



THE AFRICAN CAPACITY BUILDING FOUNDATION | FONDATION POUR LE RENFORCEMENT DES CAPACITÉS EN AFRIQUE

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## **7<sup>th</sup> AFRICA THINK TANK SUMMIT**

**“Implementing the African Continental Free Trade Area (AfCFTA) Agreement: Assessing country readiness and the implications for capacity building”**

**Concept Note & Draft Agenda**

**CONFIDENTIAL - NOT FOR SHARING**

## 1. Background

The African Continental Free Trade Area (AfCFTA) is expected to be the world's largest free-trade area since the establishment of the World Trade Organization in 1994. An agreement was signed in Kigali, Rwanda, on 21 March 2018, launching the AfCFTA, which entered into force on the 30<sup>th</sup> of May 2019. The implementation phase of the Agreement was launched in July 2019, and formal trading was expected to begin in July 2020. However, the COVID-19 outbreak declared as a global pandemic by the World Health Organization (WHO) on 11 March 2020 has delayed its implementation.

The outlook for Africa in the face of the COVID-19 pandemic seemed worrisome due to inadequate and weak health systems and the expected negative impact on the economy.<sup>1</sup> While the global economy is in turmoil due to the COVID-19 pandemic, the operationalization of the African Continental Free Trade Area (AfCFTA) represents a challenge but it is also a major opportunity to help African countries diversify their exports, accelerate growth, attract foreign direct investment<sup>2</sup> and to build back better.

The aim of the AfCFTA to establish *“a single market for goods, services, facilitated by movement of people to deepen the economic integration of the African continent”*.<sup>3</sup> The agreement is also designed to facilitate *“sustainable and inclusive socio-economic development, gender equality and structural transformation”*. Some of the other objectives of the AfCFTA include developing a continental customs union; slashing tariffs and removing non-tariff barriers; and improving intra-country cooperation in investment, intellectual property rights (IPR), customs and trade facilitation, competition policy and trade-related areas. Estimates show that the establishment of the AfCFTA will stimulate trade with total African exports expected to increase by 4 percent (US\$25.3 billion) by 2022. It is also expected to result in an estimated 52% (US\$34.6 billion) increase in intra-African trade with expansion in a wide range of sectors, including agriculture and agro-processing, industry, and services. The AfCFTA is expected to cover a market of 1.2 billion people with a gross domestic product (GDP) of US\$2.5 trillion, making it the world's largest free trade area since the formation of the World Trade Organization.<sup>4</sup>

The operational phase of the AfCFTA was launched at the 12<sup>th</sup> Extraordinary Summit of the AU in Niamey, Niger, on 7 July 2019. Several instruments aimed at facilitating the implementation of the agreement were adopted; they include rules of origin, a trade-in-goods dashboard, a payments and settlements system, and a dashboard of the African Union Trade Observatory. Some critical parts of the agreement such as schedules of tariff concessions and services commitments, and policies on investment, intellectual property, and competition were expected to be finalized on 1st July 2020 before trading under the AfCFTA<sup>5</sup> but this has been significantly affected by COVID-19.

AfCFTA offers significant opportunities in terms of larger markets, greater efficiency and increased competition, improved welfare, higher level of intra-African trade, and diversification of products. However, there are key implementation challenges which have been exacerbated by the COVID-19 pandemic. The AfCFTA is recognized as a fundamental instrument to support the recovery of African

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<sup>1</sup> UNECA 2020. COVID-19 in Africa Protecting Lives and Economies, Available at [https://www.uneca.org/sites/default/files/PublicationFiles/eca\\_covid\\_report\\_en\\_rev16april\\_5web.pdf](https://www.uneca.org/sites/default/files/PublicationFiles/eca_covid_report_en_rev16april_5web.pdf), accessed on 27 April 2020

<sup>2</sup> World Bank. 2020. *The African Continental Free Trade Area: Economic and Distributional Effects*. Washington, DC: World Bank.

<sup>3</sup> [https://au.int/sites/default/files/treaties/36437-treaty-consolidated\\_text\\_on\\_cfta\\_-\\_en.pdf](https://au.int/sites/default/files/treaties/36437-treaty-consolidated_text_on_cfta_-_en.pdf) (page 4 of the Agreement establishing the African Continental Free Trade Area)

<sup>4</sup> ATPC (African Trade Policy Centre) & ECA (United Nations Economic Commission for Africa). 2018. Continental Free Trade Area: Questions and Answers. Available at: [https://www.uneca.org/sites/default/files/PublicationFiles/qa\\_cfta\\_en\\_230418.pdf](https://www.uneca.org/sites/default/files/PublicationFiles/qa_cfta_en_230418.pdf) (Accessed on 4 February 2020).

<sup>5</sup> <https://au.int/en/articles/operational-phase-african-continental-free-trade-area-launched> (accessed on 10 December 2019)

countries after the COVID-19 crisis. The pandemic has also presented an opportunity for African countries to build back better through the implementation of the AfCFTA Agreement.<sup>6</sup>

To support the implementation of the AfCFTA, the African Capacity Building Foundation (ACBF) through the Africa Think Tank Network (ATTN) is organizing the Seventh Africa Think Tank Summit. Initially planned for April 2020 in Dakar, Senegal, the 2020 Africa Think Tank Summit will be convened virtually under the theme ***“Implementing the African Continental Free Trade Area (AfCFTA) Agreement: Assessing country readiness and implications for capacity building”***.

## **2. Objectives and key issues**

The main objective of the 7<sup>th</sup> Africa Think Tank Summit is to provide a platform for African Think Tanks and other key stakeholders to engage in a high-level deliberation on the most effective ways of addressing the capacity challenges facing the implementation of the AfCFTA to accelerate its implementation and enhance country readiness in implementing and benefiting from the Agreement, especially in light of the COVID-19 pandemic. Specifically, the 7<sup>th</sup> Africa Think Tank Summit will provide an opportunity to:

- Examine the implications of the COVID-19 pandemic for making the AfCFTA a reality;
- Understand the determinants of country readiness in the implementation of the AfCFTA;
- Identify and examine key capacity challenges facing countries and other key institutions and state and non-state actors driving the AfCFTA and determine the most effective ways of addressing these institutional and human capacity challenges facing the implementation of AfCFTA;
- Understand the role of Think Tanks in addressing AfCFTA-related challenges and in supporting the implementation of the AfCFTA at country and regional levels; and
- Propose the partnerships and coordination mechanisms that will enhance the capacity development and overall effort in advancing country readiness in implementing and benefiting from AfCFTA.

To address the objectives of the Summit, critical issues affecting country readiness and the capacities required by key stakeholders will be explored to facilitate the implementation of the AfCFTA. Today, African countries are still searching for effective approaches to facilitate the implementation of the AfCFTA. State and non-state actors such as private sector, civil society, media, and development partners therefore have a critical role to play in supporting and/or complementing the efforts of policymakers. See Box 1 for a summary of some of the key issues.

### **Box 1. Some key issues in the implementation of the AfCFTA**

*Implementation capacity challenges.* Africa’s development performance is often associated with the poor capacity for implementation. A key concern raised is that the AfCFTA may follow several other Agreements that have not been effectively operationalized if implementation capacities in terms of the institutions required, leadership and human capital are not addressed. Indeed, African countries face significant implementation challenges and there are many examples of continental development policies in African countries still waiting to be implemented due to various capacity constraints including the lack of transformative leadership skills, institutional weaknesses, significant gaps in critical technical skills and inhibiting mindset.

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<sup>6</sup> Banga, K. J. Keane, M. Mendez-Parra, L. Pettinotti and Lily Sommer. 2020. Africa trade and Covid-19: The supply chain dimension. Working paper 586. African Trade Policy Centre (UNECA) and ODI.

*Country readiness, impact, and adjustments.* The delay in operationalizing the AfCFTA is explained partly by COVID-19 and the low level of readiness among member States. COVID-19 is seen as an opportunity to speed-up the implementation of the AfCFTA to facilitate and contribute to the recovery of African economies in a sustainable way by building back better. The AfCFTA can facilitate and support efforts to streamline trade flows in goods and services within African countries by promoting the development of regional and shorter supply chains, addressing trade barriers as well as channeling investments to increase productive capacity. However, the impact on countries are likely to be different whether they are small or big states, coastal or landlocked countries, countries in crisis/conflict or post-conflict situations. Varying degree of adjustments will therefore be required in terms of policy and AfCFTA capacity development strategy which will affect critical issues such as the extent to which countries are prepared to eliminate tariffs on 90 percent of their goods, impact on national economies, adjustments in resources required and implementation capacities in terms of institutional, human and transformative leadership.

*Stakeholder engagement and expectations.* The level of private sector participation and consultation is generally recognized as a recurring criticism of trade agreements, and the AfCFTA is no exception. The AfCFTA Draft Strategic Framework emphasizes that the process must be inclusive and involve “not only governments and Regional Economic Communities (RECs) but also other stakeholders such as the private sector, civil society, media, parliamentarians and development partners.” A key issue is whether the private sector including SMEs—the key implementation actors of the Agreement—fully appreciates the complexity of AfCFTA’s operationalization and implementation, the implications for capacity building and the need for a strategy to maximize the benefits of AfCFTA. The role of civil society, media, and development partners is critical in the implementation of AfCFTA.

*Trade facilitation issues.* Trade facilitation is critical to ensure the smooth movement of goods and services through streamlining and harmonizing of export and import processes. Building capacity in trade facilitation is vital in the realization of the AfCFTA’s objective of increasing intra-African trade flows. There is an urgent need to assess the readiness of African countries in terms of trade facilitation given the significant infrastructure deficit, cost of infrastructure, cumbersome systems and customs procedures affecting trade in the continent. For the implementation of the AfCFTA to be a success, trade facilitation to ease the movement of people and goods from country to country is a prerequisite – that means improving the soft as well as hard systems such as ICT, port capacity and efficiency, connecting roads, railway networks, and reducing the exorbitant transport costs within the continent.

*Increasing Intra-African trade.* Intra-Africa trade remains at 15.86% in 2018 which is significantly lower than 53.73% for developing economies in Asia. Study by ECA (2018) shows that AfCFTA will boost the value of intra-trade in Africa by 15% to 25% estimated to be about US\$50 billion to US\$70 billion by 2040, compared to a scenario with no AfCFTA.<sup>7</sup> However, significant value addition is required as African countries are predominantly exporters of similar raw materials, particularly minerals and agricultural products which are traded with the rest of the World. Given that the same supplies are found in other African countries, there is a need to address the limited levels of value addition and to diversify exports.

### **3. Proposed topics/guiding questions for discussion and format**

In keeping with the overall theme of “**Implementing the African Continental Free Trade Area (AfCFTA) Agreement: Assessing country readiness and the implications for capacity building**” and the Summit objectives, the following topics/issues and guiding questions are suggested for further exploration:

- (1) Understanding the Implications of the COVID-19 pandemic for making AfCFTA a reality.** The AfCFTA aims to promote trade in goods and services by allowing the free movement of persons and goods to promote and expand economic integration as guided by the African Union Agenda 2063. However, the COVID-19 has delayed the effective operationalization of the Agreement and

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<sup>7</sup> <https://www.uneca.org/stories/african-trade-agreement-catalyst-growth> (accessed on 1 October 2020)

the start of trading. What are the implications of COVID-19 for the AfCFTA (in terms of actual trade volumes within the continent; negotiations on tariff concessions; regional value chains; demand of raw materials and commodities, etc.)? How has COVID-19 affected the implementation of AfCFTA by African countries, key stakeholders, and continental institutions? What are the efforts being made to get the AfCFTA agenda back on track after the postponement of the trading date due to COVID-19?

- (2) Exploring the critical determinants of country readiness in implementing the AfCFTA.** Besides the COVID-19, the delay in operationalizing the AfCFTA is explained by the low level of readiness among member States. Country readiness ensures that priorities are defined and capacity needs for the effective implementation of the AfCFTA are understood. How is country readiness defined for implementing AfCFTA?? To what extent are countries ready for the AfCFTA launch in January 2021? What remains as the sticky areas in terms of readiness and what could be done to cover any gaps that still exist which could stall the process? What has been the experiences in countries in ensuring their readiness for the implementation of AfCFTA? What are the existing good practices and lessons learned from countries? What support is needed by countries and which areas to ensure that they ready to operationalize the AfCFTA?
- (3) Identifying key capacity issues facing the implementation of the AfCFTA at the continental and country levels (perspectives from government, private sector and CSO).** Some of the key issues usually identified as compromising the effective and successful implementation of the AfCFTA include inadequate or lack of country capacity development strategy, inadequate implementation capacity of the private sector due to low level of engagement, inadequate trade facilitation, low capacity for implementation, etc. However, it is important to capture the views of the actual stakeholders. What are they capacity challenges faced by governments in implementing the AfCFTA at the continental and country levels? What are the key capacity challenges identified by the private sector (including SMEs)? What are the capacity issues faced by CSOs and other stakeholders? What are the priority capacity needs of key stakeholders (government, private sector and CSO)?
- (4) Building the capacity of frontline state actors and institutions to effectively drive the implementation of the AfCFTA.** The success of the AfCFTA and its effective implementation depends on the capacity of frontline state actors and institutions. How do you build the capacities of frontline state actors and institutions? What are the immediate priority capacity needs of frontline state actors and institutions? What resources and type of support are needed for frontline state actors and institutions?
- (5) Building the capacity of SMEs as a driving force for success in the implementation of the AfCFTA.** The COVID-19 pandemic has led to a reduced economic activity by SMEs which has increased income losses, lowered disposable income for consumers either as employers or employees of SMEs. Given the significant role of SMEs as the main source of economic growth in Africa and in the implementation of AfCFTA, there is need to ensure that the institutional, human, and transformative leadership capacities are built for SMEs to contribute in implementing the AfCFTA. What are the capacities needed by SMEs to contribute to the implementation of the AfCFTA? How do you strengthen the capacities of SMEs to better support the implementation of the AfCFTA? How do you ensure that SMEs play their role effectively as the driving force for the successful implementation of the AfCFTA?

- (6) The role of Think Tanks in supporting the implementation of the AfCFTA.** Think tanks, given their mandate and role, could make a significant contribution in providing solutions to some of the issues identified and to support the implementation of the AfCFTA. How can think tanks inform public debate on the AfCFTA through knowledge production, sharing and advocacy? What kind of knowledge can think tanks generate on the AfCFTA? What role can think tanks play in supporting in key stakeholders (government, private sector, SMEs, CSO) to demonstrate results and to accelerate the implementation of the AfCFTA?
- (7) Acting in establishing partnerships and coordination mechanisms to enhance country readiness.** Various approaches have been explored to improve the implementation landscape for the AfCFTA in Africa including the need for implementation capacity, building capacity to inform policy through better data collection, monitoring and evaluation. What coordination mechanisms are required to enhance country readiness? What kind of partnerships can be harnessed from the Summit to support AfCFTA and strengthen implementation capacities? What is the way forward in creating a capacity building program for African countries to successfully implement the AfCFTA? What immediate actions should be taken?

The Summit is intended to maximize interaction between participants to allow for deeper exploration of issues, sharing of knowledge and experiences by key stakeholders through:

- *Keynote addresses.* Keynote presentations by leading experts and decision-makers will be delivered to address critical dimensions of the Summit's objectives.
- *Panel discussions.* Plenary panel sessions will explore specific topics in key thematic areas designed to address various Summit's objectives.

Through keynote presentations and panel discussions as well as interactions with participants, the Summit will:

- (1) Provide deeper insights on the impact of CoVID-19 on country readiness for the implementation of AfCFTA, and its implications for all key stakeholders
- (2) Explore the key capacity challenges faced by African countries at the country and continental levels, focusing on key stakeholders (government, private sector, SMEs, CSOs), AfCFTA front-line implementation actors and institutions and how to address the capacity gaps
- (3) Advocate for a coordinated continent-wide movement and platform with a clearly defined research agenda for think tanks to support the implementation of the AfCFTA within the frameworks of AU Agenda 2063 and the Sustainable Development Goals (SDGs) 2030.
- (4) Offer recommendations on the type of partnerships and co-ordination mechanisms required to support capacity development for a successful implementation of the AfCFTA.

#### **4. Expected outputs and outcomes**

The outputs expected from the Summit comprise the following:

- (1) Summit Communique
- (2) Report of the Summit
- (3) Summit Newsletter

The 7<sup>th</sup> Africa Think Tank Summit is expected to generate the following outcomes:

- (1) Implications of the COVID-19 pandemic for making the AfCFTA a reality understood to ensure that priority actions are identified to mitigate its impact;
- (2) Determinants of country readiness in the implementation of the AfCFTA understood to inform capacity development priorities and actions to speed up readiness;
- (3) Key capacity challenges facing countries and other key institutions and state and non-state actors (private sector, SMEs, CSOs) driving the AfCFTA identified with an action plan for addressing the institutional, human and transformative leadership capacity challenges of key stakeholders facing the implementation of AfCFTA proposed;
- (4) The role of Think Tanks in addressing AfCFTA-related capacity challenges and in supporting the implementation of the AfCFTA at country and regional levels identified with priority actions required to support the implementation process; and
- (5) Required partnerships and coordination mechanisms proposed to support the capacity development programme and overall effort in advancing country readiness in implementing AfCFTA to ensure that African countries benefit from it.

ACBF will work with its partners to deliver on the Summit and post-Summit outputs and outcomes.

## 5. Venue and date

The 7<sup>th</sup> Africa Think Tank Summit is planned for 18 and 19 November 2020. The Virtual Summit will be hosted by ACBF under the Africa Think Tank Network.

## 6. Target audience

The Summit will provide a forum for representatives of more than 100 African think tanks and offer them the opportunity for peer-to-peer exchange of practices and lessons. The Summit is also a platform for the think tank community and stakeholders to interact with development partners, government officials, private sector and non-state actors in general to brainstorm on innovative ideas and strategies to support the implementation of the AfCFTA for Africa's socio-economic transformation.

## 7. Contacts

Questions related the organization of the 7<sup>th</sup> Africa Think Tank Summit should be directed to the following contacts:

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## DRAFT AGENDA

DAY 1 [09:00 - 14:00 GMT] [11:00 – 16:00 Harare time]

### Master of Ceremony

**09:05 to 09:25 GMT – Opening Session (20 mins)**

**09:25 to 10:25 GMT – Session 1 – Understanding the Implications of the COVID-19 pandemic for making AfCFTA a reality (60 mins)**

*The AfCFTA aims to promote trade in goods and services by allowing the free movement of persons and goods to promote and expand economic integration as guided by the African Union Agenda 2063. However, the COVID-19 has delayed the effective operationalization of the Agreement and the start of trading. What are the implications of COVID-19 for the AfCFTA (in terms of actual trade volumes within the continent; negotiations on tariff concessions; regional value chains; demand of raw materials and commodities, etc.)? How has COVID-19 affected the implementation of AfCFTA by African countries, key stakeholders, and continental institutions? What are the efforts being made to get the AfCFTA agenda back on track after the postponement of the trading date due to COVID-19?*

### Panel discussion (Speakers and Moderator)

#### Interactions with participants

**10:25 to 11:25 GMT – Session 2 – Exploring the critical determinants of country readiness in implementing the AfCFTA (60 mins)**

*Besides the COVID-19, the delay in operationalizing the AfCFTA is explained by the low level of readiness among member States. Country readiness ensures that priorities are defined and capacity needs for the effective implementation of the AfCFTA are understood. How is country readiness defined for implementing AfCFTA? To what extent are countries ready for the AfCFTA launch in January 2021? What remains as the sticky areas in terms of readiness and what could be done to cover any gaps that still exist which could stall the process? What has been the experiences in countries in ensuring their readiness for the implementation of AfCFTA? What are the existing good practices and lessons learned from countries? What support is needed by countries and which areas to ensure that they ready to operationalize the AfCFTA?*

### Panel discussion (Speakers and Moderator)

#### Interactions with participants

**11:25 to 11:40 GMT – Health break – virtual display of work of think tanks (15 mins)**

**11:40 to 12:40 GMT – Session 3 – Identifying key capacity issues facing the implementation of the AfCFTA at the continental and country levels (perspectives from government, private sector and CSO) (60 mins)**

*Some of the key issues usually identified as compromising the effective and successful implementation of the AfCFTA include inadequate or lack of country capacity development strategy, inadequate implementation capacity of the private sector due to low level of engagement, inadequate trade facilitation, low capacity for implementation, etc. However, it is important to capture the understanding of the actual stakeholders on what they view as the key capacity challenges they are facing in the implementation of the AfCFTA. What are they capacity challenges faced by governments in implementing the AfCFTA at the continental and country levels? What are the key capacity challenges identified by the private sector (including SMEs)? What are the capacity issues faced by CSOs and other stakeholders? What are the priority capacity needs of key stakeholders (government, private sector and CSO)?*

## **Panel discussion (Speakers and Moderator)**

### **Interactions with participants**

#### **12:40 to 13:40 GMT – Session 4 – Building the capacity of frontline state actors and institutions to effectively drive the implementation of the AfCFTA (60 mins)**

*The success of the AfCFTA and its effective implementation depends on the capacity of frontline state actors and institutions. What are the immediate priority capacity needs of frontline state actors and institutions? How do you build the capacities of frontline state actors and institutions? What resources and type of support are needed for frontline state actors and institutions?*

## **Panel discussion (Speakers and Moderator)**

### **Interactions with participants**

#### **End of Day 1**

#### **DAY 2 [09:00 14:00 GMT] [11:00 – 16:00 Harare time]**

#### **Recap of Day 1**

#### **09:05 to 10:05 GMT – Session 5 – Building the capacity of SMEs as a driving force for success in the implementation of the AfCFTA (60 mins)**

*The COVID-19 pandemic has led to a reduced economic activity by SMEs which has increased income losses, lowered disposable income for consumers either as employers or employees of SMEs. Given the significant role of SMEs as the main source of economic growth in Africa and in the implementation of AfCFTA, there is need to ensure that the institutional, human, and transformative leadership capacities are built for SMEs to contribute in implementing the AfCFTA. What are the capacities needed by SMEs to contribute to the implementation of the AfCFTA? How do you strengthen the capacities of SMEs to better support the implementation of the AfCFTA? How do you ensure that SMEs play their role effectively as the driving force for the successful implementation of the AfCFTA?*

## **Panel discussion (Speakers and Moderator)**

### **Interactions with participants**

#### **10:05 to 11:05 GMT – Session 6 – The role of Think Tanks in supporting the implementation of the AfCFTA (60 mins)**

*Think tanks, given their mandate and role, could make a significant contribution in providing solutions to some of the issues identified and to support the implementation of the AfCFTA. How can think tanks inform public debate on the AfCFTA through knowledge production, sharing and advocacy? What kind of knowledge can think tanks generate on the AfCFTA? What role can think tanks play in supporting in key stakeholders (government, private sector, SMEs, CSO) to demonstrate results and to accelerate the implementation of the AfCFTA?*

## **Panel discussion (Speakers and Moderator)**

### **Interactions with participants**

#### **11:05 to 11:20 GMT – Health break – virtual display of the work of selected think tanks (15 mins)**

**11:20 to 12:20 GMT – Session 7 –Establishing partnerships and coordination mechanisms to enhance country readiness (60 mins)**

*Various approaches have been explored to improve the implementation landscape for the AfCFTA in Africa including the need for implementation capacity, building capacity to inform policy through better data collection, monitoring and evaluation. What coordination mechanisms are required to enhance country readiness? What kind of partnerships can be harnessed from the Summit to support AfCFTA and strengthen implementation capacities? What is the way forward in creating a capacity building program for African countries to successfully implement the AfCFTA? What immediate actions should be taken?*

**Panel discussions (Speakers and Moderator)**

**Interactions with participants**

**12:30 to 12:50 GMT – Closing Session (20 mins)**

**Key messages (communiqué):**

**Closing Remarks**

**12:50 to 13:20 GMT – Post-Summit Virtual Press Conference (30mins)**