



International Journal of Social Sciences & Cultural Studies (IJSSCS)

VOLUME 2 ISSUE 1 (2026)



PUBLISHED BY
E-PALLI PUBLISHERS, DELAWARE, USA

African Continental Free Trade Area (AfCFTA) as a Strategy for the Development of Africa: Myth or Reality

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Article Information

Received: July 20, 2025

Accepted: December 15, 2025

Published: April 12, 2026

Keywords

AfCFTA, Economic Development, Industrialisation, Intra-African Trade, Policy Implementation, Regional Integration

ABSTRACT

The African Continental Free Trade Area (AfCFTA) is framed as a transformative strategy for accelerating Africa's socio-economic development by boosting intra-African trade, fostering industrialisation and deepening regional integration. Since trading commenced in 2021, expectations have risen that the AfCFTA will mitigate market fragmentation and reduce long-standing trade barriers. However, its actual developmental impact remains uncertain due to uneven implementation, infrastructure deficits and persistent non-tariff barriers. This study therefore examines whether the AfCFTA is emerging as a realistic engine of development or remains largely aspirational. Adopting a qualitative, desk-based research design, it synthesises recent literature from 2021 to 2025, focusing on implementation progress, early trade and industrial outcomes, and key structural and institutional challenges. The findings suggest that, although the AfCFTA holds strong potential to promote industrialisation, diversification and intra-African trade, its developmental impact is highly contingent on effective implementation and complementary national and regional policies. The paper argues that deeper commitment to trade facilitation, sustained investment in infrastructure, institutional strengthening and targeted support for productive capacity especially among SMEs are essential if the AfCFTA is to move from promise to tangible developmental reality.

INTRODUCTION

Africa's development has long been constrained by fragmented markets, weak productive structures and high trade costs. Intra-African trade still accounts for only about 15–18% of the continent's total trade, compared with over 60% in regions such as the European Union and East Asia, reflecting structural and policy barriers that limit regional value chains and industrialisation (Ngwu & Ojah, 2024; B20 South Africa Trade & Investment Taskforce, 2025; North Africa Post, 2025). To address these challenges, African leaders established the African Continental Free Trade Area (AfCFTA) in 2019, with trading commencing in 2021. The AfCFTA aims to create a single continental market for goods and services, progressively eliminate tariffs on at least 90% of tariff lines, reduce non-tariff barriers and support industrial development across a market of about 1.4 billion people and a GDP of roughly US\$3.4 trillion (United Nations Conference on Trade and Development [UNCTAD], 2025; UNECA, 2023; Ajewumi et al, 2024, World Bank, 2020).

Modelling by UNCTAD, UNECA and Afreximbank suggests that effective implementation of the AfCFTA could substantially increase intra-African trade, especially in manufactured goods, and contribute to diversification and inclusive growth (Afreximbank, 2024; UNCTAD, 2025; United Nations Economic Commission for Africa [UNECA], 2023, UNECA, 2025; Oramah, 2021). However, progress remains uneven, and significant constraints persist, including inadequate infrastructure, logistics bottlenecks, limited productive capacity and

persistent non-tariff barriers (Ogundare, 2022; Kansaye, 2025). It is against this background, this paper examines whether the AfCFTA is emerging as a realistic pathway for Africa's socio-economic development or risks remaining largely aspirational, by analysing recent evidence on its implementation, opportunities and structural challenges.

Statement of the Problem

Although the African Continental Free Trade Area (AfCFTA) represents one of the most ambitious integration projects in Africa's history, its practical developmental impact remains uncertain. Despite the agreement's promise to create a unified continental market and boost intra-African trade, many African countries still trade far more with external partners particularly Europe, China and the United States than with one another. This ongoing dependence on extra-continental markets underscores the limited progress made in fostering strong regional value chains and deeper trade linkages within the continent (UNCTAD, 2023). At the implementation level, persistent issues such as incomplete tariff schedules, slow negotiation of rules of origin, and low utilisation of AfCFTA preferences highlight that many of the agreement's operational pillars remain unfinished. Signé and Madden (2020) emphasises that without clear, finalised rules of origin and harmonised tariff concessions, countries lack the practical tools required to trade effectively under AfCFTA provisions. Beyond these policy and administrative gaps, several structural constraints significantly undermine the

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agreement's early potential. Critical infrastructure deficits including inadequate transport networks, unreliable energy supply and inefficient logistics systems continue to raise trade costs across the continent (Okoye et al, 2025). Weak industrial capacity in many economies also limits their ability to produce competitively for regional markets, reducing the likelihood of meaningful gains from tariff reductions alone. These challenges, combined with long-standing non-tariff barriers such as customs delays and inconsistent product standards, contribute to slow progress in realising the AfCFTA's expected benefits (South Centre, 2025; Aikor et al, 2025). If these issues persist, the agreement risks falling short of its transformative mandate, potentially becoming more of a political aspiration than a practical development tool. Given these concerns, this study seeks to investigate the actual developmental prospects of the AfCFTA by critically examining its current implementation status and its potential to drive socio-economic transformation across the continent.

Research Objectives

The study is guided by the following specific objectives:

1. To assess the extent to which the implementation of the AfCFTA is contributing to Africa's socio-economic development.
2. To identify the major opportunities and constraints that influence whether the AfCFTA becomes a concrete development reality or remains largely aspirational.

Research Questions

In line with the above objectives, the study seeks to answer the following research questions:

1. To what extent is the implementation of the AfCFTA contributing to Africa's socio-economic development?
2. What major opportunities and constraints influence whether the AfCFTA becomes a development reality or remains largely aspirational?

Basic Assumptions

1. The AfCFTA, if effectively implemented, has the potential to enhance Africa's socio-economic development through increased intra-African trade, industrialization, job creation, and investment flows.
2. AfCFTA presents significant opportunities for economic integration, including market expansion, economies of scale, investment attraction, and enhanced regional value chains.

Theoretical Framework: Developmental Theories

This study is anchored on regional integration theory, developmental regionalism, and the structural transformation perspective to explain how the implementation of the AfCFTA (independent variable) is expected to influence Africa's socio-economic development (dependent variable). Together, these theoretical lenses clarify the channels through which tariff liberalisation, reduction of non-tariff barriers and market

integration can, or may fail to, translate into growth, industrialisation and welfare gains on the continent.

From the standpoint of regional integration theory in line with Schimmelfennig (2018) and Kimbugwe *et al.* (2012) perspective, economic integration is understood as a gradual process that moves from a free trade area to a customs union, a common market and, ultimately, an economic union, with progressively deeper removal of discrimination among member states. Within this framework, the AfCFTA is conceptualised as a key stage in Africa's integration agenda, designed to eliminate tariffs on most intra-African trade, reduce non-tariff barriers and create a single continental market for goods and services (UNCTAD, 2021; Debrah et al, 2024). Regional integration theory highlights trade creation, trade diversion, economies of scale and market enlargement as channels through which integration can foster growth and convergence (Gammadigbe, 2021). Applied to this study, effective AfCFTA implementation through tariff reductions, clear rules of origin and trade facilitation is expected to lower trade costs, expand intra-African trade and stimulate production, thereby contributing to higher GDP, employment and income levels.

The second pillar of the framework is developmental regionalism, which moves beyond a narrow focus on liberalisation to emphasise the use of regional integration as a deliberate instrument for structural transformation and industrial development (Akinkugbe, 2020; Adejumo, & Kreiter, 2020). Proponents of developmental regionalism argue that integration arrangements in Africa must be explicitly linked to building productive capacities, promoting regional value chains and advancing technology and skills, rather than assuming that trade liberalisation alone will deliver development (Nor *et al.*, 2021; African Development Bank, 2021). In this perspective, the AfCFTA's developmental impact depends critically on complementary policies such as coordinated industrial strategies, infrastructure investment, support for small and medium-sized enterprises (SMEs) and mechanisms to manage adjustment costs that enable member states to move from commodity dependence to manufacturing and higher value-added activities (Ismail, 2021; Fofack, 2021). This directly underpins the study's focus on whether the AfCFTA is functioning as a development strategy, rather than merely a legal trade agreement on paper.

A third strand of the framework draws on structural transformation and political-economy perspectives on African development are premises on socio-economic phenomenon (Sen, 2025). Structural transformation theory stresses that long-term development requires shifting labour and resources from low-productivity sectors, such as subsistence agriculture, into higher-productivity manufacturing and modern services (Świerczyńska, 2017; UNCTAD, 2023). The AfCFTA is viewed as a potential catalyst for this transformation by creating larger markets, attracting investment and fostering regional production networks. However, political-economy analyses emphasise that these gains are

mediated by governance quality, institutional capacity and the realities of Africa's large informal economy (Tieku, 2023; Trondal *et al.*, 2023; South Centre, 2025; Fonsoh *et al.*, 2025). If customs administrations remain weak, infrastructure deficits persist and informal cross-border traders are marginalised, the expected benefits of the AfCFTA may not fully materialise (Tieku & Yakohene, 2023; UNCTAD, 2024). These perspectives justify the study's attention to opportunities and constraints including infrastructure, institutional quality and non-tariff barriers as key variables shaping the relationship between AfCFTA implementation and socio-economic development.

Conceptually, the theoretical framework therefore posits that effective implementation of the AfCFTA, as understood through regional integration theory, should reduce trade barriers and enhance intra-African trade. When combined with the principles of developmental regionalism industrial policy, infrastructure development and support for productive capacity this integration can drive structural transformation, reflected in industrialisation, diversification, employment generation and improved welfare. Conversely, weak implementation, insufficient complementary policies and institutional constraints are expected to weaken or disrupt this relationship. This integrated framework guides the formulation of the research objectives, questions and hypotheses, and informs the interpretation of the study's findings.

LITERATURE REVIEW

AfCFTA and Africa's Regional Integration Agenda

The AfCFTA is widely situated within a longer trajectory of African regional integration, particularly the Abuja Treaty's vision of an African Economic Community built in stages through regional economic communities and, ultimately, a continental common market (UNCTAD, 2021). UNCTAD (2021) argues that the AfCFTA marks a qualitative shift from earlier, often fragmented regional trade arrangements by establishing a single framework to liberalise trade in goods and services, address non-tariff barriers, and harmonise trade-related regulations across almost all African Union member states.

Debrah *et al.* (2024) provides a systematic review of the emerging AfCFTA literature and shows that scholars converge on its strategic importance for overcoming Africa's small, fragmented markets and heavy dependence on external partners. Fofack and Mold (2021) similarly frame the AfCFTA as a potential break from colonial trade patterns, shifting Africa away from enclave commodity exports towards "made in Africa" trade based on regional value chains. Ismail (2021) and Akinkugbe (2021) extend this argument through the lens of developmental regionalism, maintaining that the AfCFTA must be designed and implemented not only as a trade pact but as a vehicle for industrialisation, technology upgrading and structural transformation.

Overall, this strand of literature positions the AfCFTA as the flagship of Africa's regional integration agenda and a central pillar of Agenda 2063. It provides the conceptual foundation for viewing AfCFTA implementation as a key explanatory factor in Africa's socio-economic development trajectory.

Development Potential and Modelling Evidence

A large and still expanding body of work focuses on the projected developmental impacts of the AfCFTA. UNCTAD's Economic Development in Africa Reports (2021, 2023, 2024) use computable general equilibrium (CGE) modelling to estimate that full and deep implementation of the AfCFTA could increase intra-African trade by over 30%, with particularly strong gains in industrial and semi-processed products, thereby supporting diversification and structural transformation. These projections emphasise that intra-African exports are already more diversified and manufacturing-intensive than Africa's exports to the rest of the world, making regional trade integration a strategic lever for industrialisation.

Afreximbank's African Trade Report 2024 reaches similar conclusions, estimating significant gains in intra-African exports, regional value chains and resilience to external shocks, especially if AfCFTA implementation is combined with targeted industrial policies and climate-sensitive investments (Afreximbank, 2024). More granular Computable General Equilibrium (CGE) analyses, such as those by Simola (2025) for the European Commission's Joint Research Centre, incorporate actual tariff offers and revised non-tariff measure (NTM) assumptions and confirm that reductions in both tariffs and NTMs yield the largest welfare and trade gains, though benefits remain uneven across countries and sectors.

At the sub-regional and sectoral level, Yaya (2025) finds that, despite strong potential, the AfCFTA has not yet generated statistically significant trade effects between Central African Economic and Monetary Community (CEMAC) countries and their African partners, though increased trade is associated with modest reductions in unemployment in the sub-region. Simola (2025) uses the Modular Applied GeNeral Equilibrium Tool (MAGNET) CGE model to study AfCFTA's impact on COMESA and similarly concludes that deeper liberalisation of NTMs is crucial to unlock sizeable welfare and agri-food sector gains. Adams *et al.* (2024) employ an augmented gravity model and panel data for 43 countries from 2014–2021 and show that AfCFTA participation is associated with increased trade in ICT and digital technology goods, highlighting the agreement's potential to support Africa's digital transformation.

Taken together, these modelling and empirical studies support the view that the AfCFTA holds strong development potential, particularly when tariff cuts are combined with reductions in NTMs and complementary policies in industrialisation, digitalisation

and infrastructure. However, they also underscore that realisation of these gains is conditional, not automatic.

Implementation Progress and Governance Challenges

A second key theme in the literature concerns implementation progress and governance. UNCTAD (2021) and African Development Bank (2021) note that, while most AU member states have signed and ratified the AfCFTA, full implementation lags behind legal commitments. Key challenges include incomplete tariff schedules, slow progress on sensitive and excluded products, and delays in finalising rules of origin for complex sectors such as textiles, automotive and electronics.

Majune (2023), analysing intra-African trade in services, highlights that the Protocol on Trade in Services remains only partially operational, with limited commitments in critical sectors such as transport, finance and communication. Ajibo and Kaime (2025) focus specifically on rules of origin, arguing that they are a “make-or-break” instrument for ensuring that AfCFTA preferences foster genuine African value addition rather than simple trans-shipment. They warn that overly restrictive or inconsistent rules can raise compliance costs and undermine participation by smaller firms, while overly lax rules can dilute developmental impacts.

UNECA (2023, 2024) documents the early experience of the Guided Trade Initiative (GTI), under which a small group of countries and products have begun trading under AfCFTA rules. Although the GTI demonstrates that AfCFTA-based trade is feasible, coverage remains limited relative to the agreement’s ambitions, and transaction volumes are still modest. Debrah (2024) also emphasises governance and institutional coordination challenges, noting that overlapping regional economic communities, capacity constraints in customs and trade ministries, and inconsistencies between national laws and AfCFTA obligations complicate effective implementation.

This literature therefore portrays AfCFTA implementation as gradual and uneven, with substantive progress in legal ratification but slower translation into day-to-day trade practices and policy reforms.

Structural and Institutional Constraints

A substantial body of work underscores that the AfCFTA’s developmental promise is constrained by structural bottlenecks. UNECA (2022) and UNCTAD (2023, 2024) identify Africa’s infrastructure gap especially in transport corridors, ports, energy and digital connectivity as a major factor driving high logistics costs and long delivery times, which erode the competitiveness of intra-African trade. UNCTAD’s 2024 technical report on non-tariff measures documents extensive regulatory heterogeneity across member states in sanitary and phytosanitary measures, technical barriers to trade and customs procedures, and shows how these measures disproportionately affect small and medium-sized enterprises (SMEs) that lack the capacity to navigate complex standards (UNCTAD, 2024).

South Centre (2025) argues that limited fiscal space, narrow export structures and weak productive capacities in many least-developed countries may lead to asymmetric benefits, with more industrialised economies capturing a larger share of AfCFTA gains unless compensatory mechanisms and targeted support are introduced. ODI’s sectoral analysis of textiles and apparel under AfCFTA further illustrates how investment gaps, power shortages and fragmented regional value chains constrain the emergence of competitive continental industries despite favourable market access provisions.

Beyond physical infrastructure, institutional quality and trade facilitation matter. Recent work on trade facilitation in Africa shows that delays at borders, cumbersome documentation and weak customs automation act as de facto NTMs, with impacts comparable to sizeable tariff equivalents (Wassie, 2025; UNCTAD, 2024). These findings reinforce the argument that tariff cuts alone cannot deliver transformational outcomes without parallel reforms in infrastructure, institutions and trade facilitation.

Inclusivity, Informality and Distributional Concerns

A more critical strand of the literature interrogates the inclusiveness of AfCFTA outcomes. Tiekou and Yakohene (2023) analyse the AfCFTA from an informality perspective and argue that the agreement was not designed from the baseline of Africa’s large informal economy. From this viewpoint, unofficial norms, practices and actors particularly informal cross-border traders, many of whom are women and youth are central to African trade, yet they are weakly represented in formal AfCFTA processes (Tiekou & Yakohene, 2023). Without tailored measures such as simplified trade regimes, supportive border infrastructure and access to finance, these actors risk exclusion from AfCFTA benefits.

UNCTAD (2021) similarly warns that, unless the AfCFTA is accompanied by deliberate social and labour policies, there is a risk that gains will be concentrated in better-connected urban and industrial hubs, while peripheral regions and vulnerable groups experience adjustment costs or limited opportunities. South Centre (2025) emphasises the need for safeguard mechanisms, technical assistance and compensation funds to ensure that least developed and smaller economies are not left behind.

There is also growing attention to gender and youth dimensions. Debrah (2024) notes that existing studies give limited systematic attention to how AfCFTA rules and institutions intersect with gender inequality, youth unemployment and informality. This gap is particularly relevant for the present study, which conceptualises development not only in terms of aggregate GDP growth but also broader socio-economic outcomes such as employment, inclusion and structural change.

AfCFTA, Structural Transformation and Governance: Synthesis and Research Gap

Recent scholarship connects AfCFTA to broader

debates on structural transformation and governance in Africa. UNCTAD (2023, 2024, 2025) highlights that the agreement can support a shift from low-productivity activities toward higher-productivity manufacturing and modern services, but only when embedded within coherent industrial, skills and innovation policies. Adams *et al.* (2024) show empirically that AfCFTA-related integration in ICT and digital trade can enhance regional competitiveness and innovation, pointing to new technological pathways for transformation.

At the same time, governance remains a decisive variable. Asongu (2024) and related studies find that institutional quality, regulatory coherence and political stability significantly shape the extent to which trade and integration deliver structural transformation. Emerging work on the AfCFTA Digital Trade Protocol also underscores the importance of regulatory alignment in data protection, e-transactions and cross-border digital services to realise the potential of a single African digital market (IISD, 2024; UNCTAD, 2024; Simola, 2025).

Synthesising these strands, the literature broadly agrees that:

1. The AfCFTA has substantial potential to advance trade, industrialisation and structural transformation.
2. Implementation is still partial and uneven, with legal progress outpacing practical trade reforms.
3. Structural constraints and governance weaknesses including infrastructure gaps, NTMs, informality and uneven capacity pose serious risks to the agreement's developmental impact.

However, there remains a clear research gap regarding the extent to which AfCFTA implementation, as it currently stands, is already shaping Africa's socio-economic development outcomes, and how opportunities and constraints interact in practice. Much of the existing work is *ex ante* and model-based; relatively fewer studies offer an integrated, qualitative synthesis of recent evidence (2021–2025) that directly addresses whether the AfCFTA is emerging as a realistic development framework or remains largely aspirational. This gap justifies the present study's focus on assessing AfCFTA's developmental prospects through a qualitative, thematically structured review of recent empirical and policy literature.

MATERIALS AND METHODS

This study adopts a qualitative, secondary-data research methodology to examine whether the African Continental Free Trade Area (AfCFTA) is emerging as a realistic development strategy for Africa or remains largely aspirational. The choice of a qualitative approach is guided by the study's focus on interpreting processes, policy dynamics and conceptual debates rather than establishing statistical causality (Creswell & Creswell, 2023). Because the AfCFTA became operational only in 2021, much of the available evidence remains interpretive, model-based or policy-driven. As such, secondary documentary sources rather than large datasets currently offer the most reliable foundation for analysing its early developmental

implications (UNCTAD, 2021; UNECA, 2023).

The study therefore employs a desk-based strategy, drawing extensively on academic publications, institutional reports, policy briefs and technical papers to explore how various actors understand and frame AfCFTA implementation. This method allows for an in-depth interrogation of conceptual debates, implementation assessments and structural constraints identified in the literature. By examining how scholars, international organisations and regional bodies conceptualise the AfCFTA, the research identifies patterns of agreement and disagreement concerning the agreement's prospects for trade expansion, industrialisation and inclusive development.

A systematic and transparent process guided the sourcing of secondary materials. Peer-reviewed academic literature formed a major component, including journal articles, books and working papers published from 2021 to 2025 on AfCFTA, African regional integration, structural transformation and broader development issues (e.g., Debrah *et al.*, 2024; Majune, 2023; Tiekou & Yakohene, 2023). These sources provide theoretical grounding, empirical insights and critical reflections that shape contemporary debates on continental trade reforms. Complementing this were official documents published by institutions directly involved in AfCFTA processes, including UNCTAD (2021, 2023, 2025), UNECA (2023, 2025), the African Development Bank (2021), Afreximbank (2024) and the South Centre (2025). These reports offer up-to-date statistics, policy modelling, implementation updates and strategic recommendations. Additionally, policy briefs and technical papers from reputable think tanks and research institutes were consulted, especially concerning non-tariff barriers, rules of origin, trade facilitation, informality and inclusion (Ismail, 2021; UNCTAD, 2024).

Electronic databases and institutional repositories were searched using keywords such as "AfCFTA," "African Continental Free Trade Area," "African regional integration," "intra-African trade," "structural transformation," and "non-tariff barriers." The inclusion criteria prioritised relevance to the AfCFTA, recency of publication and institutional or scholarly credibility. All selected documents were downloaded, read carefully, and manually coded for meaningful content.

To analyse these diverse secondary materials, the study uses qualitative thematic content analysis. This approach is particularly suited to synthesising the wide range of policy reports, scholarly works and institutional publications collected (Nowell *et al.*, 2017). The analysis unfolded in three main stages. First, the documents were read thoroughly to identify meaningful units of information related to AfCFTA implementation, developmental potential, structural and institutional constraints, and emerging opportunities. Second, the identified information was coded into preliminary categories such as "trade liberalisation potential," "implementation bottlenecks," "non-tariff barriers," "political economy

challenges,” and “industrial development prospects.” Third, these categories were refined into broader themes aligned with the research questions and the study’s conceptual framework.

Through this thematic process, the analysis interprets how AfCFTA implementation (independent variable) is discussed in relation to socio-economic development outcomes (dependent variable) across the literature. This approach aligns with established qualitative research standards in development studies and international political economy, where secondary documentary evidence often forms the basis for conceptual evaluation (Bowen, 2009; Creswell & Creswell, 2023).

Despite its strengths, the study acknowledges several limitations affiliated with its secondary-data and desk-based design. First, the findings rely entirely on the accuracy and methodological rigour of existing literature and institutional publications. Although considerable effort was made to use credible and recent sources, the absence of primary data limits the ability to independently verify claims or capture lived implementation realities (Bowen, 2009). Second, the recency of the AfCFTA itself presents a challenge. Because the agreement has only recently begun implementation, long-term economic outcomes are still evolving, and many findings in existing reports remain predictive rather than empirically realised (UNCTAD, 2023; South Centre, 2025). Third, disparities in national reporting and statistical capacity across African states complicate the effort to obtain harmonised data on implementation progress, non-tariff barriers and cross-border trade performance. Fourth, qualitative interpretation cannot produce statistical measurement of causality, although it provides deep insights into processes and institutional dynamics. Finally, potential publication bias is acknowledged, as institutional reports may emphasise progress, while academic literature often stresses structural weaknesses more heavily.

Despite these limitations, the study’s qualitative, secondary-data methodology offers a rigorous and conceptually grounded approach for understanding the evolving developmental trajectory of the AfCFTA. By critically analysing patterns, narratives and trends across diverse documentary sources, the study provides a robust foundation from which to assess whether the AfCFTA currently functions as a realistic development strategy or remains an aspirational continental project.

Empirical Review

Development Potential of the AfCFTA

The African Continental Free Trade Area (AfCFTA) is widely presented as a cornerstone for Africa’s long-term structural transformation because of its ambitious scope and design. The agreement seeks to liberalise at least 90% of tariff lines, progressively eliminate remaining tariffs, reduce non-tariff barriers (NTBs), harmonise trade-related regulations and promote the development of continental and regional value chains (UNCTAD, 2021). These measures are expected to address one of Africa’s

core challenges: fragmented markets and small, landlocked economies that limit economies of scale and discourage investment in manufacturing and higher value-added sectors (UNCTAD, 2023). Empirical evidence shows that intra-African trade has a higher share of processed and manufactured products compared with Africa’s trade with the rest of the world, which remains dominated by primary commodities such as oil and minerals (Mold, 2022). This composition of intra-African trade indicates that regional trade integration if deepened through the AfCFTA can be a strategic driver of industrialisation, diversification and technological upgrading.

Quantitative simulations by UNCTAD (2021) suggest that full and effective implementation of the AfCFTA could raise intra-African trade by more than 30% in the medium to long term, with particularly strong gains in manufacturing and agro-processed products. These projections are consistent with estimates from Afreximbank (2024), which indicate that the AfCFTA could significantly expand the volume and value of intra-African exports, stimulate regional production networks, and contribute to more resilient, diversified economies. By creating a large, predictable market and reducing trade costs, the AfCFTA is expected to encourage firms to invest in regional value chains in sectors such as automotive, textiles and garments, pharmaceuticals, and food processing (UNCTAD, 2023). Fofack (2021) emphasises that, by supporting such regional production networks, the AfCFTA offers a realistic pathway to reduce Africa’s historical dependence on exports of raw materials and to shift towards higher value-added, knowledge-intensive activities.

Moreover, the development potential of the AfCFTA goes beyond trade volumes and industrial output. UNCTAD (2021, 2023) and Afreximbank (2024) argue that deeper integration under the AfCFTA can promote inclusive growth by formalising informal cross-border trade, increasing opportunities for small and medium-sized enterprises (SMEs), and expanding markets for women and youth entrepreneurs. The agreement is also linked to broader development agendas, including the Sustainable Development Goals (SDGs) and the African Union’s Agenda 2063, by fostering decent employment, innovation and infrastructure development (UNCTAD, 2023). In summary, the literature converges on the view that the AfCFTA has substantial potential to drive structural transformation in Africa, provided that its liberalisation commitments are fully implemented and complemented by supportive industrial and macroeconomic policies (Fofack, 2021; UNCTAD, 2021; Afreximbank, 2024).

Implementation Progress of AfCFTA

Although trading under the AfCFTA officially commenced on 1 January 2021, implementation has been gradual, uneven and partial across member states. Many countries have signed and ratified the agreement, but the translation of continental commitments into national laws and administrative practice has been slower

than expected (Majune, 2023; South Centre, 2025). In particular, several core elements of the agreement's architecture remain incomplete. Tariff schedules for trade in goods have not yet been fully finalised or domesticated in several states, meaning that customs authorities are not always able to apply AfCFTA preferences at the border (UNECA, 2023). Similarly, negotiations on rules of origin especially for complex, higher value-added products such as automotive components, textiles and electronics are ongoing, limiting the range of products that can confidently circulate under AfCFTA treatment (Majune, 2023; South Centre, 2025).

In the area of trade in services, implementation has also lagged. Majune (2023) notes that for the AfCFTA to significantly boost intra-African trade in services, member states must not only schedule clear commitments in sectors such as transport, finance, telecommunications and professional services, but also address regulatory barriers and ensure mutual recognition of standards and qualifications. As of 2023–2024, many of these commitments are still being negotiated or are only partially operational, which constrains the ability of firms to exploit new market opportunities (Majune, 2023).

In response to slow, uneven implementation, the AfCFTA Secretariat launched the Guided Trade Initiative (GTI) in late 2022 as a practical mechanism to “test” the agreement on a limited scale. The GTI enables a select group of countries and products to trade under AfCFTA rules, with the aim of identifying procedural bottlenecks, testing documentation requirements and building private sector confidence (UNECA, 2023; UNECA, 2024). Early consignments under the GTI have involved products such as tea, batteries, processed foods and ceramics, traded between a small group of participating countries including Ghana, Kenya and Cameroon (South Centre, 2025; UNECA, 2024). While the GTI represents a meaningful step forward, its coverage both in terms of participating countries and product lines remains relatively narrow compared with the scale of the African market. As a result, the overall volume of trade that is formally recorded as taking place under AfCFTA preferences remains modest, underscoring that the agreement is still in an early, experimental phase rather than fully operational across the continent (South Centre, 2025).

Structural Constraints of AfCFTA

The literature consistently emphasises that the AfCFTA's development potential is heavily conditioned by structural constraints that pre-date the agreement and remain largely unresolved. One of the most frequently cited obstacles is Africa's infrastructure deficit. Many countries face inadequate road and rail networks, congested ports, limited warehousing facilities and unreliable energy supply, all of which increase transport times and logistics costs (UNECA, 2022; UNCTAD, 2023). UNCTAD (2023) notes that lagging investments in infrastructure have contributed to frequent delays, discouraging firms from sourcing inputs or exporting goods within Africa. Recent

analyses suggest that the continent faces an infrastructure investment gap of over US\$100 billion per year, which directly undermines the efficiency and competitiveness of intra-African trade (UNCTAD, 2023; Reuters, 2025). Beyond physical infrastructure, non-tariff barriers (NTBs) remain pervasive. These include cumbersome customs procedures, inconsistent application of regulations, overlapping standards and certification requirements, and discretionary practices at borders (UNCTAD, 2024; South Centre, 2025). A 2024 UNCTAD report on non-tariff measures in AfCFTA member states highlights that technical regulations, sanitary and phytosanitary (SPS) measures and other regulatory differences can act as de facto barriers, particularly for smaller firms with limited capacity to navigate complex requirements (UNCTAD, 2024). The persistence of NTBs means that even where tariffs are reduced, overall trade costs remain high, limiting the effective utilisation of AfCFTA preferences. A further structural constraint lies in Africa's weak and uneven industrial capacity. Many economies continue to rely on primary commodities and low-value-added products, with limited domestic manufacturing bases and technological capabilities (UNCTAD, 2023). This constrains their ability to expand production for regional markets, integrate into value chains and take advantage of the larger market created by the AfCFTA. Without targeted industrial policies, skills development and access to finance, there is a risk that only a few relatively industrialised economies will capture a disproportionate share of the benefits, while others may experience limited gains (UNCTAD, 2021; South Centre, 2025). In addition, governance challenges, including limited administrative capacity, overlapping memberships in regional economic communities (RECs) and inconsistent policy implementation, further complicate the operationalisation of AfCFTA commitments (UNECA, 2022; South Centre, 2025). Together, these constraints suggest that trade liberalisation alone is insufficient; substantive structural reforms and investments are required for the AfCFTA to deliver on its transformative promise.

Emerging Opportunities

Despite slow implementation and structural challenges, the literature also identifies several emerging opportunities that could significantly enhance the AfCFTA's developmental impact if strategically harnessed. First, advances in digital trade systems and cross-border digital infrastructure offer new avenues for reducing trade costs and facilitating participation by SMEs. Ongoing negotiations on an AfCFTA Protocol on Digital Trade and the expansion of e-commerce platforms across the continent create prospects for African firms to access new markets with lower entry barriers, especially in services, creative industries and technology-enabled sectors (UNCTAD, 2023; UNCTAD, 2024). The development of regional digital payment systems such as the Pan-African Payments and Settlement System (PAPSS) also has the potential to reduce reliance on external currencies

and lower transaction costs, thereby making intra-African trade more efficient and predictable (Afreximbank, 2024). Second, new investment protocols and industrial cooperation frameworks under the AfCFTA can help attract long-term productive investment into priority sectors. By providing clearer rules for investment protection, dispute settlement and local content, these protocols aim to encourage both intra-African and foreign investors to build regional production hubs and value chains (UNCTAD, 2023; Afreximbank, 2024). For example, coordinated regional industrial policies in automotive, pharmaceuticals, agro-processing and green technologies can leverage economies of scale created by the AfCFTA, fostering technology transfer and skills development.

Third, scholars and policy institutions highlight that, when coupled with coherent industrial policy and infrastructure investment, the AfCFTA could catalyse substantial progress towards the Sustainable Development Goals (SDGs). The Brookings Institution (2025) argues that deeper intra-African trade, driven by the AfCFTA, can accelerate SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation and infrastructure) by expanding markets for African-produced goods, encouraging innovation and generating employment across diversified sectors. Brookings also emphasises that trade integration, if aligned with climate and sustainability objectives, can support environmentally sustainable industrialisation and more resilient supply chains (Brookings Institution, 2025). In this sense, while current challenges are significant, the AfCFTA also represents a strategic window of opportunity: if African states invest in digitalisation, infrastructure, industrial capabilities and effective governance, the agreement could evolve from a largely aspirational initiative into a powerful engine of inclusive and sustainable development.

Discussion of Findings

The findings of this study reveal that the African Continental Free Trade Area (AfCFTA) possesses significant development potential, with various modelling exercises and empirical simulations projecting substantial gains in intra-African trade, manufacturing output and overall GDP growth if the agreement is fully implemented (Adam et al, 2024). These projections align with earlier expectations that the AfCFTA could transform Africa's economic landscape by creating a larger, more integrated market capable of supporting diversified regional value chains and competitive industrialization (Simola, 2025; Ogundare, 2022). However, despite these promising prospects, the study also finds that actual implementation remains partial and uneven, limiting the immediate realisation of these potential benefits (Debrah et al, 2024). Key components such as tariff schedules, rules of origin and services liberalisation commitments are still incomplete in many countries, resulting in relatively low utilisation of AfCFTA trading preferences in practice. In addition, the findings highlight those structural

challenges significantly constrain the developmental impact of the AfCFTA. Persistent infrastructure deficits such as poor transport networks, unreliable energy supply and inefficient logistics systems continue to raise trade costs, while non-tariff barriers and weak industrial capacity further inhibit the ability of many African economies to participate effectively in expanded regional markets (Aikor *et al.*, 2025; Ajewumi et al, 2025). Despite these constraints, the AfCFTA cannot be dismissed as a mere political narrative. Rather, the study concludes that the agreement is in its early implementation stages, with its long-term developmental impact heavily dependent on the adoption of complementary reforms, including investment in infrastructure, strengthening productive capacity, addressing non-tariff barriers and enhancing governance and policy coordination across member states.

CONCLUSION

The African Continental Free Trade Area (AfCFTA) represents one of the most ambitious and strategically significant initiatives for advancing Africa's structural transformation. As a continental framework designed to enhance intra-African trade, stimulate industrialisation and strengthen regional value chains, the AfCFTA holds substantial potential to reshape the continent's economic trajectory. Modelling studies and policy analyses consistently indicate that, with full implementation, the agreement could generate meaningful gains in trade, manufacturing output and economic diversification. However, nearly four years after trading officially commenced in 2021, the AfCFTA remains only partially implemented, with important elements such as tariff liberalisation schedules, rules of origin and services commitments still incomplete in many member states. The study also highlights that the AfCFTA's transformative potential is significantly constrained by enduring structural challenges, including poor transport and energy infrastructure, weak industrial capacity, high logistics costs and widespread administrative and regulatory bottlenecks. These limitations hinder the ability of African firms and economies to fully utilise the opportunities provided by a liberalised continental market. Consequently, the AfCFTA cannot currently be characterised as either a fully achieved reality or an empty political aspiration. Rather, it should be understood as an emerging and evolving framework whose eventual impact will depend heavily on sustained political commitment, stronger institutional capacity, effective governance and coherent complementary policies at national, regional and continental levels. With strategic reforms and continued dedication to implementation, the AfCFTA has the potential to transition from aspiration to a powerful engine of Africa's socio-economic development.

Recommendations

Based on the findings of this study, a set of focused and actionable recommendations is essential to ensure that the AfCFTA evolves from a partially implemented

framework into a transformative driver of Africa's development. These recommendations aim to address the core implementation gaps, structural constraints and governance challenges identified in the literature, while also promoting inclusive and sustainable growth across the continent.

1. Accelerate full implementation of tariff offers, services commitments and rules of origin. Member states should fast-track the completion and domestication of tariff schedules and rules of origin to enable seamless trade under AfCFTA preferences. Clear, predictable commitments are crucial to building private sector confidence and expanding actual cross-border trade flows.

2. Invest massively in infrastructure, particularly transport, energy and digital systems. Substantial public and private investment is required to close Africa's infrastructure gap and reduce high trade costs. Improved roads, ports, electricity access and digital connectivity will enable firms to participate more competitively in regional markets.

3. Strengthen industrial capacity with targeted support for SMEs, manufacturing sectors and youth-led enterprises. Industrial policies should focus on building productive capabilities, upgrading technology, improving access to finance and integrating SMEs into regional value chains. This will help countries capture greater benefits from expanded continental markets.

4. Address non-tariff barriers through simplified customs procedures and harmonised standards. Establishing transparent, streamlined border processes and aligning product standards across countries will significantly reduce administrative delays and improve the efficiency of intra-African trade.

5. Enhance monitoring, evaluation and institutional coordination across the AU, UNECA and national governments. Regular reporting, data-driven monitoring tools and stronger intergovernmental coordination will ensure accountability, track implementation progress and support evidence-based policy reforms.

These recommendations, if consistently pursued, can significantly strengthen the AfCFTA's effectiveness and help transform it into a powerful engine for Africa's long-term socio-economic development.

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