



United Nations  
Economic Commission for Africa



## **SURVEY REPORT**

Perception of the East  
African Community private  
sector on the African  
Continental Free Trade Area







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## Executive summary

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Three years after its signing, AfCFTA is expected to connect 1.3 billion people across 55 countries with a combined gross domestic product valued at US\$3.4 trillion. The successful implementation is dependent on putting in place significant policy reforms and trade facilitation measures.

As with any other preferential trade agreement, AfCFTA should achieve the objectives agreed upon. Importers, exporters, investors and service providers must be able to trade under improved conditions and better rules, so that consumers and Governments can benefit. Without the prospect of real benefits, the private sector will not invest in new cross-border commercial ventures, hence their importance in being at the centre, driving its implementation agenda.

This report documents the main findings of a survey undertaken on the EAC private sector on how it perceives the opportunities, constraints and policy reforms needed to maximize the benefits of AfCFTA. Among the findings, an important share of respondents to the survey reported low awareness of AfCFTA, status of implementation, its benefits, as well as the level of political will. Findings

also show that there is slow intra-Africa trade, with a high dependence on Asian and European markets. On the contrary, respondents manifest a willingness to invest in the rest of the African regions but are limited by various unharmonized fiscal and regulatory policies that would lead to slow implementation of the Agreement Establishing the African Continental Free Trade Area. Furthermore, it is worth noting from the findings that, due to the outbreak of COVID-19, the private sector in the EAC region has been adversely affected, thereby leading to low interconnectivity with the rest of the continental trade and investment counterparts between EAC and the rest of the world.

To effectively tap into the opportunities, the majority of respondents are of the view that there is a need to roll out sensitization campaigns of AfCFTA to the private sector. Other recommendations include fast-tracking the negotiations of the remaining phases, harmonizing trade policies and regulations, devising an efficient and enforceable dispute settlement mechanism, strong political will, capacity-building for business membership organizations, and improving transport and logistics infrastructure.

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## Abbreviations

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AfCFTA	African Continental Free Trade Area
EAC	East African Community
ECA	Economic Commission for Africa
NTB	non-tariff barrier



## Introduction

The Agreement Establishing the African Continental Free Trade Area is a huge milestone for regional integration. It aims to create a liberalized single market for goods and services for deeper economic integration of the African continent, in accordance with the 1991 Treaty Establishing the African Economic Community (Abuja Treaty), which provided the vision on eventually establishing the African Economic Community.

The general objectives of the Agreement as set out in Article 3 are:

- (a) Creation of a single market for goods and services, facilitating the free movement of persons for deeper economic integration of the African continent, in accordance with the vision of Agenda 2063: The Africa We Want, of the African Union;
- (b) Creation of a liberalized market for goods and services through successive rounds of negotiations;
- (c) Contribution to the movement of capital and natural persons, and facilitation of investments, building on the initiatives and developments in the State parties and the regional economic communities;
- (d) Laying the foundation for the establishment of a continental customs union;
- (e) Promotion and attainment of sustainable and inclusive socioeconomic development, gender equality and structural transformation of the State parties.

Similarly, the Agreement provides for a framework of implementing trade facilitation measures and resolving non-tariff barriers (NTBs), which will serve as an incentive for increased private sector investments.

The Agreement Establishing the African Continental Free Trade Area entered into force on 30 May 2019, a month after the ratification threshold of 22 countries was met. This is in line with Article 23 of the Agreement, which guides the entry into force after the 22nd instrument of ratification is deposited with the Chairperson of the African Union Commission – the designated depositary for this purpose. The operational phase of AfCFTA was launched at the Assembly of Heads of State and Government of the African Union at its twelfth extraordinary session, held in Niamey on 7 July 2019, while its implementation began on 1 January

2021. As of 15 January 2021, 35 countries had deposited their instruments of ratification, while 36 countries had complied with the domestic requirements for ratification. However, in EAC, Burundi, South Sudan and the United Republic of Tanzania had yet to ratify the Agreement.

The Agreement Establishing the African Continental Free Trade Area is a framework agreement, covering trade in goods and services, investment, dispute resolution, intellectual property rights, competition policy and e-commerce. The protocols on trade in goods, trade in services, and on rules and procedures on the settlement of disputes are currently being negotiated in phase one. Similarly, phase two of the negotiations will cover investment, competition and intellectual property, while e-commerce will be covered in phase three of the negotiations.

# II

## Overview of the survey

The successful implementation of AfCFTA is about achieving the objectives agreed upon. In this case, it is about ensuring active private sector participation in terms of realizing the benefits. Importers, exporters, investors and service providers must be able to trade under improved conditions and better rules, so that consumers, Governments and the private sector itself will benefit. Without the prospect of real benefits, the private sector will not invest in new cross-border commercial ventures: hence, their importance in being at the centre, driving the agenda.

In light of this, the survey had the objective of consulting the EAC private sector to get its perception on the level of awareness, opportunities, constraints and critical reforms needed to maximize the benefits of AfCFTA to ensure its inclusivity in the EAC AfCFTA implementation strategy, action plan and road map.

This was done through:

- (a) An online survey of key importing and exporting firms;
- (b) A series of structured interviews with key private sector stakeholders.

The consultations were centred around:

- (a) **Awareness of AfCFTA** – whether the private sector knows AfCFTA and how it can be leveraged to grow its businesses/investments;
- (b) **Costs, benefits, challenges and risks of AfCFTA** – whether AfCFTA presents opportunities and risks for some businesses in the region;
- (c) **Stakeholder engagement** – whether the private sector has been consulted on current and future negotiations, and the need of having a structured mechanism for engagement;

- (d) **Political will** – how the business community assesses the level of political will required to drive AfCFTA implementation;
- (e) **Required reforms** – those that are necessary for the private sector to realize the benefits of AfCFTA;
- (f) **Role of the private sector** – the role the private sector envisages to play in ensuring the materialization of the foreseen benefits.

The survey was conducted during the months of November and December 2020, and involved a diverse representation of the private sector across all the EAC partner States (Burundi, Kenya,

Rwanda, South Sudan, Uganda and the United Republic of Tanzania). This involved about 264 respondents for the online survey, while 25 stakeholders were consulted during the structured interviews. Throughout the consultations, the views of both large and small businesses were included, with special emphasis given to women and youth in business. The consultations were mostly conducted virtually, with a few in-person consultations. In all this, COVID-19 mitigation measures were adhered to throughout the consultation period, as per the standard operating procedures issued in each EAC partner State. Similarly, the consultations involved the use of French and Swahili to ensure that the responses were captured accurately, as per the respondent's official language.

# III

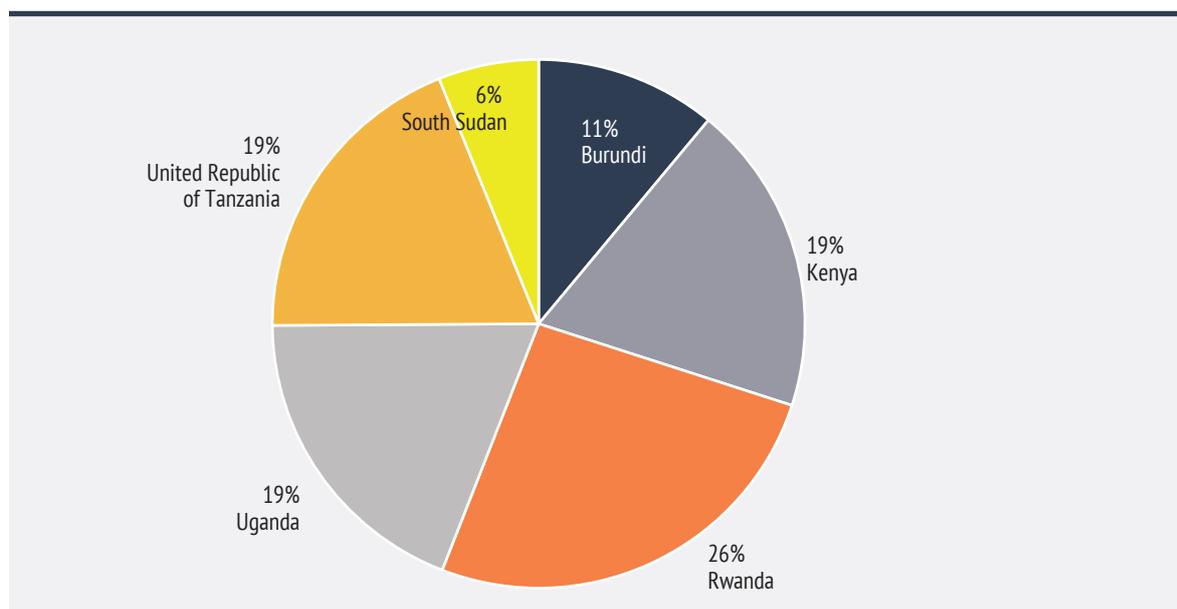
## Profile and distribution of the survey respondents

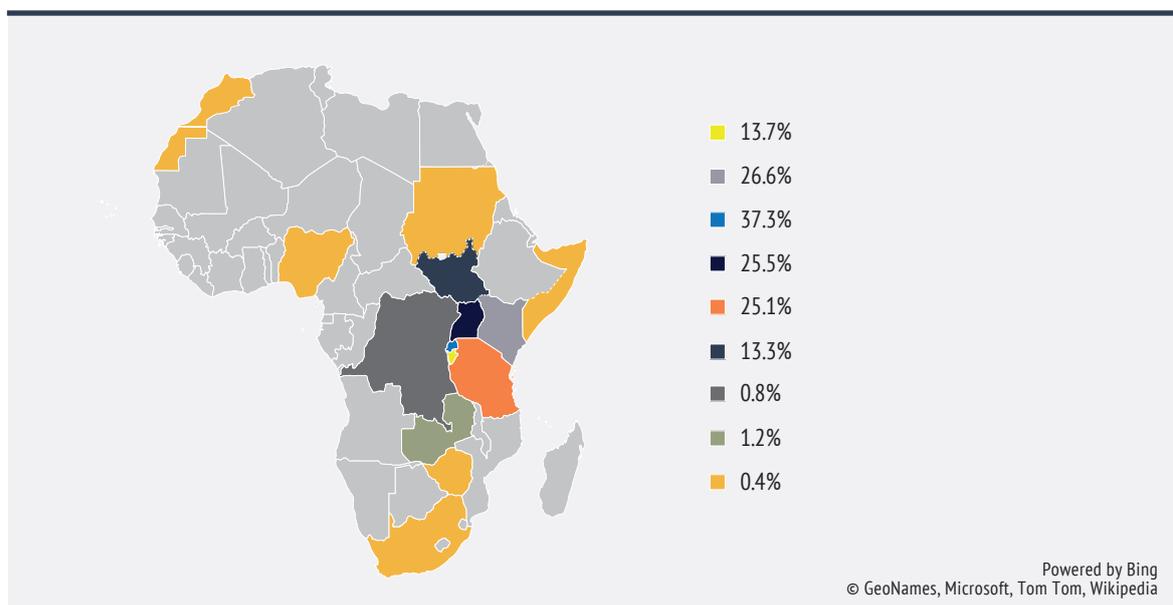
The survey targeted about 235 respondents but, upon completion, about 264 responses had been received. Of these, 11 per cent were from Burundi, 19 per cent from Kenya, 25.9 per cent from Rwanda, 6.1 per cent from South Sudan, 19 per cent from Uganda and 19 per cent from the United Republic of Tanzania. The

criteria used in this case were the companies' physical location/headquarters.

In terms of presence in the African continent, 96 per cent of the businesses are only situated within the EAC, with a few of them having presence in Southern and Central Africa. The specific countries in-

**Figure 1: Companies' headquarters in EAC region**



**Figure 2: Business presence in the African continent**

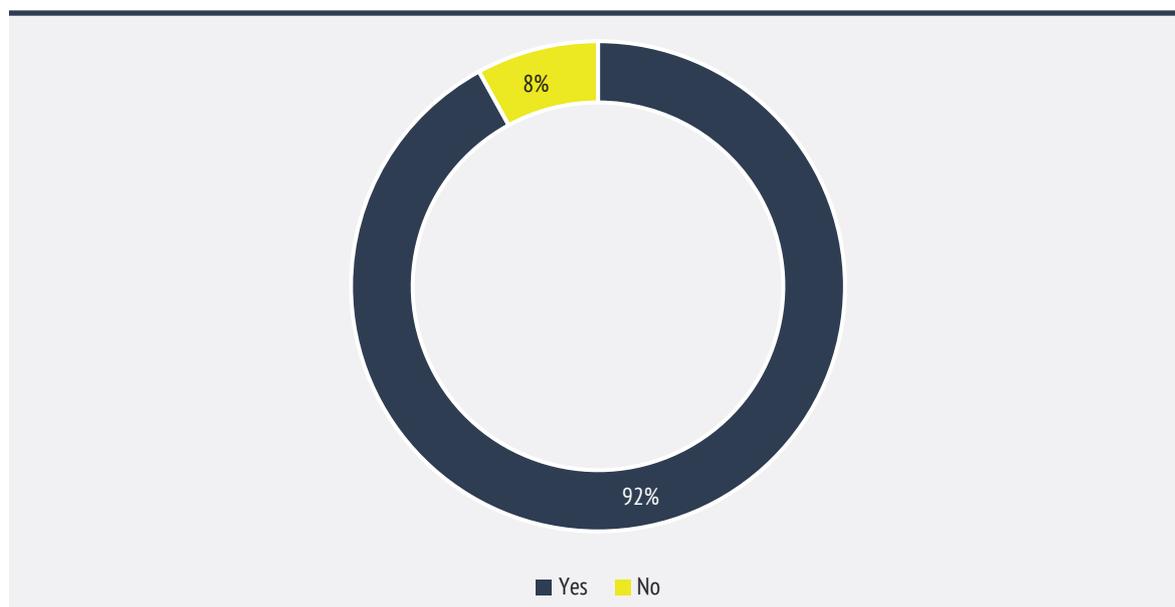
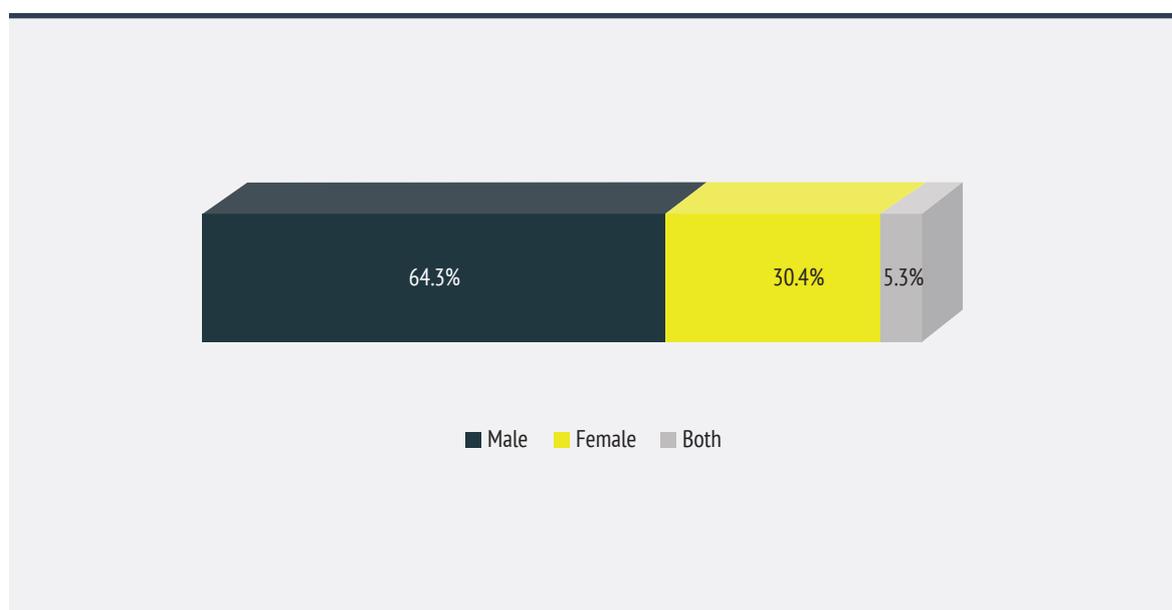
*The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations. Final boundary between the Republic of Sudan and the Republic of South Sudan has not yet been determined.*

clude the Democratic Republic of the Congo, Zambia, the Sudan, South Africa, Zimbabwe, Somalia, Nigeria and Morocco. This was also seen during the interview consultations, where most of the businesses only have presence in other EAC partner States. However, they indicated that they were currently serving the Central and Southern African markets through dealers and other partnerships. Similarly, 90 per cent of the respondents from the structured interviews showed willingness to establish presence in Central and Southern Africa, while the West African region was considered a potential source of inputs.

In terms of having presence outside the African continent, only 8 per cent had

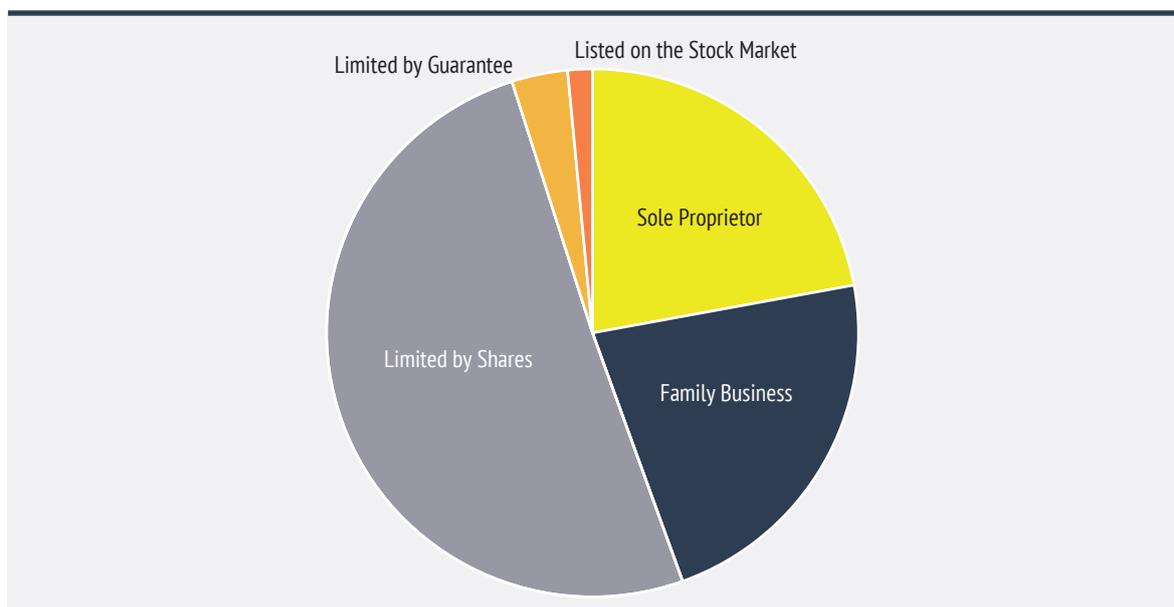
business establishments beyond the continent, with most of these being from Europe, the Middle East, the United States of America, Canada and India. The majority of the establishments (92 per cent) were located within the African continent.

Looking at the gender of the business owner or the chief executive officers, about 64.3 per cent of them were headed by males, 30.4 per cent by females and about 5.3 per cent by both. The representation of “both” means that the companies, especially micro and small companies, did not have corporate governance structure, thus the business owners were at the same time the heads of the companies.

**Figure 3:** Business presence outside the African continent**Figure 4:** Gender of the business owner/chief executive officer/managing director

Regarding the nature of the company shareholding, 50.6 per cent were limited by shares, 22.4 per cent were family businesses, 22.1 per cent were proprietor-

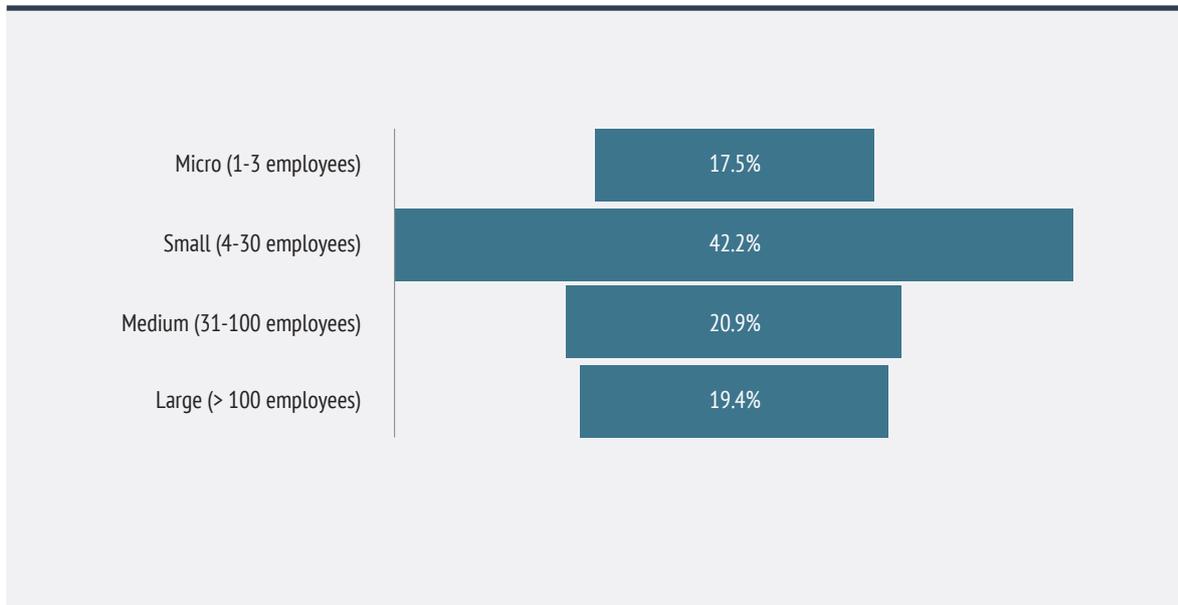
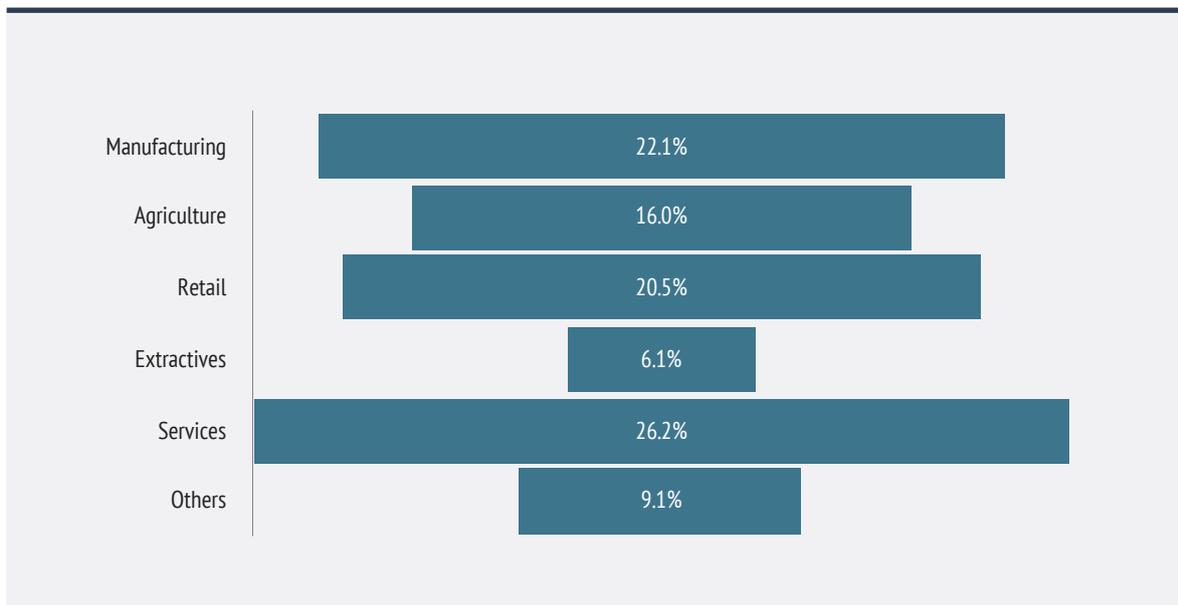
ships, 3.4 per cent were limited by guarantee, while only 1.5 per cent were listed on the stock market.

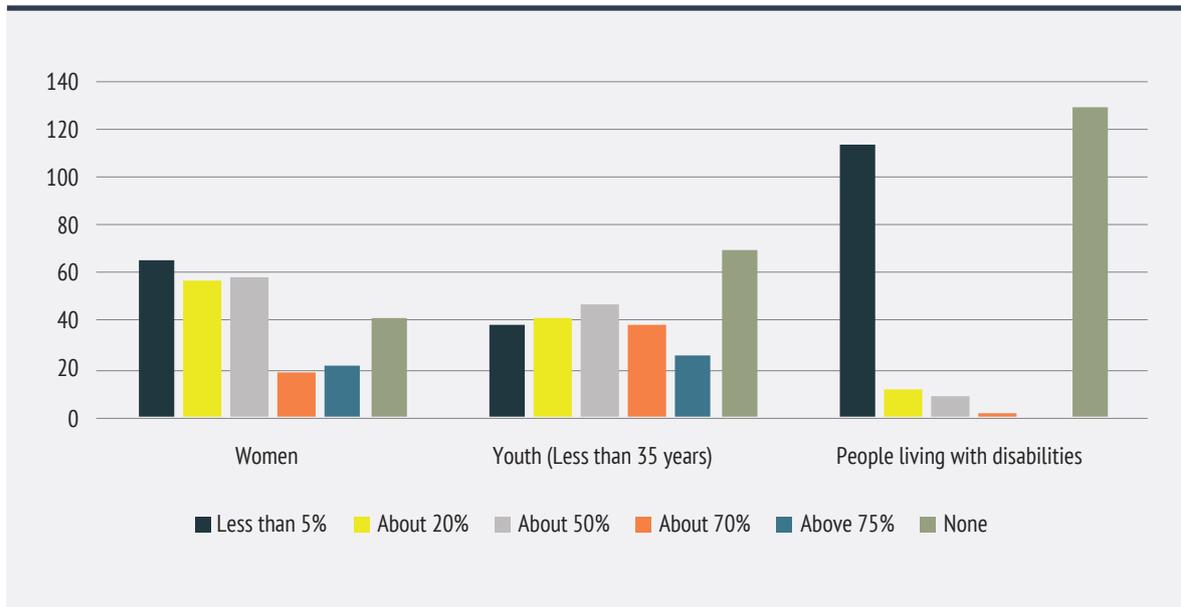
**Figure 5: Nature of company shareholding**

Regarding the size of the surveyed businesses, the targeted respondents were businesses that were currently involved in cross-border trade or those likely to trade in AfCFTA. The categorization of the size in terms of employment classified the businesses as micro (1–3 employees), small (4–30 employees), medium (31–100 employees) and large (more than 100 employees). Following this, findings show that 17.5 per cent were micro, 42.2 per cent were small, 20.9 per cent were medium and only 19.4 per cent were large. This is expected, given that the EAC economies were currently dominated by micro-, small and medium-sized enterprises, which contribute significantly to their gross domestic products.

In terms of sectoral representation, 26.2 per cent of the businesses were engaged in services; 20.5 per cent in retail; 22.1 per cent in manufacturing; 16 per cent in agriculture, livestock and fishery; and 6.1 per cent in extractives.

Looking at the inclusivity of minority groups in the companies' decision, findings show that 48.86 per cent of the respondents had no person of disability in the company's decision-making level, while 43.18 per cent had less than 5 per cent representation. Youth were slightly represented, with about 17.8 per cent of businesses having above 50 per cent of youth in the decision-making level. Findings also show that 37.5 per cent of the businesses had more than 50 per cent women on their boards of directors.

**Figure 6: Size of the business****Figure 7: Sector of the business**

**Figure 8:** Percentage composition of minority groups on the board of directors

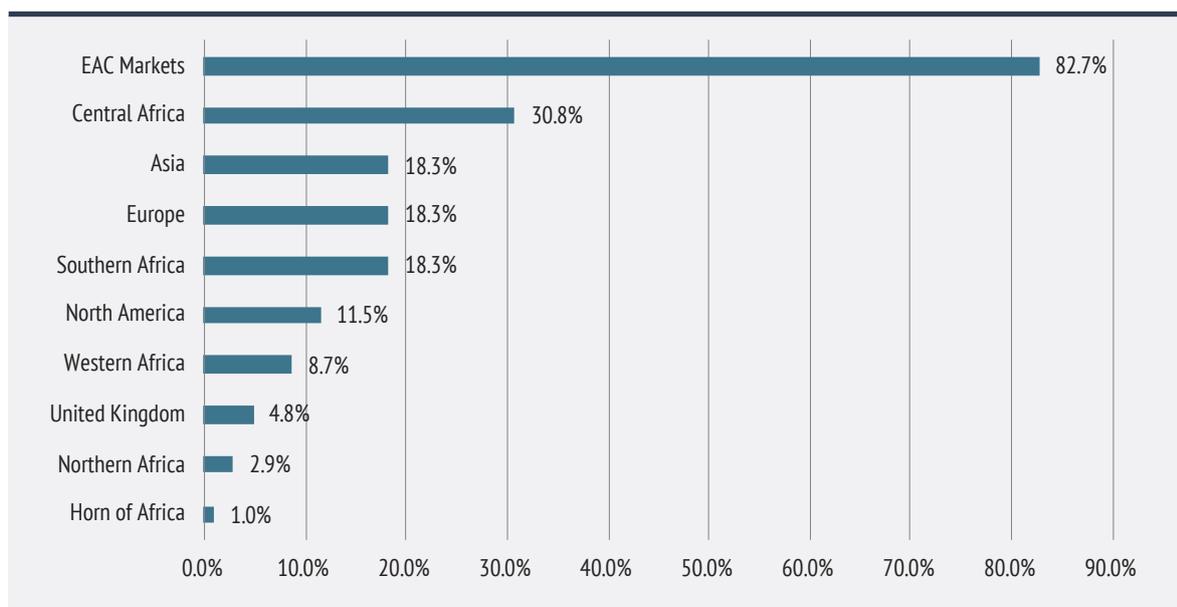
# IV

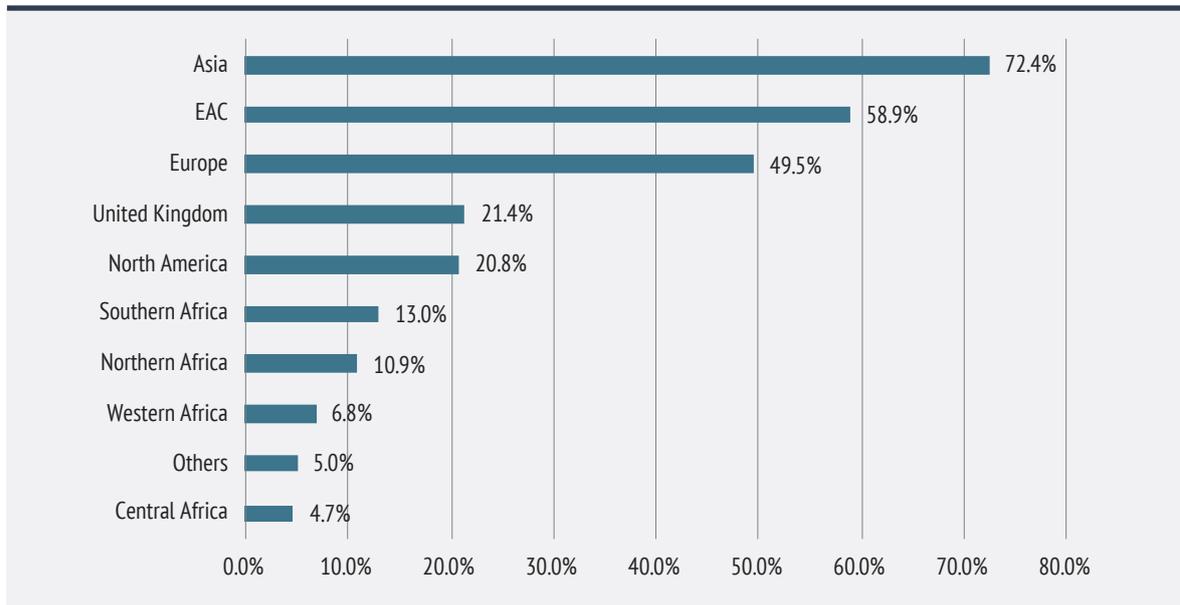
## Trade characteristics of the survey respondents

Looking at the history of trade, only 39.5 per cent of the companies had exported before, while 73 per cent of the businesses had imported before. A total of 82.7 per cent of the exports went to EAC markets, 18.3 per cent to Asia, 18.3 per cent

to Europe, 18.3 per cent to Southern Africa and 30.8 per cent to Central Africa. In terms of imports, 72.4 per cent came from Asia, followed by EAC, Europe, the United Kingdom and Southern Africa.

**Figure 9: Export markets**



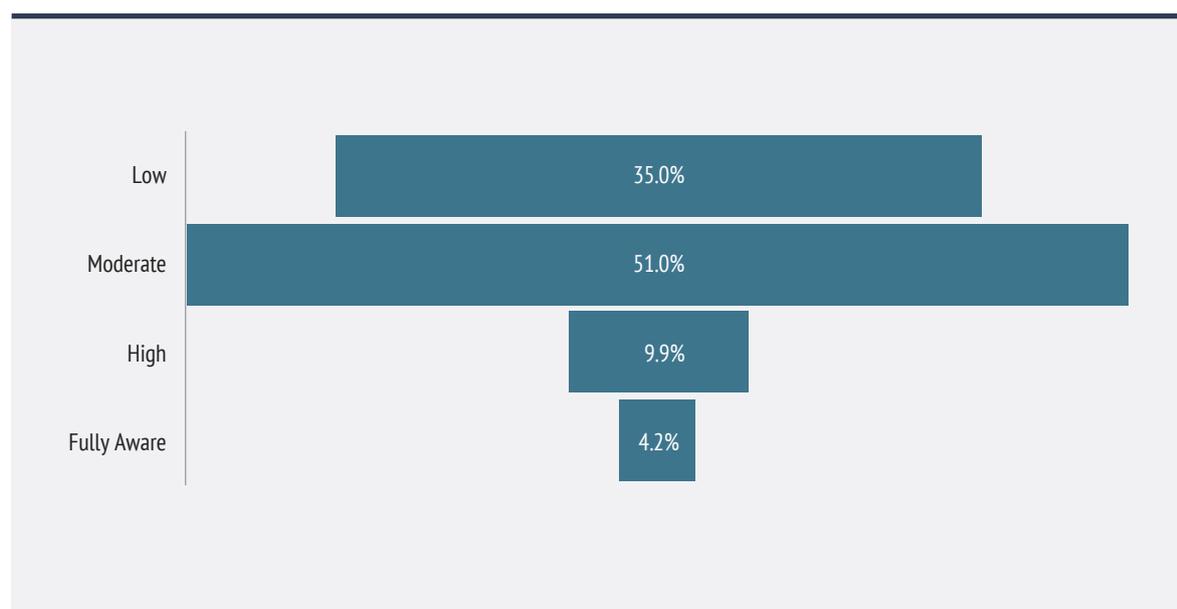
**Figure 10: Import markets**

## Awareness of the African Continental Free Trade Area and its benefits

In terms of the level of awareness of AfCFTA, 51 per cent of the respondents were moderately aware, while 35 per cent had a low level of awareness. When exploring it further during the interviews, it was seen that most of the respondents

had just a basic knowledge of AfCFTA in terms of its signing and the number of ratifications, with little knowledge on the protocols and potential benefits of the Agreement Establishing the African Continental Free Trade Area.

**Figure 11:** Level of awareness of the African Continental Free Trade Area



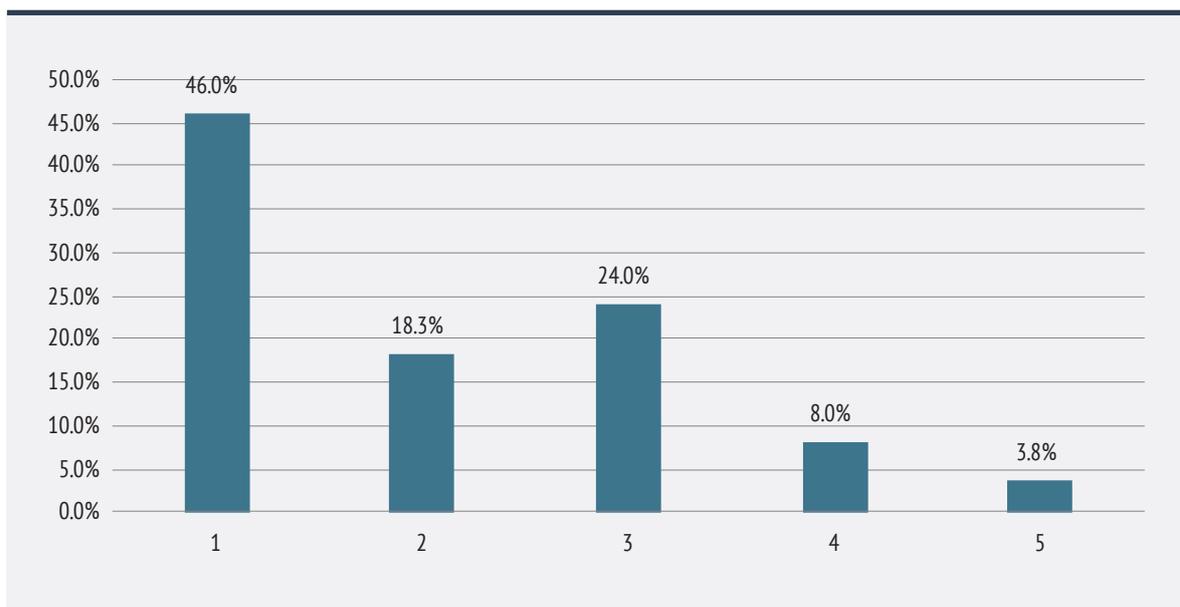
Regarding the involvement of the private sector in the negotiations and/or developments of the national implementation strategies, only 30 per cent of the respondents were actively involved. This was also evident during the interviews, where most of the respondents had little to no knowledge about the ongoing negotiations and consultations on the national implementation strategies.

More than half of the respondents had low access to relevant information on AfCFTA, while only 3.8 per cent of them had high access to relevant information. Exploring this further during the interviews, it was seen that most respondents were updated on the AfCFTA developments through media outlets, with no relevant sites/places to cite as areas to get relevant AfCFTA information.

Exploring the awareness of AfCFTA opportunities, the most cited one from the survey was increased markets, by 81.7 per cent of the respondents. Other opportunities were reduced costs of doing business, increased economies of scale and trading with third parties.

Exploring further the benefits of AfCFTA, the survey prompted the respondents as to whether the implementation of the Agreement will promote the development of value chains across the continent. A total of 87.5 per cent of the respondents agreed with the statement, while 12.5 per cent did not. Among those who agreed, 43 per cent had already identified value chains that would be beneficial to their businesses. The identified value chains included dry food value chains, coffee, maize, frozen food, original equipment

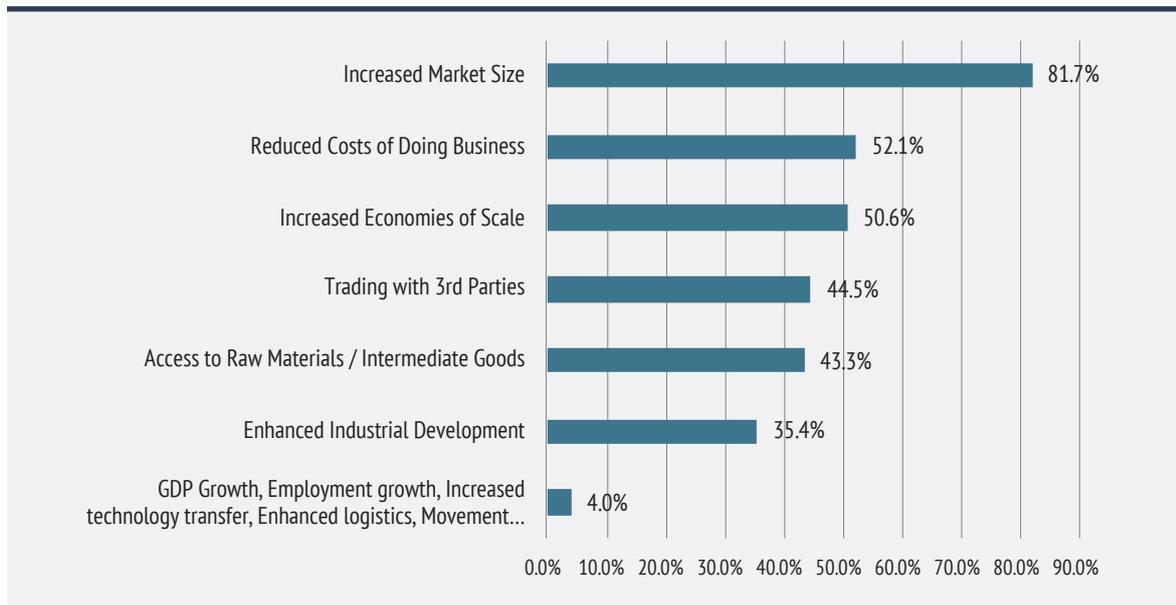
**Figure 12:** Access to relevant AfCFTA information



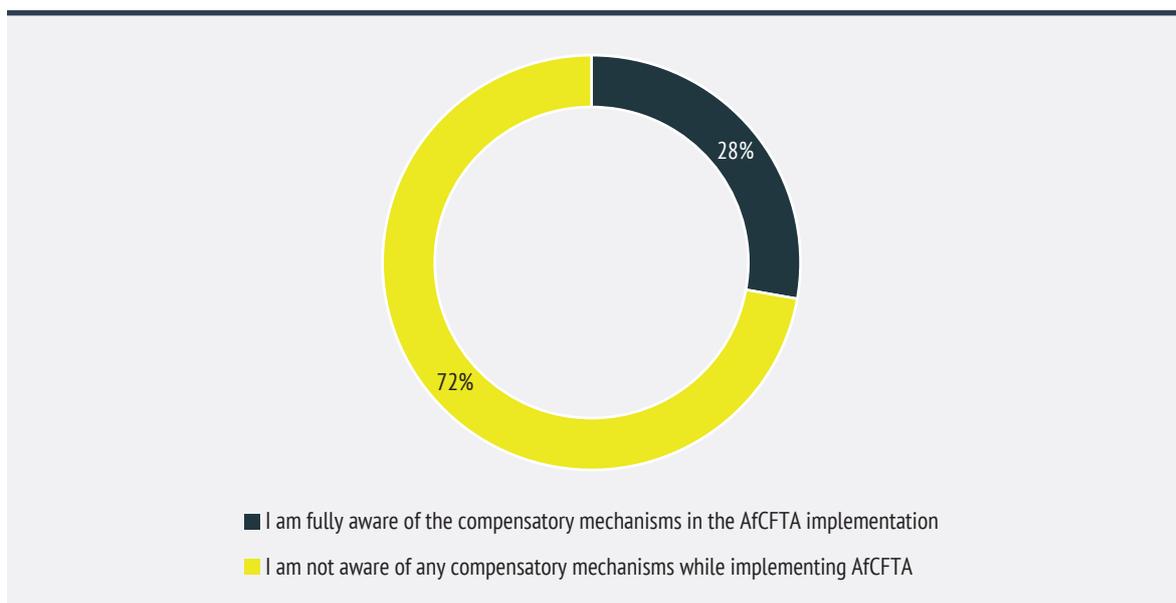
manufacturing and assembly, horticulture, aquaculture, meat processing, plastic, and inbound and outbound transport.

When the private sector respondents were asked about their awareness of the compensatory mechanisms in AfCFTA implementation, 72.2 per cent replied that they were not aware of the compensatory mechanisms.

**Figure 13:** Awareness of AfCFTA opportunities



**Figure 14:** Awareness of the compensatory mechanisms



When asked about the extent to which they were aware of the operational instruments of AfCFTA – specifically the NTB mechanism, pan-African payments system and the African Trade Observatory in the context of their business establishments – 49 per cent were not aware of the NTB mechanism, 54 per cent were not aware of the pan-African payments system, while 57 per cent were not fully aware of the African Trade Observatory.

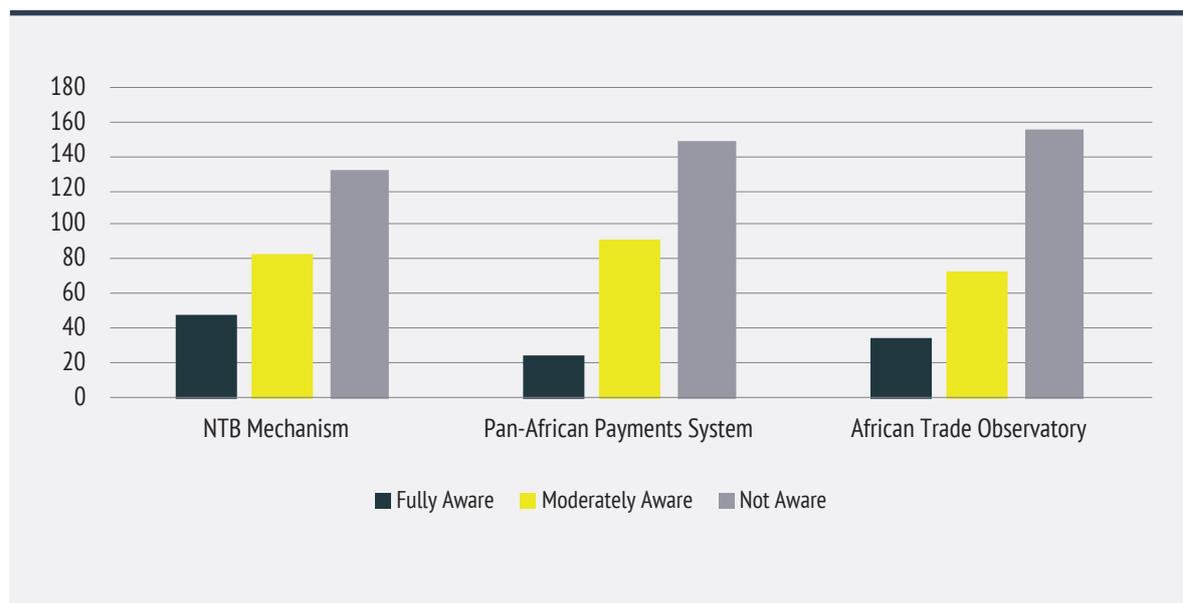
These differences can be explained by the level of sensitization on AfCFTA. In some EAC partner States, such as Rwanda and Kenya, several campaigns had been conducted and information had been made available to the business community on the benefits of AfCFTA and on how the private sector should position itself to benefit from the free trade agreement once in force. These initiatives had been conducted either by the Government,

the private sector, or both. In contrast, absence of such information was established to be the case and a continuous point of concern in other partner States.

Another major concern relates to low direct participation of the private sector in the negotiation process. Some respondents were of the view that the Governments, as well as the private sector apex bodies, could do more to raise awareness on AfCFTA opportunities, and provide information and assistance. Respondents to the survey noted that getting in touch with negotiators was a major challenge.

Similarly, the survey sought to establish whether the private sector in the EAC region was aware of the benefits of e-commerce as an enabler of business, and whether it was currently using e-commerce in its businesses. This was to assess its level of adoption generally, and

**Figure 15:** Awareness of AfCFTA operational instruments



in light of the COVID-19 pandemic. In terms of whether e-commerce was beneficial to their businesses, 92 per cent of respondents believed so, while 8 per cent did not. Looking at the level of adoption, 34.2 per cent were not using e-commerce in their businesses, while 65.8 per cent were. In light of COVID-19, 29.7 per cent started using e-commerce during the outbreak of COVID-19 and 40.7 per cent of the respondents had registered increases in the use of e-commerce during the pandemic.

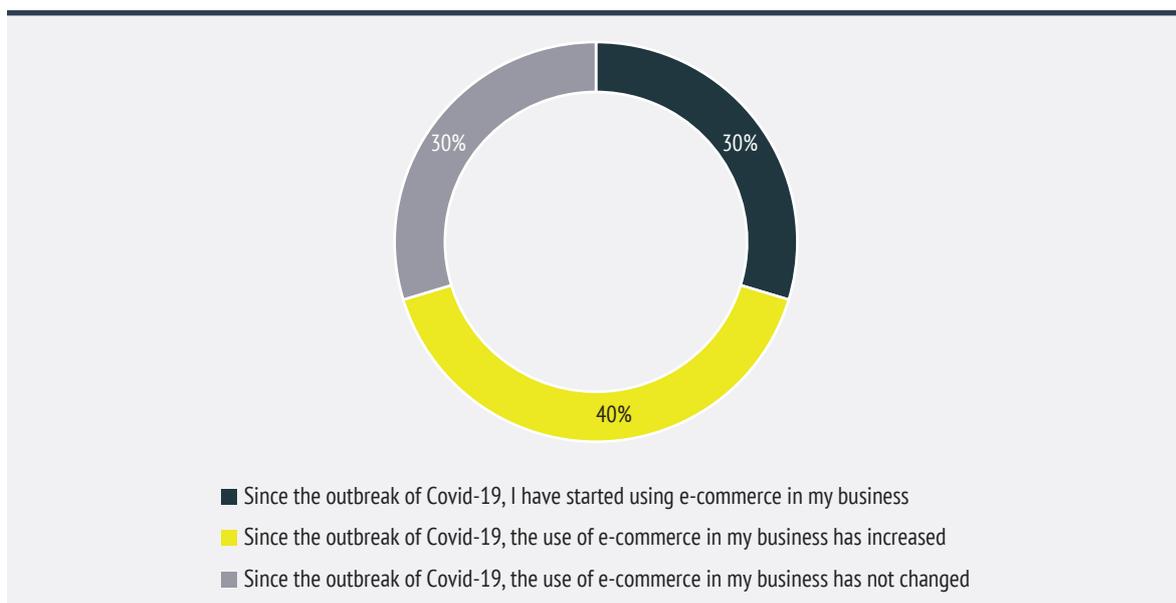
Among those who had adopted e-commerce in their businesses, it was reported that their experience had been positive, because they managed to establish a client base out of the EAC region, specifically in Asia and Europe. This also enabled them to access products, export their products and distribute internally during the COVID-19 pandemic. Unfortunately,

some private operators aspiring to adopt e-commerce pointed out challenges, such as capacity and integration, that impeded them from adopting technology and using e-commerce.

In general, a vast majority of respondents benefited from e-commerce in the context of securing distribution channels and access to market information while trading across the continent. However, the concern remained regarding limited skills and financial resources to acquire and use the available online platforms.

Seeking to get the perspective of the private sector in regard to whether AfCFTA will liberalize intra-African trade, leading to open market operations and gradual elimination of tariff and nontariff barriers to trade on the continent, 93.2 per cent of the respondents agreed with the statement, while 6.8 per cent did not. The re-

**Figure 16:** E-commerce in light of COVID-19



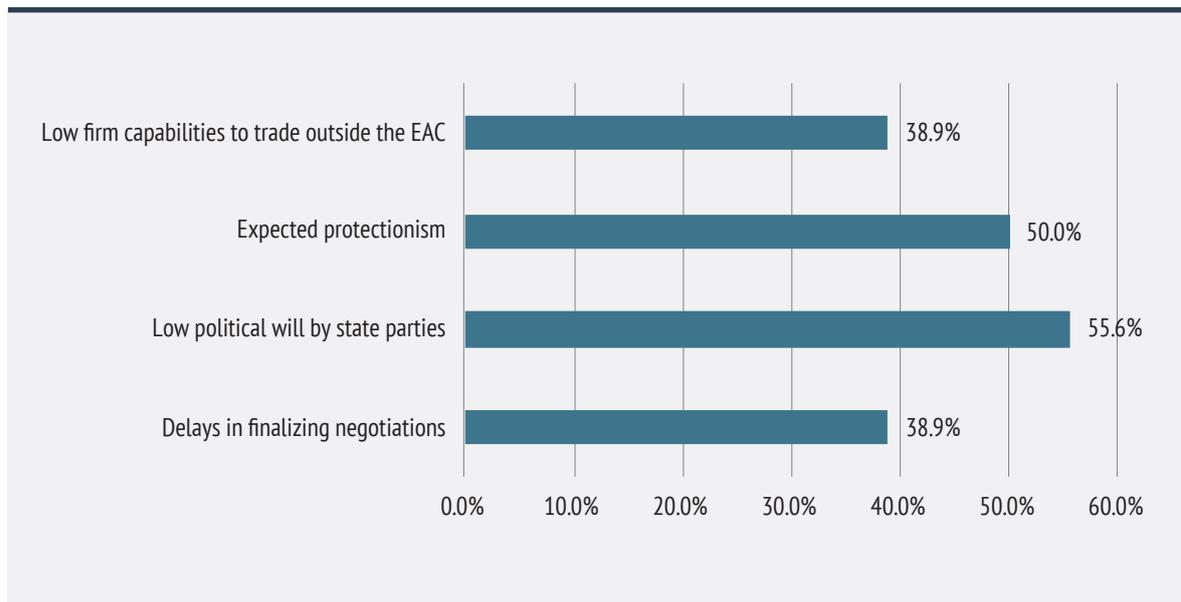
spondents also believed that the expected benefits may not be realized because there was anticipated protectionism (50 per cent), delays in finalizing the negotiations (38.9 per cent), low political will by State parties (55.6 per cent), as well as low firm capabilities to trade outside the EAC region (38.9 per cent).

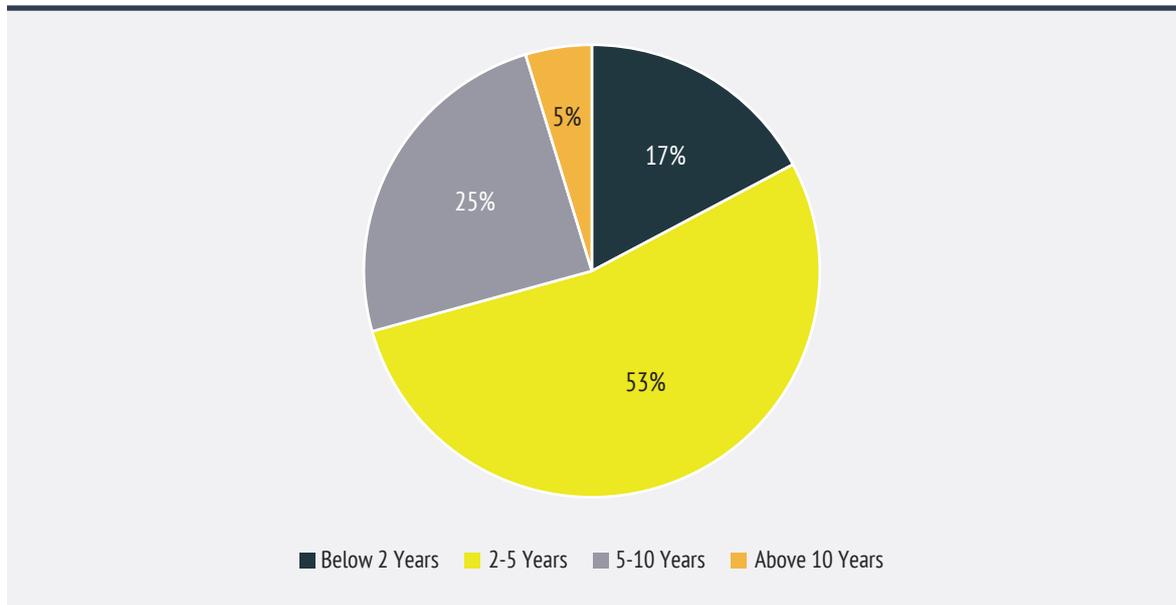
In terms of the impact of AfCFTA on intra-African trade volumes, 97.3 per cent of respondents agreed that it would positively affect intra-Africa trade volumes, with 53.5 per cent of respondents affirming that, once AfCFTA implementation began, direct benefits to the companies would be realized within two to five years. In contrast, 2.7 per cent of respondents believed that intra-Africa trade volumes would not be significant because poor countries would generally not benefit, since they had fewer products to offer to the open market.

From the responses on how AfCFTA would be directly important to businesses, a vast majority of respondents believed that for AfCFTA to be directly beneficial to their businesses, there was a need for harmonization of customs procedures and rules of origin, synchronization of EAC regulatory frameworks with other regions, addressing infrastructure challenges, efficient competition policy in ensuring competitiveness and fairness, effective implementation of the protocol on intellectual property rights in fostering innovation, and harmonization of investment policies, were regarded as “extremely important” by more than 70 per cent of the respondents.

Regarding the private sector perspectives on the importance of the protocols that were to be negotiated in the AfCFTA phase two negotiation round, it was demonstrated that the protocol on e-commerce and

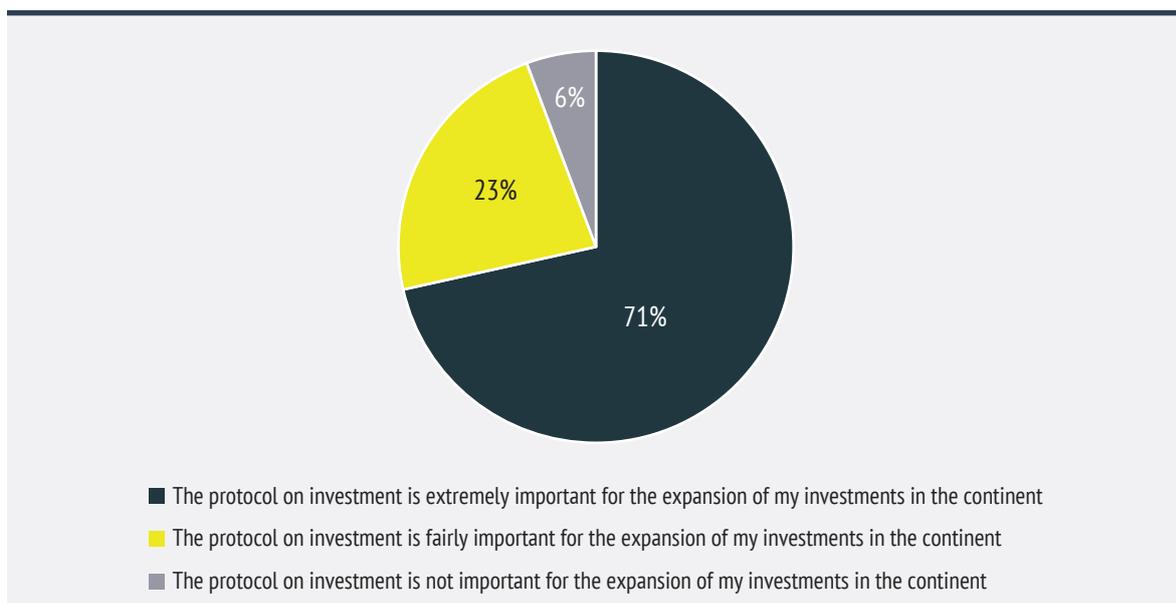
**Figure 17:** Anticipated challenges during the implementation of AfCFTA

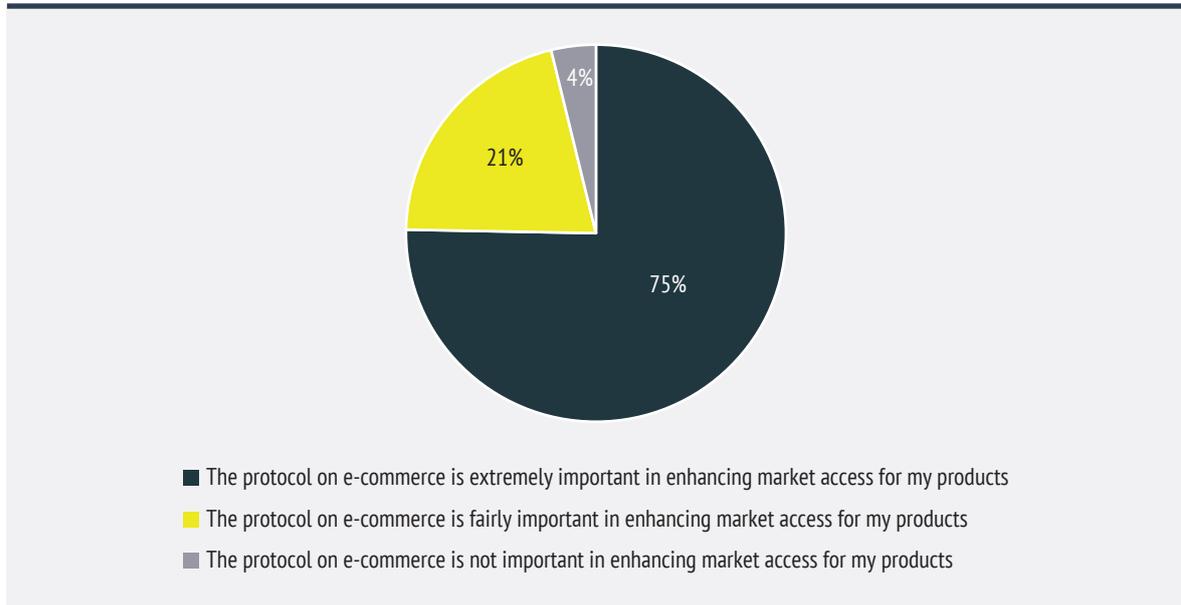


**Figure 18:** Expected time to realize AfCFTA benefits

the protocol on investment were most important for enhancing market access for their products, as well as expansion of investments in the continent. This therefore calls for expediting the negotiations process of those particular protocols.

The Agreement Establishing the African Continental Free Trade Area includes a protocol on rules and procedures on settlement of disputes. While 61.2 per cent of respondents had faced disputes while importing and exporting across the continent, various challenges had been met while set-

**Figure 19:** The level of importance of the protocol on investment

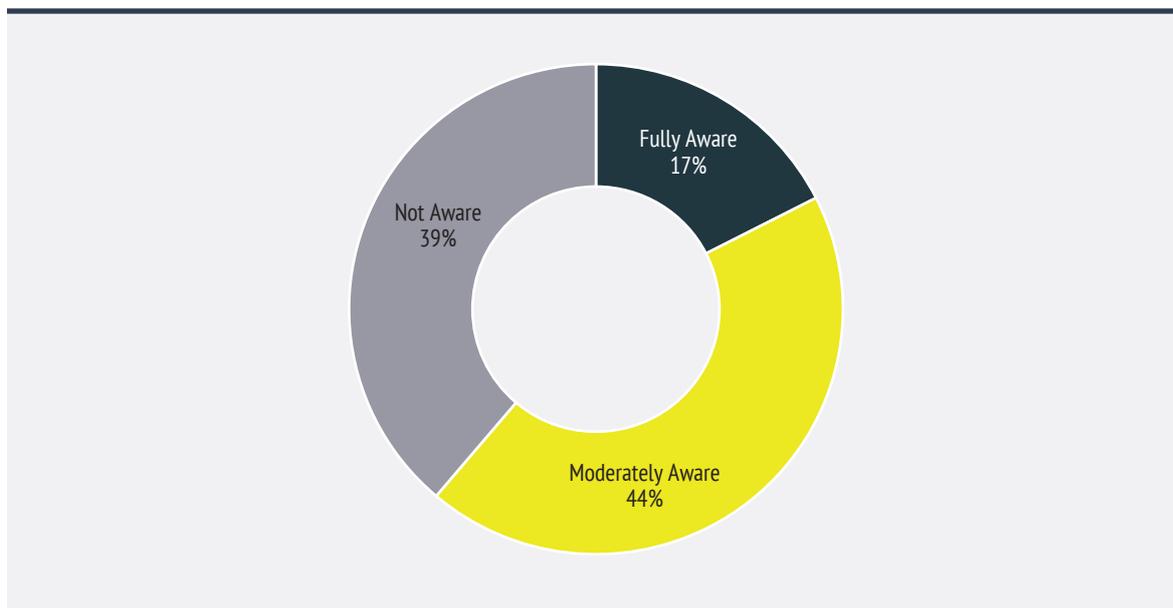
**Figure 20:** The level of importance of the protocol on e-commerce

tling such disputes. In addition to the cost of dispute handling, regulatory challenges, lack of information about dispute settlement and access to dispute settlement system stood out as major challenges.

The survey also sought to establish the level of awareness of the protocol on settlement of disputes as it directly affected their businesses, while trading with each other across the continent. From the find-

ings, 38.8 per cent of the respondents were not aware of the protocol and its implications, while only 17.5 per cent of the respondents were fully aware.

This is attributed to low sensitization of the private sector, and hence a call for engagement of the private sector in ensuring that they are sensitized on the entire Agreement and its implications to their businesses.

**Figure 21:** Awareness of the protocol on the dispute settlement system

# VI

## Potential risks in light of the African Continental Free Trade Area

In terms of fears of the private sector as regards the implementation of AfCFTA, 59.7 per cent of respondents were not yet ready for the competition that was expected to emerge, 53.6 per cent believed that State parties would not be able to eliminate NTBs, 51.3 per cent expected

increased taxes to offset liberalized tariffs, 41.8 per cent believed there would be continued trade in substandard products, and 43 per cent thought that intellectual property rights would not be enforced efficiently.

**Figure 22:** Fears of AfCFTA



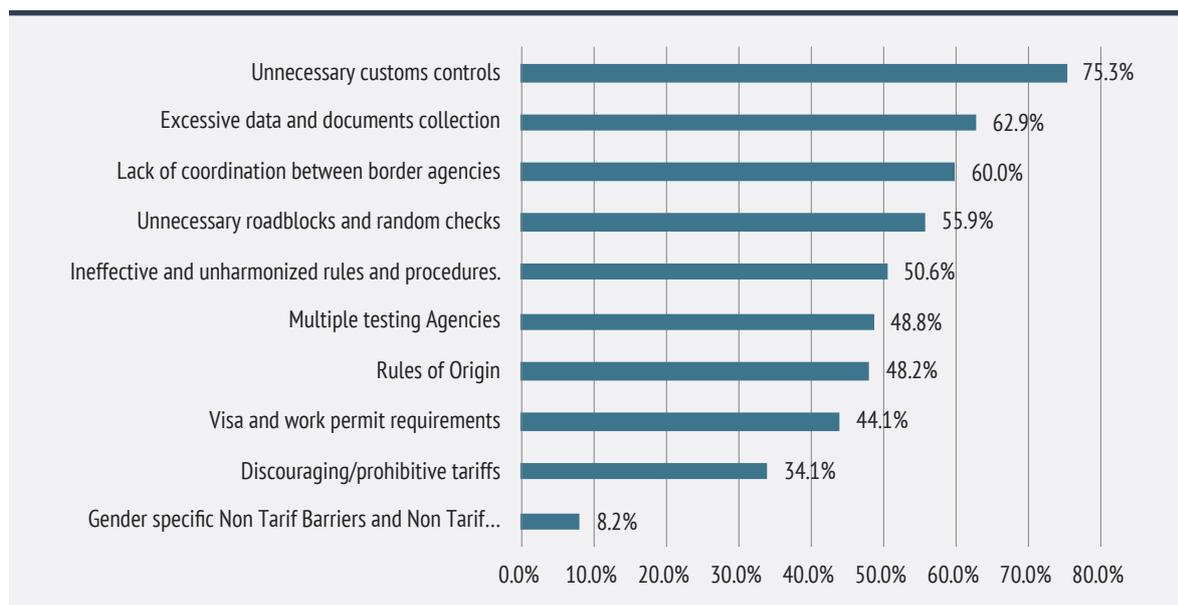
## Necessary reforms in light of the African Continental Free Trade Area

In seeking to know the reforms required, 64.6 per cent of respondents in the private sector in the EAC region affirmed that they had encountered tariff and non-tariff barriers, as well as other restrictions, while importing and exporting to and from the African continent. Other impediments included unnecessary customs controls, excessive data and documents collec-

tion, lack of coordination between border agencies, ineffective and unharmonized rules and procedures, unnecessary roadblocks and random checks, and multiple testing agencies and rules of origin.

While barriers still existed when trading across the continent, the respondents anticipated that the implementation of

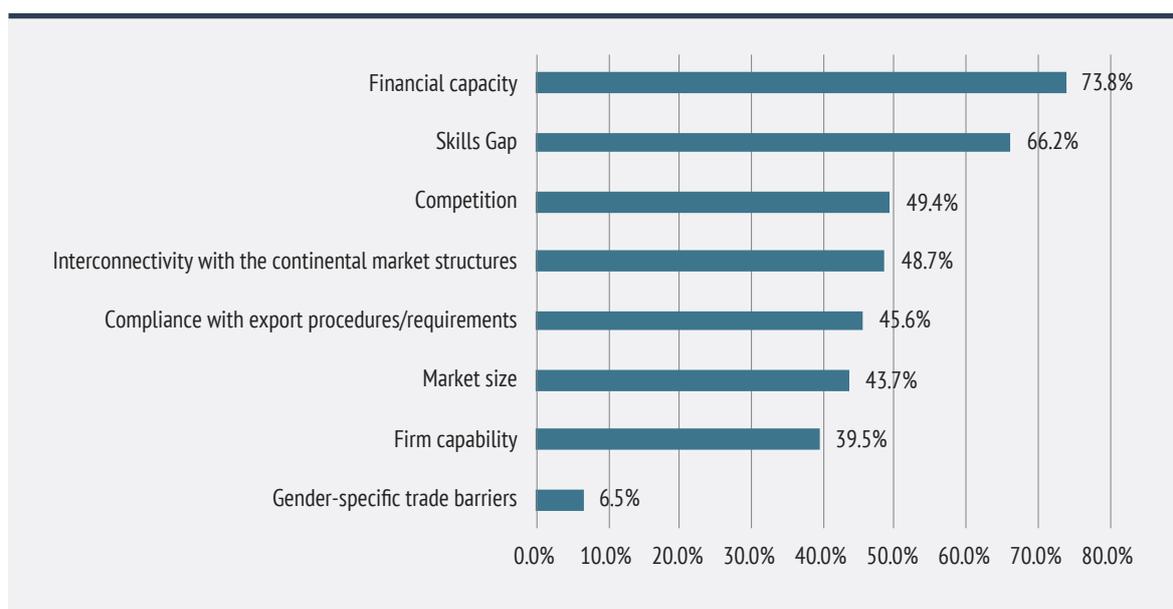
**Figure 23: Barriers/restrictions to trade**

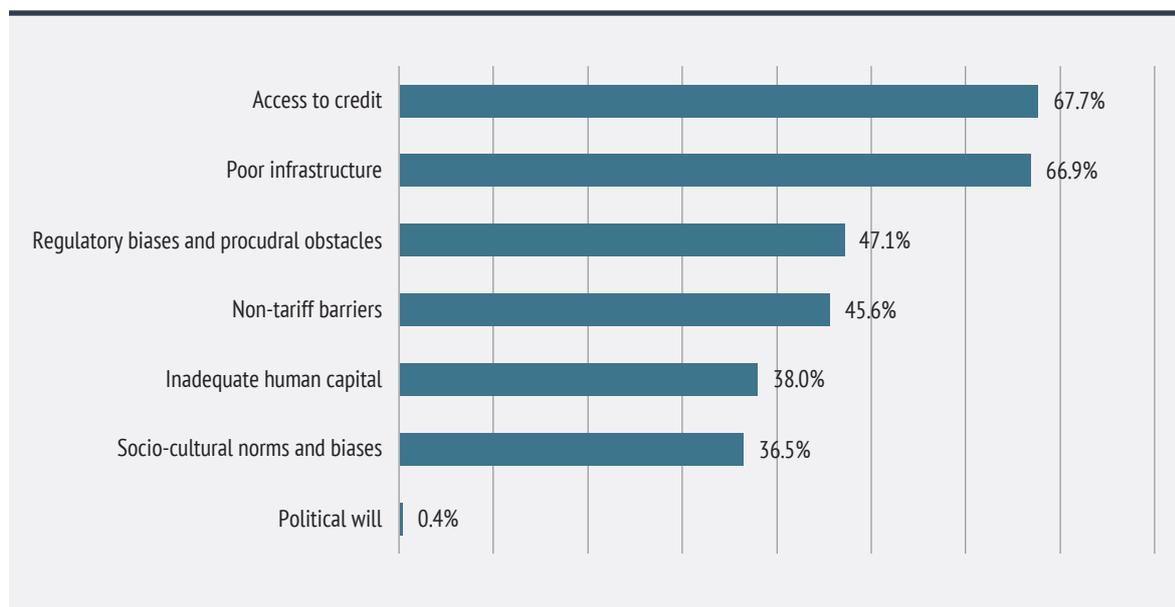


AfCFTA in general would not be spared, and was hence expected to face its peculiar challenges. These included skills gap, financial capacity, interconnectivity with the continental market structures, firm capability to integrate into the continental market, competition, compliance with export procedures, as well as gender-specific challenges such as gender-specific tariff and non-tariff barriers (figure 24).

Regarding specific challenges to be faced by companies in EAC while implementing AfCFTA, the respondents cited poor infrastructure (66.9 per cent), lack of access to finance (67.7 per cent), regulatory biases and procedural obstacles (47.1 per cent), NTBs (45.6 per cent), inadequate human capital (38 per cent) and social cultural norms (36.5 per cent) (see figure 25). This calls for a strong political will in implementation of the AfCFTA if the benefits envisaged will be enjoyed by potential beneficiaries.

**Figure 24:** Potential challenges while implementing AfCFTA



**Figure 25** Envisioned AfCFTA challenges by EAC companies

In assessing the level of political will of African leaders, especially in pushing for the success of AfCFTA, 63.9 per cent of respondents regarded it as low, while fewer than half (30.8 per cent) considered it

high. This perception was backed by delays in convergence during the negotiation process as well as submission of tariff offers as required by the Agreement.

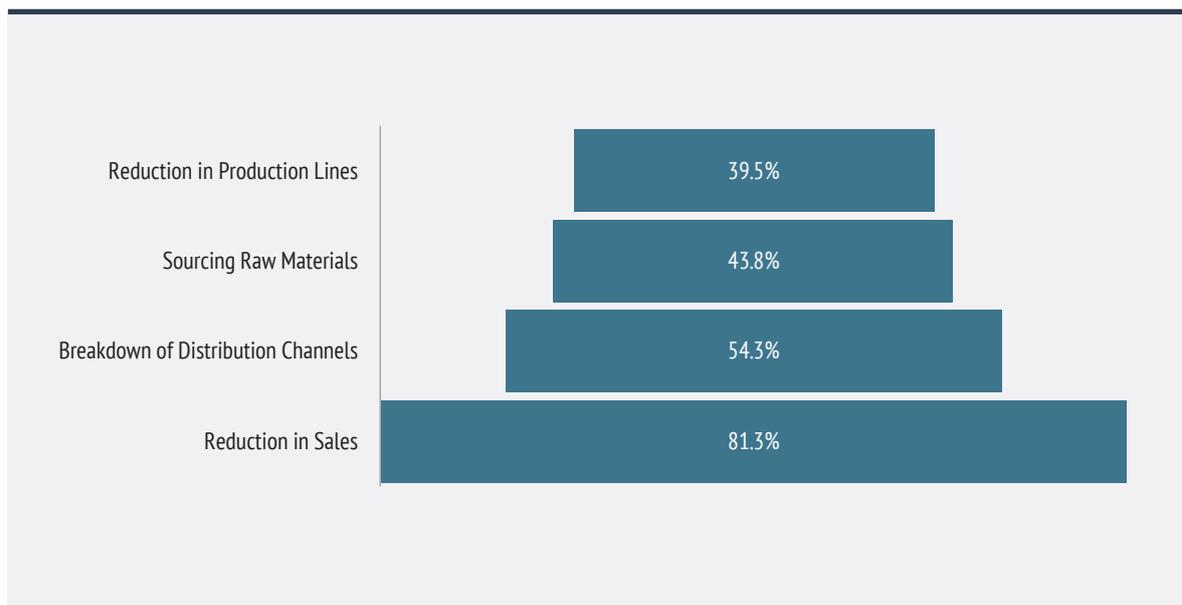
# VIII

## Impact of COVID-19 on implementation of the African Continental Free Trade Area

As the private sector members in the region aim to diversify their trade and expand their businesses beyond the region, disruptions brought by the pandemic are expected to influence such decisions. The survey established that 97.8 per cent had been negatively affected by COVID19

outbreak and the effect had been on sales (81.3 per cent), breakdown in distribution channels (54.3 per cent), difficulty in sourcing raw materials (43.8 per cent), and reduction in production lines (39.5 per cent), as seen in figure 26.

**Figure 26:** The impact of COVID-19 on businesses



According to the responses, 84.8 per cent of them confirmed that the outbreak of COVID-19 was likely to negatively affect their planned investment in the continent while 15.2 per cent would not be affected.

This calls for significant reforms geared at addressing the socioeconomic impact of COVID-19 to businesses and the EAC economies.

# IX

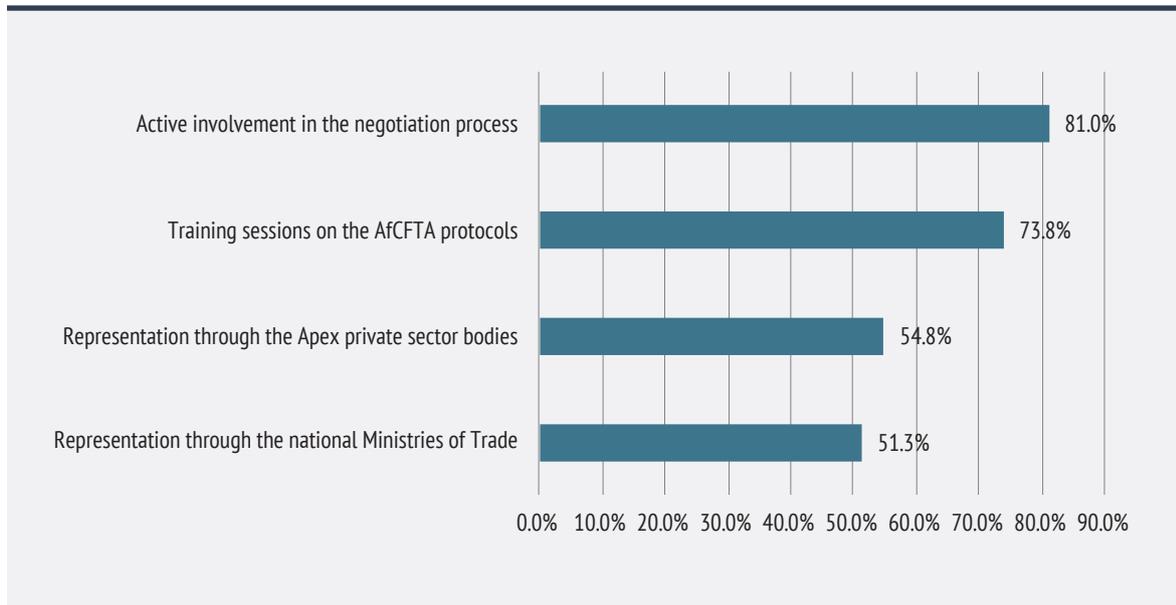
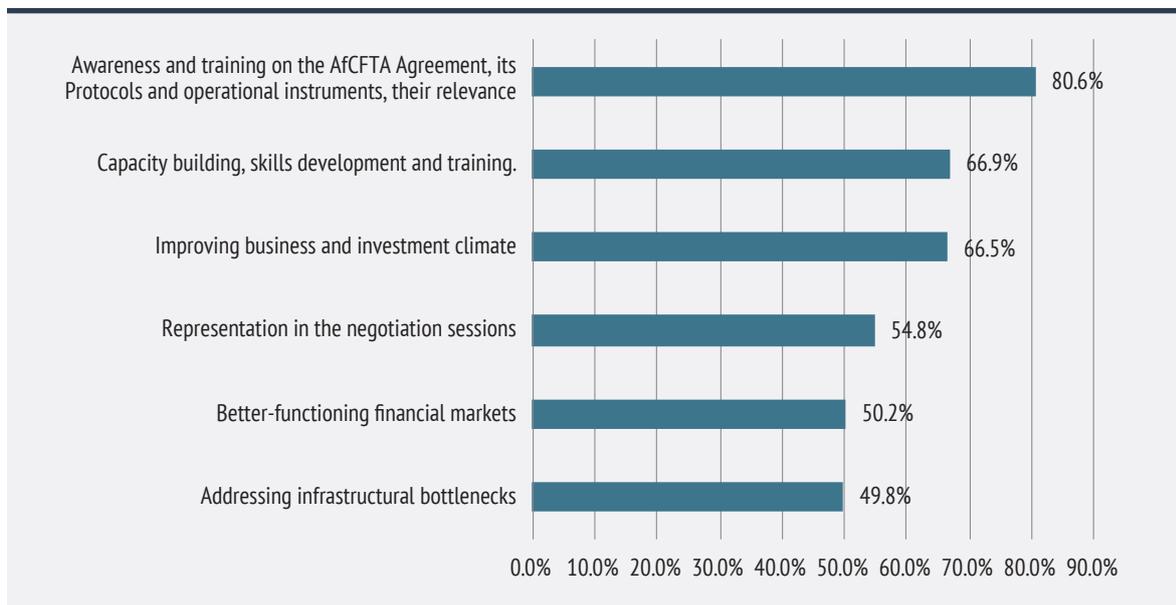
## Private sector involvement and participation

In establishing the role of the private sector in the implementation of AfCFTA, the survey aimed at finding out whether the private sector in EAC had already adjusted its strategic plans to take advantage of the opportunities presented by AfCFTA. According to the findings, 57 per cent of respondents had adjusted their strategic plans, an indication that they were ready to position their businesses to benefit from the free trade area.

Regarding the private sector perspective on how they should be engaged in the entire AfCFTA process, 81 per cent of respondents required that they should be actively involved in the entire negotiation process, 73.8 per cent required training on AfCFTA protocols so that they could effectively implement them, 54.8 per cent

opted to be represented through private sector bodies and sectoral associations, while 51.3 per cent could be represented by national ministries, as seen in figure 27.

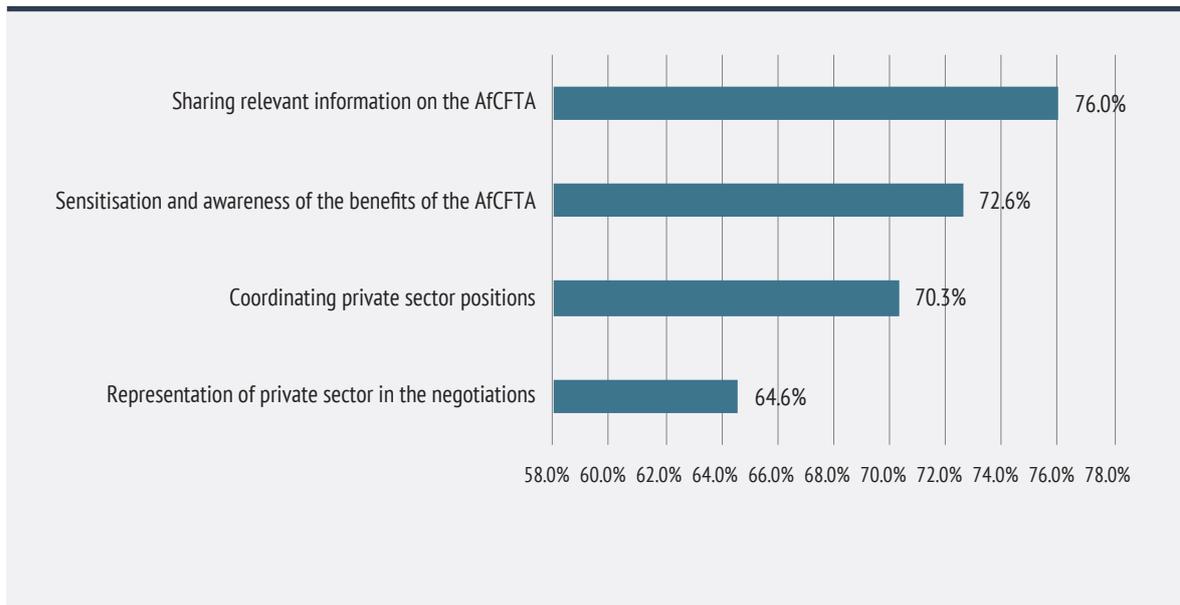
To be able to tap into the benefits envisioned by the private sector, EAC companies need support to ensure readiness to strategically benefit from the Agreement Establishing the African Continental Free Trade Area. In addition to the need for awareness and training on the Agreement (80.6 per cent), the respondents mentioned that there was need for improving the business and investment climate (66.5 per cent), capacity-building and skills development (66.9 per cent), addressing infrastructure bottlenecks (49.8 per cent) and ensuring better functioning financial markets (50.2 per cent) (figure 28).

**Figure 27:** Private sector engagement in AfCFTA implementation**Figure 28:** Required support for the private sector

In terms of the support needed from business membership organizations in realizing the benefits of AfCFTA, respondents expected proper coordination of the private sector positions, sensitiza-

tion of the private sector on the benefits of AfCFTA to the private sector, representation in the negotiation process, as well as regular sharing of AfCFTA information (figure 29).

**Figure 29:** Required support for private sector associations



## Conclusion and recommendations

The results of the survey on the perception of the East African Community private sector on the African Continental Free Trade Area presented in this report, and the structured interviews that were held, point to important conclusions and recommendations for how the private sector in the East Africa region regards AfCFTA, its benefits and fears, as well as the support needed to ensure that the Agreement Establishing the African Continental Free Trade Area becomes beneficial to it, given that the implementation was expected to commence on 1 January 2021.

In terms of actionable recommendations to ensure that AfCFTA is an inclusive and beneficial trade agreement, the following issues should be addressed:

- (a) Rolling out sensitization campaigns of AfCFTA to the private sector to ensure that the beneficiaries are fully aware of the protocols being negoti-
- ated and the implications they have to businesses in EAC;
- (b) Fast-tracking the negotiations of the remaining phases in order to unlock the benefits therein;
- (c) Ensuring full commitment and strong political will in order to effectively drive the implementation process;
- (d) Harmonizing trade policies and regulations in order to facilitate business across the continent;
- (e) Ensuring that EAC partner States develop innovative investment incentives to companies with intentions to expand to other regions of the continent and beyond;
- (f) Ensuring that the EAC private sector formalizes its businesses and adopt corporate management principles that are inclusive in nature;

- (g) Developing simplified information guides on AfCFTA using the national languages for easier comprehension;
- (h) Creation of an enabling environment for the use of e-commerce in EAC, including the physical address system, data protection, payment systems and other supportive policies and regulations;
- (i) Devising an efficient and enforceable dispute settlement mechanism that will be able to address trade and investment-related disputes;
- (j) Introducing reforms that are aimed at creating level ground for the trade and investment climate among all State parties;
- (k) Ensuring a regional coordinated approach on managing crises, so as to address risks that are detrimental to businesses;
- (l) Providing support to the private sector entities wishing to tap into AfCFTA opportunities, particularly by offering capacity-building in trade finance and business start-up support for small-scale enterprises that are unable to access credits at commercial rates;
- (m) Building local capacities of private sector umbrella organizations in order for them to better assist in the coordination process of the business community in positioning themselves to tap into the benefits of AfCFTA;
- (n) Developing AfCFTA-specific strategies and actions to be embedded in existing trade policies: These must be carefully articulated in a coherent and coordinated manner with existing trade provisions and commitments at the domestic, regional, bilateral and multilateral levels, in order to tap into the multiple and cross-cutting opportunities these different levels of engagement provide;
- (o) Continued harnessing of cooperation to overcome transportation infrastructure and logistics constraints to facilitate the movement of goods and reduce the costs and time of transport: The focus should be set on increasing productive capacities and eliminating supply-side constraints on those sectors with export potential specifically for those value chains where EAC has a comparative advantage;
- (p) Facilitating and reducing customs requirements, procedures and rules of origin on the export side: In particular, requirements that are impeding the regional dimension through value chain creation in EAC should be addressed first;
- (q) Establishing focal points at the national level to undertake systematic monitoring and review mechanisms on the impact of AfCFTA, in conjunction with the African Union Commission, the regional economic communities and ECA.

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# Annex I: East Africa private sector survey on the implementation of the African Continental Free Trade Area

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## Draft questionnaire

### Outline

- A. Business profile
- B. Trade description
- C. Awareness of AfCFTA
- D. Challenges to the implementation of AfCFTA
- E. Impact of COVID-19 on the implementation of AfCFTA
- F. Role of the private sector in the implementation of AfCFTA

### Category A: Business profile

#### 1. Gender of managing director/chief executive officer/business owner

- i. Male
- ii. Female
- iii. Both

#### 2. Where is your company's physical location/headquarters?

- i. Burundi
- ii. Kenya
- iii. Rwanda
- iv. Uganda
- v. United Republic of Tanzania
- vi. South Sudan

#### 3. In which countries is your company present?

- i. Burundi
- ii. Kenya
- iii. Rwanda
- iv. Uganda
- v. United Republic of Tanzania

- vi. South Sudan
- vii. Other African Countries

**3.1. If other African countries, please list them**

1. ....

**4. Does your business have a presence outside the African continent?**

- Yes
- No

**4.1. If Yes, please list the countries where your business is present**

1. ....

**5. What is the nature of your company's shareholding?**

- i. Sole ownership
- ii. Family business
- iii. Limited by shares
- iv. Limited by guarantee
- v. Listed on the stock market
- vi. Other .....

**6. How would you categorize your enterprise/company?**

- i. Micro
- ii. Small
- iii. Medium
- iv. Large

**7. What percentage of women compose the board of directors in your company?**

- i. Less than 5%
- ii. 5-20%
- iii. 20-35%
- iv. 35-50%
- v. Above 50%
- vi. None

**8. What percentage of youth (less than 35 years of age) compose the board of directors in your company?**

- i. Less than 5%
- ii. 5-20%
- iii. 20-35%
- iv. 35-50%
- v. Above 50%
- vi. None

**9. What percentage of people living with disabilities compose the board of directors in your company?**

- i. Less than 5%
- ii. 5-20%
- iii. 20-35%
- iv. 35-50%
- v. Above 50%
- vi. None

**10. In which sectoral category is your business?**

- i. Manufacturing
- ii. Agriculture
- iii. Trading
- iv. Extractives
- v. Services
- vi. Other .....

**Category B: Trade description**

**1. Have you exported before?**

- i. Yes
- ii. No

**1.1. If Yes, approximately what percentage of your exports go to the following regions?**

- i. EAC Markets
- ii. Western Africa
- iii. Southern Africa
- iv. Central Africa

- v. Beyond the African continent
  - vi. If beyond the continent, please specify the other region(s)
- 

**2. Have you imported before?**

- i. Yes
- ii. No

**2.1. If Yes, where have you imported from?**

- i. EAC
  - ii. Western Africa
  - iii. Southern Africa
  - iv. Central Africa
  - v. Outside the African continent
  - vi. If outside the continent, please specify the other region(s)
- 

**Category C: Awareness of AfCFTA**

**1. What is your level of awareness of the African Continental Free Trade Area?**

- i. Low
- ii. Moderate
- iii. High
- iv. Fully aware

**2. Has your company participated in any consultations or negotiations on AfCFTA and/or the AfCFTA national implementation strategy?**

- i. Yes
- ii. No

**3. To what extent does your company have access to relevant AfCFTA information for business purposes?**

- i. Low access
- ii. High access

**4. It is generally believed that AfCFTA comes with enormous opportunities for the private sector. What are the envisaged opportunities for your company?**

- i. Increased market size
- ii. Access to raw materials/intermediate goods
- iii. Increased economies of scale
- iv. Enhanced industrial development
- v. Reduced costs of doing business
- vi. Trading with third parties
- vii. Others .....

**5. It is expected that the implementation of AfCFTA will promote development of value chains across the continent. Do you agree with the statement?**

- i. Yes
- ii. No

**6.1. If yes, have you already identified specific sectors with value chain potentials for your company?**

- i. Yes
- ii. No

**6.2. If Yes, please list the potential value chains**

1 .....

**7. Choose the most appropriate statement**

- i. I am fully aware of the compensatory mechanisms in the AfCFTA implementation
- ii. I am not aware of any compensatory mechanisms while implementing AfCFTA

**8. To what extent are you aware of the operational instruments of AfCFTA, specifically the NTB mechanism, pan-African payments system and the African Trade Observatory?**

- i. Fully aware
- ii. Not aware

**9. Choose the most appropriate statement**

- i. I believe that e-commerce will be beneficial to my business/company
- ii. I do not believe that E-commerce will be beneficial to my business

**10. Is your company already engaged in e-commerce?**

- i. Yes
- ii. No

**11. Choose the appropriate statement**

- i. Since the outbreak of COVID-19, I have started using e-commerce in my business
- ii. Since the outbreak of COVID-19, the use of e-commerce in my business has increased
- iii. Since the outbreak of COVID-19, the use of e-commerce in my business has not changed

**12. It is expected that AfCFTA will liberalize intra-African trade, leading to open market operations and gradual elimination of tariff and non-tariff barriers to trade on the continent. Does your company expect to benefit from this?**

- i. Yes
- ii. No

If no, why?

.....

.....

**13. It is expected that AfCFTA will have a strong impact on intra-African trade volumes. Do you agree with this general expectation?**

- i. Yes
- ii. No

**13.1. If Yes, what do you perceive as the expected time for your company to realize such benefits?**

- i. Less than 2 years
- ii. 2-5 years
- iii. 5-10 years
- iv. More than 10 years

**13.2. If No, what are the reasons?**

.....

.....

**14. Choose the most appropriate for each of the statements below**

- i. Harmonization of rules of origin is extremely important for my business
- ii. Harmonization of rules of origin is fairly important for my business
- iii. Harmonization of rules of origin is not important for my business

**15. Choose the most appropriate for each of the statements below**

- i. Harmonization of investment policies is extremely important for my business
- ii. Harmonization of investment policies is fairly important for my business
- iii. Harmonization of investment policies is not important for my business

**16. Choose the most appropriate for each of the statements below**

- i. Harmonization of customs management procedures is extremely important to my business
- ii. Harmonization of customs management procedures is fairly important to my business
- iii. Harmonisation of customs management procedures is not important to my business

**17. Choose the most appropriate for each of the statements below**

- i. Synchronizing EAC regulatory frameworks with the other regions is extremely important for my business
- ii. Synchronizing EAC regulatory frameworks with the other regions is fairly important for my business
- iii. Synchronizing EAC regulatory frameworks with the other regions is not important for my business

**18. Choose the most appropriate for each of the statements below**

- i. Addressing infrastructural challenges is extremely important for my business
- ii. Addressing infrastructural challenges is fairly important for my business
- iii. Addressing infrastructural challenges is not important for my business

**19. The protocol on competition policy will be negotiated in AfCFTA phase two negotiations. Which statement below is most appropriate?**

- i. Competition policy is extremely important in ensuring competitiveness and fairness for my business
- ii. Competition policy is fairly important in ensuring competitiveness and fairness for my business
- iii. Competition policy is fairly important in ensuring competitiveness and fairness for my business

**20. The protocol on intellectual property rights will be negotiated in AfCFTA phase two negotiations. Which statement below is most appropriate?**

- i. The protocol on intellectual property rights is extremely important in fostering innovation for my business
- ii. The protocol on intellectual property rights is fairly important in fostering innovation for my business
- iii. The protocol on intellectual property rights is fairly important in important in fostering innovation for my business

**21. The protocol on investment will be negotiated in AfCFTA phase two negotiations. Which statement below is most appropriate?**

- i. The protocol on investment is extremely important for the expansion of my investments in the continent
- ii. The protocol on investment is fairly important for the expansion of my investments in the continent
- iii. The protocol on investment is not important for the expansion of my investments in the continent

**22. The protocol on e-commerce is expected to be negotiated in AfCFTA phase three negotiations. Which statement below is most appropriate?**

- i. The protocol on e-commerce is extremely important in enhancing market access for my products
- ii. The protocol on e-commerce is fairly important in enhancing market access for my products
- iii. The protocol on e-commerce is not important in enhancing market access for my products

**23. The Agreement Establishing the African Continental Free Trade Area includes a protocol on rules and procedures on settlement of disputes. Are you aware of the protocol?**

- i. Fully aware
- ii. Moderately aware
- iii. Not aware

**24. What do you see as fears/costs that AfCFTA may bring that could potentially affect your business?**

- i. Increased competition
- ii. Increased taxes due to tariff revenue losses
- iii. Ability to eliminate non-tariff barriers to trade and investment

- iv. Imported substantial products/counterfeit
- v. Protection of intellectual property/brand rights

## Category D: Challenges to the implementation of AfCFTA

### 1. Has your company encountered any tariff or non-tariff barriers or other restrictions while importing/exporting to and from Africa?

- i. Yes
- ii. No

#### 1.1. If Yes, what restrictions/barriers has your company met?

- i. Unnecessary customs controls
- ii. Excessive data and documents collection
- iii. Lack of coordination between border agencies
- iv. Ineffective and unharmonized rules and procedures
- v. Unnecessary roadblocks and random checks
- vi. Multiple testing agencies
- vii. Discouraging/prohibitive tariffs
- viii. Rules of origin
- ix. Visa and work permit requirements
- x. Gender-specific non-tariff barriers and non-tariff measures

If other, gender-specific non-tariff barriers and non-tariff measures, please list the barriers

1 .....

### 2. What key challenges are likely to be faced by the private sector in taking advantage of the benefits presented by AfCFTA?

- i. Skills gap
- ii. Financial capacity
- iii. Interconnectivity with the continental market structures
- iv. Market size
- v. Competition
- vi. Compliance with export procedures/requirements
- vii. Gender-specific trade barriers
- viii. Firm capability

If your response is gender-specific trade barriers, please clarify

.....

**3. The implementation of AfCFTA is expected to face various barriers. What are likely barriers for your company?**

- i. Non-tariff barriers
- ii. Poor infrastructure
- iii. Access to credit
- iv. Inadequate human capital
- v. Regulatory biases and procedural obstacles
- vi. Sociocultural norms and biases
- vii. Other

**4. Have you faced any challenges while settling import and export disputes?**

- i. Yes, I have
- ii. No, I have not

**4.1. If Yes, what challenges have you faced?**

- i. Cost of dispute handling
- ii. Access to dispute settlement system
- iii. Regulatory challenges
- iv. Lack of access to information about dispute settlement

**5. How do you assess the level of political will of the African leaders, especially in EAC, in pushing for the success of AfCFTA?**

- i. High
- ii. Low

Other .....

**Category E: Impact of COVID-19 on the implementation of AfCFTA**

**1. Has the COVID-19 pandemic affected your business?**

- i. Yes
- ii. No

**2. How has COVID-19 affected your business?**

- i. Sourcing raw materials
- ii. Production
- iii. Sales
- iv. Distribution

**3. Do you think COVID-19 will negatively impact your investments in the continent?**

- i. Yes
- ii. No

**Category F: Role of the private sector in the implementation of AfCFTA**

**1. Is your company willing to invest in other regions of the continent?**

- i. Yes
- ii. No

**1.1. If No, what are the reasons?**

.....

.....

**2. Has your company adjusted its strategic plan to take advantage of the opportunities presented by AfCFTA?**

- i. Yes
- ii. No

**2.1. If No, what are the reasons?**

.....

.....

**3. How do you think the private sector should be engaged in the entire AfCFTA process?**

- i. Active involvement in the negotiation process
- ii. Representation through the apex private sector bodies
- iii. Representation through the national ministries of trade
- iv. Training sessions on the AfCFTA protocols

Others.....

.....

**4. What support does your company need in order to strategically benefit from AfCFTA?**

- i. Awareness and training on the Agreement  
Establishing the African Continental Free Trade Area,  
its protocols and operational instruments,  
and their relevance
  - ii. Representation in the negotiation sessions
  - iii. Addressing infrastructural bottlenecks
  - iv. Improving business and investment climate
  - v. Better-functioning financial markets
  - vi. Capacity-building, skills development and training
  - vii. Please specify the type of assistance required
- .....
- .....

**5. What support do you need from business membership organizations such as the East African Business Council in realizing the benefits of AfCFTA?**

- i. Coordinating private sector positions
  - ii. Sensitization and awareness of the benefits of AfCFTA
  - iii. Representation of private sector in the negotiations
  - iv. Sharing relevant information on AfCFTA
  - Others.....
- .....

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## Annex II: Interview questions

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### 1. **Business profiling:**

- Name, gender, size and sector of business
- Trade characteristics

### 2. **Awareness of AfCFTA:**

- What is your level of awareness of the African Continental Free Trade Area?
- How are protocols (each) beneficial to your business?
- How best can the partner States and EAC raise awareness to ensure better understanding of the Agreement Establishing the African Continental Free Trade Area among all stakeholders? What effective mechanism can they use?
- How can partner States and EAC meaningfully engage marginalized stakeholders in AfCFTA sensitization efforts?

### 3. **Costs and benefits:**

- What is your view on the opportunities and possible risks?
- What mitigation actions can be taken to address the identified potential risks/costs of adjustment?
- Have you faced any constraints while importing/exporting? What are these challenges? Would you consider these constraints to be gender-specific and, if so, how would you recommend addressing identified constraints in policy and other targeted action?
- What should be done in order for your business to take advantage of AfCFTA –short-term and long-term reforms?
- Have you been involved in the AfCFTA negotiations? How can the consultation process be improved?
- Is your company willing to invest in other regions of the continent? If No, why?

### 4. **Political will and institutional arrangements:**

- Do you think the EAC partner States have the political will required to drive the implementation of the Agreement?
- What are institutional weaknesses and policy gaps that may hinder the effective implementation of AfCFTA within your country?

### 5. **Role of private sector with AfCFTA implementation:**

- What do you consider as your contribution to the implementation of AfCFTA?
- What is the role of your apex private sector organization in the implementation of AfCFTA?