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# Challenges facing manufacturing sector in trading under the African Continental Free Trade Area Framework: a case study of firms registered under Kenya Association of Manufacturers.

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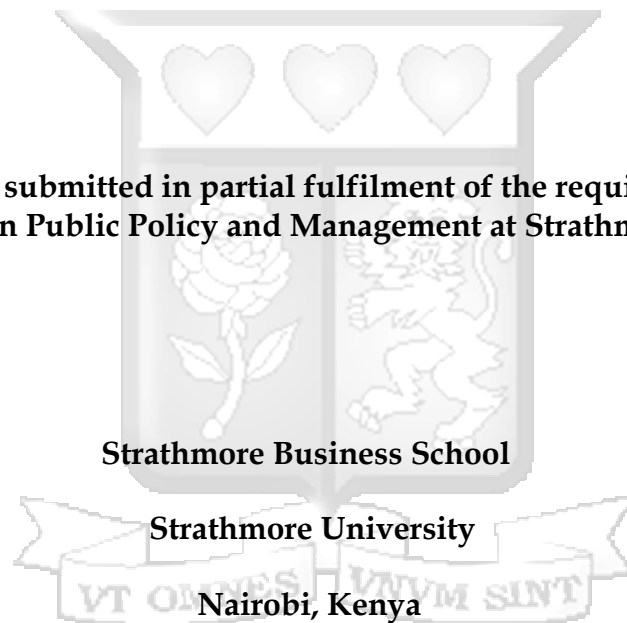
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**CHALLENGES FACING MANUFACTURING SECTOR IN  
TRADING UNDER THE AFRICAN CONTINENTAL FREE TRADE  
AREA FRAMEWORK: A CASE STUDY OF FIRMS REGISTERED  
UNDER KENYA ASSOCIATION OF MANUFACTURERS.**

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ADM: MPM/152948/22**

**This dissertation is submitted in partial fulfilment of the requirements of the  
award of a Master in Public Policy and Management at Strathmore University**



**JUNE 2025**

## DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

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Angela Muoti Weyama..... Name of candidate



..... Signature

19<sup>th</sup> May 2025.....Date

### Approval

The dissertation of Angela Muoti Weyama was reviewed and approved for examination by the following:

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Date: :...19....May 2025

## ABSTRACT

The African Continental Free Trade Area (AfCFTA) is a transformative initiative aimed at fostering intra-African trade by reducing trade barriers and creating a unified market. Despite its potential, Kenya's manufacturing sector has yet to fully capitalize on this opportunity. This study examines the challenges hindering Kenyan manufacturers' in trading under the AfCFTA framework, the challenges in compliance with Rules of Origin (RoO), and administrative hurdles faced by customs authorities. Using a qualitative research approach, the study explores the perspectives of key stakeholders, including members of the Kenya Association of Manufacturers (KAM), Custom Officials and Ministry of Industry, Trade and Investment. The study begins by providing an introduction to the AfCFTA framework, outlining its objectives and expected economic benefits. It highlights Kenya's strategic position within AfCFTA and the existing policy framework supporting trade integration. The theoretical framework examines traditional trade theories; Mercantilism, Absolute Advantage Trade Theory and Comparative Advantage Theory (1817). modern trade theories; The Country Similarity Theory, Porter's National Competitive Advantage Theory and The New Trade Theory, all providing a conceptual foundation for understanding the challenges of regional trade. It further explores empirical studies on trade facilitation, regulatory barriers, and the role of infrastructure in enabling market access. The research methodology is designed to capture in-depth qualitative insights through interviews and secondary data analysis. The study employs purposive sampling to select key industry players and policymakers, ensuring a diverse range of perspectives. The findings reveal that manufacturers face significant challenges in trading under the framework, including high compliance costs, lack of awareness regarding AfCFTA regulations, delays in obtaining RoO certification, and inefficient trade facilitation mechanisms. Customs officials also struggle with inconsistent RoO implementation, inadequate infrastructure at border points, and capacity constraints that affect trade efficiency. To address these challenges, the study proposes policy recommendations, such as strengthening trade facilitation infrastructure, streamlining RoO certification processes, digitalizing customs procedures, and enhancing stakeholder sensitization programs. The research underscores the need for targeted financial support, especially for Small and Medium Enterprises (SMEs), to improve their competitiveness in regional markets. By synthesizing key findings, this study contributes to the discourse on regional trade integration and economic policy. The recommendations provide actionable insights for policymakers, trade facilitators, and industry stakeholders to enhance Kenya's manufacturing sector's participation in AfCFTA, ultimately fostering economic growth and strengthening the country's position in intra-African trade.

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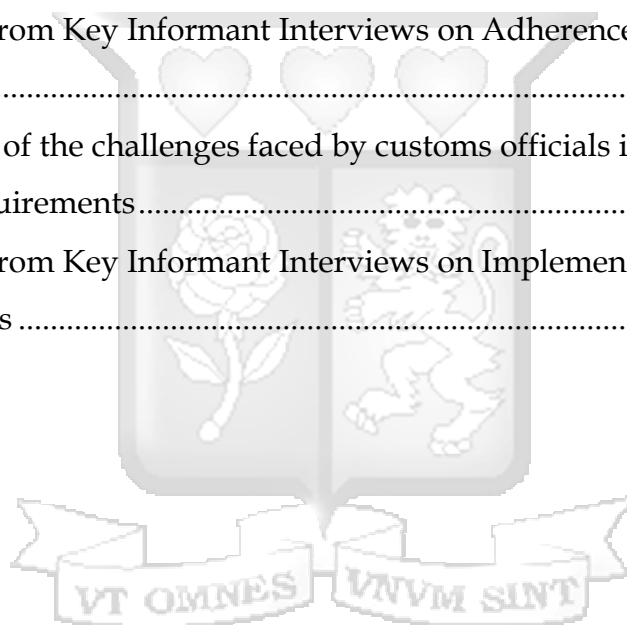
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## LIST OF ABBREVIATIONS

ADB	African Development Bank
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
AU	African Union
C&BC	Customs & Border Control
CEN-SAD	Community of Sahel-Saharan States
COMESA	Common Market for Eastern and Southern Africa
CoO	Certificate of Origin
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EFTA	European Free Trade Association
ETLS	ECOWAS Trade Liberalisation Scheme
EU	European Union
FTAs	Free Trade Agreements
GDP	Gross Domestic Product
GTI	Guided Trade Initiative
HS Codes	Harmonized System Codes
ICT	Information and Communication Technology
IGAD	Intergovernmental Authority on Development
ITC	International Trade Centre
JETRO	Japan External Trade Organization
KAM	Kenya Association of Manufacturers
KIPPRA	Kenya Institute for Public Policy Research and Analysis

KNCCI	Kenya National Chamber of Commerce and Industry
KNBS	Kenya National Bureau of Statistics
KRA	Kenya Revenue Authority
MITI	Ministry of Investment, Trade and Industry
MSMEs	Micro, Small, and Medium Enterprises
MTP / MTP-IV	Medium Term Plan / Medium Term Plan IV
NAFTA	North American Free Trade Agreement
NACOSTI	National Commission for Science, Technology, and Innovation
NTB	Non-Tariff Barrier
OSBPs	One-Stop Border Posts
REAs	Regional Economic Areas
RECs	Regional Economic Communities
RoO	Rules of Origin
SAFTA	South Asian Free Trade Area
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SITC	Standard International Trade Classification
SMEs	Small and Medium-sized Enterprises
SPS	Sanitary and Phytosanitary Measures
TFTA	Tripartite Free Trade Area
UN	United Nations
UNACTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
WCO	World Customs Organization
WTO	World Trade Organization

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First and foremost, I give my deepest gratitude to God for the strength, resilience, and wisdom that have guided me through this journey. My extended family and friends for their moral and financial support during my masters degree.

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My classmates; your encouragement, camaraderie, and willingness to exchange ideas made this experience both enriching and memorable. Thank you for being part of this incredible learning process. I am deeply grateful to Strathmore University for its world-class standards, exceptional learning environment, and state-of-the-art resources. The institution's commitment to excellence and innovation has greatly enriched my academic journey and professional growth.

To the Manufacturers under the KAM umbrella especially the ones who took part in the study, KAM officials, Customs Officers, the Ministry of Investment, Trade and Industry (MITI) and all the respondents who contributed their time and insights to this study, I extend my sincere appreciation. Your experiences and perspectives have been very instrumental in making this research impactful.

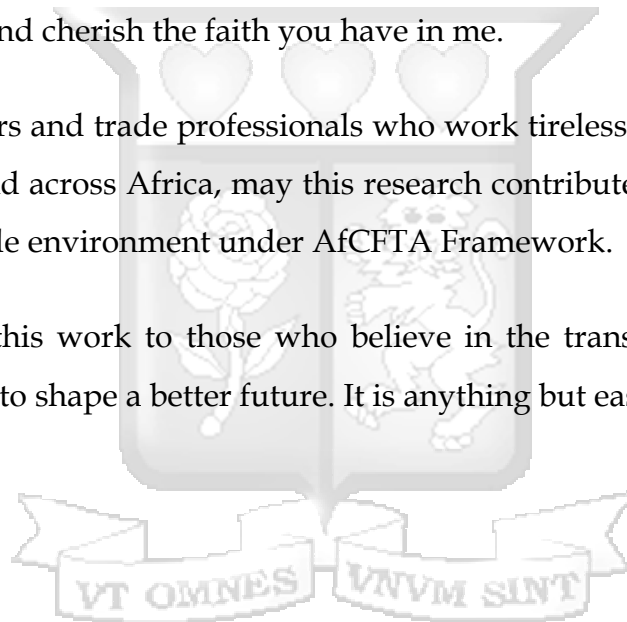
## DEDICATION

To my family for their immense support since I was born; My late dad; for believing I could, so I did it! my mom; for the unconditional love and my late brother; for showing me what understanding someone looks like. My niece and nephew; for allowing me to pave the way for you. To my late grandma; for bringing out my potential to do anything I put my mind to.

To my friends, especially Mumbi; for refusing to give up on me when things got tough, for all the encouragement, I see the trust you place in me, and it fuels my determination. To my classmates that held me accountable and benchmarked with my work - I recognize and cherish the faith you have in me.

To the manufacturers and trade professionals who work tirelessly to drive economic growth in Kenya and across Africa, may this research contribute to a more inclusive and prosperous trade environment under AfCFTA Framework.

Finally, I dedicate this work to those who believe in the transformative power of research and policy to shape a better future. It is anything but easy.



# CHAPTER 1: INTRODUCTION TO THE STUDY

## 1.1 Background to the Study

AfCFTA (African Free Trade Area) is a flagship project of the African Union (AU), situated within Agenda 2063: “The Africa we Want.” “It is an initiative on the continent that seeks to achieve market integration by creating a single, liberalized market for goods and services across Africa, fostering greater economic integration and trade. It also focuses on trade expansion by reducing tariffs and non-tariff barriers to enhance intra-African trade. The framework supports industrialization and economic growth by promoting structural transformation and sustainable development, moving African economies away from reliance on raw commodities. AfCFTA encourages investment through the free movement of people and labor and emphasizes inclusivity, ensuring that small and medium enterprises (SMEs), as well as women and youth, benefit from trade opportunities. Ultimately, it aims to position Africa as a competitive global player, strengthening its presence in the international market (Oramah, 2021). The Agreement is entirely driven by Africa, and if successfully implemented, it has the potential of being the largest (FTA)- Free Trade Area in the world” (Cloete, Tim 2020).

AfCFTA came into force on 30th May 2019, with the trading under AfCFTA projected to start on 1st July 2020, however, because of the COVID-19 pandemic, it commenced on January 1, 2021. As of May 2022, there were 54 signatories to the agreement, of which 43 Nations (80%) had deposited their instruments of ratification (Oramah, 2021). As of January 2024, 48 signatory countries, accounting for 89% of all signatories, had submitted their instruments of ratification for the AfCFTA while 12 State Parties had completed the necessary legal modalities to begin trading under the Guided Trade Initiative (GTI) (Tralac Trade Law Centre, 2024). Africa, with a population exceeding 1.2 billion people, has an estimated combined GDP of USD 2.5 Trillion. It has had a long-standing pursuit of trade integration, since the end of European colonial rule. The Treaty of Abuja, signed 1991, establishes a broad framework for an ‘African Economic Community’ (ITC, 2020). Regional integration is a crucial tool for promoting cooperation at both international and regional level. It leapfrogs obstacles to trade that restrict free movement of people, goods, services, and expertise.”

Integration under the AfCFTA is not expected to dismantle the already existing Regional Economic Communities (RECs), rather, it is anticipated to promote the successful implementation of more advanced regionalism in the continent through the eight Regional Economic Communities (RECs) - Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS), East African Community (EAC), Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), Arab Maghreb Union (AMU), Community of Sahel-Saharan States (CEN-SAD) and Intergovernmental Authority on Development (IGAD).” (Oramah, 2021).

According to UNCTAD (2022), Africa’s current untapped export potential is estimated at \$21.9 billion, amounting to 43% of intra-African exports. An extra \$9.2 billion in export potential is expected to be achieved through partial tariff liberalization under the AfCFTA from 2022 - 2027. This is expected to enhance intra-African trade, fostering sustainable development while paving way for the establishment of a customs union (AfDB Bank, 2019). In general, the integration has a significant potential to contribute towards the achievement of the goals of the AfCFTA. Income, welfare, trade flows, income distribution, employment and revenue for the member countries is expected to increase through the long-term reduction in tariff and non-tariff barriers. Intra-continental trade in Africa is ranked the lowest globally at 12.1%, while the EU is at 66.9%, Asia & Oceanic 63.8% and America 44.4% as shown in figure 1.1 below.

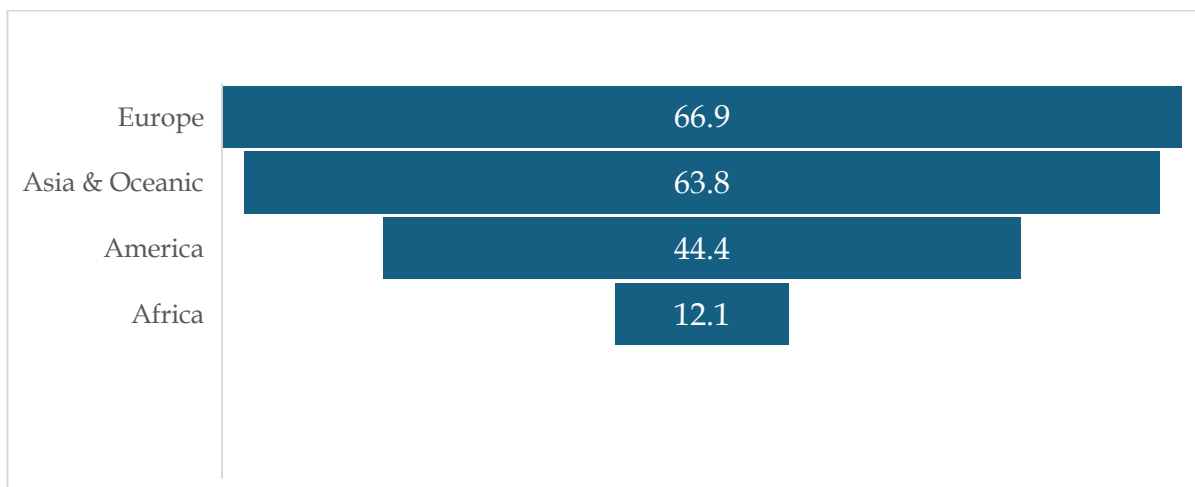


Figure1.1: % Intra-Continental trade within different regions Source:(UNCTAD, 2022).

Increased intra-African Trade is also expected to contribute towards catalysing intra-African investment and development of cross border infrastructure, leading to reduced constraints of the unfavourable boundaries especially for the 16 landlocked countries in Africa (AfDB Bank, 2019). “To fully unlock AfCFTA’s economic potential, the member states, comprising of 55 countries with varying sizes, income levels, and degrees of openness, must be prepared to make necessary adjustments. These include; cooperation on all trade-related areas, elimination of tariffs and Non-Tariff Barriers, cooperation on customs matters, liberalisation of trade in services, implementation of trade facilitation measures, and the establishment and the maintenance of institutional framework for the effective implementation and administration of the AfCFTA” (AfDB Bank, 2019).

### *1.1.1 An Overview of Manufacturing Sector in Kenya*

The manufacturing sector possesses the capability to elevate Kenya's economy to new heights, a fact substantiated by its prominent role in global trade. Notably, leading exporting nations like China, the USA, UK, Germany, Japan, and South Korea are driven by the considerable contribution of their strong manufacturing sectors, which collectively average around 22% of their GDPs. China and South Korea's economies take the lead, with manufacturing's share of GDP reaching 29%. This aspiration hinges on the capacity of manufacturing enterprises to effectively market their products within both domestic and international markets (WTO, 2024).

In Kenya, the Manufacturing Sector exhibits a combination of participation from both formal and informal enterprises. This landscape encompasses a handful of prominent formal establishments alongside small and medium-sized enterprises (SMEs) that hold significant significance within the manufacturing sector, alongside the informal sector. The sector is largely agro-based with the potential to generate jobs both directly and indirectly through the connections with other sectors (backward and forward linkages) like agriculture, trade and construction (KNBS, 2023)

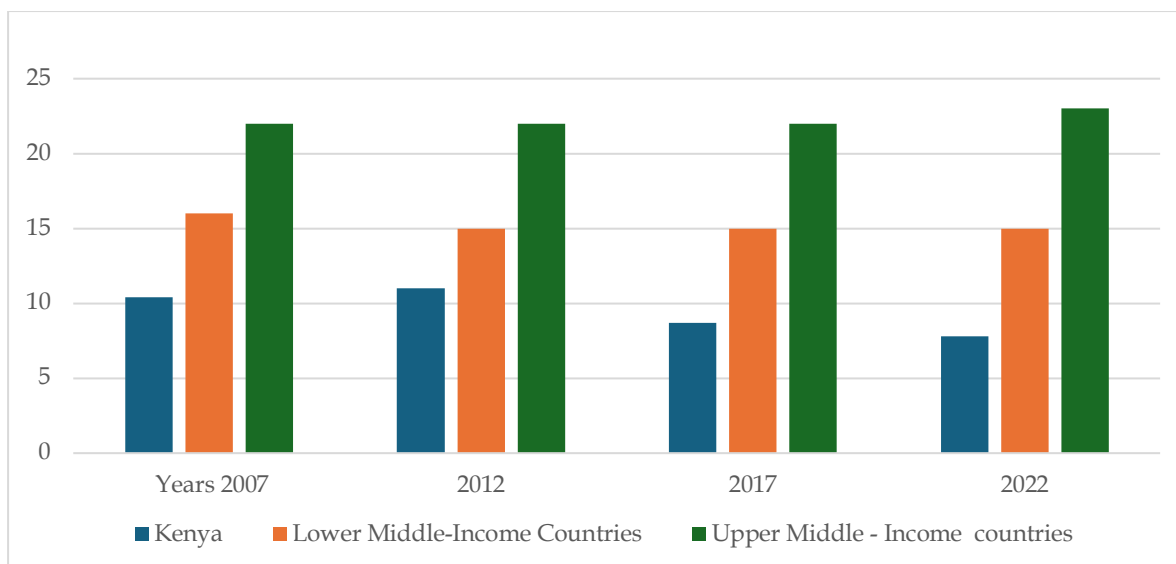


Figure 1.2: Manufacturing share contribution to GDP in Kenya as compared to upper middle-income countries and Lower-income countries: Source: KNBS Various Economic surveys and World Bank Open Data 2023.

The decline in contribution was attributed to competition from counterfeit goods, low technology adoption, high cost of production, and recurring drought. (MTP-IV-2023-2027). One key policy is the Vision 2030, which states that the key function of the Manufacturing Sector is to generate employment opportunities and enhance wealth creation. (MTP-IV-2023-2027) notes that trade in the manufacturing sector plays a very significant impact on attracting both domestic and foreign investments across all the value chains. To achieve this role, the Ministry of Investment, Trade and Industry (MITI) strives to establish a conducive atmosphere that not only fosters global competitiveness but long-term viability within the industrial, investment, and trade sectors, facilitated by suitable policy, legal, and regulatory structures. Generally, the manufacturing sector's expansion has been comparatively slower than the overall economy, which achieved a growth rate of 5.6 % in 2023. Recent contribution to the GDP signifies a gradual decline in the manufacturing sector's proportion within the GDP over time (Economic Survey, 2024). Growth of the Manufacturing sector and the contribution in GDP and manufacturing outputs and the drivers of the sector are depicted in the following graphs.

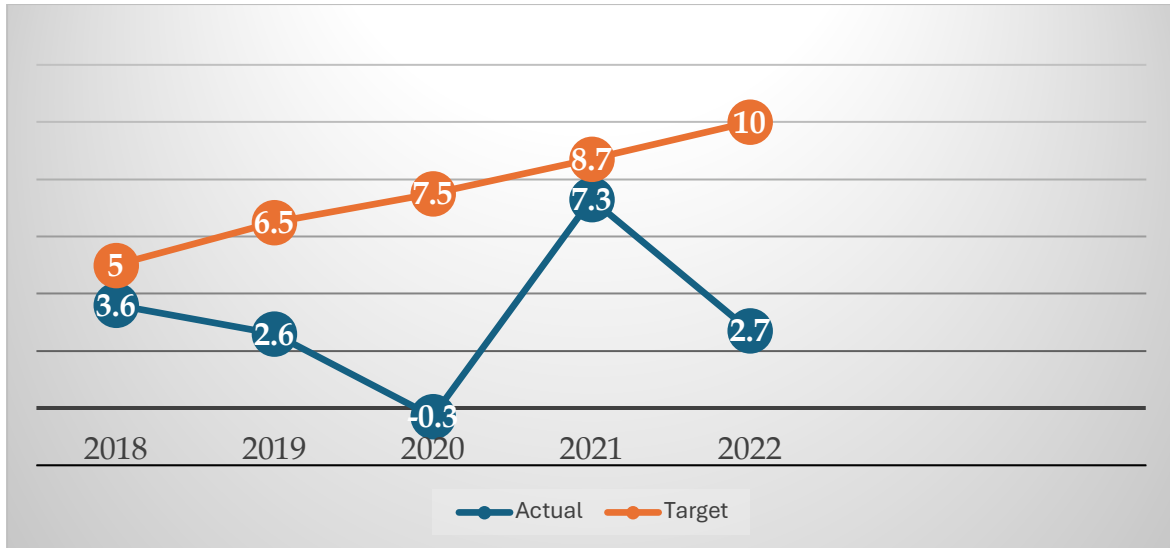


Figure 1.3: Growth of the Manufacturing Sector (%), 2018-2022 “Source: Economic Survey, 2024.



Figure 1.4: Contribution by the Manufacturing sector to the GDP, Manufacturing Output and the Target contribution. Source: Economic Survey, 2024

The fluctuations in contribution to GDP was attributed to factors such as COVID 19, competition from counterfeit goods, limited adoption of technology, high production costs, and recurring droughts (MTP-IV-2023-2027).

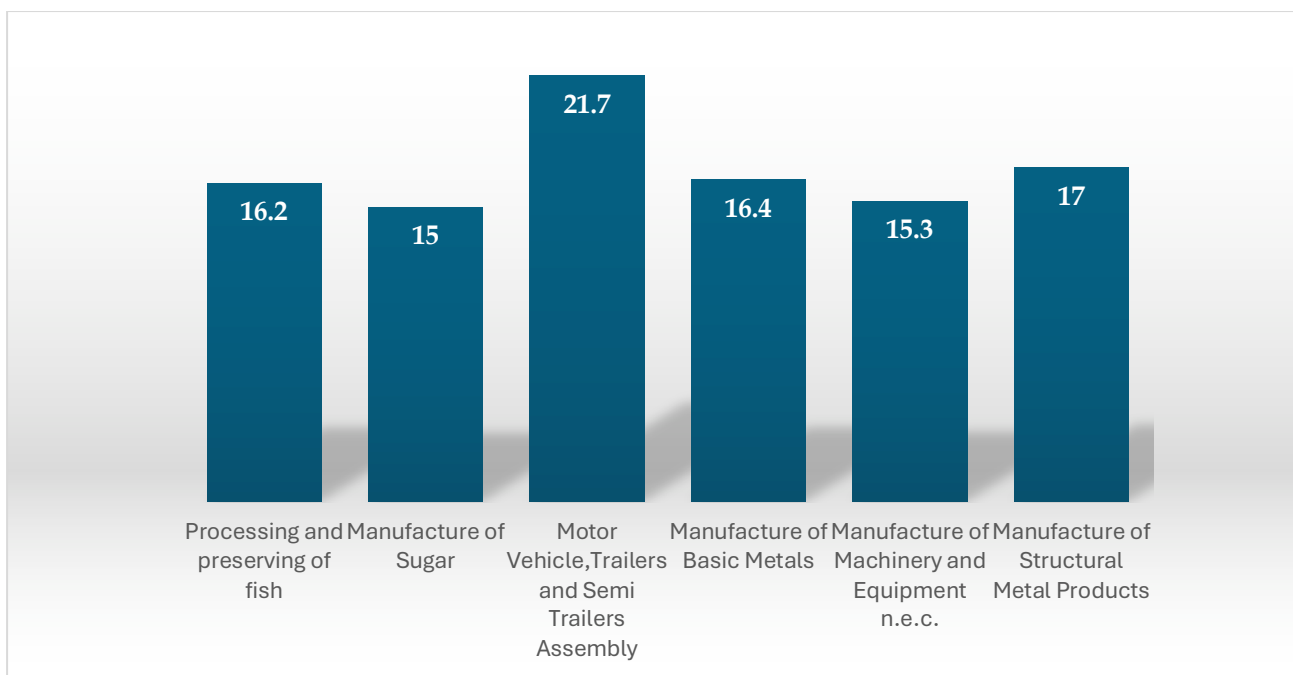


Figure 1.5: Drivers of Manufacturing Growth (%) 2023. Source: Economic Survey, 2024.

Kenya's involvement in the AfCFTA negotiations highlights her commitment to capitalise on this historic and strategic agreement for economic development and growth. This involvement presents significant opportunities for the expansion of the manufacturing export potential within the Region. The agreement promises to improve market entry/access, draw foreign direct investments, and promote sustainable economic development. In addition, it provides a platform to boost African investments in Kenya while encouraging Kenyan manufacturers to expand their operations across the continental (Oramah, 2021).

<sup>1</sup>AfCFTA has the capacity to place Kenya in a more competitive position within the region, opening opportunities while boosting her competitive advantage in the dynamic landscape of regional trade. Engaging in diversifying its export base, regional value chains and promoting industrialization, Kenya seeks to leverage the AfCFTA to boost her economic prospects. Further, in actively engaging in AfCFTA negotiations, the country aims to secure favourable terms that safeguards her interests while promoting fair competition among participating countries. Kenya emphasises the need protect intellectual property rights, to address tariff and non-tariff barrier

<sup>1</sup> <https://kippra.or.ke/promoting-sustainable-export-trade-in-kenya-unlocking-opportunities-with-afcfta/>

and streamline customs procedures (KIPPRA, 2024). Kenya currently maintains strong trade relationships with several African countries like South Africa, Ethiopia, Uganda, Tanzania, and Rwanda. These nations are major destinations for Kenyan exports and significant sources of imports. The active exporting of goods to various African countries, has led to increasing export values in recent years according to Trade Map database (2024).

Table 1.1: Kenya’s Total Export (\$) Trends to various destinations from 2019-2023

REGION	2019	2020	2021	2022	2023
East Africa Community (EAC)	1,650,561	1,829,909	1,888,903	1,945,062	2,203,125
COMESA (Excl. EAC)	1,801,880	1,877,403	1,915,990	1,961,267	2,227,190
ECCAS	389,586	499,166	437,266	453,892	522,078
SADC	496,503	466,576	740,211	695,532	771,765
ECOWAS	496,503	466,576	740,211	695,532	771,765
Rest of Africa	2,294,114	2,459,881	2,625,214	2,817,982	3,032,394
Rest of the World	5,836,027	6,025,429	6,742,108	7,390,793	7,216,731

Source: Trade-Map Database 2024

According to World Bank collection of development indicators (2024); manufactures exports (% of merchandise exports) in Kenya was reported at 30.74% in 2022, (Manufactured goods include items classified under SITC (Standard International Trade Classification) sections 5 (chemicals), 6 (basic manufactures), 7 (machinery and transport equipment), and 8 (miscellaneous manufactured goods), excluding division 68 (non-ferrous metals).

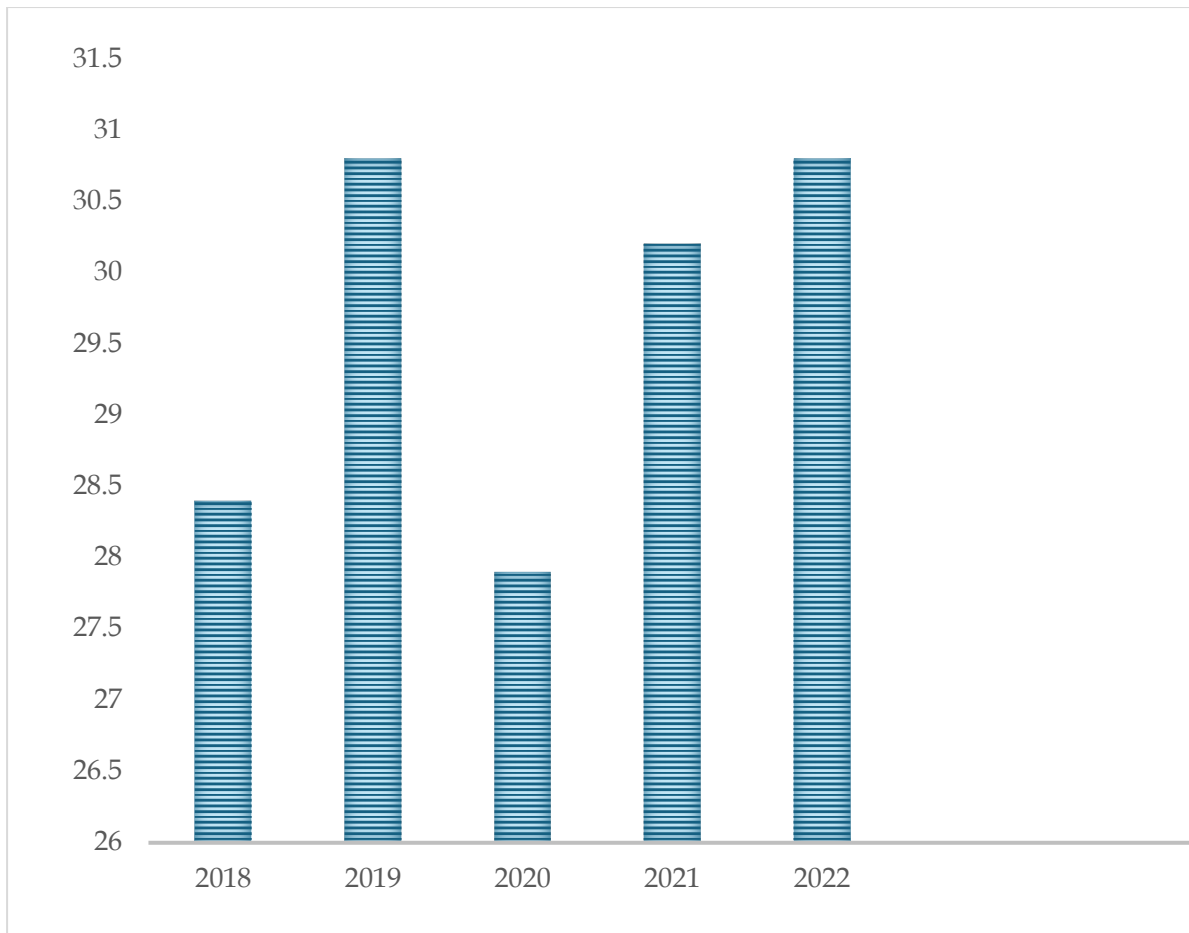


Figure 1.6: % of Manufacturers Exports in Kenya. Source: World Bank 2024

### 1.1.2 Overview of Manufacturing under the AfCFTA

AfCFTA, a comprehensive agreement for the continent, is aimed at creating a single market for commodities (goods and services) across the region. The agreement seeks to boost intra-African trade, enhance industrialization, and improve sustainable economic development. In the context of manufacturing, the framework focuses on boosting industrialization (Manga, 2010). AfCFTA is expected to stimulate demand for locally manufactured goods, by creating a larger market and encouraging investment in manufacturing sectors across member states. Eliminating Tariff and Non-Tariff Barriers - on 90% of goods, goal being to make it cheaper and easier for manufacturers to export products within the continent (Sekaran & Bougie, 2016). Supporting SMEs: the agreement recognizes the importance of both small and medium-sized enterprises (SMEs) in manufacturing aiming to create a very favourable environment geared towards their growth. Enhancing Value Chains - the agreement emphasizes the development of regional value chains, allowing for more

integrated production processes across different countries ((AfCFTA) Agreement, 2022). Government interventions and policy strategies play a crucial role in bolstering the manufacturing sector and overall economic growth. Supportive policies and incentives, such as tax breaks and subsidies, can stimulate production and innovation within the industry. Strengthening trade facilitation mechanisms ensures smoother and more efficient trade flows, reducing barriers and costs for businesses. Enhanced infrastructure development, including transportation and logistics networks, is vital for improving connectivity and operational efficiency (Sekaran & Bougie, 2016). Additionally, access to finance and investment promotion can provide businesses with the necessary capital to expand and modernize, driving long-term economic sustainability and competitiveness (MTP-IV-2023-2027).

Given that AfCFTA came into force in January 2021, literature on the performance outcomes by the manufacturing sector under the AfCFTA is still emerging. AfCFTA is projected to increase manufacturing output by reducing costs, facilitating access to a larger market, and encouraging economies of scale. <sup>2</sup>Early literature has highlighted the potential challenges, such as the need for infrastructure improvements, compliance with the Rules of Origin, and addressing non-tariff barriers. Despite trade being commenced under the AfCFTA framework, the anticipated changes in intra-African trade are yet to be materialised. The intra-African trade declined to 13.7% in 2022 from 14.5% registered in 2021 as a share of global trade. Intra-African exports declined from 18.22% as a percentage of total exports to 17.89% over the same period, while the intra-African imports saw a decline from 12.81% to 12.09% (UNCTAD, 2022).

The manufacturing sector can harness AfCFTA opportunities by integrating into regional value chains, aligning with Rules of Origin (RoO), adopting advanced technologies, and forming public-private partnerships to address trade barriers. AfCFTA provides access to a vast market of 1.3 billion people and a GDP of \$3.4 trillion, reduced tariffs, investment growth, export diversification, and SME support. Manufacturers can utilize channels such as trade platforms, financing programs, free

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<sup>2</sup> <https://www.uneca.org/stories/african-countries-trading-more-outside-the-continent-than-amongst-themselves%2C-eca-report#:~:text=Intra%2DAfrican%20trade%20as%20a,cent%20to%2012.09%20per%20cent.>

trade zones, and regional fairs. While some have benefited from increased exports and specialization, the sector faces challenges like limited growth, weak value chain integration, and risks from cheap imports. Addressing these issues requires policy reforms to lower costs, enhance infrastructure, and simplify regulations (*AfCFTA Agreement, 2022*).

## 1.2 Problem Definition

Kenya developed the AfCFTA implementation strategy (2022 -2027) that is geared towards diversifying, consolidating, and expanding exports to African markets targeting 5% real value-added increases per annum in manufacturing sector (KIPPRA, 2024). The successful implementation of AfCFTA hinges on a robust framework encompassing several key requirements, Member states are mandated to progressively reduce tariffs on 90% of goods over an agreed period, aiming to enhance market access and stimulate intra-African trade. Additionally, addressing non-tariff barriers (NTBs) like regulatory hurdles and customs procedures is crucial for facilitating smoother trade flows. Harmonizing customs procedures, investing in infrastructure and logistics, and promoting digital trade and e-commerce are essential to support efficient cross-border transactions (RoO Manual, 2022).

Kenya's manufacturing sector faces limited participation in the African Continental Free Trade Area (AfCFTA) despite its potential to boost regional trade, market access, and economic growth (African Development Bank, 2024).<sup>3</sup>The export of the initial consignment to Ghana on October 5, 2022, within the AfCFTA framework, saw a very low uptake, with only 15,000 AfCFTA Certificates of Origin obtained by the Kenya Revenue Authority (KRA). However, to date, these certificates have yet to be fully utilized, highlighting the limited engagement of businesses with the framework. Key challenges include tariff and non-tariff barriers, high compliance costs, regulatory hurdles. Micro, small, and medium enterprises (MSMEs) struggle with limited capacity and knowledge of AfCFTA provisions. These obstacles hinder the sector's ability to leverage AfCFTA opportunities and weaken Kenya's competitiveness in regional trade (African Development Bank, 2023).

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<sup>3</sup> <https://kra.go.ke/helping-tax-payers/faqs/the-african-continental-free-trade-area-afcfta>

Central to the AfCFTA's operational framework are the Rules of Origin (RoO), which determine goods' eligibility for preferential tariff treatment (RoO Manual, 2022). However, compliance presents significant challenges for Kenyan manufacturers, particularly MSMEs and first-time exporters, due to their limited experience and understanding of RoO requirements. The certification process is complex and lengthy, requiring travel for registration and submission, leading to delays and high compliance costs that disproportionately affect smaller businesses (Abdulai et al., 2024). Government officers also face difficulties, including inconsistent interpretation of RoO across countries, lack of standardized guidelines, capacity constraints, and reliance on manual systems. Verifying authenticity and correcting errors in Certificates of Origin (CoOs) is resource-intensive, further delaying processes and increasing costs. These inefficiencies undermine AfCFTA's effectiveness, highlighting the need for harmonized procedures and capacity building (Kniahin & de Melo, 2022)

The lack of active participation in the AfCFTA may lead to missed opportunities, such as the potential for increased employment and investment prospects, the development of regional value chains and promotion of local content, partnership in developing shared infrastructure to support intra-African business, improved infrastructure and connectivity, and enhanced access to employment and educational opportunities across the continent. These missed benefits serve as an impediment to reversal of the current trends in economic growth, poverty, and inequality, across the African continent, as detailed in the AU's Agenda 2063. These goals also align with the UN's Sustainable Development Goals (SDGs), particularly eradicating extreme poverty, promoting gender equality, and reducing inequalities.

The study sought to analyze the challenges faced by the Kenyan manufacturers in trading under the AfCFTA framework, the challenges faced by customs officers in issuing certificates of origin, and provide pragmatic interventions.

### 1.3 Research Objectives

#### 1.3.1 General objective

The objective of this research is to determine and analyse the challenges faced by the Kenyan manufacturers in trading under AfCFTA framework.

#### 1.3.2 Specific Objectives

1. To explore the general challenges faced by manufacturers in trading under the AfCFTA
2. To analyse the challenges encountered by manufacturers in adhering to the rules of origin requirements in trading under the AfCFTA.
3. To assess the key challenges encountered by customs officials in implementing the Rules of Origin requirements that promote manufacturing trade under the AfCFTA.

### 1.4 Research Questions

1. What are the challenges faced by manufacturers in trading under the AfCFTA framework?
2. What are the challenges encountered by manufacturers in adhering to the rules of origin requirements in trading under the AfCFTA?
3. What are the key challenges encountered by customs officials in implementing the Rules of Origin requirements that promote manufacturers trading under the AfCFTA?

### 1.5 Scope of the study

The study focuses on manufacturers under the Kenya Association of Manufacturers (KAM), which was founded in the year 1959 as a private sector entity with the mandate to be the representative body for value-add manufacturing industries in Kenya. By fostering collaboration, communication, and comprehension between the government and its members, the body serves as a pivotal conduit. It advocates for the members' perspectives and issues to the relevant authorities. According to KAM Directory 2022 -2023 "KAM comprises of a diverse array of small, medium, and large enterprises of value-added industries categorized into various sectors: Service &

Consultancy, Building, Mining & Construction, Chemical & Allied, Energy, Electrical & Electronics, Food & Beverage, Leather & Footwear, Metal & Allied, Motor Vehicle & Accessories, Paper & Board, Pharmaceuticals & Medical Equipment, Plastics & Rubber. Fresh Produce, Textile & Apparel, Timber, Wood & Furniture.”<sup>4</sup>

The choice of KAM members based in Nairobi as the scope of study was to enable a more structured approach in identifying manufacturers to be interviewed for the study. While it is acknowledged that KAM's membership constitutes only 40% of Kenya's manufacturing value-added industries, it might not represent all the categories in the manufacturing sector, hence a limitation, to the study.

## 1.6 Significance of the study

The significance of this study lies in identifying and highlighting the challenges faced by Kenya's manufacturing sector in accessing integrated markets and expanding trade under the AfCFTA framework. It specifically examines obstacles related to obtaining Rules of Origin Certificates from the customs and the manufacturers perspective, which are crucial for facilitating manufacturing trade within the agreement.

This study has identified critical strategies and public policy interventions that can enhance Kenya's engagement in intra-African trade, potentially driving economic growth. The findings offer actionable insights that can be extrapolated to other sectors facing similar challenges in adopting and participating in AfCFTA. Strengthening Kenya's participation in AfCFTA can improve the country's regional positioning, creating new opportunities and boosting its competitive advantage in the evolving landscape of regional trade.

Furthermore, this study contributes to the existing body of knowledge on the challenges of participating in integrated markets under Free Trade Areas. It provides a foundation for future research and informs the development of targeted international public policy interventions aimed at improving participation and implementation of agreements within Free Trade Areas.

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<https://kam.co.ke/about-kam>

## CHAPTER 2: LITERATURE REVIEW

### 2.1 Introduction

This chapter provides a comprehensive review of literature relevant to the research topic. It is organized into sub-sections, including the theoretical frameworks underpinning the study and an empirical literature review focused on the three research objectives. The chapter concludes with the identification of research gaps and the presentation of the conceptual framework.

### 2.2 Theoretical Framework

The theoretical framework of a study refers to the established theory or theories embraced by the research to establish the connection between the main concepts under investigation (Sekaran & Bougie, 2016). The study of manufacturing sector trading under the AfCFTA framework involves economic integration, trade policies, and firm-level competitiveness. While traditional trade theories explain the broad market access mechanisms and advantages of specialization, modern trade theories, with their focus on economies of scale, product differentiation, and strategic policies, provide insights into the firm-level competitiveness and adaptation challenges that are crucial for maximizing AfCFTA benefits.

#### 2.2.1 Traditional Trade Theories

**Mercantilism;** the term "mercantilism" was coined in the 18th century by French economist Victor de Riqueti (Ekelund & Tollison, 1981). The principle dominated Western trade policies from the 16th to 18th centuries and is historically considered to be the first theory of international trade. It discouraged imports through tariffs and quotas while advocating for exports via subsidies to accumulate precious metals. The theory posited that increasing exports would significantly enhance a nation's wealth, whereas imports would work towards diminishing the wealth. <sup>5</sup>Thomas Mun, "the ordinary means, therefore, to increase our wealth and treasure is by foreign trade, wherein we must ever observe this rule; to sell more to strangers yearly than we consume of theirs in value" (Mun, 1895) Mercantilism theory assumed that global wealth was fixed, so one nation's gain was another's loss. Critics argued that

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<sup>5</sup> <https://archive.org/details/englandstre00muntuoft/page/6/mode/2up>

mercantilism was a "false unity to disparate events" and hindered growth in developing nations. David Hume's price-specie-flow doctrine suggested that a favourable trade balance was only possible in the short term. Adam Smith criticized mercantilism as a conspiracy by industrialists and merchants against consumers, limiting their access to foreign products. The theory was viewed as a "zero-sum game," where one nation's gain equated to another's loss. (Ekelund & Tollison, 1981) described mercantilism as a rent-seeking society. This behaviour, they argued, included lobbying for tariffs and subsidies, which benefited specific groups (like merchants and industrialists) at the expense of broader economic welfare

Furthermore, the assumption that global wealth is fixed led to colonial exploitation and conflict, as countries competed aggressively for market dominance. Modern economic theories, including comparative advantage, suggest that trade can be mutually beneficial, allowing nations to specialize in what they do best and import what they lack, ultimately fostering economic efficiency and global prosperity (Nunes, 2024). In relation to this study, mercantilism's emphasis on protecting domestic industries through restrictive trade policies contrasts with the liberalization goals of the AfCFTA. Kenya's manufacturing sector, which the study focuses on, is transitioning from historically protectionist environments toward an integrated continental market that encourages open trade. The AfCFTA framework seeks to reduce tariffs and non-tariff barriers, promote intra-African trade, and support regional value chains, a direct departure from mercantilist ideology

**Absolute Advantage Trade Theory;** - Coined by Adam Smith in 1776, it refers to a country's ability to produce a product at a lower cost than another country. Adam advocated for countries specialization in producing goods where they hold an absolute advantage and focus trade on these goods internationally. He argued, "what is prudence in the conduct of every private family can scarce be folly in that of a great kingdom. If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy from them with some part of the produce of our own industry employed in a way in which we have some advantage" (Smith & Campbell, 2009). According to Smith, specialization, would increase total output and global

efficiency by optimally utilizing resources. He criticized mercantilism, asserting that both countries in trade can benefit, as one country's export is another's import. Smith insisted that all countries would, therefore, gain from the free trade and specialization in what they produce at a lower cost. He noted that even if a country's production exceeded domestic consumption, it would enhance productive powers and accelerate national wealth and revenue (Thuong, 2011).

This theory assumed that countries had absolute advantage over others. However, Smith, did not address what would happen when a given nation had an absolute advantage in producing everything. Absolute Advantage Trade Theory has faced several criticisms. One of the key limitations is that it assumes a binary trade relationship, only two countries producing two goods, which oversimplifies real-world trade dynamics. In such cases, the theory does not explain how trade can still be beneficial, making it inapplicable to more complex scenarios" (Smith & Campbell, 2009). Additionally, the Absolute Advantage Theory assumes factors like full employment, perfect mobility of labor within countries, and immobility between them, which are unrealistic in today's globalized economy. It also overlooks transportation costs, trade barriers, and the impact of technology and capital. The theory simplifies human capital and resource quality by focusing purely on productivity, ignoring qualitative factors that influence trade (Thuong, 2011).

This theory provides a foundational economic rationale for Kenya's participation in the African Continental Free Trade Area (AfCFTA). By integrating into a larger continental market, Kenya's manufacturing sector is positioned to specialize in industries where it has an absolute advantage, and trade with other African nations for complementary goods. Concerns over the absolute Advantage were addressed by the comparative advantage theory, showing that mutual benefits are still possible in trade when a particular country can produce all or most of the goods very efficiently. Empirical evidence supports that countries with absolute advantages in certain industries tend to export those goods.

**Comparative Advantage Theory (1817);** propounded by David Ricardo to address limitations of the Absolute Advantage Theory. Ricardo postulated “countries can benefit mutually from trade even when one country had an absolute advantage in producing nearly all traded commodities. Countries should do a specialization in producing goods where a country has the highest output at the lowest opportunity cost relative to another country. If there exist production costs between trading nations, each country will have a comparative advantage in the product it is most efficient in production.” (Thuong, 2011).

The theory is, however, based on several assumptions: perfect competition exists; only two countries are involved in trade; they trade only two products; labour is the only factor of production; technological differences exist across countries; trade does not affect income distribution between trading countries; trade is partly due to differences in labour productivity; transportation costs between countries; and that there are no trade restrictions (Watson, 2017). Empirical studies show that countries tend to export goods in which they have a comparative advantage (Wuri, 2024). Critics argue that the theory fails to explain why labour productivity and technologies differ between trading countries.

According to Comparative Advantage Theory, countries stand to benefit from trade by specializing in goods and services they can produce at a lower opportunity cost relative to others (Thuong, 2011). AfCFTA, by removing trade barriers and creating a unified African market, provides Kenya with a platform to leverage this principle.

### **2.2.2      *Modern International Trade Theories***

**The Country Similarity Theory:** proposed by Staffan Burenstam Linder, a Swedish economist in 1961, it describes global trade patterns. After conducting an empirical analysis following the Leontief hypothesis, Linder found that, goods are primarily traded based on similar countries’ demand structures. He emphasised that countries that have similar demands for products are more likely to establish related industries and trade based on their differentiated commodities (Ergashov, 2023). Linder's theory posits “consumers in countries that are classified as having similar levels of both per capita income and development index tend to have similar or comparable tastes and

they end up consuming similar quality of products. Consequently, these countries are much more likely to trade and consume almost the same quantity and quality of commodities.” (Celo & Nebus, 2013). In modern times, many econometric studies, using Linder's approach, have found a positive correlation between the average level of per capita income and the share of intra-industry trade in countries. According to (Bergstrand, 1990), prominent systematic empirical relationships between industry trade and the national income inequalities, per capita endowment ratios, and tariffs revealed greater similarity in countries' per capita incomes, for both supply and demand reasons, leads to more intra-industry trade.

This theory is particularly relevant to this study, as AfCFTA brings together African countries with varying but often comparable levels of development and industrial capacity. Kenya's manufacturing sector could thrive under AfCFTA by targeting markets in countries with parallel economic characteristics, where the likelihood of product-market fit is higher. Country Similarity Theory has been criticized for its limited explanatory power in understanding trade between countries with significantly different levels of development. Critics argue that the theory focuses primarily on intra-industry trade among developed nations, overlooking the extensive trade that occurs between developed and developing countries, which is often driven by comparative advantage rather than similarity. Additionally, the theory assumes that similar consumer preferences automatically lead to stronger trade relations, but trade is influenced by many other factors, such as political relationships, trade agreements, historical ties, and resource endowments (Celo & Nebus, 2013).

**Porter's National Competitive Advantage Theory:** introduced by Michael Porter in 1990, is also known as Porter's Diamond (Tsai et al., 2021). He argued that the level of business and economic conditions determines the trade patterns that exists in trading countries. He postulated national productivity is the only meaningful measure of competitiveness. Porter identified the four key factors for a nation's competitive advantage: related and supporting industries, factor conditions, demand conditions, and the firm strategy, structure and rivalry. Firm strategy, structure, and rivalry describe the conditions in a country that affect the creation of companies, their

management, and organization, as well as the nature of domestic competition. Porter suggested that local rivalry and the quest for competitive advantage drive companies to excel on an international level. (Vlados, 2019)

According to this theory, factor conditions include both the basic resources, like natural resources and climate, and the advanced factors, such as skilled labour, research and development. Demand conditions on the other hand, refer to the level of consumer demand for domestically produced commodities – both goods and services. Supporting and related industries are both influenced by the existing investments in advanced production factors and the competitive spillover from similar industries, which ends up boosting both domestic and global competitiveness (Tsai et al., 2021). Governments play a crucial role in ensuring high production quality, healthy competition and excellent service delivery among firms. According to Porter, nations can benefit from trade even without differences in factor endowments. Empirical evidence shows that countries should export products from industries where the diamond factors are favourable and import where they are not (Verter, 2015)

Critics argue that the model places too much emphasis on internal national factors, while neglecting external influences such as foreign direct investment, global trade policies, and geopolitical factors. Additionally, it has been noted that the framework lacks clear guidelines for policy implementation, making it more descriptive than prescriptive (Tsai et al., 2021). This theory, however, is highly relevant to this study, as it provides a framework for analyzing Kenya's capacity to build a competitive manufacturing sector under AfCFTA. Theory explains why certain nations are more successful in particular industries, emphasizing that national prosperity in international trade is not inherited but created.

**The New Trade Theory:** This Trade theory stands as one of the oldest disciplines of economics. The trade theory was formulated by authors such as: (Davis, 2000) (Helpman, 1984) (Krugman, 1982). This was in response to the limitations of traditional trade theories. The theory was developed to address three primary observations of the post-World War II trade data; increase in trade-to-GDP ratio, concentration of trade among industrialised nations and prevalence of intra-industry

trade among industrialised countries. Unlike traditional trade theories, the new trade theory considered the presence of increment of returns to scale, where average cost of production decreases as output increases. This, in return, led to the concentration of production in a few firms or countries, resulting in trade patterns that were driven by comparative advantages based on economies of scale (Krugman, 1982). By allowing different countries to specialise in the production of commodities they had a comparative advantage in, the new trade theory propounded that trade could easily promote economic growth. By facilitation of transfer of technology, knowledge, and resources, trade could also stimulate productivity, innovation, and efficiency, leading to higher standards of living and poverty reduction (Helpman, 1984).

The new trade theorists contended that firms engaged in product differentiation to gain market power and to seek an increment in their competitiveness, leading to proliferation of differentiated products, like brands and varieties, rather than homogeneous goods (Greenaway, 1991). The New Trade theorists also argue that governments could strategically intervene in trade to enhance the welfare of a country. Strategic trade policies, like tariffs, subsidies, and export promotion, could help domestic businesses gain a competitive advantage in the global markets and seize a larger share of the gains from trade (Helpman, 1987) (Helpman, 1984)(Krugman, 1982). Both Helpman (1985) and (Krugman, 1982) highlighted shifts in income distribution among industrialised nations that served as the primary mechanism in their theory for explaining the observed increase in trade compared to income. (Markusen, 1986) emphasised the unequal income elasticity of demands that stemmed from non-homothetic preferences as the central point in explaining the substantial trade among industrialised nations compared to trade with less developed economies.

When the demand for the differentiated products surpassed the one for the homogeneous products, intra industry trade was expected to increase with higher income levels. If industrialised nations predominantly exported the differentiated products, intra-industry trade among them would grow relative to trade with less developed countries. As a result, global wealth increased, trade among industrialised

nations would increase at a faster rate than other forms of trade. The new international trade theory provided a nuanced understanding of the complexities of international trade offering insights into the intricate mechanisms that drive globalisation and economic development in the contemporary world(Greenaway, 1991). One of the core ideas of New Trade Theory is that it assumes firms experience increasing returns to scale i.e., the more they produce, the lower the cost per unit. Critics argue that this assumption doesn't hold in many industries, especially in developing economies where businesses often struggle with limited scale, technology, and infrastructure(Markusen, 1986).

This theory suggests that targeted government support, such as subsidies, investment in innovation, and trade facilitation, will be essential if Kenya is to develop competitive manufacturing firms capable of thriving in a liberalized African market. By opening up a larger continental market, AfCFTA creates an environment where economies of scale can be achieved, allowing Kenyan manufacturers to reduce per-unit costs, innovate, and compete more effectively across Africa.

By integrating both traditional and modern trade theories, the study explores Kenya's manufacturing sector within the context of the AfCFTA framework. The New Trade Theory provides valuable insights into leveraging comparative advantages, fostering technological innovation, and achieving economies of scale; key factors for enhancing competitiveness. Addressing challenges such as barriers to manufacturing growth and capitalizing on Kenya's absolute and comparative advantages will enable the country to strengthen its manufacturing sector. This, in turn, will contribute to sustainable economic development, facilitate deeper integration into global markets, and enable Kenya to fully capitalize on the opportunities presented by the AfCFTA, driving its success in regional trade.

## 2.3 Empirical Literature Review

### 2.3.1 *Tariff and Non tariff challenges faced by manufacturers in trading under the AfCFTA*

<sup>6</sup> AfCFTA, though facing unique challenges, is expected to undergo some challenges common to other Free Trade Areas like; EFTA: European Free Trade Association: Norway, Iceland, Switzerland and Liechtenstein; NAFTA: United States, Mexico and Canada; SAFTA: South Asian Free Trade Area comprising Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. The biggest challenge faced by the South Asian Free Trade Area - SAFTAs is the “Spaghetti Bowl” or “Noddle” effect which is the proliferation of free trade agreements between individual countries” (Opeoluwa, 2025). In order to be successful, three dimensions to trade in Africa that AfCFTA have to be manoeuvred; “One is the Preferential Trade Agreements between African countries and nations outside the continent; AGOA framework the preferential entry to the US market. Second is the Regional Trade Agreements among African countries and regions outside Africa such as various economic partnership agreements the European Union (EU) has conducted negotiated with several African countries and regional groups like EAC and ECOWAS that call for the liberalisation of African markets to EU imports. Thirdly, the network of intra-African trade agreements, encompassing eight REAs and the four subregional groups - North, East, West and Southern Africa Regions (AU Summit, 2023).

Comparative advantage is the idea of comparing the opportunity costs of producing a good among different producers (Mankiw & Taylor, 2017). The principle is based on the concept that nations possess varying endowments of factors of production with differences in opportunity costs that create the incentives for trade, leading to gains for all involved parties. Specialisation in the production of goods in which a nation has a comparative advantage results in increased overall production in the economy. The surplus of these goods can be traded with other countries, leading to economic growth and benefits for producers and consumers. A report by UNECA (2017) underscored the significance of geographical comparative advantage promotion by the support of complementarity functions. Countries participating in AfCFTA

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<sup>6</sup> <https://www.tralac.org/documents/resources/booklets/3028-afcfta-a-tralac-guide-6th-edition-november-2019/file.html>

framework should diversify trade through comparative advantage; this can be achieved through leveraging on spatial factors, and complementary trade. (Abdon & Felipe, 2011) in backing up this concept, devised an endowment-location and trap classification recommending policy strategies for various countries to break from the constraints in their pursuit for economic diversification and growth. While variations in comparative advantages are crucial in determining trade patterns, the specific gains and drawbacks for the different parties are not always clearly delineated in practice (Mankiw, 2017). Within the context of the AfCFTA, one of the significant challenges is the disparity in industrialization levels among African countries.

“In the manufacturing sector, FTAs have been known to successfully lower tariff rates and non tariff barriers (NTBs) by harnessing the use of both the bilateral tariffs and NTB data in a time series for countries globally. Non-Tariff Barriers include product registrations and packaging requirements, pre-shipment inspection and testing, certification of products, restrictions on quantity and licensing for importers and exporters” (CHANG & LEE, 2010). Membership WTO (World Trade Organization), of which majority of the African Countries are members of, does not substantially reduce tariff rates but does play a crucial role in decreasing NTBs. As the trade barriers decrease under the agreement, countries classified as having advanced manufacturing sectors may start importing manufactured goods from other nations at very low costs. This situation raises concerns about the potential impact on domestic producers who are still in the process of developing their critical manufacturing sectors (Rauniyar & Kanbur, 2010). There is a fear that such imports could hinder the growth and competitiveness of these domestic industries. “The discussion on NTBs is characterized by two opposing trends. While some countries aim at harmonizing product standards to reap further gains from trade (e.g., recently stalled trade talks between the United States and the European Union), fear of protectionism has led to a close monitoring of NTBs worldwide during the Great Recession” (Grundke & Moser, 2019).

Numerous researchers like (Arvis et al., 2016) have highlighted the critical role played by infrastructure in achieving integration and fostering economic growth in

Africa. (Tuluy, 2017) posits that “hard infrastructure as physical infrastructure in both density and quality” and it entails various physical networks, ICT, road systems, transportation and their maintenance. “Soft infrastructure, on the other hand, encompasses all types of institutions like the financial entities, governmental systems, customs clearance services, which are essential for building a country’s economy. Overall the African continent is by all measures the least endowed region of the developing world in infrastructure stocks, even compared to low-middle-income countries in other regions” (Bond, 2016). “Various types of infrastructure are services that are provided by the government or private institutions to link production and consumption. Thus, the connection between production and consumption through infrastructure stimulates the international trade among trading countries” (Mao et al., 2024)

Increased utilisation of ICTs enhances service delivery by granting access to digital development, which in turn leads to continuous improvement in various sectors. Additionally, it facilitates better access to the basic services and enables exchange of knowledge, empowering countries to focus on providing services where they possess a comparative advantage (Bond, 2016). According to UNDP and the SDGs business opportunities report (2016),<sup>7</sup> technology and telecommunication infrastructure are classified as cross-cutting sectors, meaning they have significant roles in addressing various economic challenges. “Communication infrastructure, which includes mobile cellular subscriptions, fixed-telephone subscription, Internet servers, and fixed-broadband subscription, is a platform for communication among traders at the borders and outside these borders” (Mao et al., 2024).

For several decades, Africa's infrastructure has primarily been centred to facilitating trade beyond the continent's borders. Underdeveloped infrastructure in Africa is the bane of doing business; despite decades of common market agreements within the ECOWAS, poor transportation has continued to impede market access (Rauniyar & Kanbur, 2010). For decades, Africa’s infrastructure has been developed primarily to facilitate external trade. Roads are constructed to connect interior to the ports for

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<sup>7</sup> [https://mpra.ub.uni-muenchen.de/112783/1/MPRA\\_paper\\_112783.pdf](https://mpra.ub.uni-muenchen.de/112783/1/MPRA_paper_112783.pdf)

global trade neglecting neighbouring states. Consequently, large areas of the continent remain disconnected to the major trade routes. This raises concerns given the scale and market of AfCFTA as inadequate infrastructure poses a significant hurdle to supplier and market connectivity (Bond, 2016). These difficulties could lead to difficulties in improving intra-African trade. This hampers intra-African economic integration requiring address by means of infrastructural implementation of projects. The issues require implementing very well-developed infrastructure projects to enhance connectivity within Africa and also to boost intra-African trade (Grundke & Moser, 2019).

Information asymmetry is classified as one of the major factors that hinders the utilisation of FTAs around the world. Low utilisation of FTA in the Economic Community of West African States (ECOWAS), called the (ETLS) - ECOWAS Trade Liberalisation Scheme, is primarily due to the lack of awareness about the existence of the scheme among the businesspeople in the region. “Those that know about ETLS are not very well informed of the numerous benefits that the scheme poses (UNCTAD, 2019). Dimensions of information required by businesses in order to Utilise FTAs include information on which products are accepted under the agreement, the Rules of Origin, the purchasers, payment, procedures, paperwork, etc. Government of India (2020) indicated “lack of business contacts and market information as the two primary factors constraining exports for SMEs” (Tandon, 2020). Since most SMEs lack a formal institutional structure, they are at a disadvantage due to market information asymmetries. Challenges faced by businesses wanting to utilise AfCFTA are as a result of inadequate sensitisation and consequently low level of awareness about the framework. Lack of access to information on the contents of the AfCFTA agreement and lack of understanding on how businesses should register their products to enjoy the benefits presented by FTAs are part of the factors militating against the utilisation of opportunities by many businesses in the various regions (Tandon, 2020).

According to (Al-Hyari et al., 2012) access to accurate and up-to-date market data, including demand patterns, consumer preferences, and competitor analysis, is very essential for making informed business decisions. Without comprehensive market

information, manufacturers may struggle to identify potential export markets, target customers, or develop competitive pricing strategies. As a result, they may miss out on lucrative opportunities for growth and expansion. Having awareness of the quality standards and regulations is of significant importance for exporters aiming to diversify into new markets as it minimises the risk of shipment rejections. Exporters must comprehend the variations in standards across different regions and markets, as meeting these requirements is essential for successful trade. Transparent communication plays a crucial role in achieving this, enabling exporters to understand and adhere to the specific standards of each target country/market (Al-Hyari et al., 2012).

In the advent of Covid-19 Pandemic, the landscape of international trade is witnessing increasing protectionism from governments, and thus, staying informed with up-to-date information becomes indispensable for exporters to navigate the changing trade dynamics and ensure compliance with evolving regulations. Information, therefore, can be termed as the most critical success factor responsible for the optimum utilisation of FTAs. No matter what infrastructure, policies, and programmes put in place by any government, reports from different researches done around the world shows that the success or failure of any country in the utilisation of FTAs by its business people is highly dependent on how it disseminates the various dimensions of information required by the businesses (Al-Hyari et al., 2012).

Another reason for low utilisation rate of FTAs is a lack of understanding of the FTA framework. Some businesses perceive the procedures involved in utilising FTAs as cumbersome, which further hinders their effective use. According to the Japan External Trade Organization<sup>8</sup>[JETRO] (2020), the primary reason cited for the inability to utilise FTAs was "lack of knowledge regarding systems and procedures." Non-comprehension of the AfCFTA agreement can lead to confusion and uncertainty among manufacturing businesses. The agreement contains complex trade rules, tariff schedules, and regulations that businesses need to understand to capitalize on the

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<sup>8</sup> [https://www.tandfonline.com/doi/full/10.1080/13547860.2023.2300584?casa\\_token=IU0b1Hp4eRgAAAAA%3APxjv3FrIFL-q930iv07jYOPXboovuuCYw86ANgt3x2CfShWedLckvuhpHfRAoOmszoT8jwvdLvn7YXw](https://www.tandfonline.com/doi/full/10.1080/13547860.2023.2300584?casa_token=IU0b1Hp4eRgAAAAA%3APxjv3FrIFL-q930iv07jYOPXboovuuCYw86ANgt3x2CfShWedLckvuhpHfRAoOmszoT8jwvdLvn7YXw)

benefits offered. Failure to comprehend the provisions of the agreement can result in compliance issues, difficulties in obtaining necessary certifications such as AfCFTA Certificates of Origin, and challenges in navigating the trade procedures and requirements (Itcsmeco, 2020).

The lack of understanding of the AfCFTA agreement may also deter Kenyan manufacturers from exploring new markets or participating in cross-border trade. This limits their potential growth and hinders the overall objectives of the AfCFTA to foster intra-African trade and regional economic integration (Grundke & Moser, 2019). In order to overcome these challenges, it is advised that African governments and their relevant authorities invest in effective trade facilitation programs and sensitisation campaigns. Providing manufacturing businesses with accessible and accurate market information including agreement interpretation, can empower them to make informed decisions and capitalise on emerging opportunities (Tandon, 2020). It is crucial for African countries to consistently offer fundamental information on the systems and procedures required for utilising the agreement. AfCFTA sensitisation programs are vital in shaping the manufacturing sector's understanding and involvement in the trade agreement.

In Kenya, the sensitisation programs to raise awareness about AfCFTA's benefits and implications for businesses, including manufacturers, is done by Kenya Revenue Authority (KRA). Evaluating the effectiveness of the programs is pivotal in ensuring that the intended audience comprehends the information provided, leading to better-informed manufacturers and increased adoption and participation in regional trade. The quality and reach of program content are essential factors for success in FTAs (Tandon, 2020).

In trading, high-quality relevant content empowers manufacturers to understand the trade agreement, regulations, and potential benefits, while maximising the reach through different communication channels ensures broad access to information. By fine-tuning their approaches based on evaluation results, policymakers can enhance the manufacturing sector's engagement in AfCFTA, address the emerging issues and

contribute to the success of the trade area.<sup>9</sup>In Africa, the trade finance gap, estimated at USD 82 billion, poses a significant constraint to expanding trade within the continent and with the rest of the world. Addressing this gap is important to overcome the obstacles that African banks encounter in providing access to trade finance (Oramah, 2021).<sup>10</sup>According to (UN, 2023), it is essential to recognise that the lack of trade finance serves as a significant non-tariff barrier to trade, limiting the full trade potential of both AfCFTA and the Tripartite Free Trade Area (TFTA). By closing this finance gap, businesses in Africa can better leverage the opportunities presented by these trade agreements, fostering economic growth and regional integration (Opeoluwa, 2025). One of the most effective and resilient solutions for AfCFTA would involve enhancing access to lifelong learning and providing financial support, alongside implementing tax products that are user-friendly and aligned with Africa's present and future requirements (AU Summit 2023, 2023)

Some scholars like (Hussain et al., 2019) argue that “trade may not be effective without well-developed financial infrastructure because it provides the payment facilities to the traders”. In 2022, the African Development Fund's Board of Directors granted an \$11.02 million support package to the Permanent Secretariat of the AfCFTA in order to bolster and enhance the successful implementation of the initiative.<sup>11</sup>Regulatory and administrative hurdles at border points is another hurdle experienced by traders. In the West Africa subregion, several factors have been identified as obstacles to the smooth operations of import-export trade at the borders. These factors include; unnecessary bureaucratic processes, inadequate equipment, and subsequent delays in customs clearance.

These obstacles can create challenges and bottlenecks for businesses engaged in cross-border trade. PricewaterhouseCoopers (2018) pointed out delays in the process of validating that a product complies with the RoO and the cost of getting the Certificate of Origin (CoO) for authentication of compliance as a major impediment

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<sup>9</sup> <https://www.afdb.org/en/documents/trade-finance-africa-trends-over-past-decade-and-opportunities-ahead>

<sup>10</sup> <https://www.un.org/africarenewal/magazine/february-2023/au-summit-2023-powering-trade-through-afcfta>

<sup>11</sup> <https://intracen.org/news-and-events/news/itc-issues-annual-report-on-work-in-2016>

to businesses that want to utilise the FTAs.<sup>12</sup> A gap-analysis conducted on ETLIS in 2009 by the West African Trade Hub of the United States Agency for International Development (USAID) revealed instances of truck drivers being harassed by government border agencies at roadblocks and checkpoints highlighting some of the challenges/obstacles faced by businesses involved in trade across borders in the West African region.

### *2.3.2 Challenges faced by manufactures in adhering to the Rules of Origin requirements*

Government interventions and policy strategies are crucial for the successful implementation of market access and fostering the growth of the manufacturing sector (2022). Governments can create an enabling environment through supportive policies, tax breaks, investment incentives, and financial support to encourage active participation in regional trade. Simplifying trade procedures and customs processes enhances trade facilitation, enabling manufacturers to access regional markets and boost competitiveness (Vambe, 2024).

The effective leveraging on integrated market and trade relies significantly on the functioning of the Rules of Origin (RoO) desks at various border posts. These RoO desks play a crucial role in verifying and issuing Certificates of Origin for goods traded under the AfCFTA agreement.<sup>13</sup> According to (WCO, 2010), government officers encounter several challenges that hinder their smooth operations in Free Trade Areas; one major challenge faced by the officers is the lack of clear guidelines on how to determine the origin of goods and ensure compliance with the RoO criteria. The absence of standardised procedures and criteria for origin verification can lead to ambiguity and inconsistency in the decision-making process, affecting the legitimacy of CoOs issued (Manga, 2010).

The World Trade Organization (WTO) defines utilisation rates as the percentage of trade eligible for preferential treatment that actually receives it. (Kniahin & de Melo, 2022) expand on this concept by exploring the reasons behind the uneven utilisation

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<sup>12</sup> [https://pdf.usaid.gov/pdf\\_docs/Pdacq961.pdf](https://pdf.usaid.gov/pdf_docs/Pdacq961.pdf)

<sup>13</sup> <https://unstats.un.org/unsd/trade/imits/sc/2010/SC41%20-%20Consultation%20on%20Trade%20Statistics%20-%20Note%20by%20WCO.pdf>

rates and identifying the specific products responsible for these gaps, linking the issue to product-specific rules of origin and associated administrative procedures. Inconsistent implementation of RoO poses a significant challenge for the manufactures. These inconsistencies may arise due to variations in interpretation among different countries, leading to disputes and delays in the verification and issuance of CoOs. This lack of harmonisation in the verification and implementation can undermine the credibility and effectiveness of promoting intra-African trade. Capacity constraints and limited resources may pose obstacles to government officers in carrying out their duties effectively. Inadequate training and staffing levels at RoO desks can result in delays and errors in processing CoOs, impacting the efficiency of trade operations under AfCFTA(Vambe, 2024).

Another challenge is that of Certification: non-compliance to the requirements of certificates by the manufacturers willing to participate in free trade areas. Government's prioritisation of infrastructure development, such as transportation networks and digital connectivity, not only lowers costs but promotes regional trade. Moreover, ensuring access to finance through collaboration with financial institutions helps manufacturers expand their operations and capitalise on opportunities within the free trade area. These interventions collectively support the growth of the manufacturing sector and facilitate AfCFTA's implementation (Gourdon et al., 2021)

<sup>14</sup>Kenya National Chamber of Commerce and Industry (KNCCI) stakeholders reported significant challenges in obtaining manual certificates of origin, leading to delays and higher business costs. Exporting companies had to frequently submit large volumes of paperwork, which imposed a heavy compliance burden on both the business community and KNCCI, hindering international trade development. The manual system also slowed information flow between manufactures and KNCCI, reducing overall efficiency and effectiveness. Information about non-compliance with preferential origin requirements may be exchanged between the contracting parties of the respective Free Trade Agreements (FTAs) and used as a risk indicator, in

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<sup>14</sup> <https://www.trademarkafrica.com/stories/expediting-the-processing-of-certificates-of-origin-through-implementation-of-an-automated-system-at-kenya-national-chamber-of-commerce-and-industry/>

accordance with the constraints set by national laws and regulations on the use and disclosure of such data. The examination of origin documents should take place either after the initial screening during import clearance or as part of a post-clearance audit.

(Kniahin & de Melo, 2022) identify an additional hurdle faced by manufactures being the handling of minor errors in the proof of origin during customs inspections. Officers must determine whether discrepancies such as typographical errors, slight omissions, or formatting issues invalidate the document, despite the goods' originating status not being in question. The absence of clear, standardized guidelines for evaluating these minor errors creates ambiguity and can lead to inconsistent decision-making, further complicating the customs clearance process. Developing concrete standards to guide officers in such situations is essential but remains a challenge, particularly when coordinating with partner countries in Free Trade Agreements (FTAs). <sup>15</sup>A continuing concern for government officers involves verifying the authenticity of proof of origin when acting as the competent authority on the exporting side. To confirm the legitimacy of the proof of origin, officers must verify the document's format, confirm the stamp impressions and signatures, and cross-check it with the issuance records. This process is essential to ensure that the proof of origin is genuine and properly issued.

(Abdulai et al., 2024) in their research, found that Ghana's process of obtaining certificates of origin is comparatively more complex than Kenya, with higher compliance costs and an increased risk of rent-seeking behaviours. Examples of the complications include; the restriction of access to the online AfCFTA registration and certification portal to only authorized individuals, The issuance and verification of Certificates of Origin (CoOs) are only available at the headquarters of the Competent Authority, adding to the complexity. The registration process is often burdensome and lengthy, particularly for MSMEs and first-time exporters, leading to incomplete registrations. Even for those able to complete the process online, delays in the inspection and issuance of the CoO make the process unpredictable and difficult to

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<sup>15</sup> [https://www.wcoesarocb.org/wp-content/uploads/2017/03/Phase-I-Guidelines\\_preferential\\_origin\\_verification.pdf](https://www.wcoesarocb.org/wp-content/uploads/2017/03/Phase-I-Guidelines_preferential_origin_verification.pdf)

navigate. These challenges hinder efficiency and the successful participation of smaller businesses in the export process. Generally, the research concluded that

(Crivelli et al., 2021) Identify several challenges with relation to complying to the rules of origin. These include level of awareness and understanding of RoO among traders who want to utilize the integrated markets for trade expansion, accessibility of RoO application forms, capacity of RoO administrators non predictability and timelines of the process and the acceptability and verification in the destination country.

### *2.3.3 Challenges encountered by custom authorities in implementing the Rules of Origin*

Kenya Revenue Authority through C&BC - Customs & Border Control Department, is the designated competent authority for AfCFTA CoOs and has implemented measures such as the tariff concessions gazetted on 6th September 2022, informed customs officers stationed at border posts (Namanga, Loitoktok, Lungalunga, Malaba, Isebania, Busia, Taveta, and Moyale), and RoO desks at the One-Stop Border Posts (OSBPs) in Moyale, Taveta, Loitoktok and Lungalunga to enable customs officers to provide stakeholders with information on AfCFTA provisions and other related issues.

Government interventions and policy strategies are crucial for the successful implementation of AfCFTA and fostering the growth of the manufacturing sector. Governments can create an enabling environment through supportive policies, tax breaks, investment incentives, and financial support to encourage active participation in regional trade. Simplifying trade procedures and customs processes enhances trade facilitation, enabling manufacturers to access regional markets and boost competitiveness. The effective implementation of the AfCFTA relies significantly on the functioning of the Rules of Origin (RoO) desks at various border posts. These RoO desks play a crucial role in verifying and issuing Certificates of Origin for goods traded under the agreement.<sup>16</sup>According to{Citation} (WCO, 2010), government officers encounter several challenges that hinder their smooth operations in Free

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<sup>16</sup> <https://unstats.un.org/unsd/trade/imts/sc/2010/SC41%20-%20Consultation%20on%20Trade%20Statistics%20-%20Note%20by%20WCO.pdf>

Trade Areas; one major challenge faced by the officers is the lack of clear guidelines on how to determine the origin of goods and ensure compliance with the RoO criteria. The absence of standardised procedures and criteria for origin verification can lead to ambiguity and inconsistency in the decision-making process, affecting the legitimacy of CoOs issued (Manga, 2010).

Inconsistent implementation of RoO is another significant challenge faced by the government officers. These inconsistencies may arise due to variations in interpretation among different countries, leading to disputes and delays in the verification and issuance of CoOs. This lack of harmonisation in the verification and implementation can undermine the credibility and effectiveness of AfCFTA in promoting intra-African trade (Inama, 2022). Capacity constraints and limited resources may pose obstacles to government officers in carrying out their duties effectively. Inadequate training and staffing levels at RoO desks can result in delays and errors in processing CoOs, impacting the efficiency of trade operations under AfCFTA. Another challenge is that of Certification: non-compliance to the requirements of certificates by the business willing to participate in free trade areas. Government's prioritisation of infrastructure development, such as transportation networks and digital connectivity, not only lowers costs but promotes regional trade. Moreover, ensuring access to finance through collaboration with financial institutions helps manufacturers expand their operations and capitalise on opportunities within the free trade area. These interventions collectively support the growth of the manufacturing sector and facilitate AfCFTA's implementation (Head et al., 2024).

<sup>17</sup>KNCCI stakeholders reported significant challenges in obtaining manual certificates of origin, leading to delays and higher business costs. Exporting companies had to frequently submit large volumes of paperwork, which imposed a heavy compliance burden on both the business community and KNCCI, hindering international trade development. The manual system also slowed information flow between businesses and KNCCI, reducing overall efficiency and effectiveness. Information about non-

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<sup>17</sup> <https://www.trademarkafrica.com/stories/expediting-the-processing-of-certificates-of-origin-through-implementation-of-an-automated-system-at-kenya-national-chamber-of-commerce-and-industry/>

compliance with preferential origin requirements may be exchanged between the contracting parties of the respective Free Trade Agreements (FTAs) and used as a risk indicator, in accordance with the constraints set by national laws and regulations on the use and disclosure of such data. The examination of origin documents should take place either after the initial screening during import clearance or as part of a post-clearance audit.

Inama (2022) identified an additional hurdle faced by government officers as the handling of minor errors in the proof of origin during customs inspections. Officers must determine whether discrepancies such as typographical errors, slight omissions, or formatting issues invalidate the document, despite the goods' originating status not being in question. The absence of clear, standardized guidelines for evaluating these minor errors creates ambiguity and can lead to inconsistent decision-making, further complicating the customs clearance process. Developing concrete standards to guide officers in such situations is essential but remains a challenge, particularly when coordinating with partner countries in Free Trade Agreements (FTAs) (Head et al., 2024).

A further obstacle faced by government officers is the need to thoroughly gather information on suspicious shipments before selecting them for verification. This process requires consulting multiple sources, including previous verification results, accessible government databases (such as tax or trade ministries), company websites, external audits, and data on the production capacities of the goods' countries of origin. Collecting and analyzing this information can be time-consuming and resource-intensive, adding complexity to the verification process by the government officials (*Guidelines\_preferential\_origin\_verification*, 2021).<sup>18</sup>A continuing concern for government officers involves verifying the authenticity of proof of origin when acting as the competent authority on the exporting side. To confirm the legitimacy of the proof of origin, officers must verify the document's format, confirm the stamp

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<sup>18</sup> [https://www.wcoesarocb.org/wp-content/uploads/2017/03/Phase-I-Guidelines\\_preferential\\_origin\\_verification.pdf](https://www.wcoesarocb.org/wp-content/uploads/2017/03/Phase-I-Guidelines_preferential_origin_verification.pdf)

impressions and signatures, and cross-check it with the issuance records. This process is essential to ensure that the proof of origin is genuine and properly issued.

#### 2.4 Summary of Literature Review and Research Gap

The literature reveals that while the African Continental Free Trade Area (AfCFTA) holds significant promise for enhancing intra-African trade and driving industrial growth, especially in manufacturing, its full potential remains hindered by persistent challenges. These include tariff and non-tariff barriers, inadequate infrastructure, regulatory inconsistencies, and limited access to finance. A key concern across empirical studies is the complexity of complying with Rules of Origin (RoO), which presents high costs, administrative burdens, and limited awareness – particularly affecting SMEs. Customs authorities also face institutional and operational constraints in implementing RoO effectively. Furthermore, information asymmetry and low levels of sensitization have led to underutilization of AfCFTA provisions.

This study builds on existing research regarding the obstacles faced by the manufacturing sector in trading under Free Trade Agreements (FTAs) and in adhering to the Rules of Origin. Prior studies, such as those that focused on the impacts of regional trade agreements like SAFTA and NAFTA, highlighted similar challenges. Earlier work explored how comparative advantages, industrialization disparities, and logistical challenges within Africa influenced trade; themes that were critical to understanding Kenya's participation in AfCFTA. However, despite these contributions, significant gaps remained in the understanding of Kenya's specific manufacturing challenges under AfCFTA.

Most prior studies did not focus on the unique barriers encountered by both the manufacturing sector and government authorities, particularly concerning the Rules of Origin (RoO) and the verification of Certificates of Origin. Additionally, there was limited empirical research on how the Kenyan manufacturing sector had fared since the introduction of the AfCFTA framework. These areas, especially the low access by Kenyan businesses, remained under-explored.

The literature reviewed suggested that while AfCFTA offers substantial potential to enhance intra-African trade, Kenya's manufacturing sector was not fully capitalizing on these opportunities. Previous studies identified common obstacles, such as inadequate infrastructure, regulatory bottlenecks, and non-tariff barriers, but did not thoroughly address the localized challenges Kenyan manufacturers faced. This study bridges this knowledge gap by focusing on the Kenyan context and offering policy recommendations that support manufacturing firms' participation in AfCFTA, contributing new insights to the broader discourse on African trade integration.



## 2.5 Conceptual Framework

The conceptual framework provides a comprehensive and interconnected view of the problem being studied (Liehr & Smith, 1999). From a statistical standpoint, it illustrates the relationships between the key concepts of the study and is logically structured to visually depict the interconnectedness of ideas (Grant & Osanloo, 2014).

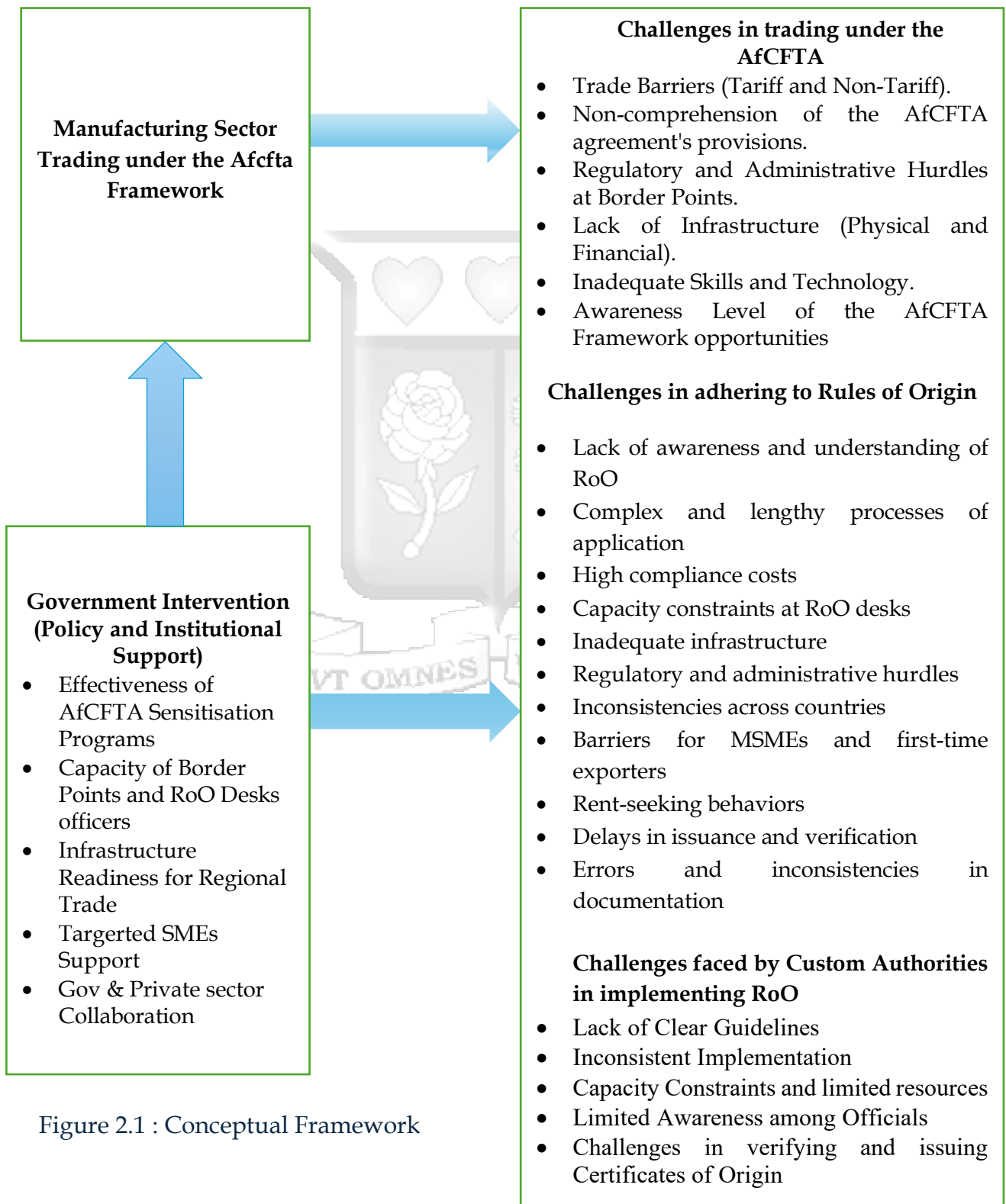


Figure 2.1 : Conceptual Framework

## CHAPTER 3: RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter outlines the research methods employed in the study; the research design, philosophy, target population, sample size determination, the sampling technique, data collection methods and tools, data analysis, and ethical considerations.

### 3.2 Research Philosophy

Since the aim of the study is to address an existing public policy problem and provide interventions through generation of actionable insights, pragmatism philosophy was employed. Pragmatism, as a philosophical viewpoint, holds a distinct position between the contrasting paradigms of positivism and constructivism. According to (Neupane, 2024) “Pragmatism, describes the world as being at some points of the continuum between two extremes, positivism (objectivity) and constructivism (subjectivity). It highlights the importance of process, time, events, and relationships, while also recognizing the value of structures and entities in comprehending the world”. Pragmatism favours empirical approaches over idealistic or rationalistic ones, as it emphasises the importance of practical experience and real-world observations (Frega, 2011). Instead of categorising post-positivism and constructivism into separate ontological and epistemological camps, pragmatism encourages researchers to consider these two approaches as distinct ways of inquiry (Morgan, 2014).

Pragmatism philosophy acknowledges that there may be one or multiple realities subject to empirical investigation and objective reality exists independently of human experience (Plano Clark, 2017). It was identified as the suitable research philosophy for this study as it allowed a comprehensive understanding of challenges in the manufacturing sector's adoption of AfCFTA. This approach facilitates a robust analysis and the development of practical solutions to enhance participation in the trade agreement.

### 3.3 Research Design

In order to gather both in-depth insights for the provision of a comprehensive understanding of the research topic, an explorative approach was employed to gain a deeper understanding of the research topic. “This research method often concerns developing a depth of understanding rather than a breadth, particularly when undertaken under a positivist paradigm, such as that involving depth psychology or a constructivist approach to research” (Boddy, 2019). This approach provided the researcher with an opportunity to gain a more comprehensive understanding of the challenges manufacturers face in accessing integrated markets and expanding trade under the AfCFTA framework.

### 3.4 Population and Sampling

“Target population refers to a specific subset or segment within the larger population that is the primary focus of a study, intervention, or marketing strategy” (Banerjee & Chaudhury, 2010). The unit of analysis was the organisations registered under the KAM umbrella. As per the latest KAM directory (2022 - 2023), the membership stands at 1,149 firms. The sample was drawn from the manufacturers based in the Capital City of Nairobi. These Manufacturing firms are organised into 14 sectors, defined by the UNIDO classification system and categorised by either the imported raw materials or the manufactured goods of the respective companies.

The study population was stratified using quota sampling into 14 categories as per the KAM Directory 2022 - 2023 in order to obtain a representation the manufacturing firms. Purposive sampling is “used to select respondents that are most likely to yield appropriate and useful information” (Campbell et al., 2020). The decision for adopting a purposive strategy is based on the assumption that, “due to the aims and objectives of the study, certain individuals may possess different and unique and valuable perspectives about relevant ideas and issues at question and should be included in the sample” (Robinson, 2014). The study population was involved in in-depth key informant interviews. This sampling technique was helpful in identifying and selecting cases that optimised the use of limited research resources effectively.

Table 3.1: Population based on KAM categories

S.N	Sector	No. of Memebhrs	% Share
1	Food & Beverage	237	21%
2	Chemical & Allied	126	11%
3	Plastics & Rubber	123	10%
4	Service & Consultancy	120	10%
5	Metal & Allied	118	10%
6	Paper & Paper Board	85	8%
7	Textile & Apparel	79	7%
8	Automotive Sector	74	6%
9	Building, Mining & Construction	54	5%
10	Energy, Electrical & Electronics	51	4%
11	Pharmaceuticals & Medical Equipment	29	3%
12	Timber, Wood & Furniture.	26	2%
13	Leather & Footwear	18	2%
14	Agro Processing	9	1%
	<b>Total</b>	<b>1149</b>	<b>100%</b>

Source: KAM Directory 2022 – 2023

As a qualitative study, the sample size was determined based on the principle of saturation, where additional participants would no longer provide new or significant information, a concept often referred to as the "power of information" (Dworkin, 2012). The researcher continued interviews until saturation was reached. While saturation is the ideal benchmark, experts suggest numerical guidelines, recommending an average of 20 participants for a master's thesis and 50 for a PhD (Baker & Edwards, 2012). The study sample size was also, guided by similar studies like; Mwangi, T. (2019). Influence of free trade agreements on business growth of animal feed firms in Nairobi County, Kenya (master's thesis). [University of Nairobi] - the sample was drawn from KAM.

Accordingly, given the heterogeneity of the target population and the necessity to explore diverse perspectives on challenges faced, the sample size was sufficiently drawn from all the 14 sectors as per the KAM classification, 2 firms per sector totalling to 28 firms. This ensured that the study's findings can be generalised to the entire

population. For customs officials, 3 officials from KRA Customs officials based in Nairobi were interviewed.

### 3.5 Data Collection Methods

A well-designed study with a representative sample size is crucial for obtaining accurate results that reflect the target population. To ensure reliability, it is vital to allocate sufficient time for data collection, as inadequate and inaccurate data can compromise the accuracy of the findings (Kabir, 2016). While a well-chosen data collection method is essential for effective research planning, it does not ensure the overall success of the research project (Olsen, 2012). Obtaining primary data involves utilising various sources, including experiments, surveys, interviews, and questionnaires (Taherdoost, 2021). Instruments refer to the tools utilized for data collection and the process of their development (Saunders et al., 2014). This study performed formal semi structured and unstructured interviews at an individual face-to-face interviews, as well as utilising computer-aided telephone interviews where the interviewees requested. By employing a comprehensive approach to data collection, the research aimed to provide valuable insights into predominant challenges.

### 3.6 Data Analysis

Thematic Analysis refers to a technique used to identify, analyse, structure, describe, and present themes inherent in a given dataset (Braun & Clarke, 2006). This approach allows for a systematic exploration and interpretation of qualitative data, enabling a deeper understanding of challenges faced by the manufacturing sector in accessing integrated markets and trade expansion under the AfCFTA framework. The thematic analysis in this study was driven by the factors identified through a deductive approach. Given that the research built on existing literature and theoretical frameworks, the themes were derived based on pre-established concepts, such as regulatory bottlenecks, compliance with Rules of Origin (RoO), and logistical constraints affecting Kenya's manufacturing sector under AfCFTA. This approach ensured that the analysis remained aligned with the study's objectives and the challenges previously identified in regional trade agreements.

The 5 steps utilized in the thematic analysis included;

### **Step 1: Familiarization with Data**

The first stage of the thematic analysis involved a thorough review of qualitative data sources to gain a comprehensive understanding of the challenges affecting the manufacturing sector in trading under AfCFTA. This included analyzing interview transcripts from the manufacturers, as well as datasets from the Kenya Association of Manufacturers official, Kenya Revenue Authority officers at the Rules of Origin desk and the the ministry official . The review focused on identifying key barriers related to regulatory compliance, infrastructure constraints, access to finance, market competition, and trade facilitation.

Additionally, the analysis examined the specific challenges manufacturers face in adhering to the Rules of Origin requirements and the difficulties customs officials encounter in implementing these requirements. Insights from policy documents such as the Manufacturing Priority Agenda 2024, the Integrated National Development and Promotional Strategy, and the AfCFTA Implementation Strategy (2022-2027) provided a broader strategic perspective on trade facilitation and policy alignment under AfCFTA.

A triangulated approach was employed, integrating data from industry reports, policy papers, and empirical studies to validate emerging themes and ensure a more nuanced understanding of the challenges. Further, expert consultations and stakeholder engagements enriched the analysis by offering practical insights into sector-specific barriers and opportunities. This comprehensive approach ensured that the thematic analysis was both evidence-based and reflective of real-world trade experiences under AfCFTA.

### **Step 2: Generating Initial Codes**

The second phase of the thematic analysis involved systematically identifying and categorizing key challenges affecting the manufacturing sector under AfCFTA. Data from KAM and KRA officers at the Rules of Origin desk were analyzed separately to distinguish industry-related barriers from regulatory constraints.

Recurring patterns and key phrases from interviews and policy documents were coded into broad thematic categories, including regulatory compliance, infrastructure and logistics constraints, access to finance, market competition, and trade facilitation barriers. Sub-codes were further developed to capture specific challenges such as delays in Rules of Origin certification, high energy costs, and inconsistencies in tariff application.

To enhance the rigour of the coding process, triangulation was applied by cross-referencing emerging themes with secondary sources such as the Manufacturing Priority Agenda, the National AfCFTA Strategy, and the AfCFTA Implementation Strategy (2022-2027). This approach ensured that the analysis was both data-driven and aligned with broader policy discussions on trade facilitation. Additionally, a structured coding framework was established to improve reliability and consistency in thematic classification.

### **Step 3: Searching for Themes**

The third phase of thematic analysis involved identifying patterns within the coded data and grouping related challenges into broader thematic categories. This process allowed for a systematic organization of the challenges facing the manufacturing sector under AfCFTA, ensuring that key issues were captured under distinct themes such as Regulatory and Compliance Challenges, Infrastructure and Logistics Constraints, Access to Finance and Investment Barriers, Tariff and Non-Tariff Barriers, and Market Access and Competition Issues. A key aspect of this phase was distinguishing between the perspectives of manufacturers and customs officials to highlight both trade-related operational challenges and administrative constraints in enforcing trade policies. This distinction provided a balanced analysis of the barriers affecting manufacturers' participation in AfCFTA.

To further refine the analysis, themes were reviewed to identify overlapping or hidden sub-themes, ensuring a more nuanced categorization of challenges. For instance, infrastructure and logistics constraints was broken down into transport inefficiencies, border congestion, and high energy costs, acknowledging their distinct

impacts on trade. This refinement process minimized redundancy while improving the accuracy and specificity of the themes. By structuring the analysis in this way, the study ensured that key challenges were well-defined and contextualized, providing a clear foundation for further interpretation and policy recommendations.

#### **Step 4: Reviewing Themes**

The fourth phase of thematic analysis involved critically assessing the identified themes to ensure they accurately captured the key challenges affecting the manufacturing sector and customs officers under AfCFTA. This review process entailed cross-checking the themes against the dataset, including the coded challenges from the manufacturers and KRA customs officers at the Rules of Origin desk. By systematically revisiting the data, the analysis confirmed that each theme remained relevant, distinct, and reflective of the overarching patterns emerging from the study. Additionally, findings were structured into tables to enhance clarity and facilitate easier interpretation by categorizing themes, specific challenges, and key insights. This structured approach allowed for a concise yet comprehensive presentation of the thematic analysis, ensuring that stakeholder-specific concerns were distinctly articulated.

To further enhance the robustness of the thematic analysis, the validity of themes was assessed by revisiting primary data sources, such as interview transcripts to verify alignment with real-world experiences. This iterative process ensured that the themes were not only theoretically sound but also practically relevant, reflecting the lived realities of manufacturers and customs officials engaging in AfCFTA trade. By cross-referencing findings with policy documents and industry reports, additional credibility was established, reinforcing the reliability of the thematic framework. This validation step minimized potential biases, ensuring that the final themes provided a well-rounded and accurate representation of the challenges under study.

#### **Step 5: Defining and Naming Themes**

In this phase, each theme was clearly defined and contextualized in relation to its impact on manufacturers operating under AfCFTA. The process involved refining the themes to ensure they effectively captured the essence of the challenges identified in

the dataset. Themes such as Regulatory and Compliance Challenges, Infrastructure and Logistics Constraints, Access to Finance and Investment Barriers, Tariff and Non-Tariff Barriers, and Market Access and Competition Issues were articulated to reflect their significance in shaping trade dynamics. Additionally, a structured breakdown of challenges was provided in tables, allowing for a more organized presentation of findings. By categorizing challenges under distinct themes, the analysis maintained clarity while ensuring that the data accurately represented the multifaceted barriers manufacturers face.

To enhance the depth of analysis, short summaries were developed for each theme, explaining why these challenges exist and how they interconnect. For instance, regulatory barriers were linked to inconsistencies in trade policies across AfCFTA member states, which in turn influenced market access constraints. Similarly, infrastructure deficits were connected to logistics inefficiencies and high operational costs, creating additional hurdles for manufacturers seeking to expand into regional markets. This approach provided a holistic perspective, illustrating the interdependencies between challenges rather than treating them as isolated issues. By refining the definitions and relationships between themes, the analysis ensured a cohesive narrative, strengthening the study's contribution to understanding AfCFTA's implementation barriers.

### **3.7 Research Quality - Validity, Reliability and objectivity of the research**

In qualitative research, reliability pertains to the consistency of findings, while validity concerns the truthfulness or accuracy of those findings. Both validity and reliability enhance transparency and reduce the chances of introducing researcher bias in the research process (Roberts & Priest, 2006). The fundamental aim of establishing reliability and validity in research is to guarantee the soundness and replicability of data, ensuring accurate results. The study employed the following techniques to achieve validity and reliability; careful determination of an appropriate sample size and use purposive sampling option; to ensure the sample accurately represents the characteristics of the target population. The research conducted a pilot study with a smaller sample before conducting the main study (10% of the sample). This pilot study aimed to identify and iron out any potential issues with the research instrument

in order to ensure its effectiveness and accuracy for the main data collection process. Piloting allowed for fine-tuning of the research interview guide making necessary adjustments as observed. By openly recognising the constraints and weaknesses that were encountered during the research design and methodology, it enhances the credibility, transparency and validity of the findings.

### **3.8 Ethical Considerations**

The study obtained research license and approval from NACOSTI (National Commission for Science, Technology), and Innovation and Strathmore Research Ethics Committee before embarking on data collection. Throughout the data collection process, there was strict adherence to ethical considerations. This involved obtaining informed consent from the participants, providing comprehensive pre-study briefings to explain the purpose of study and any potential implications. The study focused on the importance of confidentiality and anonymity. Measures were put in place to ensure protection of participants' personal information through anonymisation and the use of coding systems.

Moreover, participants were assured of the voluntary nature of their involvement, granting them the freedom to disengage from the study without facing any adverse consequences. In order to minimise potential harm, the research team actively monitored participants' well-being and provided necessary support. Data transparency has been upheld by transparently reporting data collection and analysis methods, acknowledging the limitations that arose. This comprehensive approach to ethical considerations underscores the study's commitment to conducting research in a responsible and ethical manner.

## CHAPTER 4: PRESENTATION OF RESEARCH FINDINGS

### 4.1 Introduction

This chapter presents the research findings based on the thematic analysis of qualitative data collected from key stakeholders involved in the manufacturing sector under the AfCFTA framework, with a primary focus on manufacturers under the Kenya Association of Manufacturers (KAM) umbrella. The study sought to explore the challenges faced by manufacturers in trading under the AfCFTA, to analyze the challenges encountered by manufacturers in adhering to the Rules of Origin requirements in trading under the AfCFTA, and to assess the key challenges encountered by customs officials in implementing the Rules of Origin requirements that promote trading under the AfCFTA.

Data was obtained from manufacturers under Kenya Association of Manufactures (KAM), Kenya Revenue Authority (KRA) customs officials at the Rules of Origin desks and Ministry of Investment Trade and Industry officials. The study acknowledges that the themes emerging from the analysis represent a collective synthesis of stakeholder perspectives rather than isolated individual opinions. By coding and categorizing responses into thematic areas, the study provides a comprehensive understanding of the structural and operational challenges manufacturers encounter when engaging in intra-African trade. Prior to thematic coding, an initial review of responses was conducted to identify commonalities and discrepancies among manufacturers and customs officials. The data was examined for recurring patterns, and preliminary classifications were made based on the nature of challenges reported. This study adopted a deductive approach.

### 4.2 Data and Response rate

In contemporary research, achieving higher survey response rates has become a critical expectation, with a benchmark of approximately 60% being recommended for most studies to ensure data reliability and validity (Morton et al., 2012). The study sought to interview 28 manufacturers representing two firms from each of the 14 categories in the KAM classification. The responses from 23/28 were analysed representing a response rate of 82%. The study conducted semi structured interviews

of manager and MD level positions. This category of respondents was selected because of their direct or indirect involvement in key decision-making processes related to AfCFTA and business growth. 3 KRA customs officials and unstructured interviews of one KAM senior official and one senior level Ministry of Investment Trade and Industry official.

Table 4.1 KAM categories

S.N	Sector	Respondents
1	Food & Beverage	3
2	Chemical & Allied	2
3	Plastics & Rubber	2
4	Service & Consultancy	-
5	Metal & Allied	2
6	Paper & Paper Board	1
7	Textile & Apparel	3
8	Automotive Sector	2
9	Building, Mining & Construction	-
10	Energy, Electrical & Electronics	2
11	Pharmaceuticals & Medical Equipment	1
12	Timber, Wood & Furniture.	2
13	Leather & Footwear	1
14	Agro Processing	2
	<b>Total</b>	<b>23</b>

Source: Author's Compilation

### 4.3 Challenges Facing Manufacturers Trading under the AfCFTA

AfCFTA promises to enhance intra-African trade, stimulate industrialization, and create a more competitive and diversified economic landscape. Among the key sectors poised to benefit from this agreement is manufacturing, which holds significant potential to drive job creation, value addition, and structural transformation across the continent. Understanding the challenges faced by the sector is essential for

policymakers, industry stakeholders, and development partners to formulate responsive strategies that ensure inclusive and sustainable growth under AfCFTA.

Table 4.2: Summary of Challenges Faced by Manufacturers in Trading Under AfCFTA

Themes	Specific Challenges Encountered
Tariff Barriers	- Delay of free market access <sup>19</sup> (especially category A) due to phased trade liberalization
	- Inconsistent trade regulations across member states (Lack of harmonization of trade policies)
	- Persistent tariffs on raw materials affecting production costs
Lack of awareness of AfCFTA framework	- Lack of awareness of the framework
Regulatory and Compliance Challenges	- High regulatory burden due to complex tax structures and unstable policies (Tax refunds issues)
	- Challenges in obtaining Rules of Origin (RoO) certification (Bureaucratic customs procedures leading to delays)
Infrastructure and Logistics Constraints	- High energy costs (particularly electricity) limiting production efficiency and competitiveness
	- Inefficient transport networks ( road, rail,sea) infrastructure, raising export costs.

<sup>19</sup> <https://www.kra.go.ke/images/publications/EAC-PROVISIONAL-SCHEDULE-OF-TARIFF-CONCESSIONS-FOR-THE-AFRICAN-CONTINENTAL-FREE-TRADE-AREA-AfCFTA-CATEGORY-A-PRODUCTS.pdf>

	<ul style="list-style-type: none"> <li>- Inefficiencies at border posts causing long clearance times</li> </ul>
Access to Finance and Innovation Barriers	<ul style="list-style-type: none"> <li>- Lack of access to affordable credit (Limited access to affordable credit)</li> </ul>
	<ul style="list-style-type: none"> <li>- High cost of trade financing and stringent collateral requirements.</li> </ul>
	<ul style="list-style-type: none"> <li>- Insufficient government incentives to support export-driven manufacturers</li> </ul>
	<ul style="list-style-type: none"> <li>- Minimal funding for RDI and weak industry-academia linkages.</li> </ul>
Market Access and Competition Issues	<ul style="list-style-type: none"> <li>- Increased competition from cheaper imports outside Africa and counterfeit goods</li> </ul>
	<ul style="list-style-type: none"> <li>- Weak regional value chains limiting intra-African trade potential</li> </ul>
	<ul style="list-style-type: none"> <li>- Lack of reliable trade intelligence and market data for manufacturers</li> </ul>

Source: Author's Compilation

Table 4.3: Excerpts from Key Informant Interviews on Challenges faced by Manufacturers on Trading under the AfCFTA

<p><b><u>Market Access</u></b></p> <p><i>"...While Kenya has ratified the AfCFTA agreement, its provisions have yet to be fully implemented. As it stands, our trade benefits are limited to transactions within the EAC and COMESA, and levies on imports from non-EAC and non-COMESA countries, remain in place until the AfCFTA is fully operational." <b>Food &amp; Beverage Manufacturer</b></i></p> <p><i>"... There is lack of single customs like EAC thus traders prefer trading under EAC as it becomes faster to clear goods at the boarder points. Some goods are not given preferential treatment under AFCFTA but are given preferential treatment under COMESA and EAC thus, preference to those economic blocks." <b>Agro Processing Manufacturer</b></i></p>
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*"...In some tariff concessions, there is lack of Bilateral Agreements, no mutual gazetting of goods to be traded between some African countries. Example Nigeria can export certain goods to Kenya, but Kenya cannot export the same to Nigeria..." **Leather & Footwear Manufacturer***

*"Respective countries should ratify the AfCFTA framework so that we are able to trade freely as Africans with no barriers, with no double taxation." **Food & Beverage Manufacturer***

#### **Awareness**

*"There was a discussion on AfCFTA during KAM's AGM last year, but most of my current understanding of tariffs and Kenya's market access comes from research and discussions with industry peers..." **Food & Beverage Manufacturer***

#### **Infrastructure and Logistics Constraints**

*"The high cost of energy, especially electricity, is a major challenge for us. The cost of manufacturing is also heavily impacted by electricity wayleave charges, which put additional strain on manufacturers. On top of that, labour costs here are much higher compared to Tanzania, making it even harder for us to stay competitive." **Textile & Apparel Manufacturer***

*"...Road transport to Ghana can take up to 45 days."It took 90 days to transport goods from Kenya to South Africa, that's inclusive of clearance at the various boarder point. What this does is that it ties up resouces which SMEs can not afford the luxury of." **KRA Customs officer***

#### **Regulatory and Compliance Challenges**

*"...The problem comes with KEBS. KEBS will take forever to review our applications. They take 56 days for something they already have in their systems. It affects our clients. For instance our client in Botswana wants to see the certificate. We requested the certificate in last week on Friday and a week later we do not have it. I think the reason is that there is incompetence in the office. They do not know the impact of what they are doing. Because if you go to other countries where things work, these things you already have in the system and delays have an impact on the growth of a company and the national economy because an SME that contributes 3 million in taxes it should be taken seriously." **Food & Beverage Manufacturer***

Source: Author's Compilation

### **4.3.1 Tariff-related challenges**

The African Continental Free Trade Area (AfCFTA) aims to promote seamless trade across the continent by reducing and eventually eliminating tariffs. However, several tariff-related barriers continue to hinder its effective implementation.

One major challenge is the disconnect between ratification and implementation. Many countries have ratified the agreement, yet its provisions are not fully operationalized. As a result, majority of respondents noted they often do not experience the intended tariff reductions, even when they present the required certificates of origin. Compounding this issue is the lack of mutual recognition of AfCFTA instruments.

Border authorities in some countries continue to prioritize older regional trade blocs like the EAC and COMESA, which offer more predictable and efficient trade processes. This preference undermines the use and trust in AfCFTA protocols.

Uneven ratification and operational readiness across the continent create further complications. Inconsistencies in recognizing AfCFTA documents, combined with limited scope in pilot programs, mean that many goods are still subject to regular tariffs. This limits the benefits for businesses hoping to trade under the new framework. The absence of bilateral agreements and mutual gazetting of goods among member states adds to the complexity. In some cases, countries allow exports under AfCFTA but restrict reciprocal imports, fuelling concerns about revenue losses from tariff concessions and contributing to hesitancy in full implementation.

Although AfCFTA envisions the phased elimination of tariffs current tariff structures remain in place, deterring businesses from shifting to AfCFTA-regulated trade. This transitional period, if not managed effectively, risks weakening confidence in the agreement's benefits. The AfCFTA's phased tariff liberalization framework, which categorizes goods into Categories A, B, and C, presents notable challenges for manufacturers seeking to expand into regional markets. Category A, covering 90% of tariff lines, is earmarked for full liberalization, but over a transition period, five years for non-Least Developed Countries and up to ten years for Least Developed Countries. This gradual reduction means that most goods are not immediately duty-free, limiting manufacturers' ability to capitalize on the agreement in the short term. Category B includes an additional 7% of tariff lines that are also scheduled for liberalization but over a longer time frame, typically up to ten years for non-Least Developed Countries and thirteen years for Least Developed Countries.

This extended horizon delays market access for a significant portion of products, further complicating business planning and investment decisions. Meanwhile, Category C accounts for up to 3% of tariff lines that countries can exclude entirely from liberalization, usually to protect sensitive sectors or safeguard revenue.

These goods will continue to face tariffs, undermining the notion of a fully integrated continental market.

Manufacturers interviewed expressed frustration over these staggered timelines and exclusions, which create uncertainty about which products will eventually benefit from zero tariffs and when. As a result, many businesses remain cautious about investing in cross-border trade under AfCFTA, preferring to wait for clearer implementation and full liberalization. This hesitance hinders the immediate benefits of the agreement and slows progress toward Africa's broader goals of industrial integration and economic transformation.

Persistent tariffs on raw materials are a significant challenge for most manufacturers interviewed, as they raise production costs. This increases the price of locally produced goods, making them less competitive compared to imports. Small and medium-sized enterprises (SMEs) are particularly impacted, as they lack the financial flexibility to absorb these extra costs. The ongoing tariffs limit the ability of manufacturers to capitalize on AfCFTA trade opportunities and hinder the growth of Kenya's manufacturing sector. Excise duties on raw materials and high tariffs on essential imports such as machine spares, reportedly reaching up to 35%, also limit competitiveness. While mechanisms like the Duty Remission Scheme exist to ease this burden, their inaccessibility renders them ineffective for many manufacturers.

#### *4.3.2 Lack of Awareness of the AfCFTA*

Limited access to timely, clear, and practical information remains a key barrier to the effective adoption and implementation of AfCFTA. The insights from a number of key informants reveal a significant lack of awareness and inadequate dissemination of information regarding AfCFTA among stakeholders. Several respondents noted that their understanding of AfCFTA-related tariffs and market access largely stems from personal research or informal peer discussions, rather than official channels. There was a small percentage were not aware about the framework. This indicates a gap in structured sensitization efforts, especially from government agencies and the AfCFTA Secretariat. There is a clear need for targeted awareness campaigns, particularly at

critical points such as border posts and within revenue authorities, to ensure uniform understanding and application of the agreement's provisions.

In addition to gaps in awareness, it is evident that there is minimal direct engagement between the private sector and policymakers regarding AfCFTA processes. Some informants acknowledged they had not been involved in policy discussions or implementation dialogues, limiting their ability to provide feedback or benefit from any official support structures. This lack of engagement reinforces the disconnect between policy formulation and on-the-ground realities faced by businesses, especially SMEs and exporters.

Further, awareness creation efforts appear fragmented and largely informal. Exporters often rely on peer-shared circulars for updates, highlighting an absence of centralized, verified information channels. This approach not only limits access to accurate and comprehensive guidance but also contributes to inconsistency in understanding key elements such as tariff exemptions and documentation requirements.

Border agents and revenue authorities, key actors in trade facilitation, are not uniformly informed about AfCFTA provisions. This leads to confusion and inconsistent application of trade protocols, even in situations where preferential treatment is warranted. Respondents emphasized the critical need for the AfCFTA Secretariat to take a leading role in rolling out structured training and awareness initiatives, specifically targeting border officials, customs agents, and revenue authorities across member states.

Concerns were raised about the perceived limited involvement and capacity of national governments in supporting the awareness and implementation of AfCFTA. Some stakeholders expressed frustration at the apparent lack of government-led initiatives to provide technical guidance, hold informational sessions, or offer strategic direction to businesses navigating the transition into AfCFTA-aligned trade practices.

### 4.3.3 Regulations and Compliance

High regulatory burden due to complex tax structures and unstable policies like Tax refunds policies were identified to present significant challenges for manufacturers trading under AfCFTA, this was found to be common among most of the respondents. The high regulatory burden, characterized by multiple levies and unclear fiscal policies, increases operational costs and creates an unpredictable business environment. Additionally, the complexity of Rules of Origin (RoO) certification remains a major barrier, manufacturers interviewed admitting to facing struggles obtain the necessary documentation for trade facilitation. These challenges limit long-term planning, discourage investment in export markets, and reduce trade efficiency, ultimately hindering the ability of Kenyan manufacturers to fully leverage the opportunities provided by AfCFTA.

Manufacturers highlighted the burdensome nature of documentation requirements, especially when exporting to new markets. For instance, the need to produce product specific paperwork and secure import licenses, was cited as a significant obstacle, particularly for companies with a wide product range. This level of administrative demand places smaller and medium-sized enterprises at a disadvantage, stalling their expansion into regional markets.

Furthermore, inefficiencies within key regulatory bodies like the Kenya Bureau of Standards (KEBS) exacerbate these barriers. Delays in processing certifications, even when data is already available in their systems, were reported to disrupt client relationships and delay shipments. These delays are not just operational setbacks, they translate into missed business opportunities, damaged reputations, and economic losses.

The issue is further compounded by a perceived lack of political will and uneven policy implementation. Some industry players expressed frustration over perceived favouritism in policy formulation, with concerns that beneficial policies are often influenced by political ties rather than broader sector needs. This perception undermines confidence in the fairness and effectiveness of trade-related reforms.

Overall, without targeted regulatory reforms, improved efficiency within institutions, and greater transparency in policy development, Kenyan manufacturers risk being left behind in realizing the full benefits of AfCFTA.

#### *4.3.4 Infrastructure and Logistics Constraints*

Transport and logistical inefficiencies, coupled with high energy costs, were identified, and these inefficiencies were found to significantly increase supply chain expenses, hindering trade efficiency under AfCFTA. Inefficient transport infrastructure, particularly poor road, rail and sea networks, significantly increases the cost of moving goods across borders, thereby undermining the competitiveness of Kenyan manufacturers. These logistical bottlenecks not only delay delivery times but also drive up export costs, limiting the full realization of AfCFTA's trade facilitation goals. In addition, manufacturers pointed to prolonged port clearance times and inadequate transport systems as key contributors to delays that disrupt manufacturing and export operations, further weakening their competitiveness in regional markets.

The high cost of electricity was found to further exacerbates operational expenses, making production costly for manufacturers seeking to trade under AfCFTA. Participants opined that addressing these constraints through improved infrastructure and streamlined customs procedures would enhance trade efficiency and reduce overall costs of doing business. Inefficiencies at border posts, leading to long clearance times, were cited as a significant challenge by the manufacturers. These delays disrupt supply chains, increase operational costs, and hinder timely market access, reducing the competitiveness of Kenyan products in regional trade.

Beyond the high-level concerns, deeper analysis reveals that intra-African trade is constrained by a lack of integrated and reliable transport networks. Many countries remain poorly connected, with insufficient or non-existent road and rail linkages between key markets. This severely limits the efficiency of overland trade, especially to and from landlocked countries, where goods often pass through multiple jurisdictions, incurring additional costs and delays. The limited availability of direct

shipping routes within the continent often forces exporters to rely on consolidated shipments and circuitous sea routes, increasing lead times and reducing responsiveness to market demand.

Transporting goods across the continent can take several weeks or even months, tying up critical resources for SMEs that lack the financial muscle to absorb such delays. The lack of a functioning rail system and the deteriorated state of many intra-African roads further compound the situation. Security concerns and geopolitical instability along key transport corridors also present significant risks, increasing insurance premiums and deterring manufacturers from expanding into certain regional markets. Additionally, Africa's current transport infrastructure has historically been designed to facilitate external trade rather than intra-continental connectivity, making it ill-suited to the objectives of AfCFTA.

#### *4.3.5 Access to Finance and Innovation*

Limited access to affordable credit was identified as a significant constraint to growth and regional trade expansion. Many manufacturers, particularly small and medium-sized enterprises (SMEs), face challenges in obtaining financing due to high interest rates and limited availability of tailored credit facilities. This lack of accessible financing impedes their ability to scale operations, invest in technology, and respond effectively to new market opportunities under AfCFTA. Without adequate financial support, manufacturers are unable to compete on a level playing field in the expanding continental market.

Some of the respondents reported that the high cost of trade financing, coupled with stringent collateral requirements, poses a major barrier to participation in cross-border trade. Banks and financial institutions often require extensive guarantees or fixed asset backing, which many manufacturers, cannot provide. This limits access to crucial financial instruments like letters of credit and export guarantees, ultimately discouraging trade expansion and undermining the objectives of AfCFTA.

A lack of government support was noted by respondents, who indicated that existing policies and incentive structures are inadequate for export-oriented manufacturing. Unlike regions where governments actively subsidize exporters or provide tax relief to boost industrial output, many Kenyan manufacturers operate in a policy environment that offers little in the way of tangible support. This absence of incentives diminishes their competitiveness, making it difficult to offset the high costs associated with production and trade logistics.

There were concerns around limited funding for research, development, and innovation (RDI), as they expressed that it remains a critical issue for long-term competitiveness. The lack of investment in RDI restricts the development of innovative products and production methods tailored to the African market as this would promote diversity. Moreover, weak linkages between academia and industry hinder collaboration and knowledge transfer, resulting in a disconnect between research institutions and the real needs of manufacturers. Strengthening RDI and fostering partnerships with academic institutions are essential steps to enhance industrial capacity under AfCFTA.

As of 2021, the number of manufacturers actively engaging with the framework has remained low, primarily due to limited capacity to trade. Many businesses are still operating at reduced capacity, with some running at just 50% since the onset of the Covid-19 pandemic. While institutions such as the African Development Bank have introduced solutions aimed at supporting small and medium-sized enterprises (SMEs), the difficulty of accessing these facilities remains a persistent hurdle. Manufacturers face challenges in meeting the security requirements needed to secure financing, despite the availability of financial solutions. Many businesses, despite having networks in multiple African countries, face significant risks, such as the lack of foreign exchange in certain markets like Malawi, making it even more difficult to establish and grow business relationships. These factors combined make it difficult for manufacturers to fully leverage AfCFTA's potential.

#### *4.3.6 Market Access and Competition from Cheap Counterfeit Goods*

Most manufacturers interviewed admitted to facing significant challenges in market access due to increased competition from cheaper imports outside Africa, which undermines the competitiveness of local industries. The influx of counterfeit goods further exacerbates this issue, as legitimate manufacturers struggle to maintain market share against low-cost, often substandard alternatives. The lack of reliable trade intelligence and market data further restricts manufacturers from making informed decisions about export opportunities, pricing strategies, and supply chain optimization as noted by the manufacturers interviewed. As a result, these barriers collectively weaken Kenya's manufacturing sector, reducing its ability to fully leverage AfCFTA's trade liberalization framework.

In addition to the challenges of market access and competition from cheap counterfeit goods, many manufacturers have emphasized the need for more proactive government involvement in creating market access opportunities. One key informant suggested that the government should be more intentional about supporting manufacturers by actively engaging with them in international markets, rather than simply creating frameworks. There is also a growing frustration over the lack of effective market intelligence and support. According to another informant, there is limited assistance from the government in providing the necessary linkages to markets where local products are needed. Moreover, the high cost of accessing reliable market data remains a barrier for many manufacturers. As noted by one informant, accessing critical market information requires both financial investment and specialized knowledge about where to find it. This gap in market intelligence, compounded by insufficient support from governmental bodies, leaves many manufacturers struggling to navigate the complexities of cross-border trade, hindering their ability to capitalize on opportunities within the AfCFTA framework.

Weak regional value chains was identified as a significant constraint limiting the potential of intra-African trade under AfCFTA. Manufacturers reported challenges in sourcing intermediate goods and raw materials from within the continent, often relying instead on imports from outside Africa due to underdeveloped local supply

networks. This lack of interconnectedness makes it difficult to build integrated, cross-border production systems that are essential for value addition and competitiveness in regional markets. Furthermore, the absence of specialization and complementarity among African countries results in fragmented industrial efforts, where many nations produce similar low-value goods instead of developing vertically connected industries into regional production networks and benefit from economies of scale.

#### **4.4 Adherence to Rules of Origin (RoO) Requirements**

Under the AfCFTA framework, adherence to Rules of Origin (RoO) is a critical requirement for manufacturers seeking preferential tariff treatment when trading within the continent. These rules determine whether a product qualifies as “originating” from a member state and are intended to promote genuine intra-African production and prevent trade deflection from non-member countries. The RoO process generally follows three main steps; the first step involves satisfying the origin criteria, which can be achieved either by goods being wholly obtained, such as minerals, crops, or livestock, or by undergoing substantial transformation. This transformation may be demonstrated through a change in tariff heading, a minimum value addition threshold (often 40%), or specific processing requirements outlined in the product-specific rules contained in the AfCFTA rules of Origin, 2022.

The second step is obtaining a certificate of origin from the designated national issuing authority, which serves as official proof that the product meets AfCFTA origin rules. This leads to the third and final step: verification at border points by customs authorities in the importing country, who assess the certificate and accompanying documents to determine eligibility for preferential tariff treatment. Despite this structured approach, many manufacturers, particularly small and medium-sized enterprises, face a myriad of challenges which not only create compliance burdens but also delay trade and increase costs.

These challenges are often exacerbated by complex and inconsistent documentation requirements, which can vary significantly from one country to another. The verification process at border points can lead to delays, especially when customs authorities in the importing country do not uniformly apply the rules. As a result,

manufacturers face extended clearance times, which disrupt trade flows and increase operational costs. These inefficiencies hinder the ability of businesses, particularly SMEs, to take full advantage of the AfCFTA framework, limiting their competitiveness and growth potential in the regional market.

Table 4.4: Challenges Faced by Manufacturers in Adhering to Rules of Origin Requirements

Theme	Specific Challenges Identified
Cumbersome Rules of Origin Certification Processes	- Complex and lengthy procedures for obtaining RoO certification.
	- Multiple approval steps delaying trade operations
Limited Awareness on RoO	- unfamiliar with the specific origin criteria
Limited HSS Codes Coverage	- Regulatory Bottlenecks Due to HSS Code Restrictions (Exclusion of Key Products & ambiguity and Complexity in HS Code Classification).
	- Limited Awareness and Understanding of HSS Code Updates
High Compliance Costs	- Expensive certification and compliance procedures.
	- Additional administrative costs for documentation and verification - SMEs disproportionately affected by compliance costs
Bureaucratic Red Tape	- Inconsistent interpretations by different regulatory authorities (Lack of streamlined processes between regulatory agencies)
Implementation of Rules of Origin	- Limited staffing at certification offices. (Capacity Constraints at RoO Desks)

(RoO) Requirements	- Inefficiencies in training programs offered by certification officers
Delays in Certification and Verification	- Slow processing at customs checkpoints (delays in issuing certificates)
	- Lack of coordination between trade authorities across AfCFTA member states.

Source; Author Compilation

Table 4.5: Excerpts from Key Informant Interviews on Adherence to Rules of Origin

<p><b>Rules of Origin Certification Processes</b></p> <p><i>... "Applying for the certificate should be made easier. They are supposed to come and check, but the process is unnecessarily complicated. The documentation process under AfCFTA is cumbersome compared to the EAC system. It should be digitalized to enhance efficiency."</i></p> <p><b><i>Textile &amp; Apparel Manufacturer</i></b></p> <p><b>Cumbersome Rules of Origin Certification Processes</b></p> <p><i>"... We now will approach KRA office at Sameer Park and contact KRA officers, who after verification will issue us a "Certificate of Origin". It costs \$.3/-. This procedure may involve verification of goods in the factory and may take a week."</i></p> <p><b><i>Textile &amp; Apparel Manufacturer</i></b></p> <p><b>Regulatory Bottlenecks Due to HSS Code Restrictions</b></p> <p><i>"... Kikoy specific HS Code is 5212.25.10 but is not listed in under this trade agreement. We cannot write this HSS Code. However, Kikoy fabric also qualifies under HS Code 5212.24.00, 100% cotton fabric below 200gsm woven with different yarn colours. Hope SARS will accept it. Better to get it checked at your end. We will declare HS Code 5212.24.00 for Kikoys to proceed further."</i></p> <p><b><i>Textile &amp; Apparel Manufacturer</i></b></p> <p><b>Bureaucratic Red Tape</b></p> <p><i>"... When it comes to AfCFTA there are about 12 documents that must accompany the CoO, it only makes the process more cumbersome"</i></p> <p><b><i>Energy, Electrical &amp; Electronics Manufacturer</i></b></p> <p><i>"Now that is what I was calling the NTBs. The first consignment that we sent to Uganda in March, it went through without a problem. So, we knew we had this. The next consignment, we did the same documentation, but that consignment was at the border for 3-4 days. We need to provide the documents. The same documents that were used during the previous consignments, the same consignment, the same goods.... So that non-uniformity is a hurdle."</i></p> <p><b><i>Metal &amp; Allied Manufacturer</i></b></p>
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Source; Author Compilation

#### *4.4.1 Cumbersome Rules of Origin Certification Processes*

The process of obtaining Rules of Origin (RoO) certification under AfCFTA was identified as one characterized by complex and cumbersome procedures, making it difficult for manufacturers to efficiently export their goods. Unlike the relatively streamlined systems in regional trade blocs such as the East African Community (EAC), AfCFTA requires extensive documentation and multiple verification steps, increasing the administrative burden on businesses. Exporters must navigate lengthy approval processes, including factory inspections and compliance checks, which often lack standardized procedures. The requirement for up to 12 supporting documents alongside the Certificate of Origin (CoO) further complicates the process, slowing down trade and discouraging smaller businesses with limited capacity to handle excessive paperwork.

Most of the manufacturers interviewed noted that the numerous approval steps required for trade under AfCFTA significantly delays operations, increasing costs and reduces efficiency. Businesses must go through multiple agencies for verification eg KEBS, KNCCI etc, with procedures varying from one official to another due to the absence of standardized and documented processes. Obtaining a CoO involves physical verification of goods, which can take more than a week, further extending the clearance period. The lack of digitalized systems exacerbates delays, forcing traders to visit multiple offices to complete documentation manually and this results in trade bottlenecks, undermining the efficiency of AfCFTA implementation.

The lack of standardized procedures across various government agencies has also been identified as a major issue. Without a clear and documented set of processes, manufacturers are often left to navigate inconsistent requirements, leading to confusion and delays. The combination of excessive paperwork, lengthy verification procedures, and inconsistent application of rules creates a complex and time-consuming process that discourages businesses from fully participating in regional trade.

#### 4.4.2 *Awareness On RoO*

Despite efforts by industry stakeholders such as the Kenya Association of Manufacturers and various government interventions, low awareness of AfCFTA's Rules of Origin (RoO) remains a significant barrier to compliance. Some manufacturers, especially small and medium-sized enterprises, are still unfamiliar with the specific origin criteria their products must meet, such as value addition thresholds, change in tariff headings, or the concept of "wholly obtained" goods, and often lack access to clear, practical guidance on these provisions. This persistent knowledge gap creates confusion and discourages active participation in intra-African trade. Even when businesses do meet the necessary criteria, the absence of proper documentation or understanding of the certification process can result in missed opportunities for preferential treatment. Without more targeted awareness campaigns, simplified procedures, and technical support from both public and private sectors, manufacturers will continue to face challenges in meeting RoO requirements, ultimately limiting their ability to benefit from the full potential of AfCFTA.

#### 4.4.3 *Limited HS Codes Coverage*

The limited coverage of Harmonized System (HS) codes<sup>20</sup> under AfCFTA was found to restrict market access for manufacturers, as many products remain excluded from tariff concessions, for example, traders of Kikoy are likely to be limited from trading since Kikoy specific HS Code is 5212.25.10 but it is not listed, therefore there is a risk that when exporting to South Africa, SAR might not accept Kikoy under the guided trade initiative. The manufacturers of Kikoy would try and circumvent this challenge by listing Kikoy under HS Code 5212.24.00, this is however risky as the products could be rejected. Additionally, ambiguities in HS code classification lead to misinterpretation and trade delays, creating uncertainty for exporters. A lack of harmonization in HS code application across member states results in inconsistent trade practices, inefficiencies, and increased compliance burdens. Limited awareness and understanding of Harmonized System (HS) Code updates was reported

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<sup>20</sup> International Codes used to classify goods for ease of comparison across borders.

by respondents, posing challenges for manufacturers in correctly classifying goods and accessing AfCFTA tariff preferences.

#### *4.4.4 High Compliance Costs*

The high cost of compliance under AfCFTA poses a significant barrier to trade, particularly for small and medium-sized enterprises, which are disproportionately affected by the expenses associated with certification and regulatory adherence. Most of the respondents cited expensive Rules of Origin (RoO) certification process, coupled with additional administrative costs for documentation and verification, increases the financial burden on manufacturers seeking to export their goods. They further stated that beyond direct certification fees, indirect costs such as transport expenses to customs offices, the cost of filling export containers, and consultancy fees for compliance further strain businesses, reducing their competitiveness in regional markets. These financial constraints discourage smaller manufacturers from fully engaging in AfCFTA trade, limiting their market expansion opportunities and hindering broader industrial growth.

One key informant highlighted the substantial cost of obtaining certifications required for export, citing the example of Ghana, where certification from the Food and Drug Administration (FDA) alone costs approximately USD 2,000. This expense is a heavy burden for SMEs that already face limited financial resources. Additionally, SMEs are often required to meet high production thresholds, such as minimum order quantities (MOQ), to be eligible for export. These requirements further limit their ability to compete in regional markets, as many small manufacturers struggle to meet the volume demands necessary to justify the high costs of certification and compliance. The combination of costly certification processes and the need for significant production capacity creates a challenging environment for SMEs, making it more difficult for them to participate in cross-border trade and take full advantage of AfCFTA's opportunities.

#### *4.4.5 Bureaucratic Red Tape*

The frequent changes in Rules of Origin (RoO) guidelines without adequate notice create uncertainty for traders, making compliance difficult and unpredictable;

according to most respondents. Additionally, differing interpretations of RoO across AfCFTA member states result in inconsistencies in trade facilitation, with businesses facing varying regulatory requirements depending on their export destination. The lack of streamlined processes between regulatory agencies further exacerbates these challenges, leading to inefficiencies, delays, and increased administrative burdens. As a result, traders struggle to navigate the ever-evolving compliance landscape, discouraging full participation in intra-African trade and limiting the effectiveness of AfCFTA's trade facilitation objectives.

A situation arises where the same goods and documentation, which successfully cleared the border in one instance, are delayed for several days in a subsequent shipment due to varying border procedures. This inconsistency in the application of rules creates unnecessary hurdles for exporters, leading to delays and uncertainty. Such bureaucratic inefficiencies, caused by non-standardized and cumbersome processes, place an increased administrative burden on businesses, disrupt the smooth flow of trade, and undermine the predictability required for successful regional trade under AfCFTA.

#### *4.4.6 Implementation of Rules of Origin (RoO) Requirements*

The shortage of trained personnel in Rules of Origin (RoO) certification offices has resulted in significant processing delays, creating bottlenecks for manufacturers seeking export approvals. The limited awareness among manufacturers regarding RoO procedures further exacerbates these challenges, as many businesses struggle to navigate the complex documentation and verification requirements. Additionally, inefficiencies in training programs for certification officers contribute to inconsistent enforcement of RoO guidelines, leading to trade disruptions and compliance difficulties, as identified by the manufacturers. Without urgent investments in capacity-building and institutional support, these systemic weaknesses will continue to undermine the effectiveness of AfCFTA and limit manufacturers' ability to fully participate in regional trade.

Based on the interviews, it was commonly opined that the slow processing of Rules of Origin (RoO) applications at customs checkpoints, which can take up to 48 hours, creates significant delays for manufacturers seeking to export their products under AfCFTA. The lack of inter-agency coordination in verification procedures further complicates the process, as inconsistent requirements and communication gaps between trade authorities across member states lead to prolonged approval times. Additionally, delays in verification of the Certificates of Origin disrupt trade timelines, causing manufacturers to miss market opportunities and incur higher storage and logistics costs. These inefficiencies not only hinder trade facilitation but also discourage businesses from fully utilizing AfCFTA's preferential trade provisions.

Delays in the verification of certificates by importing countries, often due to inadequate clearance systems, pose a significant challenge for manufacturers. These delays disrupt the timely movement of goods, leading to uncertainty and potential financial losses, especially for businesses relying on quick turnaround times to remain competitive in regional markets.

#### **4.5 Challenges Faced by Customs Officials in Implementing Rules of Origin Requirements**

Customs officials face several challenges in implementing AfCFTA's Rules of Origin, including inconsistent enforcement across countries, difficulties in authenticating certificates, and limited training and capacity. The slow shift to digital systems and lack of standardized guidelines further contribute to delays and inefficiencies, ultimately undermining the smooth flow of intra-African trade.

Table 4.6: Summary of the challenges faced by customs officials in implementing Rules of Origin Requirements

Theme	Specific Challenges from Customs
Inconsistent Implementation of Rules of Origin	- Variations in interpretation of RoO across different countries.
	- Lack of harmonized enforcement mechanisms.
Authentication Issues	- Errors & Documentation Issues; (Cases of fake certificates and stamps. Typos and inconsistencies between invoice details and CoOs.)
	- Some manufacturers provide false information about where goods are made.
	- Goods not registered for export under AfCFTA are included.
	- Incorrect HSS Codes due to errors or intentional misclassification.
Capacity and training gaps	- Insufficient Training programs
Slow Adoption of Digital Certification Systems	- Limited infrastructure for digitalizing trade processes (Customs processes still rely on paper-based systems)
	- Different trade policies in different AfCFTA member states.

Lack of Standardized Guidelines Across Countries	- Unclear documentation requirements per region.
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Source: Source: Authors Compilation

Table 4.7: Excerpts from Key Informant Interviews on Implementation of Rules of Origin Requirements

<p><i>“Currently, the system is manual, it is time consuming, typos become common, confirmation of details becomes a challenge. The digital platform will be piloted in March under the EAC platform first before being rolled to the other frameworks like AfCFTA.”</i> <b>KRA Customs Official</b></p> <p><i>“Exchange program with other countries to benchmark on the efficiency in their systems in handling FTA matters. This would make us to be on the same page”</i> <b>KRA Customs Official</b></p>
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Source: Author’s Compilation

#### 4.5.1 Inconsistent Implementation of Rules of Origin Requirements

All officials interviewed agreed that; the variations in the interpretation of Rules of Origin (RoO) across AfCFTA member states create significant inconsistencies in trade facilitation, making it difficult for manufacturers and traders to comply with regulatory requirements. The inconsistent interpretation of Rules of Origin requirements relating to classification of HS Codes by customs officials across AfCFTA member states creates significant barriers to seamless trade facilitation. These challenges raise the questions of the availability of standardized guidelines or regulations on administrations of RoO requirements. Exporters face unpredictable classification decisions, leading to disputes, delays, and added compliance burdens. These inefficiencies discourage cross-border trade and undermine the potential benefits of AfCFTA.

Without a harmonized enforcement mechanism, customs officials struggle to apply uniform RoO enforcement, leading to disputes, clearance delays, and increased compliance costs. These inconsistencies not only create uncertainty for businesses but also discourage cross-border trade due to the unpredictability of tariff treatment and

certification approvals. Customs officials face significant challenges in the uniform enforcement of Rules of Origin (RoO), leading to disputes and confusion for traders navigating the AfCFTA framework. Establishing a standardized, transparent, and universally applied RoO framework across all member states is crucial in reducing trade inefficiencies and ensuring smoother implementation of AfCFTA policies.

#### *4.5.2 Authentication of Certificates of Origin (CoOs)*

A major hurdle lies in the authentication and processing of Certificates of Origin (CoOs), where cases of fake certificates and stamps undermine trade integrity. Some manufacturers further complicate compliance by providing false information about the origin of their goods, while errors such as typos on the Certificate of Origin and inconsistencies between invoice details and the certificate contribute to administrative inefficiencies and trade delays. Additionally, incorrect classification of goods under HS codes, whether due to error or intentional misclassification, results in disputes, non-compliance penalties, and increased costs for traders.

Customs officials also struggle to ensure compliance with AfCFTA requirements, particularly when dealing with unregistered export goods or cases where manufactured goods are misclassified as raw materials to benefit from preferential trade terms. These inconsistencies in trade facilitation increase the risk of disputes and penalties, further hindering seamless trade under AfCFTA. Moreover, digital inefficiencies that force reliance on manual paperwork, causing delays and administrative bottlenecks. The absence of integrated digital systems not only prolongs processing times but also creates opportunities for corruption.

#### *4.5.3 Capacity and training gaps*

According to customs officials, capacity-building efforts have been made, with both internal and external training sessions, including those by the World Customs Organization (WCO), equipping officers to effectively carry out their duties. However, while officials may be adequately trained, challenges persist in ensuring the authenticity of CoOs, particularly from the exporting countries. The verification process can be slowed down due to poor coordination between customs authorities across borders and the absence of efficient digital systems to validate documentation

in real-time. To enhance efficiency in handling Free Trade Agreement (FTA) matters, customs officials have emphasized the importance of continuous capacity building, including exchange programs with other countries. Such initiatives provide opportunities for benchmarking best practices, promoting knowledge sharing, and fostering uniformity in the interpretation and implementation of Rules of Origin (RoO) across AfCFTA member states.

Efforts to train manufacturers on RoO are ongoing, with at least one sensitization session conducted annually, sometimes virtually. Yet, online training formats have proven to be less effective, as some manufacturers sign in without actively participating, limiting their understanding of the documentation and verification requirements. This knowledge gap among exporters increases the likelihood of submission errors or incomplete applications, making authentication more difficult for customs officers and contributing to delays in clearance.

#### *4.5.4 Slow Adoption of Digital Certification Systems*

The Rules of Origin (RoO) certification process remains largely manual, leading to inefficiencies, delays, and increased administrative burdens for traders. Despite efforts to transition towards automated systems, the adoption of digital trade processing and certification remains slow across AfCFTA member states. The respondents interviewed unanimously agreed that; the limited use of digital RoO certification systems forces manufacturers and traders to rely on physical paperwork, prolonging approval times and increasing the likelihood of errors. These inefficiencies not only delay trade transactions but also discourage businesses from fully engaging in cross-border trade.

The lack of interoperability between customs systems across AfCFTA member states further compounds the inefficiencies of the manual RoO certification process. Traders are often required to duplicate documentation efforts when exporting to multiple countries, as systems are not integrated to allow for seamless data sharing or mutual recognition of certifications. This fragmented digital infrastructure undermines the goal of a unified continental market and creates barriers especially for small and medium enterprises with limited capacity to navigate complex and repetitive

administrative procedures. Accelerating the implementation of a harmonized, continent-wide digital certification system is therefore critical to reducing trade costs, improving transparency, and enhancing participation in intra-African trade. This shift toward digitalization is expected to significantly enhance efficiency, reduce paperwork, and improve accuracy in certification and verification procedures, ultimately streamlining cross-border trade operations.

#### *4.5.5 Lack of Standardized Guidelines Across Countries*

The absence of harmonized trade policies and documentation requirements across AfCFTA member states creates significant challenges for traders and customs officials. Varying national policies result in inconsistent regulatory expectations, making it difficult for businesses to navigate trade procedures when exporting to different countries. Additionally, unclear documentation requirements per region further complicate compliance, as traders must adapt to differing rules depending on their destination market. These inconsistencies not only cause confusion but also lead to delays, increased administrative costs, and a lack of predictability in cross-border trade.

The absence of harmonized trade policies also undermines the principle of uniform application of the AfCFTA framework, weakening trust in the system among traders and customs officials. Manufacturers often face conflicting guidance from different national authorities, which leads to disputes, delays at border points, and in some cases, rejection of consignments. Customs officials, on the other hand, are left to interpret and implement rules that may lack clarity or differ from neighbouring jurisdictions, leading to inconsistent enforcement. These challenges highlight the urgent need for regional alignment of trade policies, standardization of documentation, and mutual recognition frameworks to support seamless and predictable intra-African trade under AfCFTA.

## CHAPTER 5: DISCUSSION, CONCLUSION AND RECOMMENDATIONS

### 5.1 Introduction

This chapter presents a discussion of the key findings from the study, linking them to existing literature and theoretical perspectives. The study examined the challenges faced by Kenyan manufacturers in trading under AfCFTA, challenges in complying with the Rules of Origin (RoO) requirements, and challenges faced by customs officials in implementing these rules. The discussion highlights the significance of these findings, their implications for trade policy and industrial growth, and their alignment with existing research. The chapter also provides conclusions drawn from the findings and offers recommendations for policymakers, industry stakeholders, and future research.

### 5.2 Discussion of Findings

The discussion is structured according to the study's three key objectives and links findings to the research questions, literature, and theoretical framework.

#### 5.2.1 *Challenges faced by manufacturers in Trading under the AfCFTA*

The study reveals that despite AfCFTA's overarching goal of promoting intra-African trade, both tariff and non-tariff barriers continue to restrict effective market access for Kenyan manufacturers. The challenge lies not just in the pace but in the design of trade liberalization, particularly the phased implementation of Category A and the exclusion of Category C from zero-rating, which has delayed the realization of duty-free access for many products. Inconsistent tariff schedules across member states and the absence of mutual recognition agreements contribute to regulatory and compliance challenges, increasing trade costs and reducing competitiveness. Additionally, limited awareness of the AfCFTA framework among manufacturers, coupled with stringent Rules of Origin (RoO) requirements and inefficient customs clearance processes, further hinder effective participation. Infrastructure and logistics constraints, such as poor transport networks and prolonged port clearance times, compound these issues, while limited access to affordable finance and investment

support continues to impede manufacturers' ability to scale operations and compete across borders. Collectively, these challenges undermine the intended benefits of AfCFTA and highlight the need for more targeted interventions to support industrial integration and regional trade facilitation.

These findings align with AfCFTA Implementation Strategies Report by UNECA (2023), which highlights that uncoordinated trade policies among African countries hinder regional economic integration. The findings also align with CHANG & LEE (2010), who noted that non-tariff barriers (NTBs), such as stringent product registration requirements and licensing, create obstacles in free trade agreements (FTAs). Grundke & Moser (2019), similarly emphasized that delays in harmonizing product standards and fears of protectionism restrict trade. The findings align with Regional Integration principles, which emphasizes that successful trade agreements necessitate regulatory harmonization and policy alignment among member states (Tuluy, 2017).

A notably unexpected finding of the study was that many Kenyan manufacturers are aware of AfCFTA's existence but remain unsure about how it actually benefits them, suggesting that awareness alone does not translate into participation. Contrary to government and institutional reports like (KIPPRA, 2024), which claim that extensive sensitization efforts have taken place, the study revealed that most manufacturers perceived AfCFTA as a theoretical concept with little practical relevance to their daily operations. This indicates a gap not just in communication, but in the translation of policy into actionable trade processes.

From a theoretical standpoint, the persistence of NTBs supports New Trade Theory (Krugman, 1982), which recognizes that trade barriers can impede market efficiency despite the presence of comparative advantages. The study advances this discourse by demonstrating that while the AfCFTA presents a framework for integration, its implementation challenges continue to create obstacles for manufacturers. Methodologically, the use of qualitative interviews provided direct stakeholder insights, which complement previous macroeconomic analyses by capturing

the practical realities of manufacturers navigating these barriers. Mercantilism emphasizes national economic interests, often favoring exports over imports to accumulate wealth. The findings show that some AfCFTA member states prioritize older regional trade blocs EAC and COMES, delay tariff reductions, and maintain protectionist policies like bilateral imbalances, which reflect mercantilist tendencies. Even if Kenyan manufacturers are more efficient in certain sectors, infrastructure and regulatory bottlenecks prevent them from converting this advantage into export gains. Therefore, the lack of competitive conditions undermines the realization of absolute advantage within AfCFTA.

### *Implications*

Firstly, the design of AfCFTA's trade liberalization framework, rather than its pace, has emerged as a key constraint. The phased implementation of Category A products means that full duty-free access is not yet a reality. This delays tangible benefits for manufacturers and limits their ability to make strategic long-term investments in regional trade. It also fosters uncertainty, which is detrimental to business planning, especially for export-oriented firms relying on clear, predictable market access conditions.

The continued existence of the inconsistent tariff schedules and the lack of mutual recognition agreements, leads to fragmented markets and elevated costs of trade. These inconsistencies hinder the flow of goods across borders and reduce the competitiveness of Kenyan products in African markets. The lack of harmonization also disproportionately affects SMEs, which are less equipped to navigate complex, unaligned regulatory environments. Harmonizing tariff schedules and establishing mutual recognition agreements would facilitate smoother cross-border trade and reduce compliance costs.

The Limited awareness of the AfCFTA framework among manufacturers implies a weak foundation for implementation. If businesses are not fully informed about the agreement's provisions, eligibility requirements, and strategic opportunities, they are unlikely to participate effectively. This gap weakens private sector engagement, which

is essential for AfCFTA's success, and suggests that policy reforms alone are insufficient without accompanying awareness and capacity-building initiatives. Expanding coordinated awareness and capacity-building programs can equip manufacturers with the knowledge needed to fully engage with AfCFTA opportunities.

The findings further highlight significant regulatory and compliance challenges, particularly in relation to the Rules of Origin (RoO). The complexity of RoO requirements, combined with limited institutional support and inconsistencies in enforcement, increases the risk of exclusion from preferential treatment even when firms meet the criteria. This not only undermines trust in the system but also discourages formal trade and investment. Simplifying RoO procedures and improving institutional coordination and enforcement can reduce trade friction and build trust in the system.

Infrastructure and logistics constraints, such as poor transport networks and inefficient border and port operations, translate directly into higher costs and longer lead times. These inefficiencies diminish Kenya's regional trade competitiveness and reduce the attractiveness of participating in intra-African supply chains. Without investment in trade-related infrastructure, manufacturers are unlikely to scale or expand into new regional markets. Investing in trade-enabling infrastructure such as government buying from many SMEs to fill a consignment is essential to reduce transport costs and improve regional competitiveness.

Finally, access to finance and investment barriers remain a persistent constraint. Limited availability of affordable credit, high collateral requirements, and insufficient export incentives hamper manufacturers' ability to invest in upgrading production capacity and meeting regional standards. Without improved financing mechanisms, particularly for targeting the SMEs, Kenyan firms will continue to face challenges in leveraging AfCFTA as a platform for industrial growth. Expanding affordable credit options and targeted financial incentives can enhance manufacturers' capacity to scale production and meet regional market standards.

These findings imply that AfCFTA's potential will remain unrealized unless there is a holistic approach that addresses policy design flaws, strengthens institutional frameworks, invests in infrastructure, and actively supports private sector preparedness. Without targeted, multi-level interventions, Kenya risks falling behind in the race for regional market share and missing out on the transformative potential of continental trade integration.

### *5.2.2 Challenges Faced by Manufacturers in Complying with Rules of Origin (RoO)*

The most significant challenges identified in the study regarding the implementation of Rules of Origin (RoO) requirements include cumbersome certification processes, limited awareness among manufacturers, incomplete Harmonized System (HS) Code coverage, high compliance costs, and pervasive bureaucratic red tape. These are further compounded by frequent delays in certification and verification, which collectively hinder manufacturers' ability to access preferential treatment under AfCFTA and discourage broader participation in intra-African trade.

These findings validate prior research by AfDB Bank (2022), which highlighted the bureaucratic inefficiencies that hinder trade efficiency under AfCFTA. Contrary to the hypothesized association that larger manufacturers would be less affected by RoO bureaucracy due to greater internal capacity, the study found that even large firms expressed frustrations with inconsistent verification practices and overlapping regulatory demands at border points. This challenges the assumption that firm size alone can mitigate trade facilitation constraints. These findings also corroborate (Crivelli et al., 2021), who identified knowledge gaps regarding RoO compliance as a key constraint in FTAs. (Abdulai et al., 2024) similarly found that Ghana's RoO certification process is complex and costly, paralleling Kenya's experience.

The results contradict the claims of Ndirangu (2016), who argued that RoO-related barriers would primarily affect first-time or micro exporters due to limited administrative resources. However, in this study, it was evident that even well-established manufacturers encountered significant inefficiencies and procedural

uncertainties at the customs and RoO desks. An unexpected result was the low awareness of the AfCFTA provisions even among manufacturers who had previously engaged in regional trade. While this might suggest a gap in private sector initiative, a more plausible explanation, based on the findings of similar studies like (Crivelli et al., 2021 and UNCTAD, 2019), is that national sensitization efforts remain insufficiently targeted and practical, often failing to translate policy into actionable knowledge for businesses.

Another notable finding was the incomplete Harmonized System (HS) Code coverage, which limited the ability of firms to fully utilize AfCFTA preferences. This contradicts prior assumptions in AfDB (2022) reports that the operationalization of RoO frameworks had already addressed classification concerns. It is possible that a misalignment between AfCFTA policies and national-level implementation mechanisms, such as those overseen by KRA, contributes to this persistent gap.

The challenges associated with RoO certification expose the limitations of Comparative Advantage Theory (Ricardo, 1817), which assumes frictionless trade but fails to consider administrative barriers that prevent firms from fully benefiting from preferential trade agreements. This study aligns with Porter's National Competitive Advantage Theory, which posits that weak regulatory frameworks and institutional inefficiencies hinder the effective implementation of trade policies (Tsai et al., 2021). Expanding on this perspective, the study highlights how poor coordination among customs authorities and high compliance costs deter manufacturers from capitalizing on AfCFTA opportunities. Additionally, the qualitative approach provided deeper insights into the disproportionate impact of these challenges on SMEs, addressing a gap in prior research that has largely focused on large-scale manufacturers. Weak trade intelligence and lack of harmonized standards suggest that similarities in demand and development are not being capitalized on, weakening the expected trade flows predicted by this Country Similarity Theory.

### ***Implications***

The findings suggest that the government plays a central role in addressing the procedural and structural challenges facing manufacturers under AfCFTA's Rules of

Origin (RoO) framework. The persistence of cumbersome certification processes highlights underlying inefficiencies in administrative systems that slow down export approvals. These delays reflect the need for greater institutional coordination and modernization of processes that are currently too dependent on manual, paper-based workflows. The lack of a streamlined, standardized system across agencies continues to frustrate manufacturers and undermines confidence in formal trade mechanisms.

The limited awareness of RoO requirements among manufacturers points to a significant information gap that public institutions have not yet bridged effectively. Despite existing outreach efforts, many businesses, especially SMEs, remain uninformed about key eligibility criteria and documentation processes. This reflects a broader issue of weak communication between trade policy frameworks and the private sector, suggesting that government-led sensitization has yet to reach all intended stakeholders in a practical and accessible way. Expanding targeted information dissemination and practical training can bridge the knowledge gap among manufacturers.

The issue of limited HS code coverage and misclassification further exposes a lack of technical capacity within both customs and manufacturing sectors. Without timely updates to HS code systems or adequate user guidance, manufacturers struggle to correctly classify their products, which leads to rejections, delays, or the application of incorrect tariffs. This demonstrates how technical inconsistencies within trade infrastructure can create real-world barriers to market access. Regular updates and harmonization of HS codes, along with clearer classification guidance, can reduce misclassification and related trade disruptions.

High compliance costs continue to discourage participation in AfCFTA, particularly among small manufacturers. This indicates a structural imbalance where the burden of regulatory adherence is disproportionately borne by businesses with the least resources. It suggests that existing support mechanisms are either insufficient or inaccessible, resulting in financial strain that limits regional trade engagement and stifles industrial expansion. Reducing the cost burden on small manufacturers

through simplified compliance procedures can enhance their ability to participate in AfCFTA trade.

Bureaucratic red tape remains a persistent constraint, with manufacturers encountering overlapping procedures and slow approvals. These bottlenecks point to institutional inertia and administrative fragmentation, where agencies operate in silos without the efficiency required for a high-functioning trade environment. This not only delays exports but erodes trust in the system, prompting some firms to bypass formal channels altogether. Streamlining administrative procedures and clarifying roles across institutions can minimize unnecessary delays and improve service delivery.

Delays in certification and verification further indicate systemic capacity challenges within certification offices and border agencies. Insufficient staffing, lack of training, and absence of performance accountability contribute to long turnaround times, which in turn disrupt supply chains and reduce the reliability of Kenyan exports in the regional market. These delays carry reputational costs and diminish Kenya's competitiveness in time-sensitive trade sectors. Strengthening institutional capacity and introducing time-bound service standards can accelerate the certification process and improve reliability.

### *5.2.3 Challenges Encountered by Customs Officials in Implementing RoO*

The study found that customs officers face several challenges in implementing AfCFTA's Rules of Origin, including inconsistent application of regulations, authentication issues, capacity and training gaps, the slow adoption of digital certification systems, and a lack of standardized guidelines across member countries, all of which contribute to delays, inefficiencies, and inconsistencies in trade facilitation.

The lack of a harmonized enforcement mechanism leads to disputes between traders and customs officials, increasing delays and administrative costs. These findings echo WTO (2021) "On The Need For Ambitious AfCFTA Implementation Report",

which emphasizes that divergent customs practices create trade inefficiencies and discourage cross-border transactions.

Additionally, the study found that customs authorities suffer from capacity constraints, inadequate training, and reliance on manual processes, which contribute to delays in RoO verification. This reinforces the argument in Comparative Advantage Theory that regulatory inefficiencies prevent manufacturers from fully exploiting trade agreements (Watson, 2017). Manga (2010) similarly emphasized that the absence of standardized RoO verification procedures poses a significant challenge to trade facilitation. Furthermore, Crivelli et al., (2021) identified the complexity of RoO compliance as a substantial barrier, particularly for SMEs, thereby exacerbating trade inefficiencies. These findings are corroborated by this study, which revealed that Kenyan manufacturers, especially SMEs, face considerable difficulties in navigating RoO certification due to inconsistent procedures and high compliance costs, further limiting their participation in AfCFTA.

The study findings reinforce Porter's National Competitive Advantage Theory (1990), which asserts that government efficiency and regulatory quality are crucial for enhancing trade competitiveness. Weak institutional capacity limits Kenya's ability to maximize the benefits of AfCFTA. This study builds on previous research by confirming existing challenges while offering new insights into the operational difficulties faced by both manufacturers and customs officials. By capturing the experiences of customs officials, it fills a critical gap in existing literature, which has largely focused on private sector perspectives while overlooking the enforcement challenges faced by government agencies.

### ***Implications***

Inconsistent application of Rules of Origin (RoO) regulations across AfCFTA member states which creates uncertainty for both customs officers and traders, as identical goods may face different interpretations and decisions at various border points. Such variation not only increases the risk of trade disputes but also undermines predictability and trust in the trade framework, which are essential for facilitating

smooth cross-border operations. This points to a broader need for greater alignment and coordination in how RoO regulations are interpreted and enforced across the region.

Authentication of certificates present a persistent obstacle in the implementation of RoO. Customs officers often encounter difficulties in verifying the authenticity of certificates of origin, partly due to the lack of centralized or reliable verification systems. These challenges expose the system to risks such as document fraud and trade deflection while also contributing to the wrongful rejection of legitimate goods, causing delays and financial losses for exporters. Enhancing verification mechanisms through online platforms could improve the credibility and reliability of RoO certification processes.

Capacity and training gaps among customs personnel further complicate the situation. Many officers lack sufficient technical knowledge and hands-on experience with RoO criteria and procedures, which affects the accuracy and consistency of their assessments. This not only contributes to delays at checkpoints but also raises concerns about the overall institutional readiness to support AfCFTA's implementation effectively. Improved training and capacity development, therefore, appear central to strengthening institutional performance in RoO administration.

Slow adoption of digital certification systems has continued to hinder progress in facilitating efficient trade processes. Manual handling of certificates and related documentation remains common in many border posts, increasing the likelihood of human error, slowing clearance procedures, and limiting transparency. This has important implications for the speed and reliability of trade operations, especially for manufacturers dealing with time-sensitive exports. Accelerating digital transition efforts could help streamline certification and improve turnaround times at border points.

Lack of standardized guidelines across member states has led to varied interpretations and procedural requirements for RoO enforcement. Exporters often face different expectations depending on the country of entry, which creates confusion and adds to

the administrative burden of engaging in intra-African trade. These inconsistencies reflect deeper coordination challenges within the trade system. The evidence indicates that harmonized operational guidelines would help reduce fragmentation and promote consistent application of RoO procedures.

### 5.3 Limitations of the study

While this study provides valuable insights into the challenges Kenyan manufacturers face under AfCFTA, the study faced some limitations;

Data collection limitations were experienced since some respondents either declined or demanded payment in order to be interviewed. The non response was a challenge, which was beyond the study's scope. These obstacles were particularly notable among purposively selected participants, whose insights were essential to the research.

The focus on KAM-registered, Nairobi-based manufacturers and Sampling of only customs officials based in Nairobi office, may not fully capture the experiences of informal sector players and firms in other regions, limiting generalizability.

The qualitative approach offers depth but does not quantify the extent of challenges, and reliance on self-reported data introduces potential biases, particularly as some respondents were reluctant to disclose financial details.

Additionally, AfCFTA's evolving regulatory framework means that some challenges may shift over time, necessitating ongoing research. A comparative analysis with other AfCFTA member states could provide broader insights.

However, despite these limitations, the study effectively addressed its research questions, aligned with existing literature, and provided valuable policy recommendations for improving trade facilitation and regulatory efficiency under AfCFTA.

## 5.4 Conclusion

This study explored the challenges facing Kenya's manufacturing sector in trading under the AfCFTA, compliance with Rules of Origin (RoO), and customs implementation challenges. Findings reveal that while AfCFTA offers immense trade opportunities, manufacturers struggle with high compliance costs, delays in obtaining RoO certification, and inconsistent customs procedures across member states. SMEs face additional difficulties due to limited awareness and financial constraints, preventing them from fully utilizing AfCFTA's benefits. Customs authorities also experience inefficiencies due to capacity constraints, reliance on manual processes, and the absence of standardized enforcement mechanisms, further complicating trade facilitation.

To enhance Kenya's participation in AfCFTA, the study recommends streamlining RoO certification, digitalizing customs procedures, harmonizing trade policies, and improving financial support for SMEs. Addressing these structural and regulatory challenges is essential for ensuring the competitiveness of Kenya's manufacturing sector within the AfCFTA framework. Without targeted reforms, manufacturers may continue favouring established regional trade agreements like EAC and COMESA. Effective policy interventions will not only boost Kenya's exports but also position the country as a key player in Africa's regional value chains, fostering sustainable economic growth and deeper continental integration.

## 5.5 Recommendations

To fully harness the opportunities presented by the AfCFTA, Kenya must transition from reactive compliance to proactive market leadership. This requires a strategic shift toward data-driven, technology-enabled, and market-responsive solutions that enhance trade facilitation, streamline regulatory processes, and strengthen Kenya's position in regional value chains. The following recommendations provide actionable steps to address key challenges identified in this study and unlock the full potential of intra-African trade.

Develop a Real-Time Trade Facilitation Scorecard to systematically track Kenya's AfCFTA performance by monitoring customs efficiency based on; clearance times, RoO processing speeds and digital adoption. It can also monitor trade volumes and SME participation. To enhance transparency and accountability, the scorecard could be publicly accessible with quarterly performance reports, providing actionable insights for policymakers and businesses.

To overcome the lack of reliable trade intelligence and market data, Kenyan Government should establish an AI-driven Trade Intelligence Hub that offers real-time insights on market demand, competitor trends, and regulatory changes within AfCFTA. Integrating blockchain technology will enhance supply chain transparency and reduce fraud, while collaborations with big data firms will enable manufacturers to leverage predictive analytics for identifying lucrative markets and anticipating regulatory challenges.

To address the high logistics issue; Supply Chain Aggregator should be developed to allow SMEs to bundle exports, reduce logistics costs, and meet volume requirements for larger contracts. By integrating these solutions, the aggregator will enhance SME competitiveness, expand market access, and position Kenya as a key player in intra-African trade.

*Areas for further Research:*

Effectiveness of Digital Trade Facilitation Tools on SME Export Performance under AfCFTA. To Investigate how real-time scorecards, digital customs systems, and e-certification platforms impact trade efficiency and compliance among SMEs in Kenya.

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## APPENDICES

### Appendix I: Interview Guide - Manufacturers

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#### Section 1: Introduction

1. Brief introduction for the purpose of the research.
  2. Explaining the confidentiality of responses and obtaining consent to record the interview.
- 

#### Section 2: General Information

1. Name of the company/organization;
  2. Role/position of the respondent;
  3. Sector of operation (from KAM classification);
- 

#### Section 3: General Challenges in Trading under the AfCFTA Framework

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##### Challenges in accessing integrated markets and trade expansion

##### 1. AfCFTA Framework

Do you fully understand the provisions and opportunities provided by AfCFTA?

What challenges have you experienced in comprehending or applying these provisions?

##### 2. Trade Barriers

What tariff and non-tariff barriers has your company faced when trading within the AfCFTA framework?

How have these barriers impacted your operations and trade volumes?

##### 3. Market Information

How accessible is information about regional markets under AfCFTA framework?

What specific gaps in market knowledge have limited your ability to trade?

#### **4. Regulatory and Administrative Hurdles**

What regulatory or administrative challenges have you faced at border points?  
How have customs procedures and documentation requirements affected your trade activities?

#### **5. Infrastructure and Technology**

How adequate is the physical and digital infrastructure in facilitating trade under AfCFTA?

What specific technological gaps or inefficiencies have impacted your ability to trade regionally?

#### **6. Financial and Skills Constraints**

What financial challenges, if any, have hindered your ability to expand under the AfCFTA framework?

Are there gaps in skills or technology that affect your firm's competitiveness in regional markets?

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### **Section 4: Challenges in adhering to Rules of Origin**

How would you describe your experience with the RoO application process and what specific aspects of the process have been most challenging?

How do compliance costs (e.g., administrative fees, travel expenses) affect your ability to adhere to Rules of Origin?

Have you experienced delays or inefficiencies at RoO desks and how do these inefficiencies affect your trade timelines?

Have you encountered issues with errors or inconsistencies in documentation during the RoO process? What suggestions do you have for improving the documentation and verification process?

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### **Section 5: Policy and Institutional Support**

Have you participated in any AfCFTA sensitization programs? If so, how effective were they in addressing your challenges?

What policy or institutional supports have been most helpful for your business?

How effective are current government initiatives in addressing trade finance gaps and infrastructure needs?

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### **Section 6: Recommendations and Closing**

What key recommendations would you make to policymakers to improve market access and trade expansion under AfCFTA?

Are there any additional insights or issues you would like to share?



## Appendix II: Interview Guide - KRA officers at Rules of origin Desks

1. What is your role and how long have you been working with CoOs?
2. What specific responsibilities do you handle regarding Rules of Origin?
3. How familiar are you with the AfCFTA Rules of Origin criteria?
4. Have you received any training on RoO? If so, was it adequate?
5. What additional skills or knowledge would help you in this role?
6. What challenges do you face when verifying Certificates of Origin?
7. What are the most common errors you encounter in CoOs?
8. How effective are the digital systems currently in place for processing CoOs?
9. What improvements would you suggest for the CoO verification process?
10. What support or resources would enhance your capacity to implement RoO effectively?
11. How can coordination between countries be improved for consistent RoO implementation?



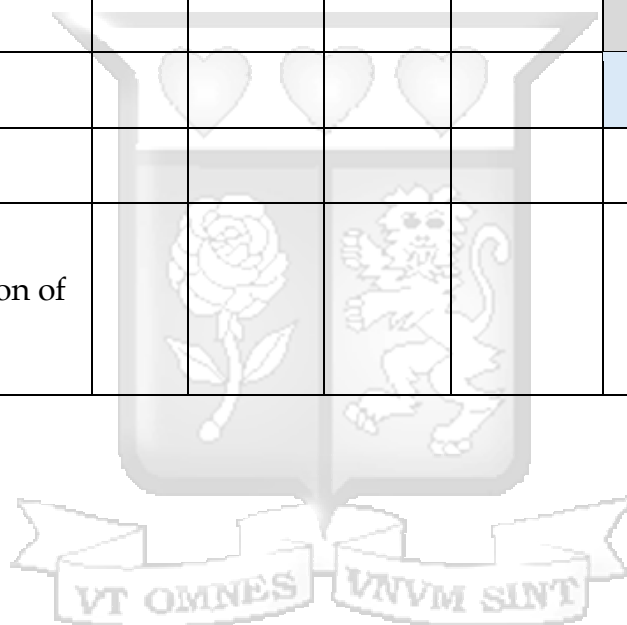
### Appendix III: Budget

Personel	No.	Rate Per day	No Of Days	Total
Research Assistant	1	5,000	6	30,000
Data Analyst	1	5,000	5	25,000
Local Transport		12,000	5	60,000
Printing & Photocopy		-	-	30,000
NACOSTI				1,000
<b>Total</b>				<b>146,000</b>



### Appendix IV: Time schedule

	Monthly Activities	July	August	Sept	October	Nov	Dec	Jan 2025
1	Development of proposal							
2	Literature review							
3	Presentation of proposal							
4	Proposal Verification							
5	Pre-test							
6	Data collection							
7	Data analysis							
8	Report writing/presentation of findings							



## Appendix V: NACOSTI LICENSE

 <b>REPUBLIC OF KENYA</b>	 <b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b>
Ref No: <b>909831</b>	Date of Issue: <b>13/January/2025</b>
<b>RESEARCH LICENSE</b>	
	
<b>This is to Certify that Miss.. Angela Muoti Weyama of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: CHALLENGES FACING MANUFACTURING SECTOR IN TRADING UNDER THE AFRICAN CONTINENTAL FREE TRADE AREA FRAMEWORK : A CASE STUDY OF KENYA ASSOCIATION OF MANUFACTURERS for the period ending : 13/January/2026.</b>	
License No: <b>NACOSTI/P/25/414916</b>	
<b>909831</b> Applicant Identification Number	 Director General <b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b>
	Verification QR Code 
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<b>See overleaf for conditions</b>	

## Appendix VI: Ethics Approval



8<sup>th</sup> January 2025

Ms Weyama Angela,  
angela.weyama@strathmore.edu

Dear Ms Weyama,

**RE: Challenges Facing Manufacturing Sector in Trading Under the African Continental Free Trade Area Framework: A Case Study of Kenya Association of Manufacturers**

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** proposal. Your application reference number is **SU-ISERC2506/24**. The approval period is from **8<sup>th</sup> January 2025 to 7<sup>th</sup> January 2026**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
  - v. Clearance for the export of biological specimens must be obtained from relevant institutions.
  - vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
  - vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

**Mr Ambrose Rachier,  
Chairperson; SU-ISERC**

## Appendix VII: Letter of Introduction

Ole Sangale Rd, Madaraka Estate,  
P.O Box 59857 00200, Nairobi, Kenya.  
Cell: +254 703 414/6/7, Twitter: @SBSKenya  
Email: info@sbs.ac.ke or visit www.sbs.strathmore.edu



Monday, 16 December 2024

To Whom It May Concern,

**RE: FACILITATION OF RESEARCH – ANGELA MUOTI BENJAMIN WEYAMA**

This is to introduce Angela Weyama who is a **Masters in Public Policy and Management (MPPM)** student at Strathmore University Business School, admission number MPPM 152948/22. As part of our MPPM Program, she is expected to do applied research and undertake a project. This is in partial fulfilment of the requirements of the MPPM course. To this effect, she would like to request for appropriate data from your organization.

Angela is undertaking a research paper on "**Challenges Facing Manufacturing Sector In Trading Under The African Continental Free Trade Area Framework : A Case Study Of Kenya Association Of Manufacturers ."**

The information obtained from your organization shall be treated confidentially and shall be used for academic purposes only.

Our MPPM Program seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and shall be willing to provide any further information if required.

Yours Faithfully,

A handwritten signature in black ink, appearing to read "Njoki Kiagiri".

Njoki Kiagiri.  
Manager – Graduate Programs.  
Strathmore University Business School

Association of African  
Business Schools



Strathmore Business School is a Proud member of



**AACSB**

EFMD