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THE ROLE OF THE AFRICAN EXPORT-IMPORT BANK (AFREXIMBANK) IN PROMOTING INTERNATIONAL TRADE FINANCING UNDER THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)

Nwokorie, Chidi Chukwumeziri
The Institute of International Trade and Development, Faculty of Social Sciences, University of Port Harcourt, Rivers State Nigeria.

Abstract

This study deliberated the contribution of the African Export-Import Bank (Afreximbank) to international trade financing under the African Continental Free Trade Area (AfCFTA) agreement. The paper's impetus was that of assessing the role of trade-finance institutions in the successful implementation of the AfCFTA, especially the financing needs that remain a constraint to intra-African trade. The qualitative study design used was a documentary one with secondary data sourced from books and selected and peer-reviewed journal articles and publications of reputable institutions such as Afreximbank, the African Union, African Development Bank, World Bank and the World Trade Organization. Thematic content analysis was used to analyze the data. The study revealed that poor access to trade finance, financial exclusion, foreign exchange pressures, and the integration of cross-border payment systems and the lack of infrastructure are significant trade implementation challenges that AfCFTA needs to overcome. It also highlighted Afreximbank's contribution to solving these issues, including through providing trade-finance facilities, the Pan-African Payment and Settlement System (PAPSS), and support to regional value chains, and also the AfCFTA Adjustment Fund. Such interventions have contributed to better access to finance, more efficient payment procedures and to Africa’s trade-finance architecture. The study has revealed that Afreximbank has played a notable role in furthering the implementation of the AfCFTA, but complementary efforts by African governments, such as enhancing infrastructure, regulatory harmonisation, strengthening financial systems, and providing more support for micro, small and medium-sized enterprises (MSMEs), are needed to fully realize the AfCFTA's objectives. The study calls for increased access to trade finance, faster rollout of PAPSS, better coordination of policies regionally, and more investment in trade supporting infrastructure to make sustainable trade and economic integration among African countries a reality.

Keywords:

Afreximbank, African Continental Free Trade Area (AfCFTA), International Trade Financing, Regional Economic Integration, Intra-African Trade, PAPSS.

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1. INTRODUCTION

International trade continues to be a key driver of economic development, industrialisation and sustainable growth. It enables countries to specialise in what they are good at and to access larger markets, improving productivity, facilitating technological transfer and improving economic cooperation. Trade liberalisation is not the sole means to expand international trade, however; it also requires efficient trade-finance mechanisms, which enable cross-border trade (Krugman, Obstfeld, & Melitz, 2018).

Trade finance refers to the financial instruments and services that facilitate and are essential for conducting international trade, such as raising working capital, mitigating payment risk and ensuring that transactions are settled between exporters and importers within a reasonable timeframe (World Trade Organization [WTO], 2024). Letters of credit, bank guarantees, export credit, supply-chain finance and documentary collections help to minimize commercial risks and foster trade. So, export performance and integration into international markets tend to be stronger in countries with more effective trade-finance systems.

While Africa's untapped economic potential remains huge, the lack of trade finance is still limiting the continent to playing a larger role in international and intra-African trade. Micro, small and medium-sized (MSMEs) companies are the backbone of most African economies, but often suffer from a lack of affordable credit because they do not have the necessary collateral, high lending rates, and poorly developed financial markets (African Development Bank [AfDB], 2025). These structural limitations have led to a significant trade-finance deficit, restricting production competitiveness, investment and export competitiveness.

The African Union member states saw a need to further strengthen economic integration and ratified the African Continental Free Trade Area (AfCFTA) in 2018, with trading to begin in January 2021. The AfCFTA intention is to form a single market for services and goods, to ease the movement of investments in Africa, and to enhance the regional value chain and intra-African trade. It is one of the most ambitious economic integration programs in Africa, and is projected to boost industrialisation, jobs, and inclusive economic growth (African Union, 2018).

But the removal of tariff and non-tariff barriers is not sufficient to ensure more trade. Affordable finance, effective payment systems and access to supportive financial institutions are essential for businesses to make the most of the opportunities of the Agreement. Many businesses, especially the MSMEs, still do not have access to trade finance to fund production, fulfill orders for exports or participate in regional markets.

In this background, the African Export-Import Bank (Afreximbank) has played a pivotal part in the trade finance framework in Africa. Founded in 1993 to encourage and finance trade in Africa, the Bank has become the continent's main provider of trade finance. Afreximbank has also enhanced the financial mechanisms needed to implement AfCFTA successfully, through trade-finance facilities, credit guarantees, the Pan-African Payment and Settlement System (PAPSS), support of regional value chains and the AfCFTA Adjustment Fund (Afreximbank, 2025).

While these measures have helped increase access to trade finance and increased payment efficiency, they have not overcome a number of challenges. Financing gaps remain, infrastructure is still a problem and regulatory fragmentation and lack of implementation of AfCFTA obligations still pose a challenge in Africa. The realities give rise to important questions about the degree to which Afreximbank interventions have been able to solve the continent's trade-finance problems and facilitate the realization of the AfCFTA's goals. In this context, this study investigated the contribution of Afreximbank to international trade financing in the era of the AfCFTA.

AfCFTA is an important step in Africa's journey towards economic integration. The Agreement will establish a single continental market, boost intra-African trade, drive industrialisation and improve economic competitiveness. But enough trade finance is essential to support these potential advantages. Africa still suffers a big trade finance gap in the face of policy reforms to ease trade. Limited access to credit, high financing costs, foreign exchange difficulties and inefficient cross-border payment systems are some of the common challenges faced by many businesses especially MSMEs. These difficulties limit their ability to effectively engage in regional and international trade. Although Afreximbank has come up with new and exciting programmes to resolve these challenges such as trade-finance facilities and PAPSS, very few empirical studies have assessed the impact of the combined effect of the programmes on the implementation of AfCFTA. Previous research examines either the AfCFTA or Afreximbank but less research has focused on the interplay between continental trade liberalisation and trade-finance institutions. It is in this context that this study aims at filling this gap by analyzing the Afreximbank's contribution to the advancement of international trade financing under the AfCFTA and its impact on the overall goal of African regional economic integration.

1.1 Objectives of the Study

The specific objectives are to:

1. examine the concept and importance of international trade financing;
2. identify the major trade-finance challenges affecting intra-African trade under the AfCFTA;
3. evaluate Afreximbank's trade-finance initiatives in support of the AfCFTA;
4. assess the contribution of Afreximbank's interventions to regional economic integration in Africa; and
5. recommend policy measures for strengthening international trade financing under the AfCFTA.

1.2 Significance of the Study

This study contributes to the literature on international trade financing and African regional integration by providing an integrated assessment of Afreximbank's contribution to the implementation of the AfCFTA. The findings will be useful to policymakers, financial institutions, development partners, researchers and businesses seeking to strengthen trade-finance mechanisms and promote sustainable intra-African trade.

1.3 Scope of the Study

The study focuses on the role of Afreximbank in promoting international trade financing within the framework of the African Continental Free Trade Area. It examines the Bank's major financing programmes, payment initiatives and institutional interventions designed to facilitate intra-African trade. The study relies exclusively on secondary data obtained from scholarly publications and official reports.

1.8 Organisation of the Study

The study is organised into five sections. Section One introduces the study and presents the research problem, objectives, research questions, significance, scope and methodology. Section Two reviews the relevant conceptual, theoretical and empirical literature. Section Three examines the trade-finance challenges affecting the implementation of the AfCFTA. Section Four evaluates Afreximbank's role in promoting international trade financing under the AfCFTA, while Section Five presents the summary, conclusion and recommendations.

2. LITERATURE REVIEW

This chapter reviews the conceptual, theoretical and empirical literature relevant to the study. It examines the concepts of international trade financing, AfCFTA and Afreximbank. The chapter further discusses the theoretical framework underpinning the study, reviews selected empirical studies and identifies the gap in the existing literature that this study seeks to address.

2.1 Conceptual Framework

2.1.1 International Trade Financing

International trade financing is the financing mechanisms, products, and services that enable the financing of goods and services trades across the borders, with the objective to provide liquidity, to mitigate risk of payment, and to facilitate settlement between trading partners in a timely manner (World Trade Organization [WTO], 2024). The political and legal differences between countries, so do the differences in currencies, make trade finance a vital aspect of confidence between exporters and importers.

The key players in trade finance are letters of credit, documentary collections, bank guarantees, export credit insurance, chain finance and factoring. These tools mitigate commercial and political risk, enhance cash flow and allow companies to conduct international trade transactions effectively (Krugman, Obstfeld, & Melitz, 2018).

In Africa, trade finance is not just a banking service, but a tool for regional economic integration. Difficult access to finance remains as a key challenge to the export performance, industrial production and access to regional markets, especially for MSMEs. Thus, enhancing access to trade finance is crucial to the effective roll-out of AfCFTA.

2.1.2 African Continental Free Trade Area (AfCFTA)

The AfCFTA was created by the Agreement approved by the African Union in 2018 and came into effect in January 2021. It is designed to establish a single market for goods and services, ease investment, drive industrialisation and boost regional value chains (African Union, 2018).

It is hoped that the Agreement will stimulate intra-African trade by removing tariff and non-tariff barriers, and facilitate the flow of goods, services and capital between member states. But these goals can only be realized through complementary actions – such as effective customs systems, transport infrastructure and trade-finance systems – which must be made more accessible.

2.1.3 African Export-Import Bank (Afreximbank)

Afreximbank was created in 1993 as a multilateral financial institution with the task of boosting and facilitating trades in Africa. The Bank has evolved from traditional trade financing to playing a pivotal role in facilitating economic integration in the region by providing financing facilities, payment systems, advisory services and programmes related to trade development (Afreximbank, 2025).

The Bank's strategic efforts such as the Pan-African Payment and Settlement System (PAPSS), the AfCFTA Adjustment Fund and support for regional value chains highlight the Bank's pivotal role in enhancing the financial environment needed to implement the AfCFTA.

2.2 Theoretical Framework

The theory of Financial Intermediation is used as the theory foundation for this study, while the Regional Integration Theory is used as the theory supporting for Financial Intermediation.

2.2.1 Financial Intermediation Theory

Financial Intermediation Theory is a theory developed by Gurley and Shaw, (1960) and extended by Diamond, (1984), which outlines how financial institutions enable the movements of saving and the allocation of financial resources to productive investment, yet lowers transaction costs and information asymmetry. The theory holds significant relevance because Afreximbank is a financial intermediary with the mandate to mobilise capital and direct it towards trade related activities in Africa. The Bank helps to enhance access to finance and promotes international trade via loans, guarantees and other financial instruments.

2.2.2 Regional Integration Theory

Regional Integration Theory holds that the process of economic cooperation between neighbouring countries has the potential to support the expansion of the market, to achieve economies of scale, to boost competitiveness and sustainable development. It stresses the need for institutional and financial support to complement the removal of trade barriers for meaningful integration. The AfCFTA is based on those principles, aiming to connect the African economies into a common market. In this context, Afreximbank offers the financial structure to bring trade liberalisation to fruition in terms of more commercial transactions.

2.3 Empirical Review

The empirical evidence in the field of Afreximbank, trade finance and the African Continental Free Trade Area (AfCFTA) indicates access to finance is an important prerequisite to deepen intra-African trade. Previous research has focused on gaps in trade finance, firm access to finance, trade effects of AfCFTA and Afreximbank financing programmes. But there are few studies that directly test the impact of Afreximbank's trade-finance interventions on the facilitation of AfCFTA-related international trade. The following studies are the prime empirical basis for the present study.

According to Auboin and Engemann (2014), companies that have sufficient support for trade finance are more involved in international trade because financing helps mitigate transaction risks and increase the liquidity of the companies.

One of the main challenges to maximizing intra-African trade that the African Development Bank (2025) identifies is the lack of access to trade finance. Despite their huge contribution to employment and economic growth, financing constraints remain a severe challenge for MSMEs, the report said.

Likewise, Afreximbank (2025) states that among other efforts, the payment efficiency is improved, with the implementation of trade-finance facilities and regional value-chain financing, which enhance the implementation of AfCFTA. However, the Bank recognizes that the trade-finance gap in Africa is still very large and will require an ongoing partnership among governments, financial institutions, and development partners.

Oramah (2021) examined Afreximbank's role in supporting the implementation of AfCFTA. The study reviewed the Bank's financing activities, trade facilitation programmes, correspondent banking services, industrial finance initiatives and payment infrastructure. The findings showed a marked increase in Afreximbank's support for intra-African trade, with trade financing reaching about US$20 billion on a revolving basis by 2021. The study also examined the Pan-African Payment and Settlement System (PAPSS), the Intra-African Trade Initiative and the proposed AfCFTA Adjustment Facility. Oramah concluded that Afreximbank could help address the financing, payment and supply-side constraints that limit intra-African trade. Although the study provides useful evidence on the Bank's activities, its approach was mainly descriptive and institutional. It did not statistically test the effect of Afreximbank's financing on international trade.

Fofack, Dzene, and Hussein (2021) examined the potential effect of AfCFTA on intra-African trade using an augmented general equilibrium Poisson pseudo-maximum likelihood (GE-PPML) model with dynamic capital accumulation. The study analysed trade flows under different AfCFTA scenarios and estimated both short- and long-run effects. The findings indicated that AfCFTA could raise intra-African trade by about 24% in the short run, with slightly higher gains over the longer term. The expected gains varied across countries, with less-integrated economies having greater scope for increased trade. The authors concluded that reducing trade barriers could create significant opportunities for expanding African trade. The study is relevant to the present research because greater intra-African trade will require adequate access to working capital, guarantees, payment systems and other forms of trade finance. However, the study focused on the trade effects of AfCFTA and did not examine the role of Afreximbank in meeting the resulting financing needs.

De Melo and Twum (2021) examined supply-chain trade and regional value-chain participation within African Regional Economic Communities. The study covered the period 1990–2015 and assessed backward and forward participation in regional and non-regional global value chains. Using data for 149 countries over 1995–2015, the authors also examined the links among trade costs, tariffs, digital connectivity and participation in global value chains. The findings showed that African regional economic communities had relatively low participation in regional value chains compared with comparator regions. Regional value-chain participation accounted for about 0.5% to 3% of gross exports in the African regional economic communities examined. The study also found that lower trade barriers and trade costs were associated with stronger participation in value chains. The findings imply that expanding intra-African production and trade requires more than tariff reduction. Access to finance, efficient payment systems and lower transaction costs are also important for firms seeking to participate in cross-border value chains.

Kaulihowa (2022) examined trade finance and policy uncertainty in Africa, with particular attention to Afreximbank's Pan-African Payment and Settlement System. The study considered the financing challenges arising from policy uncertainty, the COVID-19 pandemic and the Russia–Ukraine conflict. It also examined the importance of trade finance and PAPSS in supporting intra-African trade. The study found that limited access to finance and difficulties in cross-border payments remain important barriers to African trade. It identified PAPSS as a mechanism that can ease payment challenges by supporting cross-border transactions in African currencies. The study concluded that stronger trade-finance facilities and efficient payment infrastructure are needed to improve the benefits of African economic integration. Although the study provides useful policy evidence on Afreximbank's role, it does not provide a direct econometric test of the effect of Afreximbank's trade-finance interventions on international trade.

Geda and Yimer (2023) examined the potential trade effects of the AfCFTA tariff-reduction protocol using trade indices and a gravity model. The study used average annual trade data for 2015–2017 to assess possible trade creation and diversion effects. The findings showed that AfCFTA could raise intra-African exports from about US$72.7 billion to US$86.4 billion, representing an increase of about 19%. The authors concluded that tariff liberalisation could expand intra-African trade, although the gains would vary across countries and products. The findings are relevant to the present study because increased trade flows require firms to have access to working capital, guarantees, payment facilities and other trade-finance instruments. The study, however, focused on the trade effects of tariff liberalisation and did not examine Afreximbank's contribution to financing the expected expansion in trade.

The African Development Bank (2023) analysed a survey of 804 SMEs and 58 commercial banks in Kenya and Tanzania to check SMEs' demand for trade finance. The study examined the availability of trade-finance instruments, trade finance applications and the impact of trade finance constraints on firms' international trade. The results revealed that 22% of Kenyan SMEs and 17% of Tanzanian SMEs applications for trade finance were turned down. Over a quarter of exporters also said that they were unable to satisfy export sales due to lack of finance. On average, SME's in Kenya and Tanzania were losing about US$223,135 and US$75,000 in forgone trade due to challenges accessing trade finance between 2018 and 2020 respectively. It was found that the availability of trade finance is a determinant of international trade participation of SMEs. The results are significant for AfCFTA as SMEs play a significant role in intra-African trade. They also underscore the importance of institutions like Afreximbank to offer financing and risk-support facilities to enhance access to trade finance.

The African trade-finance landscape was evaluated between 2020-2024 and focussed on bank intermediated trade, gaps in trade finance, digitalisation and role of development finance institutions in the African trade finance space, by the African Development Bank (2026). According to the report, the demand for unmet trade finance in Africa is projected to reach anywhere between US$74 billion and US$92 billion in 2024. It also discovered that commercial banks intermediated 23% of total trade in Africa during this period, and that intra-African trade was 34% of the intermediated trade. Between 2020 and 2024, approximately US$32 billion of trade finance was provided annually by development finance institutions. Overall, the report found that, development finance institutions still play a role in alleviating financing pressures and improving trade in Africa. The findings offer clear grounds to explore Afreximbank's role in the context of its mandate and participation in providing trade finance support and the implementation of AfCFTA. The report, however, does not take a disaggregate view of the impact of Afreximbank's interventions on trade financing under AfCFTA, but rather lends a collective gaze to development finance institutions as a whole.

However, together these studies indicate that intra-African trade will not only need to be made easier by reducing trade barriers, but also by providing easy access to low-cost trade finance and trusted payment facilitation. Little empirical attention has been given to Afreximbank in the literature so far. That space is a good starting point for the study.

2.4 Gap in the Literature

The reviewed studies point to three main issues. Access to trade finance remains a huge problem, especially for SMEs in Africa. Research also indicates that reducing trade costs and enhancing trade setups can help boost intra-African trade. Simultaneously, Afreximbank has also launched financing, guarantees and correspondent banking/payment systems to address some of these constraints and facilitate cross-border trade under AfCFTA.

An important gap in literature yet exists. Most of the existing literature has concentrated on trade impact of AfCFTA, the trade finance gap in Africa or Afreximbank's institutional programmes. To date, very few studies have specifically focused on the impact of Afreximbank's trade finance interventions on international trade during AfCFTA. The current study then concentrates on Afreximbank's role in making and facilitating trade finance and the effect of interventions in the growth of cross border trade in the context of AfCFTA.

3. TRADE FINANCE CHALLENGES AND THE IMPLEMENTATION OF THE AFRICAN CONTINENTAL FREE TRADE AREA

AfCFTA can build Africa into an integrated economic market with the goal of industrialisation, economic diversification and increased intra Africa trade. But trade liberalisation alone is not enough to move towards these goals. Having sufficient trade finance resources, efficient payment systems and supportive institutional structures is crucial to enable businesses to benefit from the opportunities generated by the Agreement. This chapter looks at the key challenges on trade finance associated with implementing the AfCFTA.

3.1 Africa's Trade Finance Gap

Africa still has one of the most significant trade-finance shortfalls in comparison to the other developing regions. Many companies especially the Micro, Small and Medium Enterprises (MSMEs) are not able to secure adequate financing to fund their production, purchase raw materials, and implement export contracts. African businesses are less competitive with the lack of trade finance and less active in regional and international markets. While development finance institutions (DFIs) have launched a number of financing schemes, the demand for trade finance remains higher than supply, thus limiting the AfCFTA's ambition.

3.2 Limited Access to Finance by MSMEs

The bulk of the business enterprises in Africa are MSMEs, and MSMEs are important contributors to employment and economic growth. Not only are they important, but they are also the most unbanked part of the economy. Lack of proper documentation, a small credit history, and less collateral are the reasons commercial banks consider MSMEs as high-risk borrowers. As such, many businesses which would benefit from the increased market which AfCFTA provides are still not accessing affordable financing. Therefore, enhancing financial inclusion is crucial for the wide participation of continental trade.

3.3 Cross-Border Payment and Foreign Exchange Constraints

Payment systems are an integral part of international trade and crucial for its efficiency. The multiple currencies, depleting foreign exchange and reliance on correspondent banking outside Africa, however, continue to be obstacles to cross-border transactions within Africa. These restrictions raise transaction expenses, lengthen settlement times and bring exchange-rate risks to businesses. This, in turn, deters many companies – especially small businesses – from participating in the AfCFTA, thereby reducing its impact.

3.4 Infrastructure and Institutional Challenges

The success of the trade finance initiatives depends on providing proper infrastructure and effective institutions. In many African nations, transport inadequacies, port infrastructure, electricity, and digital infrastructure and logistics are still leading to higher trade costs. Institutional constraints continue to be important, too. The differences in customs procedures, regulatory requirements and trade documentation between the member states lead to uncertainty for businesses and compliance costs. These factors impede cross-border trade, reduce its efficiency and delay the implementation of the AfCFTA.

3.5 Policy and Regulatory Constraints

While the AfCFTA gives all countries the same legal basis for trade liberalisation, the pace at which it has been implemented differs among member countries. The lack of harmonisation of the policies in different countries, and the lack of implementation of the agreed protocols remain a hindrance to the effective integration of the continent. Such policy uncertainty incites investors and financial institutions to doubt and diminishes the impact of the trade-finance programmes. Policy coordination and regulatory harmonisation continue to be critical to help meet the goals of the Agreement.

3.6 Implications for the Implementation of the AfCFTA

The problems highlighted in this chapter show that trade liberalisation cannot ensure higher levels of intra-African trade. Complementary investments in trade finance, payment systems, transport systems and institutional capacity are needed for sustainable implementation of the AfCFTA. By overcoming these limitations, access to finance will be improved, transaction costs will be lowered, and confidence in business will be enhanced in Africa. It also emphasises the role of institutions like Afreximbank in offering innovative financial solutions to facilitate economic integration in the region. The next chapter therefore evaluates Afreximbank's contribution to promoting international trade financing under the AfCFTA.

4. FINANCING UNDER THE AFCFTA

Trade liberalisation is not the only condition for the effective implementation of AfCFTA; it is equally important that the financial institutions that facilitate trade are effective. Afreximbank is Africa's leading trade finance institution and has launched a variety of financial products, payment systems and strategic measures to ease trade barriers, enhance trade finance and boost the economic integration of the continent's economies. This chapter looks at the Bank's significant contributions to the AfCFTA's international trade financing.

4.1 Trade Finance and Credit Support

One of Afreximbank's biggest achievements has been the ability to provide trade-finance facilities which has allowed businesses in Africa to engage in trade in the region and international markets. Export Development Finance, Working-capital loans, guarantees and structured trade-finance products are the products the Bank provides to support businesses in overcoming the liquidity constraints and to make cross-border transactions possible. These interventions have proven to be very useful to the enterprises that face challenges in accessing sufficient finance from traditional commercial banks. Afreximbank's credit facilitation activities increase export potential and boost industrial production, and further propel intra-African trade.

4.2 The Pan-African Payment and Settlement System (PAPSS)

One of the most innovative investment by Afreximbank in partnership with the African Union and the African Union Commission is the PAPSS. It allows businesses to send and receive transactions in their home currency and securely settle transactions between the participating countries. PAPSS eliminates the need for third-party currency to facilitate intra-African transactions, reduces transaction costs, decreases settlement time and the risk of foreign currencies. The improvements will enhance the efficiency of cross-border trade and contribute directly to the goals of AfCFTA which aims to enable smooth trade between countries all over the continent.

4.3 Support for Regional Value Chains and Industrial Development

The Afreximbank financing programmes have been scaled up to encourage manufacturing, value addition and regional value chains in Africa. The Bank also helps diversify the economy and improves competitiveness by supporting industries which process raw materials and create added value products. The activities are in line with the AfCFTA's vision of a continent where Africa becomes largely a producer of added-value products and thus gains a considerable industrial capacity.

4.4 The AfCFTA Adjustment Fund and Strategic Partnerships

AfCFTA has partnered with the African Union to set up the AfCFTA Adjustment Fund for its implementation. The Fund supports member states and businesses in adapting to the rapid economic impacts from trade liberalisation. The Bank also collaborates closely with governments, the regional economic communities and commercial banks and international development institutions with a view to mobilising financial resources, building institutional capacity and facilitating sustainable trade in Africa. These partnerships make the work of continental trade-finance projects more effective and boost the trust in AfCFTA.

4.5 Assessment of Afreximbank’s Contributions

Afreximbank's activities have hugely contributed to enhancing the trade-finance architecture in Africa. The Bank's efforts to tackle various factors that hindered intra-African trade, including access to finance and innovative payment systems, have helped overcome some of these challenges through targeted interventions in the industrialisation process. However, all barriers to intra-continental trade cannot be removed by the Bank alone. Continued infrastructure challenges, policy implementation gaps, and financial exclusion and regulatory disparities are still impacting AfCFTA implementation. Thus, complementary reforms by the national governments and regional institutions are needed for the realization of the full benefits of Afreximbank's interventions. In general, Afreximbank is proving to be a strategic enabler for the economic integration of Africa countries, filling crucial gaps in trade financing and thus creating the financial infrastructure for the successful implementation of AfCFTA.

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This study investigates the part of AfreximBank in the facilitation of international trade financing under AfCFTA. The motivation for the study was based on the understanding that the AfCFTA has a legal and institutional architecture for the integration of continental trade but for it to be a success the availability of effective trade finance mechanisms is a prerequisite.

The literature review confirmed that the role of international trade finance is very significant in the aspect of reducing trade transaction risks and enhancing trade liquidity and facilitating trade transactions across countries. The study also revealed some of the key factors that hinder intra-Africa trade such as access to finance, payment systems, foreign exchange issues, infrastructure problems and regulatory disparities.

The analysis revealed that in the face of these challenges Afreximbank's response has been through the facilitation of trade financing facilities, development of PAPSS, support of regional value chains, and its involvement with the African Union in the implementation of the AfCFTA Adjustment Fund. These efforts have boosted Africa's trade-finance structure and improved the potential for increased trade within the continent.

5.2 Conclusion

AfCFTA is one of the greatest economic integration efforts in Africa's history. Adequate financial support for businesses involved in cross-border trade is, however, essential to the Agreement's goal if trade liberalisation is to be effective.

This study finds Afreximbank has emerged as a strategic financial institution in the regional integration agenda for Africa, to overcome some of the impediments to intra-African trade that are widely acknowledged to have stunted this trade in the past. The Bank has, using innovative financing tools, payment solutions and institutional collaborations, enhanced the trading and investment climate throughout the continent.

However, long-term policy reforms, better infrastructure, and member states' commitment and engagement in the successful implementation of AfCFTA are required to realize the full potential of these interventions. Thus, Afreximbank cannot be considered a solution to national reforms, but rather a strategic enabler to the long-term development and integration goals of Africa.

5.3 Recommendations

Based on the results of this study, the following recommendations are made:

1. Improve cooperation between governments and financial institutions and with Afreximbank to make more affordable trade-finance facilities available, especially for micro, small and medium enterprises (MSMEs).
2. Promote the use of PAPSS: Promote the wider use of PAPSS to lower transaction costs, lower reliance on foreign currencies and enhance the efficiency of cross-border payments.
3. Improve policy and regulatory alignment: Governments need to take steps to ensure the swift implementation of AfCFTA protocols by harmonising customs procedures, trade

regulations and financial policies, to ensure the smooth implementation of intra-African trade.

4. Expand and strengthen transport infrastructure, ports, digital infrastructure, energy supply and logistics systems to support trade: More investment in transport infrastructure, ports, digital infrastructure, energy supply and logistics systems is needed to complement the trade-finance initiatives and enhance regional connectivity.
5. Foster capacity building and financial inclusion: Governments, Afreximbank and development partners should facilitate training programmes, financial literacy initiatives and institutional development and strengthening to ensure businesses, especially MSMEs, access and make efficient use of trade finance opportunities.
6. Expand regional cooperation: Afreximbank will continue to deepen its cooperation with regional economic and communities as well as commercial banks and International development institutions to access more resources for AfCFTA implementation.

5.4 Contribution to Knowledge

Despite being secondary data based, this study adds to the existing body of literature by offering an integrated analysis of the linkage between international trade financing, Afreximbank and AfCFTA implementation. It shows that good RTA's need to be backed by sound financial institutions that will connect trade and finance to promote sustainable economic integration in Africa.

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