refers to both the pace and distribution of growth that ensures equity and equality in opportunities and protection in market and employment transitions, allowing all segments of the population equitable access to the benefits of

growth. High levels of inequality undermine the impact of growth on poverty reduction (Adeleye et al., 2020; Fosu, 2015; Ianchovichina and Lundström, 2009). African economies experienced a period of unprecedented growth in the 2000s partly due to improved macroeconomic policies on the continent, followed by a slowdown since 2010. Yet recent trends in poverty and growth suggest the opposite of an inclusive growth process. The continent continues to host the majority of the world's poor, amid high and increasing levels of inequality (Schoch and Lakner, 2020). The gap between rich and poor has continued to grow in most countries in Africa and it is the second-most unequal continent; around 40 per cent of the total wealth in Africa is owned by a handful of the richest people; approximately 0.0001 per cent of the continent's population (Seery et al., 2019). In comparison with other developing countries, with regard to within-country income inequality, the estimated average Gini index of Africa is 0.43 and that of all other developing countries is 0.39 (Bhorat and Naidoo, 2017). Furthermore, levels of gender inequality in the region are among the highest in the world, which, coupled with high levels of economic inequality, creates a "suffocating web of exclusion" (Seery et al., 2019). The current pandemic has further demonstrated that high levels of inequality in the region increase the vulnerability of marginalized groups to external shocks, in particular those with inferior access to health facilities, education and economic and political participation. As such, understanding the extent to which vulnerable and marginalized groups can fully participate in and benefit from the growth opportunities accorded by the African Continental Free Trade Area remains imperative in enhancing the achievement of Agenda 2063. Finally, with regard to trade, the share of Africa in world trade has declined steadily over the past 50 years. The continent has a high level of dependence on imports and commodity-based natural resource exports. In 2019, Africa accounted for 2.8 per cent of world trade and intraregional trade accounted for only 14.4 per cent of total continental trade. Countries in Africa have not yet identified effective means of fostering sustained growth and increasing living standards. A basic insight underlying the process of regional integration in Africa is that there is a major unrealized potential for increased intraregional trade under the African Continental Free Trade Area.

Against this backdrop, the African Continental Free Trade Area could be instrumental in reversing current trends in poverty, inequality and growth, and help place Africa on an inclusive and sustainable growth path, as contended in this report. An investigation is provided of how recent policy trends and practices, mainly those expected to prevail under the Free Trade Area, will impact prospects for more inclusive growth, given increasing inequalities both between and within countries in the region and the negative effects of the coronavirus disease (COVID-19) pandemic. An analysis is included of how the expected gains from trade, production, investment and growth opportunities

under the Free Trade Area can be inclusive. Focusing on the three of the five Ps under the 2030 Agenda that anchor inclusive growth (people, prosperity and partnership), the challenges faced in informal cross-border trade are assessed, particularly among marginalized groups, to ensure that the Free Trade Area will be inclusive across sectors and that the growing labour force in the region will be efficiently utilized. In addition, an assessment is provided of how the region can inclusively benefit from its unexploited trade potential through the Free Trade Area. Finally, the importance of partnerships in operationalizing the African Continental Free Trade Area is highlighted, to effectively foster inclusive growth and post-pandemic resilience in the region. Sections 2 and 3 below review the concepts and definitions of inclusive growth and regional integration and section 4 presents the objectives and structure of the report.

1. Inclusive growth

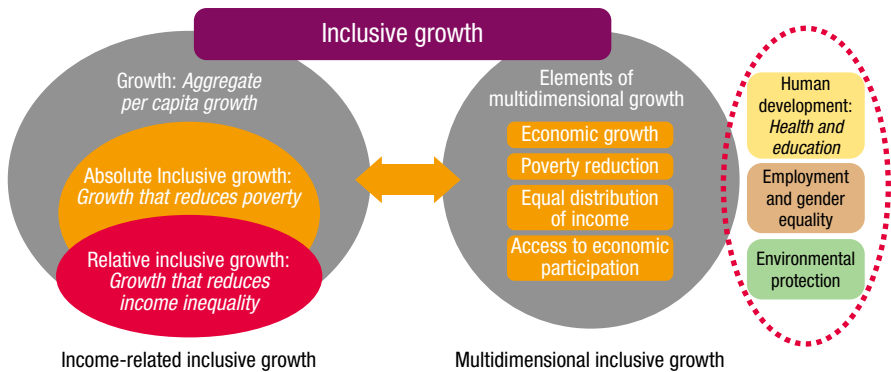
The period of unprecedented growth in the 2000s has not translated into significantly improved livelihoods for most people in Africa, as the income gap between rich and poor has widened. Economic development complemented by economic growth is a vital process, to ensure sustained progress, yet also depends on how the benefits of development are distributed across diverse groups within countries (Sen, 1999; Sen, 2001). This raises the question of how economic growth can contribute to poverty reduction and foster inclusive development. In Africa, inclusive growth and sustainable development are the main objectives of Agenda 2063 and both issues are addressed in this report. There is no generally agreed definition of the term inclusive growth (Ali and Son, 2007; Ali and Zhuang, 2007). However, its importance in development discourse is increasing. The term is understood to refer to “growth coupled with equal opportunities” (Rauniyar and Kanbur, 2010). Varied arguments about inclusive growth focus on the equitable sharing of the benefits of growth and the related distribution of well-being in society across different classes, cultures, communities and genders.

The literature distinguishes between two main notions of inclusive growth, namely income-related inclusive growth and inclusive development or multidimensional inclusive growth; the former is based solely on household income or consumption and the latter relates to growth that allows for human, social, economic and environmental development (figure 1). Inclusive development is a process whereby improved average achievements are accompanied by less inequality and it therefore involves the improvement of the distribution of well-being along dimensions beyond growth, while the average level of achievement improves (Van Gent, 2017). Such development can

be transformative and benefit marginal groups, such as women and youth. The term inclusive development is often used interchangeably with inclusive growth. The causes of inclusive growth and methods of measurement are complex, but some factors have been identified as key determinants, including improvements in human capital, financial inclusion, foreign direct investment inflows, digitalization and fiscal redistribution (taxes and transfers), as well as greater labour force participation among women, productivity growth and structural changes (Alekhina and Ganelli, 2020; Anand et al., 2013). The main channels through which regional integration and trade can drive inclusive growth include job creation through better access to wider markets by leveraging trade, investment and regional value chains; and more inclusive regional integration measures, whereby regional economic communities (RECs) and member States support women’s participation in trade, business and labour markets, foster cross-border infrastructure development and deepen financial integration (African Development Bank, 2014a).

Figure 1

Two definitions of inclusive growth



Source: UNCTAD.

Note: Items inside the dotted line are elements of non-income inclusive growth (see Klasen, 2010, and Ranieri and Ramos, 2013).

1.1 Inclusive growth and pro-poor growth

Conceptually, the African Development Bank (2020) considers growth as inclusive if its benefits are widely shared across all segments of the population, that is, if it simultaneously reduces extreme poverty and inequality. Given the definition of inclusive

growth as growth that leads to decreases in both poverty and inequality, inclusive growth may be confused with pro-poor growth as defined in both absolute and relative terms (Ranieri and Ramos, 2013). Klasen (2010) draws a useful distinction between pro-poor and inclusive growth based on the groups that are the recipients of the outcomes from growth; accordingly, pro-poor growth focuses on people below the poverty line and inclusive growth is “arguably more general; it wants growth to benefit all stripes of society, including the poor, the near-poor, middle-income groups and even the rich”. Agenda 2063 focuses on inclusive growth and all segments of society rather than merely on pro-poor growth. Inclusive growth is empirically analysed in this report using pro-poor growth as a proxy, defined in absolute and relative terms. The absolute definition of pro-poor growth measures the benefit to the poor from growth in an economy, without the consideration of income distribution. The relative definition of pro-poor growth measures growth in an economy among the poor that have a higher growth rate than the rest of the economy; this can affect the income distribution in a country.

1.2 Multidimensional inclusive growth

The pandemic has demonstrated how interconnected the world is and the importance of inclusivity in ensuring socioeconomic sustainability (including a lack of social turmoil and political instability) and of the protection of those most vulnerable to pandemics and other shocks. In attempting to “build back better”, it should also be acknowledged that economics cannot be fully separated from health-related and environmental dynamics and there is therefore a need to adopt a multidimensional approach.

Inclusive development relies on the capacity of social, economic and political systems to provide the circumstances for well-being on a sustainable, long-term basis. Therefore, inclusive development should be measured along the interconnected dimensions of human, social and economic development and environmental considerations. In this regard, the capability approach framework in Sen (1999) entails two normative claims, namely, that the freedom to achieve well-being is of primary moral importance and that well-being should be understood in terms of people’s capabilities and functionings. McKinley (2010) proposes an inclusive growth index that includes indicators in the areas of growth, productive employment and economic infrastructure; income poverty and equity, including gender equity; human capabilities; and social protection. Ranieri and Ramos (2013) also propose an extensive list of key elements in defining inclusive growth, including poverty, inequality, growth, productive employment, capabilities and/or empowerment, gender inequality, access to infrastructure, social protection,

participation, targeted policies, basic social services, good governance, opportunity, barriers for investment and benefits of growth.

Other important components of inclusive growth include institutions and the performance of the social sector. Health and education are drivers of social mobility and enable people to achieve their capabilities. Poor access to health and education facilities undermines the possibility of people (in particular those living in rural areas) to develop, increase productivity and build knowledge. It should be noted that pre-pandemic economic growth in most economies in Africa was not sufficient to create decent employment opportunities and the situation has worsened because the pandemic has placed increased pressure on economies. Simultaneously, disparities in terms of accessing health and education services, as well as related productive resources, remain pervasive between and within regions, countries and communities. Social inclusion is an essential dimension of inclusive development, related to the need to fully include marginalized groups currently excluded from societal gains.

With regard to employment, the African Development Bank (2012a) and Bhalla (2007) highlight the importance of productive employment as a fundamental element of inclusive growth and sustainable development.

Finally, for development to be inclusive, environmental considerations should be integrated alongside social, economic and political factors, mainly because the livelihoods of the poor and vulnerable, who are often the groups most excluded from social development processes, greatly depend on environmental resources (Gupta et al., 2015). Inclusive development cannot be achieved if the environment is not protected, to support livelihoods. However, the consideration of environmental protection as an element of inclusive growth is beyond the scope of this report.

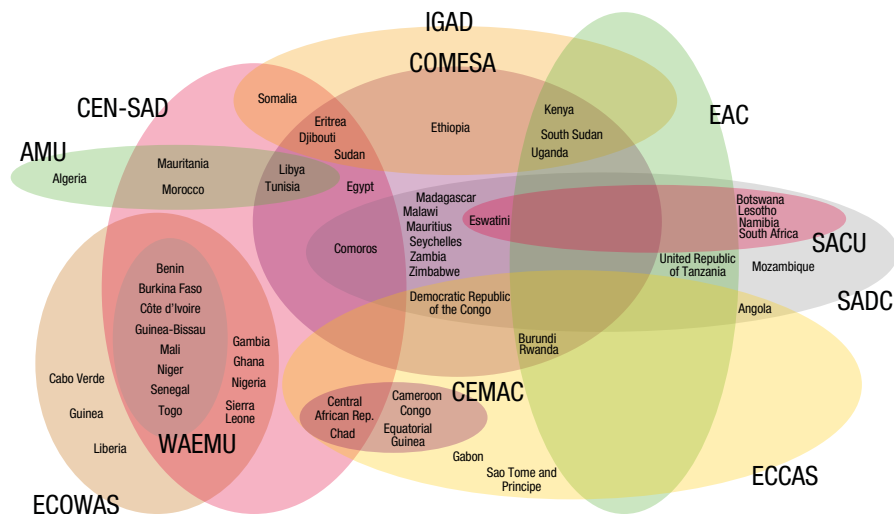
2. Regional integration

The African Continental Free Trade Area aims to reinforce regional integration in Africa. Progress towards regional integration has, to date, been uneven, with some countries well integrated at the regional and/or subregional level and others less so. It should be noted that, from an institutional perspective, some RECs have already established a customs union and agreed on common external tariffs but others have not yet been able to consolidate free trade areas as originally envisaged in the Treaty Establishing the African Economic Community (Abuja, 1991). Regional integration has

been particularly shallow across RECs, with many economies in Africa not members of the same community and still trading on a most-favoured nation basis (figure 2). The African Continental Free Trade Area is aimed at redressing the situation whereby intra-African exports often face higher tariffs within the continent than in the rest of the world, partly due to preferential trading arrangements such as the African Growth and Opportunity Act of the United States of America and the Everything but Arms scheme of the European Union. Among others, the African Continental Free Trade Area is aimed at boosting intra-African trade and harmonizing the heterogeneity of trade rules across RECs and under regional trade agreements. Its establishment could also lead to the reorientation of trade towards the regional market, leading to significant overall output, gains in welfare and employment expansion in the long term (Economic Commission for Africa et al., 2019; UNCTAD, 2019a).

Figure 2

Africa: Overlapping memberships in subregional trade agreements



Source: UNCTAD.

Abbreviations: AMU, Arab Maghreb Union; CEN-SAD, Community of Sahelo-Saharan States; CEMAC, Economic and Monetary Community of Central Africa; COMESA, Common Market for Eastern and Southern Africa; EAC, East African Community; ECCAS, Economic Community of Central African States; ECOWAS, Economic Community of West African States; IGAD, Intergovernmental Authority on Development; SACU, Southern African Customs Union; SADC, Southern African Development Community; WAEMU, West African Economic and Monetary Union.

Regional integration refers to a process of strengthening interconnectivity undertaken by the economies of a region through enhanced collaboration and unified policies, along several dimensions. Park and Claveria (2018) identify the following six key facets of regional integration: trade and investment; money and finance; regional value chains; infrastructure and connectivity; the movement of people; and institutional and social integration. The Economic Commission for Africa et al. (2019) focus on the following seven dimensions of regional integration in Africa: macroeconomic convergence and monetary and financial integration; trade and investment integration; migration and the free movement of persons; infrastructure integration; health integration; mining sector integration; and governance, peace and security. This report is focused on the dimensions of trade and investment. There are many economic advantages accruing from trade integration, as it is integral to achieving economic growth and reducing poverty.

In developing countries, regional integration provides an opportunity for countries with similar levels of development to trade and derive mutual benefits from the gains of trade (Palley, 2003). Regional trade can enhance the prospects for continental peace through deeper regional interdependence and help reduce the vulnerability of the continent to external dynamics and the costs of trade facilitation, that is, the specific measures that streamline and simplify the technical and legal procedures for products entering or leaving a country to be traded internationally (African Union and UNCTAD, 2019; UNCTAD, 2019a). Regional integration has many advantages yet, as with all types of trade liberalization agreements, regional trade agreements can also have drawbacks, some of which are particularly pronounced in countries in Africa. Trade agreements, whether multilateral, regional or bilateral, entail some loss of national sovereignty and tariff revenue, as nations may find that they must give up more of their economic and political flexibility (Saylor Academy, 2012). However, it is possible to turn the limitations into potential opportunities; in so far as Africa can shift towards manufacturing, the scope for intra-industry trade within the continent should broaden, strengthening the mutually supportive relationship between regional integration and industrialization. International trade can also generate interregional knowledge spillovers, which can increase efficiency, diffuse technology and redistribute wealth. Extensive literature and theoretical backgrounds are available with regard to regional integration and how it can foster growth, yet the slow pace of implementing trade rules and recent regional trade-related frictions may pose challenges in the implementation of the African Continental Free Trade Area. These could lead to questions among citizens of the effectiveness of regional integration; there are already some doubts about the potential of the Free Trade Area to foster more inclusive growth and less poverty

and inequality. Uncertainty about trade being sufficiently inclusive may be rooted in concerns about the potential distributional effects, through changes in the prices of goods and services and changes in output, income and employment (Artuc, 2021). The lack of data makes it challenging to empirically measure the distributional effects of international and regional trade on key elements of inclusive growth, such as employment and income, yet assertions continue to be made with regard to the costs and benefits or the winners and losers from international and regional trade (Artuc, 2021).

Artuc (2021) outlines three key observations about the distributional effects of trade in terms of gains and losses. First, the gains from trade are often overlooked because, unlike losses, they are not concentrated but instead are often distributed thinly across a population. Losses from trade are often concentrated in some locations or skill groups because of regional disparities in growth (regions with a greater concentration of export industries tend to benefit more and most directly from trade in terms of higher incomes, rather than traditional industrial or import-competing regions); and workers with transferable and/or high-level skills employed in exporting industries are more likely to command higher incomes (Hakobyan and McLaren, 2016). Labour mobility is key to explaining the distributional impacts of international trade because export and import-competing industries are clustered in different locations and workers cannot move seamlessly between regions and sectors; the impact of international trade on workers therefore critically depends on their initial geographical location and, under the African Continental Free Trade Area, on the freedom of movement of labour (Artuc et al., 2021; Autor et al., 2013; UNCTAD, 2018a). Second, it is difficult to empirically measure labour mobility and the distributional impact of trade on income based on labour market data, as the required time series data are largely non-existent. In addition, some of the existing empirical methods for identifying the distributional effects of trade have significant methodological limitations that understate the potential gains from trade, such as the local labour markets approach of Autor et al. (2013). Third, it may be argued that there is a need for more effective dispute settlement and compensation mechanisms. The latter could help attenuate losses from international and regional trade within the context of the African Continental Free Trade Area for the least developed countries in Africa, and, with sufficient political commitment, could be economically feasible to implement. A major challenge in Africa is with regard to the accurate measurement and determination of both the benefits and losses from regional trade.

Santos-Paulino et al. (2019) raise questions about how the benefits of integration may be distributed and the extent to which lower-income countries can capture

development gains. Their empirical analysis of the impact of regional integration on development, particularly the effects on growth and welfare, using both regional and bilateral integration measures, shows that the ability to capture gains from integration varies across developing country regional groups, with developing Asia benefiting on a par with developed countries. Two channels linking regional trade integration and inclusive growth are identified, namely, a direct link captured by internal regionalization at the national level and an indirect link captured by exposure to regionalization at the regional level. Santos-Paulino et al. (2019) argue that, where there is a regional trade agreement, non-member States are impacted by changes in trade flows, that is, through the indirect link. There are also potential development impacts in countries that are not parties to a formal regional trade agreement but that trade extensively with countries that are parties to such an agreement. The authors find that both a country's regionalization and exposure to the regionalization of others positively contribute to economic growth globally (but that sub-Saharan Africa has experienced relatively lower levels of growth), a smaller increase in inequality and reduced poverty. Finally, the authors show that trade and trade policy play an important role in reducing poverty and inequality in developing countries and that regionalism can function as a channel through which to make multilateralism a more adept way of addressing national challenges.

In the context of the African Continental Free Trade Area, it is likely that the least developed countries in Africa will initially gain less than more economically advanced neighbours, although this may change over time. It may therefore be better to consider the potential benefits of regional integration in dynamic terms. In this regard, the paradigm of development in terms of flying geese may be pertinent, as it presents a broadly positive picture of evolving economic relationships between more advanced and less advanced developing economies, which occurs as the former industrialize. It explains the successes of newly industrializing economies by relating the life cycles of particular sectors over their course of development with the relocation of industries from more advanced to less advanced countries in a region in response to shifts in competitiveness (UNCTAD, 1996; UNCTAD, 2011). The entrance of some of the least developed countries in Africa in regional and subregional production networks may create new opportunities for structural transformation, skills acquisition and technological upgrading. This process is particularly evident in Asia, where policy plays an important role in facilitating the dynamic development of the regional division of labour and growing regional interdependence. Trade liberalization always creates winners and losers, yet the contention in this report is that it is important to ensure that complementary mechanisms are in place to facilitate adjustments, including sectoral

labour reallocation; redistribute gains, in both a traditional sense and by focusing on labour creation; and establish some basic safety nets.

3. Objectives and structure of the report

The launch of the African Continental Free Trade Area accords countries in Africa a unique opportunity to promote inclusive growth and accelerate the achievement of both the 2030 Agenda for Sustainable Development and Agenda 2063 by boosting intra-African trade and welfare gains among the population (East Africa International Arbitration Conference, 2021). With the full liberalization of a large economic space, firms in Africa have a chance to rationalize production by increasing their scope, exploring new product lines and participating in value chains while expanding seamlessly across the continent, guided by the customer base (market) and linkages in production and supply chains. Furthermore, participation in continental value chains provides a better foundation for immersion into competitive global value chains. This should enable firms to exploit economies of scale for growth and build relevant resilience against future global economic shocks. Notably, the expansion and growth of both large and small firms under the African Continental Free Trade Area could potentially improve the scope of employment for skilled and unskilled labour in the region, as each category is provided with a wider range of employment opportunities. Economic integration is an important element of regional integration. The growth of firms in different industries through the reduction of tariff and non-tariff barriers could trigger the movement of not only capital but also labour, as more employment opportunities emerge across the continent. Furthermore, the Free Trade Area could increase opportunities for the growth of small and medium-sized enterprises and productive self-employment and contribute to effective reductions in the widespread informality prevalent in Africa. Overall, these factors will have a net impact on the incomes and poverty levels of individuals in the region. Estimates show that, by 2035, the African Continental Free Trade Area could potentially raise incomes and lift about 30 million people out of extreme poverty (World Bank, 2020a). However, it should be noted that the achievement and sustainability of such benefits greatly depend on both the policies (and trade facilitation measures) and partnerships that will be put in place in the region to guide the implementation of the Free Trade Area. In this regard, this report is aimed at providing policymakers with guidance on how the expected gains from trade, production, investment and growth opportunities from the African Continental Free Trade Area will impact prospects for more inclusive

growth given increasing inequalities in the region and the negative effects of the COVID-19 pandemic. Accordingly, the objectives of this report are to analyse the channels through which key elements of inclusive growth can be achieved under the African Continental Free Trade Area and to sensitize stakeholders to the importance of strategic policies, complementary interventions and partnerships for inclusive exploitation of the benefits. In addressing these objectives, the focus in the report is on specific elements of both the 2030 Agenda and Agenda 2063 as they pertain to inclusive growth (figure 3).

The report is structured as follows. An overview of inclusive growth in Africa is provided in chapter 1, focusing on both income and non-income dimensions and shedding light on the key channels through which the African Continental Free Trade Area may contribute to inclusive growth and help build more resilient economies. The analysis of inclusive growth is broadened in chapter 2 in the context of regional trade integration by focusing on informal cross-border trade; assessing the challenges faced by informal cross-border traders and the relevance of the informal economy in the inclusive growth process; and showing that market liberalization under the Free Trade Area is important for the growth of businesses, yet the inclusive trade policies and strategies that will accompany its implementation can also contribute to promoting fair trade, particularly in order to assist small and often marginalized businesses. The discussion in chapter 3 addresses how the region can inclusively benefit from unexploited trade potential under the Free Trade Area; the low complementarity of trade and low economic diversification as key factors undermining the region's inclusive growth process in the context of trade; the role of the African Continental Free Trade Area in unleashing equal export opportunities for small and medium-sized enterprises and small-scale traders; and the need to address both regulatory and structural barriers to bilateral trade beyond tariff liberalization through the Free Trade Area. In chapter 4, the discussion highlights the importance of both effective trade reforms and partnerships for an inclusive African Continental Free Trade Area; contends that unless implementation is guided by an efficient integrated framework (from the design of policy actions to implementation and monitoring), including through a strong institutional set-up and cost-effective trade dispute settlement mechanism, achieving an inclusive free trade area will remain elusive, given its multidimensional characteristics; and addresses the opportunities and challenges under the Free Trade Area resulting from the commitment of countries to global trading systems. Chapter 5 concludes with key policy findings and recommendations.

Figure 3

Inclusive growth: Linkages between the 2030 Agenda, Agenda 2063 and *Economic Development in Africa Report 2021*

(Numbers in circles refer to report chapters)

2030 Agenda	Goal 2 Target 2.3	Zero hunger <i>By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment</i>
	Goal 5 Target 5.5	Gender equality <i>Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</i>
	Goal 8 Target 8.2	Decent work and economic growth <i>Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</i>
	Target 8.3	<i>Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</i>
	Goal 9 Target 9.2	Industry, innovation and infrastructure <i>Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries</i>
	Goal 10	Reduced inequalities
	Goal 17 Target 17.10	Partnerships for the Goals <i>Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda</i>
Agenda 2063	Aspiration 1 Goal 4	A prosperous Africa, based on inclusive growth and sustainable development <i>Transformed economies</i> <i>Sustainable and inclusive economic growth</i> <i>Economic diversification and resilience</i> <i>Industrialization and value addition</i>
	Aspiration 6 Goal 17	An Africa whose development is people driven, relying on the potential offered by African people, especially its women and youth, and caring for children <i>Full gender equality in all spheres of life</i> <i>Women and girls empowerment</i>
	Aspiration 7 Goal 19	An Africa as a strong, united, resilient and influential global player and partner <i>Africa as a major partner in global affairs and peaceful co-existence</i> <i>Africa's place in global affairs</i> <i>Partnership</i>

Source: UNCTAD.