

AFCFTA IMPLEMENTATION: HOW AFRICAN COUNTRIES ARE NAVIGATING THE TRANSITION

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African Continental Free Trade Area (AfCFTA) is a flagship program of Agenda 2063 intended to build a single market of 1.3 billion people with a GDP of \$3.4 trillion¹. Since its realization, African nations have been actively adapting to take advantage of the potential benefits of this agreement, though the journey is lined with success as well as challenges².

As of December 2024, 54 out of 55 African countries have signed the AfCFTA agreement, with internal tariff-free transactions commencing among many member states. This widespread

¹ <https://au-afcfta.org/>

² [The African Continental Free Trade Area | African Union](#)

participation underscores a collective commitment to enhancing economic unity and fostering political cohesion across the continent.

1. **Nigeria:** As Africa's largest economy, Nigeria has been leading the pack in its pursuit of the AfCFTA. The government of Nigeria has established the National Action Committee on AfCFTA to coordinate the implementation strategy in the country³. It is working towards enhancing trade infrastructure, streamlining customs procedures, and engaging the private sector in preparations for the expected increased intra-African trade.
2. **Kenya:** Kenya has been an eager proponent of the AfCFTA and has made significant strides in aligning its national policies with the agreement. The country has focused on expanding its trade facilitation programs, including port modernization and the launch of digital trade platforms. Kenya is also leveraging its position as a regional hub to attract investments and boost trade with other African nations.
3. **South Africa:** South Africa, with its well-developed industrial base, stands to benefit significantly from the AfCFTA by leveraging its manufacturing strength and trade networks. The government has been working towards enhancing its trade policy and regulations to ensure a conducive environment for business⁴. South Africa is also working with other African countries to develop regional value chains and promote industrial development.
4. **Ghana:** Ghana has been at the forefront of AfCFTA implementation, as it was one of the first countries to ratify the agreement. The Ghanaian government has made developing trade infrastructure, such as roads and ports, a priority and has implemented programs to help SMEs take advantage of the AfCFTA. Ghana is also harmonizing its trade policies with those of other African countries.
5. **Rwanda:** Rwanda has been at the forefront of the AfCFTA negotiations and has taken steps towards preparing itself for the agreement. It has focused on enhancing its trade facilitation measures, including the establishment of a one-stop border post and the utilization of electronic customs. Rwanda is also driving regional integration through initiatives like the Kigali International Financial Centre.

Challenges in Adaptation and Way Forward

Despite the optimism, a few challenges hinder the effective AfCFTA adoption:

1. **Infrastructure Shortages:** Most African nations experience inadequate road, rail, and port infrastructure for smooth trading activities. Unreliable access roads, railroad connections,

³ <https://www.tralac.org/blog/article/15859-nigeria-s-preparedness-for-the-implementation-of-the-afcfta-an-institutional-perspective.html>

⁴ <https://www.reuters.com/world/africa/south-africa-looks-africa-china-ties-global-trade-fences-go-up-2024-10-31/>

and harbors increase costs and lead times, dissuading potential trade alliances. Prioritizing investments in transport, energy, and digital infrastructure would boost trade activities

2. **Regulatory Fragmentation:** Varying regulatory requirements and procedures in nations complicate doing business across the continent. Standardization of the regulations is needed to reduce bureaucratic red tape and provide a conducive environment for trade. Aligning national regulations with AfCFTA standards to ensure a cohesive and predictable trading environment⁵.
3. **Currency Variability:** The use of multiple currencies on the continent creates exchange rate risks and makes pricing strategies more complex for companies. The use of financial mechanisms or common currencies within regional blocs could simplify these issues.
4. **Political Instability:** Internal instability and political unrest in certain regions of the world pose humongous threats to investment and trade, undermining the stability necessary for economic activities to thrive. Ensuring that political will at the highest levels translates into actionable policies and the maintenance of peace and stability⁶.



⁵ <https://www.fdiintelligence.com/content/data-trends/the-five-hurdles-to-africas-continental-free-trade-area-83843>

⁶ <https://www.freiheit.org/sub-saharan-africa/beacon-hope-or-failed-project>

Conclusion

The AfCFTA represents a significant opportunity for African countries to boost intra-African trade and enhance their economic integration. While the path to full implementation of the AfCFTA is fraught with challenges, the concerted efforts of African nations reflect a shared vision of economic integration and prosperity. By addressing existing obstacles and fostering collaboration, the AfCFTA holds the promise of transforming Africa's economic landscape for generations to come.



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