The AfCFTA Country Business Index (ACBI):
Summary results for Angola, Côte d’Ivoire,
Democratic Republic of Congo, Egypt, Gabon,
Kenya, Morocco Namibia, Nigeria,
Rwanda, Senegal, South Africa, and Tunisia

Wafa AIDI

United Nations Economic Commission for Africa

United Nations Global Compact

United Nations Economic Commission for Africa

This project is funded by the European Union
Plan of the Presentation

- The African Continental Free Trade Area (AfCFTA)
- Where we are?
- Policy Implications: How to galvanize the Private Sector engagement in the regional trade?
- The AfCFTA Country Business Index: Why it can help?
- Key ACBI Results: What the ACBI tell us?
- The ACBI Methodology: Getting the Private Sector Right
The AfCFTA: Where we are?

- The ratification: 47 AU Member States (August 2023)
- Trade in Goods: 48 schedules of tariff concessions received (June 2023)
- Trade in Services: 48 schedules of commitments in 5 priority sectors submitted to AfCFTA Secretariat; regulatory frameworks for the 5 priority sectors still under development and to be annexed to the Protocol, with negotiations on the 7 other services sectors to follow (June 2023)
- RoO: negotiated at 93.3 per cent (June 2023)
- The AfCFTA Phase II: completed
- The AfCFTA implementation: More than 40 member States are in the process of developing these strategies
The ACBI: How it can help?

• The ACBI was launched in 2018 as one of the primary tools through which businesses can voice their views on the implementation of the AfCFTA.

• The ACBI aggregates the opinions of businesses in Africa and articulates them in an index that ranks countries by how well they are implementing the AfCFTA from a business’s perspective.

• The AfCFTA Country Business Index provides a unique and powerful monitoring and evaluation tool for African member states to understand the private sector take of the new AfCFTA world.
<table>
<thead>
<tr>
<th>Methodology: Getting Private Sector right</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective</strong></td>
</tr>
<tr>
<td><strong>Sub-dimension</strong></td>
</tr>
<tr>
<td><strong>Goods restrictiveness and costs</strong></td>
</tr>
<tr>
<td>Assess the extent to which businesses view each of the areas related to trade in goods as significant challenges / impediments to trading within the continent. Non-tariff barriers included as sub-dimensions have been aligned to Annex 5 of Agreement establishing the AfCFTA</td>
</tr>
<tr>
<td>Tariff barriers</td>
</tr>
<tr>
<td>Customs</td>
</tr>
<tr>
<td>Technical barriers to trade</td>
</tr>
<tr>
<td>Sanitary and phytosanitary measures</td>
</tr>
<tr>
<td>Specific limitations</td>
</tr>
<tr>
<td>Additional charges</td>
</tr>
<tr>
<td>Fraud and corruption</td>
</tr>
<tr>
<td><strong>African FTA knowledge and use</strong></td>
</tr>
<tr>
<td>Determine business views on the ease of use of FTAs in Africa</td>
</tr>
<tr>
<td>Assess private sector perceptions of the extent to which countries are proactively engaging with the private sector on the AfCFTA</td>
</tr>
<tr>
<td>Awareness of African FTAs</td>
</tr>
<tr>
<td>Ease of use of African FTAs</td>
</tr>
<tr>
<td>Access to information on African FTAs</td>
</tr>
<tr>
<td>FTA rules of origin</td>
</tr>
<tr>
<td><strong>Commercial environment</strong></td>
</tr>
<tr>
<td>Understand private sector perceptions of the restrictiveness of the investment and services environment in their country</td>
</tr>
<tr>
<td>Assess private sector perceptions of “new generation” issues being negotiated under the AfCFTA (competition policy, intellectual property rights)</td>
</tr>
<tr>
<td>Investment</td>
</tr>
<tr>
<td>Trade in services</td>
</tr>
<tr>
<td>Cost of services</td>
</tr>
<tr>
<td>Intellectual property rights</td>
</tr>
<tr>
<td>Competition policy</td>
</tr>
</tbody>
</table>
Each dimension is equally weighted within the index, and each sub-dimension equally weighted within each dimension.

Firm perceptions are collected through a perception ranking scale, ranging from 0 to 10.

- A score above 5 suggests that firms are positive with regards to that area’s impact on their business, or their ability to trade and invest across borders.
- A score of 5 reflects a neutral perception (i.e., on average firms are neither positive nor negative for the specific area).
- A score below 5 indicates that, on average, firms have a negative perception of the area of interest.
Methodology: What is the scope?

Phase 1
- Cameroon and Zambia were selected as the two initial countries in which the pilot survey was to take place.

Phase 2
- The ACBI methodology has been refined and surveys conducted in 7 countries namely Angola, Côte d’Ivoire, Gabon, Kenya, Namibia, Nigeria, and South Africa.

Phase 3
- The ACBI have been rolled out in 6 countries namely the Democratic Republic of Congo, Egypt, Rwanda, Senegal, Tunisia and Morocco.
Firm activity of ACBI survey respondents

<table>
<thead>
<tr>
<th>Country</th>
<th>Agriculture</th>
<th>Mining</th>
<th>Manufacturing</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>50%</td>
<td>2%</td>
<td></td>
<td>35%</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>21%</td>
<td>2%</td>
<td>15%</td>
<td>63%</td>
</tr>
<tr>
<td>Democratic Republic of Congo</td>
<td>24%</td>
<td>6%</td>
<td>18%</td>
<td>71%</td>
</tr>
<tr>
<td>Egypt</td>
<td>10%</td>
<td>10%</td>
<td>18%</td>
<td>73%</td>
</tr>
<tr>
<td>Gabon</td>
<td>21%</td>
<td>12%</td>
<td>12%</td>
<td>67%</td>
</tr>
<tr>
<td>Kenya</td>
<td>39%</td>
<td>12%</td>
<td>16%</td>
<td>67%</td>
</tr>
<tr>
<td>Morocco</td>
<td>18%</td>
<td>0%</td>
<td>13%</td>
<td>75%</td>
</tr>
<tr>
<td>Namibia</td>
<td>39%</td>
<td>10%</td>
<td>13%</td>
<td>73%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>21%</td>
<td>18%</td>
<td>4%</td>
<td>61%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>18%</td>
<td>3%</td>
<td>2%</td>
<td>62%</td>
</tr>
<tr>
<td>Senegal</td>
<td>12%</td>
<td>6%</td>
<td>11%</td>
<td>35%</td>
</tr>
<tr>
<td>South Africa</td>
<td>29%</td>
<td>22%</td>
<td>3%</td>
<td>63%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>12%</td>
<td>2%</td>
<td>18%</td>
<td>18%</td>
</tr>
</tbody>
</table>

- Agriculture
- Mining
- Manufacturing
- Services
Businesses in most of the 13 countries are neutral in their perception regarding their country’s environment for trading and investing goods across African borders.

Firms in Rwanda are typically optimistic regarding the investment and trading environment and the enterprises in Democratic Republic of Congo are more pessimistic relative to firms in other countries,
Firms are neutral to negative regarding the various aspects that impact on their ability to trade goods across borders. The most challenging area is trade in goods and non-tariffs barriers.

Unauthorised charges and other charges on trade are perceived as the most restrictive aspects to trading. Firms appear most positive regarding sanitary and phytosanitary measures and technical barriers.

Source: ACBI survey
Firms’ awareness of a country’s membership of various regional agreements appears to be relatively high. However, awareness of country participation in the AfCFTA ranged from a low of 34% (Angola) to a high of 84% (Nigeria).

Complying with an FTA’s rules of origin (RoO) requirements is perceived as the most restrictive aspect to trading.
Awareness of country’s participation in the AfCFTA

Source: ACBI survey
• Companies are generally close to neutral in their perceptions of the commercial regime under which they operate.

• Firms are neutral in their perceptions of the investment regime, scoring 5.1, and the cost and availability of services (5.0). Firms are mildly negative in their perceptions of the competition regime, with this area scoring 4.8 overall.
Overall perceptions: male- and female-owned businesses

**Goods restrictiveness and costs**
- Goods restrictiveness and cost: 4.3 (Female-owned), 4.6 (Male-owned)
- Unauthorised charges: 3.5 (Female-owned), 3.9 (Male-owned)
- Specific limitations on trade: 4.7 (Female-owned), 5.0 (Male-owned)
- Sanitary and phytosanitary measures: 5.3 (Female-owned), 5.1 (Male-owned)
- Technical barriers to trade: 5.3 (Female-owned), 5.1 (Male-owned)
- Customs administration and procedures: 4.0 (Female-owned), 4.4 (Male-owned)
- Other charges on trade: 3.4 (Female-owned), 4.2 (Male-owned)
- Customs tariffs: 3.6 (Female-owned), 4.3 (Male-owned)

**Awareness and use of FTAs**
- Awareness of African FTAs: 5.2 (Female-owned), 5.7 (Male-owned)
- Access to information on African FTAs: 4.9 (Female-owned), 5.1 (Male-owned)
- FTA rules of origin: 4.6 (Female-owned), 5.0 (Male-owned)
- FTA ease of use: 5.4 (Female-owned), 5.5 (Male-owned)

**Commercial environment**
- Investment regime: 5.2 (Female-owned), 5.2 (Male-owned)
- Services regime: 5.9 (Female-owned), 5.7 (Male-owned)
- Cost and availability of services: 5.1 (Female-owned), 5.0 (Male-owned)
- Competition regime: 4.8 (Female-owned), 4.8 (Male-owned)
- IPR regime: 5.3 (Female-owned), 5.2 (Male-owned)

*Source: Based on ACBI survey*
Overall perceptions: SMEs and large businesses

**Goods restrictiveness and costs**
- Goods restrictiveness and cost: Large firms 4.5, SMEs 4.5
- Unauthorised charges: Large firms 3.9, SMEs 3.8
- Specific limitations on trade: Large firms 4.8, SMEs 5.0
- Sanitary and phytosanitary measures: Large firms 5.1, SMEs 5.2
- Technical barriers to trade: Large firms 5.0, SMEs 5.2
- Customs administration and procedures: Large firms 4.3, SMEs 4.4
- Other charges on trade: Large firms 4.1, SMEs 4.1
- Customs tariffs: Large firms 4.5, SMEs 4.0

**Awareness and use of FTAs**
- Awareness and use of FTAs: Large firms 5.5, SMEs 5.5
- FTA rules of origin: Large firms 4.9, SMEs 5.0
- FTA ease of use: Large firms 5.6, SMEs 5.4
- Access to information on African FTAs: Large firms 5.1, SMEs 5.1
- Awareness of African FTAs: Large firms 6.3, SMEs 6.6

**Commercial environment**
- Commercial environment: Large firms 5.0, SMEs 5.3
- Competition regime: Large firms 4.9, SMEs 4.8
- IPR regime: Large firms 5.2, SMEs 5.3
- Cost and availability of services: Large firms 5.0, SMEs 5.0
- Services regime: Large firms 5.2, SMEs 5.9
- Investment regime: Large firms 4.9, SMEs 5.4

Source: Based on ACBI survey
• Agenda 2030 and 2063 recognize the need to accelerate growth of intra-Africa trade as an engine of sustainable development. The AfCFTA Country Business Index can significantly contribute to Africa trade and inclusive development by identifying bottlenecks in trade regimes (Women, SMEs).

• Africa can realize the benefits linked to the AfCFTA namely to boost the share of intra-African trade to 25% in 2045 only by ensuring an active participation of the private sector.

• An important and immediate action point is to build and raise awareness on the AfCFTA opportunities and its mechanisms of operation both at national and continental level.

• It is critical to accompany women traders using specific policy measure with stronger emphasis required on understanding and improving female perceptions of additional and unauthorised charges, customs tariffs, and customs procedures.

• Complying with an FTA’s rules of origin requirements is perceived as the most restrictive aspect to trading. The AfCFTA rules of origin (RoO) needs to be simple, practical, and business friendly to enable businesses especially small and medium ones to perceive the economic and social gains expected from the AfCFTA.
THANK YOU!