Stimulating Intra-Africa Trade for Economic Growth Through Africa Continental Free Trade Area (AFCFTA) Exploring the Lingering Barriers to Success

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PREFACE

Africa is not feeding itself and is too dependent on countries outside the continent for its food imports. With nearly 40 per cent of the continent's total land area viable for agriculture, 34 per cent of Africa's population live in extreme poverty as Africa continues to depend on the rest of the world to feed itself. African countries are trading little among themselves despite countries having linguistic, cultural and historical congruity. Africa Continental Free Trade Area (AfCFTA) is widely believed to offer the best prospect for boosting growth, reducing poverty, and widening economic inclusion in Africa.

The book aims to explore intra-African trade as a vehicle for building sustainable economic development and integration and determine the ability of AfCFTA to boost intra-African trade and achieve its stated objectives. It will investigate why the operations of the several regional economic communities have yet to create any significant positive impact. The book will also uncover subtle barriers likely to hinder AfCFTA actualization, proffer the surest pathway to achieving rapid growth and transformation of African economies, and make the continent a significant player in international trade.

CHAPTER ONE
INTRODUCTION

The coronavirus pandemic's impact on infection and fatality has been much less than predicted for sub-Saharan Africa. The disruption of the global supply chains and weakening demand for its primary commodity exports to the rest of the world, much more impacted by the pandemic, led to 39 million people falling into poverty in 2020 and 2021 which worryingly reverses the long-term trend of reducing poverty (Munyati, 2022). Sub-Saharan Africa's economy grew by 4.5 per cent in 2021, signaling recovery from the COVID-19 pandemic. As the world was slowly recovering from the coronavirus pandemic with the gradual rolling back of many life and business limiting restrictions and expectations of global economic growth, the global economy was plunged into a different crisis with the invasion of Ukraine by Russia on 24 February 2022. The consequences of the invasion, which have been reverberating worldwide, are still unfolding.

Russia is a major exporter of fertilizer, and Ukraine corn and sunflower oil. Before the war, African countries import 44 per cent of the wheat from Ukraine and Russia. Since the war began, the reduction in the supplies of these commodities has sharply driven up their prices. Fertilizer prices are now three times higher than in 2021, affecting crop production globally. Egypt is the world's largest wheat importer, and Russia and Ukraine are its top suppliers. Supply has ceased, and Egypt's reserves will only last for three months (WION, 2022). Experts say rising prices are set to stoke an inevitable rise in civil unrest in Egypt. Russia's invasion of Ukraine has made energy prices volatile for consumers and businesses, thus hurting households, businesses and entire economies severely, particularly in developing countries.

According to a report released on 13 April 2022 by the UN on the Global Impact of war in Ukraine on food, energy and finance systems, 107 countries representing 1.7 billion people are severely exposed to the consequences of the Russia-Ukraine war and face rising food prices, rising energy prices and more challenging financial conditions. Sixty-eight countries, 25 of which are in Africa, face all three risks. Sub-Saharan Africa imports about 85per cent of its wheat directly from Ukraine and Russia. Africa is not feeding itself and is too dependent on countries outside the continent for its food imports.

Africa is ranked the poorest continent in the world, with 478 million people living in extreme poverty in 2019. This figure has been estimated to increase to 490 million in 2021, aided by the Coronavirus-19. Africa particularly has a very young population in sub-Saharan Africa, with 70 per cent of the population below the age of 35 years, most of whom are twice likely going to reach adulthood jobless compared to the adult population. Africa's grim statistics show that 70 per cent of the youth live on less than US$2 daily. Women, who make up 70 per cent of informal cross-border traders, face serious challenges crossing the border, limiting their success.

Familiar stories nowadays are the youths of Africa perishing in the Mediterranean Sea in their desperate attempt to leave their countries for Europe and the skilled and experienced workforce being exploited in different parts of the world as they search for better opportunities elsewhere. Indeed, Africa is facing a youth unemployment crisis, with more than one in five young people unemployed and not in school or undergoing training, and the situation is getting worse. If the brain drain continues, Africa may not have a quality replacement for the ageing leadership population, and the poorest continent's disgraceful appellation may never be erased.

Preferential trade agreements (PTAs) have always been a feature of world trading. From just about 50 in the early 1990s, PTAs have expanded to about 300 in 2019 and extended their coverage from the average of only eight policy areas in the 1950s to an average of 17 in recent years and well beyond tariff reduction to include policy areas such as investment, services, competition and intellectual property rights. Researchers have revealed that PTAs lead to more trade creation and less trade diversion than shallow agreements, and regional trade bias declines with the size of the club, with strong evidence favouring regionalization strategy.

Most regional trade communities, such as Asia-Pacific Economic Cooperation (APEC) and the European Union (EU), formed to promote the liberalization and facilitation of trade and investment, sustainable economic growth, and prosperity in the Asia-Pacific region, have been pretty successful in delivering on their mandate. The ability of regional economic integration and cooperation in other parts of the world to transform economies and achieve economic growth and prosperity has made it imperative for Africa to strengthen regional cooperation and integration.

The African Continental Free Trade Area (AfCFTA) came into force in January 2021 and is expected to facilitate the resolution of some of the biggest challenges confronting Africa. The main objectives of the Continental Free Trade Area (CFTA) are to create a single continental market for goods and services, ensure business persons and investments can move freely, expand intra-African trade and improve the competitiveness of African industries and enterprises. Researchers have revealed that AfCFTA has the potential to significantly transform Africa's economy, stimulate intra-Africa cooperation, accelerate manufacturing and industrial development, boost tourism on a grand scale and improve the relationship between Africa and the rest of the world (Signe, 2022).

AFCFTA is projected to increase intra-Africa trade by 15 to 25 per cent (or $50 billion to $70 billion) by 2040 and grow the Continent's business and consumer spending to $6.7 trillion by 2030 and $16.12 trillion by 2050. It can bring 30 million people under the poverty line of $1.90 per day out of extreme poverty, increase the incomes of 68 million others living on less than $5.50 per day and boost wages. AFCFTA's implementation is expected to enable deep reforms necessary for long-term growth in African countries to be carried out and facilitate trade measures to simplify customs procedures, eliminate red tape and ease Africa's businesses' integration into global supply chains, thus driving $292 billion out of the $450 billion projected income gains.

This study aims to explore intra-African trade as a vehicle for building sustainable economic development and integration and determine the ability of AFCFTA to boost intra-African trade and achieve its stated objectives. It will also uncover subtle barriers likely to hinder AFCFTA actualization, proffer the surest pathway to achieving rapid growth and transformation of African economies, and make the Continent a significant player in international trade.

CHAPTER TWO
STIMULATING AFRICA'S ECONOMIC GROWTH THROUGH INTRA-AFRICAN TRADE

A. *International Trade*

The world has become a global marketplace, and countries have become more interdependent in sharing earth resources to create meaningful existence for all. Benefits produced in one country are consumed locally and in other parts of the world. It is no more a surprise to observe that items of goods in the house, such as furniture, electronics, and cooking utensils, are produced and exported from different parts of the world. International trade or across-border trading in goods and services has interconnected humanity enhancing value production and consumption, which has grown significantly in the last few decades. International trade benefits economies as shown in the economic growth of the United States and many other economies around the world, including Japan, South Korea, China, and India, all of which had enjoyed rapid economic growth in the past few decades by the deliberate orientation of their economies to international trade (Dean et al., 2020). It is hard to find a modern example of a country that has prospered by shutting itself off from the world around it because no country has it all.

The first wave of globalization of trade began in the early nineteenth century, led by Great Britain, which was dominating the world geographically and technologically with innovations like the steam engine, the industrial weaving machine and more (Vanham.2019) and ended at the beginning of the First World War. During this first wave period, global trade grew at an annual rate of 3 per cent, and global exports rose from a paltry 1 per cent of global GDP in 1820 to 14 per cent on the eve of the First World War. The degree of integration of world markets markedly increased following the completion and commissioning of the 193km Suez Canal constructed by French Compagnie de Suez in November 1869 to provide the fastest direct maritime trade link between Asia and Europe.

Today, about 12 per cent of global trade, representing 30 per cent of all global container traffic, and an excess of US$ 1 trillion worth of goods flow through the Suez Canal annually. Other arteries of world trade opened were the completion of the 1,619 km Union Pacific Railroad as part of the first transcontinental railroad project in 1862 in the United States, the construction of railways in India, management of mines in African colonies and foreign direct investment. As noted by Professor Paul Krugman, a Nobel Prize-winning economist, by the eve of the First World War, global markets for standardized commodities like wheat and wool had been created by steamships and railroads. There was a global flow of information facilitated by the submarine telegraph cable in 1858 under the Atlantic ocean connecting all of the world's major economic regions by 1900 (Dean et al., 2020).

The second wave of globalization of trade began at the end of the Second World War led by the United States of America and aided by the second industrial revolution's technologies like cars and planes, global trade began to rise from the low 5 per cent of global GDP at the end of the Second World War (Vanham, 2019) to close at 14 per cent by 1989. The rebuilding of global flows of goods and financial capital, mainly facilitated by the free trade vehicles championed by the U.S. and institutions like the European Union, was slow until the early 1980s. As part of measures to boost economic recovery after the Second World War through reconstruction and liberalization of trade, twenty-three countries signed into effect in October 1947 General Agreement on Tariffs and Trade (GATT), a binding agreement to minimize international trade barriers by removing or reducing quotas, tariffs and subsidies. It is important to note that this is the first such agreement in the world by a group of countries to collaborate and promote trade. The second wave of globalization witnessed major increase in manufacturing and led to a steep rise in middle-class income in the West. The end of this wave coincided with the collapse of the Iron Curtain, which had kept the world divided under two spheres of influence, the U.S. and the USSR.

The third wave of globalization of trade began in 1989, also led by the U.S., and aided by the new technology of the Third Industrial Revolution, the internet, which is capable of connecting people all over the world and enhancing global flows of information in real time. Global trade rose from 14 per cent of global GDP to 20 per cent in 2008. The invention and global adoption of the internet have tremendously impacted global trade by facilitating the integration of value chains globally. As a result, global exports attained a milestone of 25 per cent of global GDP in the 2000s and trade, accounting for imports and exports, expanded to 50 per cent of global GDP. It was observed that the trade volume in some countries, such as Singapore and Belgium, is more than 100per cent of the GDP (Vanham,2019). In 1995, World Trade Organization (WTO) was birthed, and it began to regulate and facilitate international trade absorbing the 23-member GATT and extending membership with a total of 125 countries signing up to the agreement at inception.

The WTO has expanded to 164 member states, becoming the world's largest economic organization and representing over 98 per cent of global trade and GDP. This wave of globalization has benefitted most of the world's population, with more people now belonging to the global middle class. The world, since 2008, has been in the fourth wave of globalization of trade, which is increasingly dominated by the U.S. and China, aided by the technology of the Fourth Industrial Revolution, cyber technology, leading to the creation of a digital economy. The digital economy that was birthed during the third wave of globalization has become an economic powerhouse through e-commerce, c-commerce, 3D printing, and digital services and is further enabled by artificial intelligence and robotics.

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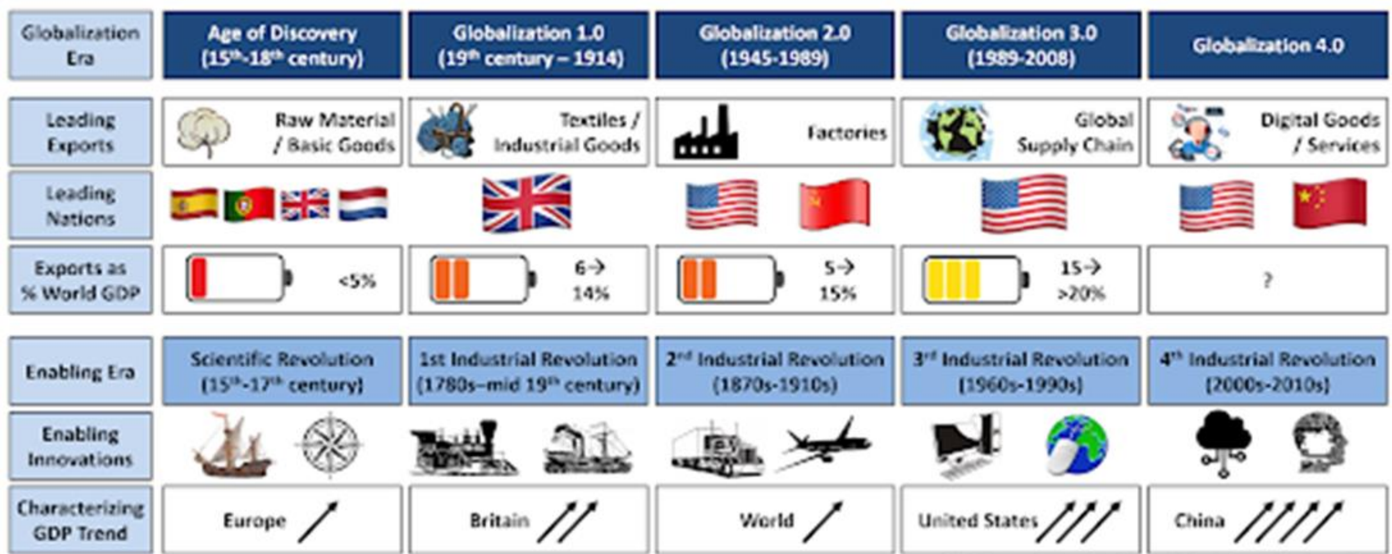

Fig 1 History of Globalization (Courtesy World Economic Forum)

➢ *Continents by Gross Domestic Product (GDP)*

The Continents by GDP published in the International Monetary Fund (IMF) economic outlook of 2 November 2021 revealed that Asia has the largest economy in the world, measured by both GDP Nominal and PPP (see Fig II -Continents by GDP), accounting for a GDP of $36.82 trillion (38.78 per cent of global share) in nominal terms and $68.67 trillion (47.48 per cent of global share) in PPP terms. In nominal GDP terms, North America has the second largest economy in the world with a size of $26.80 trillion (28.22 per cent) and the third largest with a size of $28.70 trillion (19.84 per cent) in PPP terms. Europe is the third largest economy with a nominal GDP of $23.48 trillion (24.73 per cent) and the second largest in PPP terms with a GDP of $ 31.43 trillion (21.73per cent).

South America is the fourth largest economy, with a nominal GDP of $3.25 trillion (3.43 per cent) and the fifth largest in PPP terms, with a GDP size of $ 6.94 trillion (4.80 per cent). Africa has the fifth largest economy in the world with a size of $2.69 trillion (2.84 per cent) and the fourth largest with a size of $7.19 trillion (4.97 per cent) in PPP terms. The Oceania continent occupies the sixth and last position with the smallest economy in the world, with a size of $1.89 trillion (2 per cent) in nominal terms and $1.71 trillion (1.18 per cent) in PPP terms. The 55 member countries of the African continent, together with South America and Oceanic, account for only 23 per cent of the Asia economy and 10.95 per cent of the global size of the world economy.

Continents by gdp (IMF)								
Continent	**GDP (Nominal) (billions of $)**				**GDP (PPP) (billions of Int. $)**			
	2020	**2021**	**Net change**	**Share(per cent)**	**2020**	**2021**	**Net change**	**Share(per cent)**
Asia	33,095.342	36,818.738	3,723.396	38.78	62,420.757	68,669.801	6,249.044	47.48
North America	24,122.169	26,792.652	2,670.483	28.22	26,136.063	28,694.882	2,558.819	19.84
Europe	20,908.694	23,481.228	2,572.534	24.73	28,865.612	31,426.861	2,561.249	21.73
South America	2,847.121	3,254.127	407.006	3.43	6,308.178	6,943.460	635.282	4.80
Africa	2,396.739	2,692.597	295.858	2.84	6,653.013	7,187.546	534.533	4.97
Oceania	1,601.607	1,894.512	292.905	2.00	1,596.298	1,713.826	117.528	1.18
World	84,971.650	94,935.114	9,963.464		131,979.901	144,636.376	12,656.475	

Fig 2 Source: https://statisticstimes.com/economy/continents-by-gdp.

Asia's economy has experienced exponential growth (See Fig III. 1970 GDP) in almost forty years, moving from a GDP size of $515 billion in 1970 to $33 trillion in 2019 (6307 per cent growth over the period) to become the world's largest economic center. Its world economy share has dramatically improved from 15.1 per cent in 1970 to 37.8 per cent in 2019. Africa's economy has also grown from its size of $116.4 billion in 1970, almost the same as South America ($116.5 billion), to $2.4 trillion in 2019 (1,962 per cent growth). However, Africa's share of the world's economy shrunk from 3.41per cent in 1970 to 2.81per cent, while South America, with the same share of the world market in 1970, has improved to 4 per cent. Evidently, the economy of Africa has not made significant growth in the last forty years compared to its peers at the time, Asia and South America, despite its size and potential. While the market share reflects relevance, Africa is not relevant in today's economy with its paltry contribution to the World economy.

Continent	GDP (billions of $)			Share (per cent)		
	1970	2000	2019	1970	2000	2019
Asia	515.80	9,493.27	33,081.82	15.09	28.22	37.83
North America	1,231.80	11,940.05	25,102.32	36.03	35.50	28.71
Europe	1,384.58	9,701.15	21,645.00	40.50	28.84	24.75
South America	116.54	1,368.01	3,516.73	3.41	4.07	4.02
Africa	116.43	655.21	2,460.60	3.41	1.95	2.81
Oceania	53.82	479.12	1,638.60	1.57	1.42	1.87
World	3,419	33,637	87,445			

Fig 3 1970 GDP: Source: https://statisticstimes.com/economy/continents-by-gdp.

Approximately fifty per cent of world trade involves similar high-income economies of the United States, China, European Union, Japan, Canada, and Mexico. USA, Canada and Mexico belong to the continent of North America. The table below shows the major trading partner of the world's largest economy, the United States of America, with none coming from Africa.

Table 1 Where U.S. Exports Go and U.S. Imports Originate (2015) (Source: https://www.census.gov/foreign-trade/Press-Release/current_press_release/ft900.pdf)

Country	U.S. Exports Go to ... (%)	U.S. Imports Come from ... (%)
European Union	19.0	21.0
Canada	22.0	14.0
Japan	4.0	6.0
Mexico	15.0	13.0
China	8.0	20.0

B. Intra-African Trade Relative To The World

Africa's dependence on and exposure to economic shocks from other continents is greatly highlighted by its share of export relative to the rest of the world, ranging from between 80 per cent to 90 per cent from 2000-2017. According to UNCTAD's June 2019 report on Economic Development in Africa, between the period 2015-2017, Africa's trade with the rest of the world averaged $760 billion compared with $6,801 billion from Asia, $5,140 billion from America, $4,109 billion from Europe and $481 billion from Oceania. In 2017, intra-Africa exports were 16.6 per cent of total exports, considerable less than Europe at 68.1 per cent, Asia at 59.4 per cent and America at 55 per cent. Understandably only Oceania has higher export dependence than the rest of the world, with an intra-trade level of 7 per cent, because of location and population.

For the period 2015-2017, Intra-Africa trade, defined by Afreximbank as goods and services traded between countries in Africa and flows of goods and services between Africa and its Diaspora and measured as the average of exports and imports, was about 15.2 per cent compared to Europe at 67 per cent, Asia at 61 per cent, America at 47 per cent and Oceania at 7 per cent. The UNCTAD report stated that apart from Asia, Africa is the only continent with a rising trend in intra-continental trade since 2008. However, the trade volume remains comparatively low despite Intra-African trade increasing from 10 per cent in 2000 to about 16 per cent in 2014 and 19 per cent in 2015, peaking at 20 per cent in 2016 (Njoku, 2017). Notably, most intra-Africa trade is among countries which are members of the same regional economic community (REC); in particular where the countries are members of the Free Trade Agreement (FTA) or Customs Union (CU) of the REC (Tralac, 2020).

The UNCTAD report observed that trading within existing regional economic communities (REC) was highest in Southern African Development Community (SADC) at $34.7 billion, followed by Community of Sahel–Saharan States (CEN-SAD) at

$18.7 billion, Economic Community of West African States (ECOWAS) at $11.4 billion, Common Market for Eastern and Southern Africa (COMESA) at $10.7 billion, Arab Maghreb Union (AMU) at $4.2 billion, East African Community (EAC) at $3.1 billion, Intergovernmental Authority on Development (IGAD) at $2.5 billion and Economic Community of Central African States (ECCAS) at $0.8 billion. The level of integration of regional economies was observed to be highest in SADC (84.9 per cent) and least in ECCAS (17.7 per cent). African market remains fragmented even though some Regional Economic Communities (RECs) have significantly improved their trade integration by reducing tariffs.

Africa's trade is tilted heavily towards commodity and agricultural exports while importing capital goods or food products from outside the continent. Most of Africa's primary products, such as cocoa beans from Côte d'Ivoire and Ghana and crude oil and petroleum products from Nigeria, are exported and sold with little or no value addition. The optics of Africa's trading pattern does not look good considering that, for example, for the period 2010-2015, Africa's crude oil export to the rest of the world stood at $85 billion, and its fuel import from outside the continent ranged between $63 billion and $84 billion (Njoku,2017).

The import from outside the continent could have been zero because Nigeria and Angola alone have the capacity to meet Africa's fuel needs if only Africa trades among itself, and corrupt government officials in Nigeria have not put its four refineries in a comatose state, adding to Africa's fuel's import consumption despite having refineries with sufficient capacity to meet its local needs. Primary commodity exports are volatile as pricing and earnings from exports are vulnerable to the vagaries of international commodity markets influenced by the rich consuming economies. African economies thus continue to be subjected to external shocks such as that induced currently by the ongoing Russia-Ukraine war, which has caused food shortages and steep increases in the price of fuel, consequently destabilizing many economies in Africa and increasing poverty.

According to African Economic Outlook 2017, Intra-African trade possesses the greatest potential for building sustainable economic development and integration (Njoku, 2017). Over the past two decades, there has been a fourfold increase in Africa's GDP and Its internal trade despite the several external economic shocks in the period aided mainly by manufacturing and sales within the continent, and this clearly affirms the resilience of intra-African trade compared to exchanges with the rest of the world. It is, therefore, reasonable to expect trade to be a fundamental growth driver in Africa. This is mainly because manufactured goods are less susceptible to price shocks which affect primary products that constitute over 50 per cent of trade between the continent and other countries (Njoku, 2017).

Corresponding with the fourfold growth in Africa's GDP over the past two decades has been the boom in the prices of primary commodities and the manifestation of the dreaded Dutch disease in some countries, significantly contributing to Africa's GDP, and limiting trade within Africa. Dutch disease generally occurs from the mismanagement of wealth derived from the large inflow of foreign currency from the surge in prices of natural resources, foreign assistance and foreign direct investment (Ebrahimzadeh,2020), shifting production factors towards the booming sector and hurting the tradable goods sector of the economy. The harmful consequence of the Dutch disease is that the currency becomes stronger, making other sector exports more expensive and, therefore, less competitive. The low manufacturing and processing capacity level remain a significant factor limiting trade within Africa. Intra-African trade in manufacturing declined from 18 per cent in 2005 to about 15 per cent between 2010 and 2015 (Njoku, 2017).

Countries afflicted with the Dutch disease are likely to experience the paradox of positive generation of huge rent from natural resources impacting negatively to cause de-industrialization and lower long-term economic growth (Laguda, 2019). The situation in Nigeria, Africa's biggest economy, is a classic demonstration of the harmful consequence of the Dutch disease. The depth and breadth of manufacturing had grossly reduced in the past four decades, during which it enjoyed considerable returns from the sale of its crude oil and experienced rapid appreciation of its domestic currency, wage increases, the rapid expansion of the service sector and the collapse of its industrial production. Manufacturing is very low in Nigeria, with a GDP contribution of about 13 per cent in 2020. Several factories are shut down, leading to an unprecedented importation of every conceivable product from various parts of the world.

Over the past three decades, the quality and diversity of manufactured product exports from East Asia have improved remarkably. Countries like South Korea, China, Vietnam and Thailand have matched the world's standards largely aided by integration in regional and global value chains. In contrast, African manufacturing exports have shown significant diversification, but there is nothing to show quality convergence. Active trading and expanding product markets within the continent will improve the sophistication of exports by assisting more countries to *i*ntegrate regional and global value chains and consequently increase the quality of exports.

- *Trade Export Diversification*

The need for the expansion and diversification of participation in international trade and global value chains by African countries to achieve a significant reduction in poverty level and transformation of economies was underscored in the World Bank's Press Release No. 2022/040/AFW of 10 February 2022. Most African countries often have only few commodities for export to the rest of the continent and because of very limited product diversity, same primary products dominate Africa's trade with the rest of the world (Mutume,2002). For instance, petroleum and petroleum products constitute over 90 per cent of Angola's exports to

other African countries, while fresh fish constitutes nearly 98 per cent of Seychelles' exports and copper, cobalt and gold make up 90 per cent of Democratic Republic of the Congo's exports.

Apparently, Africa missed the bus between 1990 and 2014 when most fast-growing countries in the world achieved diversification of their exports as the continent only achieved marginal diversification of its export aided by Rwanda, Senegal, and Sudan. This is because most African countries depended more on rents from extractive industries. The period witnessed an increased concentration of exports, mainly from Central and Northern Africa and less diversification of exports from countries like Morocco and South Africa. Juxtapose with most East Asian economies, which were able to rapidly diversify their exports to the level of China and South Korea.

Africa's share of global trade is about 3 per cent, with very low export diversification achieved to date. Africa needs to urgently diversify its exports to enhance productivity and allow countries to better resist volatility in demands arising from economic downturns, diversification of supplier base or drop in price of export. Also, for commodity-exporting countries, diversification of exports enables the reduction of dependence on commodities and supports the shift to higher-value-added products and services. The diversification of the economic base allows for more small and medium-sized enterprises to be included, and the consequent opening of the markets encourages innovation.

C. Continental Free Trade Area (Cfta) And Strategies for Boosting Intra-African Trade (Biat)

As the first practical pan-African steps towards tackling the challenges militating against trade growth in the continent, the African Union Heads of State and Government at its 18th Ordinary Session held in Addis Ababa, Ethiopia, in January 2012 deliberated and agreed on strategies for "Boosting Intra- Africa Trade". The Summit recognized trade as an essential driver of economic growth and development, which has lifted many people from poverty into prosperity in several parts of the world. However, Africa has yet to be able to leverage trade to achieve rapid and sustainable growth and development of its economy because of the high external orientation of member countries, making much of their trade outside the continent and less with each other.

The relatively low level of intra-regional trade has prevented African countries from fully harnessing the "synergies and complementarities of their economies and taking full advantage of the economies of scale and other benefits that greater market integration would have provided" (African Union, n. d). Products and services sourceable from neighbouring African countries at competitive prices are overlooked for similar products sourced from outside the continent. The Summit also acknowledged that Africa's exports to the rest of the world are tilted heavily towards primary commodities making the continent susceptible to external macroeconomic shocks and protectionist trade policies.

The Action Plan for Boosting Intra-Africa Trade to be implemented to achieve these stated objectives is divided into seven clusters, namely; Facilitation of Trade, enactment of viable Trade Policy, enhancement of productive capacities, provision of Trade related Infrastructure, support for Trade Finance, accessibility of Trade Information and Factor Market integration. The Summit further agreed to create a Continental Free Trade Area (CFTA) tentatively by 2017 to boost intra-African trade and deepen the integration of the regional market through the promotion of healthy trade competition among member countries to enhance the capacity and effectiveness of competition on the global market. This initiative, the Summit believed, will insulate Africa from external shocks and circumvent the trade barriers imposed by the protectionist trade policies, particularly of the European countries.

The CFTA aims to provide a comprehensive and mutually beneficial trade agreement that covers trading in goods and services, competition policy, investment and intellectual property rights among African countries to boost intra-African trade. The main objectives of the Continental Free Trade Area (CFTA) are to create a single continental market for goods and services and ensure business persons and investments can move freely, thus paving the way for the acceleration of the establishment of the Customs Union (African Union, n. d). Other objectives include expanding intra-African trade by harmonizing and coordinating trade liberalization and facilitation regimes and instruments across RECs and across Africa in general and resolving challenges of multiple and overlapping memberships and expeditions of the regional and continental integration processes. Lastly, CFTA is expected to improve the competitiveness of African industries and enterprises through increased market access, the exploitation of economies of scale, and more effective resource allocation (Signe, 2022).

The African Continental Free Trade Area (AfCFTA) was signed in March 2018, ratified by the required number of countries by May 2019, and came into force in January 2021. There are three phases to the negotiation and implementation of AFCFTA. Phase 1 focuses on trading in goods and services, Phase 2 covers competition policy, intellectual property rights and investment and Phase 3 negotiations will address e-commerce. Phase 1 negotiations produced the Protocol on Trade in Goods, Protocol on Trade in Services and Protocol on Rules and Procedures on the Settlement of Disputes and these entered into force on 30 May 2020. The provisions of Phase 2 of the negotiations to increase intra-African investment, protect property rights and eliminate unfair competition practices aims to create the conditions for exports diversification (Mendez-Parra, 2022). A decision was adopted by the African Union (AU) Assembly of the Heads of State and Government in February 2020 to commence Phase 3 Negotiations after Phase 2.

There are five instruments governing AFCFTA's operations and they are the Rules of Origin, the online negotiating forum; the monitoring and elimination of non-tariff barriers; a digital payments system and the African Trade Observatory. As at January 2022, Rules of Origin have been agreed on 87.7 per cent of total tariff lines of 3,800 and the Pan-African Payments and Settlements System (PAPSS), a centralized payment and settlement system for intra-African trade in goods and services ,has been formally launched (Tralac, 2022). The AfCFTA Guided Trade Initiative was launched in Accra on 7 October 2022 by AfCFTA Secretariat, marking the commencement of trade under the Agreement.

AFCFTA and Action Plan on Boosting Intra-African Trade (BIAT) provide a broad framework for developing a regionalization strategy, with AfCFTA conceived as a time-bound project and BIAT designed as a continuous one. The establishment of AfCFTA is very significant because the agreement integrates the economies of the 55 countries in Africa with a population of 1.3 billion and GDP of $3.4 trillion and creates the largest free trade area in the world in terms of the number of participating countries. The emergence of AfCFTA is also very important for Africa as the continental market provides the surest pathway to improve Africa's contribution and status in global trade. AfCFTA can potentially increase the liberalization of intra-African trade, and harmonize and coordinate regulations at deeper levels.

According to a World Bank study, The African Continental Free Trade Area presents the best prospect for boosting growth, reducing poverty, and widening economic inclusion. It is projected that Africa's income will be boosted by $450 billion by 2035, exports, particularly in manufacturing, will be increased by $560 billion and $76 billion in income will be added to the rest of the world. Africa is rated as the poorest continent, with 478 million people living in extreme poverty in 2019. Aided by the impact of Coronavirus-19, this figure was estimated to rise to 490 million in 2021 (UNCTAD, 2019).

AFCFTA is projected to spur a decline in extreme poverty in the continent, with West Africa seeing the most significant decline of 12 million, Central Africa a decline of 9.3 million, Eastern Africa a decline of 4.8 million and Southern Africa a decline of 3.9 million. The implementation of AfCFTA is expected to enable deep reforms necessary for long-term growth in African countries to be carried out and facilitate trade measures to simplify customs procedures, eliminate red tape and ease Africa's businesses' integration into global supply chains, thus driving $292 billion out of the $450 billion projected income gains.

Africa has been vulnerable to external shocks such as the COVID-19 disruption of the global supply chains and the energy crises induced by the Russia-Ukraine war due to the external orientation of trade by African countries and the concentration of primary products for exports. The increase in intra-African trade, reduction in the cost of trade and streamlining of border procedures will help African countries to be more resilient to future economic shocks and usher in necessary reforms to enhance long-term growth (Maliszewska et al., 2020).

The implementation of AFCFTA is expected to encourage trade diversification of types of goods produced and destination of exports and enable countries to break into new African markets**.** Manufacturing and processing of goods will be boosted, leading to the transfer of knowledge and creation of more value and, in time, the sophistication of exports when African countries actively trade with themselves (Songwe,2019). This trade diversification will improve the sophistication of export products as the share of value addition in products increases, enhancing productivity and increasing the overall value of exports (Songwe, 2019). Exports from Southern African economies have been observed to be the most sophisticated at the regional level, with South Africa and Botswana being the leading light and Rwanda and Uganda making the most remarkable improvements in three decades.

Richer and more open countries in Africa, like South Africa and Morocco, have well-established manufacturing exports that require a new market that can offer greater scope for growth and innovation to improve their competitive advantage because export quality can no more be improved within existing sectors (Songwe,2019). As Botswana and Mali have moved up the value chain within their natural resource sectors, Songwe (2019) believes that the transfer of knowledge to other export sectors can unlock the potential of established or emerging industries. Thus, export performance and product sophistication differences show great potential for African countries to increase diversification, create regional vertically integrated industries, and develop globally competitive regional value chains.

The research conducted by Brookings Institution revealed that AFCFTA has the potential to significantly transform Africa's economy, stimulate intra-Africa cooperation, accelerate manufacturing and industrial development, boost tourism on a grand scale and improve the relationship between Africa and the rest of the world (Signe, 2022). When successfully implemented, AfCFTA is projected to grow its "combined consumer and business spending to $6.7 trillion by 2030 and $16.12 trillion by 2050" creating a unique opportunity for people and businesses (Signe, 2022).

Africa particularly has a very young population in sub-Saharan Africa, with 70 per cent of the population below the age of 35 years, most of whom are twice likely going to reach adulthood jobless compared to the adult population. Africa's grim statistics show that 70 per cent of the youth live on less than US$2 daily. Women, who make up 70 per cent of informal cross-border traders, face serious challenges crossing the border, limiting their success. AfCFTA is expected to facilitate the resolution of some of the biggest challenges confronting Africa, but its successful implementation depends on making wise choices and thoughtful policy options (Signe, 2022).

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CHAPTER THREE
AFRICAN CONTINENTAL FREE TRADE AREA (CFTA) –POTENTIAL BENEFITS AND HINDRANCES

A. Potential Benefits of Continental Free Trade Area (CFTA)

African Continental Free Trade Area (AFCFTA)'s emergence is an inimitable booster to economic growth, the quest to reduce poverty and efforts to wean Africa off its dependence on the boom and bust commodity cycle. The African Continental Free Trade Area (AfCFTA) will create the largest free trade area in the world, measured by the number of countries participating. The pact will connect 1.3 billion people across 55 countries with a combined GDP valued at $3.4 trillion. AFCFTA can potentially boost the flow of Foreign Direct Investment (FDI), which has traditionally been low in Africa. It can also attract cross-border investment as the tariff and non-tariff barriers are negotiated and eliminated, and existing ineffectual bilateral and regional trade deals are replaced with a single unified market. AfCFTA creates a unique opportunity for the continent's integration into global and regional value chains, stimulating the flow of FDI accompanied by jobs, investment and knowledge (Echandi, Maliszewska, & Steenbergen, 2022).

The successful implementation of AFCFTA is capable of growing significantly intra-African cooperation, expanding tourism, developing manufacturing and industries, transforming economies and altering the dynamics of the relationship between Africa and the rest of the world, leading to a generation of consumer and business spending of $6.7 trillion by 2030 and $16.12 trillion by 2050 (Signe,2022). There is growing confidence that the successful implementation of AfCFTA, which depends on intelligent choices and well-considered policy options, will create a unique opportunity for people and businesses, especially with access to an enlarged and integrated market.

UNECA estimates a Business-to Business spending of $4.2 trillion decomposed into about $915.3 billion in agriculture and agricultural processing, $666.3 billion in manufacturing, $784.5 billion in construction, utilities and transportation, $665.1 billion in wholesale and retail, $357.6 billion in resources, $249.3 billion in banking and insurance, and $79.5 billion in telecommunications and IT. The estimated consumer spending of $2.5 trillion is broken down into about $740 billion in food and beverages, $397.50 billion in education and transport, $390 billion in housing, $370 billion in consumer goods, $260 billion in hospitality and recreation, $175 billion in health care, $85 billion in financial services, and $65 billion in telecommunications (Signe,2022).

By spurring interregional trade, AFCFTA could raise income by $450 billion or 7 per cent by 2035 and reduce the number of people living in extreme poverty by 40 million down to 277 million (World Bank,2020). Reductions in non-tariff barriers on goods and services and improvements in trade facilitation measures will account for about two-thirds of the US$450 billion in potential income gains. These will be achieved by removing long delays across most of the continent's borders and lowering compliance costs in trade, making it easier for African businesses to integrate into regional and global supply chains. AfCFTA will generate an increase in foreign direct investment (FDI) sourced from within and outside Africa with additional benefits of increasing real income further to 8 per cent in 2035 and reducing the number of people living in extreme poverty by 45 million (World Bank,2020). FDI investment flow is vital as it brings badly needed fresh capital, technology and skills for raising living standards and reducing Africa's dependence on commodity exports.

The World Bank simulation revealed that if AFCFTA can successfully harmonize policies on competition, e-commerce, intellectual property rights and investments and achieve a deeper level of integration to build efficient markets, improve competitiveness, and attract even more FDI, real income will improve to 9 per cent and extreme poverty reduce by 50 million (World Bank,2020). However, AfCFTA achieving its full potential will depend on putting in place significant policy reforms and trade facilitation measures. The scope of the agreement is considerable. It will reduce tariffs among member countries and cover policy areas, such as trade facilitation and services, as well as regulatory measures, such as sanitary standards and technical trade barriers. It will complement existing sub-regional economic communities and trade agreements by offering a continent-wide regulatory framework and regulating policy areas, such as investment and intellectual property rights protection that have not been covered in most sub-regional agreements.

The AFCFTA offers a clear pathway to a broader and deeper economic integration, attracts an inflow of investment, boosts trade, provides better jobs, reduces poverty, and increases shared prosperity in Africa, which could see FDI increase by 111-159 per cent (Echandi, Maliszewska & Steenbergen*, 2022).* The flow of FDI will bring jobs and expertise, build local capacity, and forge connections that can help African companies join regional and global value chains. In the words of Wamkele Mene, Secretary General, AFCFTA Secretariat, AFCFTA sends a strong signal to the international investor community that Africa is open for business based on a single rule book for trade and investment. This is particularly important because, overtime, investors have been scared off African markets because of policy summersaults and inconsistencies of African governments.

➢ *Trade Facilitation*

AFCFTA will encourage formulation and implementation of policies that facilitate trade and reduce non-tariff barriers. AfCFTA Secretariat has recently launched an online platform (https://tradebarriers.africa) for reporting trade barriers encountered by businesses. This will be monitored with engagement facilitated between national and continental players to eliminate the barriers. To complement trade under AfCFTA, the African Union, in collaboration with the African Export-Import Bank (Afreximbank), developed Pan-African Payment and Settlement System (PAPSS), formally launched in January 2022. PAPSS is a cross-border financial market infrastructure that allows companies in Africa to pay for intra-African related trade transactions in local currencies and provide an alternative to the expensive and often discriminatory correspondent banking relationships -mostly with banks outside the continent and requires third currency (dollar or euro) for settlement. PAPSS works to connect commercial banks, payment service providers and fintech organizations across the continent through individual countries' central banks to provide a payment and settlement service that potentially will save businesses across the continent an average of about US$ 5 billion in transaction cost per annum.

AFCFTA's ultimate benefit could come from the enhancement of trade facilitation with Africa and the rest of the world. Trade facilitation is vital to reducing non-tariff trade costs and ensuring inclusive benefits, particularly for landlocked countries and small, informal and female traders usually more burdened by poor trade facilitation (Signe,2022). According to UNECA, implementing trade facilitation policies that will lead to standardization of procedures, formulation of a common rule of origin and installation of one-stop border posts will potentially increase the share of intra-African trade by 6.4 per cent above AfCFTA's impact (Signe,2022).

➢ *Manufacturing*

The lion's share of the $560 billion projected increase in exports following AFCFTA's implementation will be contributed by the manufacturing sector reducing the continent's dependence on the unpredictable commodity trade model, spurring investment in manufacturing, thereby securing enduring prosperity for Africa.

In the immediate term, the benefits of AFCFTA will mainly come from reducing tariffs on imports over the next five years and eliminating Non-Trade Barriers (NTB) through harmonizing trading frameworks. However, in the medium-long terms, the impact of tariff reduction in spurring trade in Africa becomes much reduced as the reduction of NTBs becomes more significant as a driver of intra-regional trade. Most sectors are projected to enjoy a reduction of between 35 and 50 per cent.

➢ *Securing Investment for Infrastructure*

The poor infrastructure in Africa remains a major impediment to the growth of intra-African trade and the realization of the continent's economic growth potential. The NTB through forward and backward linkages, and social infrastructure covers water supply, sanitation, sewage disposal, education and health that directly impact the quality of life (Pottas, 2014). A study conducted by the Infrastructure Consortium of Africa (ICA) revealed that the poor state of the road, rail and harbour infrastructure increases the costs of goods traded among African countries by 30-40 per cent (Munyati,2022). The African Development Bank has estimated the infrastructure financing needs of Africa to be up to $170 billion annually by 2025, with a financing gap estimated at $68-108 billion a year (AFDB, 2020).

The enormous economic and developmental potential of Africa can only, therefore, be realized if investments are secured to finance the critical infrastructure needs of the respective member country. Historically, a sizeable share of the continent's infrastructure needs has been financed by African governments constrained by budgetary restrictions. The local banks have yet to demonstrate the capacity to finance long-term infrastructure, leaving collaboration with private sector players as an alternative financing option. As the projected gains of AFCFTA resulting from trade expansion begin to be realized, much-needed investment for infrastructure development for trade facilitation can be attracted by boosting public-private partnerships (PPPs) and developing domestic and regional capital and debt capital markets. The investments made possible by the AfCFTA could, in time, help Africa develop comparative advantages, improve its trade with the rest of the world and be in a better position to facilitate trade.

B. Identified Hindrances to African Trade and the Impact of AFCFTA

➢ *Disguised Trade Restrictions on Food Imports*

Developing countries continue to face passive resistance from rich industrialized countries to their quest for trade expansion through their introduction of domestic technical regulations allowing the countries to set their own standards, different from international standards, for products entering their markets. These regulations, known as sanitary and phytosanitary measures (SPS), supposedly designed *to* protect citizens from food hazards, are, however, arbitrarily imposed and thus limit Africa's food exports to the Organization for Economic Cooperation and Development (OECD), a grouping of 30 wealthy nations. While sanitary measures are intended to protect human and animal health, phytosanitary measures are meant to protect plants.

To ensure sanitary and phytosanitary measures are not used to hinder international trade, the Agreement on the application of sanitary and phytosanitary measures was rolled out by the World Trade Organization (WTO) in 1995 to standardize the application of this regulation by providing uniform rules regarding how a product is produced, processed, stored or transported,

with a view to ensuring that its import does not pose a risk to human, animal or plant health (Mutume,2006). The SPS regulation demands that goods be imported from disease-free areas, inspection done prior to export and pesticide or insecticide use not exceed prescribed maximum levels. The Agreement allows countries to adopt stricter measures as long as they have scientific justification. This loophole has allowed OECD countries to freely introduce measures that bring about higher levels of protection of domestic markets and hinder trade with Africa.

The double standard of the wealthy industrialized countries was brought to the fore in the choice to most frequently focus the analyses of SPS trade impacts on developed countries despite admonitions from the World Bank and other agencies that the effect could be more remarkable for the developing countries. In his reaction to how the wealthy industrialized countries have been using SPS measures to limit trade with developing countries, Trevor Manuel (South African Finance Minister from 1996-2009) noted that international trade is not inherently opposed to the needs and interests of the poor. However, the rules that govern it are rigged in favour of the rich. The international trading system is not a force of nature, but a system of exchange, managed by rules and institutions that reflect political choices. (Mutume,2006).

Several examples of how SPS measures have been used to limit African goods from overseas markets abound. According to Mutume (2006), Fish from Kenya, Mozambique, Tanzania and Uganda were banned for several years in the late 1990s by the European countries due to concerns about sanitary standards causing Uganda to lose $369 million in potential earnings and Tanzanian fishermen to lose 80per cent of their income. Animal products exports to Japan, meat exports to the US and dairy products export to the EU from Africa face health-related discriminatory restrictions as these restrictions are not specific but depend more on the inspections undertaken per time (Mutume, 2006). The EU's strategy to keep Africa's horticultural produce (vegetables, fruits and flowers) from its large market has been to disproportionately subsidize its farmers and set strict, stringent rules on the levels of contaminants permissible in imported produce, according to a non-governmental organization based in London, 'Action for Southern Africa (ACTSA)', (Worldhunger,2002).

Compliance with the very high EU standards will require farmers in Kenya to spend ten times more than they currently do; Uganda spend $300 million to upgrade its honey processing plants, and coffee producers spend twice more to produce coffee. However, if the EU were to adhere to the international standards on pesticides on bananas instead of its more stringent standards, Africa's annual exports would rise by $400 million (Mutume,2006).

- *Transportation Barrier and Afcfta*

AfCFTA provides a unique opportunity to exponentially scale up trade among African countries, boost economic growth and enhance job creation across the continent. However, one key priority area must first be improved – the efficiency of cross-border transportation. The process of moving goods across the border within Africa is extensive and expensive due to the low availability and poor state of the road and rail networks and infrastructure, the insignificant level of regional maritime transportation and inordinate delays at the border crossings (Lebrand,2022).

- Road Transportation

The cost of moving goods to and from borders or ports is generally higher in developing countries compared to the rest of the world. In particular, many African countries have been observed to be considerably higher, thereby limiting the potential gains from international trade for Africa. The unit cost of transporting goods by road in Africa is 40-100 per cent higher than in Southeast Asia (Rizet & Gwet, 1998), approximately four times more in landlocked African countries than in developed countries, five times greater in some sub-Saharan African countries and specifically, 3.5 times higher in Ethiopia and 5.3 times higher in Nigeria than in the US, (Atkin & Donaldson, 2015).

The World Bank (2007) noted that transportation is often not predictable and reliable in Africa. Its cost is often higher than the value of goods transported and, according to Amjadi and Yeats (1995), may constitute more hindrance to trade than import tariffs. The significance of transportation to trade is exemplified by day savings in inland travel times, making exports grow by 7 per cent (Freund & Rocha, 2010) and a drop of 10 per cent in the cost of transportation, leading to a 25 per cent increase in trade (Limao & Venables, 2001). The cost pass-through effect of the cost of transport makes the prices of a country's imports comparatively higher and exports less competitive in the international markets, consequently reducing the country's trade volume. With the high cost of intra-national trade, remote locations draw fewer benefits from the liberalization of trade and market opportunities that accompany it. Therefore, this cost must be significantly reduced to facilitate trade growth, help tackle regional inequality and spread the gains of globalization to remote areas (Donaldson, Jinhage & Verhoogen, 2017).

Primary reasons for the high cost of goods transportation over long distances in Africa include low availability and poor quality of roads, weak transport infrastructure, cost of the distance between cities and extended delays at border crossings. The African Development Bank (2014) study revealed that most sub-Saharan African roads are poorly maintained, and about 53 per cent are not even paved. The cost of distance in Ethiopia is 2.5 times higher and in Nigeria, four times higher than in the US, despite that wage levels in Africa are much lower compared to the US (Donaldson, Jinhage & Verhoogen, 2017). Other factors observed by Atkin and Donaldson (2015) responsible for the trade limiting high intra-Africa transportation costs include inefficient logistics, low vehicle quality, and policies restricting competition.

Many countries have recently recognized the need for collaboration to jointly build transport infrastructure to reduce the cross-border cost of trade and economic integration and promote social and cultural interactions. The European Union set up the Trans-European Transport Network (TEN-T) to implement and develop a Europe-wide transport infrastructure network. China has been implementing an ambitious large-scale common transport infrastructure project called the Belt and Road Initiative (BRI) to connect with Asia, Europe and East Africa. There is also another large-scale transportation investment initiative in Central Asia, like the Central Asia Regional Economic Cooperation (CAREC) program and a few in Africa, like the 590kms by road from Johannesburg and 581km by rail Maputo Corridor connecting the east coast port of Maputo in Mozambique with the highly industrialized Gauteng province in South Africa and the 4,010 kilometers Dakar-Lagos Corridor linking twelve West African states (Mulabdic, Ruta & de Soyres, 2020).

The Dakar-Lagos corridor (also called Trans-West African Coastal Highway) is a transnational highway project linking the capitals of 12 West African coastal countries, from Mauritania to Nigeria, with feeder roads to two landlocked countries, Mali and Burkina Faso. A major portion of the corridor is paved; however, the quality of the roads could be better for sizeable regional trade flows (Lebrand,2021). The Dakar-Lagos corridor is the spine for multi-modal trade logistics and currently supports 75 per cent of the trading activities of the sub-region (Lebrand, 2021). The economic impacts of the Dakar-Lagos corridor are expected to be diverse.

The improvement of the road corridor will enable agricultural goods produced in Senegal to reach its neighbouring countries of Guinea, Guinea-Bissau and The Gambia. The corridor between Abidjan and Lagos connects the most densely populated and economically active parts of the sub-region. It is believed that the Dakar-Lagos corridor investments will facilitate the reduction of trade costs, lowering of prices and welfare gains for most countries (Lebrand,2021). The driving conditions along the road corridor improve as the road quality improves, reducing some traffic constraints, such as slow vehicular movements and congestion around gateways. Increasing driving speed would ordinarily lead to a reduction in transport costs as AFCFTA tackles the delays at the land borders.

- Rail Transportation

Historically, most African countries have yet to actively trade amongst themselves outside of southern Africa. The adoption and implementation of AFCFTA will make a compelling financial and economic case for more interregional links. An efficient transport sector can intensify Intra-Africa trade, in particular, energy-efficient rail transport, with its lower cost per ton kilometre and reduced gas emissions, which can play a pivotal role in long-distance freight conveyance and inter and intra city mass transit systems in Africa. The current state of the existing railways' infrastructure and rolling stock in many African countries are so poor that rail transport contributes less than 20 per cent of the total volume of freight transport in most African countries. Many of the rail lines built by the colonialists to connect economic centres to the port have been mismanaged, with several abandoned in the last forty years. This has significantly undermined the rail systems' ability to contribute to economic development (Oumarou, 2015).

Sub-Saharan Africa railways generally have low traffic densities. According to Bullock (2009), Africa has only 51 railways operating in 36 countries at the end of 2008, with a total network size of about 82,000 kilometres (km), of which about 69,000 km are currently in use and the rest shut down. More than half of the railways' total freight is carried by the specialized mineral lines in West Africa and Southern Africa. Southern Africa has established dominance in the general rail freight with a share above 80 per cent of the freight traffic on non-mineral lines and, together with Egypt, control over 85 per cent of the passenger business. Maghreb systems' (Morocco, Algeria, and Tunisia) traffic densities of two to four million are similar to many European systems, but only South Africa, Swaziland and Gabon in sub-Saharan Africa have traffic densities above a million, with many countries averaging below 300,000 (Bullock,2009).

A few international rail networks in Africa are crossing borders to connect "landlocked countries to ports or provide inland railheads from which goods can be moved by roads" (Bullock, 2009, pg VII). Some notable international rail networks include South Africa linking Malawi, the Democratic Republic of Congo (DRC), and Tanzania, an East African network connecting Kenya, Uganda and Tanzania and a North African network in the Maghreb. Although several African countries have a master plan for rail systems development and integration, none have been fully implemented, leaving African rail systems, for the most part, fragmented connecting cities within a country or linking a port and mines. Two major reasons adduced for the poor state of the rail transport systems are the lack of investment in infrastructure and the supporting institutional framework. These must be urgently tackled so that rail transport can play a critical role in supporting growth and development and thereby help Africa to realize its full economic potential.

- Maritime Transportation

The connectedness of shipping in Africa, which largely influences transport cost levels and is strongly influenced by geography, is below the global average. The best-connected countries are Morocco, Egypt and South Africa, located at the continent's corners where international shipping routes connect to hub ports followed by the sub-regional load centres at Djibouti, Togo and Mauritius (UNCTAD, 2018). It boggles the mind that maritime transport between African countries is almost non-existent. African countries bordering the Atlantic and Indian oceans rely majorly on foreign-owned ships to transport goods. The

arrival of goods destined for smaller countries takes longer due to transhipment arising from inadequate cargo volume to allow full capacity utilization of maritime transportation along with its interlinked modes. Africa's ownership of the world's fleet is limited, and Nigeria is the only country in Africa listed among the Top 35 ship-owning nations in 2020 (UNCTAD, 2020). Liberia ranked second globally, is the only African country after Panama and Marshall Island that makes the list of top flag status. Thus Africa is yet to make a mark in the supply of shipping services.

In their investigation of challenges and opportunities in maritime transport in Africa, Kahyarara & Simon (2018) observed major growth constraints such as inefficient rail and road networks linking the port, delays at checkpoints and diversions due to frequent maintenance. Addressing these challenges and bringing efficiency into maritime transportation, require the collapsing under one administration the ports, railways and freight services to "maximize integrated decisions that guarantee connectivity of railways, ports, and financial and telecommunication services for economically viable maritime transportation system" (Kahyarara & Simon, 2018; pg 2)

C. Border Checkpoints Delays

The cumbersome and burdening documentation processes at the border pose a challenge to trade in Africa. For example, to process goods for export, while France requires only four documents, Angola and the Republic of Congo require 9-10 documents, according to the World Bank, and for imports, while France requires only four documents, Central Africa Republic requires 11 documents (Signe, 2022). The inefficiency of customs clearing of goods has challenged importers who continue to face delays in clearing goods at the customs, and the clearing times continue to worsen. The average reported time to clear goods for export at customs increased to 10.3 days from 8.5 days, while that of imports increased to 16.8 days from 13.9 days over the last decade.

The red tape at the multiple checkpoints involving customs, police and other law enforcing agencies of the government slows down the movement of goods as truck drivers are compelled to make several stops across the border. Consequently, border crossing times are elongated by as many as several days, ultimately adding to the cost of trade (Lebrand,2022). Truckers spend up to twelve hours making the 60 -kilometre journey between Badagry-Lagos and Cotonou in the Benin Republic due to the numerous checkpoints at the border when the optimal time for the trip is 90 minutes. It takes more than twice the travel time -160 hours to cross the eleven international borders in the Dakar-Lagos corridor, meaning that the truckers spend as much time as they travel waiting at the borders. A similar delay is observed along the Ghana-Togo-Benin coastal corridor.

Human factors and lengthy bureaucratic formalities cause delays at the border. So also, the location of many border checkpoints in the heart of cities causes traffic jams, significant delays, and discomfort to the local population and international transporters. Thousands of trucks travel daily along the densely populated Abidjan-Lagos transport corridor facing numerous roadblocks mounted by customs, immigration and police services, causing traffic jams and slow economic exchanges (Lebrand,2021).

The ability of AFCFTA to facilitate intra-African trade through the reduction of trade costs depends not only on increasing availability and improving the quality of the roads in Africa but also reducing the lengthy and complicated border cross formalities. Transport cost reduces as the quality of road infrastructure improves, making both internal and external markets easily accessible to businesses and more variety of goods accessed by consumers. Reduced transport costs positively impact the economy through growth in sales for businesses and an increase in productivity, leading to an increase in profitability and wages (Lebrand,2022).

D. Key Success Measures for AFCFTA

Member countries would need to put required efforts to ensure free movement at the borders with minimal interferences by officials to reduce the burden on businesses and traders in order to make these gains. The realization of AfCFTA's objective to create the largest free trade area in the world will require the determination of member countries to reduce all trade costs by putting in place legislation and regulations to ensure the free flow of goods, capital and information across borders and create a competitive business landscape capable of boosting productivity and investment (Maliszewska et al., 2020). Deliberate policies to increase the readiness of workers to seize the new opportunities offered by AfCFTA must be designed by Governments, and adequate safety nets and policies to retrain workers must be provided to workers in a few sectors that are likely to experience job losses.

Successful realization of AFCFTA objectives of economic diversification and transformation of Africa in an inclusive manner requires the development of effective policies for exports and the identification of new opportunities for diversification, industrialization and value chain development by African countries.

Only seven countries namely; Nigeria, Ethiopia, the Democratic Republic of Congo, Egypt, Tanzania, Kenya, and South Africa contributing more than half of the continent's GDP will have more than half of the continent's population by 2030 thus the success of AFCFTA's implementation will depend much more on the commitments to AFCFTA objectives and cooperation of these countries.

CHAPTER FOUR
STIMULATION OF AFRICA'S ECONOMIC GROWTH THROUGH AfCFTA: MIRAGE OR REALITY?

A. *Economic Structure Modeling Contradiction*

➢ *Breaking Shackles of Colonialism*

For AFCFTA's implementation to succeed, critical contradictions that have dogged the modelling of post-colonial Africa's economic structure must be identified, dismantled or contextualized to meet the Continent's needs to facilitate the transformation of the economies of Africa and attainment of AFCFTA's objectives and the economic projections discussed.

The post-colonial African leaders inherited systems designed solely to meet the economic needs of the colonial powers. Investment in rail and road transportation was made with the overriding objective of connecting the mines for mineral resources extraction and cash crop farms to the port. The education system was designed to impart skills for white-collar jobs, thus downplaying entrepreneurial training and technical skills acquisition and creating no incentive for its promotion. The absurdity of our education is evidenced by the fact that school children in Nigeria were taught that Mungo Park, a Scottish explorer, discovered River Niger in 1795, a river that had always been taking care of the people long before Britain set foot in Africa. The post-colonial African Leaders did not just inherit the growth limiting systems but also an inferiority complex that tended to be blind to the weaknesses and deficiency of the inherited systems and structure. As a result, it took decades for changes to begin to be made.

A nation can only prosper from the endeavour and ingenuity of its people. The history of African civilization and accomplishment must be taught to re-orientate and build a sense of pride and determination to succeed in Africans, particularly in African youths dying daily in the Mediterranean Sea and being exploited in different parts of the world. What is not taught but needs to be taught is that several ancient African cultures birthed discoveries in astronomy, architecture, medicine, navigation, mathematics, engineering, and much more. The Egyptians scripted textbooks about math dating to over more than 35,000 years that included division and multiplication of fractions and geometric formulas in calculating the area and volume of shapes. Over eight thousand years ago, an advanced numeration system was developed in the present-day Congo Democratic Republic and by the Yoruba in present-day Nigeria (Blatch,2013). History recorded that Africans were masters in iron, brass and bronze. Ife (Nigeria) has mastered producing lifelike statues made with brass from the 13th century, and Benin (Nigeria) has mastered bronze, glass and glass beads. Between 1500 and 2000 years ago, the people in present-day Tanzania, Rwanda and Uganda learned to build furnaces that could reach 1,800°C, which was about 200 to 400°C warmer than those of the Romans (Blatch,2013).

African Leaders must be intentional in re-designing educational syllabi to speak of the glorious past before Africa's development was aborted by slavery and colonialism and a future of endless possibilities. Africa's economy will grow to match that of the advanced countries only if Africans are galvanized by good leadership to turn the dream into a reality.

➢ *Re-Designing the Economic Structure*

Regional economic communities have been designed to mirror the European experience without contextualization to the flavour of respective regions or trade blocs. They are, therefore, not suited to meet the needs of Africa. Scholars of African politics contend that Africa's problems are unique to Africa. It will therefore be erroneous to use the European model template of economic integration and cooperation to explain Africa's problems.

European regional economic bloc formation has been largely influenced by the Balassa model (Balassa, 1961) and Jacob Viner's customs union theory (Viner, 2014). Central to economic integration theory is the progressive removal of barriers to trade between countries. This process of removing customs barriers to secure superior economic benefits was conceptualized by Bela Balassa as made up of five stages, namely, the creation of a free trade area, a customs union, a common market, an economic union and total economic integration. The mindset behind the Balassa model is to help states create free trade areas and increase economic efficiency. Viner's customs union theory focuses mainly on efficiency in production and trade and other benefits that accompany the merging of markets based on two concepts, trade creation and trade diversion.

Trade creation describes the situation where trade increases among a group of countries after removing customs barriers. This is based on the notion that resource allocation becomes efficient after customs barriers are removed, leading to a drop in the prices of commodities and a consequent increase in trade (Kasule, 2005). Trade diversion is when consumers opt to forgo cheaper commodities produced in countries outside their region for expensive goods made within their region. Economic integration is said to be beneficial, which leads to trade creation, and harmful, which causes trade diversion.

European integration's objective of increasing economic efficiency is underlined by production and industrialization. Many scholars have differing views on the relevance of Jacob Viner's customs union theory and the Balassa model to Africa, whose regional cooperation aims to initiate economic development through industrialization. Economic development through industrialization is the surest pathway to achieve economic growth and prosperity. It is noteworthy that African leaders have rightly responded to the criticisms about the weakness of the adopted European model of economic integration. They have

introduced in their regional communities' charter some portions of economic development about free trade and free movement of goods with a strong emphasis on industrialization and development (Kasule, 2005).

- *Verdict of History*

Preferential trade agreements (PTAs) such as the North American Free Trade Agreement (NAFTA), Central American-Dominican Republic Free Trade Agreement (CAFTA-DR), the European Union (EU) and Asia-Pacific Economic Cooperation (APEC) which have always been a feature of the world trading system have enjoyed a boom in recent years. From just about 50 in the early 1990s, PTAs have expanded to about 300 in 2019 with all WTO members being part of at least one and often several PTAs. PTA has also extended its coverage from the average of only 8 policy areas in the 1950s to an average of 17 in recent years and well beyond tariff reduction to include policy areas such as investment, services, competition and intellectual property rights in what is now known as 'deep agreement'. Deep Trade Agreements are common agreements between countries that cover not just trade but additional policy areas, such as flows of investment and labour, and the protection of intellectual property rights and the environment and have the objective of achieving deeper integration.

Mattoo, Mulabdic & Ruta (2022) used the expanded content of preferential trade agreements to examine the effects of deep agreements on trade. The results revealed that deep agreements lead to more trade creation and less trade diversion than shallow agreements. A study on the impact of the ASEAN–China Free Trade Agreement (ACFTA) on exports with a specific focus on trade creation and diversion effects revealed that ACFTA leads to substantial and significant trade creation (Yang & Martinez-Zarzoso, 2014). Fratianni & Oh (2009) tested the relationship between the size of regional trade agreements (RTAs) and market openness using a sample of 11 RTAs and observed that regional trade bias declines with the size of the club and strong evidence favouring regionalization strategy which the presence of RTAs has enhanced.

The globalization of the world economy has ushered in a new economic order that has boosted the desire for economic regionalism by countries and regions worldwide, including the industrialized countries. Globally, most countries are striving to enlarge their economic space and market size to protect their interests, strengthen the base of their economy, and enhance their importance and relevance in the new order (Sako,2006). The Asia-Pacific Economic Cooperation (APEC), a prominent regional forum comprising twenty-one members with a population of 2.9 billion people and a share of 60 per cent of global GDP, formed in 1989 to promote the liberalization and facilitation of trade and investment, sustainable economic growth, and prosperity in the Asia-Pacific region has been pretty successful in delivering on its mandate. The success of the EU in regional economic integration and cooperation endeavor has been aided by the adoption of a single currency, the Euro, and expansion to include some countries from East Europe, which has led to significant deepening of integration and widening of economic space. The ability of regional economic integration and cooperation in other parts of the world to transform economies and achieve economic growth and prosperity has made it imperative for Africa to strengthen regional cooperation and integration.

There is a long history of Africa's quest for regional economic cooperation and integration. The period 1960-1980 in Africa witnessed the establishment of a multitude of significant regional integration schemes, beginning with PTAs, designed to push forward the agenda for economic integration and intensification of the process of regional integration and cooperation. The regional cooperation and integration efforts resulted in several initiatives with overlapping membership and mandates and this has made Africa the continent with the highest concentration of economic integration and cooperation initiatives (Sako,2006).

There is not one country that does not belong to at least one regional grouping; interestingly, twenty-seven African countries belong to two or more economic integration and cooperation initiatives. The paradox is that Africa was better off in the 1960s than today with the average income per capita being lower today than then. Inançli & Mahamat's (2019) study of the effects of trade creation and trade diversion in the Economic Community of Central African States (ECCAS) between 2007 and 2016 revealed that those variables like GDP, population, bilateral distance, political stability and corruption are crucial for the determination of bilateral trade flow. More importantly, there is neither trade creation nor trade diversion in the ECCAS region. This shows that ECCAS did not reinforce intra-trade or emphasize trade with non-member countries.

Despite general consensus by African leaders and scholars that regional economic cooperation is the catalyst for increasing international trade and achieving economic efficiency, there are glaring evidences to show that the multitude of regional economic cooperation schemes in Africa have not succeeded in accelerating growth or trade and yielded little or no economic efficiency. The operations of the several regional economic communities have not created any significant positive impact on the Continent's economic performance in contrast with the success recorded by similar economic cooperation and integration schemes in other parts of the world, including Europe's EU, North America's North America Free Trade Area (NAFTA) and South America's MERCOSUR. In view of the failure of the existing African regional economic communities to meet their stated objectives of stimulating regional economic growth and development, the verdict of history of the performance of the regional economic cooperation initiatives cast heavy doubt on the success of AFCFTA.

- *Low-level Industrialization*

Africa is the least industrialized Continent and generally produces and exports primary products, and because these products are similar, not much trade can occur among African countries. The theory of comparative advantage proposes that a country should specialize in producing goods or services with a comparative advantage and benefit from economies of scale and then trade for goods and services with a comparative disadvantage. Though a large share of global trade is inter-industry trade, Africa's export of primary products with little or no value addition while importing finished products has limited the benefits it can extract from this form of trade. This suggests that the creation of free trade area in Africa may not achieve significant trade expansion unless there is a remarkable positive shift in the level of industrialization in Africa.

Over the past decade, there has been a surge in Intra-industry trade, which describes trading of goods belonging to similar industries between two countries ostensibly due to "fragmentation of production (outsourcing and offshoring) as a result of globalization and new technologies" (Handjiski et al., 2010, p.15). Intra-industry trade operates contrary to the theory of comparative advantage and is prevalent among countries with similar economies, particularly among industrialized countries. About sixty per cent of the United States and Europe trades are intra-industry.

The improvement in communication technology, global adoption of collaborative commerce enabled by information sharing and enhanced transportation efficiency have given rise to a trend of "specialization" along a product value chain called splitting up the value *chain*. It is now possible to produce an iPhone carrying out the designing and engineering in the USA, produce the parts in and supply from South Korea, do the assemblage in China and conduct advertising and marketing back in the USA. International trade no more involves nations trading only finished goods because firms now split up the value chain. This form of trade is possible in industrialized countries and, sadly, only in Africa once each country implements measures to industrialize to reduce the dumping of goods for African consumption by the highly industrialized countries.

The current extroverted nature of African economies may challenge the dependence on AFCFTA to midwife the industrialization or development of Africa's economies, thereby delaying the realization of the benefits of integration. For integration benefits to be realized, African governments must, as a matter of urgency, implement policies that will encourage the production of goods that can substitute for imports from the rest of the world and trade among African countries.

B. Counterproductive Policies & Imf/World Bank Programme

As observed in advanced economies, industrialization is the foundation of economic development and an enabler of productivity growth. Manufacturing is the primary driver of economic development, particularly for developing countries (Matsuyama, 1992). Thus, an economy's industrialization level is determined by the portion of manufacturing in GDP or aggregate employment (Nguimkeu & Zeufack, 2019). As noted by the World Bank, some of Africa's production output dilemma could be self-inflicted, arising from the adoption of counterproductive policy measures by African governments with debatable objectives. Such measures include levying high tariffs on raw materials and taxing key inputs for labour-intensive industries like clothing and textiles, which Africa has a comparative advantage in producing and exporting. The tariffs on key farm production inputs like fertilizers, pesticides and agricultural chemicals average four times more than those imposed in Southeast Asia, constituting a severe disincentive to local products for consumption and exports.

The 1980s witnessed the dismantling of several policy incentives aiding Africa's rapid industrialization after most African countries implemented the IMF/World Bank economic recovery programme and its accompanied conditionality, which include devaluation of currencies, liberalization of trade, removal of subsidies, labour retrenchment and cutback on social expenditures. These led to social and political upheavals and widespread de-industrialization (Aidoo, 1989).

According to a UNCTAD study, 14 sub-Saharan African countries in 1980 had per capita manufacturing production at par with Indonesia, but by 1995, they had all been surpassed (Mutume,2002). Large sections of Ghana's manufacturing industry were overwhelmed by the removal of tariffs and subsidies, leading to the erosion of competitiveness with cheaper imports from outside Africa. Consequently, employment in Ghana's manufacturing industry crashed to 28,000 by 1993 from a peak of 78,700 in 1987. Nevertheless, in 1990, while Africa was undergoing de-industrialization as a fallout of the IMF/World Bank imposed structural adjustment plan, the IMF recommended further trade liberalization to prevent the continent from being marginalized from global trade and classified three-quarters of sub-Saharan African countries as still having restrictive trade policies.

C. External Focus of Trade Arising from Influences of Hegemonic Forces

There is a preponderance of African opinions questioning the relevance of the customs union theory to free trade among African countries, as creating a free trade area will mainly cause more trade diversion than trade creation. This is because the small size of economies and low level of industrialization compel African countries to depend on the industrialized countries for manufactured products and machinery and sell their unprocessed agricultural products and mineral in return. Also, most African countries conduct a significant level of trade with their former colonizers than with other African countries, many of which subtly or openly continue to exercise significant influence on decisions related to trade, economy and politics of former colonies.

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More than six decades after independence, the influence of France over its former African colonies remains very pervasive. These African colonies are of strategic importance without which "France will slide to the rank a third world power", as former French President Jacques Chirac said in March 2008. This viewpoint was supported by another president of France, François Mitterrand, who said that France would have no history in the 21st century without Africa (World Bulletin,2005). As a precondition for independence, France in the 1950s compelled its colonies to enter into a colonial pact, the highlights of which obligated independent African countries to (I) keep their national monetary reserves in France's central bank, Banque de France, (II) make French the official language of the country and for education, (III) adopt FCFA (France colonial money) as national currency and (IV) send an annual balance and reserve report to France (World Bulletin, 2015).

Since 1961, France has managed the national reserves of the following fourteen African countries: Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Congo-Brazzaville, Equatorial Guinea, Gabon, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo. The fourteen African countries are obligated to warehouse 85 per cent of their foreign reserves with France's central bank under the control of the French minister of Finance, which effectively locks out 500 billion dollars belonging to these African countries every year to the French treasury. These countries are only allowed access to 15 per cent of their reserves in any given year and can only borrow any amount above this from the French treasury at the commercial rate. Needless to say that the common currency, CFA, is printed and issued by Banque de France and monetary policies are dictated by France. While France continues to feed fat on the resources and toils of the African countries in an undisguised continuation of economic colonialism, these economies are deprived of much-needed funds to combat poverty, face exacerbating debt and have no authority over their natural reserve.

Following the successful implementation of the Euro currency in Europe, the idea of having a single currency was first raised inside ECOWAS in 2003. A common currency for the West Africa region could improve trade and the flow of investments, instill discipline in the macroeconomic and structural policies of member countries and facilitate greater regional economic integration (Prasad & Songwe, 2021). The name of the currency proposed by ECOWAS is ECO, with the plan to eventually merge with the CFA franc used by the French-speaking member countries and, in time, enable Francophone countries to secure fiscal and monetary independence from France.

The fifteen member ECOWAS countries aimed to achieve monetary and currency union by the end of 2020 but was not feasible due to the failure of member countries to meet the macroeconomic convergence criteria jointly agreed upon in July 2019, which included achieving single-digit inflation at the end of each year, capping the fiscal deficit at 4 per cent of the GDP, the external reserve of at least three months import and Ways and Means financing of not more than 10 per cent of prior year tax revenues. Unfortunately, the plan for regional single currency was scuttled in December 2019 on the day ECOWAS presidents had agreed to meet to decide the launch date for ECO when the West African Economic and Monetary Union (UEMOA) comprising of the eight Francophone countries using common CFA currency announced the renaming of CFA as "eco". This was done solely to undermine the ECOWAS common currency plan and maintain France's hegemony over the African countries because, to date, no "eco" banknotes or coins have been issued. AfCFTA will only succeed in the fourteen former colonies of France to the extent that its outcome aligns with the interest of France.

- *China's Growing Influence in Africa*

China has invested massively in Africa over the last couple of decades, with a compounded annual growth rate of foreign direct investment (FDI) averaging 18 per cent from 2004-2016. From just US$75 million in 2003, China's annual FDI in Africa has risen to $4.2 billion by 2020. China's stock of FDI in Africa stands at $44 billion, slightly higher than USA's $43 billion but lower than Britain's $66 billion and France's $65 billion (The Economist, 2022). China has continued to deepen ties with Africa and, for decades, has supported the Continent's quest for infrastructural development, lending billions of dollars to several African countries to finance the building of roads, rails and power plants while extracting minerals and oils (Miriri & Bavier, 2022). The financing of Chinese contracted projects in Africa peaked at US$ 55 billion in 2015, which is appropriately twenty times more than the level of FDI investment (Jones, Ndofor & Li, 2022).

Trade between Africa and China has significantly increased from $10 billion in 2000 to a record $254 billion in 2021, 35 per cent above 2020 and four times above the trade between Africa and the US, and importantly, China has grown to become the main source of imports for most Africa countries (The Economist, 2022). China has since 2009 surpassed the USA to become Africa's largest trading partner and aims to overtake the European Union's total trade volume by 2030**,** according to the Economic Intelligence Unit (Ayeni, 2022). The most important suppliers of manufactured products for Africa are Europe (35 per cent), China (16 per cent) and the rest of Asia (14 per cent).

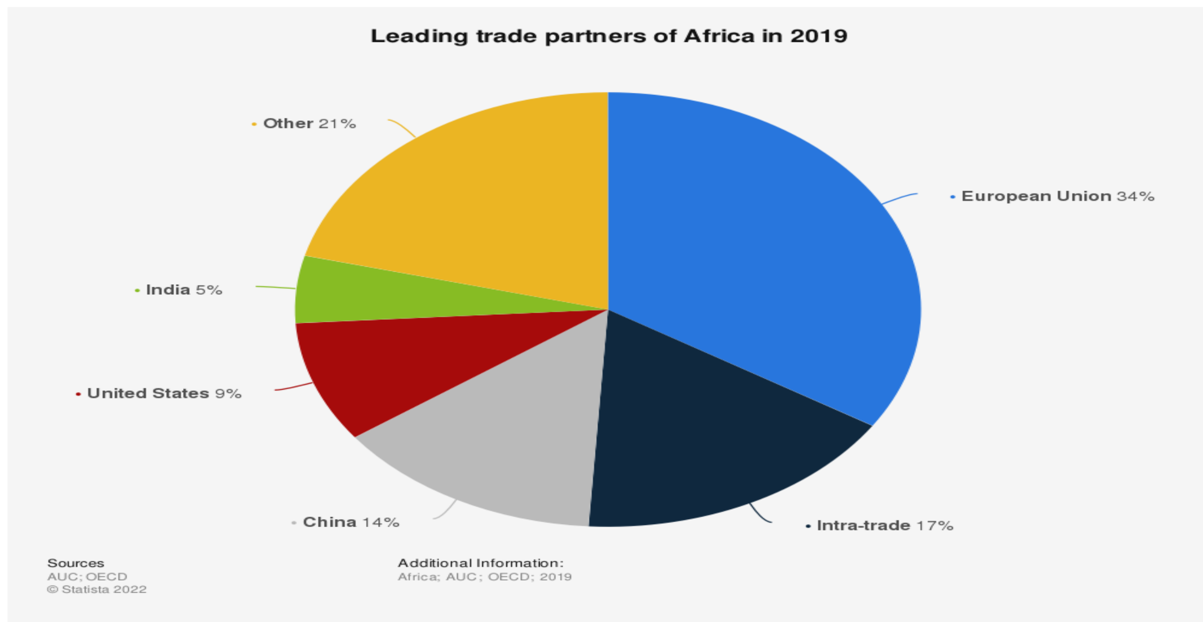

Fig 4 Leading Trade Partners of Africa in 2019
Details: Africa; AUC; OECD; 2019 © Statista 2022

The well-worn stated overdependence of African countries on primary products for exports is aptly reflected in the Sino-Africa trade partnership. While Africa's imports from China are diversified goods and services cutting across various sectors, its exports are largely concentrated in minerals and other raw products, which has led to a geographically uneven trade pattern (Malavoloneke & Liu Ying, 2022). The choice of investments and infrastructure financing in Africa aligns with China's strategic economic interest, which is to spur trade flow in Africa's primary commodities; China's principal trade partners are the resource-rich countries.

However, the Sino-Africa trade partnership is heavily skewed in China's favour, with more than three-quarters of African nations having operating trade deficits. In 2021, China exported goods worth $148 billion to Africa, and its import value was only $106 billion, leading to a trade deficit of $42 billion. Out of the import value of $106 billion, $75 billion was generated from trade with only five resource-rich countries of Angola, Congo Republic, Democratic Republic of Congo, South Africa and Zambia (Miriri & Bavier, 2022). The total value of import of Africa's top importer of Chinese goods, Nigeria, in 2021 is about $ 23 billion, which is eight times more than the value of its exports. The trade deficit balance of Kenya with China in 2021 is about $6.5 billion, its debt to China is $8 billion, and it has a debt service of $631 million, three times above its 2021 imports. This trade disparity with China is more striking in Uganda, whose exports to China in 2021 were worth only $44 million, but its import was about $1 billion.

The extensive nature of Chinese loans to several African countries weighed against their capacity to repay, and the widening trade deficit gaps have raised serious concerns about the intention of China's partnership with Africa. According to Jack Straw, a former Britain foreign secretary, China's activities in Africa mirror what Britain did 150 years before. Many Western scholars and politicians also believe that the way China was exploiting Africa's natural resources and hurting its quest for democracy and human rights justified its reference as a new colonizing power (Junbo, 2007). As US Secretary of State, Hilary Clinton supported this narrative, censuring China for acting like Africa's new colonizer (Khodadadzadeh, 2017). Respected former South African president, Thabo Mbeki, has also queried China's policy of coming to Africa to dig for raw materials and return to sell manufactured goods, alluding to a dangerous emergence of relationship imbalance similar to what obtained in the past with the European imperialists.

Bodomo (2018) advocates for a measure of perspective regarding the Africa-China relationship, which he said is defined and determined not just by the two partners but also by how it affects the West. Even though there has been significant attention in both traditional and social media to the concern of possible colonization of Africa by China, it has shown that these claims are regurgitated old narratives that have offered no new perspectives (Matingwina, 2020). At different fora, Chinese leaders such as Prime Minister Wen Jiabao and Foreign Minister Wang Yi repudiated the claims of a plan by China to colonize Africa. They insisted that the cap of neo-colonialism could never adorn the head of China and that China would not compromise Africa's ecological environment and long-term interests (Manero, 2017). China's defence is that it has never occupied any African country, employed deception to steal and exploit African resources, appointed military consultants to African governments and constructed military bases in Africa, unlike the Western powers (Junbo,2007). China stated that its relationship with Africa is based on mutual benefits, its financial aid and investments are without political conditions, and its operations have been consistent with the principle of market capitalism –liberal trade based on contract fairness.

Khodadadzadeh (2017) conducted a study to investigate the veracity of claims of Chinese neo-colonization of Africa, considering factors such as political interference, economic influence, financial dependence, military appearances, and cultural/educational reinforcement. The study revealed that there are indeed some features of neo-colonial tendencies, mostly within the economic influence and financial dependence dimensions, and their intensity is recognized as being extensive. The continued increasing dependence of Africa on Chinese manufactured and processed goods, investment and financing for projects may justify fears being generally expressed about China's partnership. While committing to the growth of intra-African trade under AfCFTA, African governments have yet to take encouraging steps individually to rev up manufacturing capacity and product diversity but have instead continued to strengthen the intensity of their reliance on industrialized countries for their manufactured goods. As long as this situation subsists, AFCFTA cannot be successful.

Chinese banks' lending to Africa in 2017 to support infrastructure projects was $ 11 billion, and the value progressively reduced to $4.5 billion in 2018, $2.8 billion in 2019 and $3.3 billion in 2020. Chinese President Xi Jinping, in 2021, further pledged $ 40 billion to support infrastructure projects in Africa as part of the Belt and Road Initiative and Africa-China Cooperation Vision 2035 (Subban, 2022). From the data provided by the Boston University Global Development Policy Center, the top 10 African government recipients of Chinese loans from 2000 to 2020 are Angola, Ethiopia, Zambia, Kenya, Egypt, Nigeria, Cameroon, South Africa, the Republic of Congo and Ghana. Bloomberg's 2022 Sovereign Debt Vulnerability Ranking at visualcapitalism.com gives a global ranking of 25 countries that are most likely to default on their debt obligations, and their percentage of debt to GDP included thirteen countries from Africa. These are Ghana (84.6per cent), Tunisia (87.3per cent), Egypt (94per cent), Kenya (70per cent), Namibia 69.6per cent), Angola (57.9per cent), Senegal (75.3per cent), Rwanda (72per cent), South Africa (70.2per cent), Gabon (57.4per cent), Morocco (77.1per cent), Ethiopia (48.3per cent) and Nigeria (37.4per cent). These unsustainable Chinese loans have brought these countries to this possible loan default situation.

These have sparked fears about public debt sustainability and concerns that China is trapping African countries in unsustainable loans to secure geopolitical leverage. These concerns may not be without basis as China is today sub-Saharan Africa's biggest trading partner, and this strategic presence has placed it in a position to shape policy across the Continent, and there are clear examples of such. After the Nigerian government received a pledge of $40 billion in investments from China, it swiftly moved to order the Taiwan trade mission out of Abuja and reduce its diplomatic status (Adeshokan, 2021). China's growing influence was also evident at the United Nations in June 2020 when 25 African countries, during a vote, supported China's introduction of national security law in Hong Kong designed to suppress protest and reduce the autonomy enjoyed by the city. This decision would not have been made in the past.

Many experts have expressed the view that China will benefit the most from the implementation of AFCFTA. The low production value of primary goods and severe infrastructure gaps undermine the Continent's industry viability and job creation facilitation since the raw materials exported to China are processed and reimported back as finished products (Adeshokan,2022). The intention of the Africa Union (AU) when AFCFTA was proposed was to use it as a springboard for countries to locally develop better manufacturing capacity and, overtime, product sophistication that will enable Africa to trade globally under more favourable terms. The AU expected AfCFTA to unite the Continent and unlock its economic opportunities, enable Intra-African trade and usher in a new era of economic growth and development. It also anticipated that a new generation of local manufacturers would replace Chinese businesses and imports, allowing Africa to become self-reliant.

The reality today does not match these expectations in the manufacturing space because, due to the poor economic conditions of many African countries, their companies are unable to scale up sufficiently to derive benefits from the new free trade area arrangement, and as a result, Chinese-owned companies continue to exert dominance in the manufacturing sector and profit from the new deal. Chinese companies also dominate transport and other infrastructure projects since China provided loans for their financing. These have immensely benefitted China since the projects help connect Chinese businesses with African markets. China has over 10,000 Chinese-owned businesses operating in Africa, making them key players in production and manufacturing. Examples of Chinese businesses playing a pivotal role in the African market include StarTimes ranked among the biggest pay television providers in Africa, and boasts over 10 million subscribers spread across 30 countries. The mobile phone market in East Africa is dominated by another Chinese company, Transsion Holdings, with an estimated market share of 40 per cent. As long as Chinese-owned companies strongly supported by the Chinese government continue to deepen and diversify their footprints in the African market and locally-owned African industries cannot scale up to compete with and replace these companies, AfCFTA will only work to benefit China.

D. Political Insecurity (Leadership & Social Conflict)

➢ *Failure of Leadership*

One of the major factors responsible for the failure of regional economic communities in Africa to achieve its set out objectives of trade promotion and economic development is political insecurity which earlier studies have not considered because of its association with poor leadership and social conflict. There are studies supported by the neo-liberal institutional theory of regional cooperation, which suggest that the motivation for the creation of regional economic organizations by African leaders was to employ it as a means for resolving regional insecurities, particularly state insecurity. The neo-liberal institutional theory of

regional cooperation which explains regionalism in terms of the benefits states hope to derive from mutual cooperation avers that regional cooperation helps states combine their resources to achieve social and economic development objectives (Kasule, 2005).

Most African leaders define political insecurity from the perspective of political opposition to existing political order and perceive it as a threat to their hold on power and national economic programs. Leaders of African governments have not fully committed themselves to regional economic cooperation because they are more interested in advancing their individual political goals of attaining absolute power and perpetuating themselves in office. This mindset has driven the formation and operation of the regional economic communities not as a means of achieving economic efficiency or growth but as a vehicle for establishing or maintaining state security (Kasule, 2005). This situation explains why only very little, if any, prosperity and economic development have been produced by African regional cooperation (Ng & Yeats, 1997).

Since political leaders practically defined politics in Africa from the paradigm of preservation and perpetuation of self, it may be right to expect the benefits of economic cooperation to accrue to these leaders. Regional economic organizations are intended to put more resources at the disposal of African leaders to position them better to pursue their goals. Progress towards economic integration of regions has been slow and challenging despite the frequent and strong assurances of commitment by African leaders. The cooperation and integration of regional economies have several advantages. They can be an effective way of scaling and consolidating markets, opening up the economies of small landlocked countries that can connect to larger regional and global markets, overcoming the constraints of size and fragmentation and developing comparative advantage and product sophistication (Tuluy, 2016).

There is a compelling argument by Africanists that the ineffectiveness of the several regional cooperation arrangements in Africa may, among many factors, be largely due to the lack of political will and commitment of member states to implement agreements reached effectively. This failure is exemplified by the failure to meet target dates and the high incidence of conflicts and political instability across Africa (Sako, 2006). Member states did not implement many duly signed protocols, and the weak capacity for implementation and enforcement of agreements and absence of consequence for default could have aided this situation. A critical success factor for any regional integration initiative is the willingness to partially cede and pool sovereignty which unfortunately some countries are not prepared for, and this may explain the lack of commitment to the regional economic schemes.

- *Insecurity and Conflicts*

The African regional economic integration process has been constrained by the high incidence of conflicts among and within member states. The incessant pockets of conflict across Africa have severely undermined economic activities, destroyed critical infrastructure and curtailed the flow of trade and investment and as a consequence, hindered economic integration and development (Sako, 2006). The intricate connectedness of conflicts in Africa was observed by Ottaway (1999) as posing a threat to African leaders. This is because most conflicts in African countries begin as clashes by and between two or more ethnic groups, many at times expressing dissatisfaction with the government in power that soon spread even beyond the originating country's border. Since the early 1990s, such conflicts have been observed to have created chains of crises in many parts of Africa including Sudan, Eritrea, Ethiopia, Somalia, Uganda, Rwanda, DRC, and Angola. The strategic goal of most African leaders is not human but to achieve state security.

The world is rich in both resources and ideas and these have propelled the rapid economic growth, technological advancement and prosperity. Countries that have achieved economic development and social transformation majorly work with the belief system of abundance of opportunities to improve both the world and self but countries that are ravaged by ethnicity mainly operate from the paradigm of scarcity where available resources must be channeled to members of dominating ethnic community strategically positioned across the levers of power. Rules and laws are bent or out rightly disdained to accommodate excesses and resource mismanagement leading to the creation of an atmosphere of impunity in governance, lack of accountability, undermining of governance system, corruption and general mistrust and disenchantment. All these breed a never ending culture of conflicts and insecurity in Africa.

Conflict and insecurity undermine the attainment of the development objective, which is to enlarge human choices because it wastes lives and human potential and adversely impact happiness. They negatively correlate with economic development, adversely impacting economic growth, trade and exports, consumption per capita and government revenue and diverting social expenditure to security and defense expenditure (Stewart, 2004). There are several dimensions to conflicts in Africa, and these include not only cultural and ethnic divergence but the failure of social contracts, private motivation and group inequalities expressed in the political, cultural and economic context hence the need for more inclusiveness in governance (Stewart, 2004). Some of these dimensions shall be reviewed below.

- *Seed of Discord of 1884 Berlin Conference*

The genesis of conflicts can be traced further back to the activities of the colonial powers and the political as well as the economic governance structure bequeathed to post-colonial Africa. A clear definition of ethnic nationalities and alignment of cultures and values drive the balkanization of the Ottoman and Habsburg Empires in Europe in the nineteenth and twentieth

centuries and even the partitioning of Eastern Europe following the end of the cold war era, and this has led to a more stable Europe. However, the scramble for and partitioning of Africa by seven western European powers at the Berlin Conference of 1884 were driven by primitive despoliation of Africa's resources and with limited knowledge of the geography, history, and ethnicity. The result has been that people with dissimilar ethnicity, language and history were yoked together in a state structure and people of similar ethnicity were compelled to live under different states like the Somalis split into French Somaliland, British Somalia, Italian Somalia, Ethiopian Somalia, and the Somali region of northern Kenya, the Yorubas split into British Nigeria and French Benin and the Tuareg in French Algeria and Tunisia and Italian Libya.

The arbitrariness of Africa's partitioning and evident lack of consideration attending this exercise was aptly captured in the words of Lord Salisbury, the British Prime Minister in 1906, at the signing of the Anglo-French convention on the Nigeria-Niger boundary in 1906, where he said that:

- *"We [the British and the French] have been engaged in drawing lines upon maps where no white man's foot ever trod: we have been giving away mountains and rivers and lakes to each other, only hindered by the small impediments that we never knew exactly where the mountains and rivers and lakes were." (Gashaw, 2017)*

The imperialist sowed the seeds of some political conflicts in post-independent Africa. There was the struggle against the minority regimes left behind by the colonialists coursing through Zambia, Tanzania, and Zimbabwe to South Africa. The imperialist also created problems in the Horn of Africa when they arbitrarily distributed territories precipitating conflicts in which Eritrea refused to be absorbed into Ethiopia and Somalia in 1977-78 fighting to reclaim Ogaden doled out to Ethiopia in the first inter-state war in Africa (Bates, 2005). The conflicts and insecurities in many African countries can be traced to the errors attending the 'balkanization of Africa' at the 1884 Berlin Conference and similar events thereafter that created social and ethnic fragmentation that continue to permeate the nurturing of democracy and the process of leadership recruitment in Africa today (Kasule,2005).

- *Conflicts Arising from Leadership Recruitment*

Africa is believed to over supplies political conflict. Fifty-three per cent of civil wars globally took place in Africa in 1991. In a sample of forty-six African countries over 1970-1995, Bates (2005) observed that armed forces produced the Head of State in over a third of the 1196 observations. During this period, the leaders of Eritrea, Ethiopia, Uganda, Rwanda, Burundi, Zimbabwe, Mozambique and Namibia led armed movements to secure power by force of arms. The recruitment of leadership has always been defined by the quest for ethnic domination, with electorates voting on the basis of congruence of ethnicity instead of competence and vision. These arrangements have made it difficult for African leaders to secure general acceptance from the majority of their citizens, creating the challenge of achieving internal legitimacy and commitment to drive inclusive economic growth agenda in the component states.

Though elections now hold frequently in most African countries, the entire electoral process remains susceptible to fraud, manipulation, and violence and, therefore, could not be said to be free and fair (Calingaert,2006); Leonard,2009) sufficiently to mitigate government tyranny. The flawed electoral process has not only prevented the recruitment of the best person for leadership but also has the undesirable consequences of serving to unwittingly sustain the domination of majority ethnic group and power class and as a survival and legitimacy tool for many authoritarian regimes such as currently in Cameroon, Equatorial Guinea, Republic of Congo, Rwanda, Togo, Uganda and until recently Burkina Faso, Niger and Sudan. Sub-Saharan Africa still has some of the world's longest-serving heads of state and the largest concentration of authoritarian and hybrid regimes of any major region, even though elections now hold frequently.

Political contestations through the African electoral process are generally marked by acts of violence by several factions, most of which have ethno cultural orientation to capture power (Mbaku,2020). The unwillingness of political power actors to allow people's will to be given expression through democratic elections has frequently led to public protest and social unrest, some of which have contributed to the change of leadership in countries like Angola, DRC, Ethiopia, South Africa and Sudan. In order to maintain a tight grip on power, some African governments resort to banning opposition groups, clamping down on free press and shutting down the internet, with adverse impact on trade and economic growth. Across Africa, there were 13 nationwide internet shutdowns in 2018 and this trend continued in 2019 with nationwide internet shutdown in Algeria, Chad, Ethiopia, Liberia, Malawi, Sudan and Zimbabwe (Economic Intelligence Unit, 2019).

- *Conflicts Arising from Government Collusion with Businesses with Amoral Practices*

Conflicts arise due to the complicity of government in the criminal behaviour of business enterprises that are making money at the expense of the people, jeopardizing the ecosystem and inducing poverty and disease. The devastating impact of crude oil spillages by Shell Petroleum Development Corporation (SPDC) for several decades in Ogoniland in Nigeria have been widely reported (Linden & Jonas, 2013). The survey carried out by the United Nations Environment Programme (UNEP) on the nature and extent of oil pollution in Ogoniland revealed that an estimated 6178 oil spills had occurred in Ogoniland between 1976 and 2011 (Kponee et al., 2015). Ogoni people are mainly farmers and fishermen but due to the contamination of their lands and water, there is a serious threat to their economic survival as it has been revealed that fish in polluted waters contain toxic metals

deposited in the tissues of fishes (Leung et al., 2014; Baharom and Ishak, 2015). Tragically, the efforts of the Ogoni people to call the attention of the world to their existential threats were violently suppressed, leading to the murder of the leaders of the Ogoni people in 1995 by the Nigeria government with the active complicity of SPDC (Brittain, 2015).

A report by Human Rights Watch revealed the prioritization of economic benefits of growing the bauxite mining sector in the Boké region, in northwestern Guinea over the security and wellbeing of the populace leading to foreign-owned mining companies' expropriation of ancestral farmlands without adequate compensation, damaging of water sources, reduction of communities' access to water for drinking, washing and cooking and reduced air quality due to dust produced by bauxite mining and transportation that threatens the health of the people and environment. Situations described above are common in mineral resource-rich African countries, with the lives and livelihoods of rural communities upended, causing avoidable conflicts. An example is a riot that broke out in April and September 2017 in the Boké region provoked by "anger at inadequate local services - in particular, lack of water and electricity, resentment at the rapid expansion of mining and broader concerns about the impacts of mining on local communities" (Human Rights Watch, 2018).

➢ *Social Conflicts caused by poverty and Income inequality*

The World Bank noted that lack of economic development is the underlining cause of conflict holding that there is a consensus that "countries with low, stagnant, and unequally distributed per capita incomes that depend on primary commodities for exports face dangerously high risks of prolonged conflict" (Collier, 2003: p. 53). Several public protests in Africa have been triggered by widespread poverty, long history of economic marginalization and income inequality. A 2017 UN report observed that 10 of the world's 19 most unequal countries per income distribution were found in sub-Saharan Africa, and they include Botswana, Central African Republic, Democratic Republic of Congo, Eswatini, Guinea-Bissau, Lesotho, Mozambique, Namibia and Zambia with South Africa, Africa's second-biggest economy, ranked as the most income unequal country worldwide (Economic Intelligence Unit, 2019).

Expectedly, South Africa has witnessed large scale protests triggered by inequalities in society, poor public service delivery, widespread corruption and poor living standards. The struggle for economic opportunities has largely caused persistent xenophobic attacks on African migrants in South Africa. Economic marginalization and income inequality and its drivers, such as poor wages and unemployment, are highly contentious issues that continue to cause public discontent and social unrest. The blend of economic marginalization, poor standard of living and political exclusion are connected to the mass protests by the Oromo and Amhara people of Ethiopia and the Anglophone communities of western Cameroon. Similarly, the prolonged economic miseries, extreme poverty and unequal opportunity have been linked to the social unrest caused by the rapid rise in bread prices that led to the removal of president Omar al-Bashir of Sudan in April 2019 after thirty years in power.

➢ *Conflicts Arising from the violation of Citizens' Rights.*

Several conflicts arise from the suppression of the rights of citizens to give expression to their frustrations over the loss of livelihood, the rising cost of living, pollution of environment, misallocation of resources, corruption and discrimination. Civil dissent is overtly and covertly suppressed because leaders of government perceive such expressions as "personal attack to undermine their much cherished authority and control" and not feedback of the populace of their frustrations and pain points. Forceful suppression of dissent tends to lead to passive resistance that frustrates development initiatives, run opposition underground, and agitation for government removal and the country's extreme breakup, as experienced in several post-independent African countries.

Insurgency in Nigeria has reached a precarious level posing a severe threat to social, political and economic development as well as the corporate existence of Nigeria (Ewalefoh, 2020). Over the last two decades, Nigeria has been experiencing several distinctive forms of insecurity that today have exceeded what the uniform security agencies notorious for extra-judicial killings of citizens can handle. The now dreaded Boko-Haram terrorist group resort to violence was provoked by the unwarranted extra-judicial killing of the Islamic sect leader, Mohamed Yusuf, in 2009 after his arrest by the Army and hand over to the Police. The security forces cannot rein in the audacity and the impunity of this ISIS-backed terror group, who even carved out territory for itself in the North East and continue to make parents agonize over the formal education of girl-child in the region. The agitation for inclusiveness in national governance by a major tribe, Igbo, was ignored because the ruling party received an insignificant vote from the Igbo-dominated region. In the last few years, there has been widespread agitation for the breakup of Nigeria championed by a group known as the Independent People of Biafra (IPOB) and for establishing a new Biafra republic. This agitation continues to be violently suppressed by the security agencies whose indiscriminate killing of youths in the region has led to the emergence of a new killer group called "Unknown Gunmen", targeting security agents and their perceived informants.

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CHAPTER FIVE
ENTRENEURSHIP – PATHWAY TO ECONOMIC GROWTH IN AFRICA

A. *Introduction*

Deepening income inequality and persistent jobless growth were identified by the World Economic Forum (WEF) as the most critical challenges that the world needs to address (World Economic Forum, 2016). The second most critical issue is a lack of inclusive growth capable of providing decent jobs and livelihoods for all people within society. Shortage of employment opportunities is considered a big challenge by more than two-thirds of the world's population, with sub-Saharan Africa's shortages at 88 per cent and 70 per cent for the Middle East and North Africa (ILO, 2018). There is a general realization that people can no longer solely depend on the government and large businesses to create jobs and a broader awareness and respect globally for entrepreneurs that create jobs for selves and others.

Lafuente, Szerb & Acs (2016) observed an economy's performance to not only depend on high rates of entrepreneurship but more on a healthy institutional ecosystem. The lack of these explains why African countries continue to underperform in GDP per capita compared to developing markets in Asia and Latin America despite making good economic progress. The poor development of institutions and the lack of opportunity-driven entrepreneurship confronting African nations (Gomes et al., 2018) suggest the need to shift government policy initiatives radically towards institutional restructuring to increase rates of entrepreneurship to boost economic development.

The business environment in most sub-Saharan African countries is characterized by state-controlled businesses that are mainly uncompetitive, the private sector dominated by few prominent players and small businesses that lack innovation or strategy for creating value. Entrepreneurship in the informal sector of the economy consisting of businesses that are not formally registered, taxed or monitored by the government is primarily necessity-driven. Nevertheless, the informal sector contributes 25-65 per cent of the GDP and 60- 90 per cent of employment (Williams, Martinez-Perez, & Kedir, 2017).

B. *World Bank Ease of Doing Business perspectives*

A widely shared belief among development economists and agencies is that the private sector is the engine of economic growth. Significant factors for assessing economic growth include savings, investment, geography, culture, population, macroeconomic fundamentals, politics, trade, or a combination of one or more. However, there have been limited efforts made by governments to enhance the capacity of the private sector in many parts of the developing world. Rather governments and international institutions have been focusing on macro-level interventions, some of which were remotely related to private sector development (PSD) (Schulpen & Gibbon, 2001). The World Bank has been undertaking surveys to gather information on factors that constrain or promote the growth of the private sector and has come up with the Doing Business Surveys (DBS) and the Enterprise Surveys (ES) to address different aspects of PSD. The DBS focuses on gathering objective measures of the extent of business regulation of the private sector and their enforcement. The ES is based on the perceptions of enterprises, the main obstacles to their growth and the relative importance of various constraints.

The annual World Bank Ease of Doing Business report offers impartial measurement of business regulations and their enforcement across 190 economies. The report captures several important dimensions of the regulatory environment and provides measurable indicators on "regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency" (World Bank, 2020). Excessive regulation of the private sector could hinder the smooth operation of a business and affect growth. This has been confirmed by studies that reported a negative relationship between the degree of business regulation and growth of income (World Bank, 2005a) and between openness and economic growth after controlling for business regulation (Bolaky & Freund, 2004). The World Bank observed that excessive regulations of business increase youth and women's unemployment and share of the informal sector, positively correlate with corruption (World Bank, 2005a) and cause delays in export time and reduce exports, mainly of time-sensitive goods (Djankov, Freund & Pham, 2010). Regulations in the court of Justice that create delays in resolving disputes weaken contract enforcement, increase corruption, and facilitate inconsistency and unfairness of dispute resolutions (Djankov et al., 2003). Regulations designed to protect investors from misappropriation facilitate investment flows by boosting people's confidence to put their monies in partnerships and/or publicly registered companies (Haile,2007).

Regional comparisons of the Doing Business regulations assessment indicators revealed a deficient performance for Africa, especially compared with East Asia and the Pacific region highlighting the difficulty in doing business in the African market. Some of the difficulties business owners face in many African countries include (I) stringent bureaucratic hurdles for business set-up and operations,(II) limited access to credit, (III) inefficient business tax system, (IV) minimal protection to private sector participants, (V) limited legal enforcement of business contracts, and (VI) generally less conducive environment for undertaking international trade (Dharmadhikari, 2008; Haile,2007). Despite significant efforts of many African countries in recent years and encouraging improvements recorded, Sub-Saharan Africa remains one of the weak-performing regions on the ease of doing business with an average score of 51.8, well below the OECD high-income economy average of 78.4 and the global average of 63.0 (AUDA-NEPAD,2020). The Continent's ease of doing business performance compared with East Asia and the Pacific region

continue to be unsatisfactory. Some of the factors responsible are the level of economic development, type of legal systems and lack of reforms in the twelve assessed business regulations areas of the Doing Business project.

Among the factors that influence the conduct of business, Morris & Aziz (2011) found that property registration and trading across borders consistently correlate to FDI flow to Sub-Saharan African (SSA) and Asian countries over all six years of the study (2000-2005). The findings may assist countries in implementing and enforcing needed regulations for the ease of doing business to attract more FDI. An investigation of the divestment of FDI in Sub-Saharan Africa, within the period 1980–2020 revealed that the predominant drivers behind FDI divestment are macroeconomic performance and institutional quality (Edo & Nnadozie, 2022). The examination by Alemu (2015) of the influence of each element of good governance infrastructure on the ease of doing business in 41 African countries from 2005 to 2012 revealed that: the effectiveness of government, political stability, the rule of law, regulatory quality, and absence of corruption are crucial factors for the creation of a conducive business atmosphere, taking into account other factors such as human capital, physical infrastructure, and the level of development of a country. This suggests that African governments have significant roles to play in fashioning atmosphere conducive to business.

C. Entrepreneurial Activity

Entrepreneurial activity helps to accelerate growth in the economy, creates jobs, encourages competitiveness in the economy and enhances productivity (Tracy, 2013). The entrepreneurial activity could also be motivated by the drive to profitably address perceived or identified needs, create consumer demand by building and redefining the existing market or create an entirely new market for new products and services. A nexus thus exists between entrepreneurship and economic development and growth, the benefits of which will enhance the quality of life in the communities. Entrepreneurs are known for creativity and solve problems through innovation. Creativity arises through the convergence of *knowledge* - understanding someone applies on a creative effort, *creative thinking* - this relates to how people approach problems and depends on personality and thinking/working style and *motivation* – relates to passion and interest brought to bear on creative effort (Adams, 2005). Knowledge developed from learning efforts, problem-solving skills and positive attitudes (passion) are essential for developing an innovation ecosystem in an organization or a country.

We observed that the required competencies vary from market to market, but some share a commonality. It was noted that successful entrepreneurs are innovative and creative, and entrepreneurship is mainly driven by the quest to meet obvious and unsaid needs. An Entrepreneur must demonstrate (i) knowledge (understanding of leadership, levels of ethics and values and understanding of the industry, institutions, and countries to see what can be learnt and benchmarked), (II) skills (strong communication, good previous work experience, a level of financial literacy, contrarian thinking and strong networking skills set) and (III) abilities (honesty, passion, hard work, strong determination to succeed and energy).

Globally, social entrepreneurs are more than commercial entrepreneurs except in Latin America and the Caribbean. The poor impact of entrepreneurship on economic growth in Africa could be traced to the preponderance of social entrepreneurship over commercial entrepreneurship. GEM report revealed a more excellent representation of nascent social entrepreneurs among 18-34-year-olds in the Middle East and North Africa, sub-Saharan Africa, and Western Europe. However, it is not the case with Eastern Europe, Latin America and the Caribbean, South-East Asia, Australia, and the US, which have more nascent commercial entrepreneurs (Bosma et al., 2016). African Governments will thus need to redirect focus to and support commercial entrepreneurship to boost economic development and inclusive growth.

Entrepreneurs in the African market face business startup and sustainable threats due to country and firm-level barriers, including infrastructure, institutional support and effectiveness, and access to finance. However, there are many opportunities to prosper in market-target ventures if the barriers can be creatively circumvented through innovation. Millions of people are struggling all over the world to start their own businesses but are confronted with a set of requirements unique to each country which, amongst others, include waiting time to obtain a business license, securing credit, dealing with permits, licenses and regulations or enforcing contracts. For example, the business registration process can be completed in one day in Singapore, China used to be 30 working days but has improved to one day, Nigeria used to be 11 days but is now seven days, and Zimbabwe has improved to 30 days from 43 days. The support required by African entrepreneurs to promote entrepreneurial activity and achieve sustainable and inclusive growth includes investing in education, providing financing options for starting and running a business, developing a partnership between government and private sectors, support for research and development and infrastructure development (IEG, 2014).

D. Barriers to Entrepreneurship

- *Government inefficiencies*

Entrepreneurial developments in most African countries have been achieved not because of government contribution but despite it. The entrepreneurial ecosystem continues to be bogged down by government inefficiencies, corruption and mismanagement, which manifest in the pervasive state controls of industry, the administrative burden on startups, regulatory and administrative opacity and burdensome licensing and permit systems (Conway & Herd, 2010). All these hinder the realization of incredible human potential, creativity and entrepreneurship.

➢ *Cultural and Social Barriers*

There is an estimation of 2000 languages spoken in Africa, which amounts to a third of the world's languages. The diversity of languages in Africa hinders access to social and business networks and information on institutions that support enterprise creation. Entrepreneurship is influenced by national cultural dimensions, which distinguish people living in countries from each other. Based on Hofstede's Cultural Dimensions Model, entrepreneurship thrives in countries with high-level individualism, low levels of uncertainty avoidance and low levels of power distance, like the United States but performs less in countries with high-level collectivism, high levels of uncertainty avoidance and high level of power distance like in most African countries (Hofstede, 1980). People who are defined by collectivist cultures may have more concrete and interdependent self-concepts than those from individualist cultures. The national cultures with high levels of uncertainty avoidance impose a complex cultural, legal and political business environment that makes it difficult for entrepreneurs to operate, and it is accepted that these societies do not take moderate risks (Eroglu & Pick, 2011).

Culture is vital in determining entrepreneurial success, particularly in a collectivist society. The entrepreneurship concept varies from country to country, and an entrepreneur reflects the dominant values of his/her national culture. An unchangeable fact is that a global cultural practice will not replace individual national culture because societal norms and values will continue to differ. However, the quest to prosper within the prism of each society's aspirations will be similar in all countries. It is easy to assume that individualist culture-inclined countries will be more successful at business because of their single-minded drive than collectivist culture-inclined countries. Countries like China and South Korea have shattered this notion proving that there is no better culture when it comes to entrepreneurship which is simply a process of selling value.

Notwithstanding differing entrepreneurial inclinations, any culture can nurture entrepreneurship success since there are no born entrepreneurs. Successful entrepreneurs are such that have received education, obtain formal and informal training and continually seek to improve their competencies by leveraging social capital. Autio, Pathak & Wennberg's (2013) work revealed that though individualist countries tend to have more entrepreneurs, collectivist countries have more ambitious entrepreneurs because they expect to create more jobs. They also found that there is no one best entrepreneurial culture, and any culture can nurture entrepreneurship. The culture that constitutes a barrier to entrepreneurship can be reformed through acculturation.

The lukewarm attitude to risk-taking was observed to be a severe barrier to the growth of entrepreneurship in South Africa. Underlying this poor attitude to entrepreneurship is the government's enacted Black Economic Empowerment (BEE) Act of 2003, designed to assist in the development of black-owned enterprises and increase access of the disadvantaged population to economic activities (Hamann, Reddy, & Kapfudzaruwa, 2010). BEE has provided the majority black population with advantages and job security and is preventing them from actualizing their full potential (Macdonald, 2007). To redress this, the government may need to create an egalitarian society to facilitate competition and risk-taking.

➢ *Fear of Failure*

Entrepreneurship is mostly about risks, innovation, and creative thinking, and an entrepreneur is the one who creates and innovates something recognized around perceived opportunities by accepting risks and failures. The high cost of business startups, coupled with the social consequences of failure, constitute a significant barrier to entrepreneurship. Fear of failure stemmed from the cultural relativity identified by (Hofstede,1983) as uncertainty avoidance. The fear of failing is a barrier to entrepreneurship that leave aspiring entrepreneurs unwilling to risk venturing into business or taking a risk to expand business in order not to suffer losses that will cause loss of face with family, friends and society.

It is therefore important to remove the disempowering climate of fear of failure created and provide support for entrepreneurship by reducing startup costs, facilitating skills and knowledge acquisition, and enabling access to business and social networks. A support system can be set up within the community that will assure entrepreneurs that even though the venture has failed, the entrepreneur still retains his esteem within the close collectivist structure. It would also be helpful if the story of successful entrepreneurs who failed on their way to success is enacted to boost confidence and ensure that failing once does not necessarily make one a failure.

E. Impact of Country-level support for venture success

The major differences between developed and developing economies are in the level of infrastructural gaps and institutional voids (Cavusgil, Ghauri & Akcal, 2013). Gaps in infrastructure arise from the lack of available and reliable transportation, telecommunication, power and financial services. Institutional voids manifest in capital and labour market inefficiencies, weak property rights, lack of credible legal systems, regulatory and administrative opacity and burdensome licensing and permit systems (Conway & Herd, 2010). There is a cross-national difference in the three dimensions (regulatory, cognitive, and normative) of institutional profiles when assessing the favorability of an institutional environment to the promotion of entrepreneurship. These differences could be in terms of the availability of requisite knowledge and skills for entrepreneurship, attitudes of society towards entrepreneurship and supportiveness of law, regulations and government policies towards entrepreneurship reflecting the idiosyncratic cultural norms and values, traditions, and institutional heritage in promoting entrepreneurship (Manolova, Eunni, & Gyoshev, 2008).

These country-level constraints increase the cost of business startup and sustenance, escalate venture risks and dampen the chances of business success and must therefore be removed by the government to promote entrepreneurial growth. Countries, where institutional support exists will develop high levels of entrepreneurship arising from the strength of the institutions. The various institutional reforms and considerable investments in infrastructure in several developing economies demonstrate government recognition of the necessity for support for venture success. According to Lee Kuan Yew, founding father of modern Singapore, Singapore's developed economic status was facilitated by maintaining social order within and peace with neighbours, providing quality education for citizens and upholding the rule of law to secure investors' confidence (Juma, 2013). Thus, government support is imperative for business venture success.

F. Impact of human capital development on venture success

The proficiency level of innovation at the firm and country levels depends on the quality of human capital. The nurturing of talent requires the creation of schools and Research & Development institutions to enhance people's knowledge in various technological and non-technological fields (Dutta, Lanvin & Wunsch-Vincent, 2014). Singapore took this path to achieve a developed nation status. According to Lee Kuan Yew, the single most crucial factor for determining a nation's competitiveness is its workforce quality (Juma, 2013). Alongside capacity development, nations can provide irresistible incentives to attract talents from other parts of the world and coach and engage the talents in various innovative activities. The USA did this at Silicon Valley, attracting and nurturing talents from different parts of the world to successfully build its innovation ecosystem and simultaneously creating an ecosystem for entrepreneurs who have established some of the world's largest organizations (Dutta, Lanvin & Wunsch-Vincent, 2014).

However, Africa has been losing its talents to almost every other region worldwide and the loss appears to have gathered pace over the past decade due to the lack of opportunities and underemployment. National Entrepreneurship Context Index (NECI) is used by the Global Entrepreneurship Monitor (GEM) to assess the quality of an economy's entrepreneurial ecosystem or environment for entrepreneurship. According to the 2021 NECI Index of 50 participating economies, the United Arab Emirates has the most supportive environment for entrepreneurship, Sudan the least, and the remaining African countries assessed scoring as follows: South Africa 45, Morocco 41 and Egypt 27 (GEM, 2022). African governments need to create and maintain a conducive environment for entrepreneurship. Failing to do so may damage its people's current and future prosperity.

G. Influence of Social Capital on Venture Success

Social capital is described as resources obtained from knowing others and having a solid reputation (Baron & Markman, 2000) and as "networks formed through shared values, norms and understandings that facilitate cooperation within and among groups" (OECD, 2007). It is one of the resources required to connect venture ideas, products and services to consumers. Social capital manifests in the common bond we form with family, friends and people within our cultural or ethnic group, the bridges we build with associates and colleagues and the linkages we form with those above and beneath us on the social ladder (OECD. 2007).

Nahapiet and Ghoshal (1998) dimensioned social capital into three parts, structural capital, relational capital and cognitive capital. Structural capital refers to the general pattern of relationships among social players, and relational capital refers to assets created and leveraged through relationships. Cognitive capital describes resources that deliver common representation, interpretations, and systems of meaning among parties. Cognitive capital gives partners the willingness and capacity for collective action and aid understanding of partners' perspectives. It enhances an entrepreneur's innovative capability through the knowledge of the environment and evolving consumer tastes. Establishing reliable social engagement and interaction with market actors will positively impact product and service innovations.

The success of a venture depends not solely on the strength of the venture idea and the entrepreneur's ability but on the several people along the way whose support in diverse ways would help ultimately translate the idea into a successful venture. The Jewish communities are known to have many startups and believe in promoting their collective identity. The strong ties within the community enable the exchange of knowledge and expertise that create innovation. Jewish startups are expected to build Jewish identity and deepen Jewish identification as part of their core work. They are successful at this also because of the leverage on social capital. Chen & Hung (2014) shed an interesting perspective on the relationship between social capital and innovation.

A business venture’s success is influenced by the level of the personal initiative of the entrepreneur, education, experience, and moral and financial support received. Entrepreneurs are the drivers of the enterprise's vision and influence bankers, investors, employees and customers to back the vision. The ability of an entrepreneur to secure investor support, finance from banks, and buy-in of employees and patronage of customers were observed by Baron & Markman (2000) to be influenced by the level of social capital derived from the accumulation of favourable reputation, relevant experience and direct contacts and social skills. Social capital improves access to current and relevant information, stimulate cooperation and trust and aid entrepreneurs to access funds from venture capitalist to support the venture.

H. Influence of Passion on Venture Success

Passion has been observed to be a vital piece in the motivation of entrepreneurs to succeed (Bird, 1988). Most entrepreneurs share some attributes such as creativity, devotion, determination, flexibility, leadership, passion, and self-assurance. However, ' passion' provides the unyielding determination to forge ahead irrespective of cost and barriers, persistence and focus and the ability to convince others of the viability of vision (Hubner & Baum, 2015). Passion invokes in entrepreneurs hot and overpowering feelings filled with an enduring desire to succeed despite challenges. Cardon et al. (2005) noted that passion provokes long-term enduring emotions in successful entrepreneurs concerning the business such that if negative episodic emotion such as feelings of frustration is evoked in the early stages, the entrepreneur may imagine the future success of the venture to provoke feelings of satisfaction and determination.

I. Entrepreneurial Education

In recent years, the concept of entrepreneurship and innovation has been growing in recognition in academia and globally. Many universities have introduced academic programs and courses in this area, and some have made it compulsory course for all streams of education (Saji & Nair, 2018). Africa is facing a youth unemployment crisis, with more than one in five young people unemployed and not in school or undergoing training, and the situation is getting worse. Entrepreneurship Education at the school level is consistently scored low by national experts. Improvements in school entrepreneurship education could be a relatively low-cost, high-impact means of enhancing the entrepreneurial environment (GEM, 2022). Entrepreneurship and skill development training will help entrepreneurs to obtain the information and resources needed to formulate successful strategies to enhance entrepreneurial capacity. Entrepreneur's success is thus enhanced by qualitative education, skill development and capacity enhancement training (Hampel-Milagrosa, 2014).

Education provides needed information, measured confidence and abilities to take qualitative business decisions in finance, human development, innovation, marketing and sales. Entrepreneurial education enhances the ability of entrepreneurs to launch and operate successful businesses, create new jobs and invent unique market offerings (Rauch & Helsinki, 2015). Furthermore, it helps potential entrepreneurs comprehend the multistage venture creation process, understand the risks associated with entrepreneurship, learn to expect and deal with failure, and develop an innovative mindset which can be utilized in other contexts besides new venture creation (Bandera et al., 2020). A well-educated young entrepreneur with solid social capital living in a country that is favourable towards entrepreneurship and has a strong positive perception of youth entrepreneurship will more likely succeed than other young entrepreneurs (De Gobbi, 2014).

Culture and social environment largely influence the beliefs and perspectives of people towards entrepreneurship, meaning that the desire and decision to become an entrepreneur is a reflection of the combination of economic and environmental forces since the conduct and orientation of people are affected by ecological and individual variables (Rathee & Rajain, 2017). Since the culture and social environment can be changed, it is possible to deliberately change negative perspectives and beliefs towards entrepreneurship through education and acculturation.

Hatten and Ruhland (1995) determined that entrepreneurial characteristics and attitudes of college students changed after participating in a small business institute. Ede et al. (1998) examination of African-American students' attitudes toward entrepreneurship education revealed that students exhibited different levels of attitudes toward various aspects of the entrepreneurship curriculum largely influenced by parental background, GPA, age, gender, number of entrepreneurship classes taken and student classification. This profound finding affirms the relevance of entrepreneurship education as a vehicle for producing more and better entrepreneurs and enhancing entrepreneurial success.

J. Boosting Economic Growth through SMEs

Globally, Small and Medium Enterprises (SMEs) have long been accepted as economic growth and development engines. SMEs account for most businesses worldwide and are important contributors to job creation and global economic development. SMEs significantly contribute to the global economy as they represent over 90 per cent of the business population, employ 60-70 per cent of the labour population and account for 55 per cent of developed economies and 40 per cent of emerging economies' GDP (WTO,2016). The development of SMEs has become exigent for governments worldwide as the World Bank has estimated that 600 million jobs will be required by 2030 to accommodate the growing global workforce.

The surge in SME activities in countries like South Korea, Taiwan and Japan has been linked to the growth of their economies. SMEs have also played a crucial role in China's rapid industrialization and development and account for approximately 99 per cent of the total business ventures. The Chinese SMEs produce around 6 per cent of the total industrial output and approximately 40 per cent of the total profits and taxes achieved by the various industries in China. SMEs generate more than half of the GDP of the US and account for 99.9 per cent (30.2 million small businesses) leaving roughly 30,000 businesses labelled as large (US Chamber of Commerce, 2021).

In Pakistan, SMEs constitute about 90 per cent of business ventures and contribute yearly GDP of up to 40 per cent and exports of about 30 per cent. In Turkey, SMEs constitute more than 99 per cent of ventures in the manufacturing sector, provide 76.7 per cent of total employment, contribute 10 per cent of exports and attract 26.5 per cent of investment (KOSGEB, 2005).

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African governments need to follow the path charted by several successful economies that have boosted the economy and created jobs through the deliberate formulation of growth strategies and policy reforms, provision of capacity building and financing support and a conducive business ecosystem to boost SMEs.

K. Financial Support & Bankruptcy

SMEs have a staggering bankruptcy rate, and quite a number die out before they cross the five-year threshold. Several reasons for SME business failure include lack of or declining patronage and lack of capital for operations and expansion. Money crunch bites into the SME fibre, eroding it bit by bit. Although four out of five jobs available in developing markets are created by SMEs, around 50 per cent of the SMEs lack access to finance or capital investment. SMEs are less likely to be able to obtain bank loans than large firms. Instead, they rely on their own funds or cash from friends and family rather than government loans or private institutions for financial support to start their ventures. Sixty-five million firms, or 40 per cent of formal micro, small and medium enterprises (MSMEs) in developing countries, have an estimated unmet financing need of $5.2 trillion annually, equivalent to 1.4 times the current level of the global MSME lending (IFC, 2017).

East Asia and the Pacific region account for the largest share (46 per cent) of the total global finance gap followed by Latin America and the Caribbean (23 per cent) and Europe and Central Asia (15 per cent). About 80 per cent of sub-Saharan African SMEs lack access to bank financing. The World Bank has estimated the SME financing gap in sub-Saharan Africa to be $330 billion, with the estimated needs of the West African Economic and Monetary Union (comprising eight mostly French-speaking countries) alone put at US $80 billion (Kobo,2021). The survival of the over 40 million companies that account for 60 per cent of jobs in Africa depends on funding.

L. Incentives and Support for SME

Incentives and support are provided to SMEs at the national level and from other sources to foster economic growth through entrepreneurship. SME support and grant funds are increased every four years in the European Research Area (ERA) framework programs. They were € 3.6 billion in the 6th Framework Program, € 7.0 billion in the 7th Framework Program, approximately € 9.5 billion in the 8th Framework Program and € 12 billion in the 9th Framework Program (Erdin & Ozkaya, 2020). Additionally, every European country has incentive and support programs for SME enterprises.

Malaysia has introduced several policy interventions and schemes to promote entrepreneurship. They include '1 Malaysia Entrepreneur', a Government initiative to enable entrepreneurs from all segments of society to successfully start and grow their businesses by leveraging public & private sector resources, and 'Startup Malaysia', a project-based learning approach to educate entrepreneurs and entrepreneurially minded people on the first principles of entrepreneurship. The model has been very successful in stimulating business startups and innovation. The success of economic diversification has resulted in the manufacturing sector's employment of 36 per cent of the population and accounting for 40 per cent of the GDP (CIA, 2015).

Malaysian government's promotion of entrepreneurship and business startups has resulted in SME growth of 7.1 per cent compared to 4.9 per cent growth recorded by the economy over a decade (Timm, 2015) and in the growing contribution of SMEs to overall GDP from 32.2 per cent in 2010 to 35.9 per cent in 2014. GEM (2014) reported that Malaysia had recorded an improvement-driven opportunity TEA increase in the last five years. This positive trend affirms the success of government entrepreneurship funding initiatives as more people are starting and succeeding in business and innovations, aiding the transition of the economy from efficiency-driven to innovation-driven. African governments do not need to reinvent the wheel but should simply adopt and adapt entrepreneurship support initiatives that have launched other countries unto the path of economic growth and prosperity.

CHAPTER SIX
CONCLUSION

International trade in goods and services interconnects humanity and enhances value production and consumption. It has facilitated the rapid economic growth of many countries, some of which have achieved developed economic status and prosperity. The world, since 2008, has been in the fourth wave of globalization of trade. However, Africa still needs to maximize the full potential of the previous waves and appears unprepared for the current wave of globalization. The current wave of globalization is driven by the technology of the Fourth Industrial Revolution, cyber technology, leading to the creation of a digital economy. The digital economy that was birthed during the third wave of globalization has become an economic powerhouse through e-commerce, c-commerce, 3D printing, and digital services and is further enabled by artificial intelligence and robotics.

Approximately half of the world trade involves similar high-income economies of the United States, China, the European Union, Japan, Canada, and Mexico. Despite its size and potential, Africa's economy has not significantly grown in the last forty years compared to its peers at the time, Asia and South America. Africa's share of the world's economy shrunk from 3.41 per cent in 1970 to 2.81 per cent in 2019, while South America, with the same share of the world market in 1970, has improved to 4 per cent. While the market share reflects relevance, Africa is not relevant in today's economy with its paltry contribution to the World economy.

There is a high external orientation to Africa's trade and exports, with most trading done with countries outside the Continent. For 2015-2017, Intra-Africa trade which possesses a tremendous potential for building sustainable economic development and integration, was about 15.2 per cent compared to Europe at 67 per cent, Asia at 61 per cent, America at 47 per cent and Oceania at 7 per cent. Intra-Africa exports were 16.6 per cent of total exports, considerably less than Europe at 68.1 per cent, Asia at 59.4 per cent and America at 55 per cent.

Africa is ranked the poorest Continent, with 478 million people living in extreme poverty in 2019. The emergence of AfCFTA is crucial for Africa and presents the best prospect for boosting growth, reducing poverty, and widening economic inclusion. The AfCFTA offers a clear pathway to a broader and deeper economic integration, attracts an inflow of investment, boosts trade, provides better jobs, reduces poverty, and increases shared prosperity in Africa, which could see FDI increase by 111-159 per cent (Echandi, Maliszewska & Steenbergen*, 2022).*

Africa is plagued with infrastructural gaps and institutional voids, many of which have been identified and resolutions incorporated into the AfCFTA agreement. For instance, the African Development Bank has estimated the infrastructure financing needs of Africa to be up to $170 billion annually by 2025, with a financing gap estimated at $68-108 billion a year (AfDB, 2020). The much-needed investment for infrastructure development can be attracted as the projected gains of AfCFTA resulting from trade expansion begin to be realized by boosting public-private partnerships (PPPs) and developing domestic and regional capital and debt capital markets. AfCFTA covers obvious barriers that include physical infrastructure covering transportation, power and communication, non-tariff barriers covering disguised trade restrictions on food exports by developed countries, border checkpoints delays, poor manufacturing base, and low or no value addition to primary product exports. Its objectives and benefits will only be realized if specific subtle barriers are identified and removed.

There are the economic structure modelling contradictions, such as the adoption and continued operations of the inherited colonial legacy systems designed solely to meet the economic needs of the colonial powers but unfit to meet the aspirations of the independent countries. Another is designing the regional economic communities to mirror the European experience without contextualizing the flavour of respective regions or trade blocs. For AfCFTA's implementation to succeed, these critical contradictions must be dismantled or contextualized to meet the Continent's needs to facilitate the transformation of the economies of Africa.

Glaring evidence shows that the multitude of African regional economic cooperation schemes has yet to succeed in accelerating growth or trade and yielded little or no economic efficiency. The operations of the several regional economic communities have yet to create any significant positive impact on the Continent's economic performance, in contrast with the success recorded by similar economic cooperation and integration schemes in other parts of the world. African leaders should have delved into these failings of the many African regional economic communities to understand better how to make AfCFTA succeed. Because of this design flaw, the verdict of the history of the performance of the regional economic cooperation initiatives cast grave doubt on the success of AFCFTA.

The external focus of African trade, dependence on primary commodities for export and low level of industrialization are not an accident but a crafty design of hegemonic powers hitherto comprising only colonial European countries and the USA but now include China. China is sub-Saharan Africa's biggest trading partner, and this strategic presence places it in a position to shape policy across the Continent. Amid fears of public debt sustainability, there are grounds to believe that China is trapping African countries in unsustainable loans to secure geopolitical leverage, as 13 countries out of 25 globally that are most likely to default on their debt obligations are from Africa. The frustration of the ECOWAS plan to adopt the 'ECO" as the region's single currency in

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West Africa by France underscores the iron grip control France exercised on the economic destiny of the fourteen former French colonies in sub-Saharan Africa. All these tell that AFCFTA will only succeed to the extent that its outcome aligns with the interest of hegemonic powers.

The African regional economic integration process has been constrained by the high incidence of conflicts among and within member states. Conflict and insecurity prevalent in Africa continue to undermine the attainment of the development objective, negatively correlated with economic development, adversely impacting economic growth, trade and exports, consumption per capita and government revenue and diverting social expenditure to security and defence expenditure (Stewart, 2004). African leaders must change their unyielding attitude to any form of discussion regarding the nationhood created by fiat at the 1884 Berlin Conference by the European colonists and permit component ethnicities to discuss and agree on terms for country formation, including the secession clause to stem mistrust and conflicts.

Africa must find pragmatic solutions to its flawed leadership recruitment process, which has only undermined the people's sovereignty, prevented hiring the best person into leadership, entrenched authoritarian regimes and sustained the domination of majority ethnic groups and power classes. Suppose the flawed leadership recruitment process is addressed. In that case, the leaders' competence, legitimacy and acceptance could be leveraged to address conflicts arising from government collusion with businesses with unethical practices, poverty and inequality and circumscribing of citizens' rights.

The implementation of AFCFTA cannot achieve its intended objectives, and Africa and the rest of the world will only realize the benefits discussed if the subtle barriers are confronted and addressed along with the obvious barriers discussed and incorporated into the AFCFTA document. AFCFTA will not work for Africa under the current conditions due to the poor economic conditions of many African countries and the inability of local manufacturers to sufficiently scale up, leaving manufacturing companies owned by countries like China to corner the benefits. For a continent with 70 per cent of the population below the age of 35 years, most of whom are twice likely going to reach adulthood jobless compared to the adult population, Africa is indeed facing severe shortages of employment opportunities. Unemployment problems must be addressed before AFCFTA objectives can be realized.

Entrepreneurship helps to accelerate growth in the economy, creates jobs, encourages competitiveness in the economy and enhances productivity (Tracy, 2013). SMEs account for most businesses worldwide, are significant contributors to job creation and global economic development and have long been accepted as economic growth and development engines. Entrepreneurs in the African market face business startup and sustainability threats due to country and firm-level barriers, including infrastructure, institutional support and effectiveness, and access to finance. The crucial factors for creating a conducive business atmosphere, taking into account other factors such as human capital, physical infrastructure, and the level of development of a country, are the effectiveness of government, political stability, the rule of law, regulatory quality, and the absence of corruption. Thus, African governments have significant roles to play in creating an atmosphere conducive to business.

The support required by African entrepreneurs to promote entrepreneurial activity and achieve sustainable and inclusive growth includes investing in education, providing financing options for starting and running a business, developing a partnership between government and private sectors, support for research and development and infrastructure development (IEG, 2014). Therefore, African governments must emulate several developed and emerging economies that have achieved economic growth and development and successfully created jobs through the deliberate formulation of growth strategies and policy reforms, provision of capacity building and financing support and a conducive business ecosystem to boost SMEs. Hopefully, this paper will benefit Africa's Government and policymakers and add a fresh academic perspective.

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