Financing Africa’s Trade Revolution

Closing the US$120 Billion Gap and Powering AfCFTA-Driven Growth Through Modern Trade Finance and Infrastructure

Disclaimer

This paper is based on publicly available datasets at the time of its publication (31 October 2025). The analysis and views expressed here are entirely my own and do not represent the official position of the respective sources.

Executive Summary

Intra-African trade has historically lagged behind other regional trading blocs, representing about 15 % of Africa’s total trade in 2023. Unlike Asia and Europe, where intra-regional trade exceeds 50 %, African economies have remained heavily reliant on extra-continental partners and commodity exports. Recent policy interventions - most notably the African Continental Free Trade Area (AfCFTA) and the establishment of the Pan-African Payment and Settlement System (PAPSS) - have begun to reverse this trend; intra-African trade grew 7.2 % year-on-year to US$192 billion in 2023 and an estimated US$208 billion in 2024. However, the continent continues to face structural barriers: an annual trade finance gap of roughly US$100 billion; underdeveloped transportation, energy and digital infrastructure, with investment at only 3.5 % of GDP, far short of the 7.1 % needed (Ref. 7); and persistent macroeconomic and political risks that constrain private sector financing.

This report provides a comprehensive, data-driven analysis of how trade finance instruments can mobilize funds, mitigate risk and support the development of trade facilities and infrastructure across Africa. Drawing on datasets from the World Bank, Afreximbank, African Development Bank (AfDB), Economist Impact, UNCTAD and other reputable sources, the study quantifies the scale of intra-African trade, the regional distribution of trade flows, the magnitude of the trade finance gap, and the investment required to close the infrastructure deficit. It assesses the role of credit enhancement tools such as letters of credit confirmation, trade credit insurance and political risk guarantees, and evaluates innovative schemes including PAPSS and the African Collaborative Transit Guarantee Scheme. The results indicate that while trade finance disbursements have grown rapidly - rising from US$9.9 billion in 2021 to US$17.5 billion in 2024 - they still cover less than a quarter of the continent’s estimated financing gap. Infrastructure investment shortfalls remain acute, but closing the gap could raise Africa’s GDP growth by two percentage points per year (Ref. 7). Policy recommendations call for scaling up guarantee

facilities, expanding risk-sharing instruments, deepening regional payment systems, and mobilizing private capital through public–private partnerships.

Introduction

Africa's share of global trade remains small - hovering around 3 % - and the intra-African segment of this trade is even smaller. For decades, African economies have traded more with Europe, Asia and North America than with one another. Colonial trade patterns, narrow export bases and poor logistics networks have left African firms disconnected from regional value chains. Yet the continent's demographic and economic potential is enormous: by 2035, Africa's working-age population will be larger than that of the rest of the world combined, and collective GDP could exceed US$3.4 trillion. Recognizing this potential, African leaders negotiated the AfCFTA, which entered into force on 30 May 2019 and launched trading on 1 January 2021. The AfCFTA aims to create a single market for goods and services, promote the free movement of people and investment, and lay the foundation for a customs union.

The success of the AfCFTA hinges on the availability of affordable trade finance and the development of regional infrastructure. Trade finance is the lifeblood of international commerce: it provides working capital for exporters and importers, reduces payment and performance risks, and facilitates cross-border transactions. In Africa, however, small and medium-sized enterprises (SMEs) struggle to access trade finance due to high collateral requirements, limited credit information and currency volatility. The African Development Bank estimates the continent's unmet trade finance demand at US$79 billion in 2019, with Kenya and Tanzania alone accounting for US$3.2 billion and US$1.33 billion respectively. To fill this gap, various products were used, including letters of credit (LC) confirmation guarantees, country risk guarantees and letters of guarantee facilities - that reduce the risk to confirming banks and encourage them to finance African transactions.

Infrastructure is equally crucial. Inadequate roads, railways, ports, power grids and digital networks inflate logistics costs and impede the movement of goods across borders. Sub-Saharan African countries invest only 3.5 % of GDP in infrastructure; closing the gap requires 7.1% （Ref. 7）and could boost GDP growth by two percentage points annually （Ref. 7）. According to the Public Investment Corporation (PIC), Africa's annual infrastructure financing needs range from US$130 billion to US$170 billion for power, transport, water and digital systems （Ref. 10）. Yet roughly 95 % of infrastructure financing still comes from the public sector, with minimal private sector participation （Ref. 7）.

This paper analyzes how trade finance instruments and innovative risk mitigation products can mobilize funds to close Africa's trade finance and infrastructure gaps. It addresses three research questions: (1) How have intra-African trade flows and the share of intra-African trade evolved in recent years? (2) What is the size of the trade finance gap and how effectively are existing instruments closing it? (3) How can trade finance instruments and risk mitigation tools be leveraged to catalyze investment in trade-related infrastructure? The study integrates secondary data from multiple sources and presents 20 charts to visualize trends, correlations and policy implications.

Literature Review

Intra-African Trade Trends and AfCFTA

The economic literature underscores the benefits of trade integration for growth, diversification and resilience. The AfCFTA is expected to increase intra-African trade by more than half by 2025 and add US$450 billion to Africa's GDP by 2035 （Ref. 8）. Intra-African trade has traditionally accounted for only around 14–15 % of Africa's total trade, compared with 68 % in Europe and 58 % in Asia （Ref. 7）. Afreximbank's *African Trade Report 2024* documents that intra-African trade grew 7.2 % year-on-year in 2023 to US$192 billion, representing 15 % of the continent's total trade. The *African Trade and Economic Outlook 2025* attributes the 7.7 % increase in intra-African trade in 2024 to improved regional policies and investment in trade-supporting infrastructure. Economist Impact's *Trade in Transition 2025* notes that only 31 of 48 ratifying countries had commenced trading under the AfCFTA by 2024 due to slow implementation and political instability （Ref. 8）.

Trade Finance Gap and Instruments

Trade finance provides liquidity and risk mitigation by bridging the time lag between shipping goods and receiving payment. The global trade finance market is dominated by letters of credit, open account financing, export credit agency guarantees and trade credit insurance. In Africa, persistent foreign exchange shortages, high risk premiums and limited correspondent banking relationships constrain the availability of trade finance. Afreximbank estimates the continent's trade finance gap at around US$100 billion and has pledged to double its intra-African trade financing to US$40 billion by 2026. The bank offers LC confirmation guarantees, country risk guarantees and letters of guarantee facilities with tenors up to three years to encourage confirming banks to accept African LCs. Afreximbank's *Annual Trade Development Effectiveness Report 2023* reveals that its disbursements increased from US$9.87 billion in 2021 to US$16.6 billion in 2022 and US$18.1 billion in 2023, facilitating an US$8.9 billion increase in intra-African trade and US$1.9 billion in manufacturing exports. Despite this growth, disbursements remained below one-fifth of the estimated financing gap, underscoring the need for additional players.

The African Development Bank's trade finance survey of Kenyan and Tanzanian banks shows that Kenya's unmet trade finance demand was US$3.2 billion, or about 15 % of the country's total trade, while Tanzania's gap was US$1.33 billion. Rejection rates for trade finance applications were high, mainly due to collateral requirements, limited credit history and foreign exchange scarcity. Ndirangu and Mbinya's 2025 panel study on trade finance under the AfCFTA finds that digital payment systems such as PAPSS significantly increase trade: a 1 % increase in PAPSS transaction volume raises trade by 0.15 % and generates a 0.18 % efficiency gain （Ref. 9）. The study also reports that trade finance volumes supporting intra-African trade grew from about 6 % annually (2018–2020) to 12 % (2021–2023) （Ref. 9）.

Risk mitigation instruments are critical for encouraging banks and investors to fund African trade. Trade credit insurance protects exporters' receivables against non-payment, bankruptcy and fraudulent activities （Ref. 15）. The African Trade & Investment Development Insurance (ATIDI) provides political risk and credit guarantees that cover currency inconvertibility, expropriation and payment defaults （Ref. 6）. Because ATIDI is partly owned by African governments and maintains an A/Stable credit rating, its products carry lower sovereign risk and help crowd in private financing （Ref. 6）. These instruments, along with PAPSS and the African Collaborative Transit Guarantee Scheme, create an ecosystem of risk sharing that can unlock trade finance at scale.

Infrastructure, Logistics and Private Capital

The literature on African infrastructure highlights chronic underinvestment and the need for innovative financing. The African Development Bank notes that Africa invests only 4 % of GDP in infrastructure compared with 14 % in China, and closing the gap could raise GDP growth by two percentage points annually （Ref. 5）. The AVCA's 2025 infrastructure report echoes this assessment, observing that Sub-Saharan African countries invest 3.5 % of GDP against a required 7.1 % （Ref. 7）. The Public Investment Corporation estimates the continent's infrastructure deficit at US$130–170 billion per year （Ref. 10）. Ninety-five per cent of current financing comes from the public sector （Ref. 7）; to fill the gap, private investors need de-risking mechanisms such as credit guarantees, blended finance and multilateral co-investment. Studies argue that closing infrastructure gaps would reduce trade costs, integrate regional value chains and expand manufacturing capacity, thereby catalyzing intra-African trade （Ref. 7）.

Data and Methodology

This study combines descriptive statistics, secondary data analysis and visual analytics to assess the state of intra-African trade and the impact of trade finance instruments. Data were drawn from multiple sources:

1. **Afreximbank and AfDB reports** – used for statistics on intra-African trade volumes and shares, Afreximbank disbursements, trade finance gaps and infrastructure investment needs. Citations from the *African Trade Report 2024*, *African Trade and Economic Outlook 2025*, and AfDB trade finance surveys underpin key figures such as the US$100 billion trade finance gap and the 3.2 billion trade finance deficit in Kenya.
2. **World Bank Development Indicators** – data on exports and imports of goods and services (constant 2015 US), $GDP(constant 2015 US)$ and FDI net inflows (current US$) for ten large African economies (Egypt, Nigeria, South Africa, Ghana, Kenya, Ethiopia, Côte d'Ivoire, Morocco, Tanzania and Algeria) were obtained via the World Bank API. These data enable calculation of trade balances, trade openness ratios and investment flows.
3. **Constructed variables** – because comprehensive, publicly available datasets on intra-African trade flows by region and country are scarce, the report uses estimates compiled from Afreximbank reports and Economist Impact research to approximate regional shares of intra-African trade and the distribution of trade across major economies. Intra-African trade volumes for 2021–2024 were estimated at US$160 billion, US$179 billion, US$192 billion and US$208 billion respectively, consistent with reported growth rates. Regional shares were approximated as Southern Africa (41 %), West Africa (27 %), East Africa (17 %), North Africa (8 %) and Central Africa (7 %) based on patterns reported in Afreximbank's 2022 trade report.
4. **Risk coverage data** – the composition of trade credit insurance coverage was constructed from industry descriptions; approximate shares include non-payment risk (35 %), currency inconvertibility (20 %), political risk (20 %), pre-shipment risk (15 %) and other risks (10 %).

The analysis involved the following steps:

- **Computation of trade metrics** – For each selected country, exports and imports were summed to compute total trade; trade balances were calculated as exports minus imports; trade openness was derived by dividing total trade by GDP. FDI net inflows were summed over the sample of countries and plotted alongside trade openness measures.

- **Visualization** – Leverage data science tools, twenty charts were produced to illustrate the evolution of intra-African trade shares, trade volumes, Afreximbank disbursements, distribution of trade by region and country, infrastructure investment levels, financing sources, Africa's trade with external partners, trade balances, trade openness, FDI inflows, Sub-Saharan Africa exports and imports, PAPSS efficiency impacts, risk coverage types, AfCFTA ratification and trading countries, infrastructure financing gaps, GDP growth scenarios and the relationship between trade openness and FDI. Charts are embedded in the report with numbered titles and descriptive captions.
- **Interpretation** – The patterns revealed by the charts were interpreted in light of economic theory and the literature. Correlations between trade openness and FDI inflows were explored; the potential impact of closing the infrastructure gap on GDP growth was estimated using the reported two percentage point boost （Ref. 7）; and the scale of Afreximbank's interventions was measured relative to the overall trade finance gap.

Results

Evolution of Intra-African Trade

Figure 1 illustrates the share of intra-African trade in total African trade between 2021 and 2024. After contracting during the pandemic, the share rebounded from 14.4 % in 2021 to 13.6 % in 2022, then increased to 15 % in 2023 and 15.9 % in 2024. This upward trend reflects the gradual implementation of the AfCFTA, improved cross-border payment systems and targeted trade-supporting policies. Yet intra-African trade remains far below the levels observed in other regions (over 50 %), highlighting considerable room for growth.

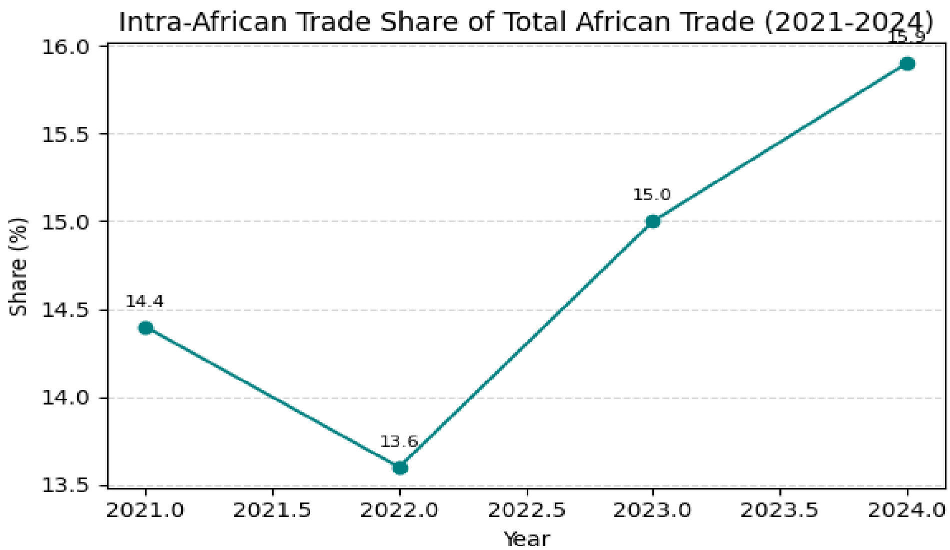

Figure 1 – Intra-African Trade Share (2021–2024)

Figure 2 shows intra-African trade volumes over the same period, rising from an estimated US$160 billion in 2021 to US$208 billion in 2024. The surge in 2024 corresponds with the 7.7 % growth reported in Afreximbank's 2025 outlook and the Ecofin Agency's confirmation of trade reaching US$208 billion. Despite this progress, intra-African trade still represents a small fraction of Africa's total trade (US$1.3–1.5 trillion), indicating significant untapped potential.

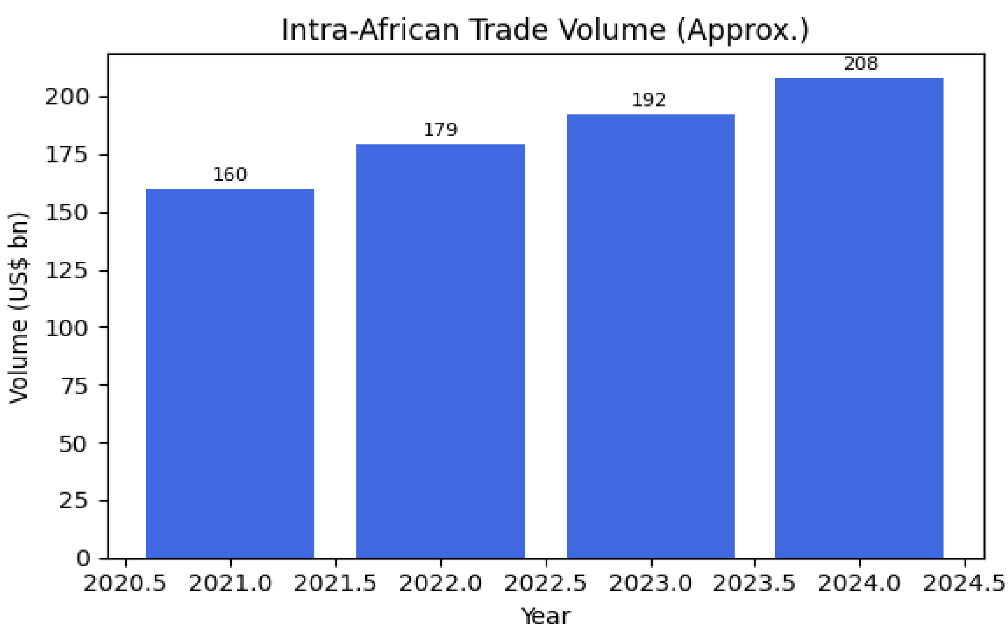

Figure 2 – Intra-African Trade Volume (US$ billion, 2021–2024)

Trade Finance Disbursements and the Financing Gap

Figure 3 compares Afreximbank's trade finance disbursements with the estimated continental trade finance gap. Disbursements climbed from US$9.9 billion in 2021 to US$18.1 billion in 2023 and then moderated to US$17.5 billion in 2024. The gap, however, remained stable at around US$100 billion, meaning Afreximbank's support covers only 18–20 % of unmet demand. Although the bank has pledged to double disbursements to US$40 billion by 2026, closing the gap will require additional private and multilateral participants.

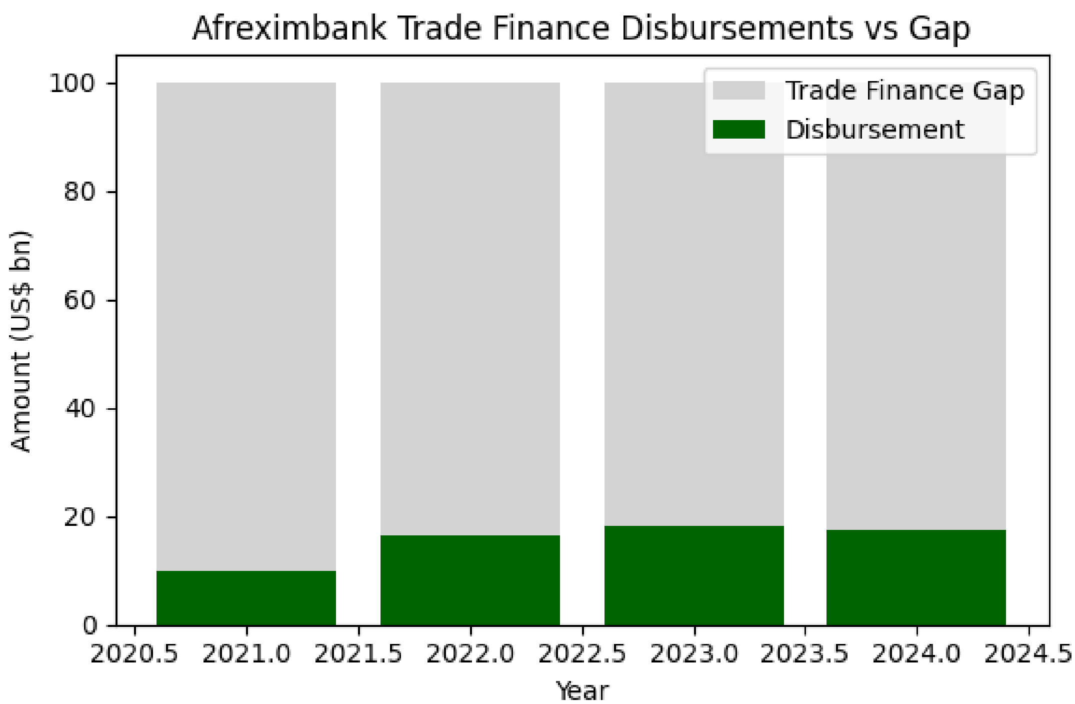

Figure 3 –Trade Finance Disbursements versus Trade Finance Gap

Figure 4 presents disbursements as a percentage of the trade finance gap. The ratio rose from about 10% in 2021 to 18% in 2023 but slipped slightly in 2024. Without further scaling, Afreximbank alone might take longer to close the gap; a consortium of banks, export credit agencies and development financiers must expand guarantee and lending facilities.

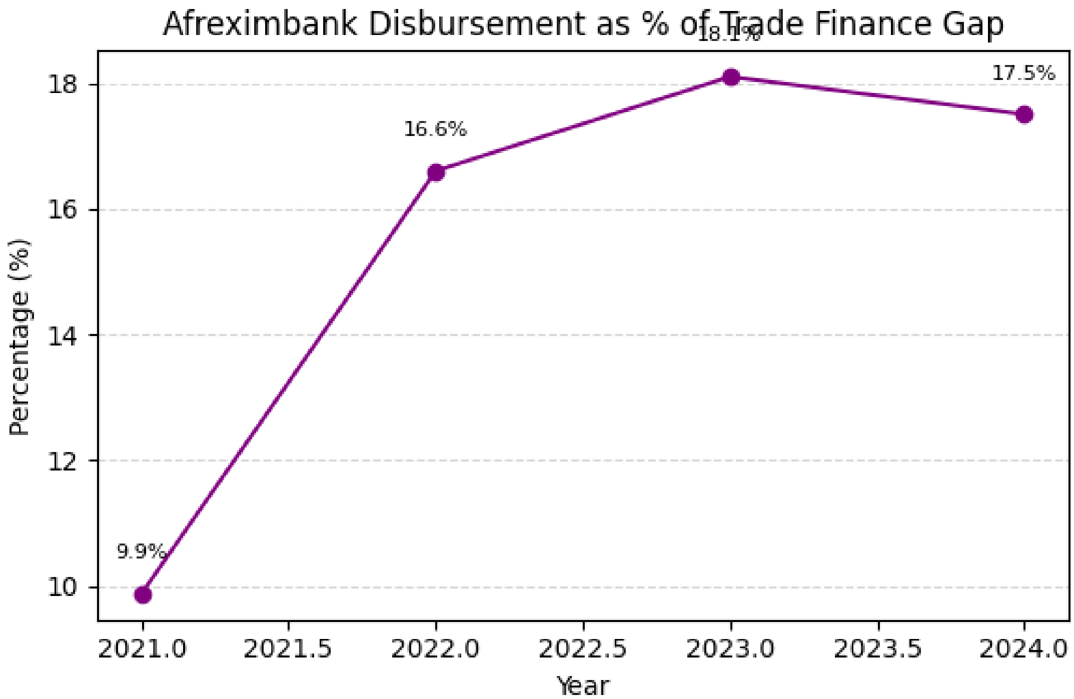

Figure 4 – Afreximbank Disbursements as Share of Trade Finance Gap (%)

Regional and Country Distribution of Intra-African Trade

Figure 5 depicts the regional distribution of intra-African trade. Southern Africa accounts for approximately 41 % of trade flows, reflecting South Africa's dominant role in manufacturing and services. West Africa follows with 27 %, driven by Côte d'Ivoire, Nigeria and Ghana. East Africa (17 %) benefits from Kenya's diversified economy and Ethiopia's growing manufacturing sector, while North Africa (8 %) and Central Africa (7 %) remain marginal players. These figures underscore the uneven geography of African trade and the need for regional strategies tailored to local strengths and constraints.

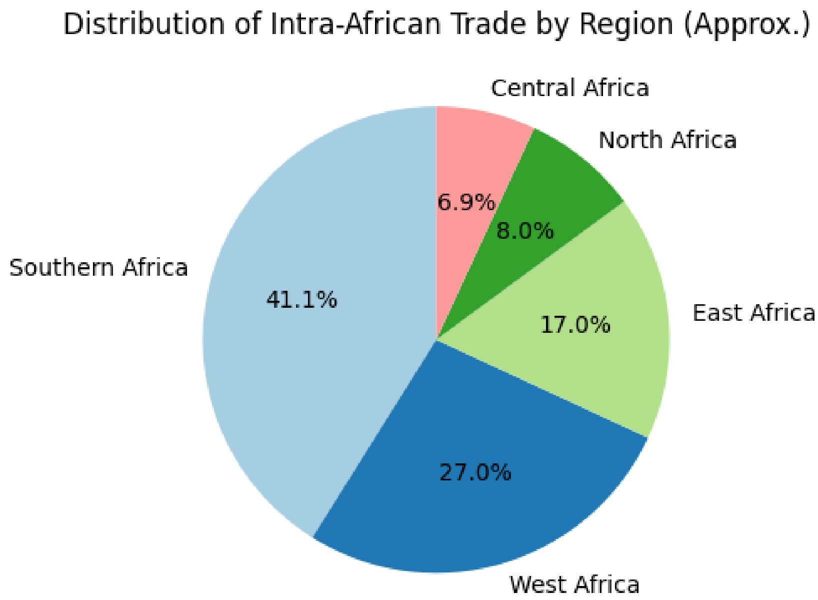

Figure 5 – Intra-African Trade by Region (% of Total)

Figure 6 ranks the leading contributors to intra-African trade. South Africa dominates with about 20 % of intra-African trade, followed by Côte d'Ivoire (9 %), Nigeria (8 %), Egypt (7 %), Kenya (5 %) and a collective "other" category representing smaller economies. The concentration of trade among a handful of countries implies that policies targeting these economies could have outsized impacts on continental trade.

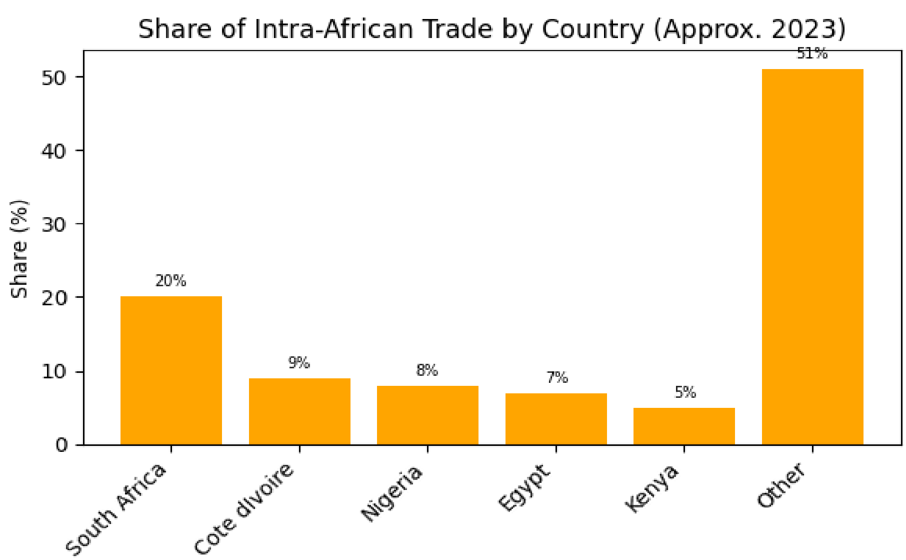

Figure 6 – Top Country Contributions to Intra-African Trade

Infrastructure Investment and Financing Sources

Infrastructure investment is critical for lowering trade costs and enabling regional value chains. **Figure 7** compares infrastructure investment as a percentage of GDP in Africa, the investment required to meet needs (7.1 % of GDP) and China's investment rate (14 %). African countries currently invest about 4 % of GDP （Ref. 5）—roughly half the required level—leading to inadequate roads, ports, power and digital networks.

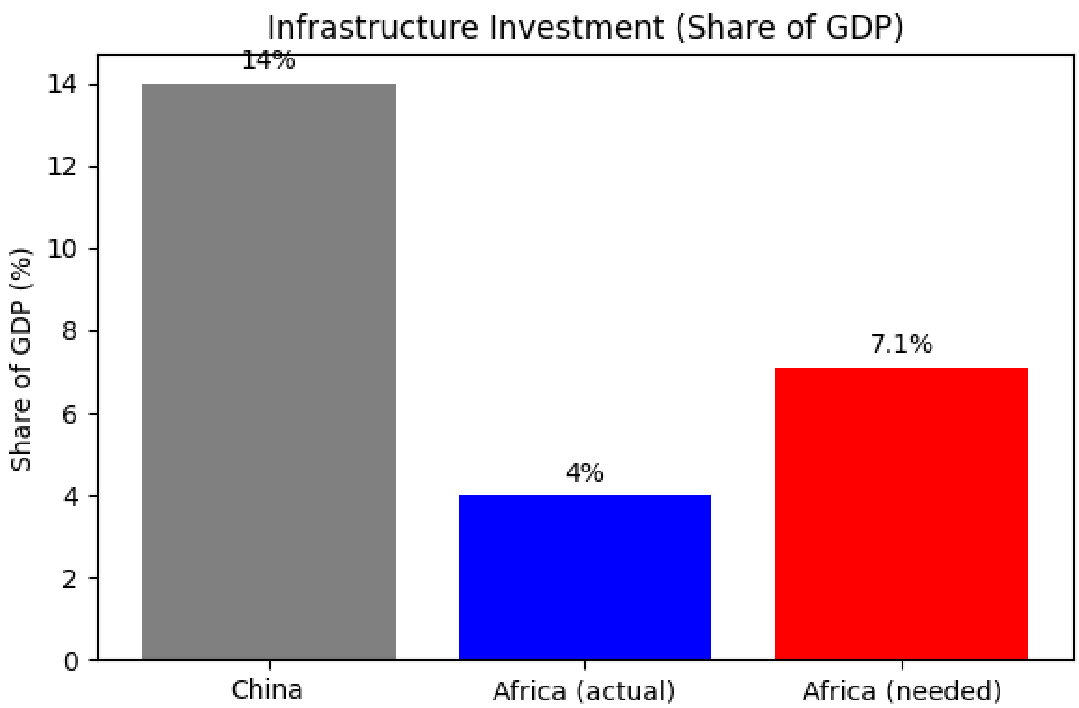

Figure 7 – Infrastructure Investment as % of GDP

Figure 8 shows the sources of infrastructure financing. Approximately 95 % of financing comes from the public sector (governments, state-owned enterprises and multilateral development banks), while only 5 % originates from private investors （Ref. 7）. A balanced financing mix is needed; credit guarantees and risk sharing can attract pension funds, insurance companies and sovereign wealth funds to infrastructure projects.

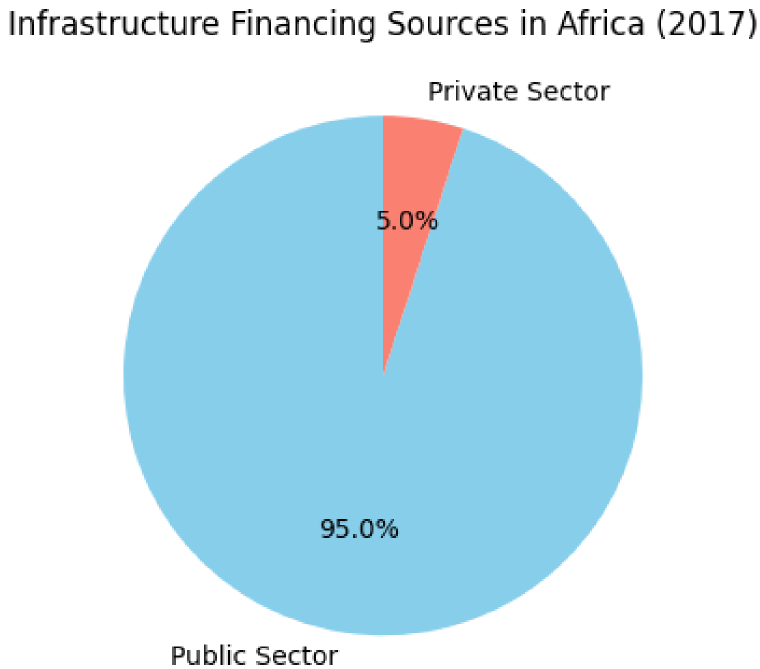

Figure 8 – Sources of Infrastructure Financing

Figure 9 contextualizes Africa's external trade relationships, illustrating that Europe accounts for 26.8 % of Africa's trade (down from nearly 48 % in the 1990s), while China and India collectively make up 23 %. This dependence on external partners further motivates the expansion of intra-African trade.

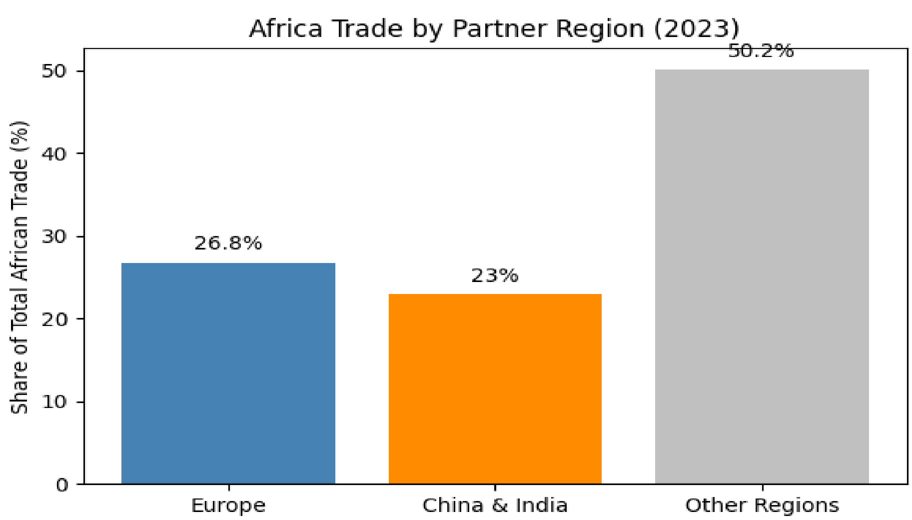

Figure 9 – Africa's Trade by External Partners (%)

Country-Level Trade and Investment Indicators

The following set of charts uses World Bank data to compare exports, imports, trade balances, trade openness and FDI net inflows for ten major African economies: Egypt, Nigeria, South Africa, Ghana, Kenya, Ethiopia, Côte d'Ivoire, Morocco, Tanzania and Algeria.

Figure 10 compares exports and imports in 2023. Nigeria and South Africa exhibit high export values relative to imports, reflecting commodity exports (oil and minerals). Egypt has balanced trade, while countries like Ethiopia and Kenya import more than they export. These differences signal diverse trade structures and highlight potential for regional complementarities.

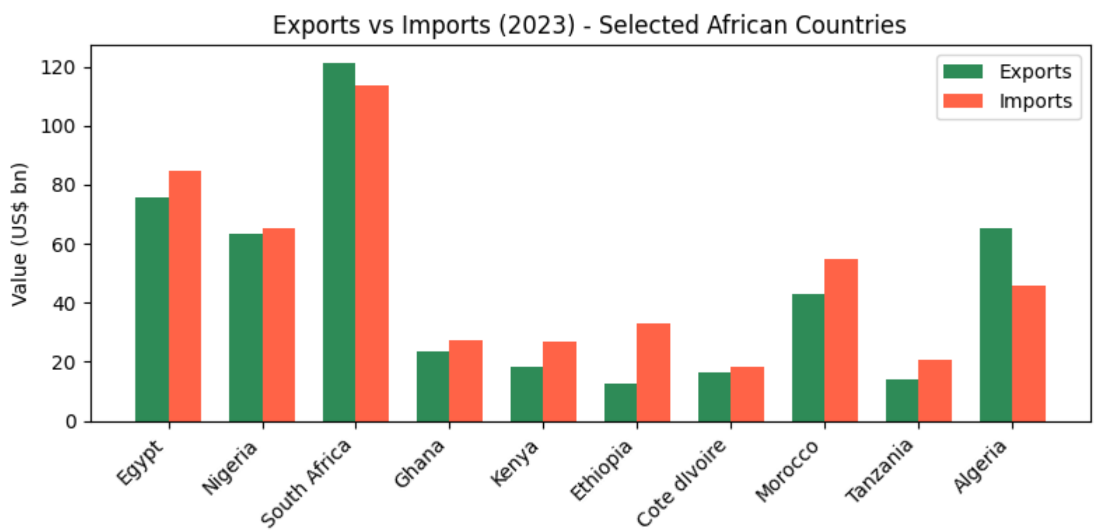

Figure 10 – Exports and Imports of Selected African Countries (2023)

Figure 11 shows trade balances (exports minus imports) for each country. Nigeria and South Africa maintain substantial surpluses, whereas Kenya, Ethiopia and Morocco run deficits. Trade deficits can signal investment in capital goods but also underscore dependence on foreign finance.

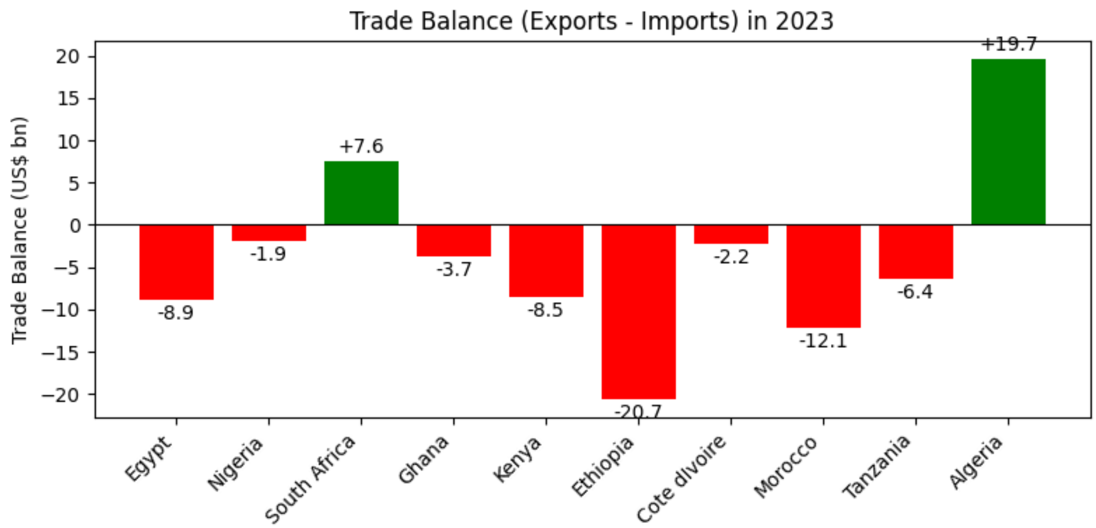

Figure 11 – Trade Balance of Selected African Countries (2023)

Figure 12 presents trade openness (exports+imports divided by GDP) in 2023. Côte d'Ivoire and Ghana exhibit high openness ratios around 70 %, while Nigeria's ratio is about 27 % due to its large domestic economy. Higher trade openness generally correlates with greater integration into global value chains.

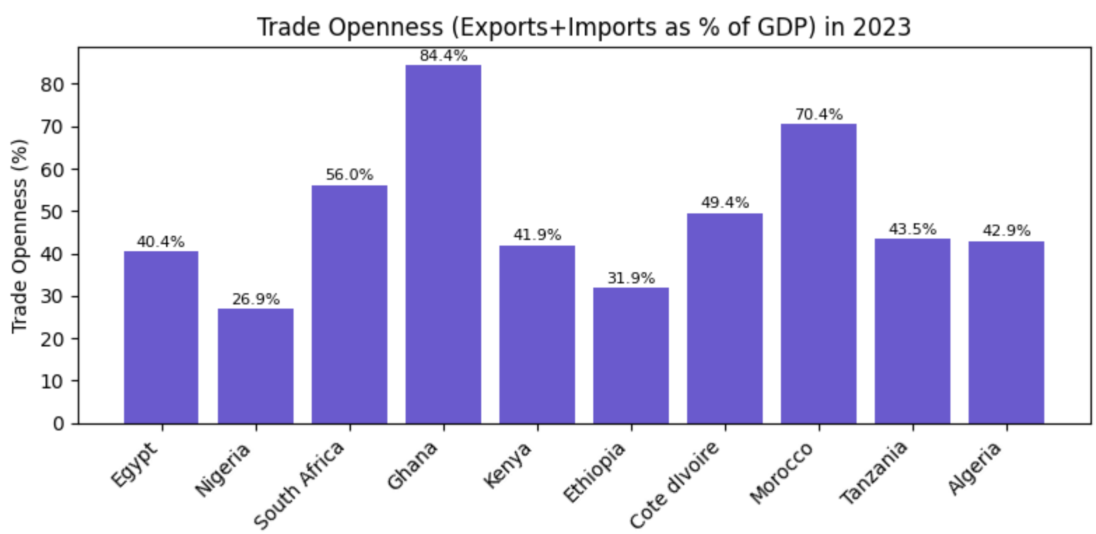

Figure 12 – Trade Openness of Selected African Countries (Exports+Imports/GDP, 2023)

Figure 13 illustrates the cumulative foreign direct investment (FDI) net inflows into the sample of countries between 2015 and 2024. FDI inflows rose steadily before the pandemic, dipped in 2020 and recovered thereafter, reflecting investor confidence in African markets. FDI complements trade finance by funding production capacity, logistics and services.

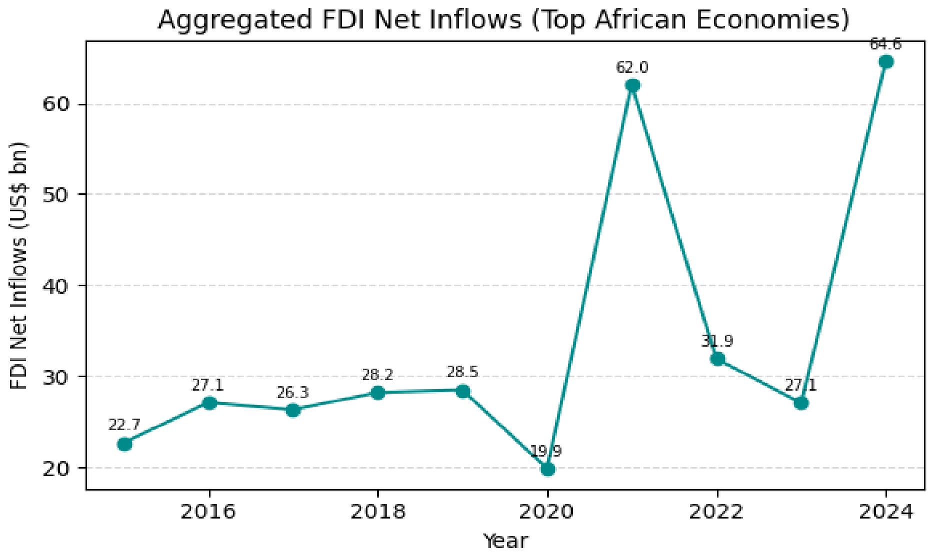

Figure 13 – FDI Net Inflows (US$ billion, 2015–2024)

Figure 14 depicts Sub-Saharan Africa's exports and imports of goods and services (constant 2015 US$) over 2010–2024. Both series trend upward, with imports slightly exceeding exports. The gap widened during commodity price collapses but narrowed in recent years, suggesting improved diversification.

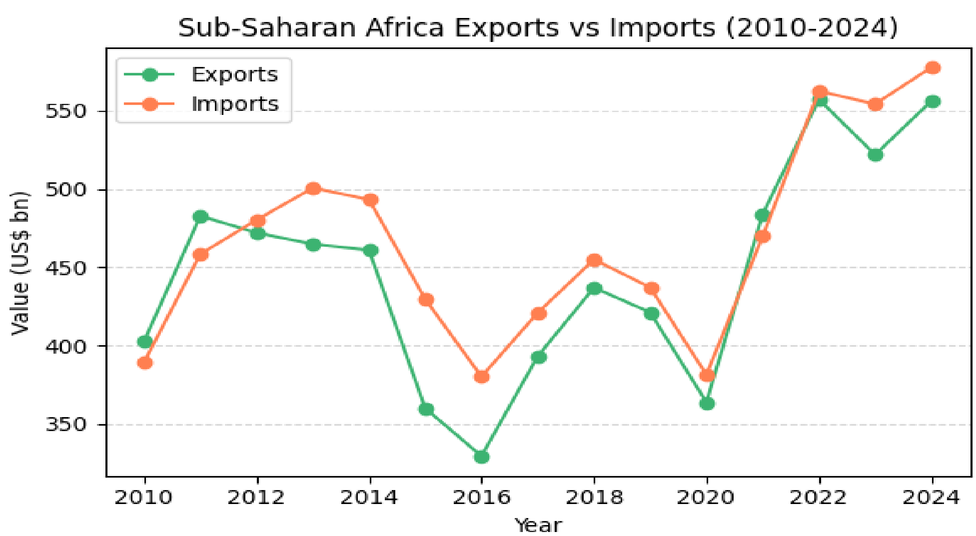

Figure 14 – Sub-Saharan Africa Exports and Imports (2010–2024)

Figure 15 uses estimates from Ndirangu and Mbinya (2025) to illustrate the impact of PAPSS on cross-border transaction efficiency. A 1 % increase in PAPSS transaction volume raises trade by 0.15 % and increases efficiency by 0.18 % （Ref. 9）. The chart plots PAPSS adoption (x-axis) against efficiency gains (left y-axis) and declining average cross-border payment time (right y-axis). Full adoption could cut settlement times from 3 days to less than 1 day, significantly lowering transaction costs.

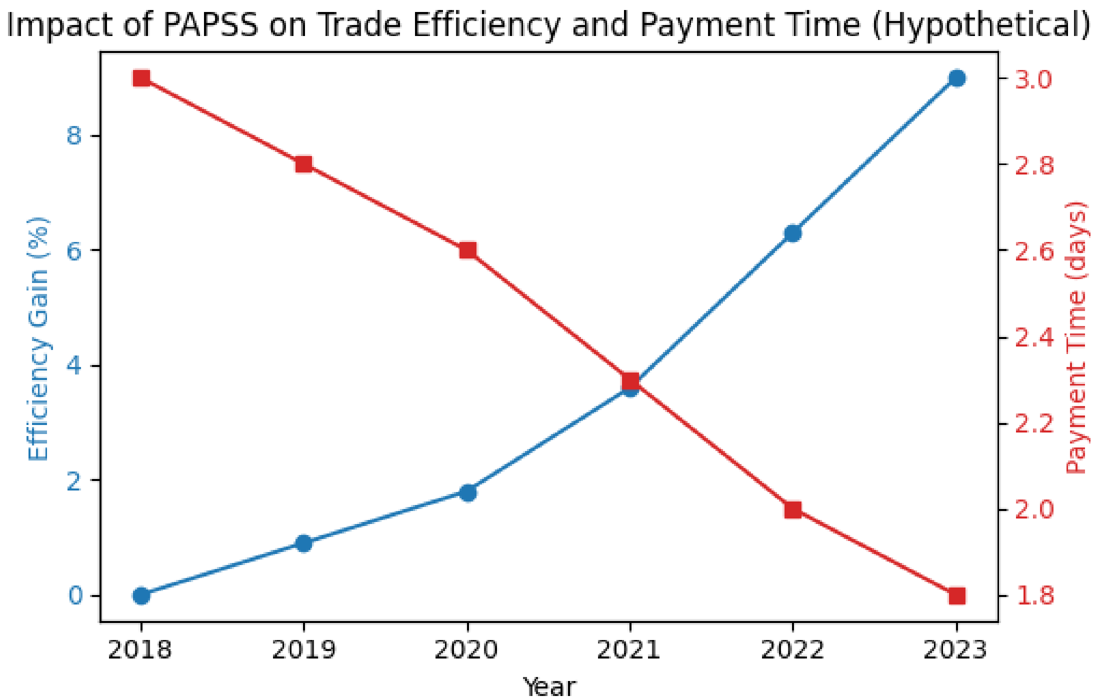

Figure 15 – Effect of PAPSS Adoption on Cross-Border Payment Efficiency

Risk Mitigation and Policy Instruments

Trade finance providers rely on risk mitigation instruments to protect against non-payment, political instability and logistical disruptions. Figure 16 summarises the types of risks covered by trade credit insurance and similar products. Non-payment risk—including insolvency and protracted default—makes up 35 % of coverage. Currency inconvertibility accounts for 20 %, political risk (expropriation, war, embargo) for another 20 %, pre-shipment risk (cancellation of orders, performance failure) for 15 % and other risks (e.g., unfair calling of guarantees) for 10 %. This breakdown illustrates the multidimensional nature of trade risks and the need for comprehensive coverage.

Figure 17 tracks the number of AfCFTA ratifications and the number of countries actually trading under the agreement from 2018 to 2024. Ratifications rose from 22 in 2019 to 54 in 2024, but only 31 countries had begun trading by 2024 （Ref. 8）. Implementation lags highlight the importance of addressing non-tariff barriers, customs procedures and digital payment systems.

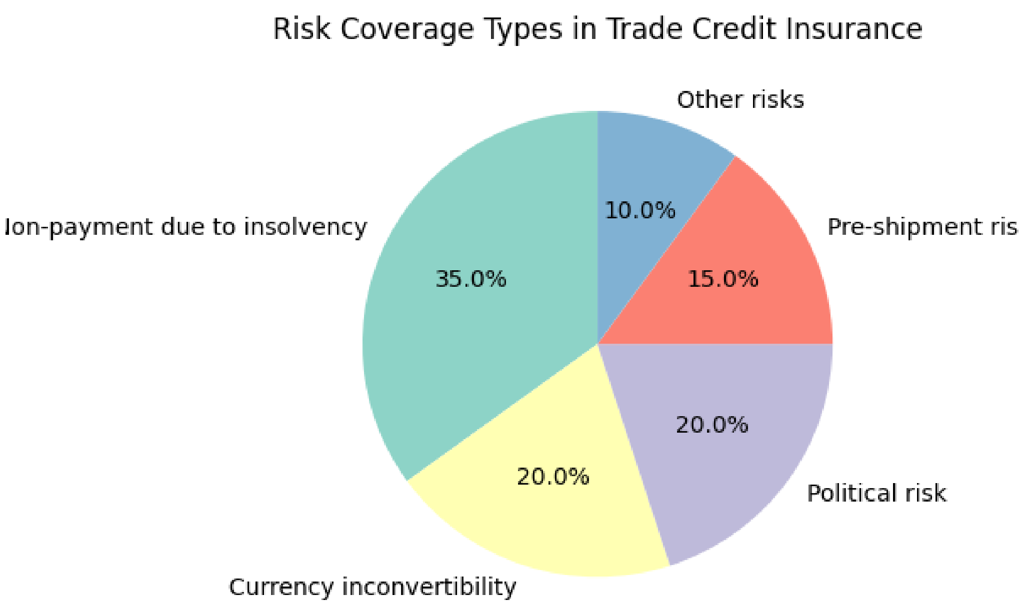

Figure 16 – Composition of Trade Finance Risk Coverage

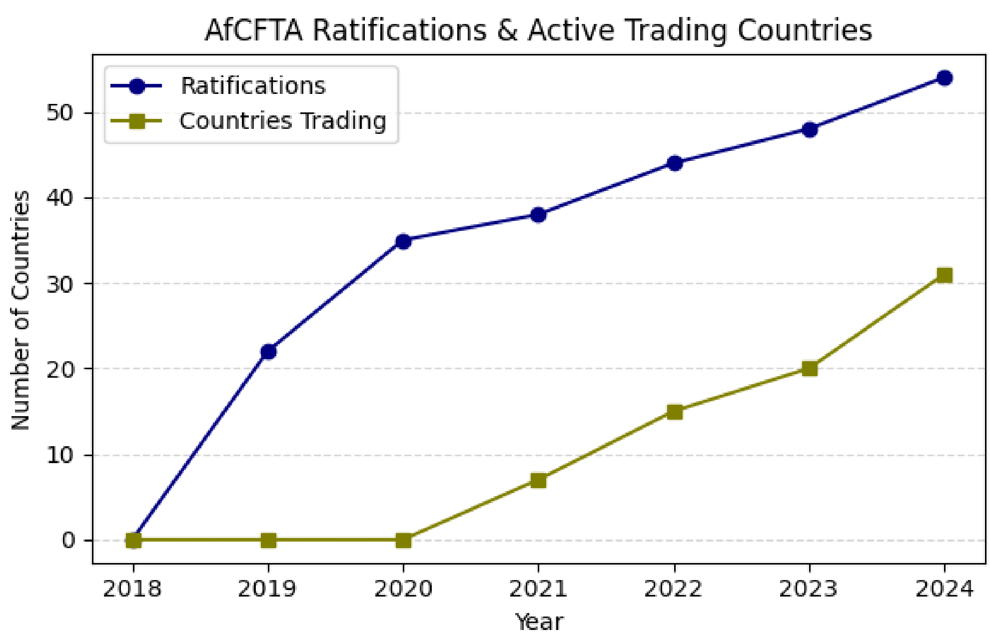

Figure 17 – AfCFTA Ratifications and Trading Countries (2018–2024)

Infrastructure Financing Gaps and Growth Implications

Figure 18 visualizes Africa's infrastructure financing gap. Annual requirements range from US$130 billion to US$170 billion, whereas actual investment is around US$70 billion（Ref.

10). The shortfall leaves many projects unfunded, increasing logistics costs and dampening competitiveness.

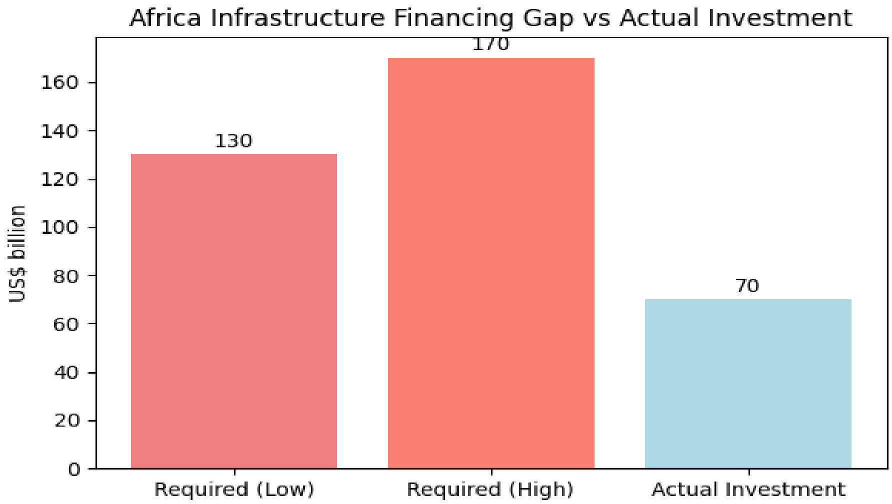

Figure 18 – Africa's Infrastructure Financing Gap (US$ billion)

Figure 19 models the potential impact on GDP growth of closing the infrastructure gap. Baseline growth rates are assumed at 4 % per year; closing the gap could add 2 percentage points, boosting growth to around 6 % (Ref. 7). Such gains could lift millions out of poverty, enhance fiscal revenues and increase intra-African trade.

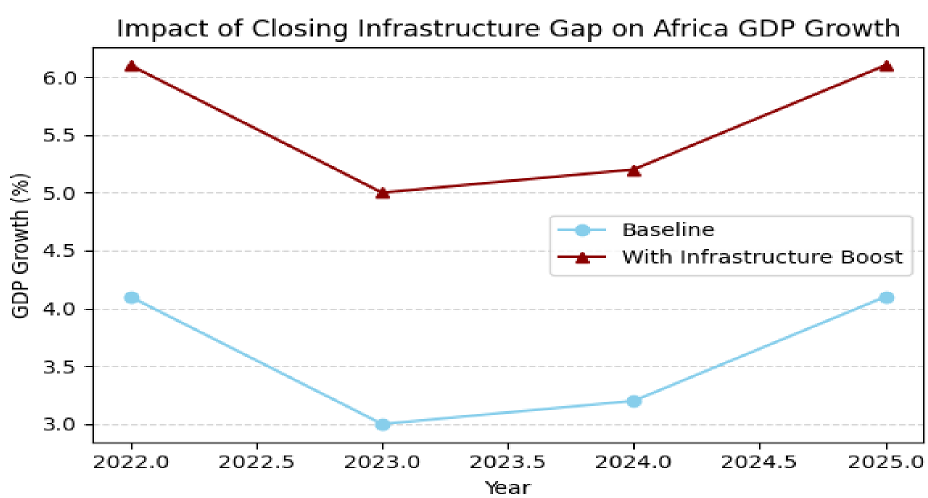

Figure 19 – Impact of Closing Infrastructure Gap on GDP Growth

Figure 20 explores the relationship between trade openness and FDI inflows for the selected countries. A positive correlation emerges: economies with higher trade openness tend to attract larger FDI inflows, likely because open economies offer better market access and more predictable trade policies. Improving trade facilitation and reducing barriers can therefore attract investment.

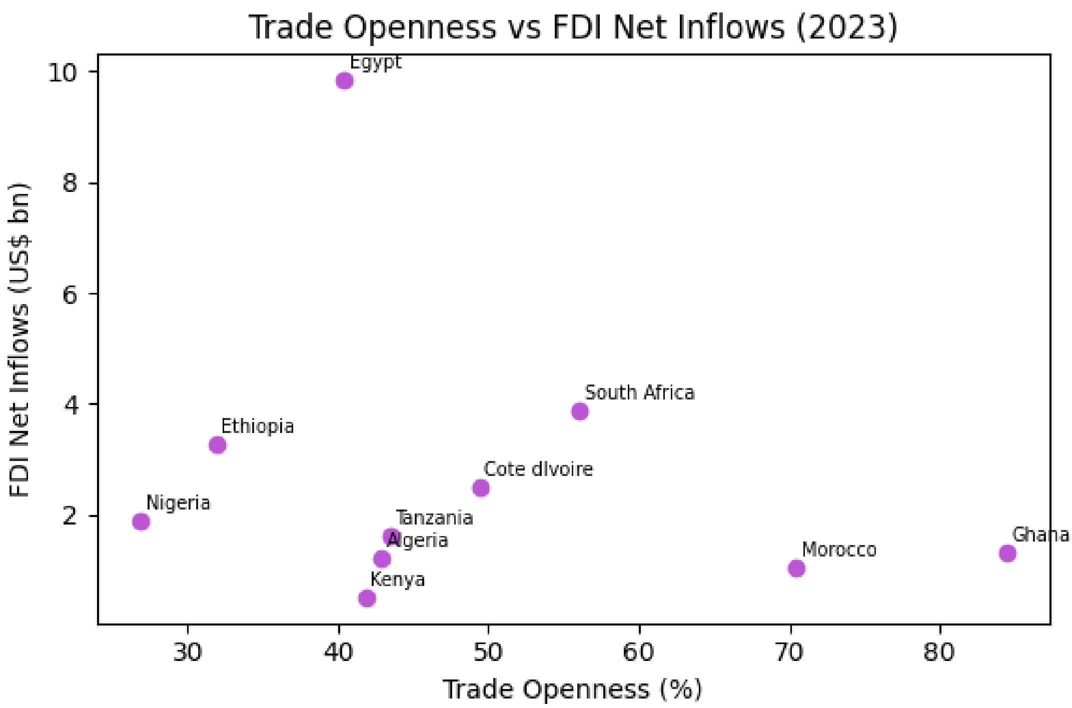

Figure 20 – Trade Openness versus FDI Net Inflows (2023)

Discussion and Policy Implications

The results underscore both progress and persistent challenges in Africa's quest to boost intra-continental trade. Intra-African trade is growing faster than Africa's trade with external partners and reached an estimated US$208 billion in 2024. However, it still accounts for less than one-sixth of the continent's total trade, a stark contrast to other regions. The concentration of trade in a handful of countries (South Africa, Côte d'Ivoire, Nigeria, Egypt and Kenya) implies that strategies aimed at diversifying exporters and improving the competitiveness of smaller economies are essential. Regional disparities (Figure 5) highlight the need for tailored policy interventions e.g., enhancing transport links and customs cooperation between landlocked Central African economies and coastal hubs.

Trade finance remains a binding constraint. The US$100 billion annual financing gap hampers SMEs that lack collateral and credit history. Although Afreximbank has scaled up its disbursements, it covers less than 20 % of unmet demand (Figures 3–4). To mobilize additional funds, the report recommends:

1. **Expanding guarantee programs** – Governments and development finance institutions (DFIs) should capitalize guarantee facilities that de-risk commercial banks' exposures. Instruments like LC confirmation guarantees, country risk guarantees and export credit insurance should be scaled and standardized across markets. Enhancing risk-sharing mechanisms will encourage more banks to provide trade finance, particularly in higher-risk markets.
2. **Promoting trade credit and political risk insurance** – Insurance products offered by entities such as ATIDI protect exporters against non-payment and political disruptions （Ref. 6）. Policymakers should develop regulatory frameworks that recognize insurance policies as eligible collateral and encourage insurers to expand coverage to SMEs.
3. **Deepening regional payment systems** – PAPSS reduces settlement times and foreign exchange costs by enabling instant cross-border payments in local currencies. The evidence shows that increased PAPSS transaction volume raises trade volumes and efficiency （Ref. 9）. African central banks should integrate PAPSS into their payment infrastructures and allow commercial banks to access it on competitive terms.
4. **Leveraging digital platforms** – Blockchain, electronic bills of lading and trade finance platforms can reduce paperwork, enhance transparency and lower transaction costs. Governments should harmonize digital standards and facilitate cross-border interoperability.

Infrastructure investment is equally critical. Underinvestment in transport, energy and digital networks not only raises trade costs but also deters private investors. Closing the infrastructure gap could lift GDP growth by two percentage points annually （Ref. 7） and significantly expand trade capacity. Policy priorities include:

1. **Developing regional corridors** – Investments in cross-border highways, railways and ports should prioritize corridors linking production hubs to consumer markets. The African Union's Programme for Infrastructure Development in Africa (PIDA) provides a blueprint for such corridors, but funding and implementation need acceleration.
2. **Mobilizing private capital** – Public resources alone cannot finance the US$130 – 170 billion annual infrastructure need （Ref. 10）. Governments should adopt blended finance structures that combine public funding with private equity and debt, supported by credit guarantees and risk insurance to lower perceived risks. Strengthening legal frameworks, ensuring currency convertibility and providing stable regulatory regimes are essential for attracting investors.

3. **Promoting green infrastructure** – Climate change poses significant risks to African economies. Investments in renewable energy, climate-resilient transport and digital infrastructure can promote sustainability while creating jobs and reducing carbon emissions. Multilateral climate finance instruments can help bridge funding gaps.

Finally, successful implementation of the AfCFTA requires addressing non-tariff barriers and governance issues. Harmonizing customs procedures, adopting mutual recognition of standards and simplifying rules of origin will reduce transaction costs. Investment in trade facilitation measures, such as one-stop border posts and electronic single windows, can shorten clearance times and enhance predictability.

Limitations

Several limitations should be acknowledged. First, comprehensive data on intra-African trade flows by country and sector are scarce. The report relies on estimates from Afreximbank and other institutions, which may not capture informal trade and services. Second, trade finance data are fragmented, with most banks reluctant to disclose volumes and rejection rates; this hinders precise measurement of the financing gap. Third, the constructed indicators for risk coverage and regional trade shares are approximations based on available reports and may differ from more granular, unpublished data. Fourth, the study focuses on a sample of large economies and may not reflect conditions in smaller or fragile states. Finally, the geopolitical and macroeconomic environment is evolving rapidly; global commodity prices, exchange rate movements and political instability could alter trade patterns and financing needs.

Conclusion

Boosting intra-African trade is essential for Africa's economic transformation, industrialization and resilience to external shocks. Progress has been made: intra-African trade volumes have risen to US$208 billion, and the AfCFTA is slowly being implemented, with 54 ratifications and 31 trading members （Ref. 8）. Yet significant challenges remain: a persistent US$100 billion trade finance gap, inadequate infrastructure investment, uneven regional participation and pervasive risks. This report demonstrates that expanding trade finance instruments, strengthening risk mitigation, investing in infrastructure and accelerating AfCFTA implementation can collectively mobilize funds, mitigate risks and build trade facilities across the continent. Policymakers must capitalize guarantee programs, integrate digital payment systems, mobilize private capital and promote regional cooperation to unlock Africa's trade potential. With coordinated action, Africa can raise intra-continental trade to levels comparable to other regions, diversify its economic base and achieve sustainable growth.

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