



Creating One African Market

AfCFTA YEAR ZERO REPORT

Part One

An Assessment of African Governments' Commitment and Readiness for AfCFTA Start of Trading in light of COVID-19



May 2020

About AfroChampions

AfroChampions is a regional private-public partnership designed to galvanize African resources and institutions to help drive Africa's integration. The Initiative supports the emergence and success of African business champions, which have a critical role in integrating African markets and accelerating the transformation of the continent. AfroChampions is a leading private sector partner of the AU.

In February 2020, the Summit of African Heads of State formally endorsed the Trillion Dollar Private Sector AfCFTA Investment Framework – which is coordinated by AfroChampions. The goal of the Framework is to catalyze at least a Trillion Dollars' worth of AfCFTA-Accelerated Investments and AfCFTA-Certified Transactions in the world's largest Free Trade Area by 2030.

About the AfCFTA Year Zero Report

The AfCFTA Year Zero report aims to provide a baseline of the continent's preparedness towards Start of AfCFTA Trading. This part one report focuses on the preparedness of governments. The next series of reports will continually provide a baseline assessment and projections of other 'critical success elements' of the AfCFTA.

This report is produced by AfroChampions in partnership with the research and advisory firm Konfidants.

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Will COVID-19 Derail AfCFTA Start of Trading?

This AfroChampions **AfCFTA Year Zero Report** was completed in early March 2020. Just as we were about to publish the report, COVID-19 struck the continent.

Since then, a lot has changed and is changing rapidly. A continent that was looking forward to opening its borders to a new trade revolution starting July 2020, now has almost all of its borders shut in order to fight the pandemic. What will happen to the AfCFTA? Will COVID-19 worsen countries' preparedness and commitment to AfCFTA? Below we highlight some of the ways the pandemic is already impacting AfCFTA and threatening the July Start of Trade. We make recommendations to salvage and keep AfCFTA on track.

How COVID-19 is impacting AfCFTA preparedness

- **The March 2020 opening and operationalization of the Accra AfCFTA Secretariat has delayed.** AfCFTA Secretary-General has been sworn in but is without the full complement of secretariat teams due to disruptions to recruitment and staffing.
- **Fast-moving AfCFTA negotiations have slowed down as negotiating teams cannot travel.** Consequently, various meetings of ministers and senior officials necessary for crucial deliberations, decision-making and approvals have stalled.
- **The highly anticipated July 2020 Start of AfCFTA Trading timeline is at risk** in light of the above.
- COVID-19 firefighting means there is significantly **reduced attention span for AfCFTA issues** among governments, policymakers and the private sector.
- **COVID-19 will likely worsen some countries' commitment and preparedness to implement the AfCFTA.** We expect the AfroChampions AfCFTA country commitment and readiness rankings to be revised in the months ahead.
- **There is significant temporary reduction in the levels of intra-Africa trade as a result of border closures and lockdowns.** As borders may take long to slowly re-open, the situation will be even more devastating for informal cross-border trade, which is the source of daily livelihoods for

many in Africa, particularly for women and youth.

- **COVID-19 is already destroying much of the African private sector.** AfroChampions early surveillance indicates **some of the continent's strongest companies and businesses are already in severe financial stress.** Without an industrial rescue plan COVID-19 could further de-industrialize Africa.

How to Salvage and Keep AfCFTA on Track amidst COVID-19 Disruptions

- **AfCFTA negotiations should continue via online and video-conferencing platforms.** If done right virtual negotiations could prove to be even faster and cheaper than face to face meetings for certain aspects of the negotiations process.
- **The July 2020 date for Start of AfCFTA Trading should not be postponed** even if the pandemic persists into July. If AfCFTA trading can take off in the middle of this battle – even if symbolically – will send a strong signal; it should be one of the symbolic victories for Africa in the midst of a crisis. Initial AfCFTA trade can focus on critical goods needed to fight the pandemic such as pharmaceuticals and food products. Governments should ease border crossings for these goods. The AfCFTA can be one of Africa's main weapons to beat COVID-19.
- **The AfCFTA Secretariat, which is temporarily operating out of Addis Ababa, should continue with its staff recruitment and operationalize a fully functional virtual office** with newly recruited teams working virtually from their homes across the continent.
- **The African Union should convene a major virtual meeting of African trade ministers to deliberate on ways to keep the AfCFTA on track.** A fully virtual mode of meetings should be activated to keep the process going.
- **African Union should request Ministers of Trade to present COVID-19-IMPACT reports** of their proposed AfCFTA plans or their already prepared BIAT.
- **Each of the member states that have ratified should be made to present a COVID-19-ADJUSTED plan** to project how they plan to catch up in the post COVID-19 period.

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- We urge African Union President Cyril Ramaphosa to appoint Special AfCFTA Envoys to assist the AfCFTA Secretary-General to coordinate with governments towards salvaging and keeping the process on track.
 - **Africa must be proactive and united in fighting the pandemic;** no country should be left behind in the fight. Otherwise borders, travel and trade will continue to be disrupted even if most countries recover and a few do not.
 - **Economic relief during the crisis is paramount and should be coordinated to include trade in goods critical to the fight against COVID-19.** If economies sink too deep, recovery will be slow, and intra-Africa trade will suffer even more. Afreximbank's US\$3 billion COVID-19 facility and AfDB's US\$10 billion facility are laudable steps. These facilities should be targeted at national-level industries and regional value chains that are critical to the fight against the pandemic such as pharmaceuticals, medical equipment, food, agriculture, household consumables, key industrial inputs and transportation.
 - **Planning for Post-COVID-19 economic and trade stimulus should begin now** even as we fight

the crisis so that countries will be ready for implementation once crisis eases.

- **Guidelines & Financing for a Continental Private Sector & Jobs Recovery Plan** which countries can adapt locally, should be jointly coordinated by AU, AfDB and Afreximbank in partnership with governments and African business associations.

There is a Silver lining in the COVID-19 crisis for Africa and AfCFTA

- **Potential positive effects on regional trade:** In the wake of countries' struggles to procure goods and supplies from global suppliers to fight the pandemic, COVID-19 is expected to cause a shift from global supply chains towards more regionalized and localized supply chains. Countries are expected to re-balance their over-reliance on distant suppliers in favor of more proximate suppliers. This could have some positive impact on ongoing efforts to boost African regional value chains.
- **Potential positive effects on regional and local manufacturing:** along with the potential rebalancing towards more regional

value chains, COVID-19 is also expected to cause a shift from over-reliance on global manufacturing hubs towards more dispersed and diversified regional and local manufacturing. This too could be a boon for ongoing efforts to boost African industrialization.

- **Africa's opportunity to accelerate e-commerce, digital economy & the Fourth Industrial Revolution** – which without a doubt will be one of COVID-19's biggest immediate and long-term impacts. This also reinforces opportunities in clean and green “industries without smokestacks”.

- **AfroChampions will soon publish a list of countries that have turned to local sources of COVID-19 related purchases.** AfroChampions will make available to the AU and the Secretariat potential local value addition and supply chain opportunities on the continent in the medical and pharmaceutical industries. AfroChampions will present these as preliminary AfCFTA-certified investment candidates for both the Trillion Dollar Private Sector Investment Framework financing opportunities as well as any AU COVID-19 Recovery Fund that may be set up.



Executive Summary

This assessment which was completed before COVID-19 struck, showed that despite the euphoria, AfCFTA commitment and implementation readiness of African governments are surprisingly below 50%. COVID-19 now threatens to derail AfCFTA – which is the more reason the continent should press ahead and use AfCFTA as one of the weapons to beat COVID-19 and speed up post-COVID economic recovery.

- The rankings by AfroChampions sought to answer two questions: which countries are the most committed to the AfCFTA process. And which countries have the best implementation readiness in terms of trade-infrastructure, customs efficiency and access to credit.
- The most AfCFTA committed country is Rwanda which scores 83.93% on the commitment scale; and the least committed country is Eritrea with a score of 0.85%.
- The country with the best implementation readiness is South Africa, with a score of 68% on the implementation readiness scale. South Sudan has the lowest score for readiness.
- The overall average commitment level of the continent to AfCFTA is at 44.48%; and its overall implementation readiness level is at 49.15%.
- Some of the most committed countries (such as Ghana, Mali, Togo and Uganda) are not necessarily the most prepared in terms of trade-infrastructure, customs efficiency and access to credit for industry. Conversely, some of the least committed countries (such as Botswana, Namibia and Tanzania) performed very strongly in terms of implementation readiness.

Recommendations: the case for COVID-19 accelerated Start of Trade

- There have been arguments for a postponement of the July Start of Trade due to the low level of readiness among member States and the ongoing health emergency. AfroChampions is however of the view that the very

reasons being cited for a postponement – i.e., low level of readiness and the COVID-19 crisis – are actually the very reasons why the AfCFTA July Start of Trade should not be postponed.

- First, low readiness is not a good reason to delay Start of Trade. Rather, Start of Trade is what is needed to improve readiness – because countries will only accelerate their readiness when trading takes off. Also, the race to the July Start of Trade is expected to inject some fresh momentum to coerce non-ratifying member States to swiftly submit their ratified documents to the AUC. As a gesture, the AUC should be accepting electronically ratified versions of the Agreement until the pandemic dies down for hard copy submissions. This can pull along all member States.
- Second, COVID-19 is not a reason to delay Start of Trade. Rather, COVID-19 is a reason why we should accelerate Start of Trade. Indeed, we expect the level of readiness and commitment to be impacted by the COVID-19 crisis. Nevertheless, AfroChampions strongly advocates that in the face of COVID-19, Africa should use the AfCFTA to simultaneously play offensive and defensive by adjusting to current and critical issues needed to fight the pandemic. On the offensive, the July Start of Trade can focus on restricted trade in essential goods such as pharmaceuticals and food products to the fight against COVID-19. On the defensive, current border closure will continue as part of anti-COVID measures while at the same time permitting the entry of critical and life-saving goods.
- The temptation to postpone is natural, given the health emergency and how it has disrupted preparedness and finalization of negotiations and operationalization. But as we have recommended in the Foreword, it is quite easy to use videoconferencing and online work platforms to keep AfCFTA negotiations and operationalization on track. Negotiators must adapt to the changing times. The new AfCFTA Secretariat must fully embrace and innovate for the crisis period into which it has been birthed. We urge African trade ministers and governments to make the tough, creative, bold choice to march on – despite COVID-19.



1. Introduction

Against all odds, African countries have managed to pull off the African Continental Free Trade Area (AfCFTA) in record time. The historical magnitude of this achievement cannot be overstated: 54 African Union States have created the world's largest free trade area and successfully entered it into force in roughly one year – a far shorter time than it took other regions with fewer nations and smaller free trade areas. To put it in perspective, it took the three-nation NAFTA approximately three years to journey from signing, ratification to entering into effect. But as we celebrate the dawn of a new era, there is the big question: will Africa implement the AfCFTA as swiftly as it created it?

To ascertain the commitment and readiness of various countries towards AfCFTA implementation, the AfroChampions Initiative has produced this AfCFTA Year Zero Report that ranks African countries by their level of AfCFTA commitment and implementation readiness.

A total of 55 African countries (including countries that are yet to ratify the AfCFTA Agreement) were rated and ranked based on four main indicators and ten sub-indicators.

The indicators used were:

1. Commitment to the Free Trade Agreement/Treaty (Signing and ratification of AfCFTA and a publicly accessible national AfCFTA implementation strategy).
2. Commitment to Free Movement (Signing and ratification of Protocol on Free Movement of people and country's Visa Openness).
3. Trade Facilitation Readiness (quality of trade-Infrastructure and efficiency of Customs).
4. Access to Credit (Ease of Getting Credit and Cost of Credit).

Table 1 shows the breakdown and weights for all indicators and sub-indicators. While countries could be ranked on a broader set of indicators, the four main indicators above are considered the minimum criteria to show a country's AfCFTA commitment and readiness in Year Zero of AfCFTA's operational phase. See Annex 5 for the method used to calculate the ranking.

Table 1: Indicators and Weights Used to Rank Countries' AfCFTA Commitment and Readiness

	INDICATOR	DEFINITION	WEIGHT	JUSTIFICATION
Main Indicator	Commitment to AfCFTA Agreement & Protocols			
Sub-Indicator	Signed AfCFTA Agreement	The country signed the Agreement establishing the AfCFTA	5%	A country shows basic commitment to the AfCFTA
	Ratified AfCFTA Agreement	Instrument of Ratification deposited with the African Union Commission	10%	There is national approval and full commitment to the AfCFTA
Sub-Total			15%	
Main Indicator	Draft National AfCFTA Implementation Strategy online in a reviewable or downloadable form	A completed draft has undergone consultations and can be found in a reviewable or downloadable form	5%	Demonstration of high level of commitment and preparedness to implement and maximize the benefits of AfCFTA while instituting risk mitigation measures
Sub-Total			5%	
Main Indicator	Commitment to Free Movement of Persons			
Sub-total	Signed AU Protocol on Free Movement of persons	Signed the Protocol on free movement	5%	A country shows basic commitment to the Protocol
	Ratified Protocol on Free Movement	Protocol has been ratified and deposited instrument with the AUC	5%	Demonstration of commitment toward another AU Protocol that complements the AfCFTA
	Visa Openness	The ease with which African citizens can enter another African country (Based on a country's performance in the Africa Visa Openness Index)	10%	Evidence of practical commitment to free movement of people aside signing the Protocol on Free Movement
Sub-Total			20%	

Main Indicator	Trade Facilitation Readiness			
Sub-Indicator	Customs efficiency	Efficiency of customs and border clearance (Based on the World Bank's Logistics Performance Index)	20%	The efficiency, simplicity and speed of a country's customs processing procedures and systems are some of the most important indicators of implementation readiness
	Trade Infrastructure	The quality of trade and transport infrastructure e.g. ports, railroads, roads, information technology (Based on the World Bank's Logistics Performance Index).	20%	Quality of trade-infra-structure is a basic determinant of a country's trade facilitation readiness
Sub-Total			40%	

Main Indicator	Access to Credit			
Sub-Indicator	Ease of getting credit	Legal rights of lenders and borrowers, and access to credit information (Based on the World Bank's doing business index)	10%	Evidence of whether lenders have credit information on potential borrowers, and how favorable the laws are to borrowers and lenders
	Cost of credit	Central Banks' prime rate	10%	While no business borrows at the Central Bank prime rate, it is the crucial baseline indicator of the potential cost of credit in an economy and is reflective of governments' ability to indirectly affect interest rate spreads
Sub-Total			20%	

TOTAL			100%	
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2. Three Main Rankings

The analyses produced three main kinds of ratings related to (a) countries' level of AfCFTA commitment, (b) Countries' implementation readiness, and (c) Overall performance (a combined rating of commitment and implementation readiness). We treat each of them in the sections below along with key sub-indicator outcomes.

2.1: Ranking of Countries' Commitment to AfCFTA

The most committed country is Rwanda which scores 83.93% and the least committed country, Eritrea, scores 0.85%. Table 2 shows the top ten countries in terms of commitment.

Table 2: Top ten countries in terms of commitment

COUNTRY	OVERALL LEVEL OF COMMITMENT (%)
Rwanda	83.93
Mali	72.30
Togo	71.43
Uganda	71.33
Ghana	71.23
Niger	71.00
Kenya	70.95
Senegal	70.28
Djibouti	70.00
Sao Tome & Principe	65.80

Source: AfroChampions, 2020

The top ten is dominated by East and West African countries. Apart from Rwanda, three other East African countries are found in the top ten - Uganda (4th), Kenya (7th) and Djibouti (9th). Five West African countries feature in the top ten namely Mali (2nd), Togo (3rd), Ghana (5th), Niger (6th) and Senegal (8th). Sao Tome

and Principe (10th) is the only Central African country in the top ten. Not a single country from Southern or North Africa is in the top ten committed countries.

Per the bottom ten commitment ranking in Table 3, Eritrea, the only country yet to sign the AfCFTA Agreement, is the least committed country. The presence of four North African countries – Tunisia, Morocco, Algeria and Libya – among the least committed countries is indeed worrisome – given the size and importance of North Africa’s economies. Apart from the importance of a country’s ratification status to its commitment ranking, a country’s commitment to free movement of persons played a major role in the commitment rankings. That is why many countries that have ratified the AfCFTA may be surprised to learn that they are classified as relatively low-level commitment countries. Annex 2 shows how all countries placed on the commitment ranking.

Table 3: Bottom ten countries in terms of Commitment

COUNTRY	OVERALL LEVEL OF COMMITMENT (%)
Sudan	25.38
Zambia	23.15
Tunisa	22.88
Nigeria	20.90
Botswana	20.53
Morocco	16.75
Algeria	15.33
Burundi	15.33
Libya	12.98
Eritrea	0.85

Source: AfroChampions, 2020

2.2: Ranking of Countries' Implementation Readiness

The purpose of the readiness rankings was to pre-assess trade facilitation capacities of all countries regardless of when they join actual AfCFTA trading. The analysis therefore includes countries that have not yet ratified the agreement.

The country with the highest score in terms of implementation readiness is South Africa, with a score of 68%, followed by Rwanda. The most ill-prepared country is South Sudan. Contrary to the absence of southern African States in the top ten committed, the top ten in terms of readiness is dominated by five Southern African countries – South Africa, Botswana, Mauritius, Namibia and Zambia. Table 4 shows the top ten countries in terms of implementation readiness. It is also worth noting that the top ten for readiness is more diverse, featuring countries from North Africa (Egypt) East Africa (Rwanda, Kenya and Tanzania) and West Africa (Cote d'Ivoire).

Table 4: Top ten countries in terms of Implementation Readiness

COUNTRY	OVERALL IMPLEMENTATION READINESS (%)
South Africa	68.0
Rwanda	67.8
Botswana	65.9
Kenya	65.8
Cote d'Ivoire	65.4
Mauritius	63.6
Tanzania	63.6
Namibia	61.7
Egypt	61.6
Zambia	60.5

Source: AfroChampions, 2020

In Table 5, the ranking further reveals that trade-related infrastructure is very weak among the countries found in the list of the bottom ten. Six out of the ten – Burundi, Sierra Leone, Angola, Eritrea, Somalia and South Sudan are reconstruction countries that are still addressing post-conflict infrastructure deficits. Annex 3 shows how all countries placed on the implementation readiness scale.

Table 5: Bottom ten countries in terms of Implementation Readiness

COUNTRY	OVERALL IMPLEMENTATION READINESS (%)
Burundi	42.5
Sierra Leone	42.3
Angola	37.8
Eritrea	26.6
Somalia	25.4
Eswatini (Swaziland)	24.8
Cape Verde	21.6
Seychelles	20.4
South Sudan	1.7
Sahrawi Arab Democratic Republic*	0.0

*No available data, **Source:** AfroChampions, 2020

2.3: Overall Country Performance

In the combined ranking of Commitment and Implementation Readiness, Rwanda emerged top of the table. Apart from Kenya (2nd in ranking), Ghana (6th) and Mauritius (8th), six of the top ten ranked countries (including Rwanda) are least developed countries (LDCs). They are Togo (4th), Uganda (5th), Senegal (7th), Djibouti (8th), and Niger (10th). Their performance in the

overall ranking, appears to reflect a desire to take advantage of the bigger and extended markets and opportunities the AfCFTA presents. Table 6 shows the ranking of the first ten countries in relation to their performance towards the AfCFTA.

Table 6: Top ten countries according to overall performance

COUNTRY	OVERALL PERFORMANCE	RANK
Rwanda	74.26	1st
Kenya	67.89	2nd
Togo	63.31	3rd
Cote d'Ivoire	63.17	4th
Uganda	62.85	5th
Ghana	62.47	6th
Senegal	61.73	7th
Mauritius	61.45	8th
Djibouti	61.41	9th
Niger	60.02	10th

Source: AfroChampions, 2020

None of the three largest economies on the continent – South Africa, Egypt and Nigeria – feature in the top ten overall country performance. Of the three, Nigeria remains the special case. The Lagos Plan of Action in 1980 and the Abuja Treaty of 1991 already give the impression that Nigeria has been both an important country and player on the path to continental unity. It is thus intriguing to see Nigeria still at the signing phase of the Agreement. Even more worrying is the recent closure of Nigeria's land borders to trade (since late 2019) – which has many observers concerned how AfCFTA would survive such future disruptive attitudes by the continent's biggest economy.

The bottom ten countries in terms of overall performance can be found in Table 7. Angola (46th), Libya (49th) and Burundi (50th)

have neither ratified the AfCFTA nor the Protocol on free movement of persons. Annex 4 shows the overall performance by country.

Table 7: Bottom ten countries according to overall performance

COUNTRY	OVERALL PERFORMANCE	RANK
Angola	33.98	46th
Somalia	33.25	47th
Eswatini	33.06	48th
Libya	31.70	49th
Burundi	31.66	50th
Seychelles	27.26	51st
Cape Verde	26.40	52nd
Eritrea	16.33	53rd
Sahrawi Arab Democratic	15.00	54th
South Sudan	11.75	55th

Source: AfroChampions, 2020



3. The Continent as a Whole

The overall average percentage score for AU member States in relation to their level of commitment toward AfCFTA is 44.48% and the overall average percentage score for implementation readiness is 49.15%. This indicates that the continent as a whole is less than 50% committed and less than 50% prepared for AfCFTA implementation. Again, this might come as a shock to many – considering the speed and excitement with which the African Union is moving ahead with the AfCFTA processes. In order to understand how this is the case, the rest of this Year Zero Report attempts to make sense of some of the key numbers we are seeing.

3.1: A long way ahead; almost half of the continent yet to ratify the AfCFTA

While the impressive signings and speedy number of ratifications that launched the AfCFTA into force are no mean achievements, a whopping 47% of the countries have still not ratified the AfCFTA. There are two implications to this. In the period leading up to the AfCFTA's coming into effect, what mattered most was “how many countries had ratified” because only 22 ratifying countries was necessary to trigger operationalization. However, in the operationalization phase, what matters is no longer how many have ratified but rather “how many countries have not ratified”. This is because during the implementation phase, countries outside of the Agreement (because of their sheer numbers), could be more distorting of AfCFTA's implementation than those in it. More ratifications are needed in order to have an AfCFTA operating close to full capacity to yield maximum benefits.

3.2: Virtually all countries are lagging behind in the completion of National AfCFTA Implementation Strategies

Trading starts in July, and yet not a single country has completed a National AfCFTA Implementation Strategy that is publicly

available and accessible. Given that the AfCFTA was signed two years ago in March 2018, a good number of National AfCFTA Implementation Strategies in draft versions should have been ready by now. The fact that no country has released a completed strategy, is a disturbing sign that nations could be thinking more about lengthy negotiations and less about swift strategic implementation.

To be sure, sensitization and consultation workshops have been organized in several countries towards developing national strategies. Yet, the lack of evidence as to how member States plan to respond to the AfCFTA is conspicuous. At this stage, it remains unclear how member States plan to adjust to and maximize the opportunities offered in the AfCFTA. While countries may have existing trade policies that could constitute a guide for AfCFTA implementation, these cannot be considered sufficient for policy and strategic direction on how a country should maximize the benefits of AfCFTA.

The need for national implementation strategies is significant because their absence poses a serious risk to the long-term viability of the AfCFTA. Unless countries have carefully crafted consultative national strategies for how their businesses and citizens would adjust to AfCFTA in order to benefit from it, they stand the risk of being overtaken by events and suffering eventual national delusions with AfCFTA. Indeed, governments that are not crafting national implementation strategies are potentially misleading their people into the AfCFTA. And while such plans may eventually be developed, it is important for countries serious about benefiting from AfCFTA to stay ahead of the curve.

The bar for the National AfCFTA Implementation Strategy index was deliberately raised such that countries score marks only when the contents of a draft strategy are publicly accessible online. It is important that right at inception the strategy process is not shrouded in secrecy if governments are to carry their people along while signaling to external and domestic investors of their early intentions towards AfCFTA. Countries score zero

points for the National AfCFTA Implementation Strategy Index because the draft documents are not publicly accessible to warrant substantial evidence.

3.3: There is mismatch between countries' enthusiasm for the free trade area and cold feet towards free movement. This could spell trouble for AfCFTA

As is often said, “Trade starts with people moving”. Unless Africans can move freely and work within the continent, the aspirations of AfCFTA will be undermined. That is why on the day 44 nations signed the AfCFTA Agreement in March 2018, the Protocol on Free Movement of people was also tabled for signing. Only 32 nations have so far signed the protocol. Of that number only four countries (Rwanda, Mali, Niger and Sao Tome and Principe) have ratified the protocol on free movement.

Juxtaposing countries' commitment to the Protocol on Free Movement with their 'visa openness' revealed some odd outcomes. The continent's two most visa-free countries (Benin and Seychelles) have both not signed the protocol on free movement. In this sense their actions speak louder than their signatures – which is overall positive. On the other hand, a good number of the countries that have signed the protocol on free movement are not visa free. Their signatures do not echo their actions.

It is important, however, to recognize that there is more to free movement than just visa openness. Free movement creates the environment for the movement of labor; an essential component of factor mobility, which in turn facilitates economic integration. The protocol on free movement of people is precisely the kind of instrument needed to anchor the AfCFTA and make it meaningful not only to businesses but also the citizens of Africa – workers, entrepreneurs and tourists. Despite fears that may have risen from recent episodes of xenophobic attacks against fellow migrant Africans in South Africa, it is important to keep in mind that this is the exception rather than the norm. Indeed, the

spectacular success of the Economic Community of West African States and the East African Community in implementing free movement of citizens for years should dispel any fears of potential adverse effects from moving ahead with the free movement protocol. AfCFTA without free movement is already a huge drawback.

3.4: The poor Trade Facilitation Readiness of countries is a threat to AfCFTA implementation

Trade facilitation capability of countries – as measured by customs efficiency and trade-related infrastructure – remain huge problems. Forty-two countries (76%) scored less than the 50% mark on trade infrastructure and customs efficiency, a very worrying figure for AfCFTA implementation. South Africa attained the highest score of 63.6%. The average percentage score for all member States in terms of implementation readiness (customs efficiency and trade-infrastructure) performance is 41.7%. The average score for trade-infrastructure is 41.3% whereas that of customs efficiency is 42.1%.

This of course, is no news. Poor trade-infrastructure and inefficient customs are among the main bottlenecks to intra-Africa trade. For example, the average waiting time for trucks to cross borders with goods in Africa is 97 hours (or 4 days). If this situation does not change, AfCFTA will be a disappointment. The continent has a lot to learn from other successful trade blocs in Europe and Asia to improve customs efficiency. Governments must marshal the political will to push through desperately needed reforms and act on them.

3.5: Access to credit: the prospects are better than the reality

Access to Credit and Trade Finance will be crucial to AfCFTA implementation. The continent's trade finance gap is estimated at US\$ 91bn annually. This financing gap is bound to increase

substantially with AfCFTA. Across Africa, the average percentage score for Ease of Getting Credit (using the World Bank's Ease of Doing Business) for all countries combined is 43.3%. Rwanda tops the Ease of Getting Credit with a score of 95%.

The average central bank prime rate for the continent, as measured per country, was 8.5% in February 2020. While actual market lending rates and interest rate spreads are known to be high, central bank prime rates still offer an imperfect but approximate view of the extent to which government policies moderate credit cost. The rather relatively low prime rates across the continent are of course at odds with the typical frustrating story of the average African SME that has tried accessing credit – either for production or trade. Nonetheless, overall low prime rates are still a good starting point, going into AfCFTA – so long as countries can implement the right reforms to improve access and cost of credit to industry and traders. New and innovative financing models are needed to sustain access to credit and trade finance for SMEs. It is worth cautioning, that limited access to credit can potentially stifle SME growth and competitiveness in a post-AfCFTA regime.



4. Conclusion

4.1: Keeping AfCFTA on track despite COVID-19

Without a doubt the AfCFTA remains a sterling achievement for 21st century Africa. However, COVID-19 threatens to derail the gains achieved towards its operationalization. As we have emphasized in the foreword, it is important for the AU and governments to take bold decisions to ensure that the AfCFTA is kept on track despite COVID-19.

In the spirit of this, a July start of AfCFTA can become one of Africa's main weapons to beat COVID-19 and accelerate post-COVID recovery. A COVID-accelerated AfCFTA is necessary, feasible and desirable. It will help catalyze Africa's victory over COVID-19 and also inject momentum to speed up countries' AfCFTA implementation readiness. For these reasons, it is crucial that all stakeholders – governments, the AU, the RECs, regional bodies, private sector, civil society and media – guard against any rushed decision that will derail the momentum gathered so far.

Postponing Start of Trade, due in part to COVID-19, does not guarantee protection for the AfCFTA from any future crisis. What if another crisis strikes in 2021? Surely, the continent cannot afford repetitive postponement in wake of every new crisis. It is better to use this period as an opportunity to build resilience for AfCFTA against future disasters while also using it to help defeat COVID-19.

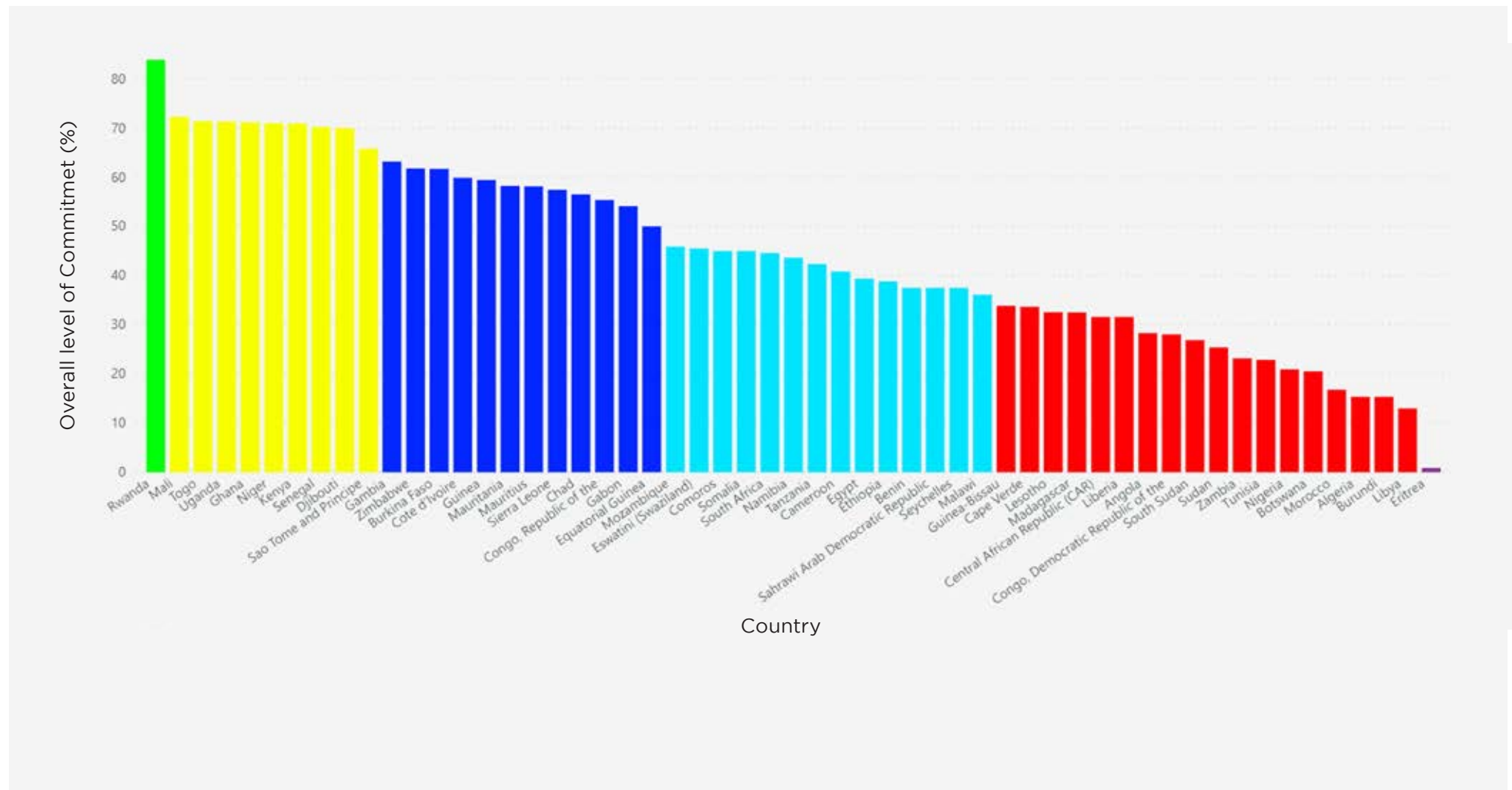
5. Annexes

Annex 1: Full list of AfCFTA ranking based on overall performance (combined ranking of both commitment & readiness)

COUNTRY	OVERALL PERFORMANCE	RANK
Rwanda	74.26	1st
Kenya	67.89	2nd
Togo	63.31	3rd
Cote d'Ivoire	63.17	4th
Uganda	62.85	5th
Ghana	62.47	6th
Senegal	61.73	7th
Mauritius	61.45	8th
Djibouti	61.41	9th
Niger	60.02	10th
Mali	59.30	11th
South Africa	58.65	12th
Sao Tome & Principe	58.10	13th
Burkina Faso	56.60	14th
Tanzania	55.09	15th
Mauritania	54.50	16th
Namibia	54.47	17th
Chad	53.35	18th
Congo, Republic of the	53.16	19th
Zimbabwe	53.06	20th
Egypt	52.70	21st
Gambia	52.61	22nd
Cameroon	52.10	23rd
Guinea	51.53	24th
Gabon	51.50	25th
Comoros	51.40	26th

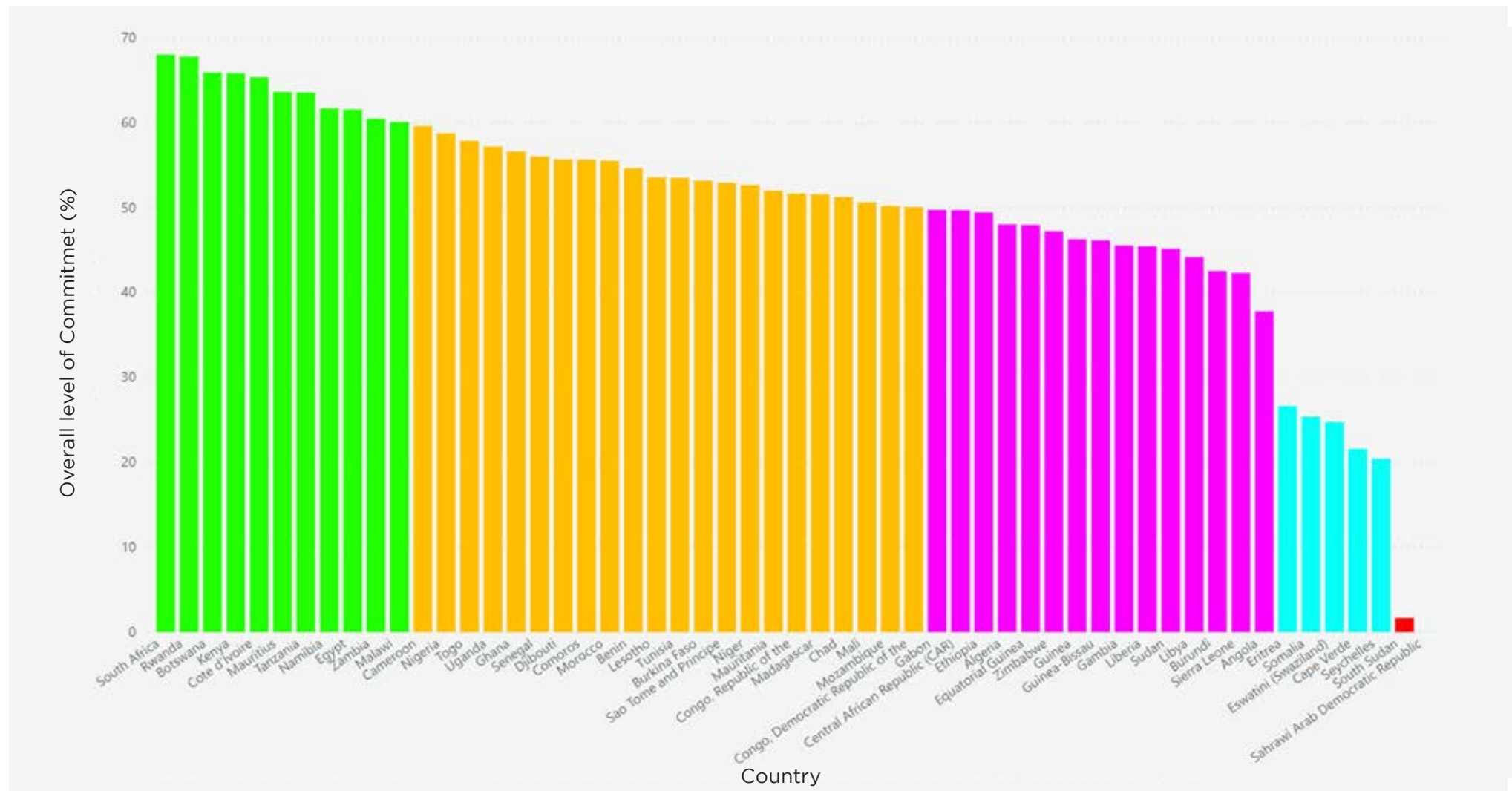
Malawi	50.51	27th
Equatorial Guinea	48.79	28th
Mozambique	48.48	29th
Sierra Leone	48.38	30th
Benin	47.79	31st
Botswana	47.75	32nd
Zambia	45.54	33rd
Ethiopia	45.20	34th
Lesotho	45.17	35th
Madagascar	43.95	36th
Nigeria	43.62	37th
Central African Republic (CAR)	42.46	38th
Tunisia	41.27	39th
Congo, Democratic Republic of the	41.25	40th
Guinea-Bissau	41.23	41st
Morocco	40.03	42nd
Liberia	39.92	43rd
Sudan	37.25	44th
Algeria	34.96	45th
Angola	33.98	46th
Somalia	33.25	47th
Eswatini (Swaziland)	33.06	48th
Libya	31.70	49th
Burundi	31.66	50th
Seychelles	27.26	51st
Cape Verde	26.40	52nd
Eritrea	16.33	53rd
Sahrawi Arab Democratic Republic	15.00	54th
South Sudan	11.75	55th

Annex 2: Overall level of Commitment by Country



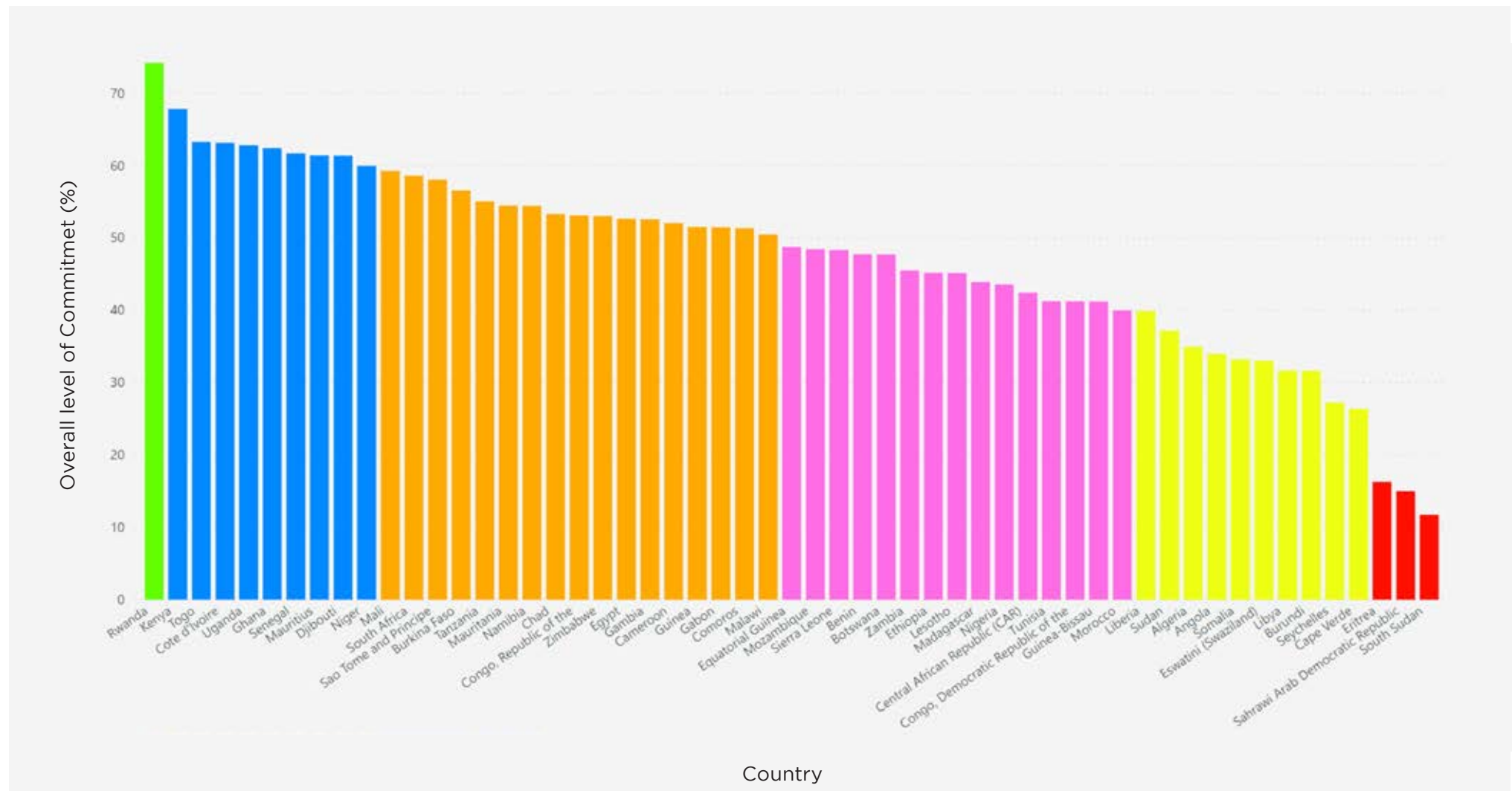
Source: AfroChampions, 2020

Annex 3: Overall state of Implementation Readiness by Country



Source: AfroChampions, 2020

Annex 4: Overall Performance by Country



Source: AfroChampions, 2020

Annex 5: Calculating Commitment and Implementation Readiness

Using indicators and weights as found in page 11, the scores of each Member State are calculated using the formula:

$$Y = (CRS_{w1} + FM_{w2} + TF_{w3} + AC_{w4}) \times 100$$

Where;

CRS = Commitment, Ratification and Strategy

FM = Free Movement of persons

TF = Trade Facilitation readiness

AC = Access to Credit

w(x) = Respective weight of each indicator

Y = Sum of the composite weighted scores of CRS, FM, TF and AC

Before the composite weighted scores for each indicator are subsequently summed up to determine the overall percentage score of each Member State, the sub-indicators of each indicator are first summed up and divided by the allocated weight for the indicator. The result is multiplied by 100 per cent to arrive at a composite weighted score for each indicator of a Member State.

The scores for each indicator of a member State is calculated using the formula

$$Y = \frac{\sum(a_{w1} + b_{w1} + \dots)}{x} \times 100$$

Where;

\sum = Sum of all sub-indicators

a_{w1}, b_{w1} = Weighted scores of each sub-indicator

x = Allocated percentage value for each indicator

Y = Sum of the transformed weighted value for each indicator

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