

AfCFTA AND NIGERIA'S DEVELOPMENT: OPPORTUNITIES AND CHALLENGES IN WEST AFRICA BORDERLANDS

Emmanuel Ogueri Ibekwe

Department of Political Science, Imo State University, Owerri, Nigeria

emmanuelibekwe@yahoo.com

ABSTRACT: This paper interrogates the developmental implications of the African Continental Free Trade Area (AfCFTA) for Nigeria, with particular attention to the often-overlooked West African borderlands. As the continent's most populous country and an important regional actor, Nigeria occupies a central role in shaping AfCFTA's outcomes. The agreement, while widely framed as a pan-African milestone for economic transformation, presents a complex terrain of opportunity and constraint for Nigeria. On one hand, it holds the promise of expanded intra-African trade, export diversification, industrial revitalization, and enhanced regional cooperation. Nigeria's strategic sectors, including agro-processing, textiles, and digital services, could benefit from access to broader markets, increased investment, and job creation. On the other hand, this paper contends that realising these benefits remains conditional upon addressing a range of domestic and sub-regional challenges. These include infrastructural deficits, border insecurity, institutional incoherence, weak productive capacity, and entrenched corruption. The analysis foregrounds the paradoxes of trade liberalisation in Nigeria's fragile frontier regions, where informal economies, porous borders, and overlapping regulatory regimes persist. By situating borderlands as both spaces of vulnerability and sites of economic potential, the paper highlights how exclusionary governance practices, particularly the marginalisation of women-led enterprises and small-scale traders, threaten inclusive participation in AfCFTA. Through a critical political economy lens, the study argues for a development-oriented trade governance model that foregrounds institutional reform, local capacity-building, and multi-level coordination. Special emphasis is placed on integrating informal actors and SMEs into formal value chains, strengthening sub-national engagement, and harmonising policy across borders. The paper contributes to ongoing debates on regional integration, state capacity, and the reimagining of Africa's border economies as engines of transformative growth.

Keywords: AfCFTA, Nigeria, borderlands, regional integration, trade governance, political economy

INTRODUCTION

The African Continental Free Trade Area (AfCFTA) represents one of the most ambitious economic integration initiatives undertaken on the African continent in recent decades. Officially launched in January 2021, the AfCFTA is designed to establish a single continental market for goods and services, with free movement of businesspersons and investments, thereby laying the groundwork for a unified African customs union (Olajide, 2021). This free movement of persons is considered crucial for deeper regional integration and the full realization of AfCFTA's objectives (Lehlongwa,

2024). The AfCFTA agreement, which has been ratified by the majority of African Union member states, aims to connect 1.4 billion people across 55 countries, with a combined gross domestic product (GDP) of over US\$3.4 trillion (Maliszewska et al., 2020; World Bank, 2020). The agreement seeks to boost intra-African trade by eliminating tariffs on 97% of goods, thereby fostering economic growth, industrialization, and sustainable development across the continent (African Union, 2021). Its foundational goals, liberalising intra-African trade, harmonising trade policies, and reducing tariffs, are strategically aligned with the continent's broader development aspirations, including Agenda 2063.

For Nigeria, the AfCFTA presents a mix of compelling opportunities and considerable risks. As Africa's most populous country and largest economy, Nigeria's engagement with the AfCFTA is not merely symbolic but consequential for the treaty's success and for shaping the regional economic architecture. Nigeria's initial hesitation before signing the agreement in July 2019 revealed both domestic anxieties about industrial competitiveness and a broader tension between protectionist instincts and regional obligations (Onwuka & Oroboghae, 2020). Yet, Nigeria's eventual accession signalled recognition of the potential transformative power of regional integration, particularly its capacity to diversify the economy beyond oil, enhance productivity, and stimulate employment across sectors.

The specific implications of the AfCFTA for West Africa cannot be understood in abstraction from the complex and often fragile nature of borderland economies in the region. These border areas, often marked by informal trade, porous boundaries, weak governance, and overlapping jurisdictions, pose unique challenges to the uniform implementation of continental policies. Indeed, borderland zones between Nigeria and its neighbours, such as Benin, Niger, and Cameroon, are both strategic transit corridors and flashpoints of contestation over smuggling, security, and regulatory enforcement (Sowale & Olusola, 2025). While the AfCFTA aspires to create frictionless borders, the persistent realities of political fragmentation and infrastructural gaps in West Africa complicate this vision.

Against this background, this paper explores the dual character of the AfCFTA for Nigeria's development in the context of West Africa's borderlands. It contends that while the agreement offers substantial economic opportunities, particularly in trade expansion, investment, and regional cooperation, it also presents challenges that, if left unaddressed, could deepen existing disparities and marginalize already vulnerable frontier regions. The paper is structured to analyse, first, the potential benefits that Nigeria stands to gain from the AfCFTA. This includes increased trade volumes, job creation, export diversification, and enhanced regional cooperation. Subsequently, it interrogates the specific difficulties that may obstruct these gains in the borderlands, including but not limited to security vulnerabilities, infrastructure deficits, and administrative bottlenecks.

Of particular importance is the recognition that AfCFTA implementation is not a uniform process across territories. Rather, it interacts with uneven state capacities, disparate national interests, and localised political economies. This is especially pertinent in Nigeria, where regional inequalities and complex state-society relations significantly influence economic outcomes. Existing literature has drawn attention to how infrastructural asymmetries and governance deficits may distort the intended egalitarian effects of trade liberalisation (Byiers & Woolfrey, 2022; Ugwunna et al., 2025).

In such contexts, borderlands often become zones of both opportunity and friction where informal trade networks thrive, yet where regulatory uncertainties and security threats also undermine formal economic integration.

Additionally, the AfCFTA raises questions about who benefits from free trade and under what conditions. While macroeconomic projections tend to highlight aggregate gains, these often mask uneven distributive effects across sectors and regions. For example, while urban-based exporters and service providers may profit from new market access, rural borderland communities might experience intensified competition, displacement of local enterprises, or increased exposure to transnational insecurity. A critical development lens must therefore assess not just economic efficiency but social equity and sustainability.

The thesis underpinning this article is that the AfCFTA presents both opportunities and challenges for Nigeria's development, particularly in the context of its West African borderlands. Realising the full potential of the AfCFTA will depend not only on trade liberalisation measures but also on the robustness of Nigeria's domestic institutions and the capacity to address cross-border structural constraints. Effective implementation will require a strategic blend of policy coherence, regional diplomacy, infrastructural investment, and security collaboration.

In essence, this study contributes to the broader policy and academic discourse on regional integration in Africa by foregrounding the role of borderlands in mediating trade policies and economic development. The Nigeria-West Africa nexus offers a particularly illuminating case through which to assess how continental aspirations intersect with local realities. Rather than assuming a smooth translation from policy to practice, this paper calls for a detailed analysis that incorporates territorial disparities, institutional fragilities, and the lived experiences of border communities.

Opportunities for Nigeria's Development

The African Continental Free Trade Area (AfCFTA) represents an unprecedented step toward economic integration and continental development. For Nigeria, the largest economy in Africa by GDP and population, the agreement holds considerable promise if appropriately leveraged. The AfCFTA could catalyse Nigeria's long-standing efforts to diversify its economy, enhance industrial productivity, and foster deeper regional cooperation. However, discussing these opportunities without careful consideration could overlook the specific factors necessary to make them a reality. This paper explores the most prominent developmental opportunities for Nigeria under AfCFTA: increased trade and investment, economic growth and job creation, diversification of exports, and deeper regional integration.

1. Increased Trade and Investment

Nigeria's participation in the AfCFTA potentially opens access to a broader continental market of over 1.3 billion people with a combined GDP of over \$3.4 trillion (Maliszewska et al., 2020; World Bank, 2020). The prospect of tariff elimination on 90% of goods, coupled with the reduction of non-tariff barriers, is expected to stimulate bilateral and multilateral trade flows within Africa.

Nigerian firms, particularly in the manufacturing and agro-processing sectors, may benefit from economies of scale, thereby increasing productivity and competitiveness.

Preliminary trade simulations by the World Bank (2020) indicate that Nigeria could see a significant rise in exports, especially in sectors such as textiles, chemicals, and leather, due to increased demand from neighbouring countries. Similarly, improved investment climates fostered by harmonised trade protocols and common regulatory frameworks under the AfCFTA could enhance foreign direct investment (FDI) inflows into Nigeria. However, these benefits would depend on the extent to which the country reforms its trade facilitation infrastructure and ensures macroeconomic stability (Akamobi et al., 2024).

2. Economic Growth and Job Creation

AfCFTA could be a growth lever for Nigeria's economy, especially in the non-oil sectors, which have struggled under the weight of structural weaknesses and policy inconsistencies. According to the African Development Bank (AfDB), full implementation of AfCFTA could increase Africa's income by \$450 billion by 2035 and lift 30 million people out of extreme poverty, with Nigeria among the primary beneficiaries (AfDB, 2021).

At the microeconomic level, job creation is one of the most immediate development dividends. Nigeria's youth unemployment rate could be mitigated if local industries scale operations due to access to larger markets. Labour-intensive sectors such as agriculture, construction, and light manufacturing stand to gain from increased intra-African demand. Studies indicate that AfCFTA could enhance Nigeria's GDP and trade balance through increased trade liberalization (Akamobi et al., 2024), as well as boost intra-African trade, create local and regional value chains, and provide access to a larger market (Ibori & Ogah, 2024). However, this positive outlook is tempered by concerns about Nigeria's current production capabilities, which may limit its ability to exploit these labour market gains fully (Akamobi et al., 2024).

3. Diversification of Exports

Nigeria's export portfolio has historically been skewed towards crude oil, leaving the economy vulnerable to global price fluctuations. One of the most frequently cited opportunities of AfCFTA is its potential to reduce this dependency by expanding non-oil exports. Sectors such as agro-processing, textiles, pharmaceuticals, and digital services are now being recognised as viable channels for export diversification.

For instance, studies indicate that several agricultural products have high demand across African markets and could anchor regional value chains with Nigeria as a hub. Shea butter, derived from the shea tree native to West and Central Africa, has growing demand in cosmetics, food, and medicinal industries (Adedeji et al., 2024). Initiatives under the Nigerian Export Promotion Council (NEPC) aim to take advantage of these possibilities by enhancing SME participation in regional trade. Moreover, the AfCFTA's protocols on intellectual property and digital trade can facilitate export of Nigerian films, music, and tech services, thereby incorporating the creative and digital economy into the country's export strategy.

Yet, unlocking this potential is not automatic. Export diversification under AfCFTA will require deliberate policy efforts to strengthen production capabilities, improve product standards, and reduce transport and logistics costs, which currently erode competitiveness.

4. Regional Integration and Cooperation

Beyond economic metrics, AfCFTA provides Nigeria with a strategic avenue to deepen regional cooperation, particularly in the West African sub-region where political tensions and economic fragmentation remain endemic. Nigeria's centrality in the Economic Community of West African States (ECOWAS) gives it the leverage to serve as a linchpin in operationalising AfCFTA protocols.

Regional integration, if pursued with coherence, can yield several advantages. Harmonised customs regimes, standardised product regulations, and enhanced cross-border infrastructure can reduce the cost and complexity of doing business within West Africa. Importantly, this could create regional value chains where countries specialise in components of production based on comparative advantage. Nigeria's large consumer market and financial services sector could then serve as critical nodes in such chains.

Furthermore, strategic cooperation in borderland areas, especially those shared with Niger, Benin, and Cameroon, could reduce informal trade and smuggling. It might also foster a sense of economic interdependence that enhances regional peace and stability, key ingredients for sustained development.

5. Case Study: Nigerian Leather and Textile Industries

The leather and textile industries in Northern Nigeria provide a compelling case for how AfCFTA could revitalise domestic sectors and promote regional trade. Kano's leather industry, despite historical neglect, remains one of the largest in sub-Saharan Africa. With appropriate technical and financial support, leather exports to West African markets such as Ghana, Senegal, and Côte d'Ivoire could rise substantially under AfCFTA's tariff-free regime.

Similarly, the textile sector, once a thriving pillar of Nigerian industry, is experiencing a modest revival. The removal of tariffs on cotton-based products traded within the AfCFTA could help firms in Kaduna and Aba compete with imported textiles. According to the Manufacturers Association of Nigeria (MAN), increased market access could create over 500,000 jobs across the textile and garment value chain within five years (MAN, 2024).

However, success will hinge on resolving domestic constraints. One of them is access to credit, irregular power supply, and inadequate transportation links, issues that fall outside the scope of the AfCFTA but intersect crucially with its effective implementation.

6. SME Empowerment and Women-led Trade

Small and Medium-sized Enterprises (SMEs) form the backbone of Nigeria's non-oil economy, and their ability to benefit from AfCFTA will determine how inclusive the trade agreement proves to be. Encouragingly, data from the Centre for the Study of the Economies of Africa (CSEA) indicate that many Nigerian SMEs, especially those in food processing and fashion, are optimistic about the new trade landscape, though cautiously so.

Additionally, women-led businesses, often concentrated in informal cross-border trade, could benefit from more predictable trade rules and reduced harassment at border points if AfCFTA protocols are diligently enforced. Targeted capacity-building and simplified customs processes are, however, necessary to make these benefits tangible.

Challenges in West Africa Borderlands

While the AfCFTA holds promise for accelerating regional integration and economic growth, its implementation in the West African borderlands is fraught with complex challenges. These frontier zones, stretching across Nigeria's borders with countries such as Benin, Niger, and Cameroon, are shaped by informal trade systems, security fragility, infrastructural deficits, and regulatory asymmetries. The paradox of trade liberalisation within a context of persistent structural fragmentation raises critical concerns about whether the benefits of AfCFTA can be equitably realised in these spaces. This section explores three key challenges in Nigeria's West African borderlands that could undermine AfCFTA's goals: (1) security concerns, (2) infrastructure deficits, and (3) trade facilitation barriers.

1. Security Concerns

Border insecurity is arguably one of the most pressing threats to the successful implementation of AfCFTA in Nigeria's frontier regions. These areas are increasingly characterised by armed banditry, transnational terrorism, smuggling, and borderland insurgencies. The porousness of Nigeria's northern borders, especially with Niger and Cameroon, facilitates the movement of illicit goods and armed groups, thus undermining the formal trade systems envisaged by AfCFTA.

The securitisation of borders has become a dominant feature of Nigeria's border management approach. Yet, this strategy has yielded mixed results. While temporary border closures have been used as instruments to curb smuggling and safeguard local industries, they have also exacerbated informal trade and deepened insecurity (Idoniboye-Obu, 2022). Moreover, border communities often experience dual marginalisation: from the federal state, which treats them primarily as security zones, and from central trade policies, which seldom account for their local economic practices and vulnerabilities.

These dynamics complicate the operation of AfCFTA's trade facilitation agenda, which presupposes peace and predictable regulatory environments. As Joseph (2024) argue that while economic integration may foster peace, the success of AfCFTA depends on addressing security issues, including intercommunal violence, civil unrest, and terrorism. The sense of alienation in

these borderlands often translates into limited state authority, allowing alternative power structures, including smuggling cartels and non-state actors, to fill the vacuum.

The issue of insecurity also manifests differently across gender lines. Walther and Hoffmann (2021) highlights how gendered dynamics in cross-border trade reinforce existing inequalities, relegating women to peripheral positions in trade networks. Increased militarisation, combined with informal taxation by security agents, disproportionately affects female traders who dominate petty trade in the region. The AfCFTA's goal of inclusive economic empowerment, therefore, must contend with such intersecting vulnerabilities.

2. Infrastructure Deficits

Borderland underdevelopment is a structural problem that predates the AfCFTA. Despite their strategic location as trade corridors, many border areas in Nigeria remain underserved in terms of transportation infrastructure, energy supply, warehousing, and customs processing facilities. This infrastructural deficit not only increases the cost of trade but also weakens the competitiveness of Nigerian businesses operating in these regions.

One illustrative example is the Lagos-Seme border corridor, which is an important artery linking Nigeria to Benin and the rest of West Africa. Despite recent upgrades, the corridor remains plagued by inconsistent road quality and customs delays bottlenecks, including inconsistent road quality, delays at customs posts, and inadequate signage (Foltz & Li, 2023; Nnadi et al., 2023). These inefficiencies discourage formal trade and increase reliance on informal channels that evade state regulation.

Moreover, dry port and bonded warehouse facilities, which are critical to borderland trade logistics, are either poorly maintained or entirely absent in many frontier zones. The lack of cross-border coordination in infrastructure planning compounds this problem. While Nigeria may invest in a highway on its side of the border, its neighbours might lack the fiscal space or political will to complement the project. Such discontinuities hamper regional supply chains and undermine the seamless trade flows that AfCFTA envisions.

Infrastructure gaps also affect communication and digital trade readiness. The digital divide is particularly acute in rural and semi-urban border communities, many of which lack access to broadband internet, mobile payment systems, and electronic customs documentation. Given that AfCFTA includes protocols on e-commerce and trade in services, bridging these digital infrastructural gaps is critical for inclusive participation.

3. Trade Facilitation Issues

Trade facilitation encompasses the procedural and administrative aspects of trade—customs clearance, licensing, documentation, and inspection. While AfCFTA's protocols call for harmonisation and simplification of trade procedures across the continent, implementation in West African borderlands remains uneven and opaque.

In Nigeria, trade facilitation is often hindered by inconsistent application of customs laws, frequent policy reversals, and rent-seeking behaviour by border officials. Nnadi et al. (2023) argues that existing trade policies remain hostile to informal cross-border trade” despite its significant contribution to local economies and food security. Small traders operating at Nigeria’s borders frequently encounter unpredictable tariffs, delayed clearance, and informal levies, all of which increase the cost of doing business.

Moreover, the absence of a single-window system or harmonised customs data across West African countries leads to duplication of processes and miscommunication between national customs agencies. This lack of interoperability hampers Nigeria’s ability to benefit from streamlined AfCFTA provisions.

Trade facilitation challenges are further compounded by informal trade networks that operate outside the purview of state regulation. These networks, while serving important livelihood functions, often clash with formal trade systems, creating a dual economy. While AfCFTA is not inherently incompatible with informal trade, its current design focuses predominantly on formal sector actors. Without integrating informal cross-border traders into the trade governance framework, efforts to enhance trade facilitation may remain incomplete or even counterproductive.

There is also a gap in institutional capacity at local border posts. Many Nigerian customs stations lack sufficient staffing, training, and ICT tools to manage cross-border flows effectively. As a result, even when national-level policies are aligned with AfCFTA’s aims, implementation is constrained by weak subnational institutions.

4. Case Illustration: Rice Import Restriction and Border Closure Policy (2019)

The 2019–2020 closure of Nigeria’s land borders, particularly those shared with Benin, had wide-ranging consequences for regional trade and highlighted the fragility of borderland governance. Ostensibly enacted to curb smuggling and promote local rice production, the closure disrupted legitimate trade flows and intensified food inflation in border communities (Foltz & Li, 2023).

Informal cross-border traders, most of whom were excluded from policy consultations, were disproportionately affected. Many shifted to more clandestine smuggling routes, leading to a breakdown in trust between border communities and the federal government. The policy also strained Nigeria’s diplomatic ties with its neighbours, undermining regional cooperation efforts under ECOWAS and AfCFTA.

What the closure revealed was not simply a lapse in policy coherence but a deeper failure to integrate borderland realities into national trade strategy. The rigid application of security logic to what is fundamentally a development challenge underscored the need for a more nuanced and participatory trade governance framework, one that views borderlands not merely as threats but as developmental frontiers.

5. Institutional Fragmentation and Policy Incoherence

Another salient challenge lies in the fragmentation of institutions governing Nigeria's borderlands. Trade, security, and development fall under different ministries, agencies, and tiers of government, each with overlapping and sometimes conflicting mandates. The Nigeria Customs Service, the Nigerian Immigration Service, the National Border Commission, and various state and local government agencies all have jurisdictional claims over aspects of border governance.

This institutional multiplicity creates loopholes, encourages corruption, and weakens policy coordination. For example, while AfCFTA envisions a uniform trade facilitation framework, domestic actors may implement divergent protocols due to a lack of integrated planning and data sharing.

6. Socio-political Marginalisation of Border Communities

Borderland populations often express feelings of abandonment by the central government. Limited access to public services, weak representation in national politics, and high unemployment contribute to a sense of exclusion. This socio-political marginalisation undermines the legitimacy of trade policies and increases the appeal of informal and often illegal economic practices.

AfCFTA's success in Nigeria will therefore depend in part on how well it addresses this marginalisation. Policies that do not account for the specific needs and aspirations of border communities risk exacerbating existing inequalities and generating resistance to formal trade mechanisms.

Nigeria-Specific Challenges to AfCFTA Implementation

While the African Continental Free Trade Area (AfCFTA) offers an ambitious framework for regional economic transformation, its successful execution in Nigeria hinges significantly on domestic preparedness. The challenges facing Nigeria are deeply structural and interwoven, extending beyond trade policy into broader questions of political economy, institutional quality, and infrastructure. This section critically analyses Nigeria-specific challenges under three interlinked categories: (1) production environment, (2) insecurity, and (3) systemic constraints such as corruption, logistics costs, and regulatory incoherence. Understanding these challenges is crucial for identifying pathways to effective participation in AfCFTA.

1. Production Environment Challenges

a. Inadequate Infrastructure

At the heart of Nigeria's constrained production environment lies a persistent infrastructure deficit. Power supply is erratic and expensive, undermining the cost competitiveness of local manufacturing. Despite modest improvements, Nigeria still generates under 5,000 megawatts of electricity for a population exceeding 200 million. This insufficiency increases operating costs and limits scalability, particularly for small and medium enterprises (SMEs).

Transport infrastructure fares little better. A significant proportion of the national road network remains in poor condition, especially in non-urban areas. The Nigerian rail system, though undergoing gradual rehabilitation, is yet to function as a viable logistics backbone. In this context, the lack of an efficient rail network contributes to 50% of general logistics constraints, impacting port-hinterland movements and increasing transportation costs (Adepoju, 2024). For instance, land transport costs are so prohibitive that many firms resort to air freight, an option that raises final consumer prices and limits profit margins.

Nigeria's port system, particularly in Lagos, is notorious for congestion, bureaucracy, and inefficiency. Long turnaround times and excessive documentation discourage exporters and inflate transaction costs. These constraints collectively erode the potential benefits AfCFTA offers by making Nigerian goods less competitive, even in neighbouring West African markets.

b. Low Production Capacity and Technological Limitations

Nigeria's industrial sector is characterised by shallow value chains, outdated technology, and limited innovation. Despite efforts to stimulate local production through the backward integration policies and industrial clusters, the country's manufacturing capacity remains constrained. Much of the manufacturing activity is assembly-based, with minimal local value addition. As a result, Nigerian firms are ill-equipped to compete under a liberalised trade regime that rewards efficiency and quality.

Productivity across critical sectors such as agro-processing, textiles, and pharmaceuticals remains low due to insufficient access to technology and skilled labour. According to Mudashiru (2025), agricultural producers often lack mechanised tools and appropriate storage systems, resulting in post-harvest losses of up to 30-50% in some commodities. These losses translate into missed export opportunities, especially in a context where AfCFTA envisions a competitive intra-African food system.

c. Policy Inconsistencies

Frequent and abrupt changes in trade and industrial policies continue to deter investment and undermine long-term planning. Export bans, import restrictions, and foreign exchange controls are often introduced without adequate stakeholder consultation. For example, the 2015 Central Bank of Nigeria (CBN) restriction on access to foreign exchange for 41 import items, though aimed at conserving reserves, disrupted the supply chains of firms dependent on intermediate goods.

Similarly, overlapping mandates between regulatory agencies such as the Standards Organisation of Nigeria (SON) and the National Agency for Food and Drug Administration and Control (NAFDAC) create confusion, especially for exporters. These institutions frequently issue contradictory compliance requirements, further raising the cost of doing business. Such fragmentation creates an unpredictable business environment that is antithetical to the spirit of AfCFTA.

2. Insecurity and Trade Disruption

a. Border Security and Trade Interruption

Nigeria's border regions, especially in the north and northeast, are marred by instability linked to armed banditry, Boko Haram insurgency, and communal conflicts. These dynamics disrupt supply chains and deter investment in cross-border infrastructure. Insecurity has also contributed to the collapse of formal trade corridors, such as those linking Maiduguri with Chad and Cameroon, once vibrant trade hubs in the Lake Chad Basin.

Customs posts in these regions often operate under duress, if at all, while private businesses resort to informal networks to move goods. The absence of secure trade routes means that Nigeria is unable to exploit market access opportunities created by AfCFTA.

b. Insecurity and Investment Apathy

Widespread insecurity also has a chilling effect on investment. Both domestic and foreign investors adopt a cautious posture in the face of persistent violence and weak state protection. Persistent violence, including insurgency, ethnic conflicts, and criminal activities, deters foreign capital inflows and disrupts economic activities (Ananti et al., 2025). Systemic corruption and political risk negatively affect FDI inflows, undermining economic growth (Osuma et al., 2024). Widespread insecurity creates an environment where both domestic and foreign investors proceed with caution. Persistent violence, such as insurgencies, ethnic conflicts, and criminal activities, instils fear and discourages foreign capital inflows, which are essential for economic growth.

This reluctance to invest is largely due to concerns about safety and the risk of financial loss. Systemic corruption and political instability only exacerbate these fears, making a region less appealing to potential investors. As highlighted by Osuma et al. (2024), these challenges undermine economic progress, leading to fewer opportunities for local communities. The effects of violence and instability extend beyond investment; they stifle job creation and innovation, ultimately creating barriers to a brighter future for everyone involved.

3. Other Structural Challenges

a. Corruption and Regulatory Arbitrage

Corruption remains a systemic problem in Nigeria, particularly within customs and trade facilitation agencies. The discretionary power held by officials at ports, checkpoints, and licensing bodies creates ample room for rent-seeking. Traders often face unofficial levies and multiple inspections that delay shipments and inflate operational costs.

Arbitrary enforcement of trade rules creates uncertainty, while efforts at reform, such as the implementation of the Presidential Enabling Business Environment Council (PEBEC), have achieved only limited success. Regulatory fragmentation at the federal, state, and local levels further complicates the landscape, with each tier of government imposing overlapping taxes and

levies. These multiple taxation regimes are particularly burdensome for small traders and manufacturers.

b. High Logistics Costs

Nigeria's high logistics costs are driven by poor transport networks, port inefficiencies, and informal levies. According to Billón et al. (2023), border compliance for exports in Nigeria takes significantly longer than the sub-Saharan African average, hindering trade competitiveness. Frequent roadblocks, extortion by security agents, and non-transparent customs procedures exacerbate these challenges. In agricultural value chains, poor rural transport infrastructure severely hampers accessibility, ultimately diminishing farmers' yields and income (Aboyegi & Aguda, 2024), while cassava farmers grapple with high transportation costs, long distances to markets, inadequate market information, and significant post-harvest losses (Ezeudu & Obimbua, 2024).

c. Weak Institutional Capacity

Beyond corruption, institutional weakness manifests in poor inter-agency coordination, lack of data integration, and limited capacity for trade monitoring. Key agencies like the Nigerian Customs Service and SON lack digital infrastructure to implement AfCFTA's trade protocols, particularly those related to the rules of origin and sanitary standards.

Even where policy frameworks exist, such as Nigeria's ratification of the WTO Trade Facilitation Agreement in 2017, implementation has been slow. Immediate action points under the TFA remain unmet due to resource constraints and bureaucratic inertia. These institutional gaps diminish the credibility of Nigeria's commitment to regional trade reforms.

d. Quality and Standards Compliance

Export competitiveness is also compromised by Nigeria's weak capacity to meet international standards. Products destined for the UK and EU markets are frequently rejected due to contamination, improper packaging, or non-compliance with sanitary and phytosanitary (SPS) regulations. For instance, aflatoxins in dried beans and fish have led to periodic bans on Nigerian exports.

This problem is partly linked to poor producer awareness and a lack of domestic certification infrastructure. While the Standards Organisation of Nigeria provides certification services, it is overwhelmed by demand. Many exporters now rely on Ghanaian laboratories to meet international standards, a costly and inefficient solution. The lack of coordination between SON and NAFDAC adds a layer of institutional confusion, hindering exporters' ability to comply with regulations in a timely manner.

e. Limited Access to Finance

Access to affordable credit remains one of the most persistent barriers for Nigerian producers seeking to scale operations under AfCFTA. Interest rates on commercial loans hover between 18%

and 25%, effectively excluding small-scale entrepreneurs from credit markets. Despite several Central Bank interventions aimed at SMEs, disbursement is often bureaucratic and politically influenced.

Collateral requirements are prohibitive, and few financial institutions are willing to lend to agriculture or manufacturing sectors due to perceived risk. Without targeted financing, firms are unable to upgrade machinery, invest in packaging, or meet the quality requirements needed to compete in regional and continental markets.

4. Institutional Disconnection and SEZ Ineffectiveness

Although Nigeria boasts over 20 Special Economic Zones (SEZs) and Export Processing Zones (EPZs), their integration into the wider economy is limited. These zones operate in silos, with weak backward and forward linkages to domestic supply chains. As such, their contribution to economic transformation is muted.

This disconnection is partly due to a policy approach that privileges enclaves over structural reform. For SEZs to be vehicles of AfCFTA competitiveness, they must be connected to national infrastructure, labour markets, and supply chains. Moreover, their regulatory frameworks must be transparent and harmonised with broader trade objectives. Current fragmentation only exacerbates the duality in Nigeria's economy.

Addressing Challenges and Maximising Opportunities

To fully harness the transformative potential of the African Continental Free Trade Area (AfCFTA), Nigeria must go beyond rhetorical commitment and confront the deep-rooted structural and governance bottlenecks that hinder its trade performance. Previous, this paper had outlined the significant challenges, ranging from infrastructure deficits and insecurity to institutional fragmentation and weak production capabilities, yet, these obstacles are not insurmountable. With deliberate policy interventions and collaborative regional strategies, Nigeria can address these hurdles and convert AfCFTA into a lever for sustainable development. This section explores key strategies across five domains: infrastructure development, security enhancement, trade facilitation reforms, local industry support, and governance transparency.

1. Investing in Infrastructure Development

No regional trade agreement can function effectively in the absence of efficient physical infrastructure. Roads, railways, ports, and energy systems form the backbone of any successful trade regime. For Nigeria, aligning national infrastructure planning with the trade corridors envisaged under AfCFTA is critical.

a. Prioritising Trade-Enhancing Corridors

Strategic investments should target trade-enhancing corridors that connect key production zones with border posts and export hubs. Examples include the Lagos–Abidjan corridor, the Trans-

Saharan highway through Kano, and the Calabar–Douala corridor. Reviving rail connectivity across these routes would reduce transport costs and decongest road networks. Public-private partnerships (PPPs) offer a viable model for financing these high-capital projects, especially where fiscal space is constrained.

b. Expanding Port Capacity and Efficiency

Port reforms are equally critical. The bottlenecks at Apapa and Tin Can Island ports reflect long-standing inefficiencies related to documentation delays, customs processing, and logistics congestion. Adopting port community systems (PCS) and implementing the Nigerian Ports Process Manual uniformly can streamline operations and reduce corruption. Furthermore, investment in deep-sea ports such as Lekki and Ibom should be accelerated to provide viable alternatives to Lagos and support growing export volumes under AfCFTA.

c. Improving Power and Digital Infrastructure

The power sector requires structural reform, particularly in transmission and distribution. Reliable energy is vital for industrial competitiveness. Moreover, expanding broadband infrastructure is essential to facilitate digital trade—an increasingly important component of AfCFTA protocols. Smart investments in rural broadband and last-mile connectivity could also support SMEs in border communities engaging in e-commerce and digital services.

2. Enhancing Security and Cross-Border Cooperation

Trade cannot flourish in insecure environments. In Nigeria’s borderlands, particularly in the northeast and northwest, conflicts, insurgency, and banditry have destabilised supply chains and undermined cross-border commerce. A multi-pronged approach is necessary.

a. Strengthening Border Security with Development Focus

The security-first approach that dominates border governance in Nigeria must evolve into a security-development nexus. While tactical military deployments remain necessary, parallel investments in social infrastructure, schools, health clinics, and markets can build trust and reduce the appeal of illicit networks. Community policing and engagement with traditional authorities can enhance intelligence gathering and de-escalate local tensions.

b. Establishing Joint Border Commissions

Nigeria should institutionalise bilateral border management arrangements with Benin, Cameroon, and Niger through joint border commissions. These commissions would serve not only as platforms for intelligence sharing but also for harmonising customs procedures, infrastructure planning, and crisis response mechanisms. The Mano River Union model in West Africa offers a precedent for such collaboration.

c. Engaging Non-State Actors and Border Communities

Non-state actors, including informal traders' associations, religious leaders, and cooperatives, must be integrated into peacebuilding and trade facilitation processes. These groups often hold more influence than state authorities in border communities and can serve as intermediaries in dispute resolution and public sensitisation.

3. Implementing Trade Facilitation Measures

Effective trade facilitation is one of the clearest pathways to maximising the gains of AfCFTA. Streamlining cross-border trade processes reduces costs, improves transparency, and accelerates the movement of goods.

a. Deploying the National Single Window (NSW)

The full operationalisation of the National Single Window is overdue. A unified digital platform that integrates all trade-related agencies, customs, NAFDAC, SON, and Immigration would significantly cut clearance times and eliminate duplicative checks. Lessons can be drawn from Kenya's implementation of its own NSW, which led to a 30% reduction in trade transaction costs within five years.

b. Simplifying Rules of Origin

Rules of Origin (RoO) are essential for ensuring that goods genuinely originate from within the continent to benefit from tariff preferences. However, complex or inconsistent RoO can undermine AfCFTA's promise. Nigeria must simplify its RoO framework and provide extensive training for SMEs to comply with documentation requirements. Partnering with ECOWAS institutions to standardise RoO across West Africa would also reduce the risk of rule circumvention.

c. Establishing One-Stop Border Posts (OSBPs)

The development of One-Stop Border Posts, where customs and immigration processes are integrated between two countries, can drastically reduce processing time and boost formal trade. Nigeria's existing OSBPs in Seme-Krake and Jibia-Katsina must be fully operationalised and expanded. Investment should also be directed toward soft infrastructure—training of personnel, automation, and data integration.

4. Supporting Local Industries and MSMEs

While trade liberalisation under AfCFTA creates new opportunities, it also exposes local producers to intensified competition. Proactive measures are required to enhance the resilience of Nigeria's micro, small, and medium enterprises (MSMEs).

a. Establishing Trade Support Centres

Trade support centres should be established at key industrial clusters and border towns. These centres would provide advisory services on export documentation, quality standards, digital trade, and market intelligence. Women and youth-led enterprises should be specifically targeted with training and subsidies to level the playing field.

b. Access to Affordable Finance

The Central Bank of Nigeria (CBN) and the Bank of Industry (BoI) must streamline loan application processes and reduce collateral requirements for MSMEs, especially in high-potential sectors such as agro-processing, textiles, and digital services. Blended finance models, combining grants, equity, and debt, could de-risk investment into fragile sectors and attract private capital.

c. Strengthening Quality Infrastructure

Investing in testing laboratories, certification centres, and export quality compliance institutions is critical. A functional quality infrastructure reduces product rejection at borders and builds brand trust. Collaborative arrangements with regional centres of excellence, for example, in Ghana and Rwanda, can fill capacity gaps in the short term.

5. Promoting Transparency, Accountability, and Institutional Coherence

Good governance is foundational to any trade reform agenda. Without trust in institutions, compliance will be low and informal trade will flourish. Nigeria's trade governance needs both structural realignment and cultural shifts.

a. Harmonising Mandates Across Agencies

A unified trade facilitation coordination committee, drawing from all relevant agencies, should be institutionalised at both federal and sub-national levels. This would improve coherence in trade policies, reduce duplication, and enhance accountability. The National Action Committee on AfCFTA should be decentralised with active offices in major trade corridors and border states.

b. Digitising and Auditing Trade Processes

Automated customs systems such as the Nigeria Integrated Customs Information System (NICIS II) should be expanded and rigorously audited. Blockchain applications for cargo tracking and digital certification can also reduce tampering and fraud. Periodic audits and performance evaluations of trade facilitation agencies can provide feedback loops for continuous improvement.

c. Strengthening Civil Society Oversight

Civil society and academic institutions should be empowered to monitor trade-related policies and outcomes. Transparency portals, citizen charters at border posts, and grievance redress systems can

enhance public trust. Public-private dialogues must move from ceremonial engagements to structured policy co-creation platforms.

6. Regional Diplomacy and Collective Bargaining

Given that AfCFTA is a continental initiative, Nigeria must deepen its regional diplomacy to ensure that its priorities are reflected in broader trade agendas. Strategic alignment with ECOWAS, AU, and AfCFTA Secretariat policies is essential.

a. Championing Regional Infrastructure Integration

Nigeria should push for regional co-financing mechanisms, perhaps via the AfDB or ECOWAS Bank for Investment and Development, to deliver transboundary infrastructure such as bridges, rail lines, and power pools. Infrastructure cooperation lowers redundancy and maximises value for money.

b. Advocating Special and Differential Treatment (SDT)

Nigeria should actively advocate for SDT provisions that allow less competitive sectors and vulnerable regions to receive protection or transition periods. The AU's Protocol on Special Economic Zones and Border Communities provides a policy space for such adjustments.

c. Advancing the Pan-African Payment and Settlement System (PAPSS)

The success of AfCFTA also depends on reducing currency exchange risks. Nigeria must expedite the full integration of its financial institutions into PAPSS, allowing intra-African trade settlements in local currencies. This will reduce dollar dependency and promote financial inclusion.

Conclusion

The African Continental Free Trade Area (AfCFTA) represents a pivotal milestone in Africa's quest for economic self-determination, regional integration, and structural transformation. As the continent's largest economy and one of its most populous nations, Nigeria holds a consequential position within this unfolding framework. The AfCFTA offers Nigeria an unparalleled opportunity to recalibrate its economic trajectory, reduce dependence on oil revenues, and engage more meaningfully with the wider African market. Yet, as this paper has systematically demonstrated, these opportunities are contingent on the country's ability to navigate a series of formidable internal and external challenges.

From the outset, Nigeria's borderlands emerged as both a site of potential growth and a locus of vulnerability. These frontier regions, often overlooked in national development planning, are where the abstractions of trade policy meet the realities of porous borders, insecurity, and weak infrastructure. While AfCFTA aspires to erase colonial-era trade boundaries, its success in Nigeria will depend on how well national and sub-national governments address long-standing developmental disparities in these regions. If marginalisation persists, AfCFTA may risk

entrenching a two-speed economy—one in which urban centres integrate rapidly, while peripheral areas remain disconnected and disenfranchised.

The opportunities outlined in this study, ranging from trade and investment to job creation and export diversification, are significant. Nigeria stands to gain from increased access to African markets, particularly for its agro-processed products, textiles, and digital services. The prospect of scaling up local industries through larger market demand is real and promising. Moreover, enhanced regional cooperation could position Nigeria as a gateway for trade not just within ECOWAS but across continental value chains. However, the ability to exploit these opportunities remains tightly bound to domestic conditions, including the quality of infrastructure, stability of the regulatory environment, and effectiveness of state institutions.

Conversely, the challenges facing AfCFTA implementation in Nigeria are profound and multidimensional. Security threats, especially in the country's northern and eastern borders, continue to disrupt trade routes and deter investment. Infrastructure gaps, spanning roads, ports, power, and digital connectivity, inflate the cost of doing business and erode competitiveness. Bureaucratic inefficiencies, frequent policy reversals, and widespread corruption compound these problems. Without a concerted effort to address these issues, Nigeria risks becoming a passive participant in AfCFTA, overwhelmed by imports from more competitive African economies.

A recurring theme throughout this paper is the necessity for institutional coherence and policy coordination. Fragmentation across trade, security, infrastructure, and industrial policy undermines Nigeria's capacity to engage effectively with AfCFTA's provisions. Stronger vertical and horizontal coordination is required to ensure that federal, state, and local governments are aligned in their developmental priorities and operational modalities. In addition, Nigeria must invest in building the capacity of borderland institutions, customs, standards bodies, and trade facilitation agencies. So they can perform effectively within the integrated trade ecosystem envisioned by the AfCFTA.

Equally important is the inclusion of non-state actors, especially informal traders, women, and SMEs, who form the backbone of Nigeria's commercial ecosystem. These groups often operate at the margins of formal trade policy, yet their participation is essential for inclusive growth. Targeted interventions, such as simplified trade procedures, access to finance, and capacity building, can empower these actors to thrive in a liberalised trade regime. Gender-sensitive approaches and youth-oriented programs must also be mainstreamed into AfCFTA implementation strategies to broaden the base of economic participation.

Looking forward, a number of policy recommendations emerge for Nigerian stakeholders seeking to maximise the developmental benefits of AfCFTA:

1. Infrastructure investment is crucial, with federal and sub-national authorities needing to focus on transport, energy, and digital infrastructure along vital trade corridors. Public-private partnerships, supported by multilateral institutions, can help bridge financing gaps and speed up project implementation.

2. A shift in border governance from purely securitized frameworks to inclusive development models is essential. Improving community policing, investing in social services, and promoting legitimate livelihoods can help stabilize fragile borderlands.
3. Implementing institutional reforms and enhancing coordination is vital. This includes establishing a centralized AfCFTA coordination unit with authority across ministries and states to improve policy coherence. Urgent reforms should also prioritize digitizing customs processes and reducing inter-agency duplication.
4. Supporting SMEs and the informal sector through dedicated mechanisms, such as training, trade finance, and simplified compliance, can boost competitiveness and inclusiveness.
5. Nigeria needs to work closely with the AfCFTA Secretariat and ECOWAS institutions to harmonize standards, reduce regulatory fragmentation, and develop shared infrastructure initiatives.
6. Finally, developing robust data and monitoring systems is essential. A comprehensive framework will help track AfCFTA's progress, measure outcomes, and enable evidence-based policy adjustments. Real-time data on trade flows, compliance, and investments will be key to informed decision-making.

Summarily, the AfCFTA presents a critical window for Nigeria to reset its development model and strengthen its role as a continental leader. However, realising this potential will demand more than rhetorical commitment. It will require difficult policy choices, substantial public investment, and a deep engagement with the structural realities of its borderlands. If implemented with foresight and inclusiveness, AfCFTA could become a catalyst not only for Nigeria's economic transformation but also for the deepening of pan-African solidarity and prosperity.

REFERENCES

- Aboyeji, O. J., & Aguda, A. S. (2024). Impact of rural accessibility on yields and income of cassava farmers in a part of North Central, Nigeria. *Discovery*, 60, e16d1429. <https://doi.org/10.54905/disssi.v60i335.e16d1429>
- Adedeji, A., Ogundari, I. O., Adedeji, A. A., Ogundolie, F. A., Ogunsina, B. S., & Emmanuel, O. O. (2024). Shea butter (*Vitellaria paradoxa* G.) production in Nigeria: Constraints and prospects of a multifaceted industry in the 21st century. *2024 International Conference on Science, Engineering, and Business for Driving Sustainable Development Goals (SEB4SDG)*, Omu-Aran, Nigeria, 1–6. <https://doi.org/10.1109/SEB4SDG60871.2024.10629804>
- Adepoju, O. O. (2024). Analysis of constraints against efficiency of seaport-hinterland logistics in Nigeria. *Periodica Polytechnica Transportation Engineering*, 52(2), 199–208. <https://doi.org/10.3311/PPtr.23287>
- African Development Bank (AfDB). (2021). *African Economic Outlook 2021: From Debt Resolution to Growth*. <https://www.afdb.org/en/documents/african-economic-outlook-2021>

- African Union. (2021). *Agreement Establishing the African Continental Free Trade Area*. Retrieved from <https://au.int/en/treaties/agreement-establishing-african-continental-free-trade-area>
- Akamobi, O. G., Usifoh, K. S., & Ejefobihi, U. F. (2024). Macroeconomic policy implications of the African Continental Free Trade Area (AfCFTA) for Nigeria. *NG Journal of Social Development*, 14(2), 282–297. <https://dx.doi.org/10.4314/ngjsd.v14i2.20>
- Ananti, M. O., Odumegwu, O., Ezeneme, E. V., & Ndidiamaka, O. J. (2024). Security challenges and foreign direct investment in Nigeria: Implications for economic growth (2010–2024). *Milestone: Journal of Strategic Management*, 5(1). <https://doi.org/10.19166/ms.v5i1.8985>
- Billon, M., Rodríguez-Andrés, A., & Rodríguez-Crespo, E. (2023). Broadband use and trade facilitation: Impacts on bilateral trade of sub-Saharan countries. *African Development Review*, 35, 113–125. <https://doi.org/10.1111/1467-8268.12698>
- Byiers, B. I., & Woolfrey, S. (2022). Nigeria and the AfCFTA as a two-level game. *The World Economy*, 46(2), 312–327. <https://doi.org/10.1111/twec.13357>
- Ezeudu, T. S., & Obimbua, E. N. (2024, April 2). Enhancing rural market access and value chain integration for sustainable agricultural development in Nigeria: A study of constraints, strategies, and implications. *Agriculture*, 528–550. <https://dx.doi.org/10.47772/IJRISS.2024.803039>
- Foltz, J., & Li, K. (2023). Competition and corruption: Highway corruption in West Africa. *Journal of Development Economics*, 163, 103080. <https://doi.org/10.1016/j.jdeveco.2023.103080>
- Ibori, M. S., & Ogah, E. (2024, January 3). *African Continental Free Trade Agreement and Nigeria's developmental aspirations: Exploring the promise and perils*. SSRN. <https://doi.org/10.2139/ssrn.4707833>
- Idoniboye-Obu, S. A. (2022). Public policy and border management in Nigeria: implications of President Buhari's 2019 policy on land borders closure. *Journal of Global Social Sciences*, 3(12), 25–45. <https://doi.org/10.58934/jgss.v3i12.97>
- Joseph, J. E. (2024). Critical factors to consider in the trade–security nexus of the African Continental Free Trade Area: A catalyst for establishing peace. *African Security Review*, 33(2), 131–155. <https://doi.org/10.1080/10246029.2024.2303459>
- Lehlongwa, T.** (2024). A continental free trade area in the absence of the free movement of people is inconceivable. *South African Yearbook of International Law*, 49, 23 pages. <https://doi.org/10.25159/2521-2583/14821>
- Maliszewska, M., van der Mensbrugge, D., Pereira, M. F. S., Osorio Rodarte, I., & Ruta, M. (2020). African Continental Free Trade Area: Economic and distributional effects.

Conference papers 333178. Purdue University, Center for Global Trade Analysis, Global Trade Analysis Project. <https://ageconsearch.umn.edu/record/333178/files/9747.pdf>

MAN (Manufacturers Association of Nigeria). (2024). *Position paper on AfCFTA implementation and industrial development*. <https://www.manufacturersnigeria.org/publications/afcfta-position-paper>

Mudashiru, A. (2025). Environmental sustainability in post-harvest handling systems in Nigeria: A review of challenges and innovative solutions. *Global Research in Environment and Sustainability*, 3(3), 20–29. <https://doi.org/10.63002/gres.33.930>

Nnadi, E. O. E., Eneka, W. A., & Okwu-Delunzu, V. U. (2023). Overcoming transportation bottlenecks and the resulting effect on Nigeria's gross domestic product. *African Multidisciplinary Journal of Development (AMJD)*, 12(3), 1–11. <https://doi.org/10.59568/AMJD-2023-12-3-01>

Olajide, D. A. (2021). The African Continental Free Trade Area (AfCFTA) and its applicability in the West African clime: Nigeria in focus. *SSRN*. <http://dx.doi.org/10.2139/ssrn.3770896>

Onwuka, O. I., & Oroboghae, O. R. (2020). African Continental Free Trade Area Agreement – Does the facts support the benefits for Nigeria? *International Business Research*, 13(7), 236–250. <https://doi.org/10.5539/ibr.v13n7p236>

Osuma, G., Ayinde, A., Ntokozo, N., & Ehikioya, B. (2024). Evaluating the impact of systemic corruption and political risk on foreign direct investment inflows in Nigeria: An analysis of key determinants. *Discovery Sustainability*, 5, 432. <https://doi.org/10.1007/s43621-024-00676-7>

Sowale, A., & Olusola, O. (2025). Security actors, agency politics, and economic implications of multiple security checkpoints along Nigeria-Benin borders. *Opera*, 37, 269–290. <https://doi.org/10.18601/16578651.n37.12>

Ugwunna, O. T., Onwuka, I. N., Akamobi, O. G., & Unegbu, P. I. (2025). Boosting economic diversification in Nigeria through AfCFTA: How trade logistics and infrastructure shape the future. *International Journal of Research and Scientific Innovation*, 12(4), 91. <https://doi.org/10.51244/IJRSI.2025.12040091>

Walther, O., & Hoffmann, L. (2021, April 20). *Gendered dynamics of cross-border trade in West Africa*. *SSRN*. <https://doi.org/10.2139/ssrn.3830755>

World Bank. (2020, July 27). The African Continental Free Trade Area. *World Bank*. <https://www.worldbank.org/en/topic/trade/publication/the-african-continental-free-trade-area>