

# **AfCFTA and Economic Integration in Africa: Issues in Implementation and Development**

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## **ABSTRACT**

The African Continental Free Trade Area Agreement (AfCFTA) is renowned as Africa's most current and comprehensive approach to economic integration since the sidetracking of the Abuja Treaty of 1994 which established the African Economic Community. Although touted as having the potential of transforming African economies in the 21<sup>st</sup> century, the free trade agreement faces a number of challenges in Africa's ecosystem, with which it must contend. These include but not limited to digital infrastructure deficits, poor government policies, limited trade/market access in Africa, security challenges, poor border governance, diseases spread, etc. To varying degrees, those challenges impact the implementation of the AfCFTA and regional economic integration/development. Examining how and why AfCFTA is impacted represent the main thrust of this paper. The study employs a conceptual/thematic approach and integrates qualitative data from primary and secondary sources in interrogating the subject of regional economic integration in Africa. The research found that the challenges confronting AfCFTA are not just crippling, they are existential. These crises first affect African entrepreneurs directly and, by extension, undermine the implementation of the AfCFTA since its ratification. Thus, more robust and broad ranging strategies are required to review, recalibrate and advance the AfCFTA.

**Keywords:** AfCFTA, Integration, Economy, Africa, Challenges.

## **INTRODUCTION**

The African Continental Free Trade Agreement (AfCFTA) has been signed by 54 of 55 African States since 21 March 2018, and so far 47 countries have ratified their instruments of the AfCFTA agreement, 46 have ratified and deposited their instruments of ratification, seven countries have signed but yet to ratify and only one country is yet to sign.<sup>1</sup>The AfCFTA is projected to not only become the largest global free trade area in terms of participating countries, but also a catalyst for the growth and transformation of African economies. The volume of intra-African trade is expected to grow significantly depending on the extent to which the AfCFTA is successfully implemented. By projections, a 1.3billion-participant population across Africa, with combined GDP of \$3.4 trillion is expected.<sup>2</sup>

30 million Africans are projected to be lifted out of extreme poverty through the AfCFTA. Wamkele Mene, the Secretary-General of the AfCFTA waxed so lyrically in saying the AfCFTA is not just a trade agreement, but is our hope for Africa to be lifted out of poverty.<sup>3</sup>The AfCFTA is to achieve this very ambitious goal by boosting intra-Africa trade, enhancing industrialization, creating jobs, increasing livelihoods, and placing African goods, industries and markets on a stronger footing for global scale relevance and competition.

<sup>1</sup>ECA. (2023, March 20). Tracking Africa's progress on AfCFTA. Retrieved February 15, 2024

United Nations Officer of Special Adviser on Africa. (2023). Global Concept Note. Retrieved February 15, 2024

<sup>2</sup>Kuwonu, F. (2021, January 7). Africa's free trade area opens for business. the United Nations. Retrieved August 23, 2021, from <https://www.un.org/africarenewal/magazine/january-2021/afcfta-africa-now-open-business>

<sup>3</sup>Ibid.

The implementation of the AfCFTA commenced on January 1<sup>st</sup> 2021. In this early stage of the implementation, a number of challenges have threatened progress in the implementation of the AfCFTA. These challenges range from the difficulty in arriving at agreeable position(s) by member states, poor infrastructures and technological capabilities, conflicts and elusiveness of peace, volatility and disruption of businesses, corruption and illicit dealings perpetuated by concerned state agencies amongst others. Especially for Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS), there are heightened challenges around the delays at border crossings, cumbersome transit and customs procedures, inefficient logistics systems, weak institutions, and poor infrastructure, which significantly increases the costs of transportation and other trade transaction for these countries in comparison to their coastal counterparts.<sup>4</sup> According to the African Development Bank, costs related to logistics can increase the price of goods traded within Africa by up to 75 per cent.<sup>5</sup>

These challenges further undermine LLDCs' efforts to fully gain benefits from the regional economic development agenda of the AfCFTA. However, these challenges were further exacerbated by emerging global realities like the Covid-19 pandemic and other events have also thrown up more complex dimensions of challenges threatening progress on the implementation of the AfCFTA.

### **Africa's Quest for Economic Integration**

Buoyed by the spirit of Pan-Africanism, regional integration has remained a viable strategy for the development of the African continent. Indeed, there is a historical path to the integration of Africa, as various initiatives have been taken by African leaders to promote the political and economic and integration of the African people. This could be examined in phases, for instance, the 1970s and 1980s, which saw the Monrovia Conference (1979), the Lagos Plan of Action and the Final Act of Lagos (1980), and the Abuja Treaty establishing the African Economic Community (AEC). The second phase from 1990s and beyond saw the coming onboard of the Sirte Declaration, the Constitutive Act of the AU, and the New Partnership for Africa's Development. In the third phase, we can zoom into the more clearly identifiable role of RECs as building blocks of integration and joint efforts which brought us to the AfCFTA.

### **Monrovia Summit**

At the Summit of the OAU Heads of State and Government adopted The Monrovia Declaration following the Monrovia Conference of 1979. The declaration provides guidelines for Member States and concrete measures to be taken at the national, sub-regional and continental levels for the creation of a "New Economic Order" for Africa on the principles of self-sufficiency and economic and social development.<sup>6</sup> Subsequently, series of high level engagements at the AU level seeking to promote economic integration trailed the Monrovia Conference. The Eleventh Extraordinary Session of the OAU Council of Ministers, held in Kinshasa, Democratic Republic of the Congo, in December 1976 announced the Kinshasa Declaration calling for the free ownership and control of natural resources by African countries and the establishment of an African common market, the African Energy Commission and the African Economic Community within 15–20 years.<sup>7</sup>

### **The Lagos Plan of Action and Final Act of Lagos (LPA and FAL)**

The Monrovia Summit was followed up by an extraordinary Summit of the OAU in April 1980, in Lagos, which prioritized economic issues. The summit adopted the Lagos Plan of Action (LPA) and Final Act of Lagos (FAL), which sought to provide a framework for implementation of the Monrovia Declaration for the economic development of Africa. Both the LPA and FAL laid out the principles, objectives, stages, measures and priorities for achieving individual autonomy and collective self-sufficiency, as well as establishing the African Economic

<sup>4</sup>UN ECA and UN-OHRLS. (2023). Leveraging the AfCFTA towards addressing the peculiar trade and development challenges of Africa's LLDCs and SIDS. UN ECA.

<sup>5</sup>Adebayo Adeleke, T. T. (2022, Nov 23). Supply chains and insecurity threaten the implementation of the AfCFTA. Retrieved from LSE Blog: <https://blogs.lse.ac.uk/africaatlse/2022/11/23/supply-chains-and-insecurity-threaten-the-implementation-of-the-afcfta/>

<sup>6</sup>Mangeni F and Atta-Mensah J, editors (2022). Existential Priorities for the African Continental Free Trade Area, United Nations Economic Commission for Africa

<sup>7</sup> Ibid.

Community (AEC). With the Declaration of the LPA, the leadership of the continent set the stage for the creation of the AEC, which would ensure the economic, cultural and social integration of Africa. Based on the LPA and the FAL, Africa adopted a development pattern based on the principle of individual autonomy and collective self-sufficiency.

### **The Abuja Treaty: The Basis for the African Economic Community**

A major expectation of the Lagos Plan of Action, was to prepare a treaty to establish the AEC. The Abuja Treaty was adopted by the OAU Summit in 1991. A large majority of state (49 of the then 51 states) signed the Treaty, committing the continent to a path of economic integration. The Treaty entered into force on 12 May 1994. The Abuja Treaty lays down a timetable for the full economic integration of the entire continent. Under the framework of the Treaty, Africa would become an economic union by 2027, with a common currency, full mobility of the factors of production and free trade among the 53 countries on the continent. To achieve this vision, the Treaty suggests that creation of AEC be carried out over a period of 34 years (1994–2027).<sup>8</sup>

### **Emergence of the AfCFTA and its ‘Revolutionary’ Prospects**

The establishment of the African Continental Free Trade Area (AfCFTA) in July of 2019 marked a renewed commitment of the African Union (AU) to the attainment of the long-held Pan-African vision of “an integrated, prosperous and peaceful Africa, driven by its citizens, representing a dynamic force in international relations” (Agenda 2063, 2019). This no doubt is a milestone step towards achieving the 1980 Lagos Plan of Action.

The AfCFTA is based on five major protocols:

- i Trade in goods
- ii Trade in services
- iii Dispute settlement
- iv Investments
- v Intellectual property rights and completion policy

Further to the Agenda 2063: The Africa we want, the AfCFTA agreement would serve as a springboard for continental customs union, Pan-African socio-economic integration, and a more economically self-sufficient Africa. The establishment of the AfCFTA came with very high hopes and ambitions. Landry Signe posited that under a successfully implemented AfCFTA, Africa will have a combined consumer and business spending of \$6.7 trillion in 2030.<sup>9</sup> The AfCFTA is also expected to have a significant impact on manufacturing and industrial development, tourism, intra-African cooperation, and economic transformation. The UNECA projects that AfCFTA will raise intra-African trade by 15 to 25 per cent, or \$50 billion to \$70 billion by 2040.<sup>10</sup> Similarly, the International Monetary Fund (IMF) projected that under the AfCFTA, Africa’s trade volume will expand and more efficient movement of goods and labor markets will significantly increase the continent’s overall ranking on the Global Competitiveness Index.<sup>11</sup> Increased market access in turn, is expected to enhance the competitiveness of industries and enterprises, economies of scale, and the efficacy of resource allocation.<sup>12</sup>

### **Some Performance indicators of Intra-African Trade**

It is very easily observed that consistently, Africa’s intraregional trade has remained well below that of other

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<sup>8</sup> Ibid.

<sup>9</sup> Signe, L. (n.d.). How Africa is Bucking the Isolationist Trend. <http://www.foreignaffairs.com/articles/africa/2018-05-23/howafrica-bucking-isolationist-trend>

<sup>10</sup>ECA. (2023, March 20). Tracking Africa's progress on AfCFTA. Retrieved February 15, 2024

United Nations Officer of Special Adviser on Africa. (2023). Global Concept Note. Retrieved February 15, 2024

<sup>11</sup>IMF. (2018, December). A Comparative Africa: Economic integration could make the continent a global player. <https://www.imf.org/external/pubs/ft/fandd/2018/12/pdf/afcfta-economic-integration-in-africa-fofack.pdf>

<sup>12</sup>Tralac. (2018, July 1). African Continental Free Trade Area (AfCFTA). Tralac.

<https://www.tralac.org/documents/resources/faqs/2019-african-continental-free-trade-area-faqs-june-2018-1/file.html>

regions. For instance, in 2016, intra-African exports made up 18 percent of total exports, compared to 59 and 69 percent for intra-Asia and intra-Europe exports, respectively.<sup>13</sup> The figures for imports are similar. There have been slight improvements in the past 10 years, though, as the share of African countries' exports within the continent have slightly increased. The share of imports, on the other hand, has remained stagnant, despite the increase in total import volume.<sup>14</sup> Cramaer et al quiet captures the reality in this way;

*“Despite decades of negotiations and agreements within sub regions and RECs in Africa, intra-African trade remains a tiny proportion of the continent’s overall trade. ... [While] greater intra-African trade may be rhetorically appealing on grounds of economic nationalism or South–South solidarity, as a blueprint for accelerated development it is a fantasy.”<sup>15</sup>*

It is not in doubt that Africa has a lot of potential and opportunities, both human and material for economic development and global competitiveness. The diversities of a people spread over 55 countries, thousands of languages, socio-cultural, religious and environmental milieus all add to the opportunities for creative solutions to the challenges of human existence in Africa. For instance, it is estimated that more than half of the global population growth until 2050 is expected to be in Africa.<sup>16</sup> Also of the additional 2.4 billion people projected to be added to the global population between 2015 and 2050, 1.3 billion will be added in Africa. Entrepreneurial zest and drive in Africa has also reached global competitiveness. A 2014 Global Entrepreneurship Monitor (GEM) showed that sub Saharan Africa has the largest number of people involved in the early stage entrepreneurial activities, with Zambia and Nigeria taking the lead in global rankings.<sup>17</sup>

### **Challenges of AfCFTA and Entrepreneurship Development in Africa**

Significantly, the African specific challenges revolve around a dysfunctional “entrepreneurial ecosystem” characterized by very poor access to capital, viable markets, suitable personnel, infrastructure deficit and a difficult business policy environment. African entrepreneurs need a functional entrepreneurial ecosystem consisting of local and international customers, access to capital (investors and funding agencies), opportunities for capacity development (information, education and mentorship) and a better ease of doing business reality. Most entrepreneurs in African countries are limited to their local market. The very few African entrepreneurs, who engage in international trade, especially within Africa more often, are faced with diverse challenges, ranging from non-tariff barriers, infrastructural and funding deficit, corrupt border systems, delays in cargo clearance, and impulsive nature of the trade environment. The Boston Consulting Group (BCG) summed the challenges as—low consumer purchasing power, complex and inconsistent regulations, inadequate data communications infrastructure, a fragmented marketplace and scarce capital and digital talent<sup>18</sup>

Studies benefitting from the World Bank Enterprise Survey show that businesses in sub-Saharan Africa are on average, up to 24% smaller than businesses in other parts of the world, as well as being far less productive and competitive. In addition, even when small firms in Africa do manage to grow into larger enterprises, they do not see the expected gains in productivity. The result is that there are relatively few large firms in Africa, compared with other developing countries.<sup>19</sup> AfCFTA, on its part, promises that African entrepreneurs would have access to a larger market to facilitate their international coverage, leading to increasing intra-African trade and international investment. This would set the foundation for the establishment of a continental customs union; enhanced competitiveness of the economies of member states, promote industrial development via

<sup>13</sup>Sow, M. (2018, March 29). Figures of the Week: Africa's intra and extra regional trade . Retrieved from Brookings: <https://www.brookings.edu/articles/figures-of-the-week-africas-intra-and-extra-regional-trade/>

<sup>14</sup> Ibid.

<sup>15</sup>Lawrence, P. (2022) African Economic Development: Evidence, Theory, Policy, by Christopher Cramer, John Sender, Arkebe Oqubay Oxford: Oxford University Press. 2020. Pp. xiv+319. £35.00. ISBN 978-0-19-883233-1. Journal of Agrarian Change, 22(1), 210–213. <https://doi.org/10.1111/joac.12415>

<sup>16</sup>Parminder Vir OBE, 5 Challenges that African Start-ups face in Business. Tony Elumelu Foundation

<sup>17</sup>Niels Bosma, Thomas Schøtt, Siri Terjesen and Penny Kew, Special Topic Report Social Entrepreneurship. Global Entrepreneurship Monitor

<sup>18</sup>Golubski, L. H. (2021, June 2021). Figure of the week: The rise of African tech startups. Retrieved from Brookings : <https://www.brookings.edu/articles/figure-of-the-week-the-rise-of-african-tech-startups/>

<sup>19</sup>Fierro, A. M. (2015, August 3). What are the biggest challenges for Africa's entrepreneurs? Retrieved from World Economic Forum: <https://www.weforum.org/agenda/2015/08/what-are-the-biggest-challenges-for-africas-entrepreneurs/>

diversification and regional value chain development, promote agriculture and food security, gender equality, sustainable and inclusive socio-economic development.<sup>20</sup> These are achievable through engagement in successive rounds of negotiations to progressively eliminate tariffs and non-tariff barriers to trade in goods and liberalize trade in services.

### Limited Opportunities for Business Financing

Start-ups generally contend with the challenge of limited capital, hence the need for more investment interventions. The huge Capital gap in Africa (very limited access to start-up and growth capital) is arguably the most expressed challenge facing African entrepreneurs.

At an Entrepreneurship Ecosystem Meet-Up Series on “Bridging the Funding Gap in Nigeria for Start-Ups and SMEs organized by GIZ-Make-IT in Africa and Co-creation Hub in Lagos, some founders and investors including Lanre Oyedotun (Founder/CEO, Delivery Science), Etop Ikpe (Founder, Cars45) and Mrs. Bode Aboderin (Flutterwave) agreed that there is not enough participation from local investors who understand different sectors of the Nigerian market. This means that founders often have to rely on international investors/foreign capital when raising money for their businesses. This clearly is not sustainable. African based start-ups and existing small businesses often face more difficulty in raising start-up capital and growth funding. They are confronted with unfavorable issues around collaterals, harsh interest rates, unfriendly bank charges, excessive bureaucracies and difficulty navigating financial opportunities and poor investment guides to navigate the variety of financing options, such as grants, seed funds, angel investment, impact oriented venture capital, debt etc.

Government Policies also play a key role in driving investments and access to start-up capital. The favorability or otherwise of government policies such as taxation, capital repatriation, investment protection affects the investment landscape in Africa. There is a need for greater harmonization of plans and policies amongst responsible government agencies. In Nigeria for example, the Nigerian Investment Promotion Council (NIPC), Lagos Internal Revenue Service [LIRS]), legal agencies and venture capitalists all have the mandate to improve the investment landscape in the country.

### Digital Infrastructural Deficit

The current state of Africa’s infrastructure constitutes a major challenge to improved intra-African trade. The people and business community in Africa needs safer, reliable, efficient, affordable and sustainable infrastructure systems to support economic activities.<sup>21</sup> African entrepreneurs continue to grapple with major infrastructure deficits. Basic and critical infrastructures in the area of transportation for effective and cheaper movement of peoples and goods are lacking. Similarly, Security and healthcare, power supply or alternative options are also lacking. Digital infrastructures like internet connectivity, broadband services are grossly inadequate. This continues to be a major setback for the expanding tech based African entrepreneurship community. Tech entrepreneurship has been projected to be a potential driver of the much-needed digital revolution in Africa.<sup>22</sup> The largely untapped youthful population provides a very fertile environment for tech entrepreneurship to thrive.

From the deliberation at the UNECA AfCFTA Readiness Assessment Forum held in December 2019 in Lagos, with representatives of private sector, government agencies and other experts, critical issues of domestic readiness such as inadequate infrastructure, unreliable power supply, high interest rates and corruption needs to be addressed for African entrepreneurs to succeed in the market liberalization that AfCFTA brings. Atta-Mensah roundly captures the limiting effect of the weak infrastructure on economic integration in Africa;

<sup>20</sup>Mawerere, J. (2020, February 13). The AfCFTA: its potential benefits and impact on building African economic resilience. Retrieved from Youth Business International: <https://www.youthbusiness.org/resource/afcfta-potential-benefits-and-impact>

<sup>21</sup>Atta-Mensah, J. (2022). Africa's Regional Integration Architecture . In e. Mangeni F and Atta-Mensah J, Existential Priorities for the African Continental Free Trade Area, United Nations Economic Commission for Africa (pp. 13-31). United Nations Economic Commission for Africa.

<sup>22</sup>Make-IT in Africa project description. [www.giz.de](http://www.giz.de)

*Economic integration on the continent cannot succeed without physical integration. However, compared to world standards, Africa's infrastructure is generally very weak. The total length of roads in Africa is 2 million kilometers, about 28 per cent of which is asphalted. The railway network is very poor in many parts of the continent, particularly in Western and Central Africa. Maritime transport and ports, which handle about 95 per cent of Africa's international trade, are fitted with sub-standard equipment. Compounding the problems of the inadequate infrastructure are the numerous roadblocks on African highways, delays at border posts, long and inappropriate customs clearance and corrupt activities engaged in by officials<sup>23</sup>*

Although a number of African countries have invested in infrastructure and even experimented with Resource for Infrastructure engagements with some countries such as China,<sup>24</sup> the outcome have not been very helpful in terms of closing the infrastructure gaps. This continues to affect livelihoods, communities and businesses in the continent.

### **Poor Government Policies/Support and Challenging Business Environment**

The place of governance and leadership in creating an enabling environment is critical. Many policies of governments in Africa, makes the entrepreneurial landscape more challenging. Participants at the AfCFTA Forum in Lagos, in reference to the detailed study conducted on Nigeria's readiness to maximize AfCFTA, identified the cost of doing business in most African economies as a major readiness challenge.<sup>25</sup> On a general note, pointed out the fact that the cost of doing business in most African economies coupled with physical infrastructure are key areas to work on. However, economies like Rwanda, Ghana, South Africa, Kenya are considered to be doing well and worthy as good examples for others in terms of supportive policies for enabling environment and ease of doing business.

Government policy actions around intellectual property rights, business registration, legal disputes, incentivized tax, etc would help a lot of African entrepreneurs and the AfCFTA in general. According to Woofrey, et. al., Nigeria has no proper legal framework for administering trade remedial measures, and many trade policies and instruments that have been adopted have only been partially implemented, or not implemented. This calls for reflection and begs for answers to the questions of how Nigeria can solve any predatory trade practices that may occur with new competition challenges of being a member of AfCFTA. African governments and economies need to improve the regulatory environment to ensure firstly, more receptive investment ecosystems for entrepreneurs and to promote prospects for intra-Africa trade.

### **Limited Intra-Africa Trade/ Market Access**

African entrepreneurs find it very difficult to explore markets beyond their national boundaries. Reaching international maturity would allow for cross-border trade. But at the moment, cross-border trade is not only very challenging, slow and expensive, but so inefficient. If left unattended to, the AfCFTA would be defeated. Cross-border trades, tagged informal, have been very pivotal for most African economies, providing for welfare and reducing poverty, creating jobs for the under empowered (women and youths) and addressing the problem of food insecurity. In 2013 alone, an estimated 3 million metric tons of staple food were traded informally in East Africa. Yet the challenges faced by these small traders are enormous and overwhelming. A lot of these small traders would explore the formal option, if there was better organization, awareness, trust and communication. Women in informal trade across African borders, still suffer from invisibility, stigmatization, violence, harassment, and lack of recognition of their economic contributions. It is not surprising that when in 2018, the African Export-Import Bank reviewed major developments in African Trade, it was reported that only 15% of international trade by African countries takes place within Africa. This percentage contrasts with that of other

<sup>23</sup>Atta-Mensah, J. (2022). Africa's Regional Integration Architecture. In e. Mangeni F and Atta-Mensah J, Existential Priorities for the African Continental Free Trade Area, United Nations Economic Commission for Africa (pp. 13-31). United Nations Economic Commission for Africa.

<sup>24</sup>Okeke, T. I., "Sino-Nigerian Relations with particular reference to Oil-for-Infrastructure Diplomacy, 1971-2007; An Appraisal", Nigerian Journal of Economic History, Nos. 11 & 12, (2014). pp. 94-123.  
<https://www.ajol.info/index.php/njeh/article/view/155320>

<sup>25</sup>Report of the Committee to Assess Impact and Readiness for the African Continental Free Trade Area Agreement (AfCFTA).

continents like Europe (67%), Asia (58%), and North America (48%).<sup>26</sup> Adequate attention is yet to be given to the high levels of corruption and several underhand practices that inhibit developmental and economic integration in Africa. The lack of effective anti-corruption mechanisms and provisions to address critical issues, places the very ambitious and highly desired AfCFTA objectives at risk.<sup>27</sup> In more specific terms, some objectives of the AfCFTA, such as commitments to eliminate tariff and non-tariff barriers to trade in goods, cooperation on customs matters, establishment of mechanisms for the settlement of disputes concerning rights and obligations, are left oblique and lacking in details on the strategies to address the potential threats of corruption and lack of integrity. In fact, corruption could undermine all critical issues of rules of origin.

### **Security Challenges and Deplorable Situation of the Key Pillars: Inter-Linkages of Peace/Security, Development, Human Rights and Humanitarianism**

The deplorable state of security in many African countries has always been a bane for businesses and investors, one that is already affecting the full take-off of the AfCFTA. Recall that trading officially started under the AfCFTA arrangement in January 2021. Unfortunately, not many countries have started trading, which should be made effective with the consent to liberalizing 90% of tariff lines on goods traded under the AfCFTA for a period of five or ten years for least developed countries (LDCs) and non-least developed countries.<sup>28</sup> The prevailing state of insecurity of lives and properties in participating countries already kills the spirit of the AfCFTA. The state of the four critical pillars for utmost freedoms (peace/security, human rights, development and humanitarianism) in many African countries shows myriads of threats to peace and stability, from the west and central to the east, south and northern sub-regions as shown by the UN ECA Studies on the operationalization of the Four Pillar Inter-linkages.<sup>29</sup> Talk about the coup in Guinea Conakry, the Arab spring in North Africa, network of terrorist activities such as El-Shababs, Al-Qaeda and IS operating in the Sahel, Nigeria's lot with Boko Haram, banditry, kidnapping, regional secessionist struggles and the age long farmers-herders clashes. It would be nearly impossible to trade because most of the countries dealing with these conflicts and threats to peace and security hold good trade potentials in terms of raw mineral and human resources. This of course affects not only the take-off of the AfCFTA, but also local trade and performance of businesses in member states. In a near state of breakdown of law and order, in which governance and institutions cannot uphold the four critical pillars of peace/security, human rights, development and humanitarianism, no meaningful economic activity can thrive. Players in the value chains in Agriculture, a major strength in the AfCFTA are having a tough time going about their businesses with the surge in activities of terrorists/bandits, kidnapers etc. There have been cases of destruction of farms resulting from herders and farmers clashes owing to the problem of desertification.

Cross-border security challenges also kill intra-Africa trade. For example in August 2019, the Nigerian government like Kenya, Rwanda, Sudan, Ethiopia and South Africa imposed partial border closures, and in October 2019, embarked on full closures of all land borders, citing security issues and entry of harmful goods and undermining of the countries food import substitution policy around local production and consumption.<sup>30</sup>

### **Existential Threats to the AfCFTA Implementation**

Existential threats and challenges such as protracted conflicts, resurgence of coups and recent democratic turbulence, the Covid-19 pandemic and the inescapable effects of climate change and environmental destruction, cyber-crime, the negative effects of external dynamics as well as inequality and exclusion across socially defined

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<sup>26</sup>African Export-Import Bank, African Trade Report 2018: Boosting Intra-African Trade: Implications of the African Continental Free Trade

Area Agreement, <https://www.tralac.org/documents/news/2042-african-trade-report-2018-afreximbank/file.html>

<sup>27</sup>The United Nations Office on Drugs and Crime, United Nations Convention Against Corruption. Adopted on 31 October 2003.

Also, the African Union Convention on Preventing and Combating Corruption. Adopted on July 1, 2003.

<sup>28</sup>Nwafuru, P. (2021). Nigeria's security challenges: A major setback in the actualization of AfCFTA objectives. Retrieved from Nairametrics : <https://nairametrics.com/2021/06/25/nigerias-security-challenges-a-setback-in-the-afcfta-implementation/>

<sup>29</sup>United Nations. Economic Commission for Africa; United Nations. Economic Commission for Africa (2022). Final report: Interlinkages between the development, peace and security, human rights and humanitarian pillars in West and Central Africa. Addis Ababa :. © UN. ECA., <https://hdl.handle.net/10855/48111>

<sup>30</sup>Ojo, O. (2021, July 23). AfCFTA: Examining the challenges and opportunities. Retrieved from The Cable: <https://www.thecable.ng/afcfta-examining-the-challenges-and-opportunities>

lines, must be continuously addressed if the AfCFTA is to succeed.

The period of 2020- 2021 is significant for the take-off of the AfCFTA. However, the same period came with a lot of horrible experiences especially for Africa. Significantly, the COVID-19 pandemic came with a very deadly blow for the entire global community, but with varying levels of impact depending on the potential capacity of states to deal with the shock of the pandemic.

The period was also marked by a number conflicts and threats to peace, security and development. Of the 34 cases of global conflicts situations, 15 of such active armed conflicts were registered in Africa.<sup>31</sup> There were also four cases of military coups in Chad, Mali, Guinea, and Sudan. There were also disasters like floods and worsening effects of climate changes that disrupted agricultural productivity in some African countries during the period.

Whilst this grim backdrop signals a dark ray of light for the implementation of the AfCFTA, it also provides enough motivation for the need for African economies to maximize the advantage of a viable regional economic integration in the AfCFTA.

### Covid-19 Pandemic

The total or partial lockdowns enforced by most African countries following the Covid-19 pandemic, has triggered a trail of unexpected socio-economic crisis at such a crucial time in the rolling out of the African Continental Free Trade Area Agreement (AfCFTA) implementation. For instance, the pandemic-induced restrictions to cross-border and transit freight transportation acted as major trade bottlenecks resulting in excessive costs, supply chains disruptions and increased transportation times for LLDCs.<sup>32</sup> The border closure and travel bans placed by key and emerging African economies such as Nigeria, South African, Ghana, Algeria, Morocco, Kenya and Ethiopia etc. have impacted on trade within the continent. The demand for essential commodities such as pharmaceutical and agricultural products has weakened export in the face of measures adopted by governments to manage the spread of the virus<sup>33</sup>

Traders in commodities that depend on use of road transport sector were hit hard by the pandemic. Vehicular and truck movement were restricted as trucks were stuck at land border crossing points due to closures or additional cross-border controls and checks and this affected the delivery of essential goods, such as foods, pharmaceuticals, medical supplies, and fuels to LLDCs. The COVID-19 pandemic induced logistics and supply chain disruptions and a rise in additional border controls and documentation requirements are undermined export competitiveness and set back progress on sustainable development in the LLDCs.<sup>34</sup> Addressing LLDCs' high trade costs is fundamental for their integration in regional and global trade and achieving sustainable development.<sup>35</sup>

Just like many other diseases such as Polio, Zika and Leprosy<sup>36</sup>, the COVID-19 pandemic hit hard and dealt a huge economic shock to Africa. According to the African Development Bank (2021), the African economy contracted by 2.1 per cent in 2020, plunging the continent into a recession for the first time in 25 years, and

<sup>31</sup> Escola de Cultura de Pau. Alert 2021! Report on conflicts, human rights and peace building. Barcelona: Icaria, 2021.

<sup>32</sup> UNECA, UN-OHRLLS, A Concept Note. Leveraging the AfCFTA towards addressing the peculiar trade and development challenges of Africa's LLDCs and SIDS.

<file:///C:/Users/pc/Downloads/Achieving%20the%20SDGs%20in%20Africa%20%20LLDCs%20%20SIDS%20thru%20AfCFTA%20CN%20Final.pdf> 27-28 February 2023.

<sup>33</sup> PWC., [COVID-19 and the African Continental Free Trade Area Agreement](#)

<sup>34</sup> UNECA, UN-OHRLLS, A Concept Note. Leveraging the AfCFTA towards addressing the peculiar trade and development challenges of Africa's LLDCs and SIDS.

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<sup>35</sup> Ibid.

<sup>36</sup> Okeke T. and Nwankwo I. U., "Historical Perspectives on Leprosy Control in Nigeria: Problems and Prospects". International Journal of Health and Social Inquiry, Vol. 3, No. 1, (2017): pp 141-151.

<https://journals.aphriapub.com/index.php/IJHSI/article/view/330>



amounting to GDP losses of \$145 to \$190 billion.<sup>37</sup> Thirty million people were driven into extreme poverty in 2020; 39 million more were expected to plunge into extreme poverty in 2021. The debt–GDP ratio rose to unsustainable levels of 70–75 per cent, and a recovery funding gap emerged of \$450 billion over the five years to 2025.<sup>38</sup>

### **Democratic Recession and Political Instabilities**

The focus here is not to establish that democracy as practiced in most of Africa is the ultimate vision, one that is capable of fostering any significant economic integration and development. The point is that the return of coups and the instabilities in governance at such a crucial time in the search for economic integration is anti-progress for the AfCFTA. The recent wave of coups in Africa started with Mali in 2020 before spreading to 6 countries, including Guinea (2021), Chad (2021), Sudan (2021), Burkina Faso (2022), Niger (2023), and most recently, Gabon in August 2023. The coup leaders deposed elected leaders, forestalled elections, or even overthrew leaders enjoying public sympathies and large scale national approval, owing largely to the failures of democratic governments.

This political instability is a contributory factor to the slowing down of meaningful progress on the negotiations on protocols relating to trade and investments. The coups have also resulted in a chain of unwanted developments. For example, in response to the coup in Niger in 2023, ECOWAS under the Chair of President Bola Ahmed Tinubu announced travel and economic sanctions against Niger, causing ECOWAS members to close borders with Niger, cut off electric supply, ban commercial flights, halt financial transactions, freeze national assets. ECOWAS in a swift manner uncharacteristic of the spirit of regional integration threatened to use force if the leaders of coup didn't reinstate the democratically elected president within a one week period of ultimatum. Subsequently, there was suspension and eventual pulling out of the ECOWAS bloc by coup-infested member states (Mali, Burkina Faso, and Niger), whose coup leaders considered it to be in their best interests.

With the incessant coups, the much needed political support and negotiations for the AfCFTA is allowed to suffer. It is almost certain that, whenever there is a military take-over of political power in a country, the constitution would be suspended,<sup>39</sup> progress on such treaties as the AfCFTA may most likely suffer abandonment. With the sledge hammer of sanctions hitting from different regional organizations like the Economic Community for West African States (ECOWAS), African Union, AU, there is realistically nothing to expect from such member state in terms of progress on the AfCFTA implementation.

### **Poor Border Governance and Heightened Cross Border Crimes**

The relationship between trade and border conflict management is important in facilitating inclusive economies, trade liberalization and economic integration in Africa. Poor border management and governance especially accentuated by cross border crimes, conflicts and insecurity are recipes for failure of economic integration such as the implementation of the AfCFTA. For instance, the 2019 border closure policy by the Nigerian government, just before the ink of her signatory to the AfCFTA agreement dried up was a major policy shock, that may demonstrate policy incoherence and inconsistency as it concerns Nigeria's prospects in the AfCFTA. It is thus important to find creative solutions to mitigate and minimize threats posed trans-border or transnational organized crimes, smuggling/illicit trade, insecurity and conflicts which could trigger reactionary, ill-thought-out border policies with damning consequences on the implementation of the AfCFTA.

### **The Rising Threats of Insecurity**

The near absolute dependence on land routes for cross-border trade, makes trade amongst the people and economies of the region susceptible to such threats as violent extremism, banditry, transnational organized crime,

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<sup>37</sup>Mangeni, F. (2022). Introduction. In e. Mangeni F and Atta-Mensah J, Existential Priorities for the African Continental Free Trade Area, United Nations Economic Commission for Africa (pp. 13-31). United Nations Economic Commission for Africa.

<sup>38</sup> United Nations Conference on Trade And Development, (2022). Impact of the covid-19 pandemic on trade and development lessons learned. [https://unctad.org/system/files/official-document/osg2022d1\\_en.pdf](https://unctad.org/system/files/official-document/osg2022d1_en.pdf)

<sup>39</sup> Adebayo Abubakar, (2022). Gale of Military Coups in Africa and the AfCFTA. Dev Dispatch.

<https://developmentdispatch.com/gale-of-military-coups-in-africa-and-the-afcfta%E2%80%8B/>

bribery and corruption, high-handedness of state security operatives, activities of non-state actors and others. For example, the multiplicity of state security apparatus including the military, immigration and customs across land border and routes along the Sahel and Chad region have not been able to stop the threats and challenges in supply chain by the people of the sub-region. The menace of Boko Haram-affected around the Lake Chad Basin, cutting across parts of Nigeria, Cameroon, Chad, and Niger; the seemingly intractable conflict in the Sahel region; the al-Shabaab and the Islamic State crisis; and others<sup>40</sup>, also calling for the need to look at the place of external dynamics.

Traders and business operating along these routes often deal with a number of issues. Firstly the pressures of insecurity along these routes as they navigate other safer routes but at higher logistics cost. Then the extortion and corruption along these routes by the military and other state security personnel forces traders to mark-up and transfer the final costs to the consumers, hence reducing the competitiveness of their commodities of trade.<sup>41</sup>

## CONCLUSION

The crux of this paper is to demonstrate the two-fold challenges facing the implementing of the AfCFTA. Firstly, the regular challenges are not different from the similar challenges that regular African entrepreneurs deal with. It is important to address these first layers of issues, because the AfCFTA would be front lined by entrepreneurs and businesses operating at different scales. The AfCFTA as such operates within the same ecosystem that African entrepreneurship operates. Progress towards addressing the problems facing AfCFTA, without addressing the age-long problems facing African entrepreneurship is a superficial process, which can be likened to placing a superstructure on a very weak or faulty base. It is a basic economic understanding that there must be production before there can be trade. If entrepreneurs in Africa cannot produce, then Africa and the AfCFTA has nothing to trade on, except goods produced from outside the continent. One cannot but agree with Silver Ojakol, Chief of Staff at the AfCFTA Secretariat, when he said: “Economic integration is not an event. It’s a process, we must start somewhere”. The starting point needs to be addressing the issues that affect businesses (SMEs and Start-ups) in African countries. African businesses would only attain international maturity and thrive in intra-Africa or international trade, if they succeed locally in their respective countries.

At the second layer of challenge, is what we have described here as existential threats to the AfCFTA. These are more of transnational/global in nature. Unlike the first layer where African entrepreneurs can struggle to exist and trade in spite of their challenges, in this layer of existential threats, it is almost impossible for African entrepreneurs and businesses to navigate these threats on their own. There are a number of steps that can be taken in addressing these issues, with responsibilities spread across national authorities and agencies, sub-regional and regional authorities, international organizations, the private sectors, business community, Civil Society Organizations, and the Academic community.

Continued engagement of stakeholders, facilitation of exchange of ideas and every other deliberate action must be in place to support the entrepreneurial ecosystem towards mitigating these issues

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<sup>41</sup> Ibid.

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