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A system, not an error: INFORMAL CROSS-BORDER TRADE IN WEST AFRICA

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A large part of intra-African trade is small-scale, cross-border, unrecorded and informal. The policy relevance of informal cross-border trade (ICBT) is increasingly appreciated, especially given the prominent role played by women. However, there is a lack of clarity on what aspect of ICBT external support programmes seek to address and why.

This study examines the 'problem' of ICBT and how to 'address' it. It presents the separate and combined perspectives of traders, the State and border agents, to highlight the complex settings and idiosyncratic outcomes of ICBT. It shows that ICBT is less of an anomaly than formal trade policy would suggest. It results from interactions along a broad spectrum between traders and border agents, and is part of a broader system. The visible aspects of ICBT that seem to hinder formalisation are the tip of the iceberg, with an array of less visible but important factors and relationships that perpetuate the practice.

We conclude that attempts to target ICBT directly – for instance through building capacity and simplifying complex border procedures – may go some way in altering existing dynamics, but seem unlikely to alter incentives for informal trade when up against such deeply embedded relational structures. Given the specific contextual factors that shape ICBT, there is a need for border-specific approaches since they can vary from one border to the other. More indirect approaches might focus on creating wider economic alternatives, though over a longer time horizon.

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Acronyms

AfCFTA	African Continental Free Trade Area
ASYCUDA	Automated System for Customs Data
AU	African Union
CET	Common external tariff
COMESA	Common Market for Eastern and Southern Africa
CoO	Certificate of origin
DIPA	Import Declaration for Food Products
DRC	Democratic Republic of the Congo
EAC	East African Community
ECDPM	European Centre for Development Policy Management
ECOWAS	Economic Community of West African States
ETLS	Economic Trade Liberalisation Scheme
EU	European Union
FTA	Free trade area
GDP	Gross domestic product
GMO	Genetically modified organism
ICBT	Informal cross-border trade
ICC	International Chamber of Commerce
ILO	International Labour Organization
NTB	Non-tariff barrier
OSIWA	Open Society Initiative for West Africa
PAP	Priority action plan
PNDC	Politique Nationale de Développement du Commerce
PRFE	Regional Trade Facilitation Programme
PSE	Emerging Senegal Plan
SME	Small and medium-sized enterprise
SPS	Sanitary and phytosanitary
STR	Simplified trade regime
TFWA	Trade Facilitation West Africa
TOAM	Trade Obstacle Alert Mechanism

TPC	Community preferential tax
UEMOA	West African Economic and Monetary Union
UNCTAD	United Nations Conference on Trade and Development
UPS	United Parcel Service
USAID	United States Agency for International Development
WACTAF	West Africa Association for Cross Border Trade in Agroforestry pastoral and Fisheries products

Executive Summary

Official statistics underestimate the true extent of intra-African trade due to the large proportion that is small-scale, unrecorded and informal. The policy relevance of informal cross-border trade (ICBT) is increasingly appreciated, especially given the prominent roles played by women. However, there is a lack of clarity on what aspect of ICBT external support programmes seek to address and why.

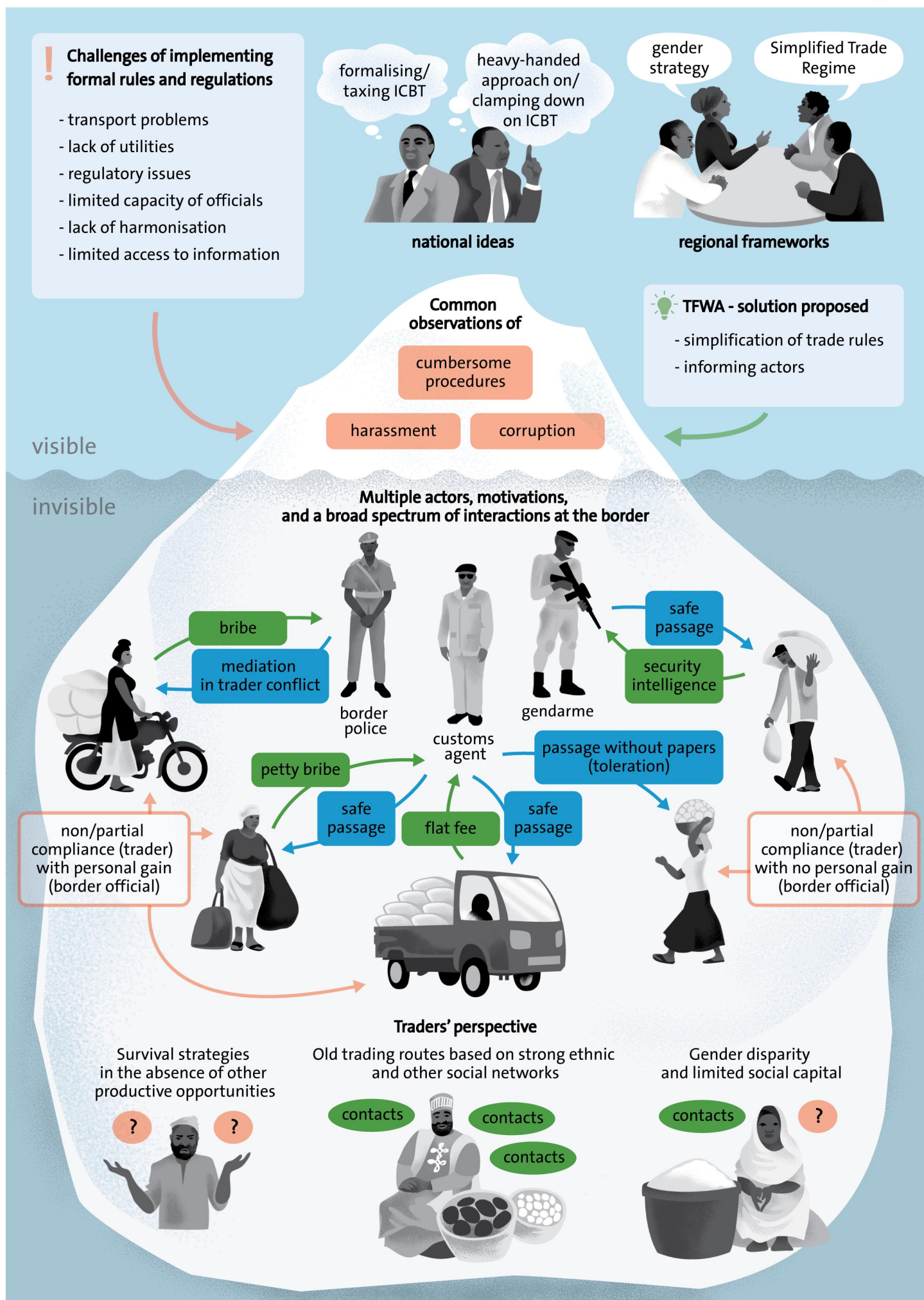
This is due to numerous reasons, not least the lack of a coherent definition. The term ‘informal’ captures different parameters like motivations, or actors involved, or the type or way of trading, making it difficult to design policy interventions. Beyond the traders themselves, several other state and non-state actors involved in the activity perceive the problem differently.

This study seeks to examine the ‘problem’ of ICBT and how to ‘address’ it. In doing so it questions key assumptions that support common ICBT engagement programmes - primarily that complex border procedures and lack of capacity and/or information lead traders into a cycle of poverty, with women being especially susceptible to harassment by border officials. Examining the separate and then combined perspectives of traders, the State and border agents, we highlight the complex settings and idiosyncratic outcomes of ICBT, suggesting that informal trade is less an anomaly than formal trade policy would suggest. Rather it reflects multiple possible outcomes of interactions between traders and border agents when compliance and enforcement are simply two options among many. That is, the visible aspects of ICBT that seem to hinder formalisation are the tip of the iceberg, with an array of less visible but important factors and relationships shaping and perpetuating the practice.

Beyond time and cost considerations, and information and capacity to better comply with border procedures and lack of other productive work opportunities, ICBT is also motivated by perceptions of the state and concern for social capital and networks. The motivations of the State to regulate ICBT are similarly not uniform, with revenue generation, health risks from traded goods, security (e.g. against extremism), and economic development (e.g. industrial policy) all variably playing a role. Border officials, who are in turn charged with implementing national policies, must balance these considerations and (local) social realities, while often seeking to supplement their own salaries. The outcome of interactions between border officials and informal traders is therefore highly idiosyncratic.

While several formal policy frameworks and programmes exist at the regional and continental level in West Africa, along with substantial support from external partners, ICBT seems unlikely to decline. From the literature, we conclude that ICBT is deeply embedded in institutional and behavioural dynamics. While simplifying procedures, capacity building and other policies that attempt to target ICBT directly may go some way in altering existing dynamics, they seem unlikely to alter incentives for informal trade when up against such deeply embedded, relational structures. Paradoxically, restrictions on border movement due to COVID-19 may have created dynamics in some places to support cooperation among informal traders.

At a minimum, policies and approaches that target ICBT directly should seek to be explicit of their objective, and engage on a border-by-border basis, taking account of the wide array of informal interactions that take place. Formal trade agreements will only affect a small subset of these interactions. While requiring a longer time horizon, more indirect approaches might focus on creating wider economic alternatives, not least at and around borders where ICBT plays an important role. Other tools to explore further include stakeholder charters, as have been piloted in other regions, and ways to make simplified trade processes genuinely simple.



1. Introduction

A large share of intra-Africa trade is informal, small-scale, cross-border and unrecorded. Some studies even suggest that the value of informal cross-border trade (ICBT) in many countries may exceed that of formal trade with their neighbours. One estimate suggests that ICBT plays a part in providing livelihoods to some 43% of Sub-Saharan Africa's population, including the vulnerable, especially women ([AWDF 2017](#)). ICBT plays a key role in terms of food security: in West Africa, for instance, ICBT in staple foods represents around 30% of the total regional trade ([Bouët et al. 2020](#)). ICBT can take place through official border posts, as well as along porous, insecure borders, highlighting the variety of forms that ICBT can take.

There is general concern among development practitioners and researchers of the challenges faced by small-scale informal traders, particularly women. However, there is a lack of clarity on what 'addressing' ICBT actually entails, or even what the 'problem' actually is in part because of a dearth of information on the scale and nature of the trade, and indeed no consistent definition. Lack of recognition of the true, multifaceted nature of ICBT and what drives its various forms on the one hand, and the uncertainty about what policy interventions can and should seek to do on the other, has meant that policy responses are often based on assumptions that do not stand up to scrutiny. The lack of sufficient empirical studies of border dynamics - especially in fragile border regions - presents yet another challenge.

Policy approaches to ICBT tend to focus on livelihoods and human rights by providing information and capacity building for traders, or on lowering the barriers to formalisation through simplification of procedures and processes (e.g. [Bouët et al. 2018](#)).¹ Given its importance within regional trade, ICBT is often the focus of continental and regional bodies and programmes, where the prevalence of women introduces a gender aspect.

In West Africa, the Economic Community of West African States (ECOWAS) and the West Africa Economic and Monetary Union (UEMOA) have introduced projects and programmes to reduce barriers to, and facilitate, regional trade with the assistance of several development partners. However, top-down attempts of external support programmes to address informal trade have generally had mixed results.

This study explores the *problematique* of ICBT and what 'addressing' it could therefore mean. It delves into the complexity of the realities at the border by juxtaposing the perspective of informal traders with those of the State, and of border officials and describing outcomes resulting from their interactions. Through this analysis, it becomes clear that ICBT is in fact part of a broader 'system of informality'. To illustrate this, we present evidence from available studies, even though investments in field research to understand border dynamics in these, usually fragile, contexts are generally lacking. By unpacking this complexity, this study shows how different policies and programmes can engage with it. It looks at not just the micro level dynamics at the border, but also connects this to the broader discussion of the State as well as the macroeconomic environment in terms of the lack of other productive opportunities.

¹ In this IFPRI paper on ICBT, they state: *"evidence on the determinants of ICBT and discussions with stakeholders suggest that policies should aim to reduce the existing costs associated with formal trade and provide positive incentives for traders and producers to move into the formal economy in order to avoid the loss of economic potential stemming from informal trade."*

The remainder of this paper is as follows: Section 2 of the paper frames the discussions around ICBT as a ‘problem’ in West Africa. Section 3 then presents informal trade from three different perspectives: the traders’, the State, and the border officials, thus offering insights into the different kinds of interactions and dynamics that take place at the border. This is then contrasted by looking briefly at the regional (ECOWAS, UEMOA), and continental responses to ICBT in Section 4. Finally, Section 5 provides some implications for external partners, and policymakers more broadly.

2. Contextualising informal cross-border trade - what and whose problem?

This section frames some of the discussions on ICBT by examining what the ICBT ‘problem’ really is, and for whom. This is a crucial starting point for thinking about what policies to ‘address’ or ‘engage with informal trade’ can and should actually seek to do and how.

‘Informal trade’ covers a wide range of activities, all of which then raise challenges for programmes that seek to ‘address’ ICBT. ICBT can vary in terms of a range of characteristics:

1. actor type - ranging from small-scale traders engaging in survivalist activities, or large organised traders outside the formal sphere;
2. motivations or incentives - including avoidance of taxes and regulatory scrutiny to profit or avoidance due to more ‘legitimate’ reasons such as high costs;
3. type of goods traded - whether licit/legal goods such as fruits and vegetables, highly regulated goods like rice or chemicals, or illegal goods like drugs and arms;
4. regulatory environment - whether registered or unregistered firms, whether registered for trade, whether the goods are regulated or not etc.,
5. compliance institutions - cumbersome or complicated procedures that can easily make one’s operations informal; and, as we shall discuss,
6. mechanisms through which ICBT takes place between traders and border agents.

Though it would be helpful to have a working definition of ICBT, there has been limited comprehensive review or conceptual development ([Kahiya and Kadirov 2020](#)). In general terms, it involves varying degrees of compliance by trading individuals and firms that can variously include non-compliant trade by unregistered individuals or firms, but also by formally registered firms, reflecting a spectrum of compliance ([Afreximbank 2020](#); [Bouët et al. 2020](#)). The concept covers different phenomena such as ‘small-scale cross-border’, ‘unrecorded cross-border trade’ (that may not be at small-scale), ‘illegal trade’ and ‘smuggling’ ([Afreximbank 2020](#)). As Bouët et al. (2018) state, the policy focus is usually on legal goods that are traded without being recorded or subjected to tax and regulatory burdens, while the focus of development programmes is often on small-scale trade rather than large-scale avoidance, though this can include small-scale portering across borders. This paper focuses on small-scale cross-border traders, and less on large scale avoidance or smuggling by organised networks.

ICBT is more widespread across Africa compared to other developing regions of the world and amounts to a significant portion of economic activity ([Koroma et al. 2017](#)).² Given the vast scale of ICBT in Africa, this matters for socio-economic development and regional integration in Africa.

² *Why the extent of intra-African trade is much higher than commonly believed—and what this means for the AfCFTA*, Brookings, Kahiya and Kadirov (2020) provide a comprehensive overview of the studies on ICBT in Sub-Saharan Africa.

Crucially **ICBT is viewed differently by different actors**. While ICBT is a means to survive or boost otherwise precarious household incomes while avoiding the costs of complying with state-imposed trade rules and regulations, non-compliance poses a range of problems for the State and their agencies. Though it allows provision of cheap goods and services to consumers across borders ([Afrika and Ajumbo 2012](#)), offering some moral justification for non-compliance with formal procedures, state authorities must address problems related to security, health risks, industrial policy and competition related concerns, or problems related to border post management, etc.

The varied perspectives on ICBT present a challenge for national and regional policymakers and development partner programmes that seek to ‘engage with’ or otherwise ‘address’ ICBT. What are the objectives they pursue? Do they seek to reduce poverty and protect livelihoods, and protect and empower women, regardless of compliance? Or is the focus on enhancing state revenues, promoting compliance as a route to formality while protecting health and security? For those who engage in ICBT or with traders, ICBT may not be a problem to be solved, further complicating the lives of policy-makers.

While some see ICBT as a problem that needs ‘**stamped out**’, others see it as a result of over-regulation with rigid rules and so advocate institutional reforms to ensure an ‘**enabling regulatory environment**’ ([Kahiya and Kadirov 2020](#)). There is also a growing push to support informal traders through **capacity building**. In this view, cumbersome procedures and lack of knowledge about them result in increased time and costs to small-scale informal traders, while increasing the risk of abuse, keeping (women) traders in a vicious cycle of poverty ([World Bank 2020](#)).³ Support programmes thus seek to ‘address’ the ‘problem’ of ICBT by i) ensuring the safety of informal traders, partly by providing information and training on their rights and ii) simplifying procedures for small-scale traders (to encourage at least some degree of formalisation, though not explicitly).

Though legitimate objectives, they are built upon the assumption that once aware of their rights, traders, especially women, will be less susceptible to bribes and abuse (e.g. [Brenton et al. 2013](#)). In this view, informal (women) traders are viewed as victims of abuse which leads them to evade formal channels. Programme interventions, it is further assumed, will reduce the cost of trading and increase the efficiency at the borders, thereby increasing opportunities for small-scale traders. This implies that simplifying procedures will reduce the opportunities for border officials to ‘exploit’ traders by removing the scope for discretion in implementing rules.

Different stakeholders view opportunities, challenges or problems related to ICBT differently. This paper, therefore, problematises the notion of the ‘problem’ of ICBT, and considers the perspectives of three key categories of stakeholders: traders, the State and border agents.

³ Video “[Small-scale, Cross-border Trade in West Africa](#)”

3. Perspectives on ICBT

Framing the issues

This section builds on recent empirical studies and literature on ICBT to present the perspectives of the three main categories of stakeholders involved in - or with an interest in - ICBT namely the traders, State, and border agents. Where possible, nuances to show different ICBT dynamics at the corridor level are highlighted, drawing particularly on limited fieldwork on the Dakar-Bamako corridor.⁴

A more nuanced understanding of the key characteristics and the dynamics between these categories will contribute to a more informed discussion on the implications for regional and external actors with an interest in this matter. It may, among other things, help pitch ambitions of engagement strategies and support programmes at the appropriate level by pointing to the need to take a more explicit account of the local context and wider political economy of border posts.⁵

The section argues the following: from the perspective of an informal trader, there are different motivations for engaging in ICBT, and different ways of evading, bending or otherwise adapting to border procedures. That is, the level of agency can vary across traders. Similarly, for the State the perspective on ICBT may be one of active intervention to formalise so traders contribute to revenues, or to 'clamp down' where it is deemed to run against national interests of security or industrial policy. This then translates into a mandate to border officials, where their discretionary power results in a mix of enforcing the rules, exercising power and control over the (powerless) trader and responding to social realities. Part of the challenge of 'addressing' ICBT is therefore to understand the specific interactions and perspectives of these three categories of stakeholders at any one border.

The **different motivations of traders run along a broad spectrum** of non-compliance through partial compliance to a willingness to fully comply; while for border agents, the spectrum runs from non-enforcement with bribe-seeking to full correct enforcement. Laying these out in a simplified form, Table 1 illustrates how full compliance is only a real possibility in two out of nine of the outcome possibilities that emerge, and even then, requires well motivated and well-functioning border agents and willing traders. In contrast, full enforcement where the trader seeks to fully avoid may lead to compliance or full avoidance. However, all other outcomes are a mix of negotiation, potential leading to compliance but also towards payment of bribes. What shapes these different perspectives and outcomes is the subject of the rest of this section. The key challenge, discussed at the end of this section, is that informing and training both traders and border officials only affects the middle two of the nine outcomes in this simplified schema. Further, all of the different perspectives are shaped by wider factors, discussed in the following section.

⁴ The authors of this study undertook fieldwork in Senegal as part of this study. A workshop was held in Tambacounda, in eastern Senegal close to the border with Mali, with varied participation by traders, representatives of trader groups, transporters and different state officials including the border police, customs, the state forestry and water services, gendarmerie, from Senegal as well as from Mali. The team interviewed a range of actors, and visited the border at Kidira.

⁵ A key element of the discussion in this section centres on the interaction of actors with the institutions around them, understood in a 'Northian' sense. According to North (1990), institutions are 'the rules of the game in a society', that therefore include both 'formal' rules, which are formally published positions, strategies, constitutions or laws; and 'informal' rules which are more akin to informally agreed or implicit codes of conduct, or norms of behavior. Rather than being binary, or opposites of one another, the two types of institutions continuously interact and influence one another, thereby shaping behaviour and incentives. As discussed here, this co-existence of formal and informal rules of the game plays a key role in shaping how and why ICBT takes place, and how the different actors involved perceive it, with consequent implications for engaging with it through policies and support programmes.

Table 1: Motivations and outcomes of trade-border agent interactions

		BORDER AGENT ENFORCEMENT LEVEL		
		Full enforcement	Ill-informed/ tolerant	Low enforcement/ bribe-seeking
TRADER COMPLIANCE LEVEL	Wants to fully comply	Full compliance	Negotiation/ compliance	Negotiation/ bribe
	Would comply if knew how	Full compliance	Negotiation/ bribe	Bribe
	Wants to fully avoid	Full compliance or full avoidance	Negotiation or full avoidance	Bribe or full avoidance

Source: Authors, building on Gallien and Weigand, 2021.

ICBT from the trader's perspective

Key characteristics

According to a recent survey along six priority corridors of the TFWA, a high proportion of traders crossing the borders are young, poorly educated, unregistered businesses of limited profitability, with small-scale operations, who travel long distances ([World Bank 2020](#)).⁶ Less than 50% of the traders along the six priority corridors in West Africa are formally registered and as much as 40% have monthly earnings of no more than US\$100 (*Ibid.*).

Traders generally operate in an environment where they have **few other alternatives**,⁷ **nevertheless they often provide a socially valued service**. For many, informal trade is a means of survival given the lack of other productive opportunities, while for consumers it may be the only way of getting access to affordable products ([Shaw and Reitano 2014](#)) including food and other widely used consumer goods. For instance, cross-border trade in locally produced paddy rice between Mali and Senegal is motivated by seeking complementarities between regions with a production surplus and deficit, and to supplement incomes ([Tondel et al. 2020](#)). With low entry barriers ICBT can help alleviate poverty and enhance regional food security ([Afrika and Ajumbo 2012](#)).

⁶ These include Dakar-Bamako, Abidjan-Ouagadougou, Tema-Ouagadougou, Lomé-Ouagadougou, Cotonou-Niamey, Lagos-Kano-Niamey.

⁷ In Senegal, the informal economy, including ICBT, accounts for an estimated 41.6% of GDP (ILO, 2020).

Traders often have **safety and security concerns**,⁸ **with bribery**⁹ and **harassment by border officials** cited as frequent obstacles to trade and thus contributors to informal operations. This combines with other non-tariff barriers to which they remain especially vulnerable ([Apiko et al. 2020](#)) to encourage avoidance of formal channels. COVID-19 has exacerbated these problems: UNECA, ([2020](#)) cites data from IFPRI suggesting that the incidence of bribe collection on West African corridors has increased by 30% since the beginning of the pandemic. Conditions are particularly challenging for women who make up a majority of these traders (see Box 1). This aspect of ICBT again incentivises traders to avoid border officials and seek other ways to trade, leading to policy proposals to lower the costs to trading formally and to provide capacity building and protection for informal traders, particularly women. Nonetheless, studies have also shown that women can face less economic extortion than men ([van den Boogaard et al. 2018](#); [World Bank 2020](#)). Men may be more likely to feel unsafe than women, especially with respect to treatment by police or the army, though it is very likely that women underreport these instances due to stigma ([World Bank 2020](#)). The situation among men may be worse in fragile contexts where an association may be made between informal trade and terrorism. Women exercise agency and may even garner support in resisting higher taxes or other unfair treatment ([van den Boogaard et al. 2018](#)). While this starkly contrasts with their vulnerability to sexual harassment by border officials, as shown in several studies, it nonetheless shows that **insecurity and gender is not only about female traders**.¹⁰

Informal traders are often locked in low productivity and vulnerable activities with limited scope to expand their business because of limited access to formal finance ([ILO 2014](#)).¹¹ Poor infrastructure in terms of transport facilities, warehousing, and unreliable mobile phone networks add to their costs, thereby putting further downward pressure on productivity and trade competitiveness ([Escribano et al. 2009](#)). This contributes to their vulnerability, leaving **little capacity to withstand external shocks**, as shown by the COVID-19 pandemic ([Megersa 2020](#)) given the limited protection or safety nets (see Box 1).¹²

⁸ Predominance of cash-based transactions makes traders especially vulnerable as they must depend on the informal exchange market, as well as security risks associated with cash ([Afreximbank 2020](#)).

⁹ At least 40% of traders in the six corridors surveyed by the World Bank had been asked for facilitation payments ([World Bank 2020](#)).

¹⁰ In Senegal both local community and state officials appeal to work together towards ensuring community peace and security by reporting abnormal incidents (IOM 2018; interviews). In contrast, many informal gold traders in Burkina Faso are regularly accused of being complicit in extremist activities (interview), even though they actively seek to avoid mines controlled by jihadists. This is also reflected in the relatively high proportion of traders, especially men, who feel unsafe in the Lome-Ouagadougou corridor compared to the Dakar-Bamako.

¹¹ As much as 40% of small-scale ICBT operators depend on personal savings for their operations, with limited access to microfinance institutions, much less commercial banks ([World Bank 2020](#)).

¹² In Côte d'Ivoire as many as 60% of respondents in a survey reported having incurred a significant decline in income due to the pandemic, with very few having access to social assistance through instruments like cash transfers (Strupart, C. 2021. Presentation, unpublished).

Box 1: Informal trade, vulnerability and COVID-19

Pandemic-induced restrictions on movement with border closures severely disrupted the operations of mini-buses, on which most traders depend (ENDA-CACID, OSIWA, 2021 forthcoming).¹³ This was deemed necessary because *“If COVID-19 is endemic in the periphery, the centre cannot safely be reopened”*,¹⁴ with direct impact on the losses incurred by traders. That said, the fall was more contained in the transport of merchandise by trucks, reflecting that governments in West Africa appreciate the importance of ensuring the circulation of goods while avoiding movement of persons across borders. But in focusing on the transport of formal goods coming from the ports, the crucial role played by the informal actors in keeping the economy afloat was overlooked, particularly in the food supply chains.¹⁵

A more positive development following the pandemic is the increase in instances where traders aggregate their merchandise using trucks instead of crossing borders themselves (Luke et al. 2020). This is relevant for ways in which to ‘address’ ICBT but needs to be further examined how this interacts with the different border dynamics (see below).¹⁶

With the COVID-19 pandemic, **women have been vulnerable and disproportionately affected**.¹⁷ In addition, other research shows that most female-led SMEs are more at risk of permanent business shutdown than men.¹⁸ While it is argued that the digital revolution may help address some of the challenges associated with the pandemic, women, youth, rural communities and the informal economy often find themselves on the wrong side of the digital divide (Chivunga and Tempest 2020). These characteristics would suggest that greater capacity and support would help these traders protect themselves from shocks and improve their livelihoods - but it is not clear what it would mean for their ICBT activities.

Perspectives on the State and its border officials

Beyond the survivalist characteristics that may hold back some traders from complying with rules and regulations, the State may not enjoy the degree of legitimacy required to motivate compliance with its rules and regulations, especially in far away and poorly managed border regions. In other words, traders may actively seek to avoid complying with formal rules and regulations to minimise additional financial and time costs. In this respect, **though 'illegal', this trade is often not considered 'illegitimate' by traders or indeed wider society** given the economic, social and political benefits that stem from providing needed merchandise to the, usually, poor, or engaging in activity that can keep one out of destitute poverty (Cantens et al. 2015; Karkare 2020).

Further, as Cantens, et al. (2015) put it:

“In the absence of a State and its revenue collector function, ‘informal trade’ is merely ‘trade’. There is nothing pejorative from a political or legal perspective about traders that exchange goods across borders that do not exist or do not pay taxes that have not been levied. Thus, the characterization of informal trade as non-compliant can only be made after the rise of the State, border controls, and the power to tax.”

¹³ There was a complete halt in this transport in the first few months of the pandemic. Traffic, while somewhat resumed, remains far below the levels observed before the pandemic (interview).

¹⁴ *“COVID-19 and the challenge of African borderlands”*, UNDP Blog, 12 June 2020.

¹⁵ At the same time, an inadequate understanding of the relevance and complexity of these informal food supply chains in ensuring food security led to misplaced policy interventions like declaring food-related logistics and other services as 'non-essential' whereby food distribution to wholesale and retail markets was disrupted (Liverpool-Tasie et al. 2021). See also *“COVID-19 is exacerbating food shortages in Africa”*, World Economic Forum, 27 April 2020.

¹⁶ Under the TFWA a pilot study will be undertaken to explore how aggregation by traders may work in practice.

¹⁷ With added responsibility of (unpaid) childcare and household chores during the pandemic, and facing a greater risk of domestic violence, women have felt a greater impact of the pandemic on their livelihoods as they are more likely to lose their jobs and less likely to seek government assistance (OECD 2021 and Oxfam Blog 2021).

¹⁸ *“Investment for women-led businesses is missing ingredient African entrepreneurship”*, The Africa Report, 18 February 2021.

That is, **what is defined as informal trade today predates the legal structures that define it in such terms** ([Gallien 2018](#)). In Niger, people from the Hausa ethnic community have played a dominant role in onion production and trade in the region, dating back to the 17th century. Despite recent efforts to formalise this trade through a system of *comptoirs* where exports are recorded, significant flows continue through the existing (traditional) system, deemed informal (Cortese et al. 2021, upcoming).

Similarly, views on informal institutions may not be unfavourable as normally assumed. For instance, in Sierra Leone cross-border traders **view informal payments favourably, and are more willing to pay officials they know personally out of reciprocity of social obligations** ([van den Boogaard et al. 2018](#)). Proximity of border officials to the border community, among whom many of them live, also shapes their interactions with local traders ([Nugent 2009](#)).¹⁹ That is, the trader may be sympathetic to the official whose salary is low or erratic, while the border official may negotiate informally with the trader who he/she knows. Traders may therefore have no information on formal compliance requirements, but even where they do, may be explicitly avoiding these.

The role of social networks

Related to the above, strong socio-cultural affinities that straddle borders can be a key driver of ICBT as traders seek advantage of market opportunities and arbitrage (Saana consulting 2016). For instance, the long-shared history between Mali and Senegal dating back to the Empire of Mali is reflected even today in the similar public systems of education and healthcare, but also in the cultural set up of these countries including the predominance of Islam as well as ethnic profiles and age group demographics (Sidibe et al. 2020). Ethnic affinities are even stronger between Senegal and Gambia, showing perhaps in stark terms the arbitrary borders inherited from colonial powers (Benjamin et al. 2015) but also then helping underpin informal trade relations.

Though these may appear historical, the World Bank ([2020](#)) posits that traders in West Africa are usually part of a larger distribution network and hence longer value chains. Whether formal or informal, **cross-border trade is often underpinned by social or identity networks, which form the basis of trading relations**.²⁰ In an environment where the state is either absent, not considered legitimate, or out of reach, and where enforcement of contracts through the legal system is weak, networks formed on the basis of trust provide the necessary wherewithal to continue with the activity of exchange ([Balineau et al. 2021](#)). For instance, the Mourides of Senegal-Gambia, evolved over several generations from groundnut producers in the 19th century into a major trading diaspora today through their networks ([Benjamin et al. 2015](#)). In Ghana for instance, market queens are often women representatives of entire ethnic groups with long experience in trading, well-established networks with other traders, good relations and networks in the local and government authorities to lobby for better conditions, as well as the ability to resolve conflicts ([Scheiterle and Birner 2020](#)). On the other hand, the case of bana-bana (colloquial name for women traders) between Mali and Senegal shows networks of socially marginal but autonomous traders who are disembedded or even alienated from kinship-based networks ([Jónsson 2019](#)).²¹

¹⁹ According to the World Bank ([2020](#)) many border officials surveyed in the six corridors of the TFWA programme had been stationed at a particular border post for several years.

²⁰ Actors in these networks, for instance regional/local/religious organisations as well as families, can provide invaluable support ranging from prefinancing of businesses activities, opening doors in terms of contacts and markets, help mediate conflicts given their political clout ([Cantens 2012](#)).

²¹ Bana-banas, who were mostly single or divorced, carry a certain social stigma (Jónsson 2019; BA 2020 unpublished). Increased autonomy among women traders is also associated with a higher rate of divorce among the Kanuri community in Mali (Scheiterle and Birner 2020).

These groups have rules and obligations to regulate transactions and mediate conflicts, and may also provide sanctioning mechanisms in the case of foul-play or betrayal in the form of loss of reputation or ostracising from the group (Heinrich, eds. 2020). Social networks may be used in smuggling, for instance the wide network of Beninese traders supply (re-export smuggled) rice to major hubs in Nigeria, continuing a traditional commercial activity based on strong contacts and relations ([Tondel et al. 2020](#)). This '**social capital**' therefore allows actors to navigate the system by cultivating relationships on the basis of trust, and therefore compensate for the weaknesses of state institutions ([OECD/SWAC 2019](#); [Benjamin and Mbaye 2020](#); [Balineau et al. 2021](#)).²² This again contributes to a legitimisation of non-compliant, informal trade.²³

While the trader and their reasons for non-compliance with trade regulations is clearly important, the role of the State and border officials clearly also play a role in defining ICBT outcomes. The **State may be in 'competition' with social networks and traditional institutions which predate the establishment of the formal State and may enjoy the confidence of the public**. Winters and Conroy-Krutz ([2021](#)) show, for instance, that citizens in Mali prefer customary institutions of justice, with which they are familiar. The latest Afrobarometer survey further confirms this by showing an overwhelming majority of local communities in West Africa - elderly, women, youth, educated alike - trust and feel more heard by their traditional chiefs than the government, and would like to see their influence increase ([Logan and Katenda 2021](#)).

Thus, the social fabric in which communities find themselves is relevant with the sense of duty and obligation towards others potentially playing a larger role in their behaviour than complying with legal requirements, or indeed finding ways to cover that cost.

Box 2: Gender in ICBT

Women are over-represented in the informal economy, reflecting structural impediments to their participation in more decent, and less precarious, jobs ([Kelleher 2020](#)). In West Africa, women constitute over 60% of the ICBT actors ([Macheng 2021](#)).²⁴ They are usually engaged in selling fruits and vegetables (though not only), and are more likely to be poorly educated, run unregistered businesses, travel shorter distances and earn less than men ([Bouët et al. 2020](#); [World Bank 2020](#)).

Women are **heavily involved in the food system in West Africa** as shown in Figure 2,²⁵ often making a living by combining different forms of work - limited production, agri-processing, petty trade along with catering work. Trade that they engage in typically involves small volumes, and they depend on public/semi-private transport to carry their goods ([World Bank 2020](#)). Beyond agricultural products, they normally tend to switch between different products in order to diversify income, and use different routes/corridors as part of their survival strategies (BA 2020 unpublished). Thus, in most cases ICBT among women is driven by necessity and poverty. Nevertheless, it provides gainful employment.²⁶

²² Social capital can be described as flexible social arrangements which also enter the economic sphere of production, trade and ultimately mobility of capital (Koniordos eds. 2016).

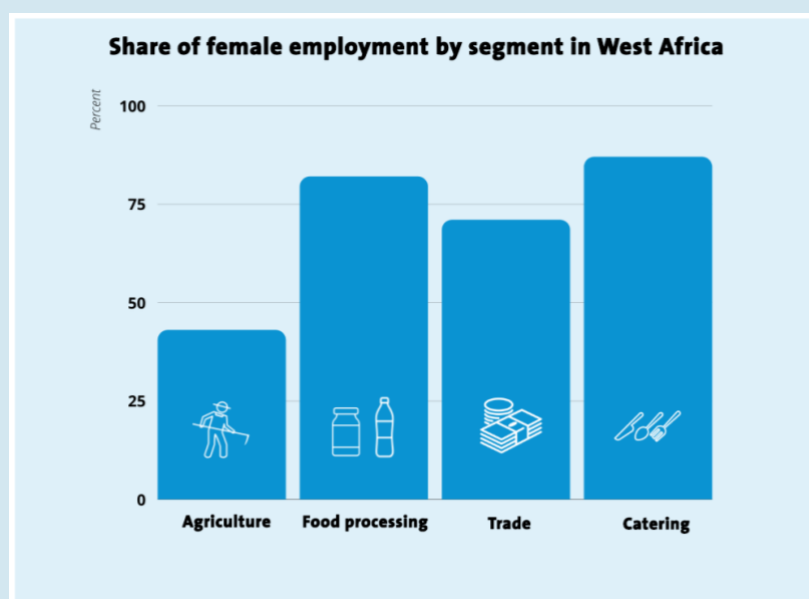
²³ Nonetheless, trust based on culture or ethnic origins may also become exclusive or restrictive leading to market segmentation as observed with Hausa traders that do not interact with traders from other ethnicities and gender ([WFP 2016](#)).

²⁴ However, along the six focus corridors of the TFWA, the proportion is smaller, at 40% ([World Bank 2020](#)).

²⁵ Women often engage in trading of fresh fruits and vegetables as well as in small-scale agro-processing, accounting for about 37% of women's employment ([Balineau et al. 2021](#)).

²⁶ Especially women's participation in ICBT is associated with development goals of poverty reduction as well as their economic empowerment, along with improvements in health and educational outcomes of children ([Brenton et al. 2013](#)).

Figure 2: Female employment in the food system in West Africa



Source: Based on [Inter-reseaux, 2021](#)

Not only are their incomes highly vulnerable with **very limited facilities and social safety nets**, as pointed out by Mbaye and Gueye (2018), but prospects to move out of informality are also worse for women, with even more limited access to finance, productive resources, training and skills than men. Moreover, women cross-border traders remain especially **vulnerable to abuse, harassment, and confiscation of goods at the border by officials** who tend to be more educated, experienced and more likely to be men ([Brenton et al. 2013](#); [World Bank 2020](#)).

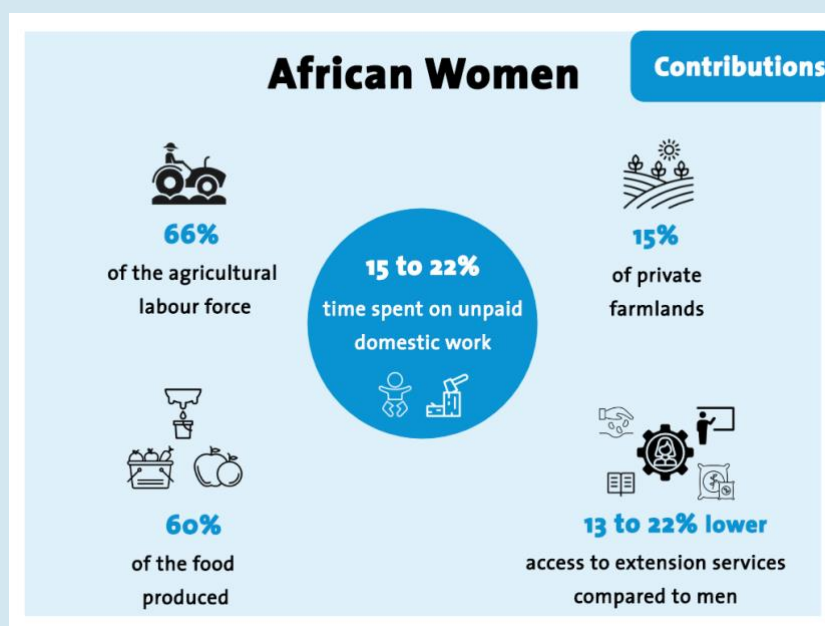
The marginalisation and vulnerability women face when trading across borders reflects wider **gender disparities**. Figure 3 shows some statistics: while African women account for 66% of the agricultural labour force and 60% of the foodstuffs produced, they only account for 15% of the land held, while their access to extension services is up to 20% lower than men, which affects their productivity ([Inter-reseaux 2021](#)). Moreover, women spend over 20% of their time on activities that are not remunerated (domestic chores) and not captured in official statistics.²⁷

According to a recent survey in UEMOA countries, in addition to the fact that a third of informal employees, including those in ICBT, earn less than 2/3rd the median wage in the region, women earn about 30% less than men for the same task performed ([UEMOA 2019](#)). Internet penetration in Africa shows a wide gender-gap, with less than one in four women using the internet compared with one in three men ([ITU 2019](#)). Consequently women in Africa are about 45% less likely to be online than men.²⁸

²⁷ Women work up to 2.5 to 7 times as many hours a week on domestic chores and care than men ([Fox and Gandhi 2021](#)).

²⁸ ["Investment for women-led businesses is missing ingredient African entrepreneurship"](#), The Africa Report, 18 February 2021.

Figure 3: Women's participation in agriculture compared to their access to services



Source: Based on [Inter-reseaux, 2021](#)

At the same time, **women often have limited social capital relevant to ICBT** (OECD/SWAC [2019](#)). Analysis of the rice trading networks in Benin, Niger and Nigeria demonstrate their limited access to finance and other facilities, and how this affects, and is in turn affected by, their social and spatial mobility. As women are less well-connected than men and are less likely to have business partners, or to act as intermediaries, they are relegated to peripheral roles in the cross-border trade of rice. This is presumably also true in other networks. Apart from limited networks, women may also face social stigma - for instance the market queens of Ghana, usually unmarried or divorced, have a negative image as greedy and heartless businessmen that "*take advantage of their strategic position at the expense of farmers and consumers*" (Ibid.). These social dimensions are important considerations for women's empowerment. Strengthening women's networks can be more effective in increasing trade-related opportunities for the latter ([OECD/SWAC 2019](#)).²⁹

ICBT from a State perspective

The State performs a wide range of functions including market engagement through rules and regulations, ensuring security through citizen engagement, and the enforcement of the rule of law, among many others.³⁰ All of these functions require different capabilities, requiring political decisions to prioritise, often targeting those with more political traction and for which it can mobilise sufficient implementation capabilities (Andrews et al. 2017). To perform its functions the State depends on revenues it collects from its citizens and their activities. Trade taxes account for between 30 to 50% of the state revenues in Africa, making the role of customs, border management and security essential ([Cantens and Raballand 2017](#)).

²⁹ According to a recent research based on data collected from cross-border traders in eight different countries in Southern Africa, maintaining business networks was cited as the biggest need for cross-border traders ([Fundira 2018](#)).

³⁰ See for instance <https://effectivestates.org/ten-functions-of-the-state/>

The State may assume the role of **disciplining informal traders, with a broader objective of state building and modernity** ([Chawla 2017](#)). Various examples illustrate the desire to ‘clamp down’ on informal trading as an economic malaise.³¹ Though about informal markets more generally, the mayor of Dakar is reported to have said of informal market vendors: “*We can’t turn the whole city into a market. A city has to obey standards*” ([Resnick 2019](#)). This thinking is often extended to cross-border traders as well, where concerns, often around **health and safety**, may nonetheless be valid.³² In other cases, governments have taken a strong approach to ICBT because it is seen to clash with other policy objectives set out by the government. For instance, in Burkina Faso, the association of ICBT with illicit or illegal activities, as well as **security concerns** meant that the government adopted a hard stance towards this trade, especially in artisanal gold ([MMC 2019](#)). In other instances, like in Nigeria, borders with neighbouring countries were shut because smuggling activities not only raised security concerns but were also deemed to go against the government’s **industrial policy efforts**.³³ These examples show the desire of the State to impose standards and obligations on ICBT.

Other policies and programmes seek to **encourage greater formalisation** so that firms and traders can use trade agreements to exchange products across the border as well as access formal services and finance to scale up their business. In Nigeria the Ministry of Trade and Industry recently signed a Memorandum of Understanding with the West Africa Association for Cross Border Trade in Agroforestry pastoral and Fisheries products (WACTAF) to build a database on the activities of informal traders of these products in order to sensitise them on the need to formalise.³⁴ In Senegal, the government is active in intervening to ‘address’ the informal economy at large. Apart from a dedicated Ministry of Handicrafts and Transformation of the Informal Sector, the government is implementing a formalisation strategy. In the context of the Emerging Senegal Plan (PSE), there is a project to modernise the informal economy in arts and crafts (which includes informal cross-border traders), before extending the pilot to other sectors ([ILO 2020](#)). Access of informal workers to social protection is also among the planned reforms while supporting a transition to formality as also outlined in the Priority Action Plan (PAP) ([Mvondo et al. 2021](#)). Despite the high levels of ICBT between Senegal and neighbouring Mali, this policy focus is lacking at the national level in the latter, but overall, these efforts reflect a view that sees ICBT as something to be stamped out.³⁵

Informal trading is seen by some as a **potential source of revenue** to boost the currently low tax base ([Joshi et al. 2014](#)). With increasing decentralisation, this fiscal interest is rising as small-scale, informal business, often linked to ICBT, becomes an important source of revenue for municipalities (*Ibid.*). In Senegal, the predominant reason for actors to remain informal is the tax burden, at least in part arising from competing local and national tax obligations, despite the nominal presumptive tax being only around 2% ([ILO 2020](#)).³⁶ Indeed, even if the cross-border part of

³¹ “[COVID-19 lockdowns threaten Africa’s vital informal urban food trade](#)”, IFPRI Blog, 31 March 2020.

³² In Senegal for instance, the 2017 national policy on health and safety at work aims to promote health and safety for SMEs, the informal sector and the agricultural sector (ILO 2020).

³³ Goods through ICBT find it especially difficult to enter the Nigerian market due to stricter quality standards, and requirement of a certificate of origin to prove that these goods do in fact originate from the ECOWAS space (BA 2020 unpublished). Similarly, traders are required to register with the National Agency for Food and Drug Administration and Control which entails significant costs - administrative i.e. paperwork, as well as technical i.e. product analysis (*Ibid.*).

³⁴ “[Nigeria: ‘Nigeria Has 90% Informal Cross-Border Traders’](#)”, All Africa, 24 February 2021.

³⁵ While the 2018 national trade development policy document (PNDC) gives an overview of the informal economy, there seems to be a lack of policy focus on the informal sector apart from the desire to raise taxes as is seen the country’s National Strategic Framework for Economic Recovery and Sustainable Development ([CREDD 2019 - 2023](#)). Often the discourse is about “eliminating the informal sector” which does not provide an environment, institutional or otherwise, to entice the informal actors to formalise, but rather exacerbates opposition. This is observed especially in the transport sector, where operators despite being informal are nevertheless professional ([UNCTAD 2015](#)).

³⁶ While the national revenues are expected to be redistributed to local authorities, in practice another contribution is often collected at the local level in addition to the national presumptive tax (WIEGO 2019 cited in [ILO 2020](#)). Traders, even if not formally registered, pay several other taxes at the local level like the ‘minimum fiscal tax’, ‘daily tax’, ‘market tax’ and so on (*Ibid.*).

trade is unregistered, many traders still pay taxes such as VAT on inputs, and tax-like fees which are often disregarded in calls by the State to tax their activities.³⁷ Similarly, in many cases, traders end up paying different informal payments whether they go through formal procedures or not. Mali's Strategic Framework for Economic Recovery and Sustainable Development focuses on promoting the private sector and improving the business climate, but along with incentive policies relating to the tax system by reducing the exemptions enjoyed by certain companies, refers to taxing the informal sector more ([CREDD 2019 - 2023](#)).

However, in order for the State to enjoy legitimacy in performing its functions such as collecting taxes, or imposing compliance requirements (for instance health, or security, or formalisation as explained in Section 2), it also needs to fulfill its role as a provider of services like infrastructure, redistribution through social protection, among others like health and education. Such service provision can strengthen the social contract between citizens, including those engaged in ICBT and the State ([Hickey 2011](#)). In the absence of adequate services which would help traders expand their activity, escaping the poverty trap is especially challenging.

To all of these factors one must add the range of actors and factors shaping policies at the regional or national level. The implementation arrangements to manage the various border functions are entrusted to border officials. Given the range of needs for inspection, payments and meeting standards, there is often a range of border agencies, while the borders are usually at some distance from the capital. While the State acts as an 'authoriser' for its public servants at the border, the line of communication and flow of authority is often weak.

ICBT from the border officials' perspective

Borders are characterised by overlapping agendas - development, statebuilding, justice, counterterrorism - local and national policy spaces and priorities, as well as a complex mix of actors involved in interventions ([Frowd 2021](#)). **Border officials are entrusted with a wide agenda while working in a context of insufficiently staffed border institutions and agencies, incoherence and uncertainty in trade policies** ([Afreximbank 2020](#)). Multiple border agencies (customs, police, gendarmerie etc. depending on the country), with differing power, interpret and exercise their mandate and may have overlapping functions, or even compete with each other.³⁸ In such a context, they often enforce national laws with a mix of formal and informal institutions or rules of the game to take account of local realities, thereby giving rise to '**idiosyncratic borderlands**' ([Cantens and Raballand 2017](#)). As such, the motivation to fully enforce rules upon small-scale traders may not be high.

Cantens and Raballand ([2017](#)) show how border officials, especially customs officers, have a difficult job maintaining a balance between pressure on traders for formal and informal payments while supporting the local economy and securing income both through formal payments to the state as well as informal payments to complement low salaries. Especially in fragile contexts, they can even be seen as playing the role of service providers by ensuring a safe passage for traders. Border issues are local and yet also transnational. Officials in these contexts can also end up playing a mediator role between traders and public authorities, whether local, national or foreign, in pursuit of objectives like **health, smooth transit of goods, peace and security** (*Ibid.*). This can even include intelligence gathering to prevent extremist activities. In these fragile contexts, the 'security' mission may take precedence over collection of formal taxes or pursuing informal traders, thus undermining their enforcement role.

³⁷ Indeed the assumption that the informal economy (including trade) can be an important source of revenues is misplaced, because it generates less than expected revenue given the high collection costs, and often underestimates other payments firms already make ([Gallien et al. 2021](#)).

³⁸ Different functions like customs, police, or gendarmerie depending on the country.

On the other hand, informal payments are a way to complement their meagre incomes, but also a way of “showing appreciation” by informal traders, or merely as part of the informal rule that “everyone gives it” ([World Bank 2020](#)), highlighting the network element mentioned above, connecting traders and officials. As such, rather than non-enforcement reflecting pure bribe extraction, officers may be being responsive to the local realities and tolerating ICBT in its survivalist activities ([van den Boorgaard et al. 2018](#); [Cantens and Raballand 2017](#); [Gallien and Weigand 2021](#)).

Border agents can therefore be involved in coercion of, but also bargaining with traders, highlighting the transactional nature of the exchange that can exist as well as the transgression. While more informed traders might be better placed to negotiate and demand their rights on paper, in practice border and other officials often use their discretionary power to maintain the status quo in their favour and may indeed be against clearer, more simple rules.

The combinations of tasks performed by state officials at borders represent an example of what Andrews et al. (2017) refer to as a ‘**wicked hard problem**’.³⁹ While this may suggest a need for better trained and informed officials and traders, the few available empirical studies show that **past interventions have not always had the intended effects, precisely because of the nature of the task at hand and the level of discretion that border officials necessarily have**. For instance, in some cases, collective action through unionisation of informal traders is associated with significantly more instances of harassment ([van den Boorgaard et al. 2018](#); [Urban Food Plus 2020](#)). Irrespective of issues around the politics of unionisation, which is not immune to strong hierarchies with (ab)use of power to fulfill narrower personal interests and nepotism ([Byiers and Vanheukelom 2014](#)), being part of a union can be viewed as a challenge to the authority of officials and therefore lead to greater abuse by officials ([van den Boorgaard et al. 2018](#)).

Croke et al. (2020) show that the self-reported incidence of bribes and harassment indeed declined in response to training and capacity building provided to women traders and officials in the border regions of the DRC and Rwanda. But at the same time, there was **neither an improvement in self-reported knowledge among women traders following the training, nor was the change the result of less demand for informal payments by officials**. In fact, women were found to be more likely to cross the border before the official border operating hours to avoid these payments, rather than voice their grievances (Ibid.). This ‘**informed avoidance**’ **does not resolve the problem of informal operations and may even present another set of challenges and vulnerabilities** as traders operate outside official hours.

In other cases, corruption at the border **may also harm efforts towards regional market integration**. For instance, recent research shows that local transporters carrying perishable goods like tomatoes for intra-regional trade end up paying 10 times as much in (mostly informal) fees than transporting imported goods like rice from Asia ([Urban Food Plus 2020](#)). Big rice trading firms, even though registered, may not always comply with formal trade rules and regulations, and enjoy undue benefits in terms of market access or not paying taxes and duties. Unlike tomato traders, they often have connections to political elites and negotiate a safe passage along the route (see e.g. [Torres and van Seters 2016](#); [Byiers and Vanheukelom 2014](#)).

³⁹ Applying their taxonomy of policies and the challenges of implementation, the work of border officials is: i) transaction-intensive, usually requiring many agents; ii) locally discretionary, requiring that agents make decisions that are difficult for outsiders to assess; iii) an imposition of obligation (i.e. to comply with border rules and regulations) rather than a service that people want; and iv) requires interpretation of rules rather than standard procedures, e.g. to classify goods or interpret how rules should be applied.

Overall, the interest of one set of actors is never homogenous among categories of traders or officials. Their motivation to comply with or enforce trade rules and regulations, respectively, may also vary by time and place. As Croke et al. (2020) show, policy interventions to inform or strengthen the bargaining power of traders may even simply lead to ‘informed avoidance’. This suggests the need for a border-by-border approach to understand the way in which border agents perform their functions in that specific setting, according to the types of trade taking place, the role of the local community, the priority given by the central state, and how these shape how informal trade is viewed as an activity.

ICBT as a complex system

Beyond the existence of different and varying perspectives of traders and border officials, a key point from all of the above is that ICBT takes place as a *system of complex interactions* between actors, shaped by a wide range of structural, institutional and informal factors.

A mix of formal rules and informal behaviour

Informality and rule-bending or avoidance thus exist not only due to the actions of traders but sometimes in cooperation with agents of the state. Nugent (2009) describes West African borders as “*a constant process of negotiation between officials, traders, traditional authorities, local residents, and a range of people passing through*”. Interactions take different forms, depending not only on their own motivation to comply and that of the authorities to enforce: larger firms may have the power to negotiate with the border administration for a smooth passage of their goods outside the formal system (OECD/SWAC 2019) through regular payments. Smaller traders generally do not have the same negotiating power so seek to circumvent the official procedures by reaching certain ‘arrangements’ with the border officials (Saana consulting 2016). From this perspective, these informal practices can be understood “*not as an absence of regulation, but as alternative forms of regulation operating below and beyond the framework of the state*” (Meagher 2008 cited in van den Boogaard et al. 2018). These negotiations and arrangements then create a ‘**system of informality**’⁴⁰ which is less an anomaly than a deeply embedded network of interactions, exchange and interdependencies. Policies seeking to address such a complex system using policies that build on a formal, rules-based system, and assuming state actors that consistently seek to enforce the rules will therefore only address one small part of the system, as illustrated in Table 1.

⁴⁰ According to Cantens (2012) informality has several characteristics including “*a wide geographical area, organisation of financial and goods flows, links between formal and informal operators, a variety of informal activities grafted on to administrative practices, and corruption practices.*”

Box 3: A taxonomy of border interactions

Gallien and Weigand (2021) present a taxonomy of interactions between informal traders and border officials. They posit that the relationship between border officials and traders is not merely one of the state as the 'enforcer' of law and the trader as its 'evader'. Rather, the variety of interactions at the border carry different costs, rewards and degrees of predictability.

Apart from '**genuine enforcement**' whereby informal trade is effectively made compliant and state detection drives up the costs, they also identify a '**cat and mouse**' interaction. This still represents an attempt to enforce rules but in an environment of limited capacity where detection can result in a bribe payment instead. So while the probability of being caught may be smaller (unlike under genuine enforcement) due to limited state capacity, the cost if caught could still be high. The authors also describe interactions where border officials '**tolerate**' smuggling on certain goods up to a certain amount, given the relatively low value and low volumes involved in that small-scale trade and the importance thereof in the survival strategies of informal traders.⁴¹ However, there may also be interactions with a '**flat rate**', especially in contexts in which such informal practices have become more institutionalised, with fixed fees on a regular basis, e.g. per consignment. It is also possible that the practice is not standardised but rather involves '**petty corruption**' which does not provide as much predictability but is an agreed system of payments for passage.⁴²

In their framework, the type of interaction is determined by the context in which it takes place, the type of goods being traded, the status of the traders themselves, the border agency in question, and other factors around social networks, as discussed in this section. Though drawing on a limited group of examples from North Africa and Southeast Asia, this taxonomy may be useful in adding additional structure to discussions of ICBT, its effects.

Based on interviews with traders along the Dakar-Bamako corridor, informal traders of fresh and processed foods, and other consumer durables - many of whom are women - are required to pay higher tariffs if they do not have the requisite certificate of origin (CoO) and/or other declarations to prove that they are trading in locally produced goods. Nevertheless, a significant chunk of this trade is tolerated by officials. Thus, the current system of non-compliance can be viewed as somewhat inclusive, since traders would otherwise not have been able to continue their activities. In other instances, petty bribes are sought by officials in order to grant passage, or being advanced by the traders themselves, in order to obtain passage.⁴³ As argued above, custom officials use their discretionary power to adapt the size of the payment to the social realities and relations (Cantens 2012; Cantens and Raballand 2017).

These interactions are also shaped by the State in a number of ways. For instance, central government policy priorities and choices, instructions and incentives for public servants, organisational structures, allocation of resources and personnel, quality of support and command-control functions, or accountability arrangements, all play a role in influencing the functioning of the public administration and the behaviour of border agents.⁴⁴

⁴¹ There is an implicit understanding that small-scale traders do their activities for the lack of other productive activities.

⁴² On the other hand, they also identify examples of 'state as smuggler' that monopolises the trade over certain goods like firearms.

⁴³ It was pointed out during an interview with a customs officer, that more often than not, it is the traders themselves who advance these payments when their papers are not in order. Traders avoid tax payments as well as interaction with officials by falsifying declarations or entrusting their goods to the driver of the passenger bus (BA 2020 unpublished).

⁴⁴ Often, large businesses trading informally are close to higher echelons of the government and financially support the ruling party giving them access to undue benefits. For instance, Nigeria's Alhaji Dahiru Mangal is a wealthy businessman and ranks among West Africa's dominant smugglers. He funded several successful campaigns of former President Yar'Adua. "[Nigeria unravelled](#)", Financial Times, 13 February 2015.

Overall, empirical and qualitative studies illustrate not only the active participation of a range of actors in informal trade at the border, but also their interdependence, and the hybrid influence of both formal *and* informal rules and norms. The outcomes can be very different depending on the type of good in question. Box 4 discusses some of the specificities of artisanal gold trade in West Africa.

Box 4: Artisanal gold trading/smuggling as part of ICBT⁴⁵

Artisanal gold from Burkina Faso is aggregated in sufficient volumes from intermediaries before being sent to Dubai, among other places, mainly via Togo ([Karkare 2020](#)). Unlike gold digging, gold trade involves a relatively small number of big operators with a **network of suppliers relying on economic interdependencies and mutual trust** ([Grätz 2011](#)). Large traders, absent from the place of exchange at the riverbanks, usually appoint several petty traders to collect small quantities of gold in order to test their performance and effectiveness. This is also a way of minimising risks of being cheated by traders, as well as avoiding losses in the case of theft by bandits (*Ibid.*). They usually work with traders with whom they have enduring relations. (Large or) Petty traders take other (petty traders or) miners into confidence by providing prefinancing ([Karkare 2020](#)). This introduces certain barriers to entry since it requires not just capital but also knowledge of trading circles, especially because this trade is illegal. However, in contrast to the set-up in other trades, trader-to-trader and trader-to-miner relations here are **not defined by ethnic or clan-based links** ([Grätz 2011](#)).

These **trading networks represent a much bigger stake for the state** - both for tax as well as its link with insecurity in the region - but are also harder to control. One would characterise interactions between border agents and traders in regulating this trade (in line with [Gallien and Weigand 2021](#)) as **cat and mouse**. Several traders have been caught at the border trying to smuggle gold in cars, but in most cases, they are released after paying huge sums of money and forfeiting the gold (interview). It is even said that being posted in these border areas is seen by officials as an opportunity to enrich themselves (interview). On the other hand, gold digging, despite formal policies being in place, is to a large extent tolerated in much of West Africa.⁴⁶ Thus, there is a mixture of repression and tolerance of artisanal mining, with a particular focus by States on controlling, or at least taxing, profits in the marketing of gold.⁴⁷

Security aspects are highly relevant in the context of West Africa, and there is often an **assumed relationship between smuggling and terrorism among policymakers**, given that the actors involved use the same trade and transport routes ([Cantens and Raballand 2017](#)). **However, this is far from a structural link** - apart from the economic reasoning (i.e. extremist groups engage in these smuggling activities out of pragmatism or opportunism; [Assanvo et al. 2019](#)), ideological dimensions are also important (studies show that in many cases smugglers are ideologically opposed to the political objectives and religious convictions of terrorist groups; [Cantens and Raballand 2017](#); [Shaw and Reitano 2014](#)).

In fact, increased insecurity, through extremist activities, has destabilised informal/smuggling trading routes and networks, and resulted in significant loss in informal economic activity in several West African states ([UNDP 2019](#)).

⁴⁵ Artisanal gold mining is widespread in West Africa, providing livelihoods to at least 2 million people ([Karkare 2020](#)). Especially in the border regions of Liptako-Gourma (Burkina Faso, Mali, Niger), economic opportunities are extremely limited, revolving around agriculture, pastoralism, fishing, artisanal gold mining, and (informal) cross-border trade ([Assanvo et al. 2019](#)). In Burkina Faso's gold producing regions, artisanal gold mining is by far the most lucrative opportunity for miners, earning them about \$60 a month, far more than in agriculture ([Karkare 2020](#)). In Senegal artisanal gold mining is a prominent activity around Kedougou ([IOM 2018](#)). Women are involved in washing the ore and processing it with mercury with serious health and environmental implications.

⁴⁶ "[La ruée vers l'or artisanal du Sahara et du Sahel \(1\)](#)", RFI, 13 May 2021.

⁴⁷ "[Les circuits flous de l'orpaillage au Sahara et au Sahel \(2\)](#)", RFI, 14 May 2021.

4. Regional approaches to ICBT in West Africa

Given this more complex picture of what shapes informal cross-border trade, it is useful to examine existing policies, frameworks and support programmes at the regional and continental level in this light. Among other things, we will deal with approaches that seek to empower women traders and to address the challenges faced in ICBT in West Africa by simplifying procedures for small-scale cross-border traders.

ICBT in regional trade agreements and programmes

Several departments of the ECOWAS commission deal with trade facilitation and regional integration more generally.⁴⁸ Though the main focus is formal trade through regional trade agreements, the role of ICBT is acknowledged in official policy documents and programmes. For instance, both the **Regional Trade Facilitation Committee** and the **Regional Aid for Trade Strategy** (2016-2020) make reference to informal trade as characteristic of the region ([ECOWAS 2018](#)). Furthermore, an **Informal Trade Regulation Support Programme** was elaborated in 2018, after being formulated in 2013, with a focus on data collection/knowledge generation, institutional capacity building, policy/procedural reforms, and gradual formalisation of informal traders (World Bank, upcoming). Beyond these, the **ECOWAS Treaty** refers to promoting medium and small-scale industries while Article 63 explicitly focuses on addressing constraints faced by women traders.⁴⁹ In addition, the **ECOWAS CET** removes the main differences in tariffs towards the outside world, thus implicitly removing the incentive that had existed for informal trade from low tariff ECOWAS member states to those with higher tariffs ([ECOWAS 2016](#)).⁵⁰ Similarly, the Economic Trade Liberalisation Scheme (**ETLS**) allows for the simplification of processes in goods that are often traded by actors involved in ICBT (see below).⁵¹

Several directorates at the **UEMOA commission** also work towards enhancing regional trade facilitation.⁵² The duty-free circulation of goods within this region is ensured through the '**Taxe Préférentielle Communautaire**', the pre-existing, sub-regional equivalent of the ETLS ([UEMOA 1999](#)).⁵³ The UEMOA CET preceded the ECOWAS CET. To facilitate free trade within the regional bloc several common texts were adopted including harmonisation of the rules of origin, internal taxation, sanitary and phytosanitary measures, customs procedures among many others, which would also, in principle, benefit small-scale cross-border traders. The **Regional Trade Facilitation Programme** (PRFE) aims to increase the transparency and predictability of trade transactions and cross-border transport as one of its outcomes ([WTO 2017](#)). Building on, and potentially complementing West African trade policies, the **African**

⁴⁸ These include the directorates of Multilateral Trade, Customs Union and Taxation, Transport, Free Movement, all of which perform different functions and cover different aspects of cross-border trade and movement (World Bank upcoming).

⁴⁹ The ECOWAS 1975 Treaty aims to inter alia eliminate customs duties and other quantitative and administrative restrictions among its members, further reiterated in Article 3 of the Revised Treaty which calls for the abolition of non-tariff barriers and establishment of a free trade area (FTA). See <https://www.refworld.org/docid/49217f4c2.html>

⁵⁰ The CET was adopted in 2013 and entered into force in 2015. It remains one of the principal instruments for harmonising trade policy towards external parties and strengthening the regional block's Common Market. Nonetheless, ECOWAS member states were allowed a five-year transitional period to implement the CET.

⁵¹ The ETLS is the main tool of the ECOWAS FTA aimed at liberalising trade within the community (<https://etls.ecowas.int/>). Established in 1979 (and launched in 1990), the ETLS "*ensures that goods can be circulated freely without the payment of customs duties and taxes with similar effects of imports, and also has measures to facilitate trade by reducing red-tape and paperwork at borders*" ([ECOWAS, 2012](#)). Over time the scope of the ETLS increased from covering unprocessed goods, typically made up of animal, mineral and plant products, and handicraft products, to industrial products of Community origin, with accompanying rules of origin as provided in Protocol A/P1/1/03.

⁵² This is led by the Directorate of Customs Union and Free Movement, along with others like those of Transport, and of Food security, mines and environment (World Bank upcoming).

⁵³ It is governed by Decision No. 01/99 / COM / UEMOA approving industrial products for the benefit of the Community Preferential Tax (TPC). According to Article 3 of this decision each industrial product needs an approval and a (approval) number before benefitting from TPC. Likewise, a registration number is also assigned to the producing company.

Continental Free Trade Area (AfCFTA), also seeks to be beneficial to women including small-scale cross-border traders.⁵⁴

As such, the role of small-scale informal traders and women in particular is fully acknowledged in formal trade policy discourse. However, the challenge remains in ‘addressing’ informal trade and to what end, and by whom, which remain somewhat unclear.

Policies to simplify procedures

While ECOWAS and UEMOA trade policies focus on formal trade, and agreement between countries on how to tax and control trade flows, the mechanisms in place also seek simplification for small-scale trade. The ECOWAS ETLS includes a waiver on the need for CoO for certain products - mainly agricultural and livestock products, and artisanal handcrafts and implements - but this is only below a threshold of \$500 for industrialised goods, a relatively low value even for small-scale traders.⁵⁵ Further, other requirements, like sanitary and phytosanitary (SPS) certificates, remain in place for agricultural goods, often posing barriers to access for small-scale informal traders. This can include other non-tariff barriers linked to national policies and regulations (such as quantitative restrictions and export bans on agricultural products in certain seasons or during periods of food crisis; [Tondel et al. 2020](#)). As such, ETLS simplifies procedures for certain categories of goods, but nonetheless requires traders to actually use it, and relies on correct implementation by border officials.

Within the joint ECOWAS-UEMOA TFWA programme there is discussion of introducing a Simplified Trade Regime (STR), much like in the COMESA region.⁵⁶ Discussions are also underway about an AfCFTA STR along similar lines. Adoption of an STR in the ECOWAS region would therefore further simplify procedures beyond the existing ETLS treatment of small-scale trade.

But the implementation of the STR in other regions of Africa has not been without challenges. For instance, the common lists are infrequently updated with traders eventually paying duties on goods that should have been exempt, or vice versa ([Afreximbank 2020](#)). Others pay duties because they either don’t know how, or find it difficult to get the appropriate CoO (Ibid.). Simplification of one kind of procedure (related to rules of origin) however does not mean that others are not needed - traders still need to comply with rigorous SPS requirements, and other licenses and certificates.⁵⁷ Other taxes and fees on goods also remain in place, e.g. VAT, excise duties and other local taxes. Box 5 illustrates these different requirements for COMESA.

⁵⁴ The AfCFTA is aimed at integrating the 55 markets of AU member states thereby creating a market of 1.3 billion people, while at the same time expanding opportunities for decent and productive work, including women. The AfCFTA Preamble acknowledges the importance of gender equality for the development of international trade and economic cooperation ([AU 2018](#)). It has been proposed to develop a Protocol on Women in Trade, aimed at facilitating greater trade opportunities for female traders ([AU 2021](#)). Apart from increasing employment opportunities, the AfCFTA may also indirectly help address some of the inequities like the gender wage gap ([World Bank 2020a](#)) while other non- gender-specific provisions in the AfCFTA Agreement could be leveraged to empower and advance trade and economic opportunities for women, including those in ICBT. These include annexes such as customs cooperation, trade facilitation and transit provisions to simplify and harmonise customs and border procedures.

⁵⁵ [ECOWAS Trade Liberalization Scheme Rules for Traders](#), 2012.

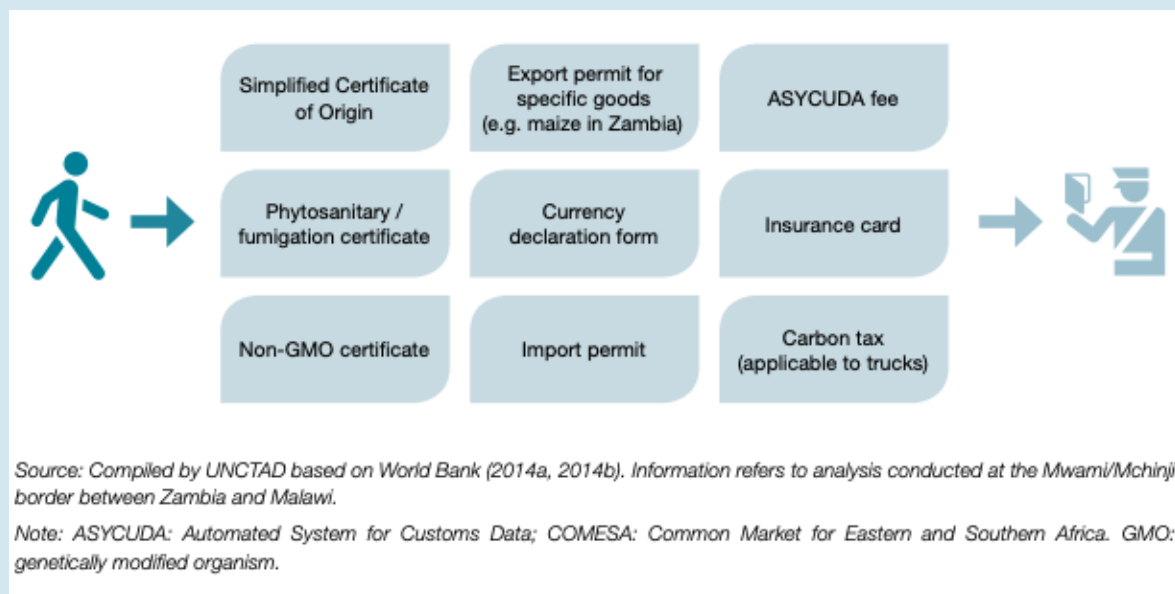
⁵⁶ [Study on Extending the Benefits of Free Trade to Informal Cross Border Traders in the ECOWAS Region reviewed by experts.](#)

⁵⁷ Despite simplified export/import procedures (not an STR) at the Kidira-Diboli border between Senegal and Mali, traders, apart from self-declared customs declaration, may be required to produce other documents e.g. certificate of origin, foreign exchange certificate, phytosanitary certificate, Food Import Prior Declaration (DIPA, issued by the Ministry of Trade which is not present at the border), CITES Permit for animal or plant products which are subject to Environmental Protection by said Convention, fumigation certificate, health certificate, annual export/import authorisation in the case of gold, prior import declaration, certificate of value, declaration pertaining customs value (DEV) (BA 2020 unpublished).

Box 5: The COMESA Simplified Trade Regime

An STR requires a common list of low-value exports for improved market access, specific trade permits and visa regimes for small traders, as well as the reduction of other taxes.⁵⁸ The COMESA STR, which was introduced in 2007 and became operational in 2010 includes a simplified CoO and a Simplified Customs Document as well as simplified customs clearance procedures. The threshold for goods was originally \$500 in 2010 ([COMESA 2021](#)), and increased from \$1000 to \$2000 in 2011 while processing fees have been reduced to \$1 ([UNCTAD 2019](#)). An EAC STR was also introduced in 2007 with the adoption of a simplified CoO for goods valued at less than US\$2,000 and a common list of eligible products.

Figure 4: Certification required to exit/enter a country under the COMESA Simplified Trade Regime



In COMESA, although uptake by informal traders increased from 1507 users in 2011 to 10,970 in 2013 ([Kahariri 2016](#)), the coverage remains quite limited. Uptake has also been relatively low in the EAC (only one in four respondents surveyed in 2018) despite traders being aware of its existence.

As such, even if the STR (partially) improves safety and makes clearance faster for users, it is less clear if the cost of transaction is also reduced or if it encourages formalisation of existing informal traders ([Siu 2019](#)). As such, the cost of transactions does not automatically go down with an STR (*Ibid.*), potentially disincentivising uptake by informal traders. Further, as discussed in Section 3, pursuing informal trade is not only related to taxes but wider factors. That is in line with Siu (2019), who observes that the STR and broader simplification approach may have only marginal effects on altering the decision to engage in ICBT as an economic activity.

One approach that has been piloted along with the STR in the COMESA region is to establish a charter to encourage greater accountability between stakeholders. Brenton et al. (2014) describe the approach as applied at a border between Malawi and Zambia. The Charter for Cross-Border Traders “enshrines a basic set of rights and obligations for traders and officials, and ultimately aims to improve behavior at borders and to promote the gradual

⁵⁸ The concept of an STR is premised on Article VIII of the World Trade Organization’s GATT Agreement and provisions of the Revised Kyoto Convention for the Simplification and Harmonization of Customs Procedures. An STR comprises four components: (i) simplified customs document, (ii) simplified certificate of origin, (iii) common list of products and (iv) threshold for the value of the consignment ([UNCTAD 2019](#)).

formalization of informal cross-border trade” (ibid). Beyond public service Codes of Conduct which often exist for border agents, the Charter builds in rights and obligations for both groups. A similar approach has been adopted in East Africa⁵⁹, with positive initial anecdotal evidence of the impact on registered, small-scale trade. (World Bank 2016). This may be an approach that would serve to alter the dynamics of the ICBT ‘system’ at some border posts.

Policies and programmes to support and inform

Beyond rules around trade, there are also policies and projects in place to inform and support traders. The **ECOWAS Plan of Action on Gender and Trade** attempts to address challenges faced by women in trade by making policies work for women (ECOWAS 2015).⁶⁰ Priority actions include training and capacity building for women traders on their rights, custom processes, and trade negotiations as well as the training and capacity building for custom officers and other border management regulation officers (Ibid.). Similarly, the **UEMOA Gender Strategy** seeks to contribute to the promotion of an institutional environment that is conducive to economic, political, social, and cultural equality and equity between women and men.⁶¹ At the AfCFTA level, the recent launch of the eTradeHubs portal,⁶² in May 2021 also aims to support women-led small businesses by providing timely information, trade management tools and supply chain information related to the AfCFTA, including on documents, licenses, permits, certificates, fees to be paid and estimated processing times (ICC 2021).

Box 6: Trade Facilitation West Africa Programme

Operating within this context, the Trade Facilitation West Africa (TFWA) programme is a multi-year, multi-partner programme of UEMOA and ECOWAS to facilitate regional trade, with one of three pillars focused on “reducing barriers for small-scale traders and other key stakeholders, especially women”.⁶³ The programme aims to be a role model for gender responsive trade facilitation and regional integration by prioritising the simplification of complex border procedures (including through the possible introduction of a Simplified Trade Regime, STR), and informing actors including (gender) sensitisation, along with professionalising transport services.

The problem of ICBT, as defined under the TFWA, is economic with a gender focus (i.e. creation of trade-related opportunities and women’s empowerment). While there may be little disagreement over *‘the problem’* i.e. lack of (productive) opportunities so traders can be lifted out of the currently vicious cycle of subsistence activities, it is less clear that the cause lies in complex formal procedures and lack of knowledge of actors as shown by the context in which ICBT takes place (section 3). The assumption - that better informed women traders would be less likely to operate informally - may not necessarily hold as shown by empirical studies like Croke et al. (2020), though investments in empirical research remains very limited. A more granular diagnosis of the context in border areas may reveal a complex mix of causes, some of which are highlighted in this paper. The TFWA gender theory of change also defines *“lack of gender mainstreaming into trade facilitation”* (World Bank, upcoming). This would seem a case of bringing solutions before thoroughly diagnosing the problem. As Andrews et al., (eds. 2017) put it *“Defining the lack of a particular solution as the problem [...] makes the adoption of the solution to be the solution - whether it solves any real problem or not.”*

⁵⁹ [Charter for Cross Border Traders Launched](#), EASSI, 22 June 2017.

⁶⁰ The objectives of the Plan of Action (2015-2020) include to increase women’s productive capacity and export competitiveness, to promote gender-sensitive trade policy development and implementation among Member countries, and to strengthen synergy and coordination mechanisms for different agencies involved in trade and border management. These objectives are aimed at making trade policies work better for women.

⁶¹ It aims to do this through i) a systemic framework for mainstreaming gender into UEMOA organs and member states (Axes 1), and ii) supporting specific initiatives in the areas of women’s rights, voice and agency, and economic empowerment (Axes 2).

⁶² The eTradeHubs is a joint initiative of International Chamber of Commerce (ICC), United Parcel Service (UPS), Trade Law Center (Tralac), and West Blue Consulting.

⁶³ For more information on the TFWA programme see: <https://tfwa.projects.ecowas.int/index.php/en/>

Monitoring and addressing challenges related to non-tariff barriers (NTBs) will also be important, though there is no unified approach to monitoring and eliminating NTBs at the regional level in ECOWAS with multiple classifications of NTBs and tools existing at the same time.⁶⁴ Recognising the high costs of NTBs,⁶⁵ an NTB reporting (by businesses), monitoring and elimination (by national governments) mechanism - a joint collaboration of the AU with UNCTAD and BMZ - has been established under the AfCFTA in line with provisions in Annex 5 of the AfCFTA agreement.⁶⁶ Such a system can potentially benefit informal cross-border traders, who are disproportionately affected by NTBs such as cumbersome bureaucracies, lengthy clearance processes, unclear rules and corruption ([UNCTAD 2019](#)). However, political economy dynamics suggest that **NTBs are also relied upon by actors when looking at their vested interests**.

5. Implications for ‘addressing’ ICBT

What does this all mean?

The different perspectives of traders and border agents suggest that the motivation of both sets of actors runs along a broad spectrum. On the trader side this ranges from non or partial compliance - due to avoidance, lack of knowledge, cumbersome procedures, high costs through to a desire to comply. On the border agent side, the spectrum runs from bribe-seeking non-enforcement to full enforcement, with various levels of punishment, harassment, demands for bribes, tolerance or information exchange on security intelligence in-between. The difficulty is knowing where any one agent might fit on this scale, given that this can change according to the border post and type of good, but even potentially the time of day.

Each combination of compliance and enforcement results in a quite specific interaction, therefore creating a wide array of outcomes. The best-case scenario of compliance and enforcement is therefore only one of several, while petty bribes (non-enforcement with lack of knowledge), agreed flat rates for passage (non-enforcement with avoidance), or cat and mouse dynamics are also feasible.

Demand for bribes in exchange for passage provides on the one hand opportunities for border agents to supplement their incomes, while also allowing a level of non-enforcement which enables traders to make a livelihood, arguably contributing to ‘wider community peace’. At the same time, the same dynamics may be enriching some traders and border agents alike.

Both the level of compliance and enforcement are shaped by historical, cultural and linguistic, as well as economic factors - such as the nature of the goods and their importance. Similarly the view of society vis-à-vis the state and its administration play a broader role, as well as individual incentives given the level of discretion open to both traders and border agents to comply with and to enforce trade rules, respectively. Individual relations can help achieve a petty bribe outcome rather than enforcement.

⁶⁴ For example, three tools (Borderless Alliance; ITC Trade Obstacle Alert Mechanism (TOAM); and the AfCFTA NTB online tool) are available in the region ([Olayiwola 2020](#)). While the AfCFTA NTB tool builds on and is compatible with that of Borderless Alliance, it is unclear if the private sector is sufficiently aware of these tools to make effective use thereof. Efforts are currently underway to harmonise them. Yet questions remain as to the effectiveness of such monitoring mechanisms in terms of stimulating, facilitating or incentivising national level governments to comply with regional and continental agreements.

⁶⁵ According to the World Bank ([2020a](#)), reduction of NTBs and from trade facilitation could raise intra-African trade by “*between 50 and 132% [with] gross domestic product (GDP) gains of between 1 and 4%*”.

⁶⁶ See <https://tradebarriers.africa/> and https://tradebarriers.africa/files/eng/public_user_manual.pdf for details on the process.

The behaviour of border officials - apart from the exchanges with informal traders - is also shaped by the 'authorising environment' as shaped by central government actions such as the choice of policy priorities, the instructions and incentives for public servants, the organisational structures, the allocation of resources and personnel, the quality of support and command-control functions, or accountability arrangements, etc. Moreover, the balance between different objectives of state building, revenue generation, security, maintaining wider peace in the community may be different in different contexts - a wider understanding of the need for economic opportunity at the Senegal-Mali border may, for example create an incentive towards tolerance of what are seen as survivalist activities, while at the Togo-Burkina Faso border the focus may be more on mineral smuggling and security. Border agents can also be involved in bribe-seeking non-enforcement to satisfy demands from the hierarchy within the customs service.

This is the context in which regional trade agreements are being applied, making it all the more unsurprising that, especially for small-scale trade, less time and cost consuming methods for traders and officials are used when trade is conducted across certain borders.

This paper has drawn attention to the different types of border-specific interactions driven by different motivations, while highlighting the outcomes for different categories of actors and their reliance on particular border-specific contextual actors and factors. **This analysis illustrates that 'addressing' ICBT is far from a straightforward question of building capacity and simplifying procedures, but in effect implies engaging in deeply embedded institutional and behavioural dynamics, where formal policies and external support for these arguably have limited influence to alter the status quo.**

Implications for policy and external support programmes

The policy implications of this are hard to discern. Informing traders of the rules *may* nudge them towards compliance, provided they seek to be compliant (and the risks of noncompliant approachers are high enough). Similarly, simplified requirements *may* affect the decision of some informal traders to comply, but not if the remaining requirements entail greater time costs and/or exposure to bribe-seeking border agents, or if border agents are in fact tolerant of ICBT for the wider community good. It may require direct interventions to have more direct effects - cheap certification processes *near* the border to facilitate compliance, as well as access to information.

A third party to oversee this compliance-enforcement dynamic may be helpful in these cases, and is something that some trade advocacy civil society groups are doing (e.g. ENDA CACID). But this would be highly resource intensive to do at scale. While this paper has not been able to explore the value and effect of border post charters, as have been put to test between Malawi and Zambia (Brenton et al., 2014), such a strategy has the merit of creating two-way accountability between border agents and traders.

Potential benefits of an STR depend on its impartial implementation and eventual uptake. Formal rules therefore cannot (and should not) be seen only from a technical point of view alone but also take into account socio-cultural realities. In other words 'form' does not equal 'function' ([Andrews et al. eds. 2017](#)). Focusing on formal accountability measures without taking into account implementation challenges may only shift the form of corruption rather than getting rid of it ([Nixon et al. 2018](#)).⁶⁷ A more detailed study, as planned in the context of the TFWA of what aspects of and how an STR would interact with the existing system may be a good way forward.

⁶⁷ As Kahariri ([2016](#)) shows, traders continued to complain about high taxes and harassment by border officials despite the existence of STR in the East Africa Community.

Direct approaches looking at the traders and border agents must also take account of their inter linkages and interdependence, as well as the legitimacy of the state, thereby linking to a range of more indirect issues that seem likely to affect these relationships, even if they can only be altered over the medium to long term.

While addressing informal traders directly may only be one approach, another may be to accept the phenomenon and seek to reduce the most pernicious aspects of abuse, as some programs do (with facilities for women, e.g. TFWA), or else to focus on what incentivises it in the first place. Changes brought about by the COVID19 pandemic may result in pragmatic solutions to continue small-scale cross-border trade - for instance by organising and aggregation ([Mvunga and Kunaka 2021](#)). These developments could provide a further boost to the activities envisaged under the TFWA, which include aggregation of merchandise by traders, since transport seems critical for improving conditions of women, along with other infrastructures and other facilities like toilets. Technology-based solutions are also increasingly being sought which may be relevant for a support programme like the TFWA.⁶⁸

When looking at these indirect approaches, three areas stand out. Firstly, trade is motivated by arbitrage, and ICBT may continue to play a useful role for consumers where price differentials are high. Importantly, the ability of traders to respond to market shifts more quickly can make ICBT a more effective distribution channel ([Kahiya and Kadirov 2020](#)). Secondly, to effectively regulate ICBT, the overall functioning of the State apparatus and wider state-society relations play a role. Changing this is a long-term endeavour. Lastly, the presence of a large informal economy is symptomatic of the lack of wider economic transformation - itself clearly also dependent on political economy dynamics, and indeed one of the drivers of price differentials through industrial policy, subsidies and protection.

At a minimum, the collected findings suggest a need for policy makers to engage with ICBT on a border-by-border basis and investment in more comprehensive and border-specific evidence creation. A contextual political economy analysis may reveal factors that can explain motivation of actors and the kind of border interactions it results in, thereby informing the plausible direction of change through policy interventions and the likely trade-offs of outcomes for different actors/stakeholders.

⁶⁸ In countries like Ghana and Nigeria there have been efforts to facilitate digital payments ([Megersa 2020](#)). Moreover in Togo digital cash transfers were extended to informal workers. See Digital platforms have been a boon for social assistance in [African countries during the pandemic](#), Quartz Africa, 9 September 2020.

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