Chapter 1: Introduction

For over five decades, regional integration has been part of the African continent’s overarching strategy for economic transformation. The establishment of regional trade agreements (RTAs) and regional economic communities (RECs) was viewed as the panacea for a whole range of socioeconomic, developmental and political challenges. Their scope included the promotion of intra-regional trade, policy coordination, and the management or development of shared physical infrastructure. While some of these regional arrangements also covered issues of common interest in public governance, defense, and security, others extended to political issues. The creation of RTAs and RECs was treated as the sine qua non to address the challenges of small domestic markets, weak productive structures, slow progress on reforms/ economic growth, and widespread conflict/political instability. Over time, however, these regional arrangements were either punctuated by periods of stagnation or blighted by reversals, with modest achievements, at best, in a few instances.

Today, regional economic groupings abound in Africa, with varying degrees of integration. Nonetheless, they have failed to live up to their full potential in terms of achieving significant economies of scale, increased competitiveness, industrial modernization and upgrading, higher domestic and foreign investment, and greater intraregional trade. African countries have yet to fully exercise their bargaining power or to reap all the benefits of trading and engaging in a globalized world, where accelerated growth is posited as one of the key drivers of poverty reduction. This can be largely attributed to existing barriers (both tariff and nontariff) to the free movement of goods and services across countries.

The key question that these challenges beg is: Why have countries involved in regional integration in Sub-Saharan Africa failed to foster competition, subsidiarity, access to wider markets (via trade), larger and diversified investments/production, socioeconomic stability, and bargaining power? This complex and multifaceted subject demands a more focused analysis, which may be furthered by reframing the question thus: What are the fundamental challenges to trade (i.e. the free movement of goods and services) which need to be addressed in order to fully reap the benefits of regional integration in Africa? Answering this question will help to deepen our understanding of the concept.

1 There are at least 14 Regional Economic Communities (RECs) in Africa that are officially or unofficially recognized by the African Union (AU), some of which overlap in membership. Those RECs include AMU (Arab Maghreb Union), CEMAC (Communauté Économique et Monétaire des États de l’Afrique Centrale), CEN-SAD (Communauté des États Sahel–Sahariens), COMESA (Common Market for Eastern and Southern Africa), EAC (East African Community), ECOWAS (Economic Community of West African States), IGAD (Intergovernmental Authority on Development), SADC (Southern African Development Community), SACU (Southern Africa Customs Union) and UEMOA (Union Économique et Monétaire Ouest Africaine).
and challenges of regional integration in Africa. Indeed, the range and scope of the challenges are too broad to be covered in a short single paper. Consequently, we focus our discussion on border posts and key impediments to intra-African trade, which lie at the very heart of the issue. The paper examines the key impediments to and necessary steps for improving cross-border trade in Africa by facilitating both “hard” and “soft” infrastructure development.

The core challenge is how to improve the processes of moving goods and services across national boundaries, and henceforth, building and operating efficient border posts and customs procedures. To date, few trade facilitation initiatives have successfully addressed this challenge. Improving border posts and customs procedures will not only reduce the cost and delays incurred by commercial companies, and enhance trade competitiveness, but will also boost government revenues (potentially by up to 25 percent) and accelerate economic development in the continent.

2 Intra-African Trade Performance

In 2009, Africa’s contribution to global trade stood at just under 3 percent of global trade, compared to close to 6 percent for Latin America and a significant 28 percent for Asia (see Graph 1). During the same year, intra-African trade (i.e. trade among African countries) accounted for about 10 percent of the continent’s total trade. This is far below the levels of intraregional trade achieved in Latin America and Asia (22 percent and 50 percent, respectively). Africa’s poor performance in this respect can be attributed to a variety of systemic barriers, including: the small size of its markets, fragmented economic space, and both demand- and supply-side constraints. These constraints include inadequate infrastructure, low production capacity, limited trade financing and investment opportunities, weak human and institutional capacities, and weak trade facilitation. We need to examine why the continent’s positive GDP growth record – averaging 5.4 percent a year from 2005 to 2010 (see Graph 1) – has failed to improve its trading position or its integration into world markets (Africa’s GDP being less than 2 percent of the world’s total).

The low level of intraregional trade in Africa has been persistent. The intensification of the RTAs following the initiatives agreed under the Abuja Treaty of 1991 (e.g. the establishment of the African Economic Community and the more recent Constitutive Act of the African Union) encouraged governments and subregional organizations as well as pan-African organizations (AU, NEPAD) to scale up their efforts towards facilitating intraregional trade.

Since 2000, a new pattern of trade for the continent has begun to take center-stage, as Africa has witnessed an upsurge in its trade with emerging BRIC nations. This has led to a stalling in the ratio of Africa’s intraregional merchandise trade to total trade, which has stabilized at around 10 percent. Yet the
The volume of intra-African trade has been increasing. Africa’s trade and investment relationships with emerging markets has been largely at the expense of its traditional partners (principally the EU and the US), which have witnessed a decline in their trading with the continent. Overall, Africa is trading more today than in the past, but that trade is more with the outside world than internally.

While many African RECs have made significant progress in the area of trade facilitation, much more effort is required to harmonize and integrate subregional markets. The low level of intraregional trade is due to the lack of complementarity and diversification of production structures, high production costs, inadequate transportation infrastructure and communication technologies, and other technical barriers. The problem is particularly acute in the case of the Central African Economic and Monetary Community (CEMAC) and the Arab Maghreb Union (AMU or UMA). Although the AMU member states do not face the challenge of undiversified manufacturing exports and trade costs, their trading pattern is concentrated on their external partners (the EU accounts for two-thirds of total AMU exports\(^2\)), rather than other AMU members.

CEMAC ranks lowest in terms of intraregional trade, with intra-CEMAC exports representing only 1.1 percent of its total exports in 2009. The West African Economic and Monetary Union (UEMOA or WAEMU) registered a stronger performance during the same year, with its intra-regional exports representing 13.2 percent of its total exports.\(^3\) It is no coincidence that UEMOA, which is the best-performing REC in terms of intra-community trade, successfully set up a customs union and common market in 2000, eliminated tariffs on goods traded between its member states, harmonized its customs clearance procedures, abolished entry visas among all its member countries, and significantly improved transportation networks and telecommunications connectivity.

The large disparity among regional groupings in terms of intraregional trade is clearly attributable to their differentiated levels of progress in various areas: removing tariffs and nontariff barriers; freeing the movement of persons across borders; developing efficient infrastructure; and creating enabling environments for doing business.

### 2.1 What are the principal internal factors accounting for low intraregional trade?

Trade between countries and between subregions is typically hampered by

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supply and demand factors on the one hand (e.g. import quotas, anti-dumping regulations, countervailing duties, border tax adjustments and subsidies), and technical barriers to trade on the other (e.g. sanitary and phytosanitary measures, rules of origin, standards and qualifications). Other impediments to intraregional trade include poor infrastructure, a lack of human and institutional capacities, underdeveloped and undiversified export base and services, and political instability. Tariffs and nontariff measures are not considered to be significant constraints to intra-African trade, largely because most African countries belong to the World Trade Organization (WTO), and so have ratified the articles of the General Agreements on Tariffs and Trade (GATT 1994), as well being signatories of regional trade agreements (RTAs).

To unlock the potential of intra-African trade and boost competitiveness, governments should redouble their efforts to improve both “hard” and “soft” infrastructure. “Hard” infrastructure improvements would include: constructing and/or rehabilitating transportation networks (roads, railroads, port facilities, and airports), ensuring a reliable and affordable source of power, and building robust ICT systems and services. Measures on the “soft” infrastructure side include: simplifying and harmonizing customs and border procedures; encouraging the use of new technology by customs agencies; and eliminating corruption and illegal payments (including bribes to officials) at borders and checkpoints. Tackling these issues will not only facilitate intraregional trade and international exports but will also improve the business environment in the continent generally, thereby encouraging investment, both domestic and foreign. Furthermore, the “soft” infrastructure improvements will foster transparency and incentivize those involved in informal trade to formalize their activities (the informal economy in Africa represents on average about 50 percent of official GDP).

The inadequate and poor quality of transportation infrastructure in African countries acts as a major hindrance to the free flow of goods across borders. Given the substandard condition of the African road network (only 22.7 percent is currently paved), the poor interconnectivity of the rail networks, and the limited capacity of many smaller ports to accommodate the largest supersize container ships, moving goods across borders is very costly and subject to lengthy delays. This impinges on competitiveness as well as consumer demand, since high trade costs result in higher retail prices and dampen the public’s appetite to increase their spending. To give an idea of the extent of the problem, it is estimated that transportation costs are 136 percent higher in Africa than in other developing regions. To improve the main intra-African road network though would require an investment of US$ 32 billion over 15 years (including maintenance), but this would generate trade expansion worth about US$ 250 billion, which is almost an eightfold return on investment.5

Once the challenge of the physical transporting of goods from one transit country to another country has been addressed, most traders encounter a further significant obstacle, which is the cumbersome and costly procedures to clear goods at customs and border posts. In Africa, the average customs transaction involves 20–30 different parties, 40 documents, 200 data elements (30 of which repeated at least 30 times), and the rekeying of 60–70 percent of all data at least once.6 In most African countries, there are two complete sets of controls to be completed – one on each side of the border post – with numerous forms of documents to be filled and cleared. These administrative hurdles escalate trade costs (it is estimated that each day of delay at customs is equivalent to an additional 85km between the trading countries). They also encourage illicit trade and corruption in order to bypass delays at customs and border posts.

The lengthy procedures for clearing goods at border posts could be addressed by the introduction of comprehensive automated systems for document checking and clearing. Many African border posts do not use modern information technology in domestic and international trade. And the few border posts that do have integrated electronic devices for document logging face other difficulties in terms of the frequent breakdowns of electronic systems and the lack of sustainable access to power. This renders intraregional trade and exports from Africa more expensive, due to the long customs clearance delays and lack of transparency in the assessment of duties and taxes. Improving the level of

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4 “Dumping” may be defined as the act of a charging a lower price for a good in a foreign market than is charged for the same good in a domestic market. This is often referred to as selling at less than “fair value”. Under the World Trade Organization (WTO) Agreement, dumping is condemned (but is not prohibited) if it causes or threatens to cause material injury to a domestic industry in the importing country.

5 UNCTAD, 2009, op. cit.

6 UNECA, 2010, op. cit.
automation in customs services will help to regularize the procedures, speeding up the process and leading to increased revenues for the governments. For instance, in Angola, the efficient use of modern information technologies for customs procedures has significantly cut processing time and increased customs revenues by 150 percent.7

An even more serious challenge is that of corruption and illicit trade, which is extremely high at most African border posts. As the transparency and predictability of trade and business administrations are lacking, most customs officers and companies/traders routinely find themselves engaged in bribery acts and the under-declaration of goods as means to “facilitate” payment. Efforts to curb corruption and bribery will not only reduce trade costs but will also improve the business-enabling environment, encourage foreign and domestic investments, and boost government revenues.

3 Border Posts and Checkpoints in Africa

A border post can be defined as the “location where one country’s authority over goods and persons ends and another country’s authority begins.” It is the location where a multitude of government agencies (i.e. Revenue Authority – Customs; Immigration; Security – Police; Ministry of Agriculture; Ministry of Health; Bureau of Standards, etc.) are involved in the various document and goods controls, the calculation and collection of duties and taxes, as well as immigration. The multiplicity of those agencies operating on both sides of the same border doubles the bureaucracy at border posts, which translates into congestion and delays (the waiting time for a container/truck to cross a border post in Africa can range from 3 minutes to 2.8 days8). The cumbersome procedures entailed in customs processing can cost a consignment about US$ 185 for each day of delay.9

Compared to other global regions, intraregional trade costs in Africa are a matter of consternation. For instance, the average cost of exporting overseas a container from an African country is US$ 2,000 while in Asia it is estimated at less than half that amount (about US$ 900).10 In Africa, border checkpoints have been overstretched in terms of manpower and infrastructure. While they are primarily intended to prevent the entry into the country of undesirable individuals (e.g. criminals or others who pose threats) and the smuggling of illegal goods, they face a range of obstacles to the free flow of people, services and goods. These can be summarized as: the limited infrastructure available, congestion due to increased traffic volumes, delays due to the use of outdated manual procedures, corruption and illegal trading.

Table 1 below presents the cost of trading across selected African and global sub-regions.

### Table 1 Cross-border trade indicators in selected sub-regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Documents to export (number)</th>
<th>Time to export (days)</th>
<th>Cost to export (USD per container)</th>
<th>Documents to import (number)</th>
<th>Time to import (days)</th>
<th>Cost to import (USD per container)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SADC</td>
<td>7.3</td>
<td>31.2</td>
<td>1,856.3</td>
<td>8.4</td>
<td>38.0</td>
<td>2,273.3</td>
</tr>
<tr>
<td>COMESA</td>
<td>7.2</td>
<td>32.4</td>
<td>1,915.3</td>
<td>8.2</td>
<td>38.3</td>
<td>2,457.5</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>7.6</td>
<td>27.6</td>
<td>1,528.1</td>
<td>8.1</td>
<td>31.6</td>
<td>1,890.9</td>
</tr>
<tr>
<td>CEMAC*</td>
<td>9.0</td>
<td>35.2</td>
<td>2,808.8</td>
<td>10.8</td>
<td>44.0</td>
<td>3,721.4</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>6.4</td>
<td>20.4</td>
<td>1,048.9</td>
<td>7.5</td>
<td>24.2</td>
<td>1,229.3</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>6.4</td>
<td>22.7</td>
<td>889.8</td>
<td>6.9</td>
<td>24.1</td>
<td>934.7</td>
</tr>
<tr>
<td>South Asia</td>
<td>8.5</td>
<td>32.3</td>
<td>1,511.6</td>
<td>9.0</td>
<td>32.5</td>
<td>1,744.5</td>
</tr>
<tr>
<td>Latin America</td>
<td>7.1</td>
<td>19.0</td>
<td>1,310.6</td>
<td>7.5</td>
<td>22.0</td>
<td>1,441.1</td>
</tr>
<tr>
<td>Eastern Europe &amp; Central Asia</td>
<td>6.4</td>
<td>26.7</td>
<td>1,651.7</td>
<td>7.6</td>
<td>28.1</td>
<td>2,457.5</td>
</tr>
<tr>
<td>EU</td>
<td>4.5</td>
<td>11.5</td>
<td>1,025.3</td>
<td>5.3</td>
<td>12.1</td>
<td>1,086.5</td>
</tr>
<tr>
<td>OECD</td>
<td>4.4</td>
<td>10.9</td>
<td>1,058.7</td>
<td>4.9</td>
<td>11.4</td>
<td>1,106.3</td>
</tr>
</tbody>
</table>

Source: AfDB calculations based on “Doing Business Report 2011”.

* The aggregate data for the CEMAC region cover all member states with the exception of Chad (i.e. Cameroon, Central African Republic, Congo, Equatorial Guinea, and Gabon). This is due to lack of accurate data and information for Chad.

7 UNCTAD, 2009, op. cit.
9 Ibid.
10 Exporting procedures include packing the goods at the factory, transporting the goods inland (especially for landlocked countries), clearing the goods across borders, and departure from the port of exit.
3.1 Border Posts and Checkpoints in West Africa

According to the 15th report by the Improved Road Transport Governance Initiative (IRTG), there are between 1.8 and 3.2 checkpoints per 100 km along corridors in West Africa. Further, the bribes collected by customs, police, gendarmerie, and other uniformed services range from US$ 3 to US$ 23 per 100 km (close to US$ 200 per average trip). The Abidjan–Bamako corridor has the highest number of checkpoints and levels of bribery, which is principally a legacy of the 2011 political crisis in Côte d’Ivoire, especially in the northern region of the country. A consignment of goods moving along the West African corridors can expect significant delays, ranging from 18 to 29 minutes per 100 km, which equates to 7 hours of delays per average trip. Those delays are mainly due to the lengthy checking of goods and vehicles by uniformed services (police, gendarmerie, and customs) stationed along the corridors and at border posts.

The graphs below give an overview of the number of checkpoints, bribes, and delays along selected corridors in West Africa, during the first quarter of 2011.

**Graph 3 Average number of controls per trip by different services**

**Graph 4 Average Bribes per Trip by Service**

*“Others” for the Abidjan-Bamako corridor include the “Forces Nouvelles” operating mainly in the Northern part of Côte d’Ivoire. Source: 15Th IRTG Report UEMOA. http://www.borderlesswa.com.*
It is noteworthy that despite these high costs, West Africa’s intraregional trade constitutes an important proportion of the sub-region’s total trade (13.2 percent). Any improvement in removing these administrative bottlenecks will reduce the trade transaction costs, enhance export competitiveness, and increase intraregional trade.

One sector that is badly impacted by the delays and inefficiencies at border posts is agriculture, particularly in relation to value-chain crops and livestock (e.g. maize, onions/shallots, livestock/meat, millet/sorghum, rice, and poultry). The delays experienced by trucks carrying agricultural products; the density of checkpoints along the corridors; and the high “facilitation payments” to officials, severely impact the transportation cost of goods from the production zones to the consumer markets, driving up retail prices. For instance, a truck transporting millet/sorghum on the Koutiala–Dakar corridor (between Mali and Senegal) has to pass through close to 100 checkpoints and border posts, and the driver can expect to pay bribes of about US$ 437 along the route. The impact is exacerbated when it comes to perishable goods, which rely on speedy delivery times. In the wider context of soaring global prices for food, the need to address food security within the continent, and the potentiality of agricultural as a major export earner—particularly to its BRIC partners—such bottlenecks constitute a risk to Africa’s export-led growth performance and to its economic development.

The number of controls and the levels of bribes and delays vary significantly by corridor and by country. For instance, the Ouagadougou–Tema corridor (between Burkina Faso and Ghana) and the Ouagadougou–Lomé corridor (between Burkina Faso and Togo) experience a high number of customs controls, although the level of bribes paid to customs is very low compared to the Bamako–Ouagadougou corridor (between Mali and Burkina Faso), where almost half of the bribes go to the police. Another interesting finding is that although the Bamako–Ouagadougou ranks third (among the six selected corridors in the above graphs) in terms of the number of controls and level of bribes paid per trip, it records the lowest level of delays per trip (126 minutes of delays, compared to 591 minutes for the Bamako–Dakar corridor).12

While this paper does not delve into the reasons for the high numbers of checkpoints along certain corridors or the varied levels of bribes paid to different uniformed services, it recognizes the severity of these constraints and seeks to sensitize governments on the need to remove them. To ensure trade competitiveness as well as national and regional economic growth, West African countries, under the umbrella of the RECs (i.e. UEMOA and ECOWAS), should commit more efforts toward improving good governance on the main trade corridors in the subregion.

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3.2 Border Posts and Checkpoints in Eastern and Southern Africa

In Eastern and Southern Africa, goods are transported through 10 major corridors, namely Northern, North–South, Dar Central, Dar es Salaam, Nacala, Beira, Maputo, Trans Kalahari, Trans Kaprivi, and Trans Cunene (see Map 1). The large number of border post and roadblocks along those corridors and the inefficiency of the procedures are overwhelmingly costly to traders and businesses in the sub-region.

For instance, traders/trucks have to negotiate 47 roadblocks and weigh stations between Kigali (Rwanda) and Mombasa (Kenya); and they have to wait about 36 hours at the South Africa–Zimbabwe border post (Beitbridge). In Southern Africa and EAC countries, customs delays cost the two sub-regions about US$ 48 million and US$ 8 million respectively per annum.13

Map 1 Corridors of East and Southern Africa, 2009

The customs environment in the Southern and Eastern African sub-region is characterized by a lack of coordination among the multiple government agencies on both sides of borders. This raises the common challenge of the duplication of procedures at each border, which increases the potential for risk management and fraud. While some countries in the sub-region have entered into agreements to standardize customs procedures and to coordinate government agencies, limited progress has been achieved in the integration of processes and cooperation between border checkpoints. Furthermore, the lack of computerized customs management systems results in lengthy and inefficient manual operations carried out by traders and officials at borders. In most cases where customs systems are not harmonized, the different government agencies at borders cannot interact or trade. Even when computerized systems are used, such as ASYCUDA (see Box 1), the incompatibility of the systems that are tailor-made to suit each country’s specific needs, together with unreliability of the networks, pose additional threats to the cost of trade in the sub-region.

3.3 The Challenge of Informal Cross-border Trading

The bottlenecks confronting formal cross-border trade in Africa serve to fuel the very high level of informal trading practices. These can be defined as the trade in goods, between two neighboring countries, which does not pass formally through customs controls. While informal trade is a major source of job creation and livelihoods (60–70 percent of African households earn income from the informal sector), policymakers have been slow to incentivize traders to formalize their activities. The informal sector in Africa, which is estimated to represent about one-third of official GDP, is characterized by micro, small and medium-size enterprises (MSMEs), predominantly women and individual dealers in agro-business and pastoral activities. Small traders and business owners turn to the informal sector to avoid the complex regulations and duties (especially the high price of import and export duties) levied in formal trade, cumbersome customs procedures, and the high degree of corruption and “facilitation payments” encountered at checkpoints and border posts.

The types of products traded informally are mainly unprocessed and from sectors that are weak and poorly organized. In West Africa, they include cotton fiber, cement, vegetable oils, petroleum products, fertilizers, and pesticides. Countries such as Ethiopia, Djibouti, Somalia, and Kenya have a high incidence of informal cross-border trading in respect to veterinary drugs, livestock, milk and dairy products, chickens and eggs, fish, coffee, grains, beans, shoes, clothing, manufactured and electronic goods. In the Southern African sub-region, it is mostly crop products such as maize, rice, and beans that are traded informally among countries. For instance, the volume of maize traded informally in the sub-region rose to 11,168 metric tonnes (MT) in April 2011 (a 79 percent increase over the previous year).14

Informal cross-border trade brings with it a number of disbenefits. It weakens formal trade and lessens government resources (such as value added taxes). It reduces potential investment in the local economy, while being rendered “invisible” in official national statistics, which are used for forward planning and policymaking by governments. Informal trade also lowers the efficiency of policy measures that guarantee health, safety and environmental protection. For example, agricultural goods traded informally escape SPS (Sanitary and Phytosanitary Measures) controls at borders, which may pose health risks. To sum up, the cost of informal cross-border trade is significant for most African governments and for overall socioeconomic development. For instance, in 2006, the informal export of goods from Uganda to its five neighboring countries reached close to US$ 231 million, which equates to about 86 percent of official export flows to these countries.15

In order to address this problem, African governments need to incentivize small and large-scale informal trade operators to formalize their activities by registering their businesses, and paying customs duties and taxes. This will help to build an enabling environment for business (i.e. equal access to credit and training, knowledge and information sharing etc.). Any attempt to increase formal cross-border trade in Africa should be accompanied by the design and implementation of joint trade policies as well as effective customs procedures.

4 Joint Border Posts as a Solution

The cumbersome procedures and requirements for trading across borders and the resulting increased trade costs have been the subject of much discussion at international trade forums. This has underscored the need to negotiate and implement preferential trade agreements aimed at reducing the barriers and costs of trade, which result from compliance costs, procedural delays, and lack of predictability, among others. For instance, the International Convention on the Simplification and Harmonization of Customs Procedures, which entered in force in 1974 (Kyoto Convention), is a landmark agreement for facilitating international trade and harmonizing legislative and regulatory requirements. The imperative to simplify and harmonize customs procedures was reiterated during the 2003 World Trade Organization (WTO) Ministerial Conference, where it was stated that “customs administrations are a major component in the efficiency of international trade because they process every single consignment to ensure compliance with national regulatory requirements and international multilateral trading rules.”

Many regions of the world have entered into agreements to facilitate the cross-border transportation of goods and persons, and to standardize and harmonize customs policies and procedures. For instance, in Asia, the Agreement on the Facilitation of Cross-Border Transport of Goods and People was signed in 1999 by six member states, namely Laos, Thailand, Vietnam, China, Myanmar, and Cambodia. This calls for the harmonization of cross-border procedures and the propagation of multimodal transportation. It enabled the implementation of fast border clearance through the establishment of Joint Customs Controls at selected border sites (e.g. in Laos, Thailand, Vietnam, and Cambodia) and the practice of One-Stop Customs Inspection (i.e. customs procedures carried out at only one side of the border but in compliance with the laws of both countries). In the European Union, the establishment of Joint Customs Controls between member states has significantly reduced duplicated inspections at borders, minimized unpredictable delays, and reduced the overall cost of trade.

Improving customs procedures through one-stop customs inspection or a One-Stop Border Post (OSBP) is a relatively recent phenomenon in Africa. An African regional grouping that has carried out significant work in this area is the South African Development Community (SADC), which comprises 14 member states (Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe). Acknowledging the high additional costs caused by delays at border posts, SADC has adopted as a core mandate to create and implement Joint Customs Controls. Currently, agreements are being concluded between member states over the establishment of joint facilities and the harmonization of cross-border procedures.

Other African regional groupings such as the Southern African Customs Union (SACU), Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), and Economic Community for West African States (ECOWAS), also view the establishment of one-stop and joint control arrangements at borders as key to facilitating trade. In Southern Africa, the Chirundu OSBP and the recently signed border agreement between Mozambique and South Africa constitute two such initiatives. The adoption of the EAC One Stop Border Posts (OSBPs) Bill, in May 2010, will set the legal framework and encourage political commitment for the establishment and implementation of OSBPs in the sub-region. Currently, negotiations are ongoing to establish an OSBP in Malabar, between Kenya and Uganda. In West Africa, ECOWAS is making provision, with assistance from the EU (through 9th European Development Fund – EDF) for the construction of five Joint Border Posts (Nigeria–Benin, Togo–Ghana, Benin–Niger, Togo–Burkina Faso, and Burkina Faso–Ghana). This initiative, which supports the implementation of the ECOWAS Protocol on the Free Movement of Persons, Goods and Services and the Right of Residence and Establishment, aims to reduce the formalities and required time for goods and persons to cross borders as well as to help check irregular practices (e.g. the smuggling of goods or informal trade).

4.1 Case Study: The Chirundu One-Stop Border Post

Chirundu, situated on the border between Zambia and Zimbabwe, is the main entry point for commercial goods

16 World Customs Organization (WCO), 2003.
and people entering Zambia from Zimbabwe, South Africa and other commercial ports in Southern Africa, or proceeding through Central and Eastern Africa. Because of its strategic location (a gateway for trade between two busy sub-regions, Southern and Eastern Africa), Chirundu handles a high density of commercial traffic (an average of 268 trucks per day). This led in the past to heavy congestions, delays at border posts and related corruption tendencies, and hence increased costs of trading. The bottle-necks faced by traders at Chirundu and other border posts motivated COMESA to introduce one-stop border posts in the region, with Chirundu being a pilot. Figure 1 below gives a view of the border crossing procedures at Chirundu prior to the launching of the Chirundu OSBP in December 2009.

The Chirundu OSBP was established with the aim to “reduce the duplication caused by dealing with two identical sets of agencies by having juxtaposed facilities for authorities on either side, with each juxtaposed facility handling traffic going in only one direction on either side of the border”. Figure 2 below shows how the situation has changed since the OSBP was implemented. Now trucks/traders that are North-bound are only checked and cleared once, on the Zambian side, while those that are South-bound are cleared by authorities posted on the Zimbabwean side.
A recent evaluation of the Chirundu OSBP\(^{17}\) has highlighted many benefits of the new facility, including the reduced supply chain transaction costs, increased government revenues, reduced duplication of efforts, reduced retail price of consumer goods, and promoted investment and growth. The time taken by a truck to cross the border has been reduced from 2–3 days to just 2 hours, and the fast-track preclearance process takes only 15 minutes. Furthermore, the reduced transaction costs (both in terms of fixed costs and truck/driver’s time), have translated into increased volume of goods traded across the border, which has significantly increased (by 30 percent) revenues for the Government of Zambia.

4.2 The Economic Benefits of Joint Border Posts

Moving away from two-control stops to a Joint Border Post, in full compliance with the regulatory requirements of the neighboring countries, will clearly improve and enhance intra-regional trade in Africa. It will also result in improved efficiencies of customs and other government agencies, increase cooperation, the sharing of information and trade data, better resource utilization. The clearance of goods through a single customs declaration prevents the substitution of one set of documents for another, and discourages any attempt at corruption by border officers.

**Customs Efficiency:** Modernizing and harmonizing customs administrations by streamlining and simplifying clearance procedures will be beneficial to traders, businesses, and national economies. The delays at borders, the lack of transparency and predictability, and the cumbersome and outdated customs procedures are all factors leading to the significant losses of business and investment opportunities. Through modernization and the introduction of ICT systems, operational efficiency will increase.

**Cost savings for Governments:** The streamlining of administrative procedures, the introduction of computerized customs management systems, and the sharing of information between different agencies and countries, should reduce officials’ workloads, thereby liberating skilled human resources for other activities. (UNCTAD)

**Increased Trade and Revenues:** The reduced cross-border delays, simplified customs procedures, and minimized rent-seeking activities by government officials (i.e. bribery and corruption) will significantly reduce the cost of trade transactions. Also, the existence of well-functioning border posts will encourage informal traders to transport and declare their goods through official circuits, thereby reducing the smuggling of trade goods and increasing trade flows. The income revenue accruing from increased trade will not only benefit traders and businesses but also the national and sub-regional economies.

**Reduced Import Prices for Goods:** Consumers, who are at the end of the cross-border trade chain, will also gain from the efficiency of customs procedures. The reduced cost of trade transactions through efficiency savings at borders can be leveraged by companies and traders so that they can pass on these savings to consumers via lower prices of imported goods.

**Job Creation and Growth:** While it is difficult to quantify the correlation between improved customs procedures and employment creation, empirical evidence suggests that increased trade volumes and reduced prices of goods will lead to higher demand by consumers, thereby stimulating the economy and the jobs market. Also, the improved facilitation of cross-border trade should incentivize informal traders to formalize their activities. This will enable them to gain better access to credit and training, to grow their businesses, and increase their workforces.

5 Potential One-Stop Border Posts

Regional initiatives to improve transportation infrastructure in Africa and to stimulate intraregional trade have traditionally focused on “hard” infrastructure development projects, such as the construction/rehabilitation of roads, railroads, ports, power and ICT networks. However, from an economic development perspective, what is equally important is the extent to which the flow of goods and movement of persons along those routes is facilitated. There are currently nine trans-African highways – some with missing road links (see Map 2) – and 44 land transportation corridors linking economic centers, countries, and ports. However, the density of the network remains relatively low, the efficiency of transportation logistics services is very poor, and the administrative and customs procedures are highly cumbersome on some parts of the road network.

In line with the Vision 2040 of the AU/NEPAD-led Program for Infrastructure Development in Africa (PIDA), this paper makes recommendations on the construction and operational effectiveness of potential One Stop Border Posts along the main corridors in Africa. The expansion of OSBPs will not only facilitate cross-border procedures and reduce barriers to intraregional trade; it will also create larger markets and economies of scale, strengthen economic relations, and enhance the overall economic development of the continent. As we have seen, a number of OSBPs have already been built and are operational in a number of countries in Africa. As more governments and regional and continental organizations commit to enhance trade facilitation by simplifying and harmonizing cross-border procedures, the development of new OSBPs has become paramount.

For instance, in the East and Southern African sub-region, it was agreed to transform various borders into OSBPs, with some being already at the implementation phase.
Developing OSBPs will also help address the special needs of African landlocked countries, which lack maritime access and are isolated from world markets, and consequently suffer high transit costs for their traded goods. In Africa, 16 countries are landlocked (Botswana, Burkina Faso, Burundi, Chad, Central African Republic, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, South Sudan, Swaziland, Uganda, Zambia, and Zimbabwe) and these depend on neighboring countries particularly to engage in international trade. Long distances from markets, together with the bottlenecks at border posts, significantly constrain these countries’ trade, reducing their competitiveness, and impeding their socioeconomic development. It is estimated that in these landlocked countries, the cost of trading is 50 times higher and the volumes of trade are 60 percent lower than in African coastal countries.\(^{18}\)

\(^{18}\) UNCTAD, op. cit., 2009.
<table>
<thead>
<tr>
<th>Subregions / Landlocked Countries</th>
<th>Main Road Corridors</th>
<th>Sea Port Access</th>
<th>Sea Port Access</th>
</tr>
</thead>
</table>
| **West Africa**  
Mali  
Burkina Faso Niger  
Abidjan-Burkina Faso-Mali (1200 km)  
Tema/Takoradi-Burkina Faso-Mali (1100 km to Ouagadougou)  
Lomé-Burkina Faso-Niger/Mali (2000 km)  
Cotonou-Niger-Burkina Faso-Mali (1000 km up to Niger)  
Lagos-Niger (1500 km)  
Lagos-Niger-Mali (8000 km) | Abidjan, Côte d’Ivoire  
Tema/Takoradi, Ghana  
Lomé, Togo  
Cotonou, Benin  
Lagos, Nigeria  
Lagos, Nigeria | | |
| **Central Africa**  
Chad  
Central African Republic (CAR)  
Port Harcourt-Chad (1800 km)  
Douala-CAR-Chad (1800 km)  
Pointe Noire-CAR-Chad (1800 km) | Port Harcourt, Nigeria  
Douala, Cameroon  
Pointe Noire, Republic of Congo | | |
| **Eastern Africa**  
Ethiopia  
Burundi Rwanda Uganda  
Dar-es-Salaam – Rwanda-Burundi-Uganda-DRC (Central Corridor – 1400 km to Kigali, 1000 km to Kampala)  
Mombasa-Rwanda-Burundi-Uganda-DRC (Northern Corridor – 1200 km to Kampala, 2000 km to Bujumbura)  
Berbera-Ethiopia (850 km)  
Djibouti-Ethiopia (900 km) | Dar-es-Salaam, Tanzania  
Mombasa, Kenya  
Berbera, Somalia  
Djibouti, Djibouti | | |
| **Southern Africa**  
Zambia  
Malawi Zimbabwe Botswana Lesotho Swaziland  
Lobito-DRC-Zambia (1300 km)  
Walvis Bay-Zambia-DRC (Trans Copperbelt Corridor – 2100 km to Lusaka)  
Walvis Bay-Botsswana-South Africa (Trans Kalahari Corridor–1800 km)  
Durban-Zimbabwe-Zambia-DRC (North-South Corridor – 2500 km to DRC)  
Beira-Zimbabwe-Zambia-DRC  
Nacala-Malawi-Zambia-DRC | Lobito, Angola  
Walvis Bay, Namibia  
Walvis Bay, Namibia  
Durban, South Africa  
Beira, Mozambique  
Nacala, Mozambique | | |

Source: AfDB compilation based on PIDA Vision 2040 and UNECA Assessing Regional Integration in Africa IV.
The cumbersome administrative procedures and poor facilities within the transit countries, underscore the need for a greater number of efficient transit corridors and for better coordination and harmonization of customs procedures through the development of OSBPs. Table 2 and Map 3 give an overview of the main corridors among African landlocked and coastal countries as well as existing and planned OSBPs that will help reduce delays at borders and costs of trade, and consequently increase the competitiveness and productivity of African countries.

Map 3 Potential One-Stop Border Posts based on PIDA Vision 2040

Source: Study on Program for Infrastructure Development in Africa (PIDA Vision 2040)
5.1 West Africa

In the West African sub-region, UEMOA and ECOWAS have taken the lead to facilitate trade transportation and harmonize customs procedures through the development of OSBPs /Joint Border Posts (JBPs) at several sites. Currently, four OSBPs are under construction on the borders between Nigeria and Benin (Krake Plage), Togo and Ghana (Akuna-Nopepe), Benin and Niger (Malanville), and Togo and Burkina Faso (Cinkansé). The physical infrastructure and other technical designs of the first ECOWAS JBP (Sémé Kraké Plage JBP between Nigeria and Benin) were validated in February 2010. UEMOA is also planning to develop other JBPs on the borders of Burkina Faso, Mali, Côte d’Ivoire, Senegal, Guinea Bissau, and Niger. Overall, the PIDA report recommends the construction and implementation of 13 OSBPs in West Africa, namely Kaouara–Nian-goloko (Burkina Faso/Côte d’Ivoire), Koloko–Héremakono (Mali/Burkina Faso), Pagà–Dakola (Burkina Faso/Ghana), Diboli (Burkina Faso/Niger), Cinkansé (Burkina Faso/Togo), Kidira (Mali/Senegal), Gaya (Niger/Benin), Ganta (Côte d’Ivoire/Liberia), Maka (Liberia/Sierra Leone), Mano River (Sierra Leone/Guinea), Pamalap & São Vicente (Guinea/Guinea Bissau), Seleti (Senegal/Gambia), and Rosso (Senegal/Mauritania).

The potential benefits of the JBPs include better quality and faster regional transportation and road transit, less waiting times at the borders, reduction of transport costs, free flow of exchanges, improved security of freight and passenger movements, and higher volumes of trade. The Cinkansé Border Post, located between Togo and Burkina Faso, will facilitate trade on a busy traffic route from the Port of Lomé to Burkina Faso, Mali, and Niger. Currently, trucks and passengers have to pass through 12 agencies, 6 at each border (Police, Immigration, Customs, Water & Forestry, Veterinary and SPS, and Gendarmerie). With the construction of the JBP, the flow of traffic and clearance of trade goods will improve significantly, and the concerned governments will benefit from harmonized control procedures and increased revenues (administrative charges for use of Cinkansé JBP agreed with UEMOA range from US$ 4 for a vehicle of less than 9 passengers to a freight of US$ 100 for a vehicle loaded with goods).

5.2 East and Southern Africa

In East and Southern Africa, many OSBP initiatives have already begun and successful systems are being implemented on the borders between Kenya and Uganda (Malaba), Zambia and Zimbabwe (Chirundu), and Zimbabwe and Zambia (Forbes–Machinga). Unlike in West Africa, the development of OSBPs in Southern Africa is agreed on a bilateral basis, with SADC and COMESA providing support to the governments and agencies involved. The EAC is currently piloting the development of the Namanga (Kenya–Tanzania), Busia (Kenya–Uganda) and Malaba OSBPs. Bilateral discussions and negotiations are underway for the procurement and design of the Gatumu–Katunga (Uganda–Rwanda) and the Kagito–Mirimari (Rwanda–Uganda) OSBPs. The other borders envisioned by the PIDA study to be converted into OSBPs include Mpondwe (Uganda–DRC), Isshasha (Uganda–DRC), Bunagana (Uganda–DRC), Cyangugu (Rwanda–DRC), and Tunduma–Nakonde (Tanzania–Zambia). The aim is to improve customs clearances and other services at the borders, boost intraregional trade, as well as improve the revenue collections of governments. For instance, in Uganda where intra-EAC trade contributes to over 50 percent of customs collections, the improved customs clearances and

19 CDC, ICA, EAC, and JICA, One Stop Border Post (OSBP) Source Book. September 2011.
20 Ibid.
increased cross-border trade through the establishment of OSBPs will further boost the Uganda Revenue Authority collections.21

5.3 Central and North Africa

The Central and North African countries are the least integrated in terms of road density and intraregional trade. While the road network and the quality of transport infrastructure in North Africa surpass the African average, it is the limited intraregional trade that is a major problem. North African countries trade more internationally, mostly with the EU and other OECD countries, than intraregionally. Central Africa is characterized by poor infrastructure (road, railroads, ports, and ICT), inefficient transportation services, and the phenomenon of roadblocks, all of which result in high transportation and trade costs. A comprehensive and coordinated approach to facilitate intraregional and international trade, through improved infrastructure, reduced checkpoints, and harmonized customs and border procedures, will be key to expanding trade and strengthening the integration agenda in the sub-region.

Promoting the development of OSBPs and corridor development programs in these two sub-regions of Central and North Africa will not only expand intraregional and international trade, it will also boost competitiveness and inclusive economic growth. For instance, developing regional transportation infrastructure and OSBPs in Ouajda–Tlemcen (Morocco–Algeria), Ghardimaou (Algeria–Tunisia), Ras Adjir (Tunisia–Libya), and Musaid–Saloum (Libya–Egypt) will contribute to increased production and exchange between North African countries and improve access to social services, especially by the poor and disadvantaged regions of the countries.

6 Conclusion and Recommendations

This paper has explored the extent to which inefficient border posts and checkpoints in many African countries are contributing to low intraregional trade activity. The paper found that improving and harmonizing customs procedures as well as addressing corruption and other illicit practices that take place at checkpoints can significantly reduce the cost of trade and increase government revenues.

While there has been a consensus among African leaders and policymakers on the need to fast-track improvements in trade and regional integration, progress in facilitating the cross-border movements of goods and services has generally been slow. Trade facilitation measures in Africa have ranged from the reduction of tariffs and the removal of quotas, to the creation of sub-regional customs unions and a common market. Nonetheless, many obstacles remain and there is a clear imperative to improve trade transport infrastructure and services and to strengthen the efficiency of border clearance procedures as a means to reduce the high cost of trade in Africa and make the continent more competitive.

One approach to address these problems is the establishment of One Stop Border Post (OSBP) or Joint Border Post (JBP) systems. Improving the efficiency of customs procedures through OSBPs will not only help increase the flow of goods across borders, it will also significantly improve African countries’ productivity and competitiveness, contribute to raising government revenues, and increase business and income opportunities, especially for landlocked African countries.

In order to promote a harmonized and integrated border management system through the creation of a OSBP/JBP, the following steps should be considered:

- The movement to more integrated border agencies operations should start with an analysis/mapping of each agency’s existing procedures, mandate, and operations. Based on these findings, a new set of joint operational procedures need to be agreed upon with all agencies involved.
- A governance model for the JBP will need to be defined (financing modalities, operational framework), delegation of different responsibilities, etc.
- A careful study of existing traffic flows at the JBP, together with waiting times, document processing times, customs clearance times, among other things, would need to be undertaken. After the JBP is in place, a monitoring and evaluation system should be designed to measure the impact of the changes and to continuously identify possible bottlenecks at the border post.
- New operational procedures for all

border-crossing agencies should be designed, leading to the development of common documents and integrated procedures.

- The delegation of responsibilities and tasks, the exchange of information, as well as the need to operate on an extraterritorial basis for some agencies requires that an enabling legal and regulatory framework be prepared.
- The decision to share data between the different agencies and Departments operating at the border will require a new IT environment, and possible the introduction of a Single Window platform.
- All procedures should comply with the highest international standards for data exchange and the use of data elements.