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Guide for Country Impact Assessments on **Accelerated Industrial Development for Africa (AIDA) & the African Continental Free Trade Area (AfCFTA)**





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Preface

The accelerated industrial development and economic diversification of Africa are pivotal goals highlighted by the African Union. The Declaration of the Seventeenth Extraordinary Session of the Assembly underscores the need for comprehensive country impact assessments to evaluate the implementation of the Accelerated Industrial Development of Africa (AIDA) and the African Continental Free Trade Area Agreement (AfCFTA). These assessments are intended to identify national and regional opportunities and challenges in implementation that can then guide the formulation of effective National Development Plans to promote further regional integration.

Following the 36th Ordinary Session of the African Union Assembly, held in February 2023 in Addis Ababa, Ethiopia, under the theme “Powering Trade through AfCFTA,” Member States have been urged to accelerate the operationalisation of the AfCFTA. To achieve this, African countries must develop the capacity to produce adequate services and commodities for trade within the envisaged continental market through inclusive and sustainable industrialisation. To this end, it is essential for countries to assess their progress in implementing the AfCFTA, AIDA and other industrial policies at continental and regional levels through a standardised impact assessment guide.

This standard assessment guide has been designed as a practical tool that will help countries know when and how to conduct impact assessments, where to obtain detailed technical information, and how to interpret and utilise the results to identify opportunities, challenges, threats, and strengths in implementing the AfCFTA, AIDA and other continental and regional frameworks on industrialisation. By doing so, it will assist policymakers and practitioners in making informed decisions that drive sustainable development and regional integration across Africa.

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List of Abbreviations

ADB	Asian Development Bank
AfCFTA	African Continental Free Trade Area
AIDA	Accelerated Industrial Development for Africa
AII	African Industrialization Index
AMDC	Africa Minerals Development Centre
AMU	Arab Maghreb Union
AMV	African Mining Vision
ARSO	African Organization for Standardization
ASEAN	Association of Southeast Asian Nations
ATO	African Trade Organization
AU	African Union
AUC	African Union Commission
AUDA-NEPAD	African Union Development Agency - New Partnership for Africa's Development
BIAT	Boosting Intra-African Trade
CAADP	Comprehensive Africa Agriculture Development Programme
CEMAC	Economic and Monetary Community of Central Africa
CEN-SAD	Community of Sahel-Saharan States
CIP	Comprehensive Investment Plan
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
ESCP	Economic and Social Council for Africa
ESF	Economic and Social Fund
ESIA	Environmental and Social Impact Assessment
ESS	Environmental and Social Safeguards
EU	European Union
FDI	Foreign Direct Investment
FPIC	Free, Prior, and Informed Consent

GDP	Gross Domestic Product
GTI	Guided Trade Initiative
IDDA	Industrial Development Decade for Africa
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
IP	Intellectual Property
ISO	International Organization for Standardization
ICT	Information and Communications Technology
ISS	Institute for Security Studies
ITC	International Trade Centre
JICA	Japan International Cooperation Agency
LPI	Logistics Performance Index
NIC	National Implementation Committee
M&E	Monitoring and Evaluation
NTBs	Non-Tariff Barriers
OECD	Organisation for Economic Co-operation and Development
OSBP	One-Stop Border Post
PAPSS	Pan-African Payment and Settlement System
PMPA	Pharmaceutical Manufacturing Plan for Africa
PIDA	Programme for Infrastructure Development in Africa
REC	Regional Economic Communities
RoO	Rules of Origin
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SMEs	Small and medium-sized enterprises
STISA	Science, Technology and Innovation Strategy for Africa
TFI	Trade Facilitation Index
TiM	Trade in Employment
UMA	Union du Maghreb Arabe (Arab Maghreb Union)
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa

UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGA	United Nations General Assembly
UNIDO	United Nations Industrial Development Organization
UNSD	United Nations Statistics Division
WITS	World Integrated Trade Solution
WTO	World Trade Organization

Glossary

AIDA	A framework initiated by the African Union to promote industrial growth and economic diversification across the continent. AIDA aims to enhance the manufacturing sector, create job opportunities, and reduce dependence on primary commodities by fostering value addition and sustainable industrialisation.
AfCFTA	A trade agreement established by the African Union to create a single continental market for goods and services, with free movement of businesspersons and investments. The AfCFTA aims to boost intra-African trade, promote industrialisation, and achieve sustainable economic development across Africa.
AU Agenda 2063	A strategic framework by the African Union for Africa's socio-economic transformation over 50 years. It aims for an integrated, prosperous, and peaceful continent, driven by its citizens, focusing on inclusive growth, sustainable development, and good governance.
AfDB	A regional multilateral development bank that aims to contribute to the economic development and social progress of African countries.
Afrochampions Initiative	A public-private partnership designed to galvanise African resources and institutions to drive Africa's economic integration - notably through the implementation of the AfCFTA.
Afrexim Bank	A pan-African multilateral financial institution that aims to finance and promote intra- and extra-African trade.
AUDA-NEPAD	African Union's development agency tasked with promoting regional integration, supporting member states with advisory and technical assistance, and coordinating priority projects to achieve Agenda 2063 goals.
ATO	A digital platform under the AfCFTA that provides up-to-date trade data to support informed decision-making and monitor intra-African trade integration.
GTI	An interim solution to kick-start meaningful trade among interested State Parties that have met the minimum requirements for commencing trade under the Agreement, to test the readiness of the private sector, and to test the operational, institutional, legal and trade policy environment under the AfCFTA
IDDA	A United Nations initiative that aims to accelerate sustainable development and the achievement of internationally agreed development goals.
Institute for Security Studies	A think tank focussed on enhancing human security in Africa, aiming to conduct research, provide policy advice, and deliver capacity-building programmes in areas of security and justice.
International Futures	A global integrated assessment model that aims to forecast and analyse long-term trends in demographics, economics, and other areas to inform policy decisions.
ITC	A joint agency of the World Trade Organization and the United Nations that aims to foster sustainable economic development and enhance the export capabilities of developing countries.
JICA	A governmental agency that coordinates official development assistance for the government of Japan, aiming to promote economic and social development in developing countries.

LPI	A benchmarking tool created by the World Bank that aims to measure the ease of logistics and supply chain management across countries.
PAPSS	A cross-border payment and settlement system that aims to facilitate and streamline trade within Africa by enabling instant payments in local currencies.
REC	An economic grouping of African countries that aims to promote economic integration and development within specific regions of Africa.
SAIIA	A think tank based in South Africa that aims to provide insights and analysis on international affairs and policy issues affecting Africa.
Trade Map	An online trade data tool designed by ITC that aims to provide international trade statistics and market access information for better decision-making in trade and investment.
UNECA	One of the UN's regional commissions that aims to support economic and social development in African countries and promote regional integration.
UNIDO	A specialised agency of the UN that aims to promote industrial development for poverty reduction, inclusive globalisation, and environmental sustainability.
WITS-SMART	A trade software tool developed by the World Bank that aims to analyse trade flows, tariffs, and non-tariff measures for policy formulation and analysis.

Executive Summary

In the quest for economic transformation, and in line with the African Union (AU) Agenda 2063, the AU has spearheaded initiatives to promote industrialisation and boost intra-African trade. AIDA, initiated in 2008, and the AfCFTA, launched in 2018, stand as cornerstones of this vision. Member States' adoption of AIDA's principles and ratification of the AfCFTA mark a steadfast commitment to this transformative path.

The AfCFTA is poised to deliver significant economic advantages, with forecasts suggesting the African economy will be nearly USD690 billion – or 10% larger – in 2043 than it would be on a path without the AfCFTA (at nearly USD 6.7 trillion)¹. Yet, the fruition of these benefits is contingent upon member states' preparedness to enact the AfCFTA measures and align with the principles of AIDA while effectively mitigating potential risks.

To aid this endeavour, the following “Guide for Country Impact Assessments on AIDA and the AfCFTA” has been developed, containing three comprehensive tools crafted to support policymakers:

- **AfCFTA Potential Impact Assessment:** Helps countries estimate the economic impact of the AfCFTA on specific products, including estimating the export potential of a product or assessing the impact of increased imports of certain products on consumer prices, domestic producers, trade diversion, and tariffs. Additionally, it identifies the social and environmental impacts and risks.
- **AfCFTA Enabling Environment Monitoring Tool:** Provides a Monitoring and Evaluation (M&E) logical framework to track progress towards achieving the AfCFTA's Impact Goals such as increased intra-African trade across three key enabling factors (Trade Facilitation, Trade Infrastructure Development and Trade Finance).
- **Industrialisation Progress Assessment:** A survey template to assess industrial progress at continental, regional, and national levels. It helps governments and stakeholders assess awareness, integration, and support for industrial initiatives including AIDA, and evaluate sector-specific performance across seven enablers of industrialisation: access to raw materials and equipment, Infrastructure and energy development, finance and resource mobilisation, regulatory frameworks, human capital development, innovation, R&D and technology, and governance and economic stability.

This guide is rooted in practical application, designed to offer tangible insights, and foster actionable outcomes. It encapsulates the collective wisdom gleaned from extensive stakeholder consultations and leverages readily available materials, offering a pragmatic tool that can provide actionable insights to policymakers. By integrating lessons from existing AU initiatives and global standards, the guide adopts a holistic approach to interlink the AfCFTA and AIDA with other continental strategies. Ultimately, the guide acts as a navigational aid for member states, steering high-level actions to counter risks, bolster readiness, and advocate policy reforms. For instance, findings from the guide could indicate that a particular industrial sector is poised for export growth under the AfCFTA (based on the *AfCFTA Potential Impact Assessment*), but that certain infrastructure improvements are required to competitively serve increased regional demand (based on findings in the *Industrialisation Progress Assessment*). In this sense, the guide is designed to translate insights into strategic actions that unlock the latent potential of African trade and industrial growth.

¹ According to [African Futures of the Institute for Security Studies](#) (Blessing Chipanda & Jakkie Cilliers, April 2024)

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Introduction

1.1 Context and Objectives of This Guide

The Declaration of the Seventeenth Extraordinary Session of the Assembly of AU on Industrialisation and Economic Diversification urged AUDA-NEPAD, the AfCFTA Secretariat, and AUC, in collaboration with other stakeholders, to conduct country impact assessments on the implementation of the provisions of AIDA and the AfCFTA. These impact assessments aim to provide a comprehensive evaluation of the economic, social, and environmental implications of these initiatives, helping member states align their policies to maximise the benefits of industrialisation and trade liberalisation.

This guide serves as a practical tool for national, regional, and continental authorities, offering best-practice assessment methods and indicators for evaluating the impact of AIDA and AfCFTA. It is designed to support countries in identifying key areas of improvement, fostering deeper economic integration, and aligning their industrial policies with continental objectives.

1.2 Principles Used to Design This Guide

The development of this guide is informed by four key principles:

- a. **Focus on a practical (not theoretical) and user-friendly guide** that delivers actionable insights for policymakers, ensuring it is perceived as a policy-oriented impact assessment exercise.
- b. **Engage extensively and continuously with key stakeholders at all levels** to develop recommendations collaboratively, ensuring alignment with stakeholder needs.
- c. **Build on lessons from existing AU and partners' initiatives, global benchmarks on industrialisation and intra-regional trade**, and review existing literature on assessment guide design (e.g., United Nations Conference on Trade and Development [UNCTAD], World Trade Organization [WTO], Asian Development Bank [ADB]). This principle ensures that the guide leverages best practices and supports various operationalisation tools.
- d. **Multi-pronged linkages between the AfCFTA and AIDA**, along with other continental framework programs, ensuring a cohesive approach to industrial and trade policy integration.

1.3 Background on AIDA

1.3.1 Overview

AIDA was inaugurated in January 2008 through a collaborative effort by AUC, UNIDO, UNECA, and other partners to expedite industrialisation in four priority sectors: agro-processing, mining, pharmaceuticals, and textiles. The AIDA plan encompasses seven key clusters:

- a. **Industrial Policy and Institutional Direction:** Establishing coherent industrial policy frameworks at national, regional, and continental levels that are focused and sensitive to local endowments.
- b. **Upgrading Production and Trade Capacities:** Enhancing economic performance, quality of processes/products, and trading capacities.
- c. **Infrastructure and Energy for Industrial Development:** Responding dynamically to infrastructure and alternative energy needs, ensuring efficient management and maintenance.
- d. **Human Resource Development for Industry:** Addressing skill shortages and responding to training needs in key industrial growth areas.
- e. **Industrial Innovation Systems, Research and Development (R&D), and Technology Development:** Creating focused innovation systems to generate necessary know-how for industrial development.
- f. **Financing and Resource Mobilisation:** Establishing an enabling financial architecture made up of internal and external sources to invest in key industrial developments.
- g. **Sustainable Development:** Ensuring responsible industrialisation that guarantees biodiversity and natural endowment protection.²

1.3.2 Implementation Progress

AIDA's implementation has led to an increase in national and regional industrial policies that are aligned with the broader goals of the AU's Agenda 2063. Countries such as Gambia, Liberia, and Sierra Leone have aligned their industrial policies and regulations with AIDA's strategy. Regionally, ECOWAS, SADC, COMESA, and EAC have developed and revised their industrial strategies to align with AIDA's priorities and, though not explicitly mentioning AIDA, other RECs are regularly updating their strategies to reflect new realities.³

1.3.2.1 Pan-African Initiatives Supporting Industrialisation

Several Pan-African initiatives support industrialisation in line with AIDA's goals:

- **G20 Initiative on Supporting Industrialisation in Africa and Least Developed Countries:** Launched in 2016, this initiative aims to promote inclusive and sustainable industrialisation in Africa through a range of policy measures ranging from promoting investment in sustainable energy to developing vocational training to increase industrial production.

² [AIDA plan of action](#), [AIDA implementation strategy](#), [AU website](#)

³ One such example is ECCAS that has recently updated its Central Africa's Industrialization and Economic Diversification Master Plan (2021-2030).

- **Third Industrial Development Decade for Africa (IDDA 3):** A strategic framework running from 2016-2025 and spearheaded by UNIDO focused on supporting African countries on the journey towards industrialisation.
- **African Industrialisation Index (AII):** Launched by AfDB in 2022, this index ranks African countries on their level of industrialisation and informs policy dialogue to identify opportunities for industrial development.
- **Program Infrastructure Development for Africa (PIDA):** Launched in 2012 as a joint initiative of the AUC, AUDA-NEPAD, and AfDB aiming to facilitate regional infrastructure and integration in Africa across Transport, Energy, Water and Telecommunications/ICT.
- **Range of Additional, Sector-Specific Initiatives:** This includes the Africa Minerals Development Centre (AMDC), responsible for implementing the African Mining Vision, the Comprehensive Africa Agriculture Development Programme (CAADP), and the Pharmaceutical Manufacturing Plan for Africa (PMPA).

1.3.2.2 Regional Economic Communities (RECs) Initiatives

RECs have also developed industrial policies that align with AIDA:

- **COMESA:** The Industrial Strategy (2017-2026) aims to convert regional resources into sustainable wealth by boosting manufacturing, advancing green technologies, and fortifying value addition in sectors like agro-processing pharmaceuticals, and mineral beneficiation.
- **EAC:** The Industrialisation Policy (2012-2032) focuses on supporting small and medium-sized enterprises' (SMEs) growth through integration into value chains and fostering a diversified economy in sectors such as agro-processing, mining, and pharmaceuticals.
- **SADC:** The Industrialisation Strategy (2015-63) promotes economic and technological transformation through regional integration for competitiveness, focusing on agro-processing, mining, and pharmaceuticals.
- **ECOWAS:** The Industrial Policy aims to develop a competitive and sustainable industrial sector by 2030, focusing on food and agro-industries, pharmaceuticals, and automotive and machinery.

The below RECs have industrial policies but not aligned with AIDA:

- **IGAD:** The Regional Strategy (2021-2025) focuses on promoting regional economic cooperation and integration, aiming to develop industrial capacities across its member states.
- **ECCAS:** The industrial strategy (2021-2030) aims to transform Central Africa into a manufacturing hub for strategic products and minerals, enhance energy solutions and logistics, and develop a regional hub for research and innovation. Additionally, **CEMAC** which operates in the same region has a Regional Integration Strategy Paper (2019-2025) including an “Industrialise Africa” pillar that aims to boost industrial output, enhance competitiveness, create jobs, promote sustainable practices, develop infrastructure, and foster regional integration to drive economic transformation and sustainable development in the region.

The below RECs do not have industrial policies:

- **CEN-SAD:** while its objectives include promoting economic integration and development among its member states, its focus has been broadly on enhancing regional security and sustainable development.
- **UMA:** has not yet developed regional industrial policies (as of the writing of this document), although progress has been made in enabling sectors such as energy and infrastructure.

1.3.3 Implementation challenges

Despite these efforts, challenges remain in the implementation of AIDA, as highlighted in recent reviews:

- **Project Optimisation:** There is a need to optimise and implement fewer projects within reasonable timelines. With over 53 projects currently underway, prioritising and streamlining efforts can enhance efficiency and impact.
- **Governance and Monitoring:** Clarity in governance and monitoring mechanisms is essential. This includes establishing clear targets, deliverables, activities, and the required resources to ensure effective oversight and accountability.
- **Attribution of Impact:** Assessing AIDA's impact at a granular level is challenging without clear milestones and measurable targets. Previous reviews have noted the difficulty in attributing impact due to the lack of continuous and measurable progress indicators.
- **Action on Reviews:** Past reviews have often led to no subsequent actions, making it difficult to assess progress and implement continuous improvements. It is crucial to ensure that review findings translate into actionable steps.⁴

This guide highlights opportunities for countries and public sector stakeholders that have not yet leveraged AIDA policies to do so, using this work to align with continental objectives and maximise the benefits of industrialisation. It also provides guidance on capturing feedback from countries on continental and regional industrial policies to inform policymakers, ensuring that the insights gathered are used to refine and enhance future strategies.

1.4 Background on the AfCFTA

1.4.1 Overview

The AfCFTA, signed in 2018, is the world's largest free-trade area by the number of Member States. The agreement aims to liberalise and accelerate the integration of regional trade, support the diversification of African economies, reduce poverty, and contribute towards achieving the Sustainable Development Goals (SDGs). The AfCFTA's objectives include creating a single market for goods and services, facilitating the movement of persons, promoting industrial development, enhancing competitiveness, and promoting sustainable and inclusive socio-economic development.⁵

The general objectives of the AfCFTA are to:

1. Create a single market for goods and services, facilitated by the movement of persons to deepen economic integration and support the African Union's Agenda 2063.
2. Promote and attain sustainable and inclusive socio-economic development, gender equality, and structural transformation of the State Parties.
3. Enhance the competitiveness of the economies of the State Parties within the continent and the global market.

⁴ AIDA first (2017) and second reviews (2022)

⁵ [AfCFTA agreement](#)

4. Promote industrial development through diversification and regional value chain development, agricultural development, and food security.
5. Resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.
6. Create a liberalised market for goods and services.
7. Contribute to the movement of capital and facilitate investment.
8. Lay the foundation for the establishment of a Continental Customs Union at a later stage.

The AfCFTA also includes a set of operational instruments to support its implementation:

Rules of Origin: These criteria determine the nationality of products, which is essential for applying tariffs, quotas, and other trade policies. The Rules of Origin ensure that products traded amongst AfCFTA member states are genuinely produced within Africa, preventing trade deflection from non-member countries.

AfCFTA E-Tariff Book: Guidelines for tariff reductions and eliminations among member states. It outlines the schedule and scope of tariff liberalisation, aiming to reduce tariffs on 97% of goods traded within the continent over a specific period.

Non-Tariff Barriers (NTBs) Online Reporting Mechanism: An online tool designed to identify, report, and resolve non-tariff barriers to trade. NTBs include quotas, import licenses, subsidies, and other regulatory measures that may hinder trade. This mechanism ensures that such barriers are minimised or eliminated, promoting smoother trade flows.

Pan-African Payment and Settlement System (PAPSS): Facilitates cross-border payments in local currencies, reducing the dependency on foreign currencies and minimising transaction costs. PAPSS is intended to make intra-African trade more efficient and less expensive by providing a centralised payment system.

African Trade Observatory (ATO): A data and information platform providing real-time trade statistics and market information developed by the AfCFTA Secretariat, AUC⁶, ITC, and funded by the European Union (EU). It helps businesses and policymakers access reliable data to make informed decisions, track trade performance, and identify opportunities and challenges within the AfCFTA framework.

AfCFTA Adjustment Fund: A fund designed to provide short to medium term financial support to State Parties and eligible private sector projects that may be adversely affected by declining fiscal revenues as a result of tariff reductions and reduced competitiveness arising from trade liberalisation as contemplated under the AfCFTA.⁷

AfCFTA Guided Trade Initiative (GTI): An interim solution to kick-start meaningful trade among interested State Parties that have met the minimum requirements for commencing trade under the Agreement, to test the readiness of the private sector, and to test the operational, institutional, legal and trade policy environment under the AfCFTA.⁸

⁶ Established under the Economic Development, Tourism, Trade, Industry, Minerals (ETTİM) department of the AUC

⁷ According to the [AfCFTA Adjustment Fund Portal](#)

⁸ According to [The Guided Trade Initiative: Documenting and Assessing the Early Experiences of Trading under the AfCFTA](#) by UNECA

1.4.2 Implementation Progress

The implementation of the AfCFTA has been structured in several phases, each focussing on different aspects of trade and regulatory alignment:

- **Phase I (2018):** This initial phase focussed on the core areas of Trade in Goods, Trade in Services, and Rules and Procedures on the Settlement of Disputes. The primary objective was to establish the legal and institutional framework for the AfCFTA, including the negotiation of tariff concessions and the establishment of rules of origin.
- **Phase II (2023):** Adopted protocols on intellectual property rights and competition policy. This phase aimed to create a conducive environment for businesses by ensuring fair competition and protecting intellectual property rights across member states. Further adopted the AfCFTA Protocol on Digital Trade in February 2024 to enhance digital trade across Africa, as well as the AfCFTA Protocol on Women and Youth in Trade to promote inclusive economic growth by empowering women and youth entrepreneurs within the AfCFTA regime.

In October 2022, the AfCFTA Secretariat launched a pilot programme called the Guided Trade Initiative (GTI) to begin trading under the AfCFTA regime. The first phase of the initiative covered only trade in goods with eight countries: Cameroon, Egypt, Ghana, Mauritius, Kenya, Rwanda, Tanzania, and Tunisia. The second phase also covers trade in services and has attracted the interest of 35 AU Member States⁹. The GTI aims to operationalise the AfCFTA by facilitating actual trade under its legal and operational framework, allowing member states to experience the benefits and challenges of the agreement in a controlled environment.

Participating countries were required to identify organisations and products ready for trade. This involved selecting and registering businesses capable of complying with AfCFTA regulations and participating in cross-border trade. The initiative included products such as ceramic tiles, batteries, tea, coffee, processed meat products, corn starch, sugar, pasta, glucose syrup, dried fruits, and sisal fibre. This list was later expanded to include mushrooms, flowers, bio-pesticides, powdered milk, fish oil, frozen tuna, mineral and chemical fertilisers, essential oils, packaged moringa, fortified maize porridge, honey, nut butters, fruit jams, meat products, beverages, flour, maize meal, pasta, and fabrics.

The GTI has provided valuable insights into the practical aspects of implementing the AfCFTA, highlighting both opportunities and challenges. The initiative demonstrated the potential for increased trade flows and economic integration while also identifying areas that require further development, such as infrastructure improvements and regulatory harmonisation. For instance, small and medium enterprises (SMEs) faced high freight and logistics costs, necessitating support for competitive exporting. Additionally, the need for efficient and digitised processes for obtaining AfCFTA certificates of origin was identified. The lessons learned from the GTI will inform future phases of the AfCFTA's implementation, ensuring a smoother and more effective rollout across all member states.

⁹ According to the [Progress Report on the Implementation of the African Continental Free Trade Area \(AfCFTA\)](#), 17-18 February 2024. The 35 countries that have shown interest for the second phase of the GTI are: East Africa region: Kenya, Uganda, United Republic of Tanzania and Rwanda; Central Africa region: Cameroon, Burundi, Gabon, Equatorial Guinea, Central African Republic, Democratic Republic of Congo (DRC), Republic of Congo and Chad; North Africa region: Algeria, Egypt, Morocco and Tunisia; Southern Africa region: South Africa, Angola, Botswana, Eswatini, Lesotho, Malawi, Namibia and Zimbabwe; West Africa region: Côte d'Ivoire, Ghana, Nigeria, Senegal, Sierra Leone and Togo; Island states: Cape Verde, Comoros, Mauritius, Madagascar and Seychelles.

1.5 Key Findings and Implications for This Guide

Findings on existing assessments related to AIDA and the AfCFTA impact and their implications for this guide have been summarised in the table below (Table 1)¹⁰.

Table 1: Summary of key findings and implications

Key Findings	Implications for contents of this guide
<p>Progress on AIDA: Previous reviews indicate the need to optimise and implement fewer projects within reasonable timelines. Additionally, there is a critical need to revive governance and monitoring mechanisms, and clarify targets, deliverables, activities, and the required resources to ensure effective oversight and accountability.</p>	<p>Methodologies will be provided to help countries assess their progress in industrialisation in AIDA's priority sectors and offer practical recommendations for improvement.</p>
<p>Progress on the AfCFTA: Implementation is nascent, with trade under the GTI only commencing in October 2022. This early stage highlights the need for more robust frameworks to facilitate broader participation and deeper integration.</p>	<p>Focus will be placed on understanding the potential future impact of the AfCFTA, given the nascent stage of implementation. It will provide a framework for assessing and enhancing readiness for wider implementation and deeper integration.</p>
<p>Phased Approach: The 'mandatory list' for tariff liberalisation has a deadline of 2031 for more than 50% of member states. This phased approach requires careful monitoring and adjustment to address challenges and leverage opportunities over the next few years.</p>	<p>Framework will be provided to track the AfCFTA impact in the future, leveraging the Monitoring Tool. This will help countries manage the phased liberalisation process effectively and adapt to emerging challenges and opportunities.</p>
<p>Existing Impact Studies: Multiple studies project macro potential economic impact, including factors like overall GDP and tariff revenue impact; ad-hoc studies across Africa and for specific countries have projected the AfCFTA impact. However, there is a gap in understanding the specific product/sector-level impacts and their social and environmental implications.¹¹</p>	<p>The approach will augment existing studies by focusing on product/sector-specific impact and environmental and social implications. This will provide more granular insights that can inform targeted policy interventions and support sustainable development goals. Countries are also encouraged to commission their own Impact Studies if there are additional macro-level insights, they are keen to understand</p>

The guide will leverage insights from existing studies and provide a step-by-step methodology for conducting impact assessments. It aims to deliver actionable insights and recommendations, helping countries optimise their industrial and trade policies in line with continental objectives.

¹⁰ BCG analysis

¹¹ A few examples include [ISS African Futures](#) with AUDA-NEPAD, which offers in-depth scenarios and trajectories modelled for each African country, aligned with the African Union's Agenda 2063 vision; Multiple existing academic studies to project impact in specific geographies (AfDB, UNDP, UNECA, Pardee Center for International Studies). [ITC](#) has several publications on the AfCFTA. There are also a few in-depth studies for specific geographies such as Côte d'Ivoire in partnership with UNDP, ECA, and ECCAS in partnership with UNECA.

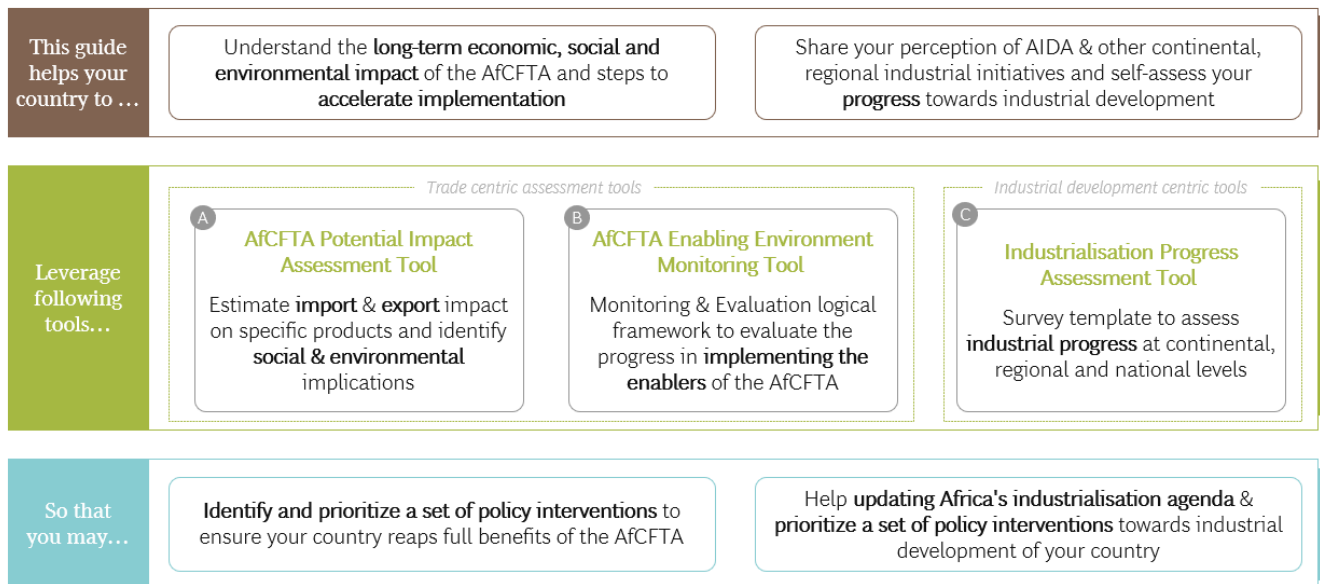
02

Tools to Prepare Countries for Full Implementation of AIDA and the AfCFTA

2.1 Overview of the Assessment Framework

The assessment framework for evaluating the impact of the AfCFTA and AIDA comprises three interconnected components. These tools are designed to collectively provide Member States with a comprehensive evaluation of economic, social, and environmental implications (Figure 1).

Figure 1 Overall assessment framework



2.1.1 AfCFTA Potential Impact Assessment Tool

The AfCFTA Potential Impact Assessment Tool helps countries estimate the net import and export impact of the AfCFTA on specific products and sectors, while identifying social and environmental implications, guiding countries in policy intervention¹². It provides a vision of the desired end state, illustrating what success the AfCFTA implementation could achieve for trade and industrial growth in Africa.

2.1.2 AfCFTA Enabling Environment Monitoring Tool

The AfCFTA Enabling Environment Monitoring Tool is designed to help countries systematically track their progress towards achieving the goals of AfCFTA implementation through the creation of a strong enabling environment. Structured as a logical framework (log frame), this tool enables countries to measure activities, outputs, outcomes, and impact goals related to trade facilitation, trade infrastructure development, and trade finance. By completing and periodically updating the monitoring tool, countries can identify performance levels, gaps and areas needing improvement, facilitating timely interventions and evidence-based policy development.

2.1.3 Industrialisation Progress Assessment Tool

This component of the impact assessment helps countries evaluate the awareness and perception of continental industrialisation initiatives and their progress towards advancing industrial development. It assesses the integration of these initiatives into the country's national development plans, as well as any technical and financial support provided. Additionally, it assists governments in assessing the readiness of priority industrial sectors to benefit from trade liberalisation under the AfCFTA.

These assessment tools complement each other, creating a cohesive approach to maximise the benefits of AIDA and the AfCFTA:

1. The AfCFTA Potential Impact Assessment Tool helps countries **set data-driven goals** for the economic, social, and environmental impact of the AfCFTA through successful trade and industrial integration.
2. The Industrial Progress Assessment Tool helps countries **assess their starting point** in baseline industrial performance and readiness while **highlighting areas for improvement**.
3. The AfCFTA Enabling Environment Monitoring Tool helps countries to chart a path between present and future states to **track progress toward end goals**.

By integrating these tools, policymakers can prioritise interventions, foster economic integration, and promote sustainable development across Africa.

The next sections provide detailed guidance on the use of each tool, specifically:

4. Purpose of each tool (*Why* it should be used).
5. Structure, methodology, and data sources (*What* the tool entails).
6. Assessors responsible for completing the assessment (*Who* to involve).
7. Steps to complete the assessment (*How* to implement the tool).

¹² For analysis and monitoring of non-tariff barriers, refer to the monitoring tool

8. Timing and frequency of the assessment (*When* it will be completed).
9. How to interpret the results (*What next* for policymakers).

2.2 AfCFTA Potential Impact Assessment Tool

2.2.1 Purpose of the Potential Impact Assessment (“Why”)

Although some organisations have completed potential impact assessments for the AfCFTA, these assessments can be further augmented by focusing on country-specific priorities as per national implementation plans. This potential assessment aims to provide a simpler, more replicable approach for countries and includes consultations with stakeholders in industry and government to augment insights.

This section focuses on understanding the potential impacts of the AfCFTA on member countries, guiding them through the process of assessing how this trade agreement can impact them across three key streams:

- a. **Economic Impact:** Evaluating the export potential and import impact due to the AfCFTA.
- b. **Social and Environmental Impact:** Assessing how the trade agreement influences social aspects such as job creation and inclusion, as well as environmental sustainability.
- c. **Policy Interventions:** Providing actionable insights and recommendations for policy interventions based on the assessment outcomes (*see section 2.2.6*).

2.2.2 Structure, Methodology and Data Sources of the Tool (“What”)

The AfCFTA Potential Impact Assessment Tool is designed to offer member states a way to evaluate the economic, social, and environmental implications of the agreement. This tool is structured into two primary components: a *toolkit to quantify the potential impact* and a *stakeholder survey*.

1. Toolkit to Quantify the Potential Impact

The first component of the potential impact assessment tool focuses on quantifying the export and import impacts of the AfCFTA, as well as assessing its effects on job creation.

Assessing the economic impact of trade policies such as the AfCFTA involves several methodologies. The three primary approaches are Computable General Equilibrium (CGE) modelling, Partial Equilibrium (PE) modelling, and Hybrid modelling, which combines elements of both CGE and PE. The table below summarises the advantages and disadvantages of each of those tools (Table 2).

Table 2: Methodologies to assess the economic impact of free trade areas

Methodology	Description	Example Use	Advantages	Limitations
Computable General Equilibrium (CGE) Modelling	Uses a system of equations to simulate how an economy reacts to policy changes, considering the entire economic	Applied in the Latin America / Asia-Pacific FTA to assess economic and welfare impacts across countries and sectors.	Comprehensive, captures broad economic interactions, useful for general policy analysis.	Requires extensive data, complex, may be less accurate for specific sectors or products.

Methodology	Description	Example Use	Advantages	Limitations
	system, including interactions between sectors and agents.			
Partial Equilibrium (PE) Modelling	Focuses on specific markets or sectors, assessing the direct impact of policy changes on trade, tariff revenue, and welfare without considering broader economic interactions.	Used in the Morocco-USA FTA to assess tariff-level impacts between the two countries.	Requires less data, simpler, more precise for sector-specific analysis.	Does not capture inter-sectoral interactions, potentially misses broader economic effects.
Hybrid	Combines the comprehensive nature of CGE models with the detailed, sector-specific insights of PE models.	Employed in the UK-New Zealand FTA to assess both broad economic impacts and specific sectoral changes.	Balances broad and detailed analysis, adaptable to various data availability.	Can be complex and resource-intensive, requiring both detailed sectoral and broad economic data.

Given the limited data availability in many African contexts and the need to assess impacts at the product level, this guide recommends the use of Partial Equilibrium (PE) modelling. PE models are particularly useful for targeted, sector-specific assessments and can provide actionable insights with less data compared to CGE models.

Various organisations provide tools for PE analysis¹³. These include the International Food Policy Research Institute (IFPRI)¹⁴, the United States International Trade Commission¹⁵ and the World Bank¹⁶. This *toolkit* uses the ready-to-use World Bank’s SMART PE modelling tool and the forthcoming African Trade Observatory (ATO) policy simulation tool that leverages ITC’s Export Potential Map in combination with partial equilibrium to estimate the export impact of the AfCFTA. The *toolkit* includes:

- **Export Potential Analysis:** This section gives a description of how countries can identify key markets and estimate export potential for prioritised products leveraging the ITC Export Potential Map. Once live, readers should refer to the policy simulation module within the African Trade Observatory (ATO) website which use ITC Export Potential Map and partial equilibrium simulation to estimate the export impact of the AfCFTA at a product level. The process described in this guide involves confirming priority products, sizing the market, and analysing findings. The outcome is a directional estimate of the export impact in USD for priority products.

¹³ According to [Guide Book on Trade Impact Assessment](#) by the United Nations Conference on Trade and Development (UNCTAD)

¹⁴ [IFPRI Impact Model](#)

¹⁵ [PE Modelling Portal](#) of the United States International Trade Commission

¹⁶ [WITS Simulation Tool](#)

- **Import Impact Analysis:** This part of the *toolkit* utilises the World Bank’s SMART-WITS tool to assess the trade diversion, tariff revenue loss, and consumer price changes resulting from the AfCFTA. It includes steps such as confirming products, sizing the impact, and analysing findings. This analysis provides directional estimates of the import impact in USD for selected sectors.
- **Job Creation Impact:** This section evaluates the effects on job creation. It involves selecting priority sectors, quantifying impacts, and conducting data analysis to capture nuanced insights on key demographics such as women and youth. The assessment uses public reports and databases to provide insights into the impact of the AfCFTA on job creation.

2. Stakeholder Survey

The second component of the potential impact assessment tool involves a comprehensive survey aimed at gathering perceptions from private sector stakeholders (*including exporting firms, importing firms, and businesses with value chains involving trade under the AfCFTA*) regarding the potential impacts of the AfCFTA. The survey is divided into three sections: export, import, and socio-environmental impacts. The survey questionnaires are designed based on proven approaches such as the World Bank’s Environmental and Social Framework (ESF).

- **The AfCFTA Awareness:** Understand the current knowledge base of key stakeholders about the AfCFTA and identify any key knowledge gaps.
- **Export Impact Section:** Assesses private sector perceptions on export opportunities and challenges under the AfCFTA.
- **Import Impact Section:** Evaluates the impact of increased imports of sensitive products on domestic producers.
- **Socio-environmental Impact Section:** Gathers insights on the potential social and environmental impacts, focusing on demographics such as women and youth, and environmental sustainability.

This private sector stakeholder survey is crucial for validating the quantitative findings and providing a holistic view of the potential impacts from those directly involved in and affected by the trade policies.

2.2.3 Assessors Responsible for Completing the Assessment (“Who”)

Several parties are involved at a country level to complete the assessment:

- **The AfCFTA National Implementation Committee (NIC) Focal Person** is ultimately responsible for conducting the assessment and reporting results.
- **Government Focal Person on Trade** collects data, utilises assessment tools, coordinates with the private sector, oversees local experts, and compiles the findings.
- **Local Expert(s)/-Trade Economist(s)** aids in completing the assessment or may carry out the full assessment if governments choose to do so.

2.2.4 Steps to Complete the Assessment (“How”)

2.2.4.1 Toolkit to Quantify the Potential Impact

1. Export Potential

The Potential Impact tool provides countries with a structured approach to understanding the net export benefits of the AfCFTA at a product level. This involves a three-step process designed to confirm priority products, size the potential obtainable market, and refine through consultation with experts.

Step A: Confirm priority product:

The first step is to understand if and how the AfCFTA will impact trade for products prioritised under National Implementation Plans. This involves:

Step A1. Select Target Markets and Products: The assessor should identify which markets and products are of strategic importance for export promotion. Focus on products that are significant for the country’s economy and align with the AfCFTA’s objectives.

Markets: The assessor may wish to run the exercise looking across all of Africa, or focussing on specific priority markets, depending on the strategic focus in their National Implementation Plan.

Products: The assessor can run this exercise multiple times on as many priority products as they desire. Where a National Implementation Plan contains an extensive list of priority products, the assessor may wish to select a few to focus on based on factors such as:

- Export revenue earned from the product as a percentage of GDP.
- Employment in the relevant sector.
- Strategic significance of the growth of the product’s exports to countries’ wider National Development or other strategic plan.

Step A2. Confirm Product Eligibility: The assessor must ensure that priority products are eligible for trade under the AfCFTA and will meet the Rules of Origin (RoO) requirements. This involves checking if products adhere to the criteria set for intra-African trade.

Step A3. Understand Specific Tariff Impacts: The assessor needs to analyse the specific tariff reductions or eliminations under the AfCFTA that will affect these products. This includes understanding the tariff schedules and how they will change for the identified products in the selected markets.

A questionnaire to help with product selection is available in Appendix 6.1.1a.

Step B: Size Potential Obtainable Market:

The second step involves leveraging the ITC Export Potential Map to identify key markets with export potential for each of the prioritised products, one at a time. This step includes:

Step B1. Identify Key Markets:

- The assessor should access the ITC’s Export Potential Map, which will soon be integrated into the [African Trade Observatory \(ATO\) website](#). This tool estimates the potential export revenue for specific

products and sub-sectors across Africa. More details about the existing tool can be found on [ITC's website](#).

- After accessing the tool, the assessor identifies the country of focus, chooses target export markets, and then selects 'Africa' or any specific target countries.

Step B2. Select Product and Find Export Potential

- Select product¹⁷.
- Use the tool to find the approximate untapped export potential for this product in the identified markets. The ITC's methodology leverages projections based on current supply and demand, augmented by a projected growth rate and an adjustment factor for ease of bilateral trade.

Step C. Uncover additional insights

To uncover additional insights from the analysis, the assessor should conduct additional desktop research to uncover the drivers of growth in export. This involves reviewing market reports from reputable sources such as Euromonitor International, UNCTAD, and International Trade Administration or consulting with industry experts where market reports are limited.

This three-step approach provides an estimate of the export potential impact of the AfCFTA, expressed in USD. By systematically assessing export potential at a product level, countries can identify strategic opportunities for enhancing their trade performance under the AfCFTA framework.

The assessor should be aware that the export potential analysis can **also alternatively be done by leveraging the World Bank's SMART-WITS tool**, as is used for the **Import Potential Assessment**. This will produce different figures from the ITC's Export Potential Assessment but would still provide helpful inputs for policymaking.

2. Import Potential Assessment

The Potential Impact tool will help countries understand the potential impact of imports under the AfCFTA on domestic markets, focussing on how trade liberalisation will affect consumer prices, tariff revenue, and domestic producers. This involves a three-step process designed to confirm priority products, size the domestic impact, and refine the analysis based on expert consultation.

Step A: Confirm Priority Products

The first step is to understand if and how the AfCFTA will impact trade for sensitive domestic products. This involves:

Step A1. Select Target Products: The assessor should identify which products are sensitive to imports under the AfCFTA framework. Focus on products that are significant for the country's economy and align with the AfCFTA's objectives. Additional factors to consider when determining which products to assess may include:

- Inclusion of a product on the 'Sensitive' tariffs list under the AfCFTA Tariff Schedules.
- Domestic sales revenue earned from the product as a percentage of GDP.
- Employment in the relevant sector.

¹⁷ ITC Export Potential Map uses custom-defined products and sub-sectors, some of which match the HS6-level or HS chapters

- Strategic significance of domestic sales/potential future export or value-add of product as part of the country's National Development Plan or other strategic objectives.

Step A2. Confirm Product Eligibility: The assessor must ensure that the priority products are eligible for trade under the AfCFTA and will meet the RoO requirements. This involves checking if the products adhere to the criteria set for intra-African trade.

Step A3. Understanding Specific Tariff Impacts: The assessor needs to analyse the specific tariff reductions or eliminations under the AfCFTA that will affect these products. This includes understanding how tariff changes will impact domestic prices and competition.

A detailed questionnaire for this section can be found in Appendix 6.1.1b.

Step B: Size Domestic Impact

The second step involves leveraging the World Bank SMART-WITs tool to quantify the domestic impact. This step includes:

Step B1. Access the SMART-WITS tool:

- The SMART-WITs tool, developed by the World Bank in collaboration with UNCTAD, ITC, UNSD, and WTO, is used to calculate the potential impact of reducing tariffs under the AfCFTA. It provides detailed economic effects down to the HS6 product level.
- The tool can be accessed online from the World Bank website, and additional step-by-step guides are available.¹⁸
- The assessor should access the SMART-WITs tool online and create an account.
- Then, the assessor should select 'New Query' and input the relevant details (country, year, product, scenario, and elasticity settings).

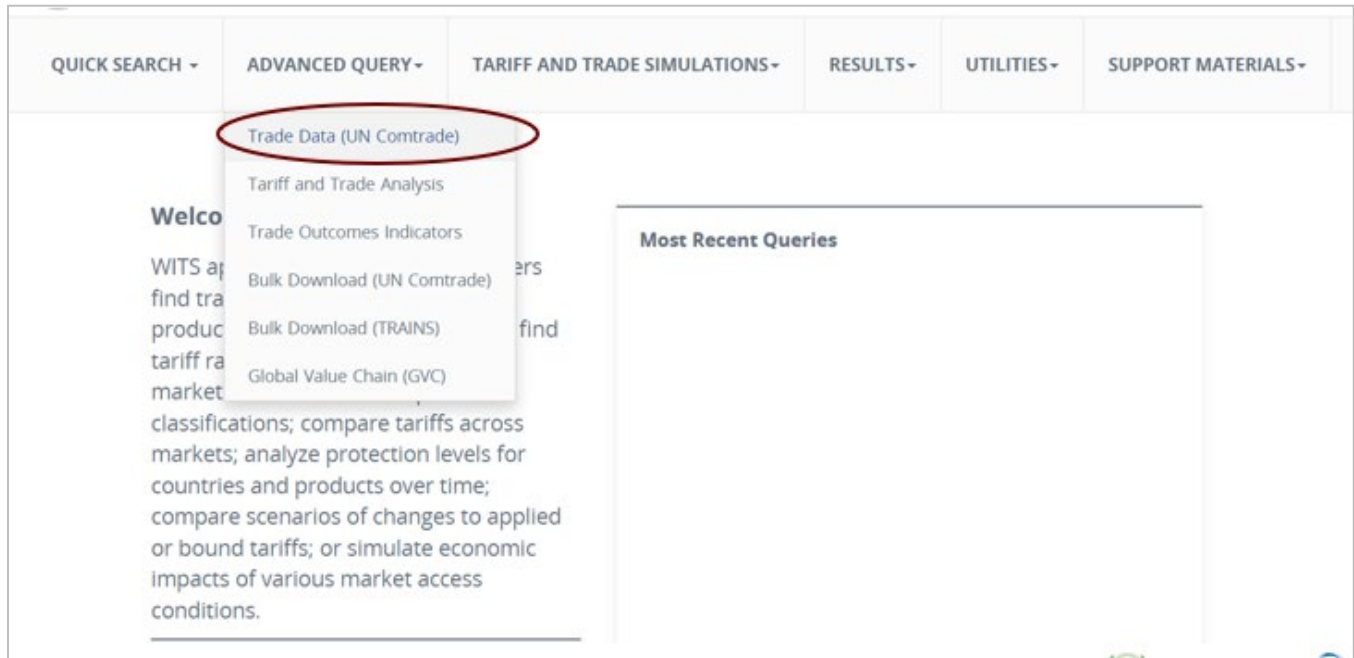
Step B2. Quantify Impact Using the SMART-WITS Tool:

Check if the required data is available:

- **Trade Values:** The tool has inbuilt trade data, but it may not be updated for all countries. The assessor may need to upload the most recent data from sources such as ITC Trade Map or national trade databases. To understand whether there is sufficiently recent data built into the tool, use the 'Trade Data (UN Comtrade)' tab under 'ADVANCED QUERY' on the SMART-WITs website to view the latest available data for your country (Figure 2). Alternatively, the assessor can use the 'Data Visualizer' under the 'UTILITIES' tab to view available data.

¹⁸ Step by step guides can be access through the following websites: [UNCTAD Guidebook on Trade Impact Assessment \(UNCTAD, 2022\)](#); [ADB Methodology for Impact Assessment of Free Trade Agreements \(ADB, 2010\)](#); [WTO Practical Guide to Trade Policy Analysis \(WTO, 2012\)](#); [SMART-WITS Instruction Manual \(World Bank & UNCTAD, 2011\)](#); [SMART-WITS Online Tool Instructions \(World bank, 2010\)](#)

Figure 2 SMART-WITS ‘ADVANCED QUERY’ Tab



- **Trade Policy:** Tariff data from UNCTAD Trains is available through the ‘Data Visualizer’ under the ‘UTILITIES’ tab. The assessor may also choose to consult national databases should the data not be available online.
- **Elasticities:** Default elasticities are included in the tool, but the assessor can customise these based on specific economic contexts.

Run the Analysis

- Begin by selecting ‘New Query’ and giving your query a name and description.
- Select each of the following rows and use them to complete the analysis (Figure 3).

Figure 3 Running the analysis using SMART-WITS

- **Country:** Select the country of focus for the analysis. For example, if you are conducting the analysis on behalf of the government of Country X, input the name of Country X.
- **Year:** Select the relevant baseline year for analysis. This depends on data availability – see above for more information on how to check what the most recent data available in the tool is for your country.
- **Products:** Select the product you would like to focus on for the analysis:
 - Select the relevant nomenclature (e.g., HS-Combined for HS codes).
- Search for the product or product group at the appropriate level of detail for the simulation you would like to run. The tool can run analysis from HS2-code to HS6-code levels of aggregation.
- **Scenario:** Select ‘Add/Modify’ to create a new scenario. Give the scenario a name and description. Select the following:
- **Partner:** The trading partner(s) you would like to focus on. This can either be specific countries in Africa or all the AfCFTA member states.
 - **Product:** Select the product(s) you would like to apply the tariff reductions to.
 - **Formula:** Select how you would like the formula to be applied. The differences between them are as follows:
- **New Rate:** Tariffs are set to a new rate as entered in the relevant box. For instance, entering zero (0) sets tariffs to 0%. This is the recommended option for the AfCFTA scenario as the new tariff rate is known to be set at zero per cent.
- **Maximum Rate:** Tariffs in the simulation are set to whichever is highest – the entered value, or the current tariff rate.
 - **Linear Cut:** Tariffs are reduced by the coefficient value entered. For instance, if the Linear cut coefficient is 0.2 and the current tariff is 50%, the new tariff would be $0.2 * 50\% = 10\%$.
- **Swiss Formula:** The formula can be used across multiple different tariffs. The purpose of the formula is to reduce higher tariffs more significantly than lower ones, attempting to reduce and harmonise tariff rates.
- **Elasticity:** The SMART tool has the following elasticities in-built, but you may wish to customise each depending on your specific needs and context.
 - Import Demand: Default values vary by product but remain the same per reporter.
 - Substitution: By default, substitution elasticity is set at 1.5.
 - Supply: By default, the tool assumes infinite supply elasticities.
- **Apply Tariff Change on the Applied Rate:** The tariff rate is applied for a given product with a given trading partner. This guide does not recommend applying “the maximum tariff.”
- Click on “Save and Submit” and view results.

Step B3. Interpret Results

Read the results as follows:

- **Trade Creation/Diversion Impact:** Net trade creation/diversion impact.
- **Tariff Revenue Impact:** Effect on government revenues from tariff reductions.
- **Consumer Price Impact:** Potential changes in consumer prices due to increased imports.

Key limitations to keep in mind when interpreting the results:

- **Sensitivity to Historical Trends:** The model relies heavily on historical trade data, which may not account for future changes in trade dynamics or the introduction of new sectors.
- **Single Policy Instrument Focus:** The model typically assesses the impact of one policy change (i.e., tariff reduction) at a time, meaning it cannot incorporate additional benefits of the AfCFTA such as non-tariff measures.
- **Lack of Intersectoral Impact Analysis:** The model does not consider how changes in one sector might affect other sectors, which can be crucial for understanding overall economic impacts.
- **Competitive Advantage Consideration:** The outputs primarily focus on price changes and do not consider other competitive advantages such as quality improvements or brand strength.
- **Static Analysis:** The tool provides a snapshot based on current conditions without accounting for dynamic changes over time.

Step C. Refine Calculations

- The assessor should enhance data accuracy by reviewing additional market reports and consulting with industry experts.
- Adjust projections based on specific sector growth rates, applying a formula to align the new growth rate with the current projections.

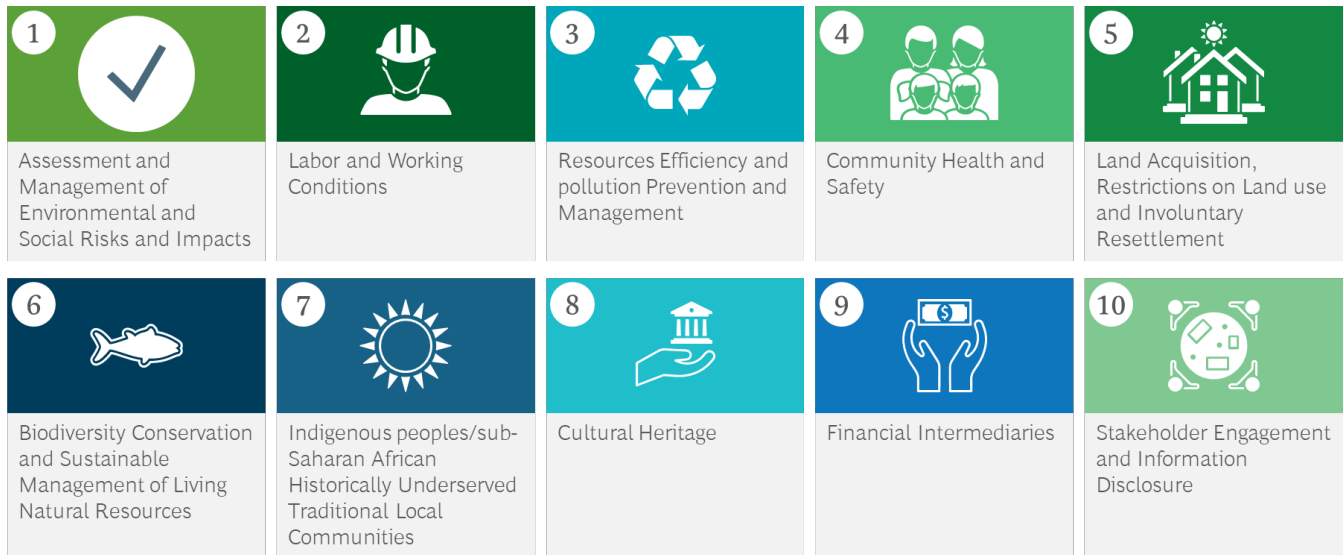
3. Social and Environmental Impact Assessment

Given the complexity and qualitative nature of socio-environmental impacts, this assessment will primarily employ a qualitative approach through stakeholder surveys (see the next section). This approach leverages direct feedback from private sector actors, community representatives, and other relevant stakeholders to gather insights into the socio-environmental implications of the AfCFTA. However, to complement the qualitative approach, we have also developed a high-level quantification tool designed to assess job creation impacts resulting from changes in exports due to the AfCFTA.

The socio-environmental impact assessment within the potential impact assessment tool aims to evaluate the broader implications of the AfCFTA on social and environmental factors. This assessment is structured around ten key dimensions derived from the World Bank's Environmental and Social Framework (ESF) (Figure 4). These dimensions provide a comprehensive framework to ensure that the socio-environmental impacts of AfCFTA are thoroughly evaluated and addressed.¹⁹

¹⁹ A description of each dimension can be found in Appendix 5.1.2

Figure 4 The World Bank Environmental and Social Framework (ESF)



For those wishing to quantify additional forms of social impact such as poverty reduction, some existing studies such as that conducted by the Institute for Security Studies (ISS) [Futures](#), may already provide helpful data. The assessor may consider leveraging methodologies such as CGE modelling as used in existing impact studies. See [Section 1.5: Key Findings and Implications for the Guide](#) for more detailed information on potential existing studies to review.

Additionally, the methodology described below helps to calculate direct and indirect jobs created as a result of increased exports. To calculate the impact on induced jobs, the assessor may consult [this document](#)²⁰ from ILO or consult [ITC](#) which has developed a methodology to estimate the number of jobs that could arise from full realisation of export potential and has applied the approach on a dozen African countries.

A. Benchmark Multipliers:

In this step, we aim to understand the relationship between a change in the export value of a certain product in a certain country and its impact on jobs both directly and indirectly using benchmarked multipliers from proxy countries (See Appendix for illustration).

Step A. Identify Proxy Countries.

- The assessor should choose 4-5 countries with economic profiles similar country in question and that have data on employment and trade publicly available (If data for African countries are not available, ASEAN countries are a good starting point). Consider factors such as GDP per capita, industrial structure, and export profiles.

Step B. Gather Export Data.

- Obtain export data for the specific product from the proxy countries.

²⁰ A Brief Review of Input-Output Approaches to Employment Impact Assessment (Guannan Miao, Luis Villanueva, Xiao Jiang, Massimiliano La Marca, 2024)

- Reliable sources include national trade databases, UN COMTRADE, ITC Trade Map, Observatory of Economic Complexity (OEC), WTO or World Bank databases.

Step C: Determine Domestic Employment in Export Sectors.

- Look for data on domestic employment specifically involved in the export of the chosen product.
- Utilize the OECD Trade in Employment (TiM) tool.
- Alternatively, consider other research articles, economic reports, or sector-specific studies if OECD TiM data is not available.

Step D: Calculate Job Multipliers.

- Using the OECD TiM tool, gather data on both direct and indirect jobs involved in the export of the product.
- Use the following formula to calculate the job multiplier for each proxy country:
- **Job Multiplier per USD1 million of Exports** = Number of jobs/(Export value (USD)/USD1,000,000).
 - **Example Calculation:** If a country exports USD10 million worth of the product and has 2000 jobs (both direct and indirect) in that sector:
- Job multiplier = 2000/10 = 200 jobs per USD1 million of exports.

Step E: Calculate Direct to Indirect Job Multiples.

- Determine the ratio of direct to indirect jobs using the formula:
 - Direct to indirect Job Multiple = **Direct jobs/Indirect jobs.**
 - Example: If there are 800 direct jobs and 1200 indirect jobs: **Direct to Indirect Job Multiple = 800/1200 = 0.67**

Step F: Apply the Job Multiplier to Measure Job Impact.

- Leverage export potential estimates and apply the job multiplier to the change in export value using the formula:
 - **Job impact** = Change in export value × Job multiplier
- **Example:** If the change in export value is USD 5 million and the job multiplier is 200 jobs per USD 1 million of exports:
 - Job impact = 5 × 200 = 1000 jobs

B. Self-calculated Multipliers

In this section, we shift from using benchmark job multipliers based on proxy countries to a more precise methodology tailored to specific national contexts. This approach involves step-by-step quantification to derive more accurate job multipliers, reflecting the unique economic conditions and trade activities of each country.

Methodology for Deriving Job Multipliers

To achieve accurate job multiplier figures, countries should follow a mix of quantitative and qualitative steps:

Step A: Determine the Employment-to-Value Ratio

First, calculate the ratio between the total value generated in a value chain and the total employment within that chain.

Step B: Assess the Export Value Percentage

Next, determine the percentage of the sector's total value attributed to exports. This isolates the portion directly linked to export activities.

Step C: Apply the Employment-to-Value Ratio

Apply the ratio from Step A to the export value percentage from Step B to estimate the number of jobs involved in exports.

Step D: Conduct Sense Checks

To validate these estimates, perform the following check:

- List all companies in the sector and identify those involved in exports.
- Determine the percentage of each company's produce that is exported.
- Calculate the number of employees per metric ton (MT) of produce.
- Multiply the figures from 2 and 3 by the total number of exporting companies.

Step E: Validate through Expert Interviews

Finally, validate these findings through interviews with sector experts in the sector of interest. Their insights can validate the accuracy of the calculated figures.

2.2.4.2 Stakeholder Survey

The survey is structured into three main sections: export impacts, import impacts, and socio-environmental impacts. This section outlines the essential aspects of conducting the stakeholder survey.

- Target Audience:** The target audience for the survey includes private sector actors such as exporters, importers, and businesses directly involved in trade within the AfCFTA framework. It also includes industry representatives from key sectors affected by the AfCFTA, trade associations, government officials from trade and industry ministries, community representatives, and environmental NGOs.
- Sample Size:** To ensure the survey results are statistically significant and representative, it is recommended to have a minimum sample size of 100 respondents. This number is based on best practices for surveys aimed at capturing diverse perspectives and ensuring the reliability of the results.²¹
- Survey Administration:** The survey can be distributed through various channels, including email, online survey platforms, and in-person interviews. Ensure responses are collected systematically and securely, maintaining confidentiality and data integrity. Follow up with non-respondents to increase the response rate and ensure a comprehensive data set. A detailed questionnaire for the stakeholder survey,

²¹ Most statisticians agree that the minimum sample size to get any kind of meaningful result is 100. If your population is less than 100 then you really need to survey all of them ([Survey Monkey](#)).

including specific questions for each section and guidance on how to administer the survey effectively, is provided in [Appendix 6.1.2](#).

2.2.5 Timing and Frequency of the Assessment (“When”)

The potential impact assessment should be conducted one time, with the potential to refresh after three to five years to incorporate new agreements and changes in growth forecasts²².

2.2.6 How to Interpret the Results (“What Next”)

The results of the assessment will categorise the impact across the economic impact and social and environmental impact.

Economic Impact:

The assessment will provide directional estimates for the export potential of priority products and the impact certain products will have on the domestic market (trade diversion, tariff losses, consumer, categorising them into high, medium, or low potential).

Social and Environmental Impact:

The assessment will evaluate the social aspects such as job creation, social inclusion, and environmental sustainability, categorising the findings similarly:

- **High Impact:** Significant negative impact.
- **Medium Impact:** Moderate negative impact
- **Low Impact:** Minimal negative impact

Using the Results:

Policymakers should prioritise actions based on the outputs of the analysis. For economic impacts, focus on high-potential sectors and products for export promotion and support sensitive sectors facing increased import competition. For social and environmental impacts, implement initiatives that promote job creation, social inclusion, and sustainability, focussing on high-impact areas.

The survey results will help key stakeholders for the AfCFTA, at the continental and regional levels, to further leverage its impact in alignment with other pan-African and regional initiatives.

Engaging Stakeholders:

Engage stakeholders through consultations to validate findings and refine strategies. Continuous feedback mechanisms will help monitor progress and adjust strategies as needed.

²² Countries can leverage the forthcoming policy simulation under the ATO for more frequent updated view of the economic impact

Regular Assessments:

Conduct periodic assessments as per national priorities to track progress and incorporate policy changes and insights.

Transparent Reporting:

Provide transparent reports on assessment findings and policy actions. Communicate results effectively to all stakeholders to build trust and support, highlighting success stories and best practices to encourage broader participation.

By interpreting the assessment results through this structured approach, policymakers can effectively leverage the AfCFTA to maximise its benefits for their countries.

2.3 AfCFTA Enabling Environment Monitoring Tool

The AfCFTA Enabling Environment Monitoring Tool is designed to help countries understand how they are progressing in enabling the achievement of key AfCFTA goals, such as boosting intra-African trade. Structured as a logical framework (logframe), this tool provides a systematic approach for countries to measure the progress and effectiveness of their efforts in creating an enabling environment for trade and industrialisation under the AfCFTA. The logframe helps member states to track how their policy actions (e.g., reducing tariffs and improving customs processes) translate into clearly defined outputs (e.g., increased trade volumes and streamlined custom processes) and how these outputs then contribute to improved outcomes (e.g., enhanced market access and greater economic integration) and overall impact goals (e.g., economic growth and poverty reduction). Countries can adopt and add to this framework to meet their specific needs, in alignment with their national AfCFTA implementation plans.

2.3.1 Purpose of the AfCFTA Enabling Environment Monitoring Tool (“Why”)

While policy actions today are important in maximising the gains of the AfCFTA, the overall impact will only truly be seen (and measured) over the medium to long-term. To better understand the effectiveness of policy activities in the interim, and to track progress towards realising potential AfCFTA positive impacts, member countries can utilise the AfCFTA Enabling Environment Monitoring Tool.

This tool evaluates a country's ongoing performance in creating an enabling environment for trade under the AfCFTA, by integrating a prioritised set of commonly available data indicators through a logical framework. In this sense, the tool should be considered complementary to, rather than a replacement for, additional compliance review mechanisms associated with the AfCFTA Founding Treaty.

By completing and periodically updating the monitoring tool, you will be able to:

- a. **Monitor and Report Performance:** Track progress and report on performance (nationally and regionally).
- b. **Receive Early Warnings:** Identify whether your country is performing at a high, medium, or low level for each key driver of impact, allowing for timely interventions.
- c. **Identify Gaps and Challenges:** Pinpoint specific areas in the current enabling environment that require improvement to further enhance trade.

- d. **Prioritise Interventions:** Ensure that efforts and resources are focussed on the most critical areas, optimising the impact of your interventions to maximise the benefits of the AfCFTA.
- e. **Develop Evidence-based Policies:** Create and implement policies based on actual performance data and the unique socio-economic contexts of your country.

2.3.2 Structure, Methodology and Data Sources (“What”)

The Enabling Environment Monitoring Tool is structured as a logical framework²³. It measures progress from **output to outcome to impact goal level** using a set of defined indicators, which countries can use to assess the results of their priority **activities** (drawing from relevant national plans/strategies). It starts with **output** indicators, which are the immediate, tangible products or services resulting from relevant activities. The **outcomes** are the short- to medium-term effects or changes that result from the outputs. Finally, the **impact goals** refer to the long-term, broader changes or benefits that occur because of defined actions, in alignment with the ultimate objectives of the AfCFTA. It does this by comparing **actual** vs. **target performance** using data from global indicators, as well as those defined and reported in country national implementation plans.

Specific indicators and metrics have been selected based on a set of key factors including:

- a. **Credible publisher:** Data should be published by a reliable, internationally recognised source.
- b. **Consistently updated:** Database or indices should be updated on a frequent basis (no less than every three years) to facilitate regular tracking.
- c. **Available for majority of AU Member States:** To ensure the tool can be leveraged by as wide a range of stakeholders as possible; indicators are only used where they have data available for most AU Member States.
- d. **Indicators can be linked to actionable interventions:** Any ‘output’ or ‘outcome’-level indicators have been selected with the view that they can be linked to specific interventions if the results of the assessment indicate low performance.

Countries are advised to augment the existing framework with additional output, outcome, and impact goals in line with their AfCFTA National Implementation Plans and where sufficient data is available.

Although, as far as possible, indicators have been selected with broad coverage across Africa, it is noted that some assessors may have data gaps across some of the output and outcome indicators. It is recommended, where possible, to supplement quantitative gaps with any qualitative inputs from either government or stakeholder consultation, which may give a directional indication of progress for a given Impact Goal.

²³ See [The World Bank Logical Framework Handbook](#) for further information on log frame approaches

Table 3: Structure of the AfCFTA Enabling Environment Monitoring Tool

Drivers (detailed activities to be defined by member states)	Output Indicators	Outcome Indicators	Impact Goals
Trade Facilitation	Customs Efficiency	<ul style="list-style-type: none"> • Development of One-Stop Border Posts • Implementation of Single Window Systems 	<ul style="list-style-type: none"> • Value of intra-African trade (USD million) • Share of intra-African trade (percentage of total trade) • Increased intra-African trade beyond commodity-goods • Net job creation from increased intra-African trade • Economic participation of women and youth (%) • Value of intra-African FDI inflows (USD million)
	Trade Information	<ul style="list-style-type: none"> • Development of one-stop shop services for trade information • Quality of training and technical support offered to customs officials and exporting firms 	
	Standards Harmonisation	<ul style="list-style-type: none"> • ARSO certification rates 	
Trade Infrastructure Development	Transport Network Connectivity and Quality	<ul style="list-style-type: none"> • Road-/rail connectivity between production zones and major borders and ports. • Proportion of intra-regional flight connections. 	<ul style="list-style-type: none"> • World Bank LPI score – trade and transport infrastructure. • Quality and capacity of physical infrastructure at borders.
	Border Post Infrastructure	<ul style="list-style-type: none"> • Percentage of borders supported by modern ICT infrastructure. 	
Trade Finance	Investment Attractiveness and Ease of Capital Movement	<ul style="list-style-type: none"> • Capital repatriation systems and processes. • Implementation of systems and policies to facilitate ease of capital repatriation. • Availability of Instant Payment Systems (IPS). • Adoption of Pan-African Payment and Settlement System (PAPSS). 	<ul style="list-style-type: none"> • Ease of cross-border financial transactions, Chinn-Ito (KAOPEN) score. • Ease and speed of intra-regional digital payments. • Attractiveness to international investors, Global Opportunity Index: Business Perception score. • Percentage of exporters accessing formal trade finance initiatives or incentives. • Number of SME loan accounts.
	Access to Credit and Financial Inclusion	<ul style="list-style-type: none"> • Availability of trade finance products accessible for the AfCFTA trade. • Implementation of policies targeting financial inclusion. 	

Table 3 provides an overview of the AfCFTA Enabling Environment Monitoring Tool structure, while a full questionnaire template, detailed scoring guide, and Excel tool accompanying this document.

The tool measures progress across three drivers of impact²⁴: Trade Facilitation, Trade Infrastructure Development, and Trade Finance. These cover key enabling conditions for the successful implementation and acceleration of the AfCFTA, with specific output and outcome indicators identified to measure progress in each area. These drivers were selected following extensive consultations with the AfCFTA Secretariat, trade experts, and multilateral agencies in line with the AfCFTA agreement and the Boosting Intra African Trade Action Plan.

- **Trade Facilitation:** This component focusses on reducing barriers and streamlining customs procedures to enable smoother and faster cross-border trade. The subcomponents assessed under trade facilitation, which include customs efficiency, trade information, and capacity building, are derived from the key components of the OECD Trade Facilitation Indicators²⁵.
- **Trade Infrastructure Development:** This section examines activities that enhance connectivity and reduce logistics costs, making trade more efficient. Indicators here assess the state of connectivity and logistics performance, drawing on data from the World Bank Logistics Performance Index (LPI)²⁶ and other sources.
- **Trade Finance:** This component focusses on the domestic and international mobilisation of resources to facilitate intra-regional trade, attract investment flows, and ensure increased access to financing for SMEs. The subcomponents used here leverage information from the Boosting Intra-Africa Trade Action Plan (BIAT).

It is important to note that this progress tool **does not include specific indicators for monitoring trade policy and legal compliance** activities for the AfCFTA implementation; these indicators may be further refined if necessary, after the pilot phase.²⁷

In addition, the Enabling Environment Monitoring Tool focusses on enablers of intra-regional trade and investment; it **does not aim to comprehensively measure sector-specific competitiveness**. For this, the *Industrial Progress Assessment Tool* can provide countries with further guidance.

See Table 3 below for detailed descriptions of the subcomponents.

Table 4: Detailed description of drivers of impact

Drivers of Impact	Description
Trade Facilitation	
Customs Efficiency	Simplifying and harmonising customs procedures and eliminating non-tariff barriers for seamless, faster, and less costly cross-border trade.
Trade Information	Enhancing access to information on trading under the AfCFTA for businesses and the public.

²⁴ [Boosting Intra African Trade Action Plan](#)

²⁵ [The OECD Trade Facilitation Measures](#)

²⁶ [World Bank Logistics Performance Index](#)

²⁷ For this, Member States should instead refer to the AfCFTA Compliance Matrix (the AfCFTA Secretariat)

Drivers of Impact	Description
Standard Harmonisation	Ensuring African countries adhere to or mutually accept international standards to avoid duplication of effort when clearing products.
Trade Infrastructure Development	
Transport Network Connectivity	Investing in key transport networks to provide direct, efficient routes to key markets with minimal delays and reduced costs.
Border Post Infrastructure	Investing in the quality and reliability of border post infrastructure
Trade Finance	
Investment Attractiveness and Ease of Capital Movement	Creating a stable and favourable environment under the AfCFTA to attract both domestic and international investors and facilitating seamless movement of digital payments and capital investment within the AfCFTA region.
Access to Credit and Financial Inclusion	Ensuring that all individuals and businesses, particularly those underserved by traditional financial systems, have access to useful and affordable financial products and services, including access to credit.

2.3.3 Assessors Responsible for Completing the Assessment (“Who”)

The monitoring tool is designed to be filled in by members of the national implementation committees of the AfCFTA Secretariat, in consultation with key stakeholders in government Ministries, Departments and Agencies related to trade, regional integration, and industrial development.

2.3.4 Steps to Complete the Assessment (“How”)

- Define the set of activities** being or to be conducted by the member country government and partners under each of the impact drivers listed in Table 3 above (e.g., trade facilitation). This should draw from national implementation strategies and other existing plans, where they already exist. Additionally, guidance on example indicators to use is provided in the tool ([Appendix 6.2](#)). Match planned activities with specific outputs under each driver using the **Activity Log** tab of Excel.
- The assessment contains three kinds of questions or ‘means of verification’ across each indicator:
- Qualitative Questions:** Answer the ‘Question’ statement using the drop-down answer options provided under the “Indicator Score” column. These statements are provided to determine how well the country is doing.
- Quantitative Questions:** Click on the data source link to retrieve the country score, then input the specific score. The Excel will automatically populate to confirm whether the output is ‘High’, ‘Medium’ or ‘Low’ relative to other countries in Africa.
- Stakeholder Survey Questions:** Some indicators will require input from external stakeholders such as exporting firms. It is recommended that wherever possible and as part of ongoing surveys or focus groups, governments should engage exporting firms on these points and track the outcomes/outputs.
- Review the results** across each Impact Driver to identify areas of critical challenges. Refer to the policy interventions section to identify potential solutions to address the challenges identified.

Note: Some countries may not have scores for certain years. In such cases, use the year with the most updated data. Otherwise, the question should be dismissed in the overall assessment.

Key Assumptions to Consider Whilst Reflecting on Performance Ratings from the Monitoring Tool:

The monitoring tool contains a column for ‘Key Assumptions’. These are a set of key external factors which are needed to ensure the success of a programme but cannot be impacted or controlled by those looking to implement it. In the case of achieving the AfCFTA Impact Goals, examples of key assumptions may include the following:

- g. Your country remains socio-politically stable, allowing for uninterrupted implementation of development projects.
- h. The overall economic environment remains stable, supporting the mobilisation of resources without significant financial shocks.
- i. Global economic conditions remain favourable, supporting international trade, investment, and economic growth.
- j. Environmental conditions remain stable and do not adversely affect development projects, such as through natural disasters or climate change impacts.
- k. There is a supportive regulatory framework in place that simplifies customs procedures and reduces trade barriers.
- l. Neighbouring countries and trade partners cooperate in harmonising trade regulations and procedures.
- m. The supply chain for construction materials and equipment remains stable and unaffected by external disruptions.

2.3.5 Timing and Frequency of the Assessment (“When”)

The AfCFTA Enabling Environment Monitoring Tool should be undertaken voluntarily by African countries as part of the rollout of the full country impact assessment, with the potential for periodic reviews based on country-specific needs and developments. Assessing on an annual basis is recommended to ensure progress is effectively tracked.

2.3.6 How to Interpret the Results (“What next”)

The result of the assessment categorises the performance of each driver of impact—Trade Facilitation, Trade Infrastructure Development—into **high, medium, or low performance**.

Quantitative Index Scores:

For quantitative index scores, the scores for African countries are divided into three equal parts:

- **High Performance:** Scores in the top third of the distribution.
- **Medium Performance:** Scores in the middle third.
- **Low Performance:** Scores in the bottom third.

For example, if the index score range for African countries is from 0 to 90, a score above 60 indicates high performance, a score between 30 and 60 indicates medium performance, and a score below 30 indicates low performance.

For indicators where data reported for African countries is limited, global scores will be used to determine high, medium, and low performance. This approach may highlight areas where African countries need significant improvement relative to global standards.

Qualitative Questions:

For qualitative assessments, you will select the most appropriate response or statement that describes the country's situation. These statements reflect best practices as outlined by global organisations like the WTO for implementation. The responses are ranked as high, medium, or low performance. This approach captures detailed aspects of performance that quantitative data might not fully reflect.

Detailed Methodology:

For a thorough explanation of the methodology used, refer to the methodology section in the appendix of the monitoring tool. This section provides comprehensive guidance on score calculation, qualitative response evaluation, and the criteria for categorisation.

Using the Results:

The results will help you identify which drivers of impact are underperforming and where to prioritise interventions. By focusing on low-performing drivers, you can strategically allocate resources and efforts to areas that will significantly enhance the country's capacity to benefit from the AfCFTA. Addressing these areas will improve your overall trade environment, infrastructure, and economic productivity, fostering regional integration and economic growth.

2.4 Industrialisation Progress Assessment Tool

2.4.1 Purpose of the Industrialisation Progress Assessment Tool (“Why”)

This component of the impact assessment helps governments evaluate the awareness and perception of continental industrialisation initiatives and their progress towards industrial development. It assesses the integration of these initiatives into the country's national development plans and the provided technical and financial support. Additionally, it assists governments in assessing the readiness of priority industrial sectors to benefit from trade liberalisation under the AfCFTA.

The section provides guidance on the assessment tool that countries can use to evaluate progress, specifically:

- **Cross-cutting review to measure awareness and perception of continental industrialisation policies and initiatives**, and their support in national development policies, through a short set of questions to be completed by member states.
- **Sector-based evaluation of priority sectors within a country to assess industrialisation progress.** A sector can be defined as a group of products, a group of activities, or the different components of an economy. The guide includes a generic template for a country sector assessment and an example for mining. This will be conducted through sector-specific assessments based on (i) secondary data collection, and (ii) a survey of businesses and private sector associations within each priority sector. Ensure there is a clear distinction between country-specific priority sectors and those defined by the AIDA initiative, which focuses on agro-processing, mining, pharmaceuticals, and textiles.

2.4.2 Structure, Methodology and data sources (“What”)

2.4.2.1 Cross-cutting Review of Continental Industrialisation Initiatives

The first step in assessing industrialisation progress is to evaluate the awareness and perception of continental industrialisation initiatives. The questions can be completed by the government focal person on industrialisation, with input from relevant government bodies where appropriate. This section includes three sets of questions:

- n. **Awareness and Perception of Continental Industrialisation Initiatives:** Questions to ascertain the extent to which policymakers are aware of continental initiatives and integration into national development plans (e.g., development and implementation of an industrial policy with priority accorded to maximising the use of local productive capacities and inputs; and improvement of Investment and Mining Codes to support local processing of mineral resources).
- o. **Technical and Financial Support:** Questions to capture whether support has been received from relevant pan-African agencies and development partners in the implementation of industrialisation initiatives.
- p. **Reporting and Feedback:** Questions to understand any challenges faced in implementing the initiative and ascertain whether specific mechanisms are in place for monitoring progress and stakeholder feedback.

This comprehensive assessment will help identify areas of success and opportunities for improvement in achieving the goals of industrialisation across Africa.

2.4.2.2 Sector-Based Evaluation for Priority Sectors

Sector-based assessment is a key step in evaluating the industrial progress of a country. Data for the assessment will be gathered through two activities:

- Secondary data collection by the government focal person on industrialisation or a nominee, depending on the country’s budget, across a range of industrial enablers.
- Survey of businesses within each priority sector, where secondary data sources are unavailable or insufficiently targeted in their design, and where such a survey will yield powerful country-specific insights.

The survey will be developed by individual governments and will focus on gathering detailed information about the sector's contribution to GDP, employment, export performance, and the level of FDI, enabling a tailored approach to understanding and enhancing each priority sector's industrial progress.

Information will be collected on seven enablers of industrialisation with sectors selected by countries for evaluation. The importance of these enablers may vary by sector; for example, in the manufacturing sector, technology might be more critical, whereas in agriculture, the availability of raw materials may take precedence. These examples can be tailored to a country’s priority sectors. The enablers which are derived from the AIDA initiatives, include:

- a. **Access to Raw Materials:** Evaluates the availability and cost competitiveness of essential raw materials and equipment, examining the scale and reliability of supply, including any shortages caused by exports. Additionally, it assesses the ease of importing raw materials, comparing local versus imported costs and quality. The impact of tariff reductions on import volumes, as well as the availability and maintenance

of industrial equipment, are also considered. Consistent and affordable access to these inputs is crucial for industrial viability and sustainability.

- b. **Infrastructure and Energy:** Assesses the availability, cost, and reliability of critical infrastructure and energy resources. It includes the LPI scores, electricity availability and tariffs, quality of road and rail infrastructure, storage facilities, port efficiency, and water availability. Robust infrastructure and reliable energy reduce production costs and enhance competitiveness.
- c. **Human Capital:** Examines the availability, cost, and quality of skilled labour. It includes enrolment rates in relevant educational programmes, labour costs, the availability of skilled workers, the need for foreign labour, and the adequacy of local institutions in producing qualified graduates. Human capital development enhances productivity and innovation.
- d. **Innovation, R&D, and Technology:** Evaluates R&D capabilities, innovation levels, and technology integration. It examines R&D expenditure, skilled personnel availability, effectiveness of IP protection, and access to local and imported technologies. Indicators like patent numbers and R&D spending are considered. Strong R&D and innovation drive technological advancement.
- e. **Finance and Resource Mobilisation:** Assesses access to and affordability of financial resources, including credit availability, investment climate, funding mechanisms, and the role of financial institutions. Adequate financing supports scaling operations, new technologies, and industrial expansion.
- f. **Regulatory Frameworks:** Examines the effectiveness of industrial policies, regulations, standards, and institutions and the general regulatory environment. It assesses legal frameworks, standard enforcement, business registration ease, and permit acquisition processes. Strong institutional frameworks create a stable business environment conducive to growth and innovation.
- g. **Political and Economic Stability:** Analyses political and economic stability, including governance quality, GDP growth, inflation, fiscal balance, and debt levels. These factors influence investor confidence, industrial planning, and the long-term sustainability of industrial development. Stable macro-economic conditions foster a conducive environment for growth and investment.

Additionally, data will be collected to understand the contribution of the prioritised sectors to the national economy, employment, exports, and foreign direct investment. By systematically evaluating these enablers and utilising the insights gained, the assessment will provide a detailed understanding of the industrial landscape, identify areas for improvement, and help achieve the country's industrial strategic goals.

2.4.3 Assessors Responsible for Completing the Assessment (“Who”)

The survey should be completed by the **government focal person for the study**, with support from local experts or relevant government staff focussed on industrial development, ensuring coordination and collaboration with relevant ministries to collect comprehensive data and insights. In addition, the assessment includes a **private sector survey** that should be distributed to industrial sector players in the specific chosen subsectors. The **local expert on industrial development** provides specialised expertise in industrial development, aiding in completing the assessment or carrying out the full assessment if designated by the government.

2.4.4 Steps to Complete the Assessment (“How”)

The Assessment Tool containing all the relevant questions can be accessed in the accompanying Excel file to this document. The assessment should be undertaken in two sections.

Start by filling out the awareness and alignment survey, which is targeted at government respondents. Complete the questionnaire provided in the Excel tool accompanying this document, including questions on awareness of specific continental industrial initiatives, and evaluation of how well these initiatives are integrated into National Development Plans. Next, identify the level of technical and financial support received from pan-African entities and review the presence of monitoring and evaluation frameworks, including feedback mechanisms and main implementation challenges.

Then, proceed to the national progress assessment. First, determine the priority sector you want to assess based on national development strategies, economic blueprints, and industrial policies. Next, select the type of questionnaire (government or private sector focus) to be deployed, considering the nature of the sector and the primary stakeholders involved. Finally, utilise the questions under each enabler to evaluate the sector's industrial progress, rating various aspects as high, medium, or low according to the scoring guidelines. This comprehensive evaluation ensures all critical factors influencing the sector's performance are systematically reviewed and assessed.

Figure 5 How to fill the Industrialisation Progress Assessment Tool

Navigating the excel tool

- 1 For quantitative questions that use global indices. Click on the source link to retrieve score for the respective question
- 2 Input your score in the score column. The performance level column automatically updates to "high" "medium" or "low"
- 3 For qualitative questions select dropdown box and choose statements that best describes the current performance level of your country.
- 4 The performance column will automatically update to "high" "medium" or "low" once a statement is selected
- 5 Once completed refer to the summary page for aggregate scores on country performance for each enabler and its subcomponents
- 6 For further guidance on scoring methodology please refer to the scoring guidelines tab in the excel workbook

Step 1: Navigate to questions

Step 2: Click link to country scores

Step 3: Input country scores

Step 4: Click SELECT to choose statement that best describes current state

The screenshot shows the 'AFcFTA & AIDA Impact Assessment Guide' Excel workbook. It features a table with columns for 'Country', 'Performance Level', and 'Score'. The table is divided into sections for 'Country Performance' and 'AFcFTA & AIDA Impact Assessment Guide'. The 'Country Performance' section includes a table with columns for 'Country', 'Performance Level', and 'Score'. The 'AFcFTA & AIDA Impact Assessment Guide' section includes a table with columns for 'Enabler', 'Statement', 'Performance Level', and 'Score'. The 'Performance Level' column is highlighted in green, and the 'Score' column is highlighted in red. The 'Statement' column contains a dropdown menu with the text 'SELECT'.

For a thorough explanation of the methodology used, refer to Appendix 2 on the methodology of the scoring guide. This section provides comprehensive guidance on score calculation, qualitative response evaluation, and the criteria for categorisation.

2.4.5 Timing and Frequency of the Assessment (“When”)

The industrial impact assessment should be undertaken voluntarily by African countries as part of the rollout of the full country impact assessment, with the potential for periodic reviews based on country-specific needs and developments.

2.4.6 How to Interpret the Results (“What next”)

The result of the assessment categorises the performance of each enabler of industrialisation—access to raw materials and equipment, infrastructure and energy development, finance and resource mobilisation, industrial policies, regulations, standards and institutions, human capital development, innovation, R&D and technology, and political and economic stability—into **high, medium, or low performance**.

Quantitative Index Scores:

For quantitative index scores, the scores for African countries are divided into three equal parts:

- **High Performance:** Scores in the top third of the distribution.
- **Medium Performance:** Scores in the middle third.
- **Low Performance:** Scores in the bottom third.

A final comparison to global best practices is undertaken. For example, if the index score range for African countries is from zero (0) to 90, a score above 60 indicates high performance, a score between 30 and 60 indicates medium performance, and a score below 30 indicates low performance.

When data for African countries is limited, global scores will be used to determine high, medium, and low-performance levels. This approach highlights areas where African countries need significant improvement relative to global standards.

Qualitative Questions:

For qualitative assessments, you will select the most appropriate response or statement that describes the country's situation. Statements in the answer options reflect best practices. These responses are ranked as high, medium, or low performance. This approach captures detailed aspects of performance that quantitative data might not fully reflect.

Using the Results:

The survey results will help key stakeholders for AIDA, at the continental and regional levels, to further leverage its impact in alignment with other pan-African and regional initiatives.

03

Potential Solutions

The impact study is designed to provide a comprehensive understanding of barriers and opportunities associated with the implementation of the AfCFTA measures and adherence to AIDA principles. This assessment goes beyond identifying primary obstacles by also considering supportive functions and processes essential for successful industrialisation and trade liberalisation. It helps countries identify specific areas where interventions are needed to unlock economic benefits and foster sustainable development. For instance, key findings from the assessment might include:

- **Tariff Losses and Negative Impact on Local Producers:** Identifying specific products where high tariffs inhibit trade and examining the adverse effects of increased imports on local producers.
- **Infrastructure Deficiencies:** Highlighting critical gaps in transport and logistics infrastructure that increase trade costs.
- **Industrial Development:** Identifying regulatory hurdles that delay the issuance of licenses for manufacturing operations.
- **Skills Gaps:** Pinpointing shortages in skilled labour that hinder industrial growth.

The impact study provides actionable insights to enhance industrial and trade policies, ultimately driving sustainable development and regional integration across Africa.

3.1 General Principles on Policy Interventions

When assessing potential impacts and designing interventions, several critical factors must be considered:

- **Criticality of the Challenge:** Prioritise challenges that have the most significant impact on trade and industrialisation. For example, high non-tariff barriers on essential goods can be more critical than other minor regulatory issues. If an assessment of the pharmaceuticals sector reveals that standards and regulations, as well as the availability of skilled labour, are issues, governments will be able to determine which of these is more urgent to address.
- **Industrial Maturity:** Evaluate the current stage of industrial development in the country. Countries with advanced industrial sectors might focus on innovation and technology, while those with nascent industries might prioritise infrastructure and basic skills development.

- **Resources Available:** Consider the financial, human, and technical resources available to implement interventions. Resource constraints might necessitate phased or prioritised approaches to addressing challenges. For example, a country with a well-established automotive industry might invest in R&D for electric vehicles, whereas a country just beginning to develop its manufacturing capabilities might focus on building a reliable power supply and training a skilled workforce.
- **Timing:** Assess the urgency of addressing specific challenges. Immediate issues like infrastructure bottlenecks might take precedence over long-term regulatory reforms. For example, a country facing severe port congestion that is delaying exports and imports would need to address this infrastructure issue promptly, whereas reforms to streamline business regulations, while important, could be scheduled as a secondary priority.

3.2 Steps on Outlining Policy Interventions

Once the assessment is conducted, the following steps can help the country’s policymakers to define interventions: summarise results, prioritise challenges, and draft a plan of action.

Summarise Results

The first step involves collecting and compiling data from the assessment to highlight key barriers and opportunities. This aggregated data provides a comprehensive overview of the current landscape. To aid policymakers in interpreting the findings, it is beneficial to use visual representations such as charts and graphs. Additionally, incorporating insights and feedback from industry stakeholders ensures that the findings are grounded in practical realities, reflecting the experiences and perspectives of those directly involved.

Prioritise Challenges

The next step is to prioritise challenges by categorising challenges based on their potential impact and the feasibility of addressing them. High-impact challenges significantly affect national development, economic growth, social stability, or environmental sustainability, while low-impact challenges have limited or localised effects. High-feasibility challenges can be addressed with existing resources, technologies, and political will, whereas low-feasibility challenges require substantial new investments, long-term commitments, or major policy changes. High-impact, high-feasibility challenges should be prioritised.

Distinguish between short-term goals that can yield quick wins, such as improving infrastructure, enhancing workforce skills, and streamlining regulatory frameworks, and long-term goals that require sustained efforts and should be integrated into national development plans, like advancing technological innovation, developing large-scale industrial zones, and fostering international trade partnerships. Immediate actions that can yield quick wins should be identified and policy change enacted, while long-term strategies that require sustained effort should be included in national development plans. Interventions should be designed such that they distribute benefits equitably, addressing disparities among different regions and demographic groups.

Draft Plan of Action

Once challenges are prioritised, a draft plan of action be developed. Start by identifying quick wins, which are challenges that can be addressed rapidly and with available resources to build momentum. Resource allocation should be strategic, focusing on the most critical and impactful challenges first. Finally, a phased

implementation plan should be developed, sequencing interventions in a logical order. This plan should begin with foundational issues such as infrastructure and progress towards more complex reforms.

By following these steps, countries can develop targeted and effective policy interventions that address the most pressing challenges, promote sustainable development, and enhance trade and industrialisation efforts under AIDA and the AfCFTA, and in line with their National Development Plans.

04

Operationalisation of the Guide

To effectively operationalise this impact study, a structured approach encompassing governance, assessment frequency, and detailed operational procedure is essential. This ensures that the tools proposed by this guide provide accurate, timely, and actionable insights aligned with the strategic objectives of the AfCFTA and AIDA.

4.1 General Principles Guiding the Operationalisation of this Guide

The operationalisation of the impact study is underpinned by robust Monitoring and Evaluation (M&E) principles to ensure that the assessment process is transparent, accountable, and inclusive, fostering continuous improvement and stakeholder engagement.

- a. **Transparency and Accountability:** All processes and decisions within the implementation will be transparent and well-documented. Roles and responsibilities will be clearly defined, ensuring that all stakeholders are accountable for their contributions.
- b. **Stakeholder Engagement:** A broad range of stakeholders, including government agencies, industry leaders, financial institutions, and pan-African organisations, will be engaged throughout the assessment process. Regular feedback sessions and consultations will gather diverse perspectives and address concerns.
- c. **Regular Reviews and Updates:** The implementation will incorporate regular reviews and updates to reflect changes in the industrial landscape. Data validation techniques and quality assurance mechanisms will ensure the accuracy and reliability of collected data.
- d. **Capacity Building:** Training, workshops, and seminars will be provided to all stakeholders involved in the assessment process. Technical assistance will be offered to member states needing additional support.
- e. **Adaptability and Outcome Focus:** The impact study will be adaptable to unforeseen challenges and changes in the economic and socio-environmental landscape of African countries. Findings from the impact study will be utilised to inform policy and strategic initiatives, ensuring that the insights lead to tangible improvements.

4.2 Proposed Monitoring and Evaluation Structure for the Impact Study

The operationalisation of the impact study is based on the following structure, which outlines the responsibilities of different stakeholders and the reporting frequency. This structure is designed to facilitate systematic data collection, analysis, reporting, and continuous improvement. Member states are responsible for conducting self-assessments, while AUDA-NEPAD, AUC, and AfCFTA will provide capacity-building and technical support. These organisations will use the outcomes of the self-assessments to inform continental policy development.

Operationalisation will be undertaken in two phases:

4.2.1 Pilot Phase

After the guide is launched, a few member states will be selected on a voluntary basis to participate in a pilot phase. The pilot phase will prioritise close collaboration with local stakeholders, emphasising thorough data collection from diverse sources and detailed analysis to evaluate the guide's effectiveness and applicability. Insights gained from the pilot phase will be invaluable for refining and enhancing the guide. Feedback will be systematically collected from participating countries to identify challenges and areas for improvement.

4.2.2 Scale-up Phase

Based on the feedback from the pilot phase, the guide will be revised to address identified issues and enhance its overall effectiveness. Once updated, the guide will be rolled out for continent-wide assessments, enabling all member states to systematically evaluate and improve their industrialisation and trade integration efforts under the AfCFTA. This phase aims to ensure that all member states can benefit from a standardised approach to monitoring and evaluating their progress, fostering greater consistency and effectiveness in achieving the goals of the AfCFTA.

4.2.3 Capacity Building and Technical Support

To ensure effective implementation and continuous improvement of the impact study, the AfCFTA Secretariat, AUC, and AUDA-NEPAD will provide capacity-building and technical support to countries. During both the pilot and scale-up phases, these three agencies will organise workshops and seminars to provide hands-on training to countries on conducting self-assessments, data collection, and analysis, while also developing programmes to train local experts who can then train others within their country. The three agencies will provide clear submission guidelines and enforce data validation and quality assurance measures. Technical experts will be deployed to assist on-site with data collection, analysis, and reporting of results as necessary. The three agencies will provide a secure central data repository, such as the ATO, where Member States will voluntarily publish standardised assessment results, and facilitate platforms for member states to share experiences, best practices, and lessons learned. Additionally, the three agencies will assist countries in accessing funding and financial resources to support their assessment activities and help mobilise technical and financial resources from development partners and donors.

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Appendix

This section of the guide contains survey questionnaires and additional information about the assessments, including detailed scoring guidelines.

- h. **AfCFTA Potential Impact:** Set of questions that member states can use to assess how this trade agreement can impact them across export, import, social, and environmental dimensions.
- i. **Scoring Methodology:** Detailed methodology that the countries can refer to when using the assessment tools to understand what best, good, average, and low performances look like for both the quantitative indicators and qualitative survey questions in the tools.
- j. **Helpful Resources:** Additional resources countries can leverage to understand the impact of AIDA and the AfCFTA

6.1 Appendix 1: AfCFTA Potential Impact Assessment Tool

6.1.1 Toolkit to Quantify the Potential Impact of the AfCFTA

a. Export Potential Screening Questions

The following screening questions (Table 5) are designed to help verify that your priority products are eligible for trade under the AfCFTA and it will have an actual tariff impact in key markets. They also provide a helpful context for the subsequent assessments, acting as your 'starting point'.

Table 5: Export potential screening questions

Questions	Response Type	Data Required (if any)
1. What are your country's priority products for export promotion under the AfCFTA?	Commentary	National Implementation Plan
<i>Additional questions per product: If the answer is 'no', the product may not be eligible for or well-placed for trade.</i>		
2. Is [product] likely to meet the AfCFTA's RoO requirements?	Y/N	RoO Guidebook
3. (If no) Is it feasible that [product] could meet the AfCFTA's RoO requirements in the future?	Y/N	RoO Guidebook

Questions	Response Type	Data Required (if any)
4. Is [product] on the list of products subject to tariff liberalisation under the AfCFTA across your target markets?	Y/N	AfCFTA Tariff Schedules
5. What current state is [country] at in terms of [products]?		
<ul style="list-style-type: none"> • Already produce domestically, for: <ul style="list-style-type: none"> – Export outside of Africa – Export within Africa – Domestic consumption only • Do not produce (product) 	Select as appropriate	Perspectives from the Ministry of Trade/similar

b. Import Screening Questions

These screening questions (Table 6) should be answered before proceeding with the import impact analysis to ensure the analysis is conducted on products or sectors that are likely to be significantly impacted by the AfCFTA.

Table 6: Impact on Imports Screening Questions

Questions	Response type	Data Required (if any)
1. What sensitive or 'at risk' domestic sectors or products would you like to understand the potential impact of the AfCFTA import for?	Commentary	National Development Plan/-Economics Development Strategies
<i>Additional questions per product: If the answer is 'no', the product may not be eligible for or well-placed for trade.</i>		
2. Is (product) as produced by other Africans likely to meet the AfCFTA's RoO requirements?	Y/N	RoO Guidebook
3. (If no) Is it feasible that (product) could meet the AfCFTA's RoO requirements in the future?	Y/N	RoO Guidebook
4. Is (product) going to be subject to tariff liberalisation under the AfCFTA (included on the list of either mandatory or sensitive products)?	Y/N	National tariffs schedule as submitted to the AfCFTA Secretariat

c. Multipliers for Job Impact

In this section, we present our tool for estimating job multipliers across various sectors using proxy data from countries with economic profiles similar to those of the AfCFTA member states. This approach allows us to overcome data limitations and provide meaningful employment impact estimates that can be applied to member countries.

The table below presents the calculated job multipliers for these sectors. Readers can use this table to estimate the employment impacts of exports in their respective countries by:

1. Identifying the sector archetype that matches the sector of interest.
2. Applying the direct job multiplier to estimate direct employment generated by exports.

- Using the direct-to-indirect job multiplier to estimate additional indirect employment.

Table 7: Examples of job impact multipliers in the manufacturing sector

Sector Archetypes	Direct Jobs/ USD 1M of Exports	Direct to Indirect Jobs Multiplier
1. High labour intensity, 2. Low automation 3. Low to moderate capital requirements 4. Low to moderate skill level required (e.g., <i>Textiles and Apparel</i>)	50-200	x0.2 – x1
1. Moderate labour intensity 2. Moderate automation 3. Low to moderate capital requirements 4. Low to moderate skill level required (e.g., <i>Mining</i>)	10-60	x1 – x12
1. Low labour intensity 2. High automation 3. Moderate to high capital requirements 4. Moderate to high skill level required (e.g., <i>Pharmaceutical</i>)	5-20	x0.5 – x5

Methodology for Job Multiple Calculation:

To obtain job multipliers for a sector, export data for specific products and demographic data on the number of direct and indirect people employed in the sector are required. Given the challenge of obtaining such data for African countries, the use of proxies is advised. The table above leveraged proxies from nine countries with similar profiles to African countries: Costa Rica, Latvia, Lithuania, Mexico, Poland, Brazil, India, Indonesia, and South Africa.

Direct and indirect job multipliers in Table 6 were calculated by leveraging data from these nine countries. Export data were sourced using the [WITS database](#), and direct and indirect employment involved in exports were obtained using the [OECD Trade in Employment \(TiM\) tool](#) for products fitting the sector archetypes described in the table above: Textiles and Apparel, Mining, and Pharmaceuticals.

Step A: To calculate the direct job multiplier, the formula explained in section 2.2.4.1c Step D was used:

- Number of direct jobs/(Export value (USD)/USD1,000,000).

Step B: For the direct-to-indirect job multiplier, the formula from section 2.2.4.1c Step E was applied:

- Direct jobs involved in exports per sector/Indirect jobs involved in exports per sector.

Step C: Ranges were established by including multiples within a ~50% deviation from the median to ensure the ranges were not excessively wide due to outliers in the data.

Step D: Recommendations on the application of the job multipliers to member states are as follows:

- Member countries should choose a multiplier on the higher or lower side of the range based on their economic similarity to the proxy countries.

- Countries should consider factors such as GDP, GDP per capita, sector size in volume and value, and trade (import and export) volumes and value when comparing economic similarities.

6.1.2 Stakeholder Survey

Although this guide shows the following survey questions as separate, it is advised to administer them as a single survey.

All stakeholders should be asked a series of background questions, including:

Table 8: Background Questions for the Stakeholder Survey

Background Questions	Response Type
What is the name of the organisation you are answering this survey on behalf of?	Commentary
How would you categorise the type of organisation you work for?	Drop-Down
What product(s) will you be focussing on when answering these questions?	Commentary

d. AfCFTA Awareness

Table 9 AfCFTA Awareness Questions

Questions (all Accompanied by Commentary/Free Texts)	Response Type
1. Rules of Origin: Are you familiar with the Rules of Origin for [product] to be eligible for trade under the AfCFTA?	Y/N
2. Tariff Reductions: Are you aware of the specific tariff reductions expected in the rest of Africa for [product] under the AfCFTA?	Y/N
3. AfCFTA Training: Have you or your staff participated in any training sessions or workshop/awareness sessions to be upskilled on the impact of the AfCFTA and how to trade under the AfCFTA rules?	Y/N
4. Further Guidance: What kinds of additional information or guidance do you feel you need to fully comply with the AfCFTA requirements?	Dropdown: Select all that apply
5. Available Tools: Have you leveraged any of the below Operational Tools of the AfCFTA? <ul style="list-style-type: none"> • AfCFTA Rules of Origin manual: Guidance on the Rules of Origin under the AfCFTA. • AfCFTA e-Tariff book: Online database of current and future intra-African tariffs at the product level. • Online mechanism for Reporting Non-Tariff Barriers: Online portal to report Non-Tariff Barriers (NTBs) experienced which hinder intra-African trade. • Pan-African payment and settlement system: Infrastructure to facilitate simpler intra-African payments. • African Trade Observatory: Portal containing trade and market access information 	Tickbox

e. Export impact stakeholder survey questions.

Table 10: Impact on Exports Section of the Stakeholder Survey

Questions (all Accompanied by Commentary/Free Texts)	Response Type
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Competitive Dynamics	
1. Pricing: How well does [product] as produced in [country] compare on price to similar products from other countries?	Scale of 1-5
2. Quality: Does [product] meet any minimum quality standards as required by markets in Africa?	Y/N
3. Product Differentiation: How much product differentiation is there in the target market?	Scale of 1-5
4. Consumer Perception: How positively do consumers in [target markets] perceive goods as produced in [country]?	Scale of 1-5
AfCFTA Trade Impact	
5. Tariff Significance: How significant are tariffs as a driver of pricing for [product]?	Scale of 1-5
6. AfCFTA Tariff Benefit: What are the current average tariffs imposed on competitors outside of Africa?	Based on UNCTAD/TradeMap data
7. Expected Increase in Intra-African Exports: How likely is it that the AfCFTA will lead to an increase in the proportion of [product] you export within Africa?	Scale of 1-5
8. Price Impact: How likely is it that an increase in intra-African exports will lead to a price increase for domestic consumers of [product]?	Scale of 1-5
9. Domestic Market Impact: If exports of [product] increase for your firm, to what extent do you still expect to supply goods to local consumers?	Scale of 1-5
Market Access and Entry	
10. Market Entry Barriers: What are the main barriers to entry or growth of exports in [target markets]?	Multiple choice
11. Government Assistance: What kinds of government support/assistance could help with gaining additional market access?	Multiple choice
12. Supply Constraints: To what extent are there constraints which could limit growth of supply in line with demand, and what are these constraints?	Commentary

f. Import Impact Stakeholder Survey Questions

Table 11: Stakeholder survey- Impact from imports

Import Survey	Response Type
Pricing Impact	
1. Under AfCFTA, tariffs for [product] will drop to 0% by [20XX]. How significantly do you expect this to impact the prices of your product in the domestic market?	Scale of 1-5; significant impact - limited impact
Current Pricing	
2. How does your current pricing for [product] compare to other domestic producers?	Scale of 1-5; more expensive - much cheaper

Import Survey	Response Type
3. How does your current pricing for [product] compare to importers from regional neighbours or same Regional Economic Community (REC)?	Scale of 1-5; more expensive - much cheaper
4. How does your current pricing for [product] compare to importers from the rest of Africa?	Scale of 1-5; more expensive - much cheaper
5. How does your current pricing for [product] compare to importers from the rest of the world?	Scale of 1-5; more expensive - much cheaper
Product Differentiation	
6. How much product differentiation is there between [product] as produced in [country] compared to the rest of Africa?	Scale of 1-5; minor differentiation - significant differentiation
Consumer Perception	
7. How positively do consumers in [country] perceive [product] as imported from the rest of Africa?	Scale of 1-5; very positive - very negative perception
Price Sensitivity	
8. How sensitive are your customers to price changes in [product]?	Scale of 1-5; very sensitive - not sensitive
Demand Projection	
9. To what extent do you expect demand for [product] in [country] to increase over the next 5-10 years?	Scale of 1-5; limited increase - significant increase
Import Benefits	
10. What impact will cheaper imports of raw materials, spare parts, or machinery from the rest of Africa have on your operations?	Scale of 1-5; no impact at all - significant decrease in operations cost
Supply Chain Impact	
11. How will increased imports under the AfCFTA impact your supply chain operations?	Commentary
Production Adjustments	
12. Do you foresee making any adjustments to your production processes in response to increased competition from imports?	Commentary
Ability to Scale	
13. How easily can your firm scale up production to compensate for potential price decreases?	Scale of 1-5; very easily - not easily

g. Social and environmental impact stakeholder survey questions

Table 12: Social and Environmental Survey Questions

ESS Framework Survey Questions

Introduction
1. How familiar are you with the World Bank Environmental and Social Framework (ESF)?
<ul style="list-style-type: none">• Very familiar• Somewhat familiar• Not very familiar• Not familiar at all
Identification of Impact Areas
2. Which of the following World Bank ESF items do you believe are most likely to be affected by the AfCFTA in your country? <i>(Select all that apply)</i>
<ul style="list-style-type: none">• Environmental and Social Standard 1 (ESS1): Assessment and Management of Environmental and Social Risks and Impacts• Environmental and Social Standard 2 (ESS2): Labor and Working Conditions• Environmental and Social Standard 3 (ESS3): Resource Efficiency and Pollution Prevention and Management• Environmental and Social Standard 4 (ESS4): Community Health and Safety• Environmental and Social Standard 5 (ESS5): Land Acquisition, Restrictions on Land Use, and Involuntary Resettlement• Environmental and Social Standard 6 (ESS6): Biodiversity Conservation and Sustainable Management of Living Natural Resources• Environmental and Social Standard 7 (ESS7): Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities• Environmental and Social Standard 8 (ESS8): Cultural Heritage• Environmental and Social Standard 9 (ESS9): Financial Intermediaries• Environmental and Social Standard 10 (ESS10): Stakeholder Engagement and Information Disclosure
<i>Assessment of selected areas (For each of the standards selected in Section 3, please answer the following sub-questions)</i>
ESS1: Assessment and Management of Environmental and Social Risks and Impacts
3. How successful have you been in drafting and implementing an Environmental and Social Commitment Plan (ESCP)?
<ul style="list-style-type: none">• Very successful• Somewhat successful• Not successful

ESS Framework Survey Questions

4. If **not successful**, what were the main challenges in drafting and implementing the ESCP?

- Lack of expertise
- Insufficient resources
- Regulatory hurdles
- Other. Please specify

5. How often are the environmental and social risks reviewed and updated?

- Quarterly
- Bi-annually
- Annually
- Other: [Please specify]

6. Which stakeholders did you involve when designing your ESCP?

- Government agencies
- Local communities
- Private sector
- Civil society organisations
- Other: [Please specify]
- None

ESS2: Labor and Working Conditions

7. How do you perceive the impact of the AfCFTA on labour conditions in your country?

- Improved labour conditions
- Worsened labour conditions
- No significant change

8. What specific labour-related issues might arise due to the AfCFTA? (select all that apply)

- Child labour
- Forced labour
- Poor working conditions
- Poor working conditions
- Other: [Please specify]

ESS Framework Survey Questions

9. What measures are in place to monitor and enforce labour standards?

- Regular inspections
- Reporting mechanisms
- Worker feedback systems
- Other: [Please specify]

10. Are there any capacity-building programmes for workers to adapt to new labour conditions under the AfCFTA?

- Yes
- No

11. If yes, please describe the capacity-building programmes.

ESS3: Resource Efficiency and Pollution Prevention and Management

12. How might the AfCFTA impact resource efficiency in your country?

- Improved efficiency
- Reduced efficiency
- No significant change

13. What types of pollution are likely to increase as a result of the AfCFTA?

- Air pollution
- Water pollution
- Soil contamination
- Other: [Please specify]

14. What strategies are being implemented to mitigate pollution risks?

- Adoption of clean technologies
- Strict regulatory enforcement
- Public awareness campaigns
- Other: [Please specify]

15. Are there any initiatives to promote the sustainable use of resources in the AfCFTA projects?

- Yes
- No

16. If yes, please describe the initiatives

ESS Framework Survey Questions

ESS4: Community Health and Safety

17. What community health issues might be exacerbated by the AfCFTA?

- Spread of diseases
- Safety hazards from increased traffic
- Exposure to pollutants
- Other: [Please specify]

18. How might community safety be impacted by the AfCFTA?

- Improved safety
- Decreased safety
- No significant change

19. What measures are being taken to address these community health and safety risks?

- Health monitoring programmes
- Safety infrastructure improvements
- Community education and training
- Other: [Please specify]

20. Are there partnerships with local health organisations to monitor and address community health issues?

- Yes
- No

21. If yes, please describe the partnerships

ESS5: Land Acquisition, Restrictions on Land Use, and Involuntary Resettlement

22. What is the potential impact of the AfCFTA on land acquisition in your country?

- Increased land acquisition
- Decreased land acquisition
- No significant change

23. How might involuntary resettlement be affected by the AfCFTA?

- Increase in resettlement
- Decrease in resettlements
- No significant change

ESS Framework Survey Questions

24. What measures are in place to ensure fair compensation and support for resettled communities?

- Comprehensive resettlement plans
- Compensation guidelines
- Livelihood restoration programs
- Other: [Please specify]

25. Are there mechanisms for ongoing support to resettled individuals to help them adapt to new environments?

- Yes
- No

26. If yes, please describe the support mechanisms

ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

27. What impact might the AfCFTA have on biodiversity conservation in your country?

- Positive impact
- Negative impact
- No significant change

28. Which natural resources are most at risk from the AfCFTA?

- Forests
- Water bodies
- Wildlife
- Other: [Please specify]

29. What conservation measures are being implemented to mitigate these risks?

- Protected area designations
- Restoration projects
- Sustainable resource management practices
- Other: [Please specify]

30. Are there any biodiversity monitoring programmes in place?

- Yes
- No

ESS Framework Survey Questions

31. If yes, how effective have these programmes been?

ESS7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

32. How might the AfCFTA impact indigenous peoples or historically underserved communities?

- Improved living conditions
- Worsened living conditions
- No significant change

33. What are the potential risks to these communities from the AfCFTA?

- Loss of land
- Cultural erosion
- Economic displacement

34. What specific measures are in place to protect and support these communities?

- Legal protections
- Community development programmes
- Cultural preservation initiatives
- Other: [Please specify]

35. Are there any mechanisms for these communities to participate in decision-making processes related to the AfCFTA projects?

- Yes
- No

36. If yes, please describe the mechanisms.

ESS8: Cultural Heritage

37. How might the AfCFTA affect cultural heritage sites in your country?

- Positive impact
- Negative impact
- No significant change

38. What specific cultural heritage elements are at risk?

- Traditional practices
- Historical monuments
- Language and customs
- Other: [Please specify]

ESS Framework Survey Questions

39. What measures are being taken to safeguard cultural heritage?

- Preservation projects
- Cultural heritage management plans
- Community involvement in heritage protection
- Other: [Please specify]

40. Are there any collaborations with cultural heritage organisations to enhance protection efforts?

- Yes
- No

41. If yes, please describe the collaborations.

ESS9: Financial Intermediaries

42. How do you see the role of financial intermediaries changing with the AfCFTA?

- Increased role
- Decreased role
- No significant change

43. What are the potential risks associated with financial intermediaries under the AfCFTA?

- Increased financial instability
- Lack of transparency
- Inequitable access to finance
- Other: [Please specify]

44. How are these risks being managed?

- Enhanced regulatory oversight
- Implementation of robust risk management frameworks
- Capacity building and training
- Other: [Please specify]

45. Are there any measures to ensure financial intermediaries adhere to environmental and social standards?

- Yes
- No

46. If yes, please describe the measures.

ESS10: Stakeholder Engagement and Information Disclosure

47. How effective do you think stakeholder engagement will be under the AfCFTA?

ESS Framework Survey Questions

- More effective
- Less effective
- No significant change

48. What challenges do you foresee in information disclosure related to the AfCFTA?

- Lack of transparency
- Inadequate dissemination
- Misinformation
- Other: [Please specify]

49. How will stakeholder feedback be incorporated into project planning and implementation?

- Through public consultations
- Via feedback mechanisms
- By integrating stakeholder recommendations
- Other: [Please specify]

Additional comments

Please provide any additional comments or suggestions regarding the potential environmental and social impacts of the AfCFTA in your country.

h. The World Bank Environmental and Social Standards

Table 13: Overview of World Bank Environmental and Social Standards

Environmental and Social Standards (ESS)	Objectives	Details
1. Assessment and Management of Environmental and Social Risks and Impacts	Identify, evaluate, and manage environmental and social risks and impacts associated with projects.	This standard requires the preparation of Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs). It emphasises stakeholder engagement and the establishment of a grievance mechanism.
2. Labour and Working Conditions	Promote fair treatment, non-discrimination, and equal opportunity for workers.	ESS2 covers conditions of employment, workers' rights, occupational health and safety, and the establishment of grievance mechanisms for labour-related issues. This standard also addresses child labour and forced labour.
3. Resource Efficiency and Pollution Prevention and Management	Promote sustainable use of resources and pollution prevention.	This standard focuses on efficient resource use, pollution prevention, and waste management. It includes guidelines on managing hazardous materials and controlling emissions.
4. Community Health and Safety	Safeguard community health, safety, and security.	ESS4 addresses potential project-related risks to communities, such as infrastructure safety, emergency

Environmental and Social Standards (ESS)	Objectives	Details
		response, and exposure to hazardous materials. It also covers security personnel conduct.
5. Land Acquisition, Restrictions on Land Use, and Involuntary Resettlement	Avoid or minimise displacement and manage resettlement when necessary.	This standard outlines procedures for land acquisition and resettlement planning. It aims to ensure that displaced persons receive adequate compensation, resettlement assistance, and opportunities to improve their livelihoods.
6. Biodiversity Conservation and Sustainable Management of Living Natural Resources	Protect biodiversity and promote sustainable management of natural resources.	ESS6 focusses on conserving biodiversity, maintaining ecosystem services, and sustainably managing living natural resources. It provides guidance on managing protected areas and critical habitats.
7. Indigenous Peoples/ Sub-Saharan African Historically Underserved Traditional Local Communities	Ensure that projects respect the rights and cultures of Indigenous Peoples.	This standard emphasises the need for Free, Prior, and Informed Consent (FPIC) from Indigenous Peoples. It addresses issues related to their land rights, cultural heritage, and participation in project benefits.
8. Cultural Heritage	Protect cultural heritage from adverse project impacts.	ESS8 provides guidelines for identifying, protecting, and managing cultural heritage sites. It includes procedures for handling chance finds and consulting with communities about their cultural heritage.
9. Financial Intermediaries	Ensure that financial intermediaries manage environmental and social risks.	This standard requires financial intermediaries to adopt and implement environmental and social management systems. It ensures that subprojects financed through intermediaries comply with relevant ESS standards.
10. Stakeholder Engagement and Information Disclosure	Promote transparent and inclusive stakeholder engagement.	ESS10 mandates meaningful consultation with stakeholders throughout the project lifecycle. It requires the disclosure of relevant project information and the establishment of grievance mechanisms.

6.2 Appendix 2: Methodology for Scoring Guide

The scoring guidelines for assessing the drivers of impact for the accelerated implementation of the AfCFTA and industrialisation progress are designed to provide a consistent and objective framework for evaluating country performance. This methodology outlines the process used to develop the indicators, the approach to scoring, and the categorisation of performance levels. The goal is to ensure transparency, comparability, and actionability in the assessment process.

Development of Indicators

We leveraged literature reviews and expert interviews to identify a set of indicators for assessing the drivers of impact. The indicators were derived from established global indices and benchmarks to ensure reliability and validity. We then prioritised them based on the following criteria:

- **Comparability Across Countries:** Ensuring data is available and comparable for African nations.
- **Credibility of Data Sources:** Using data from recognised and reputable institutions.

- **Frequency of Updates:** Preference for indicators that are regularly updated to reflect current conditions.
- **Actionability:** Indicators that can be linked to specific policy interventions.
- **Relevance to the AfCFTA/AIDA goals:** Indicators that directly measure aspects critical to the success of the AfCFTA implementation and the goals of AIDA.

Quantitative Index Scores

For the quantitative assessment, the scores for African countries are divided into three equal parts (tertiles):

- **High Performance:** Scores in the top third of the distribution.
- **Medium Performance:** Scores in the middle third.
- **Low Performance:** Scores in the bottom third.

For instance, if the index score range for African countries is evenly distributed from zero (0) to 90:

- A score above 60 indicates high performance.
- A score between 30 and 60 indicates medium performance.
- A score below 30 indicates low performance.

We also provide an overall global best practice score that highlights the top performer for a specific driver, allowing African countries to benchmark how competitive they are globally.

In instances where the data reported for African countries is limited, global scores will be used to determine high, medium, and low performance. This approach may highlight areas where countries need significant improvement relative to global standards.

The specific thresholds set for each tertile range will need to be updated when more recent data is available across all the key indicators to get a more updated version of what performance is like relative to the rest of Africa.

Qualitative Assessments

Qualitative assessments involve selecting the most appropriate response or statement that describes the country's situation. These statements reflect best practices as outlined by global organisations like the WTO for implementation. Responses are ranked as high, medium, or low performance, capturing detailed aspects of performance that quantitative data might not fully reflect.

Examples of Qualitative Questions

Infrastructure Development: What is the state of the connectivity of your transport network with key markets in the continent?

- **High Performance:** Direct, efficient routes with minimal delays and reduced costs.
- **Medium Performance:** Existing connectivity with some efficiency issues causing delays and higher costs.
- **Low Performance:** Inadequate connectivity with unreliable networks.
- **Data Collection and Scoring**

Each country is required to complete a standardised template provided in the impact assessment guide. The template includes both quantitative and qualitative questions structured around key drivers of impact for

the AfCFTA Enabling Environment Monitoring Tool and key enablers for the Industrialisation Progress Assessment.

Below is the detailed methodology used for each **quantitative** indicator:

- **World Bank Harmonized Bilateral FDI database²⁸**: The World Bank has compiled FDI data from several sources in order to develop a comprehensive view, including the UNCTAD bilateral FDI dataset, the IMF CDIS dataset, the OECD bilateral FDI statistics, and China's inward and outward FDI statistics.
- **OECD Trade Facilitation Index (TFI)²⁹**: Each TFI indicator is composed of several specific, precise, and fact-based variables related to existing trade-related policies, regulations, and their implementation in practice. The TFI scoring follows a multiple binary scheme where the top score(2) corresponds to the best performance. The variables in the TFI dataset are coded with zero, one, or two, reflecting the regulatory framework and the state of implementation of various trade facilitation measures. For numerical variables, scores are determined by thresholds applied to reflect performance levels.
- **Average Customs Clearance Time³⁰**: This indicator measures the average time taken for customs clearance, which is derived from national reports, surveys, or data collected by international organisations. The data is generally numerical and can be broken down by thresholds to assign score of high medium or low performance.
- **World Bank Logistics Performance Index (LPI)³¹**: The LPI evaluates logistics performance based on a survey of logistics professionals worldwide. It covers six dimensions: customs, infrastructure, international shipments, logistics quality and competence, tracking and tracing, and timeliness. Each dimension is scored on a scale from one (worst) to five (best).
- **Africa Regional Integration Index, number of intra-regional flights arriving or departing as a percentage of the total international flights (departures and arrivals) of the country³²**: Leverages data from the African Airlines Association to calculate the total number of flight connections from a given country to all other countries in Africa, divided by the total number of flight connections in the region.
- **Chinn-Ito Index (KAOPEN) for Capital Account Openness³³**: The Chinn-Ito Index measures the degree of capital account openness, reflecting the presence of restrictions on cross-border financial transactions. The index is based on binary variables that indicate the absence or presence of restrictions in various categories such as multiple exchange rates, restrictions on current and capital account transactions, and requirements for the surrender of export proceeds. Scores range from zero (fully restricted) to one (fully open).
- **Milken Institute Global Opportunity Index³⁴**: The Global Opportunity Index assess the attractiveness of a country to international investors, looking across factors including Economic fundamentals, International Standards and Policy, Business Perception, Financial Services and Institutional Framework.

²⁸[World Bank Harmonised Bilateral FDI Database](#)

²⁹[OECD Trade Facilitation Index](#)

³⁰[World development Indicators 2021](#)

³¹[World bank LPI Methodology](#)

³²[Africa Regional Integration Index, 2019](#)

³³[Chinn-Ito Index \(KAOPEN\)](#)

³⁴[Milken Institute Global Opportunity Index](#)

- **Percentage of Firms Identifying Access to Finance as a Major Constraint³⁵:** This indicator is based on the World Bank enterprise surveys indicating the percentage of firms reporting finance access as a major constraint. The data reflects the perceived difficulty in obtaining finance.
- **Number of SMEs Loan Accounts (as a percentage of Non-financial Corporation Borrowers)³⁶:** This indicator measures the proportion of loan accounts held by SMEs compared to total nonfinancial corporate borrowers. Data is sourced from the IMF Financial Access surveys and is generally numerical which can be broken down by thresholds to assign score of high, medium, or low performance.
- **Manufacturing Value Added as a Percentage of GDP³⁷:** This indicator measures the contribution of manufacturing to the GDP. The data can be collected from national accounts, UNIDO, the World Bank world development indicators and assigned scores of high, medium, or low performance.
- **Merchandise Trade Complementarity Index³⁸:** This indicator measures the compatibility of trade structures between two economies, reflecting how well they complement each other. Data is sourced from the Africa Regional Integration Index which can be assigned scores of high, medium, or low performance.
- **Competitive Industrial Performance (CIP) Index³⁹:** The CIP index is based on statistical measures capturing a country's industrial competitiveness through productivity, structural change, and competitiveness. It follows a Min-Max normalisation process to harmonise scores between zero and one. Each indicator is normalised, assigning the best-performing country a value of one and the weakest a value of zero. The composite measure is calculated using equal weighting and geometric aggregation to limit compensation among indicators.
- **Gross Domestic Expenditure on R&D as a Percentage of GDP⁴⁰:** This indicator measures the total expenditure on R&D relative to GDP. Data is collected from national R&D reports and the UNESCO, which is then assigned scores of high, medium, or low performance.
- **Agriculture, Forestry, and Fishing Value Added per Worker⁴¹:** This indicator measures the productivity of workers in the agriculture, forestry, and fishing sectors. Data is sourced from national accounts and the world development indicators and assigned scores of high, medium, or low performance.
- **The Global Financial Inclusion Index⁴²:** It assesses financial inclusion by measuring the percentage of women, youth (aged 15-24), and the rural population with personal bank accounts. Data is sourced from national financial surveys and international databases such as the World Bank's Global Findex. Each indicator is normalised using the Min-Max method to harmonise scores between zero (lowest performance) and one (highest performance). Scores are then divided into tertiles to categorise performance: top third (high performance), middle third (medium performance), and bottom third (low performance). The final score for each country is an average of the normalised scores of the three indicators, ensuring a balanced assessment of financial inclusion across these key demographics.

³⁵ [World Bank Enterprise Surveys](#)

³⁶ [IMF Financial Access Survey 2021](#)

³⁷ [World Development Indicators 2022](#)

³⁸ [Africa Regional Integration Index](#)

³⁹ [UNIDO Competitive Industrial Performance Index 2021](#)

⁴⁰ [UNESCO 2021](#)

⁴¹ [World Development Indicators](#)

⁴² [Global Financial Inclusion Index 2021](#)

- **Tertiary Enrolment rate:** This indicator measures the ratio of total enrolment, regardless of age, to the population of the age group that officially corresponds to the level of education shown. Tertiary education, whether to an advanced research qualification, normally requires, as a minimum condition of admission, the successful completion of education at the secondary level. Data is collected from national census reports and UNESCO, which is then assigned scores of high, medium, or low performance. Countries with the best enrolment rates may be enhanced by the presence of international students and a relatively low number of students in early education.

6.3 Appendix 3: Helpful Resources

There is a broad range of resources available which may be of interest to an assessor and can be considered complementary to the Standard Assessment Guide.

AfCFTA Potential Impact Assessment:

In addition to the guidance proposed as part of the Standard Assessment Guide, there are a number of online handbooks and guides available which provide detailed information on alternative methodologies for assessing the impact of a free trade area like the AfCFTA. Key examples include:

- [UNCTAD Guidebook on Trade Impact Assessment](#)
- [ADB Methodology for Impact Assessment of Free Trade Agreements](#)
- [WTO Practical Guide to Trade Policy Analysis](#)

AfCFTA Enabling Environment Monitoring Tool

In addition to the guidance proposed as part of the Standard Assessment Guide, there are a number of online handbooks and guides available that provide detailed information on methodologies for M&E within a logframe framework. Key examples include:

- [IFRC Project/Programme Monitoring and Evaluation Guide](#)
- [The Logframe Handbook by the World Bank](#)
- [IFAD Guide for Project M&E](#)

These resources will provide comprehensive methodologies and practical tools for effectively monitoring the progress of the AfCFTA implementation.

Additional resources are available which may be of assistance to countries looking both to better diagnose the specific barriers to achieving their AfCFTA Impact Goals, and to implement specific interventions based on the results of the Enabling Environment Monitoring Tool assessment. Some of these tools do not yet have comprehensive coverage for Africa but may be helpful reference points as they are updated. For instance:

- [ITC Non-Tariff Measure Survey:](#) Survey of private sector organisations.
- [SheTrades Outlook:](#) Online dashboard providing analysis on country progress in ensuring gender inclusivity across trade policies and practices.
- [Afreximbank How to Export with AfCFTA Online Training:](#) Online training programme aiming to prepare and upskill African enterprises for trade under the AfCFTA.

- [ITC West African Competitiveness Observatory](#): Monitoring tool of the trade competitiveness of West African countries and the region. It helps policymakers to define policies that foster trade competitiveness and value chain development, and supports local firms, in particular small and medium enterprises, to integrate more into regional value chains. The tool allows the monitoring of 72 drivers and 42 outcomes of trade competitiveness.⁴³

Industrialisation Progress Assessment:

The AIDA framework and accompanying implementation strategy provide a helpful starting point for setting a strategic direction and operational priorities for industrial development, including key programmes and projects to facilitate industrialisation:

- [Action Plan for AIDA](#)
- [AIDA Implementation Strategy](#)

In addition to the AIDA documents, several other resources and reports provide valuable insights and practical guidance for policymakers aiming to foster sustainable industrial growth and economic development in Africa. They cover a range of topics from policy frameworks and infrastructure development to financing and capacity building, ensuring a holistic approach to industrialisation:

- [UNIDO Industrial Development Report](#): Provides guidance and actionable strategies for countries on how to ensure sustainable industrial development.
- [UNIDO Africa Industrial Competitiveness Report](#): Report providing analysis across regional and continental levels on African manufacturing performance.

⁴³ The West African Competitiveness Observatory has been implemented by ITC under the coordination of ECOWAS and with the financial support of the European Commission



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