AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) AND POVERTY REDUCTION IN NIGERIA: AN EXPLORATION OF THE POSSIBILITIES

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Abstract

The creation of a free trade area such as the African Continental Free Trade Area (AfCFTA) was long overdue given the benefits member nations would have derived from it at least when drawn from the experiences of other regional and sub-regional economic integration bodies. One benefit envisaged is the reduction in poverty of member nations. This study, therefore, explored the possibilities of AfCFTA reducing poverty in Nigeria when fully operational taking into consideration the African Regional Integration Index (ARII) drawn from the dimensions and indicators of regional integration (such as the free movement of people, trade, macroeconomic, productive and infrastructure integrations). Available data on the values of these indexes showed that Nigeria's regional integration index on the free movement of people, trade, macroeconomic, productivity and infrastructure are weak because the country performed poorly in all the five dimensions of African Regional Integration Index (ARII). This by implication is likely to deter the contribution of AfCFTA to poverty reduction in Nigeria in the future unless measures such as the improvement in production in the agricultural, manufacturing and solid mineral resource industries are affected. Massive infrastructural development that would necessitate investment (especially foreign direct investment), production and trade across borders, free movement of people (especially, the most productive and skillful workforce are also affected). Stability in key macroeconomic variables (e.g. inflation, interest and exchange rates) across borders is essential to help ease foreign businesses and investments and create healthy banking and financial climate.

Keywords: Africa, Free Trade, Regional Integration, Poverty, Poverty Reduction, Nigeria

JEL Classifications: F13, F14, F15, F16, F18, F22, F36, F53, F55

Introduction

African Continental Free Trade Area (AfCFTA) was conceived in 2012, and as of March 21, 2018, 44 of the 55 member nations in Africa had signed the agreement to become members. However, before the commencement of trading activities on January, 1st 2021, the 55 countries in Africa had become members of the free trade area which falls within the framework of a "Single or Common Market" which is a form of economic integration that built upon a free trade area with no tariffs for goods and relatively free movement of persons, capital and services (Monks, 2016; UNCTAD, 2016; AU, 2018ab; Gumede, 2018; Kagame, 2018; Shaban, 2018; AfDB, 2019; Signe & van der Ven, 2019; UNCTAD, 2019).

Before the agreement to form and join the AfCFTA, African countries at various regional levels had made efforts to form similar common markets based mostly on their proximity. Examples of the regional integration organisations are Southern African Development Community (SADC), Economic Community of Central African States (ECCAS), Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Economic Community of West African States (ECOWAS), Community of Sahel Saharan States (CEN-SAD), Arab Maghreb Union (AMU) and Intergovernmental Authority on Development (IGAD) (AU/AfDB/UNECA, 2019; de Melo, Solleder, & Sorgho, 2020).

Since established, these regional integration organisations had their benefits which include expansion of trade, incomes, investment and employment between member states, ensuring greater technological advancements, creation of socio-economic institutions that have promoted unity, peace and security in the different sub-regions and improved welfare of the citizens of member states (Ilesanmi, 2000; Andrei, 2012).

Despite these benefits, the Africa Regional Integration Index of the year 2019 indicates that the overall level of integration on the African continent is low, with an average score of 0.327. The reasons being that Africa is poorly integrated on the productive and infrastructural dimensions, which are the most important dimensions upon which the other dimensions of regional integration (free movement of people, trade and macroeconomic), depends on to function well. The index as indicated in Table 1 also shows the index of economic integration by the sub-regions and those of Nigeria (with an average score of 0.292) and South Africa (with an average score of 0.625) that had the highest economic integration index in Africa. On the other hand, South Sudan had the lowest economic integration index in Africa in 2019 put at 0.147 on the average.

Table 1: Africa's Scores on the Five Dimensions of Regional Integration 2019

	Average Score Index	Free Movement of People	Trade Integration	Infrastructure Integration	Productive Integration	Macroeconomic Integration
Africa	0.327	0.441**	0.382	0.220 *	0.301	0.399
Arab Maghreb Union (AMU)	0488	0438*	0.481	0.509	0.449	0.571**
Common Market for Eastern and Southern Africa (COMESA)	0.367	0.385	0.445**	0.317*	0.328	0.365
Community of Sahel Saharan States (CEN-SAD)	0.377	0.508**	0.377	0.302	0.256*	0.441
East African Community (EAC)	0.537	0.664**	0.440	0.555	0.434*	0.660
Economic Community of Central African States (ECCAS)	0.442	0.469	0.357	0.373	0.323*	0.684**
Economic Community of West African States (ECOWAS)	0.425	0.733**	0.438	0.298	0.220*	0.469
Intergovernmental Authority on Development (IGAD)	0.438	0.540**	0.444	0.480	0.321*	0.423
Southern African Development Community (SADC)	0.337	0.490**	0.340	0.214*	0.239	0.422
Nigeria	0.292	0.117*	0.325	0.252	0.364**	0.352
South Africa	0.625	0.093*	0.627	0.898	1.000**	0.423
South Sudan	0.147	0.407**	0.290	0.009*	0.081	0.023

Note: * Weakest Dimension ** Strongest Dimension
Source: AU/AfDB/UNECA, (2019).

Taking cognizance of the five dimensions of regional integration, AfCFTA when fully implemented is thought would have the potentials of addressing Africa's economic integration challenges on a larger scale and also address the economic and socio-political challenges faced by countries in Africa.

Nigeria often referred to as the largest economy in Africa in 2020 and 26th in the world[1] has had its challenges (economic and socio-political) that have made its people vulnerable to poverty, its share of the benefits from economic integration as a member of ECOWAS notwithstanding. For instance, as reported by NBS (2019) 40.1 per cent of the total population (almost 83 million people) live below the country's poverty line of ₦137, 430.00 (i.e. $381.75) per year in 2019.

Now that Nigeria is a member of AfCFTA, what implications would this have on poverty reduction that has been a great concern of the various governments since the mid-1990s?

The rest of the paper is organised as follows. Section two provides an understanding of AfCFTA. Section three provides an overview of the likely impact of AfCFTA on the African economy. Section four provides an overview of the poverty situation in Nigeria and some of the poverty reduction measures put in place over the years. Section five discusses the possible impact of AfCFTA on poverty reduction in Nigeria. The concluding remark is contained in the last section.

African continental free trade area (AfCFTA): Understanding the concept

Understanding the idea behind AfCFTA starts with an understanding of the concept of economic or regional integration that is simply put as the combination of several national economies into a larger territorial unit. Economic or regional integration also implies the elimination of economic borders i.e. obstacles that limit the mobility of goods, services and factors of production and agree on fiscal policies between countries (O'Sullivan & Sheffirin, 2003; Andrei, 2012).

Within the context of the concept of economic or regional integration are the various forms that are categorised by the degree of cooperation between the countries that form the economic integration. These forms of economic integration are:

- preferential trade area that gives preferential access to certain products from the participating countries. This is done by reducing tariffs but not by abolishing them completely. It is the first stage of economic integration;
- free trade/exchange area where member nations removed all forms of tariffs and quantitative restrictions (e.g. import quotas) among members but each country retains its tariff rates against non-members;
- customs union which comprises a free trade area with common external tariffs. In other words, it involves complete abolition of tariffs and suppression of discrimination against the movement of goods within member nations but imposition of the same tariff rates on non-member nations;
- common/single market which built upon a free trade area with no tariffs for goods and relatively free movement of capital and services, but not so advanced in the reduction of other trade barriers;
- an economic union which composed of a common market with a customs union. The participant countries have both common policies on product regulation, freedom of movement of goods and services and the factors of production (capital and labour) and a common external trade; and
- economic and monetary union which features a combination of a common market, customs union, economic and monetary union which involves the unification of the currencies of member nations into one (O'Sullivan & Sheffirin, 2003; Andrei, 2012).

The benefits derived from regional integration include a reduction in the costs of trade, improvement in the availability of goods and services, an increase in consumers' purchasing power in member nations, increase

[1] See Emejo, (2020).

employment opportunities as a result of improvement in trade liberalisation, market expansion, technology sharing, and cross-border investment. Political cooperation among countries will also improve because of stronger economic ties, which provide an incentive to resolve conflicts peacefully and lead to greater stability (Kenton, n.d.; Ilesanmi, 2000; Andrei, 2012).

Economic integration also has its negative implications if not well managed by member nations. For instance, there could be trade diversion from non-members to members and erosion of national sovereignty because members of economic unions typically are required to adhere to the rules on trade, monetary and fiscal policies established by an unelected external policymaking body (Kenton, n.d.; Andrei, 2012).

However, before the signing of the agreements on AfCFTA, countries in Africa had over the years made efforts to form at sub-region levels common markets (see Table 2) based mostly on their proximity to each other taken cognisance of the dimensions of regional integration. These dimensions include free movement of people, the volume of trade, and availability of infrastructural facilities, productive capacity and macroeconomic stability (AU/AfDB/UNECA, 2016; 2019).

The idea of making the whole of Africa a free trade zone started at the 2012 African Union (AU) summit in Addis Ababa where African leaders agreed to create a new Continental Free Trade Area. At the 2015 AU summit in Johannesburg, the summit agreed to commence negotiations and after several meetings, it was at the 2018 summit in Kigali, Rwanda that three separate agreements were signed: (i) the African Continental Free Trade Agreement; (ii) the Kigali Declaration; and (iii) the Protocol on Free Movement of Persons (the Protocol on Free Movement of Persons seeks to establish a visa-free zone within the AfCFTA countries, and support the creation of the African Union Passport) (Monks, 2016; UNCTAD, 2016; AU, 2018ab; Gumede, 2018; Kagame, 2018; Shaban, 2018; AfDB, 2019; Signe & van der Ven, 2019; UNCTAD, 2019).

At the summit in Kigali on 21 March 2018, 44 countries signed the AfCFTA, 47 signed the Kigali Declaration, and 30 signed the Protocol on Free Movement of People except for Nigeria (the largest economies in Africa) that initially declined as a result of pressure from local labour unions and big corporations who have opposed the treaty saying it would harm the local economy (UNCTAD, 2016; Gumede, 2018; Kagame, 2018; Shaban, 2018; AfDB, 2019; Signe & van der Ven, 2019; UNCTAD, 2019).

Table 2: Regional Integration Organisations in Africa

Arab Maghreb Union (AMU)	Common Market for Eastern and Southern Africa (COMESA)	Community of Sahel Saharan States (CEN-SAD)	East African Community (EAC)	Economic Community of Central African States (ECCAS)	Economic Community of West African States (ECOWAS)	Intergovernmental Authority on Development (IGAD)	Southern African Development Community (SADC)
Algeria	Burundi	Benin	Burundi	Angola	Benin	Djibouti	Angola
Libya	Comoros	Burkina Faso	Kenya	Burundi	Burkina Faso	Eritrea	Botswana
Mauritania	Djibouti	Central African Republic	Rwanda	Cameroon	Cabo Verde	Ethiopia	Comoros
Morocco	Democratic Republic of the Congo	Cabo Verde	South Sudan	Central African Republic	Côte d'Ivoire	Kenya	Democratic Republic of the Congo
Tunisia	Egypt	Chad	Tanzania	Chad	Ghana	Somalia	Eswatini
	Eritrea	Comoros	Uganda	The Democratic Republic of the Congo	Guinea	South Sudan	Lesotho
	Eswatini	Côte d'Ivoire		Gabon	Guinea-Bissau	Sudan	Madagascar
	Ethiopia	Djibouti		Equatorial Guinea	Liberia	Uganda	Malawi
	Kenya	Egypt		Republic of the Congo	Mali		Mauritius
	Libya	Eritrea		Rwanda	Niger		Mozambique
	Madagascar	Ghana		São Tomé and Principe	Nigeria		Namibia
	Malawi	Guinea			Senegal		Seychelles
	Mauritius	Guinea-Bissau			Sierra Leone		South Africa
	Rwanda	Kenya			The Gambia		Tanzania
	Seychelles	Liberia			Togo		Zambia
	Sudan	Libya					Zimbabwe
	Somalia	Mali					
	Tunisia	Mauritania					
	Uganda	Morocco					
	Zambia	Niger					
	Zimbabwe	Nigeria					
		Sao Tomé					
		Senegal					
		Sierra Leone					
		Somalia,					
		Sudan The Gambia					
		Togo					
		Tunisia					

Sources: AU/AfDB/UNECA, (2016), (2019).

The objectives of the AfCFTA that commenced trading activities on January 1, 2021, are to:

- create a single market and deepen the economic integration of the continent;
- establish a liberalised market through multiple rounds of negotiations;
- aid the movement of capital and people and facilitate investment;
- move towards the establishment of a future continental customs union;
- achieve sustainable and inclusive socio-economic development, gender equality and structural transformations within member states;
- enhance the competitiveness of member states within Africa and in the global market;
- encourage industrial development through diversification and regional value chain development, agricultural development and food security; and
- resolve the challenges of multiple and overlapping memberships (AU, 2018c).

African continental free trade area (AfCFTA) and the African economy

The benefits of economic integration are in tandem with the likely benefits of AfCFTA if successfully implemented. For instance, given the fragmentation of African markets and the overlaps that exist in the eight regional economic communities the possibilities are there that AfCFTA will harmonise all trading agreements, fiscal and monetary policies and create a platform for large scale investment, especially foreign direct investment in Africa. The harmonisation of all trading agreements, fiscal and monetary policies of the eight regional economic communities has the likelihood of ending the recurrence of the balance of payment crisis and stabilising the macroeconomic variables such as inflation and foreign exchange rates in Africa (see Signe, & van der Ven, 2019; Fofack, 2020).

With AfCFTA it is likely Africa's industrial productive capacity increase to a level where the growing demand for manufacturing goods dominates intra-African trade through the development of national, regional and continental value chains and more general the Global Value Chains (GVCs)(see, World Bank, 2020).

AfCFTA will most likely enhance the free movement of people across borders. Moving freely from one country to the other will help the continent dig deep into the labour market and identify the skill gaps and the technology that would accelerate innovation and improve the capacity of African workers (see, AU/AfDB/UNECA, 2019).

There is also the tendency for AfCFTA to improve the continent's infrastructural deficits, given that with infrastructure, agricultural produce will get to the markets and the seaports for export, raw materials will get to the factories, production will take place and manufactured goods will get to the consumers and trade and financial activities will flourish within and across the borders (see, AU/AfDB/UNECA, 2019).

AfCFTA also offers significant advantages for African countries. The potential benefits include: creating bigger and integrated regional market for African products; permitting producers to benefit from economies of scale and to access cheaper raw materials and intermediate inputs; improving conditions for forming regional value chains and integrating to global value chains (GVCs); allowing consumers to have access to cheaper imported products from other African countries; leading to better allocation of resources and faster economic and trade growth; catalysing the structural transformation of the countries from resource and low technology-based economies to more diversified knowledge-based economies; eliminating some challenges associated with multiple and overlapping trade agreements in Africa (spaghetti bowl); encouraging both intra-African and external direct capital flows to African countries; and stimulating cooperation in other areas such as technology transfer, innovation, investment and continent-wide infrastructure development (Saygili, Peters, & Knabel, 2017).

Poverty and poverty reduction in Nigeria

As indicated in Table 3, not until 2019 when the rate of poverty in Nigeria dropped to about 40.1 per cent (representing 82.9 million of the nation's total population), the country has always experienced increases in the rate of poverty. This by implications means that 4 out of 10 individuals in Nigeria have real per capita expenditure below ₦137, 430.00 per year (which was about N11,000.00 per month in 2019).

Table 3: The Poverty Profile of Nigeria 1980 – 2019

Year	Poverty Incidence (%)	Estimated Population (Million)	Population in Poverty (Million)
1980	27.2	65	17.1
1985	46.3	75	34.7
1992	42.7	91.5	39.2
1996	65.6	102.3	67.1
2004	54.4	126.3	68.7
2010	69.0	163	112.4
2019	40.1	190	82.9

Source: National Bureau of Statistics (NBS), (2010), (2019).

The poverty situation in Nigeria also depicts regional/state variations. For example, in 2019 the poverty rate was higher in Sokoto state (87.73%) when compared to Lagos (4.50%)(NBS, 2019). The use of socio-economic indicators like the Human Development Index, per capita income, life expectancy at birth (years), and maternal mortality ratio also depicts the extent of poverty in Nigeria. For instance, in 2019, Nigeria's HDI was 0.539 (ranked 161 out of 189 countries), per capita income ($4,910), life expectancy at birth in years (54.7 years), and maternal mortality ratio (917deaths per 100,000 live births). These were very low when compared with those of countries such as Mauritius whose HDI was 0.804 (ranked 61 out of 189 countries), per capita income ($25,266), life expectancy at birth in years (75 years), and maternal mortality ratio (61 deaths per 100,000 live births) (UNDP, 2020).

The poverty situation in Nigeria is not without its reasons. As indicated in some studies on poverty in Nigeria, the following have been identified as some of the causes of poverty in Nigeria: outbreak of diseases as currently been experienced with COVID-19, environmental disasters (flood experienced along major river banks in Nigeria (Rivers Niger and Benue) and drought in the Sahel areas of Northern Nigeria, crops and livestock diseases that affected most farmers, conflicts as being experienced in the North West (bandits) and North East (Boko Haram) and some parts of the Niger Delta (Atoyebi, & Ijaiya, 2005; Campbell, 2010; Odinkalu, 2018; Ijaiya, *et.al*, 2020; Orijinmo, 2020; Britannica, 2021).

Other reasons are low livelihood as a result of decline in productivity, especially in most farming communities and collapse of industries, limited opportunities from lack of or inadequate pro-poor spending policies and programmes, lack of or inadequate skills by youths, inadequate access to food and basic services (e.g., health, education, water and sanitation), inadequate care for women and children, inequitable resource distribution across the societies, poor governance and institutional capacity, corruption, lack of political will in the implementation of pro-poor policies and programmes, elite marginalisation of ordinary citizens, inequality, social exclusion (based on gender, class, ethnicity), harmful societal norms, customs and cultural practices, over-population and unemployment, macroeconomic distortions characterised by huge dependence on oil revenue, unstable interest and exchange rates, high inflation rate, high debt burden, poor economic and political governances and inadequate access to land and capital (Igbuzor, 2004; Ijaiya, 2000, 2002, Ijaiya & Nuhu, 2011; Ijaiya, 2012, 2015; Alemu 2019).

The high rate of poverty in Nigeria also had its consequences which have lived on with the poor and the vulnerable ones in the society. Some studies had it that the poor in Nigeria lack choices/options because they are usually powerless and voiceless, lack protection against violence, extortion and intimidation from the government at all levels (national, state and local) and their agencies, lack civility and predictability in interactions with public officials on issues that have to do with their welfare, fear of the future since survival in the present is difficult, shamelessness in households and communities where they lived. To be poor is also to be incapable of being healthy, incapable of having a good job, not being safe, not being happy and not having self-respect and self-esteem (Ijaiya, 2000, 2002, Ijaiya & Nuhu, 2011; Ijaiya, 2012, 2015).

Poverty reduction in Nigeria

In theoretical terms, several measures had emerged over time for reducing poverty. Some of these measures include the use of forced-drift industrialisation via Big-push, Balanced growth and Labour transfer models, macroeconomic stability, right-based approach, basic needs and capability and entitlement approaches (see Ijaiya, 2000, 2002, Adeyemi, Ijaiya, & Ijaiya, 2007; Adeyemi, *et.al.* 2009; Ijaiya & Nuhu, 2011; Ijaiya, 2012, 2015).

In Nigeria, approaches tailored towards economic growth, basic needs and rural development were used. The economic growth approach focuses attention on rapid economic growth as measured by the rate of growth in real per capita GDP or per capita national income, price stability and declining unemployment (attained through the harmonisation of monetary and fiscal policies). The basic need approach focuses attention on the necessities of life (such as availability of food, health care, education, shelter, clothing, transport, water and sanitation which enables the poor to live a decent life), while the rural development approach focuses attention on the total emancipation and empowerment of the rural sector (Ogwumike, 2001).

These approaches were later followed by different development plans, policies and programmes meant to reduce poverty in Nigeria. Some of these development plans, policies and programmes include: the First, Second, Third, Fourth and Fifth National Development Plans of the early 1960s to late 1970s, the introduction of Cost of Living Allowance in the 1960s; the Adebo and Udoji Wage Review Panels in the late 1960s and early 1970s and the National Minimum Wage Act of 1981 mostly for civil servants; Operation Feed the Nation, the establishment of River Basin Development Authorities, the Agricultural Development Programmes, the Agricultural Credit Guarantee Scheme, the Rural Electrification Scheme and the Green Revolution; the Directorate for Food, Roads and Rural Infrastructures, the National Directorate of Employment, the Better Life Programme, the Peoples' Bank, the Community Banks, the Family Support Programme and the Family Economic Advancement Programme (Olayide, 1976; Ayida, 1987; Ayo, 1988; Anyanwu, *et.al,* 1997).

The democratic era also witnessed the introduction of the Poverty Alleviation Programme (PAP) later known as the National Poverty Eradication Programme (NAPEP); the National Economic Empowerment and Development Strategy (NEEDS); the Seven-Point Agenda; the Transformation Agenda [e.g. Community Service, Women and Youth Employment Scheme and Subsidy Reinvestment and Empowerment Programme (SURE- P)]; the Economic Recovery and Growth Plan (with emphasis on social inclusion and social investment programmes such as the conditional cash transfer, the National Home Grown School Feeding Programme (NHGSFP), Government Enterprise and Empowerment Programme (GEEP) [through trader money and market money, job creation and youth empowerment (e.g. N-Power programme and improvement in human capital), investment in infrastructure, improvement in the business environment and promotion of Digital-led growth] (Ogwumike, 2001; Ibeanu, 2004; Igbuzo, 2024; NPC, 2004; Ijaiya, 2007; Ole, 2009; Dodo, 2010; FGN. 2012, 2014; NSIO, 2016; NASSCO, 2020).

The government in 2020 launched the Economic Sustainability Plan in response to challenges posed by the COVID-19 Pandemic. This Plan was meant to stimulate the economy by preventing business collapse and ensuring liquidity, retaining or creating jobs using labour-intensive methods in key areas such as agriculture, facility maintenance, housing and direct labour interventions. The Plan also undertook growth-enhancing and job-creating infrastructural investments in roads, bridges, solar power, and communications technologies, manufacturing and local production of goods and services at all levels and advocates the use of Made-in-Nigeria goods and services and extend protection to the very poor and other vulnerable groups (including women and persons living with disabilities) through pro-poor spending (BOF, 2020).

African continental free trade area (AfCFTA) and poverty reduction in Nigeria: The possibilities

The possibilities of the African Continental Free Trade Area (AfCFTA) in reducing poverty in both short and long runs depend very much on the dimensions of the regional integration index and the indicators assigned to each of the dimensions. These dimensions of regional integration and the indicators assigned to each of the indicators are shown in Table 4.

Although with limited data on the trends of the dimensions and indicators of regional integration with which to determine the possibilities of African Continental Free Trade Area (AfCFTA) in reducing poverty in Nigeria, this study made use of the 2019 data on African Regional Integration Index and the poverty rate as provided by the National Bureau of Statistics also of 2019.

As indicated in Table 5, even with the reduction in poverty rate by 59.9 per cent, the outcomes of the dimensions of regional integration were not encouraging in that any of the dimensions was below 40 per cent. For instance, as fundamental as infrastructure is in regional integration it had an index of 0.252 which is about 25 per cent of the total needed for effective integration of Nigeria with other African countries. By implication, the efficiency of AfCFTA to poverty reduction is doubtful given that with inadequate infrastructure, economic link in trade, finance, production and social development are not sufficient enough to enhance poverty reduction.

Free movement of people which is essential for scaling-up local ventures, building economies of scale, developing efficient value chains in agriculture and manufacturing businesses, enhancing knowledge exchange, especially in information, communication and technology and in building new markets had an index of 0.117 which is 11.7 per cent of Nigeria's economic integration efforts with other countries in Africa. This low value, although was linked to the closure of the Nigerian border between 2018 and 2021. By implication, the efficiency of AfCFTA to poverty reduction would be limited if people are not allowed to move freely, set up businesses and reside in places of their choice.

The convergence and stability of macroeconomic variables such as inflation, interest and exchange rates and the ease of converting one country's currencies with others and the possibility of having common currency within the African region could create a healthy financial climate that would attract cross-border investments and exchange of skills. This was not the case with Nigeria that had 0.352 (representing 35 per cent) as the index of macroeconomic integration. An indication too, of Nigeria's inability to macro-economically integrate with other countries in Africa which if not address would have a negative impact on AfCFTA ability to reduce poverty in Nigeria in the future.

Trade is also essential for regional integration and AfCFTA ability to reduce poverty in Nigeria. However, Nigeria's value of the regional integration index on trade was also low put at 0.325 (32.5%). AfCFTA ability to reduce poverty in Nigeria would therefore take a while because Nigeria's trade with other countries in Africa is low given that trade tariffs still exist and non-tariff measures such as rules of origin[2] are not adhered to by some countries in Africa. The low trade volumes also indicate that Nigeria is yet to either sign or ratified in full all trade agreements with other countries in Africa.

In the case of productive integration, the value of the index was 0.364 (i.e. 36.4%) in 2019. A clear indication that the productive capacities of Nigeria relative to some country do not complement well enough with those of countries in Africa, because the country has not specialised enough in all stages of production where it has a comparative advantage. This situation also has its implication on AfCFTA ability to reduce poverty in Nigeria in the future.

[2] Rules of origin are the criteria needed to determine the national source of a product. Their importance is derived from the fact that duties and restrictions in several cases depend upon the source of imports or economic nationality of the product.

Table 4: African Regional Integration Dimensions and Indicators

Dimensions	Indicators			
Free movement of people	No. of countries that require a visa	No. of countries that may obtain a visa on arrival	Free Movement of People (Kigali Protocol)[1]	
Trade Integration	Average Intra-regional Import Tariffs	Share of Intra-regional Export over GDP	Share of Intra-regional Import over GDP	Share of Intra-regional Trade
Infrastructure Integration	AfDB Infrastructure Index[2]	The proportion of Intra-regional Flight Connections		
Productive Integration	Share of Intra-regional Intermediate Exports	Share of Intra-regional Intermediate Imports	Merchandise Trade complementary Index[3]	
Macroeconomic Integration	No. of Bilateral Investment Treaties in force	Regional Convertibility of Currency	Regional Inflation Differentials	

Note:
[1] Kigali Protocol measures whether a country has ratified the Protocol to the Treaty Establishing the African Economic Community Relating to Free Movement of Persons, Right of Residence and Right of Establishment (AU/AfDB/UNECA, 2016, 2019).
[2]AfDB Infrastructure Index is a composite index of measures of the state of electricity, transport, information and communication technologies, water and sanitation in an area with indicators of cross-border road connectivity, cross-border electrical infrastructure and the cost of mobile roaming (AU/AfDB/UNECA, 2016, 2019).
[3]Merchandise Trade complementary Index compares a country's export profile to the export profile of the region. This indicator is calculated as the sum of the absolute value of the difference between the import shares and the export shares of the countries under study vis-à-vis the region divided by two
Sources: AU/AfDB/UNECA, (2016), (2019).

Table 5: Scores on the Five Dimensions of Regional Integration and Poverty Reduction in Nigeria in 2019

Poverty Reduction Rate (%)	Average Score Index and Percentage	Free Movement of People Index and Percentage	Trade Integration Index and Percentage	Infrastructure Integration Index and Percentage	Productive Integration Index and Percentage	Macroeconomic Integration Index and Percentage
59.1	0.292 (29.2%)	0.117(11.7%)	0.325 (32.5%)	0.252 (25.2%)	0.364 (36.4%)	0.352 (35.2%)

Sources: AU/AfDB/UNECA, (2019); NBS, (2019).

Concluding remarks

This study started with a discussion on the concept of the African Continental Free Trade Area (AfCFTA) (its origin and the various submits and agreements signed that gave birth to it), the poverty situation in Nigeria and some of the poverty reduction efforts in Nigeria over the years.

The study also explored the possibilities of AfCFTA in reducing poverty in Nigeria in the years to come taking into consideration the underpinning dimensions and indicators of regional integration from which the regional integration index was derived. These dimensions are the free movement of people, trade, macroeconomic, productivity and infrastructure integrations.

From the available data on the values of the indexes of the dimensions of regional integration and the content analysis carried out, it was found that Nigeria's regional integration is weak because the country performed poorly in all the five dimensions of African Regional Integration Index. This by implication is likely to deter the contribution of AfCFTA to poverty reduction in Nigeria in the future.

For AfCFTA to have an impact on poverty reduction in Nigeria, measures that would improve productivity in the agricultural, manufacturing and solid mineral resource industries are needed. For instance, enhancing cross-border trade and cooperation, the introduction of effective distribution and marketing networks and adhering to all trade agreements signed and rules (such as the rules of origin) especially with countries that are neighbours to Nigeria is essential.

Addressing Nigeria's infrastructural challenges with other countries in Africa is also necessary because improving investment, especially foreign direct investment, production and trade across borders depends on effective infrastructure (road, rail, waterways, power and ICT). Involving the private sector using the Public-Private Partnership (PPP) model in infrastructure development would help enhance the direction of AfCFTA and poverty reduction.

Addressing the free movement of people and making sure some of the key macroeconomic variables are stable across borders is also imperative. For instance, to benefit from moving freely from one country to the other, emphasis should be placed on a more productive and skillful workforce that would add value to the economic development of Nigeria and member nations. National and regional stability of macroeconomic variables (e.g. inflation, interest and exchange rates) and if possible agreeing on a convertible currency framework that would ease foreign businesses and investments and create healthy banking and financial climate that could attract cross-border investments and transfer of skilled workers into Nigeria and to other countries are needed.

The most recent concern is the security of lives and properties within Nigeria and across borders. Countries of Africa and most especially those that are neighbours to Nigeria must address some of the security challenges within the sub-region. Critical are issues of terrorism, the proliferation of small arms, human and drug trafficking using more security personnel, collaborations with countries of Europe and the United States of America, technology and intelligence.

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