



ENHANCING TRADE FACILITATION IN AFRICA: CHALLENGES, OPPORTUNITIES, AND BEST PRACTICES FOR ECONOMIC GROWTH AND REGIONAL INTEGRATION

Baseline Report 2024



THE AFRICAN CAPACITY BUILDING FOUNDATION | FONDATION POUR LE RENFORCEMENT DES CAPACITES EN AFRIQUE

This report is produced by the African Capacity Building Foundation (ACBF). The findings, interpretations, and conclusions expressed in this publication do not necessarily reflect the views of the ACBF Executive Board or the Board of Governors. ACBF does not guarantee the precision of the data included in this work.

The African Capacity Building Foundation encourages the use of this publication for knowledge and learning purposes in any medium or format under the following terms: Adaptation - You can remix, transform, and build upon this publication. If you create an adaptation of this work, please add the following disclaimer along with the attribution: This is an adaptation of an original work by The African Capacity Building Foundation (ACBF). Views and opinions expressed in the adaptation are the author's or authors' sole responsibility and are not endorsed by The African Capacity Building Foundation.

Non-Commercial- You may not use this publication for commercial purposes.

Attribution - Please cite the work as follows: African Capacity Building Foundation (ACBF). 2024 "Enhancing Trade Facilitation in Africa: Challenges, Opportunities, and Best Practices for Economic Growth and Regional Integration: Baseline Report 2024", African Capacity Building Foundation (ACBF), Harare. License: Creative Commons Attribution CC BY 4.0.



ACKNOWLEDGEMENTS

This report was prepared by the African Capacity Building Foundation (ACBF) under the leadership of Mamadou Biteye, Executive Secretary. The work at ACBF was conducted by a dedicated team within the Programs and Impact Department, guided by Director Mbacke Niang. The technical team was led by Trevor Simumba and Barassou Diawara, with valuable contributions from Fatou Diouf, Grand Mutondo, Tsitsi Chakonza, Ruramai Marandu, and Marvellous Matswimbo. Cyril Prinsloo, alongside Kayo Asiko of Imani Development (South Africa) (Pty) Ltd, played a crucial role in preparing the report. ACBF extends its sincere gratitude to Afreximbank for its financial support, which made the production of this report possible. The views expressed herein are those of the authors and do not necessarily reflect the opinions or endorsements of ACBF.



Table of

CONTENTS

EXECUTIVE SUMMARY	4
1 INTRODUCTION	5
2 TRADE FACILITATION IN AFRICA	6
2.1 Importance of Trade Facilitation	6
2.1.1 Economic Benefits	7
2.1.2 Regional Integration	8
2.1.3 Global Competitiveness	9
2.1.4 Trade Facilitation and MSMEs	10
2.2 African Trade Facilitation Policy Frameworks	12
2.2.1 Background	12
2.2.2 Regional Economic Communities	12
2.2.3 African Continental Free Trade Agreement	13
2.2.4 World Trade Organization Trade Facilitation Agreement	16
3 STATUS QUO OF TRADE FACILITATION EFFORTS IN AFRICA	17
3.1 Implementation of Trade Facilitation Across Africa	17
3.2 General Trade Facilitation Measures	20
3.2.1 Transparency Measures	21
3.2.2 Formalities	21
3.2.3 Institutional Arrangements and Cooperation Measures	22
3.2.4 Transit Facilitation Measures	23
3.2.5 Digital Trade Facilitation Measures	24
3.3 Summative Section	25
4 KEY TRADE FACILITATION CHALLENGES	26
4.1 Policymakers	26
4.1.1 Coordination Among Government Ministries, Agencies and Other Stakeholders	26
4.1.2 Implementation of Regional Agreements and Protocols	27
4.1.3 Policy Coherence and Consistency	27
4.2 Implementing Border Agencies	28
4.2.1 Customs and Administrative Entry Procedures	28
4.2.2 Infrastructure and Equipment at Border Points	28
4.2.3 Quantitative Restrictions and Additional Trade Barriers	29
4.3 MSMEs	29
4.3.1 Rules of Origin	30
4.3.2 NTBs, TBTs and SPS	31
4.3.3 Corruption	32
5 OPPORTUNITIES AND BEST PRACTICES	32
5.1.1 Policy Reforms	32
5.1.2 Technology / Infrastructure	32
5.1.3 Stakeholder Engagement and Cooperation in Trade Facilitation	33
5.1.4 Cooperation with Development Partners and International Organisations	34
5.1.5 Capacity Building and Training Programs	34
6 RECOMMENDATIONS AND CONCLUSION	35

TABLE OF

FIGURES

- 13** **Figure 1:**
Ratification of AfCFTA
- 14** **Figure 2:**
Key Features of the AfCFTA Agreement
- 17** **Figure 3:**
Average Implementation Rates of TF Measures Globally
- 18** **Figure 4:**
Comparison of TFI between 2015 and 2023
- 18** **Figure 5:**
Historical Comparison of TFI, Africa
- 19** **Figure 6:**
Implementation rate by subregion and Country Classification, 2023
- 20** **Figure 7:**
TF Implementation rate by country, 2023
- 20** **Figure 8:**
General Trade Facilitation Measures, Africa and Global Average, 2023
- 21** **Figure 9:**
Status of implementation, Africa, Transparency
- 22** **Figure 10:**
Status of implementation, Africa, Formalities
- 23** **Figure 11:**
Status of implementation, Africa, Institutional measures
- 23** **Figure 12:**
Status of implementation, Africa, Transit
- 24** **Figure 13:**
Status of implementation, Africa, Paperless trade
- 25** **Figure 14:**
Status of implementation, Africa, Cross Border Paperless Trade
- 30** **Figure 15:**
Status of implementation, Africa, SME Measures



ABBREVIATIONS

ACBF	African Capacity Building Foundation
AFREXIMBANK	African Export-Import Bank
AEO	Authorized Economic Operator
AfCFTA	African Continental Free Trade Agreement
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ECOWAS	Economic Community of West African States
FTAs	Free Trade Agreements
GATT	General Agreement on Tariffs and Trade
ICT	Information and Communication Technology
IOT	Internet of Things
LDCs	Least Developed Countries
MSMEs	Micro, Small, and Medium Enterprises
NTBs	Non-Tariff Barriers
NTFC	National Trade Facilitation Committee
NTMs	Non-Tariff Measures
PAPSS	Pan-African Payment and Settlement System
RECs	Regional Economic Communities
SACU	Southern African Customs Union
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SPS	Sanitary and Phytosanitary
TBTs	Technical Barriers to Trade
TF	Trade Facilitation
TFA	Trade Facilitation Agreement
UNTF	UN Global Survey on Digital and Sustainable Trade Facilitation
WAMZ	West African Monetary Zone
WTO	World Trade Organization





EXECUTIVE SUMMARY

This report provides a comprehensive analysis of trade facilitation (TF) in Africa. It explores the importance of TF in boosting economic growth, regional integration, and global competitiveness. The report identifies key TF challenges faced by policymakers, implementing border agencies, and Micro, Small, and Medium Enterprises (MSMEs). It also highlights best practices and opportunities for improving TF across the continent. It forms the basis of subsequent capacity building and communications products for the ACBF.



Trade Facilitation in Africa

Trade facilitation is critical for Africa's economic growth, regional integration, and global competitiveness. Simplifying, modernising, and harmonising export and import processes can significantly reduce transaction costs and enhance the movement of goods across borders. The African Continental Free Trade Agreement (AfCFTA) aims to create a single continental market for goods and services, facilitating free movement and fostering economic integration. This report provides a comprehensive analysis of TF in Africa, identifying challenges, opportunities, and best practices to support policymakers, border agencies, and MSMEs.



Status Quo of Trade Facilitation Efforts in Africa

The UN Global Survey on Digital and Sustainable Trade Facilitation (UNTF Survey) shows that African countries lag behind other regions in TF implementation. Developed economies lead with an 85% adoption rate of TF measures, while Sub-Saharan Africa stands at 57%. Despite this, progress has been made, with African implementation rates increasing from 49.98% in 2021 to 58.51% in 2023. North African countries lead in TF implementation, followed by Southern African economies. However, Central Africa remains the lowest in implementation rates. Some of the key trade facilitation challenges for the following respective stakeholders include:



Policymakers

- **Coordination and Communication:** Lack of coordinated efforts among government agencies leads to inefficiencies and delays. Establishing formal mechanisms for regular communication and cooperation between customs, health, transport, and other relevant agencies is essential.
- **Implementation of Regional Agreements:** The benefits of regional agreements like the AfCFTA are not fully realised due to inadequate implementation. Aligning national policies with regional commitments is crucial to avoid fragmented and inconsistent trade practices.
- **Policy Coherence and Consistency:** Ensuring transparency in bureaucratic processes and providing accessible trade-related information are critical for building trust and streamlining intra-African trade.



Implementing Border Agencies

- **Capacity and Training of Customs and Border Officials:** Inadequate training leads to inefficiencies and delays at border points. Capacity-building initiatives are necessary to equip customs officials with modern TF practices.
- **Infrastructure and Equipment at Border Points:** Poor infrastructure and outdated equipment significantly hamper trade. Investments in modernising port and road infrastructure, and adopting digital solutions, are essential for improving trade efficiency.
- **Corruption:** Corruption at various stages of the trade process creates uncertainty and inefficiency, disproportionately affecting MSMEs. Combating corruption requires strong political will, institutional reforms, and the adoption of technology to enhance transparency.



MSMEs

- **Non-Tariff Barriers (NTBs) and Non-Tariff Measures (NTMs):** These barriers, including quality control inspections, roadblocks, and additional trade charges, pose significant obstacles. NTBs often have a more substantial impact on trade than tariff barriers, particularly affecting MSMEs.
- **Technical Barriers to Trade (TBTs) and Sanitary and Phytosanitary (SPS) Measures:** Inconsistent standards and health and safety specifications hinder trade. Harmonisation of standards and simplification of SPS measures are crucial for facilitating smoother trade.
- **Access to Trade Information:** MSMEs often lack the resources to access comprehensive trade-related information, making it difficult for them to navigate international markets and comply with complex regulations.



Opportunities and Best Practices

Despite the challenges, several best practices highlight how effective TF measures can be implemented. The Pan-African Payment and Settlement System (PAPSS), developed by Afreximbank and endorsed by the African Union, facilitates cross-border payments, simplifying intra-African trade transactions. The Global Trade Helpdesk, a joint initiative by ITC, UNCTAD, and WTO, provides MSMEs with accessible trade-related information, including market requirements, customs tariffs, taxes, and business opportunities. National Single Windows established throughout SADC streamline access to necessary regulations, standards, and laws for business operations and exports, significantly reducing compliance costs for MSMEs.



Conclusion

Trade facilitation is crucial for Africa's economic development, regional integration, and global competitiveness. Addressing the identified challenges requires coordinated efforts from policymakers, border agencies, MSMEs, and development partners. By implementing the recommendations outlined in this report, Africa can enhance its trade facilitation landscape, promote economic growth, and achieve the ambitious objectives of the AfCFTA. Effective trade facilitation will not only reduce trade costs and increase trade volumes but also support job creation, poverty reduction, and sustainable development across the continent.



Trade facilitation (TF) refers to the simplification, modernisation, and harmonisation of export and import processes. It is an essential component of international trade that seeks to reduce the complexities, time, and costs associated with the movement of goods across borders. By streamlining customs procedures, improving infrastructure, and adopting modern technologies, TF aims to create a more efficient and predictable trading environment.¹ This is particularly important for developing regions such as Africa, where trade barriers can significantly hinder economic growth and integration.

Trade facilitation is critical for Africa's economic growth, regional integration, and global competitiveness. The continent has long recognised the need to enhance trade processes to foster economic development. The African Continental Free Trade Agreement (AfCFTA), which aims to create a single continental market for goods and services, is a landmark initiative in this regard. By promoting free movement of goods and services, the AfCFTA seeks to reduce trade barriers, increase intra-African trade, and enhance the continent's integration into global value chains.

Policy frameworks such as the AfCFTA provide a comprehensive blueprint for achieving these goals. The agreement includes various protocols, annexes, and guidelines designed to address trade facilitation issues. For instance, the Protocol on Trade in Goods includes provisions for customs cooperation, trade facilitation measures, and transit procedures. By aligning national policies with these regional frameworks, African countries can create a more cohesive and efficient trading environment.

Despite the promising frameworks and initiatives, the implementation of trade facilitation measures in Africa remains uneven. According to the UN Global Survey on Digital and Sustainable Trade Facilitation, African countries lag behind other regions in implementing TF measures. Developed economies lead with an 85% adoption rate, while Sub-Saharan Africa stands at 57%. However, there has been notable progress, with implementation rates in Africa increasing from 49.98% in 2021 to 58.51% in 2023. North African countries lead in TF implementation, followed by Southern African economies, while Central Africa remains the lowest in implementation rates.²

One of the primary challenges faced by policymakers is the lack of coordination and communication among government agencies. The COVID-19 pandemic underscored the critical need for coordinated efforts to manage border controls and facilitate trade effectively. Without formal mechanisms for regular communication and cooperation between customs, health, transport, and other relevant agencies, inefficiencies and delays become inevitable. Policymakers must also ensure the effective implementation of regional agreements like the AfCFTA. Aligning national policies with regional commitments is essential to avoid fragmented and inconsistent trade practices. Additionally, ensuring policy coherence and consistency by enhancing transparency in bureaucratic processes is vital for building trust and streamlining intra-African trade.

Implementing border agencies face significant challenges related to capacity and training. Inadequate training of customs and border officials leads to inefficiencies and delays at border points. There is a pressing need for capacity-building initiatives to equip customs officials with modern TF practices. Infrastructure and equipment at border points also pose a major challenge.

Poor infrastructure and outdated equipment significantly hamper trade. Investments in modernising port and road infrastructure and adopting digital solutions are essential for improving trade efficiency. Corruption at various stages of the trade process creates uncertainty and inefficiency, disproportionately affecting MSMEs. Combating corruption requires strong political will, institutional reforms, and the adoption of technology to enhance transparency.

MSMEs, which are the backbone of African economies, face numerous challenges in participating in international trade. Non-Tariff Barriers (NTBs) and Non-Tariff Measures (NTMs) present substantial obstacles. These barriers, including quality control inspections, roadblocks, and additional trade charges, add layers of complexity and cost that disproportionately affect smaller businesses. NTBs often have a more substantial impact on trade than tariff barriers, making it difficult for MSMEs to compete effectively. Technical Barriers to Trade (TBTs) and Sanitary and Phytosanitary (SPS) measures also pose significant challenges. Inconsistent standards and health and safety specifications hinder trade, necessitating the harmonisation of standards and simplification of SPS measures. Additionally, MSMEs often lack the resources to access comprehensive trade-related information, making it difficult for them to navigate international markets and comply with complex regulations.

Despite the challenges, several best practices highlight how effective TF measures can be implemented. Policymakers can learn from successful policy reforms that have streamlined trade processes and reduced barriers. The adoption of technology, such as digital single windows and blockchain, has significantly improved trade efficiency and transparency. Stakeholder engagement is crucial, with successful examples showing the benefits of involving both public and private sectors in the design and implementation of TF measures. Development cooperation plays a vital role in supporting capacity-building initiatives and providing technical assistance. Additionally, the collaboration between international organisations and African countries has facilitated the sharing of best practices and the implementation of effective TF measures.

This report provides a comprehensive analysis of trade facilitation (TF) in Africa. It explores the importance of TF in boosting economic growth, regional integration, and global competitiveness. The report identifies key TF challenges faced by policymakers, implementing border agencies, and MSMEs. It also highlights best practices and opportunities for improving TF across the continent. It forms the basis of subsequent capacity building and communications products for the ACBF.

¹ Sakyi, D and Afesorgbor, SK. 2019. The effects of trade facilitation on trade performance in Africa. <https://www.econstor.eu/bitstream/10419/267525/1/125926068.pdf>

² UNCTAD. 2023. Digital and Sustainable Trade Facilitation: Global Report 2023. <https://www.unftsurvey.org/files/documents/report-digital-sustainable-2023-global.pdf>

The methodology used to develop the TF Baseline Report was a multi-step process designed to ensure a comprehensive and evidence-based analysis of the current state of TF in Africa. It began with an extensive literature review and data collection phase, where existing policy documents, reports, and statistical data were analysed to build a solid foundation of knowledge. This was followed by select stakeholder consultations involving policymakers, business leaders, trade experts, and CSOs, who provided qualitative insights into the challenges, gaps, and opportunities in TF, as well as validated the findings from the literature review. The data gathered was then subjected to both quantitative and qualitative analysis, enabling the identification of key trends and patterns. Additionally, best practices and innovative approaches were identified through the examination of successful case studies from within Africa and other regions. These steps culminated in the drafting of the baseline report, which was then reviewed and validated with the ACBF to ensure its relevance and accuracy. This methodology ensures that the TF Baseline Report is both thorough and actionable, providing a crucial evidence base for the project's subsequent activities.

In this report, the focus on policymakers/CSOs, border agencies, and MSMEs as key stakeholders is driven by the critical roles these groups play in the implementation and success of trade facilitation measures in Africa. Policymakers and CSOs are essential in shaping the regulatory framework and advocating for inclusive and equitable practices, while border agencies are directly involved in the operational aspects of trade processes. MSMEs, as the backbone of the African economy, require targeted support to fully benefit from trade facilitation initiatives. This stakeholder focus is informed by feedback from previous ACBF projects, which highlighted the need for capacity-building support for these actors to enhance their effectiveness in advancing trade facilitation across the continent.



2 TRADE FACILITATION IN AFRICA

2.1 Importance of Trade Facilitation

Trade facilitation plays a pivotal role in the global economy, which is largely dictated by the flow of international trade. This flow embodies the new order of the global economy, ensuring the movement of goods and the factors involved in their production across borders. The effectiveness of this movement is significantly influenced by how well trade is facilitated among the participating countries. Efficient trade facilitation enhances the smooth transit of goods, minimising delays and reducing costs, thereby contributing to a more robust and interconnected global market.³

Despite the importance of trade facilitation, global trade growth has faced considerable challenges. The lingering effects of the COVID-19 crisis continue to impede international trade, while geopolitical conflicts have further disrupted global supply chains. For instance, the trade tensions between the United States and China have led to increased tariffs and uncertainties, affecting trade flows and raising costs. Similarly, the war in Ukraine has had significant repercussions on global energy and food supplies, contributing to high inflation. In this challenging environment, trade facilitation is critical for supporting sustainable development. It does so by enabling more efficient and transparent trade procedures, which enhance the resilience of global supply chains and reduce overall trade costs.⁴

According to the World Trade Organization (WTO), trade facilitation involves the simplification, modernisation, and harmonisation of export and import processes to improve border and transport efficiency and reduce transaction costs associated with trade flows.⁵ This is a fairly narrow definition of trade facilitation. A broader definition of trade facilitation measures includes two dimensions: hard and soft.⁶ The hard dimension pertains to tangible infrastructure such as ports, roads, and telecommunications. These physical assets are essential for the efficient movement of goods and services. On the other hand, the soft dimension encompasses institutional aspects such as customs management, regulatory frameworks, and the overall business environment within a country. Effective soft trade facilitation involves streamlining procedures, enhancing transparency, and building the capacity of institutions involved in trade.

While the traditional view of trade facilitation focuses on removing barriers to trade in goods at the border through improved border and transit management procedures, the modern perspective considers a broader scope. This expanded definition addresses challenges along the entire value chain, recognising the economic impact of each process in the production-distribution-consumer chain on the time and cost of delivering goods into the trading system.

This comprehensive view of trade facilitation encompasses all transaction costs directly and indirectly associated with the international trading system. It highlights that although border movement is a critical component, it is not the sole challenge affecting the overall cost of delivery along the supply chain.⁷

Trade facilitation measures must, therefore, assist countries with more than just border issues. They should be designed to lower overall trade costs, making countries more competitive in regional and global markets.

In this wider sense, trade facilitation covers various causes of high trade costs and all regulatory measures affecting the flow of imports and exports, including:

- **Transportation Costs and Logistics** – Improving the efficiency and reducing the costs of transportation and logistics services.

³ Sakyi, D and Afesorgbor, SK. 2019. The effects of trade facilitation on trade performance in Africa. <https://www.econstor.eu/bitstream/10419/267525/1/125926068.pdf>

⁴ UNCTAD. 2023. Digital and Sustainable Trade Facilitation: Global Report 2023. <https://www.unctad.org/files/documents/report-digital-sustainable-2023-global.pdf>

⁵ https://www.wto.org/english/tratop_e/tradfa_e/tradfa_introduction_e.htm

⁶ Ismail, F and Mataba, K. 2021. COVID-19 and trade facilitation in Southern Africa. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-67-COVID-19-trade-facilitation-Southern-Africa.pdf>

⁷ Viljoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

- **Physical Infrastructure** – Developing and maintaining ports, roads, and other essential infrastructure.
- **Additional Market Entry Barriers** – Addressing non-tariff barriers such as customs surcharges, non-automatic licensing, and transfer delays.
- **Customs Control Measures** – Streamlining customs procedures and reducing bureaucratic hurdles.
- **Technical Regulations** – Ensuring that technical regulations do not unnecessarily hinder trade.
- **Quality Control Inspections** – Implementing efficient quality control measures to facilitate smoother trade flows.

This modern view of trade facilitation acknowledges the multifaceted nature of trade costs and the need for comprehensive measures to address them. By doing so, it supports the overarching goal of enhancing trade efficiency and economic competitiveness on both regional and global scales.⁸

Trade facilitation, if done correctly, can lead to numerous **economic benefits**, including increased trade performance and economic growth. By streamlining trade processes, countries can experience higher trade flows, which in turn boost economic activity and create employment opportunities. This increased economic engagement promotes competition, education, health, and the dissemination of technical knowledge, all contributing to a more robust and equitable economy.

Moreover, trade facilitation plays a crucial role in **regional integration**, potentially enabling African countries to better connect with each other and with global markets. Improved infrastructure and harmonised regulations facilitate smoother trade across borders, enhancing regional economic cooperation and integration. This is vital for the continent's economic development, as it allows countries to leverage their comparative advantages and engage more effectively in regional and global value chains (RVCs and GVCs).

Additionally, by reducing trade costs and increasing efficiency, trade facilitation **enhances global competitiveness** for African firms. It allows them to compete more effectively in international markets, attracting investment and fostering innovation. This not only supports economic development but also helps in reducing poverty and improving overall social welfare.

The following sections will explore these economic benefits, the impact on regional integration, and how trade facilitation can boost global competitiveness in greater detail. Understanding these aspects will highlight the critical role of trade facilitation in driving sustainable economic development across Africa.



2.1.1 Economic Benefits

2.1.1.1 Reduction in Trade Costs and Increase in Trade Volumes

Trade facilitation measures are pivotal in reducing trade costs and increasing trade volumes. By simplifying and modernising customs procedures, improving infrastructure, and enhancing transparency, these measures streamline the movement of goods across borders. Reduced bureaucratic hurdles and faster customs clearance processes lower the costs associated with delays and compliance. Improved transport and logistics infrastructure further cut down on shipping and handling expenses. Additionally, harmonised standards and regulations minimise the need for redundant checks and ensure smoother trade flows.

A coordinated regional approach to trade facilitation can significantly enhance these benefits. When traders within the same region are not burdened by differing customs formalities and cross-border requirements, cross-border trade becomes more efficient. Uniform formalities and procedures, conceived and coordinated at the regional level, can remove bottlenecks, increase the participation of small and medium-sized enterprises (MSMEs), and enhance the competitiveness of RVCs. This harmonisation helps to reduce the overall cost of doing business, stimulating the development of RVCs and facilitating intra-regional investment in the long term.⁹

As a result, businesses face lower operational costs, making regional and international trade more accessible and attractive. This reduction in costs incentivises higher trade volumes, as exporters and importers can expand their activities with greater efficiency and reliability, ultimately boosting economic growth and development.

Trade facilitation measures have a significant impact on lowering trade costs, particularly in developing regions such as Africa. According to WTO estimates, the trade costs for developing countries are equivalent to applying an ad valorem tariff of 219%, with African countries facing even higher costs at approximately 260%.¹⁰ Implementing effective trade facilitation measures can significantly reduce these costs. For Africa, the average reduction in trade costs is estimated to be 16.5%, the highest among all regions. Coastal African countries could see a reduction of about 16.8%, while landlocked nations could experience a decrease of around 15.7%.¹¹

⁸ Viljoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

⁹ Ismail, F and Mataba, K. 2021. COVID-19 and trade facilitation in Southern Africa. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-67-COVID-19-trade-facilitation-Southern-Africa.pdf>

¹⁰ WTO. 2021. Strengthening Africa's Capacity to Trade. https://www.wto.org/english/res_e/booksp_e/strengthening_africas_capacity_to_trade_e.pdf

¹¹ WTO. 2021. Strengthening Africa's Capacity to Trade. https://www.wto.org/english/res_e/booksp_e/strengthening_africas_capacity_to_trade_e.pdf



2.1.1.2 Impact on Domestic Revenue Generation

Trade facilitation measures play a critical role in increasing trade revenues, which are a substantial component of the total revenue for many governments in the developing world. By modernising customs procedures, developing countries have been able to significantly enhance their ability to collect international trade taxes efficiently. Africa is no exception to this trend. Between 2000 and 2014, taxes on international trade averaged between 5% and 40% of total revenue in most African countries.¹² Implementing policies aimed at facilitating trade can, therefore, generate more revenue, which can be used to fund the growth and developmental needs of the continent. As noted above, improved trade facilitation leads to higher trade volumes, resulting in increased tax revenues from international trade, which are crucial for supporting public services and infrastructure development.



2.1.1.3 Socio-economic Benefits and Job Creation

One key aspect of trade facilitation is its ability to generate job creation opportunities. When trade barriers are reduced and processes streamlined, businesses can operate more efficiently and expand their operations. This expansion often leads to the creation of new jobs, not only within the businesses themselves but also in supporting industries such as logistics, warehousing, and transportation. For instance, the modernisation of customs and border management systems can lead to faster clearance times, which reduces delays and costs for businesses, encouraging them to invest more in their operations and hire additional staff.¹³

Furthermore, trade facilitation measures can lead to better social welfare outcomes by making goods more affordable and accessible to a broader population. Lower trade costs translate to reduced prices for consumer goods, which is particularly beneficial for low-income households. This can improve living standards and reduce poverty levels, contributing to greater social stability. Additionally, as businesses grow and new jobs are created, there is an increase in income levels, which can lead to improved access to education, healthcare, and other essential services, further enhancing socio-economic development.¹⁴



2.1.2 Regional Integration

2.1.2.1 Enhancement of Intra-African Trade

TF measures are essential for enhancing regional integration and promoting intra-African trade. Despite progress, intra-African trade remains relatively low, with intra-African exports making up only 17% of total African exports in 2017, compared to 69% in Europe and 59% in Asia.¹⁵ This indicates a significant opportunity for economic value that can be unlocked through better TF. By harmonising customs procedures, reducing trade barriers, and improving infrastructure, TF measures can make cross-border trade more efficient and less costly. This, in turn, encourages countries within the region to trade more with each other. When African countries engage in intra-regional trade, they tend to exchange higher-value goods, such as manufactured and processed products, which account for a larger share of regional exports compared to exports leaving the continent. This trade in manufactured goods fosters knowledge transfer, value creation, and economic diversification, all of which are crucial for sustainable development and industrialisation.¹⁶

The implementation of TF measures is crucial for realising the ambitious objectives of the African Continental Free Trade Area (AfCFTA) in boosting intra-African trade. According to projections by UN Economic Commission for Africa (UNECA), enhanced TF under the AfCFTA framework is expected to increase intra-African trade by 21.9% of total African trade. Similarly, UN Trade and Development (UNCTAD) estimates that improvements in TF could add US\$85 billion to intra-African trade, representing a 128.4% increase.¹⁷ These significant gains highlight the potential of effective TF measures in enhancing regional trade, economic integration, and overall economic growth across the continent.



2.1.2.2 Strengthening of Regional Value Chains

Trade facilitation is essential for developing and integrating RVCs. Simplified and harmonised trade procedures reduce the complexity and costs of exporting and importing goods. Aligning customs procedures, documentation requirements, and standards across countries makes it easier for firms to navigate the trade environment and integrate into cross-border production networks. Reducing non-tariff barriers, such as excessive border controls and cumbersome administrative procedures, creates a more predictable trading environment. This lowers transaction costs for firms, allowing them to compete more effectively and engage in RVCs by supplying components, raw materials, and services to other firms in the region. Investments in infrastructure and logistics improve business' ability to connect with regional markets. Efficient transport networks and modernised ports reduce the time and cost of transporting goods, making it more feasible for firms to participate in RVCs by ensuring timely delivery and enhancing reliability. Trade facilitation also promotes collaboration and regional integration among countries. Cooperation on trade policies, customs procedures, and infrastructure development creates a more integrated regional market, enabling the seamless movement of goods and services across borders.

¹² Sakyi, D and Afesorgbor, SK. 2019. The effects of trade facilitation on trade performance in Africa. <https://www.econstor.eu/bitstream/10419/267525/1/125926068.pdf>

¹³ UNECA. 2013. Trade Facilitation from an African Perspective. <https://repository.uneca.org/handle/10855/23463>

¹⁴ Sakyi, D and Afesorgbor, SK. 2019. The effects of trade facilitation on trade performance in Africa. <https://www.econstor.eu/bitstream/10419/267525/1/125926068.pdf>

¹⁵ Songwe, V. 2019. Intra-African trade: A path to economic diversification and inclusion. <https://www.brookings.edu/articles/intra-african-trade-a-path-to-economic-diversification-and-inclusion/>

¹⁶ Songwe, V. 2019. Intra-African trade: A path to economic diversification and inclusion. <https://www.brookings.edu/articles/intra-african-trade-a-path-to-economic-diversification-and-inclusion/>

¹⁷ Talkmore, C. 2019. Trade facilitation and the African Continental Free Trade Area. <https://www.tralac.org/documents/events/tralac/2740-tralac-brief-trade-facilitation-and-the-african-continental-free-trade-area-march-2019/file.html>

This integration provides firms with access to larger markets and diversified supply chains, increasing their opportunities for growth and participation in RVCs.¹⁸ Trade facilitation (TF) plays a key role in driving industrialisation by reducing the costs of intermediate and capital-intensive goods essential for industrial growth. Lower costs for these goods accelerate industrialisation and facilitate the acquisition of foreign technology, enabling the establishment and expansion of industries, which in turn creates jobs and stimulates economic growth. Streamlined customs procedures and improved transport infrastructure can significantly reduce delays and costs for businesses, allowing them to expand operations and hire more workers.¹⁹ Moreover, TF enhances intra-regional trade without hindering local production. By decreasing the cost of moving goods between states, TF makes primary and intermediate goods cheaper for manufacturers, enhancing their integration into GVCs and increasing export volumes by lowering production costs. Thus, trade facilitation not only supports industrialisation but also strengthens the overall economic framework by promoting efficient and cost-effective trade practices.²⁰



2.1.3 Global Competitiveness

2.1.3.1 Improvement of Africa's Position in Global Trade

TF plays a role in enhancing Africa's position in global trade by addressing market and coordination failures resulting from information asymmetry. These asymmetries can significantly hinder African firms' and countries' participation in global and regional trade.²¹ TF strategies help limit knowledge gaps, providing African businesses with better access to crucial market information and reducing the disparities that often impede trade from developing countries. Without effective TF measures, market opportunities created through trade agreements remain underutilised, as firms struggle to navigate complex trade environments.

Improving TF also spurs intra-African trade, which in turn enhances the global competitiveness of African firms. Increased trade flows among African countries lead to significant economic expansion, driven by reduced trade costs that improve firms' efficiency and performance.²² Lower trade costs foster productivity growth, making domestic firms more competitive and likely to export. Existing exporters benefit from increased trade volumes, further embedding themselves in international markets.

From the perspective of firms, reducing trade costs through TF can significantly improve the likelihood of entering foreign markets. Even non-exporting firms within the domestic economy can find new opportunities in international markets if trade barriers are lowered. Empirical research confirms the positive association between TF, firm productivity, and export competitiveness.²³ By facilitating smoother, more cost-effective trade, TF measures enable African firms to compete more effectively on the global stage, thereby improving Africa's overall position in global trade.



2.1.3.2 Attraction of Foreign Direct Investment

TF is instrumental in attracting foreign direct investment (FDI) by creating an environment that is conducive to business and investment. African countries have embarked on numerous market reforms to attract financial capital essential for sustained growth and development.²⁴ Effective TF measures, such as reducing transport and energy costs, ensuring efficient telecommunications, streamlining customs administration, and maintaining an efficient judicial system, are critical components of a business-friendly environment.

By lowering the cost and complexity of trade, TF makes African markets more attractive to foreign investors. Investors seek stable and predictable environments where their goods can move smoothly across borders with minimal delays and costs. Efficient customs procedures, reliable infrastructure, and transparent regulatory frameworks are key factors that influence investment decisions. When these conditions are met, investors are more likely to commit capital to the region, fostering economic growth and development.

Furthermore, TF enhances the overall competitiveness of African economies, making them more appealing to multinational companies looking to establish production and distribution hubs. Improved trade logistics and reduced administrative burdens facilitate the efficient movement of goods and services, which is vital for companies operating in global supply chains. This increased efficiency can lead to higher profit margins for businesses, further incentivising FDI.

In addition to improving the investment climate, TF also augments the inadequate domestic financial resources by attracting much-needed financial capital.²⁵ This inflow of FDI can be leveraged to develop infrastructure, enhance technology transfer, and create jobs, contributing to the overall economic development of African countries. By facilitating smoother and more cost-effective trade, African nations can position themselves as attractive destinations for foreign investment, driving economic growth and integration into the global economy.

¹⁸ UNECA. 2024. MSMEs, value chains and trade development in Southern Africa. https://repository.uneca.org/bitstream/handle/10855/50184/2301449-MSMEs%20value%20chains%20and%20trade%20development%20in%20Southern%20Africa_rev2.pdf?sequence=1&isAllowed=y

¹⁹ Sakyi, D and Afesorgbor, SK. 2019. The effects of trade facilitation on trade performance in Africa. <https://www.econstor.eu/bitstream/10419/267525/1/125926068.pdf>

²⁰ Ismail, F and Mataba, K. 2021. COVID-19 and trade facilitation in Southern Africa. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-67-COVID-19-trade-facilitation-Southern-Africa.pdf>

²¹ Sakyi, D and Afesorgbor, SK. 2019. The effects of trade facilitation on trade performance in Africa. <https://www.econstor.eu/bitstream/10419/267525/1/125926068.pdf>

²² Sakyi, D and Afesorgbor, SK. 2019. The effects of trade facilitation on trade performance in Africa. <https://www.econstor.eu/bitstream/10419/267525/1/125926068.pdf>

²³ Sakyi, D and Afesorgbor, SK. 2019. The effects of trade facilitation on trade performance in Africa. <https://www.econstor.eu/bitstream/10419/267525/1/125926068.pdf>

²⁴ Sakyi, D and Afesorgbor, SK. 2019. The effects of trade facilitation on trade performance in Africa. <https://www.econstor.eu/bitstream/10419/267525/1/125926068.pdf>

²⁵ Sakyi, D and Afesorgbor, SK. 2019. The effects of trade facilitation on trade performance in Africa. <https://www.econstor.eu/bitstream/10419/267525/1/125926068.pdf>



2.1.3.3 Enhancement of Export Performance

One of the key benefits of TF is export diversification. Many countries have a narrow export base, relying on a limited number of products, markets, or exporting companies. TF measures can help expand this base by making it easier for new products to reach international markets and for existing products to penetrate new markets.²⁶ By reducing the costs and complexities associated with exporting, TF enables businesses to explore and exploit new opportunities, thereby diversifying their export portfolios.

Participation in international production networks and vertical specialisation offers a pathway for countries to diversify their exports.²⁷ Through TF, countries can integrate into global supply chains, focusing on specific tasks within these chains. This allows even poorer countries to add value to their traditional exports or provide value-added services to foreign buyers and companies. By facilitating smoother trade flows, TF can significantly boost supply chain trade and promote export diversification.

The initial costs of implementing TF measures can be substantial, but research consistently shows that the long-term benefits far outweigh these costs. The WTO's Trade Facilitation Agreement (discussed in more detail in Section 2.2.4 below) is seen as a welfare-improving initiative, as it effectively lowers trade costs and enhances export performance.²⁸ For exporters, reducing red tape and planning for fewer delays means they can capture a larger share of the final product's value, making their exports more profitable.

Moreover, efficient TF not only benefits national exporters but also attracts foreign buyers, further integrating domestic firms into global markets. Conversely, a lack of TF efforts leads to higher import prices and reduced export profitability, negatively impacting a country's trade terms. By implementing robust TF measures, countries can enhance their export performance, ensuring they maximise their trade potential and improve their economic welfare.



2.1.4 Trade Facilitation and MSMEs

MSMEs are fundamental to the economic fabric of many African countries. They contribute significantly to gross domestic product (GDP), job creation, and economic growth. In many African nations, MSMEs account for up to 70% of GDP and represent more than 90% of all businesses.²⁹ They are often seen as the backbone of the economy, driving development and providing a substantial proportion of employment. The UNECA estimates that 80% of African economies are comprised of MSMEs, with 70% of these operating in the informal sector.³⁰

MSMEs provide several critical benefits to the economy. They contribute to GDP through the production of goods and services and act as engines for job creation across various sectors. MSMEs play a vital role in poverty reduction by offering employment opportunities, thereby lifting many out of poverty. They also help develop a reservoir of skilled and semi-skilled workers, forming the building blocks for future industrial expansion. Furthermore, MSMEs facilitate the contextual adaptation of technological innovation and strengthen forward and backward linkages between diverse sectors of the economy.³¹ They also provide fertile ground for the development of entrepreneurial and managerial skills, stimulating broader economic development.

Despite their importance, MSMEs in Africa face numerous challenges that hinder their operations and growth. One of the primary challenges is the business environment, which is influenced by factors such as the macroeconomic landscape, infrastructure, security, political stability, social and technological conditions, and the legal and regulatory framework.³² These factors create a unique business and institutional setting in Africa that presents both challenges and opportunities for MSMEs.

²⁶ Hoekman, B and Shepherd, B. 2015. Who profits from trade facilitation initiatives? Implications for African countries. <https://www.sciencedirect.com/science/article/pii/S2214851515000055>

²⁷ Hoekman, B and Shepherd, B. 2015. Who profits from trade facilitation initiatives? Implications for African countries. <https://www.sciencedirect.com/science/article/pii/S2214851515000055>

²⁸ Hoekman, B and Shepherd, B. 2015. Who profits from trade facilitation initiatives? Implications for African countries. <https://www.sciencedirect.com/science/article/pii/S2214851515000055>

²⁹ Hansen-Addy, AE, Parrilli, DM and Tingbani, I. 2023. The impact of trade facilitation on African SME's performance. <https://link.springer.com/article/10.1007/s11187-023-00756-4>

³⁰ Ajibo, CC. 2023. Micro, Small and Medium-Sized Enterprises and Non-Tariff Barriers in African Trade. <https://www.afronomicslaw.org/category/analysis/micro-small-and-medium-sized-enterprises-and-non-tariff-barriers-african-trade>

³¹ Ajibo, CC. 2023. Micro, Small and Medium-Sized Enterprises and Non-Tariff Barriers in African Trade. <https://www.afronomicslaw.org/category/analysis/micro-small-and-medium-sized-enterprises-and-non-tariff-barriers-african-trade>

³² Hansen-Addy, AE, Parrilli, DM and Tingbani, I. 2023. The impact of trade facilitation on African SME's performance. <https://link.springer.com/article/10.1007/s11187-023-00756-4>

Trade facilitation also poses key challenges for MSME, which significantly impacts their ability to operate efficiently. Inadequate trade facilitation measures can lead to increased costs and delays, making it difficult for MSMEs to compete in regional and global markets. The regulatory environment, customs procedures, and infrastructure quality all play crucial roles in determining the ease with which MSMEs can engage in trade. High trade costs, cumbersome administrative procedures, and inefficient logistics can stifle the growth of MSMEs and limit their participation in broader economic activities.

Trade facilitation measures impact MSMEs and large businesses differently due to their distinct operational structures, resources, and capabilities.³³ Improved access to trade information and streamlined processes benefit smaller exporters more significantly than larger firms, as MSMEs typically have fewer resources to navigate complex trade environments. The cost and time savings from efficient customs procedures, reduced paperwork, and faster clearance times can make a substantial difference for MSMEs. In contrast, large businesses generally have established systems and resources to manage trade procedures more effectively. They often have dedicated departments or external consultants to handle regulatory compliance, logistics, and market research, which helps them mitigate the complexities of international trade.³⁴ Large firms are also frequently consulted during policy development due to their influence in commerce chambers and associations, ensuring their interests are well-represented. This engagement allows them to anticipate and adapt to regulatory changes more swiftly.³⁵

Large companies also benefit from regular transactions that make them less risky and more eligible for programs like Authorised Economic Operator (AEO) schemes, which provide additional facilitation benefits such as reduced inspections and priority treatment. MSMEs, with their infrequent transactions and less rigorous record-keeping practices, are often seen as high-risk.³⁶ This perception results in higher costs and exclusion from certain trade facilitation benefits, further disadvantaging them compared to larger firms.

Moreover, large firms can leverage economies of scale to absorb trade-related costs more effectively, whereas MSMEs often operate on thinner margins and may struggle to bear the same costs.³⁷ This disparity underscores the importance of targeted trade facilitation measures that specifically address the needs and constraints of MSMEs. Enhancing support for MSMEs through tailored training, capacity-building programs, and simplified access to trade facilitation tools can help bridge the gap between small and large businesses, enabling MSMEs to compete more effectively in global markets.

Ultimately, while trade facilitation measures benefit both MSMEs and large firms, the impact is more pronounced for MSMEs due to their limited resources and capabilities. Effective trade facilitation can significantly enhance the competitiveness of MSMEs, promoting greater inclusivity and diversity in international trade. By addressing the unique challenges faced by MSMEs, trade facilitation can unlock their potential to contribute more significantly to economic growth and development.

³³ ITC. 2018. Supporting SMEs through trade facilitation reforms: Toolkit for policymakers.

<https://intracen.org/file/supportingsmesthroughtradefacilitationreformsfinalowrespdf#:~:text=Policy%20makers%20now%20have%20an%20SME,across%20the%20whole%20business%20community>

³⁴ ITC. 2018. Supporting SMEs through trade facilitation reforms: Toolkit for policymakers.

<https://intracen.org/file/supportingsmesthroughtradefacilitationreformsfinalowrespdf#:~:text=Policy%20makers%20now%20have%20an%20SME,across%20the%20whole%20business%20community>

³⁵ ITC. 2018. Supporting SMEs through trade facilitation reforms: Toolkit for policymakers.

<https://intracen.org/file/supportingsmesthroughtradefacilitationreformsfinalowrespdf#:~:text=Policy%20makers%20now%20have%20an%20SME,across%20the%20whole%20business%20community>

³⁶ ITC. 2018. Supporting SMEs through trade facilitation reforms: Toolkit for policymakers.

<https://intracen.org/file/supportingsmesthroughtradefacilitationreformsfinalowrespdf#:~:text=Policy%20makers%20now%20have%20an%20SME,across%20the%20whole%20business%20community>

³⁷ ITC. 2018. Supporting SMEs through trade facilitation reforms: Toolkit for policymakers.

<https://intracen.org/file/supportingsmesthroughtradefacilitationreformsfinalowrespdf#:~:text=Policy%20makers%20now%20have%20an%20SME,across%20the%20whole%20business%20community>



2.2 African Trade Facilitation Policy Frameworks

2.2.1 Background

The goal of regional trade integration has been a central focus for African countries since the founding of the Organisation of African Unity (OAU) in 1963. This aim was given a significant boost with the 1991 Abuja Treaty, which mapped out a phased strategy to establish an African Economic Community (AEC) by 2028. The treaty proposed the creation of regional free trade areas, which would then evolve into customs unions, common markets, and ultimately monetary unions.³⁸ This structured approach paved the way for the formation of various Regional Economic Communities (RECs) across Africa, each working towards enhanced trade and economic cooperation among their member states.

In 2002, the African Union (AU) was established, replacing the OAU and intensifying the push for continent-wide economic integration. The AU's objectives include accelerating political and economic integration, fostering sustainable development, and harmonising policies among the RECs. Despite these efforts, the African market remained fragmented due to overlapping memberships in multiple RECs, which created inconsistencies in policies and regulatory frameworks, making seamless trade facilitation challenging.

Trade integration is a cornerstone of Agenda 2063, the AU's comprehensive plan for Africa's transformation over 50 years, launched in 2013. This agenda aims for a prosperous, integrated, and politically united Africa. Agenda 2063 aligns with the Sustainable Development Goals (SDGs), emphasising inclusive growth and sustainable development. Key targets include economic diversification, industrialisation, and environmental sustainability.³⁹ Central to this vision is the AfCFTA, which seeks to significantly increase intra-African trade and leverage it as a catalyst for economic growth and development.

The AfCFTA, established in 2018, is a pivotal component of Agenda 2063. It aims to create a unified continental market for goods and services, facilitating free movement of goods, services, people and investments. By lowering tariffs and non-tariff barriers, the AfCFTA aims to boost intra-African trade, improve competitiveness, and drive industrialisation. This trade facilitation framework addresses the fragmented African markets by streamlining customs procedures and harmonising trade policies among member states, thus enhancing trade between countries.



2.2.2 Regional Economic Communities

African states have long recognised the importance of TF and its potential to enhance intra-regional trade.⁴⁰ As noted above, even before the implementation of the AfCFTA and the WTO TFA, various RECs had already undertaken significant TF initiatives.

- **Southern African Development Community (SADC)** – SADC has been proactive in its efforts to simplify and harmonise customs laws and procedures. The SADC Protocol on Trade aimed to reduce trade barriers and facilitate smoother and more efficient trade flows within the region. This initiative focused on streamlining customs procedures, reducing non-tariff barriers, and promoting the harmonisation of trade regulations across member states. The protocol laid a solid foundation for further integration under the AfCFTA.
- **East African Community (EAC)** – In East Africa, the EAC has made substantial progress through the East African Common Market Protocol. This protocol required member states to amend national laws to enable the full implementation of immigration and customs reforms, fostering greater harmonisation across the region. The EAC's efforts include the establishment of One Stop Border Posts (OSBPs), which significantly reduce the time and costs associated with cross-border trade. The region boasts fifteen operational OSBPs, streamlining the movement of goods and people and enhancing trade efficiency.⁴¹
- **Economic Community of West African States (ECOWAS)** – ECOWAS has also been active in promoting trade facilitation. The ECOWAS Treaty calls for the removal of technical barriers to trade (TBTs) and the harmonisation of trade policies to establish a Free Trade Area (FTA), Customs Union, Common Market, and eventually a Monetary and Economic Union. These initiatives aim to create a cohesive and integrated regional market, promoting seamless trade flows and economic growth. One notable initiative is the establishment of OSBPs, such as the Cinkase Border between Burkina Faso and Ghana, which have improved border agency cooperation and reduced clearance times.⁴²
- **Common Market for Eastern and Southern Africa (COMESA)** – COMESA has been at the forefront of trade facilitation initiatives. Article 70 of the COMESA Treaty is dedicated to TF efforts, underscoring the region's commitment to enhancing trade efficiency. COMESA introduced the Regional Payment and Settlement System (REPSS) in 2012, which has facilitated faster and more cost-effective fund transfers across member states. Additionally, COMESA has promoted the use of the Automated System for Customs Data (ASYCUDA), developed by UNCTAD, which has become a global standard for automated customs clearance.⁴³ COMESA also piloted the simplified trade regime (STR), which was subsequently adopted by other RECs. The STR is particularly significant for facilitating small-scale cross-border trade, directly addressing the needs of MSMEs and contributing to the broader goals of trade facilitation in Africa.

³⁸ UNCTAD. 2021. Implications of the African Continental Free Trade Area for Trade and Biodiversity: Policy and Regulatory Recommendations. <https://www0.sun.ac.za/awei/resources/implications-african-continental-free-trade-area-trade-and-biodiversity-policy-and#:~:text=A%20targeted%20approach%20under%20the,%2C%20and%20improving%20livelihoods>

³⁹ UNCTAD. 2021. Implications of the African Continental Free Trade Area for Trade and Biodiversity: Policy and Regulatory Recommendations. <https://www0.sun.ac.za/awei/resources/implications-african-continental-free-trade-area-trade-and-biodiversity-policy-and#:~:text=A%20targeted%20approach%20under%20the,%2C%20and%20improving%20livelihoods>

⁴⁰ Magwape. 2018. The AfCFTA and Trade Facilitation: Re-Arranging Continental Economic Integration. <https://repository.up.ac.za/handle/2263/68116>

⁴¹ Magwape. 2018. The AfCFTA and Trade Facilitation: Re-Arranging Continental Economic Integration. <https://repository.up.ac.za/handle/2263/68116>

⁴² Magwape. 2018. The AfCFTA and Trade Facilitation: Re-Arranging Continental Economic Integration. <https://repository.up.ac.za/handle/2263/68116>

⁴³ Magwape. 2018. The AfCFTA and Trade Facilitation: Re-Arranging Continental Economic Integration. <https://repository.up.ac.za/handle/2263/68116>

Several other TF measures have been implemented across Africa to support trade integration. For instance, Uganda has introduced facilities for AEOs, aligning with global standards for the release and clearance of goods. The increased adoption of ASYCUDA by African states is another progressive step, enhancing customs efficiency and harmonisation. This system is currently used by approximately 41 African countries, streamlining customs procedures and reducing trade costs. Furthermore, the construction of the Kazungula Bridge between Botswana and Zambia, set to include an OSBP, exemplifies regional efforts to facilitate trade by reducing transport costs and increasing the volume of trans-shipment cargo.⁴⁴

These regional trade facilitation initiatives have been instrumental in laying the groundwork for deeper integration under the AfCFTA. By streamlining customs procedures, enhancing infrastructure, and promoting regulatory harmonisation, these efforts have significantly improved trade between countries. However, the establishment of various RECs also inadvertently created barriers between them due to overlapping memberships and differing regulations, which often resulted in fragmented markets and inconsistent trade policies. The AfCFTA aims to undo these barriers by creating a unified framework that harmonises trade regulations and procedures across the continent. As the AfCFTA builds on these foundations, the continent is poised to achieve greater economic integration and growth through enhanced trade facilitation, ultimately creating a more cohesive and efficient African market.

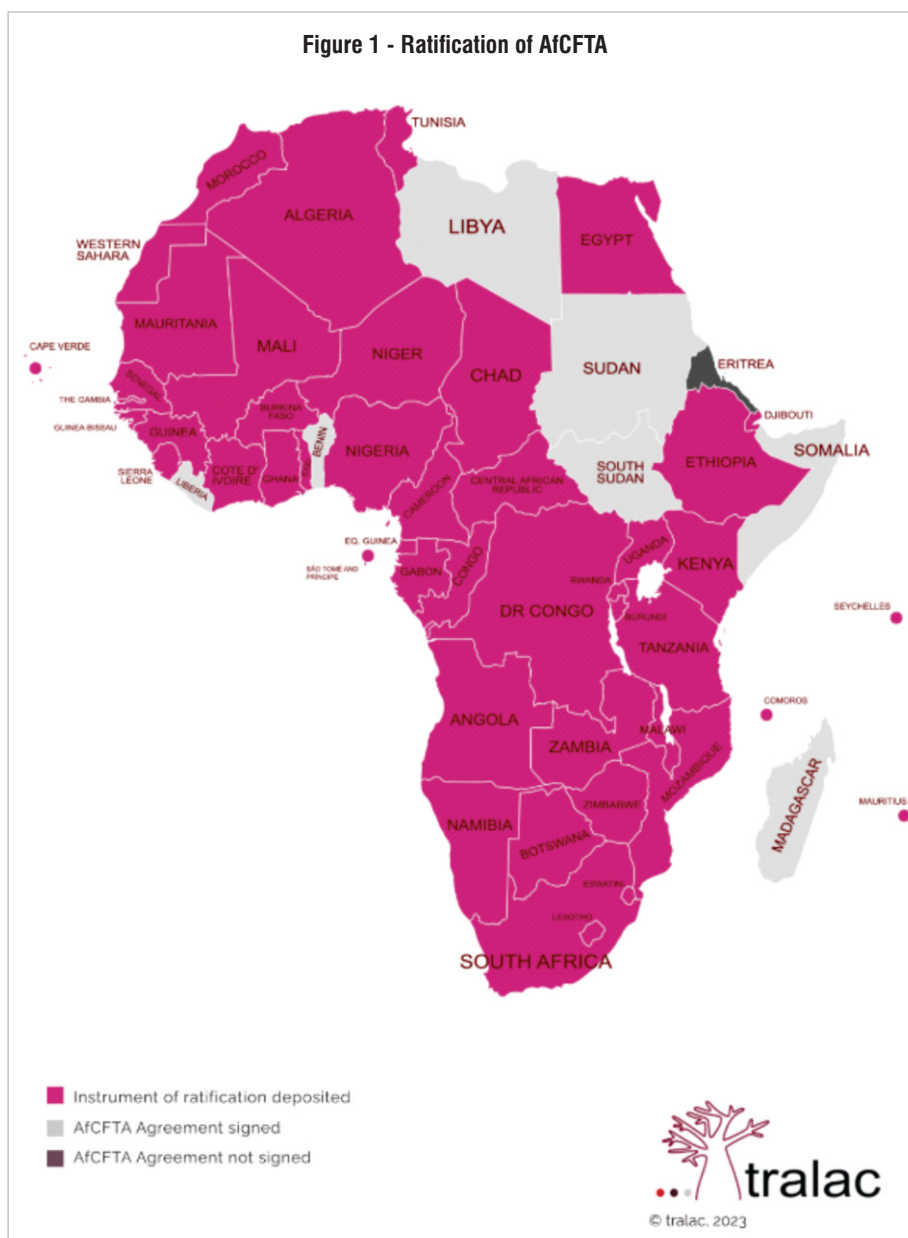
This system is currently used by approximately 41 African countries, streamlining customs procedures and reducing trade costs. Furthermore, the construction of the Kazungula Bridge between Botswana and Zambia, set to include an OSBP, exemplifies regional efforts to facilitate trade by reducing transport costs and increasing the volume of trans-shipment cargo.⁴⁴

These regional trade facilitation initiatives have been instrumental in laying the groundwork for deeper integration under the AfCFTA. By streamlining customs procedures, enhancing infrastructure, and promoting regulatory harmonisation, these efforts have significantly improved trade between countries. However, the establishment of various RECs also inadvertently created barriers between them due to overlapping memberships and differing regulations, which often resulted in fragmented markets and inconsistent trade policies. The AfCFTA aims to undo these barriers by creating a unified framework that harmonises trade regulations and procedures across the continent. As the AfCFTA builds on these foundations, the continent is poised to achieve greater economic integration and growth through enhanced trade facilitation, ultimately creating a more cohesive and efficient African market.

2.2.3 African Continental Free Trade Agreement

The AfCFTA stands as a landmark initiative aimed at significantly boosting trade and economic integration across Africa. Established in 2018 and operational since January 2021, the AfCFTA seeks to create a single continental market for goods and services, facilitating the free movement of businesspersons and investments. As of August 2023, 47 out of the 55 AU member states have ratified the agreement (Figure 1), highlighting the broad continental support for this transformative trade initiative.⁴⁵

As of August 2023, 47 out of the 55 AU member states have ratified the agreement (Figure 1), highlighting the broad continental support for this transformative trade initiative.⁴⁵



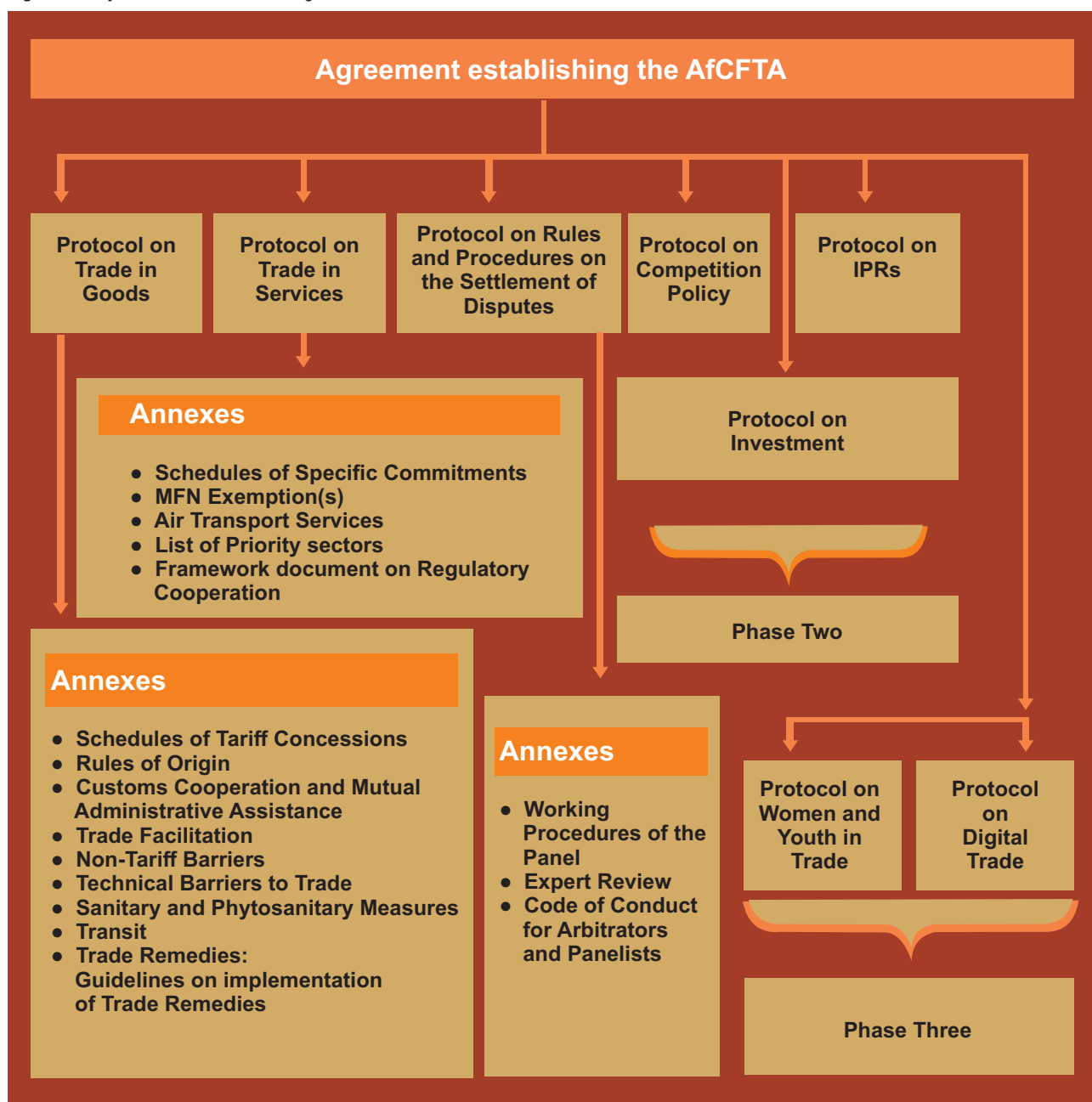
⁴⁴ Magwape. 2018. The AfCFTA and Trade Facilitation: Re-Arranging Continental Economic Integration. <https://repository.up.ac.za/handle/2263/68116>

⁴⁵ Tralac. 2023. Status of AfCFTA Ratification. <https://www.tralac.org/resources/infographic/13795-status-of-afcfta-ratification.html>

The AfCFTA's primary objective is to enhance economic integration by reducing tariffs and non-tariff barriers, thereby increasing intra-African trade. The AfCFTA aims to stimulate economic diversification and industrialisation by providing access to a larger market, promoting the continent's industrial development, and encouraging value addition to Africa's raw materials. Additionally, it aligns with the SDGs by focusing on inclusive growth and sustainable economic practices, aiming to lift millions out of poverty through job creation and economic resilience.

The AfCFTA encompasses several key protocols that address different aspects of trade and economic cooperation (Figure 2). The Protocol on Trade in Goods aims to eliminate tariffs on 90% of goods, facilitate trade through simplified customs procedures, and establish rules of origin (RoO) to prevent trade deflection. It also includes measures to eliminate NTBs, which have historically hindered intra-African trade. The Protocol on Trade in Services seeks to enhance regulatory cooperation and facilitate the free movement of services across member states, covering critical sectors such as financial services, telecommunications, and transport. The Protocol on Rules and Procedures on the Settlement of Disputes provides mechanisms for resolving trade disputes, ensuring that trade relations are governed by clear and predictable rules. Additionally, the Protocol on Investment, Competition Policy, and Intellectual Property Rights aims to create a conducive environment for investment, promote fair competition, and protect intellectual property rights, thereby fostering innovation and economic growth. Phase three of the AfCFTA negotiations focuses on digital trade and the inclusion of women and youth in trade, aiming to modernise the African trade landscape and ensure broad-based economic participation.

Figure 2 - Key Features of the AfCFTA Agreement



Source: tralac. 2022. The African Continental Free Trade Area. <https://www.tralac.org/documents/resources/booklets/4623-afcfta-a-tralac-guide-9th-edition-october-2022/file.html>

The trade facilitation agenda under the AfCFTA is articulated through various annexes of the Protocol on Trade in Goods, specifically Annex 3 on Customs Cooperation and Mutual Administrative Assistance, Annex 4 on Trade Facilitation, and Annex 8 on Transit. These annexes collectively aim to expedite the movement, release, and clearance of goods and foster effective cooperation between customs authorities and other border agencies. Key features from the respective annexes are detailed below.^{46,47}

- **Annex 3: Customs Cooperation and Mutual Administrative Assistance** – Annex 3 focuses on ensuring that customs laws and procedures are applied in a predictable, non-discriminatory, consistent, and transparent manner across State Parties. This annex encourages cooperation and information sharing among customs authorities to enhance the efficiency of customs operations. Key measures include harmonising customs valuation systems and practices based on international standards like the Revised Kyoto Convention and the WTO TFA. Additionally, Annex 3 mandates the automation of customs operations and the advance exchange of information to facilitate effective customs procedures and prevent, investigate, and suppress customs offenses. By adopting these measures, State Parties aim to create a more streamlined and uniform customs environment, reducing delays and trade costs.
- **Annex 4: Trade Facilitation** – Annex 4 is dedicated to implementing comprehensive trade facilitation measures to make cross-border trade faster, cheaper, and more predictable. It emphasises the principles of transparency, simplification, harmonisation, and standardisation of customs laws, procedures, and requirements. Key measures include the publication of customs-related information, establishment of average release times, issuance of advance rulings on tariff classification and RoO, and the separation of release from the final determination of customs duties. Furthermore, it mandates pre-arrival processing of documentation, uniform import and export procedures, and the adoption of electronic payment systems. These initiatives aim to reduce bureaucratic hurdles, enhance the efficiency of customs procedures, and provide traders with clear and accessible information, thus fostering a more conducive environment for trade.
- **Annex 8: Transit** – Annex 8 focuses on facilitating transit trade by ensuring the free movement of transit goods across the territories of State Parties. It grants freedom of transit for goods coming from or bound to other State Parties or third countries, ensuring that such goods are not subjected to unnecessary customs duties or examinations, except in cases of suspected irregularities. The annex requires that each consignment of transit goods be accompanied by an AfCFTA Transit Document, which simplifies the monitoring and control of transit operations. Additionally, it mandates the use of customs bonds and sureties to secure the transit operations and prevent customs offenses. These measures aim to streamline transit procedures, reduce transit times and costs, and enhance the overall efficiency of cross-border trade in Africa.

To complement the trade facilitation measures outlined in the AfCFTA's Protocol on Trade in Goods, several special instruments have been developed to further ease the movement of goods across the continent. These instruments are designed to address specific challenges in cross-border trade, enhance the efficiency of trade transactions, and provide critical support to businesses and policymakers. These measures include:

- **Pan-African Payment and Settlement System (PAPSS)** – PAPSS is aimed at facilitating faster and more cost-effective cross-border payments across Africa. Managed by the African Export-Import Bank (Afreximbank) in collaboration with the AfCFTA Secretariat, PAPSS enables businesses to conduct transactions in local currencies, reducing the reliance on foreign currencies and minimising exchange rate risks. This system lowers the cost and time associated with cross-border payments, thereby enhancing the efficiency of trade transactions. By providing a seamless and secure payment infrastructure, PAPSS supports increased trade volumes and fosters deeper economic integration across the continent.
- **African Trade Observatory** – The African Trade Observatory serves as an online mechanism for monitoring, reporting, and eliminating NTBs to trade. This digital platform provides real-time trade data and intelligence, which are crucial for businesses and policymakers. The observatory tracks various trade metrics, including trade flows, tariffs, and regulatory measures, helping to identify and address NTBs that hinder trade. By offering comprehensive and accessible trade information, the African Trade Observatory enhances transparency and allows stakeholders to make informed decisions. This instrument plays a vital role in promoting compliance with trade facilitation measures and ensuring a more predictable and stable trading environment.

The AfCFTA offers an opportunity for MSMEs by significantly expanding their market access and diversifying their product offerings. Traditionally, intra-African trade has been limited and often confined to RECs. The AfCFTA, however, encompasses 54 countries in a continent-wide agreement, enabling tariff-free entry for a wide range of goods and harmonising standards across the continent. This broadens the market for MSMEs beyond their subregions, providing new opportunities for growth and expansion over the next decade.

The agreement encourages the trade of higher value-added goods, which are more prevalent in intra-African trade compared to extra-African trade. This shift allows MSMEs to engage in more complex and lucrative RVCs rather than being limited to primary goods at the beginning of the chain.⁴⁸ As Africa's trade grows and maintains a focus on value-added products, MSMEs can contribute significantly to manufacturing processes, producing intermediary goods that integrate into larger RVCs. For instance, MSMEs involved in producing components like copper wiring for regional manufacturing can benefit from the AfCFTA framework by transitioning from primary commodity exports to more sophisticated products.⁴⁹

Despite the substantial opportunities, MSMEs face several challenges under the AfCFTA. Complex RoO, NTBs, TBTs, SPS and bureaucratic inefficiencies are some examples. Simplifying compliance through innovative solutions like electronic certificates of origin and blockchain technology can help reduce administrative costs and make it easier for MSMEs to navigate the new trade environment.

⁴⁶ Tralac. 2023. Trade Facilitation Agenda in the AfCFTA: Factsheet. <https://www.tralac.org/resources/infographic/16188-trade-facilitation-agenda-in-the-afcfta-factsheet.html>

⁴⁷ For a detailed breakdown of provisions under each of these Annexes, see <https://www.tralac.org/resources/infographic/16188-trade-facilitation-agenda-in-the-afcfta-factsheet.html>

⁴⁸ UNECA. 2024. MSMEs, value chains and trade development in Southern Africa. https://repository.uneca.org/bitstream/handle/10855/50184/2301449-MSMEs%20value%20chains%20and%20trade%20development%20in%20Southern%20Africa_rev2.pdf?sequence=1&isAllowed=y

⁴⁹ UNECA. 2024. MSMEs, value chains and trade development in Southern Africa. https://repository.uneca.org/bitstream/handle/10855/50184/2301449-MSMEs%20value%20chains%20and%20trade%20development%20in%20Southern%20Africa_rev2.pdf?sequence=1&isAllowed=y

Support from trade-facilitating government entities and development partners is crucial in addressing these challenges and integrating MSMEs into regional and GVCs.⁵⁰



2.2.4 World Trade Organization Trade Facilitation Agreement

The TFA, adopted by the WTO in 2013 and entering into force in 2017, is the first multilateral trade agreement since the creation of the WTO. The TFA is significant because it involves all 164 WTO members, with 156 WTO Members having domestically ratified the agreement, including 35 African countries.⁵¹ The TFA aims to simplify, modernise, and harmonise export and import processes, focusing on transparency, efficiency, and reducing trade barriers. Key elements of the TFA include the publication of information, advance rulings, appeal mechanisms, freedom of transit, and the establishment of formalities that are the least trade-restrictive necessary to achieve policy objectives. Notably, the TFA prohibits mandatory pre-shipment inspections for classification and valuation and bans the imposition of non-transport related fees on transit goods, which is particularly important for landlocked countries.⁵²

The TFA holds considerable promise for enhancing the trade environment in African countries. By streamlining customs procedures and reducing delays, the TFA can significantly lower the cost of trading across borders. Implementing TFA measures could reduce import processing time by 2.7 days and export processing time by 1.7 days. These reductions are equivalent to a tariff reduction of 3.6% to 7% for imports and could boost exports by 8.1%. Such improvements are crucial given the average applied tariffs of 12.4% in African countries.⁵³

National Trade Facilitation Committees (NTFCs), mandated by the WTO's TFA, play a critical role in enhancing trade facilitation in Africa. These committees ensure coordinated domestic implementation of the TFA's provisions, involving multiple governmental authorities such as customs, the Ministry of Justice, and others responsible for border activities. By including representatives from relevant government bodies and the business community, NTFCs provide an inclusive forum to identify trade impediments and develop cooperative solutions. This coordinated approach facilitates effective trade measures, addressing both technical and financial needs of the private sector, thus enhancing overall trade efficiency and compliance.⁵⁴

The TFA includes numerous Special and Differential Treatment (S&DT) provisions, which are particularly beneficial for developing countries and least-developed countries (LDCs) in Africa. These provisions allow countries to implement the agreement in phases, categorised into three types: Category A (immediate implementation), Category B (implementation after a transitional period), and Category C (implementation after a transitional period with technical assistance). This flexibility ensures that countries can comply with the TFA based on their capacities and receive the necessary support for implementation. The WTO Trade Facilitation Agreement Facility provides technical and financial assistance to help countries meet their commitments, thereby enhancing their ability to improve trade processes and infrastructure.⁵⁵

The AfCFTA significantly builds on the principles and frameworks established by the WTO's TFA. The AfCFTA employs a top-down approach to trade facilitation, requiring member states to adhere to international standards and practices, particularly in customs cooperation.⁵⁶ This alignment is evident in the Protocol on Trade in Goods, which mandates that customs laws and procedures be based on internationally accepted instruments like the Revised Kyoto Convention and the WTO TFA. This alignment underscores the AfCFTA's commitment to creating a unified and transparent trade environment across the continent, facilitating smoother intra-African trade and ensuring compliance with global best practices.

The top-down approach to trade facilitation employed by the AfCFTA marks a shift from the historically used bottom-up method, where individual RECs spearheaded integration. The bottom-up approach often resulted in fragmented and disjointed initiatives due to overlapping memberships and differing timelines. In contrast, the top-down strategy ensures that all member states conform to uniform standards and priorities simultaneously, building on the progress made by the RECs.⁵⁷ This harmonisation aims to streamline trade facilitation reforms, making them more cohesive and effective across the continent, thereby addressing multiple membership challenges and enhancing integration.

⁵⁰ UNDP. 2020. The Futures Report: Making the AfCFTA Work for Women and Youth. <https://www.undp.org/africa/publications/futures-report-making-afcfta-work-women-and-youth>

⁵¹ De Melo, J, Sorgho, Z and Wagner, L. 2024. Implementing the Trade Facilitation Agreement should boost trade among African Continental Free Trade Area members. <https://cepr.org/voxeu/columns/implementing-trade-facilitation-agreement-should-boost-trade-among-african#:~:text=Development%20International%20trade,Implementing%20the%20Trade%20Facilitation%20Agreement%20should%20boost%20trade,Continental%20Free%20Trade%20Area%20members&text=The%20main%20objective%20of%20the.and%20boost%20intra%2DAfrica%20trade>

⁵² De Melo, J, Sorgho, Z and Wagner, L. 2024. Implementing the Trade Facilitation Agreement should boost trade among African Continental Free Trade Area members. <https://cepr.org/voxeu/columns/implementing-trade-facilitation-agreement-should-boost-trade-among-african#:~:text=Development%20International%20trade,Implementing%20the%20Trade%20Facilitation%20Agreement%20should%20boost%20trade,Continental%20Free%20Trade%20Area%20members&text=The%20main%20objective%20of%20the.and%20boost%20intra%2DAfrica%20trade>

⁵³ De Melo, J, Sorgho, Z and Wagner, L. 2024. Implementing the Trade Facilitation Agreement should boost trade among African Continental Free Trade Area members. <https://cepr.org/voxeu/columns/implementing-trade-facilitation-agreement-should-boost-trade-among-african#:~:text=Development%20International%20trade,Implementing%20the%20Trade%20Facilitation%20Agreement%20should%20boost%20trade,Continental%20Free%20Trade%20Area%20members&text=The%20main%20objective%20of%20the.and%20boost%20intra%2DAfrica%20trade>

⁵⁴ ITC. 2018. Supporting SMEs through trade facilitation reforms: Toolkit for policymakers. <https://intracen.org/file/supportingsmesthroughtradefacilitationreformsfinalowrespdf#:~:text=Policy%20makers%20now%20have%20an%20SME,across%20the%20whole%20business%20community>

⁵⁵ WTO. 2021. Strengthening Africa's Capacity to Trade. https://www.wto.org/english/res_e/booksp_e/strengthening_africas_capacity_to_trade_e.pdf

⁵⁶ Magwape. 2018. The AfCFTA and Trade Facilitation: Re-Arranging Continental Economic Integration. <https://repository.up.ac.za/handle/2263/68116>

⁵⁷ Ismail, F and Mataba, K. 2021. COVID-19 and trade facilitation in Southern Africa. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-67-COVID-19-trade-facilitation-Southern-Africa.pdf>



3 STATUS QUO OF TRADE FACILITATION EFFORTS IN AFRICA

The UN Global Survey on Digital and Sustainable Trade Facilitation (UNTF Survey) is a comprehensive tool designed to monitor and assess the implementation of trade facilitation measures across the globe. Conducted biennially since 2015 by the United Nations Regional Commissions in collaboration with UNCTAD, the survey covers over 160 economies, including 42 African countries,⁵⁸ and evaluates 60 trade facilitation measures.⁵⁹ The survey's comprehensive coverage makes it particularly relevant for African economies. It includes a diverse range of countries such as landlocked states, island nations, and LDCs, providing a representative snapshot of trade facilitation efforts across the continent. This inclusivity ensures that the unique challenges and opportunities faced by African countries in enhancing trade facilitation are adequately captured.⁶⁰

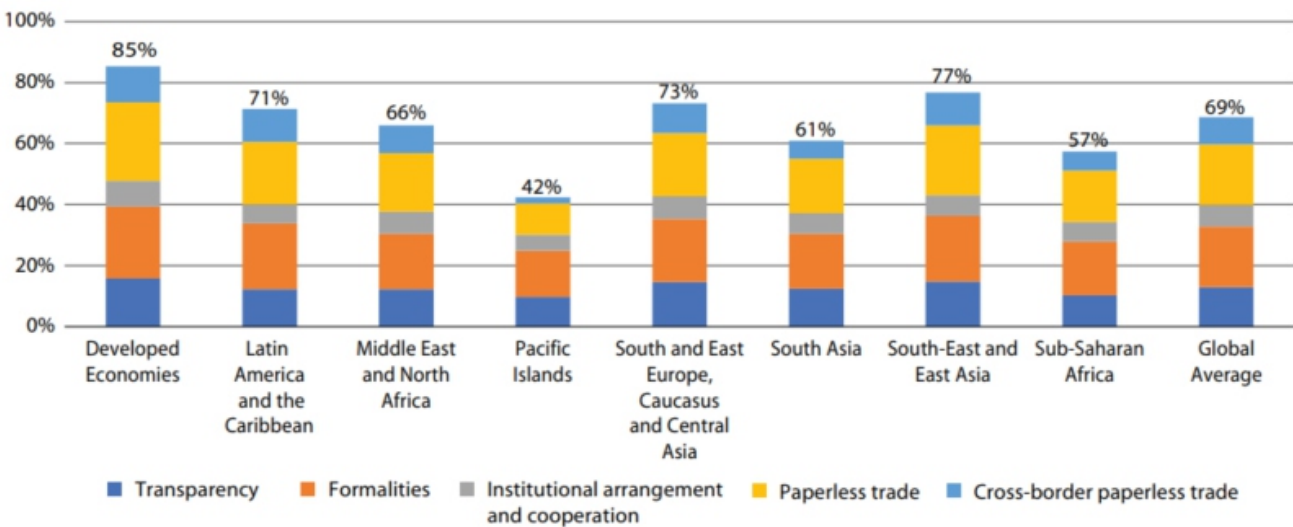
Other surveys, such as the World Bank's Ease of Doing Business (EoDB) survey, have historically provided valuable insights into various indicators like the time, cost, and documents required to import and export goods. However, the EoDB survey was discontinued in 2021 due to data irregularities and ethical concerns related to the integrity of the data collection and reporting process.⁶¹



3.1 Implementation of Trade Facilitation Across Africa

Globally, developed economies lead in the implementation of TF measures, with an 85% adoption rate of trade facilitation measures tracked under the UNTF Survey (Figure 3). Among developing regions, South-East and East Asia have achieved the highest implementation rate at 77%, followed by South and East Europe, Caucasus, and Central Asia at 73%, and Latin America and the Caribbean at 71%. In contrast, regions such as Sub-Saharan Africa and the Pacific Islands show the lowest implementation rates, with Sub-Saharan Africa at 57% and the Pacific Islands at 42%. These disparities highlight the challenges faced by African countries in enhancing trade facilitation, which are crucial for boosting intra-African trade and integrating into GVCs.

Figure 3 - Average Implementation Rates of TF Measures Globally



Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.untfsurvey.org/>

Despite African countries falling short in terms of implementation of TF measures compared to developed and developing peers, there has been an uptick in trade facilitation implementation across African countries in 2023, compared to previous years (Figure 4). Average implementation performance across the UNTF Survey indicates an increase of nearly 10%, from 49,98% in 2021 to 58,51% in 2023. North African countries lead implementation of trade facilitation measures, closely followed by Southern African economies. Central African countries, while having increased their implementation rate over the past two successive iterations of the Survey, maintains the lowest implementation rates in 2023 at 44,98%.

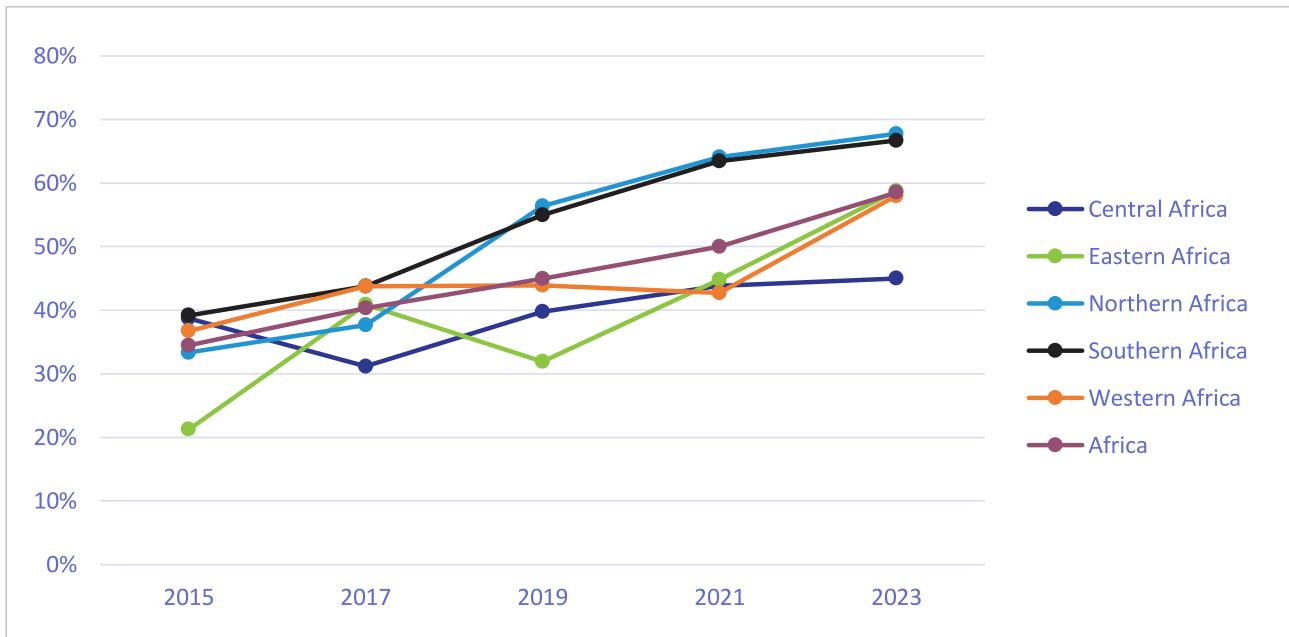
⁵⁸ The countries are Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Comoros, Congo, Cote d'Ivoire, DRC, Egypt, Equatorial Guinea, Ethiopia, Gabon, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Seychelles, Sierra Leone, Somalia, South Sudan, Sudan, Tanzania, Togo, Tunisia, Zambia, and Zimbabwe.

⁵⁹ <https://www.untfsurvey.org/>

⁶⁰ The author of this report was engaged by UNECA to assist with the development of the UNTF 2023 Survey for African countries. Parts of this section is attributed to the work undertaken for UNECA.

⁶¹ World Bank. 2021. World Bank Group to Discontinue Doing Business Report. <https://www.worldbank.org/en/news/statement/2021/09/16/world-bank-group-to-discontinue-doing-business-report>

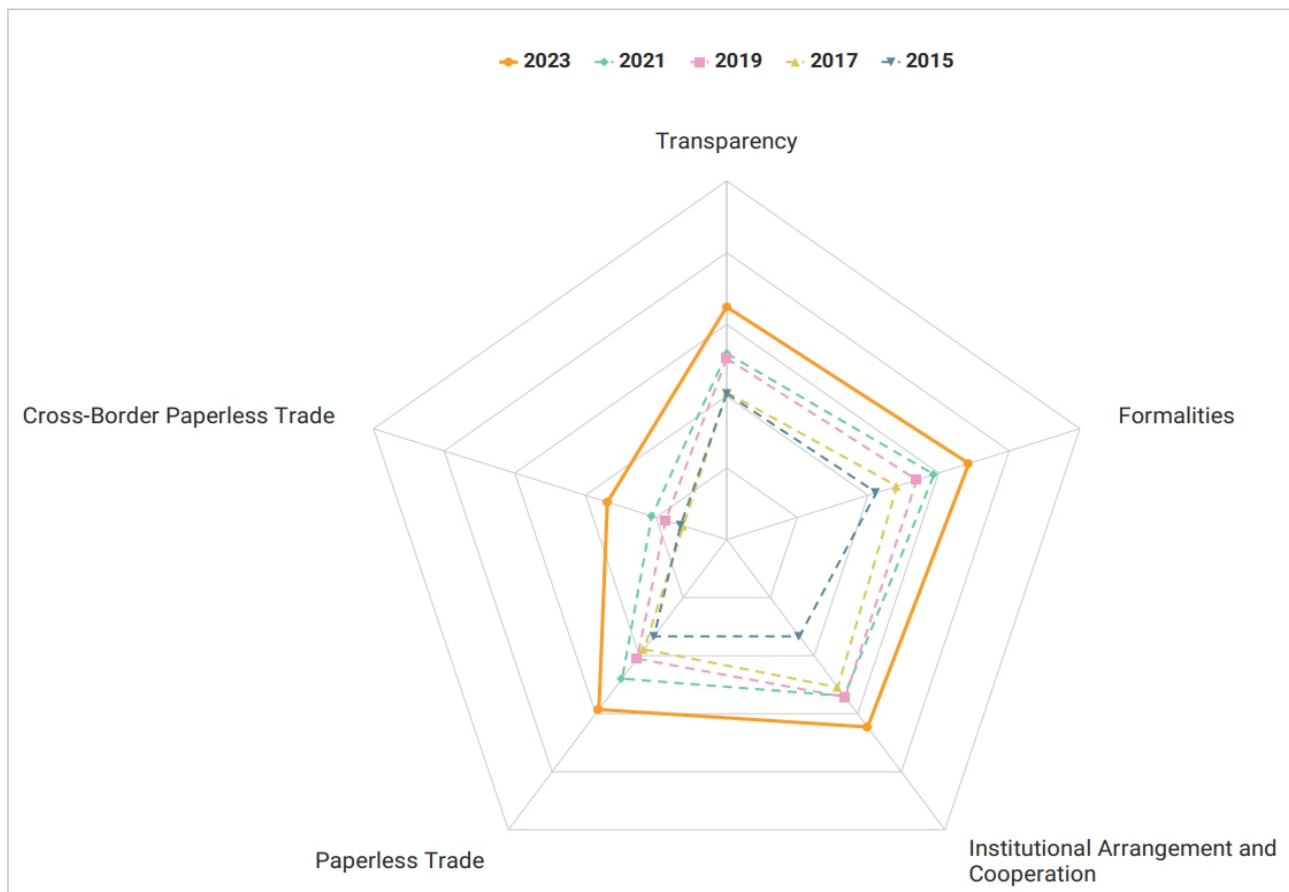
Figure 4: Comparison of TFI between 2015 and 2023



Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.unftsurvey.org/>

Considering that 40 diverse African economies participated in the survey, attributing TF implementation gains in 2023 to any one factor is impossible. Instead, various factors attributed to gains made including: subsiding of the pandemic and 'normal trade activities' beginning to resume; greater uptake and roll-out of trade facilitation measures such as OSBPs; continued trade facilitation capacity building support from development partners in line with commitments under the TFA; and renewed impetus under the AfCFTA, among others. When the latest survey findings are compared to historical findings, it is clear that African countries made the biggest relative gains in implementing measures related to cross-border paperless trade and increasing transparency of trading procedures (Figure 5). These specific measures are further explored in detail in subsequent sections.

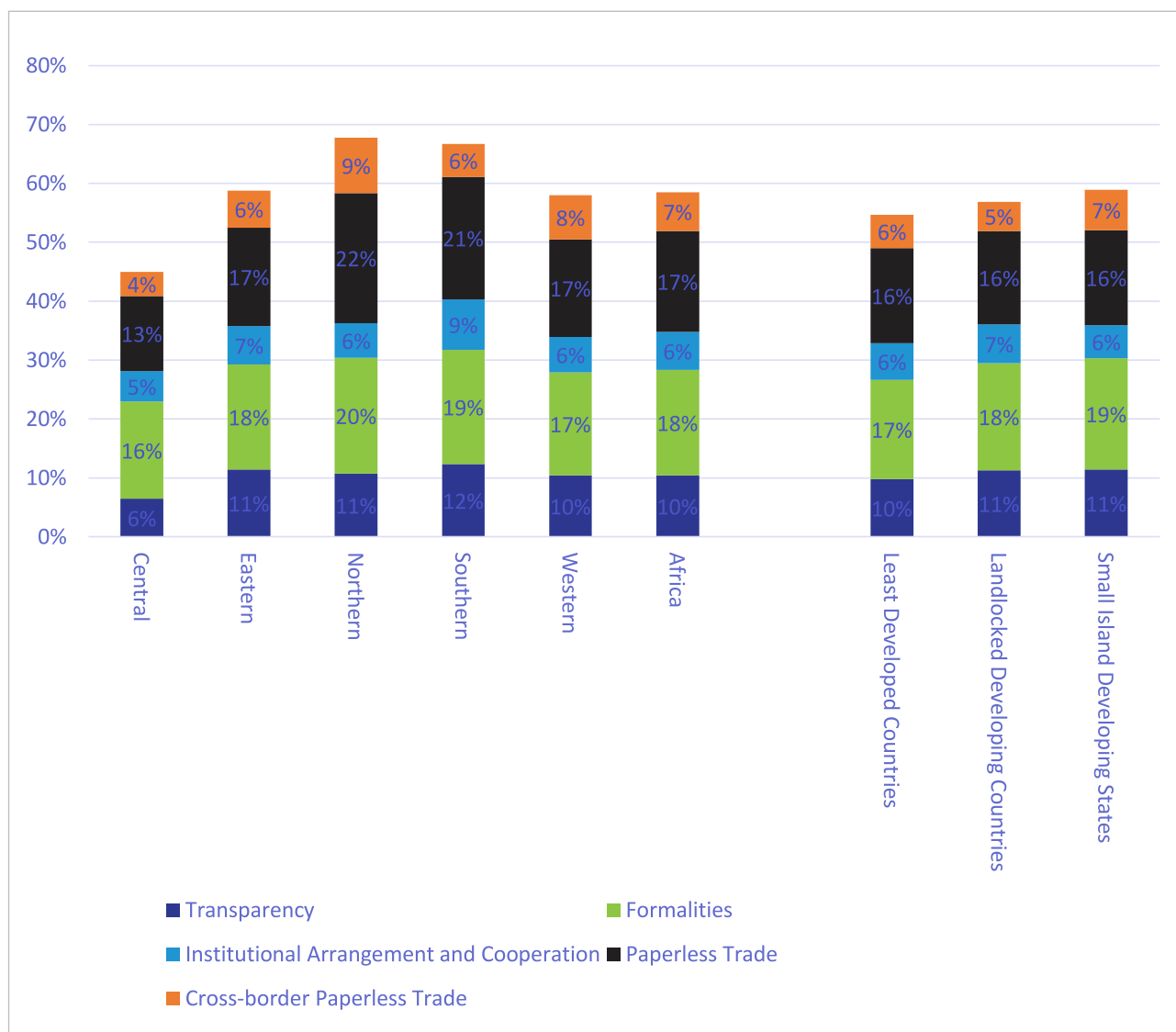
Figure5: Historical Comparison of TFI, Africa



Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.unftsurvey.org/>

It is worth noting that from a country group perspective, the African small island developing states (SIDS) are doing well relative to their peers. In 2023, implementation of TF measures for African SIDS were 58,92%, above the global average for SIDS of 52,21% for the same year.⁶² However, it should be noted that the African SIDS sub-group represents a small sample of only five countries, including Mauritius, the top performing African country (with an implementation score of 88,17% in 2023), as well as Cabo Verde and Seychelles, who scored 68,82% and 66,67%, respectively. The lowest performing African SIDS in 2023 were Guinea-Bissau, with 37,63% and Comoros with 33,3%. Given their geographic location, SIDS typically face high communication and logistics costs.⁶³ The three top performing African SIDS all performed particularly well across the paperless trade indicators, setting them apart from their SIDS-peers in Africa and globally. Implementation scores for African LDCs and land-locked developing economies (LLDCs) were lower than the global averages for these respective groupings in 2023: African LDCs achieved an implementation score of 55,11% compared to the global average of 55,48%; and African LLDCs scored an overall implementation rate of 56,88% compared to the global LLDC average of 61,01%.⁶⁴

Figure 6: Implementation rate by subregion and Country Classification, 2023



Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.untfsurvey.org/>

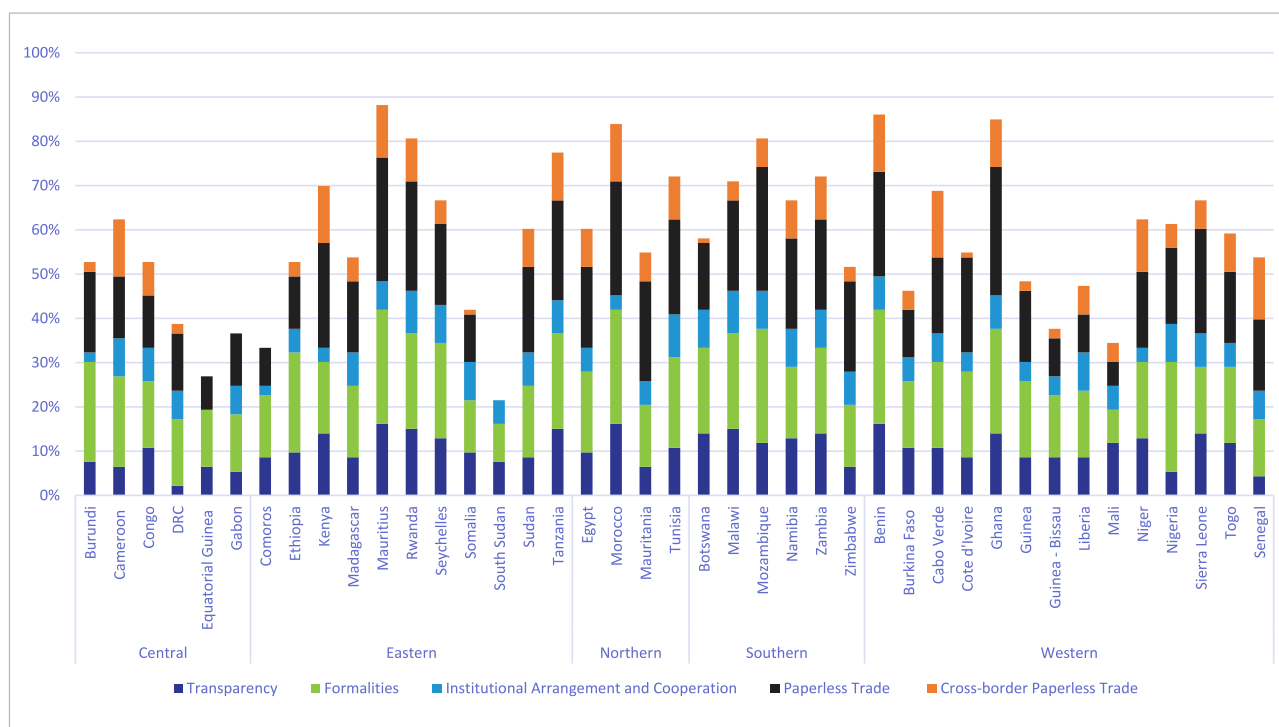
⁶² UNCTAD. 2023. Digital and Sustainable Trade Facilitation: Global Report 2023. <https://www.untfsurvey.org/files/documents/report-digital-sustainable-2023-global.pdf>

⁶³ UNESCAP. 2021. Digital and Sustainable Trade Facilitation: Global Report 2021. <https://www.unescap.org/kp/2022/untf-survey-2021-global>

⁶⁴ UNCTAD. 2023. Digital and Sustainable Trade Facilitation: Global Report 2023. <https://www.untfsurvey.org/files/documents/report-digital-sustainable-2023-global.pdf>

Based on the individual countries' results (Figure 7), it is unsurprising that there are significant discrepancies between individual economies, as it relates to their implementation of various trade facilitation measures. In 2023, the top scoring economies include Mauritius (88,17%), Benin (86,02%) and Ghana (84,95%). The lowest ranking economies included South Sudan (21,51%), Equatorial Guinea (26,88%) and Mali (34,41%).

Figure 7: TF Implementation rate by country, 2023



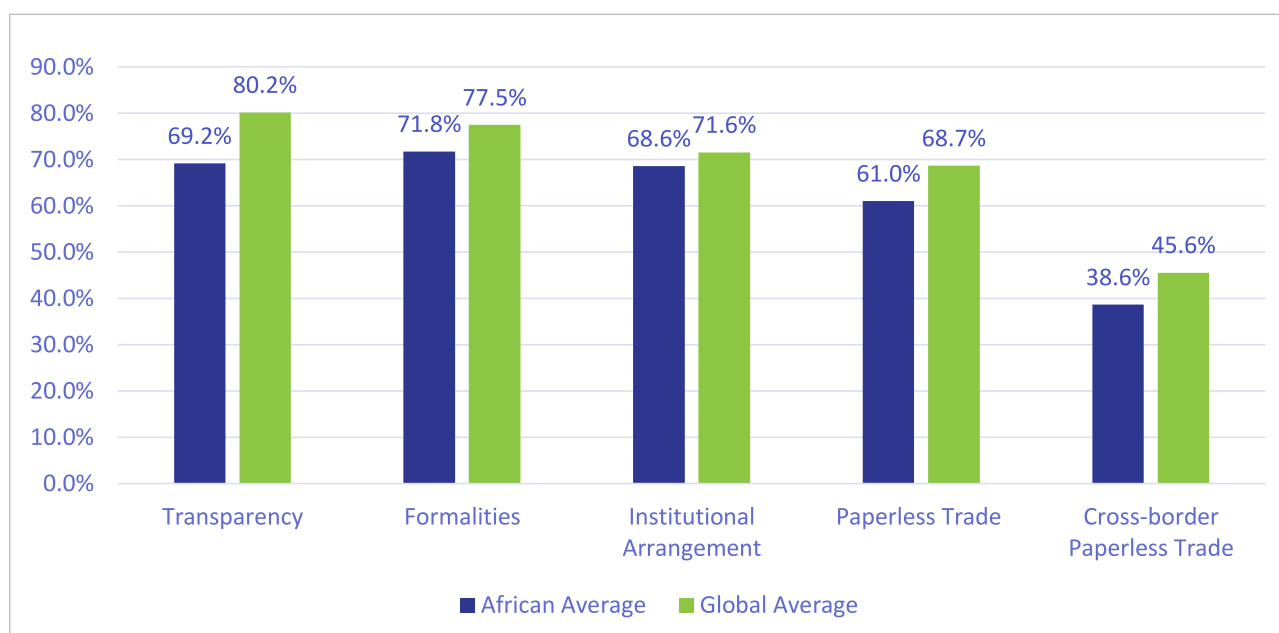
Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.unftsurvey.org/>



3.2 General Trade Facilitation Measures

The following section unpacks the different general trade facilitation measures surveyed under the UNTF 2023 Survey. A particular focus is also placed on benchmarking overall averages from African countries against global averages, before exploring detailed findings from African economies. The following graph (Figure 8) provides an overview of Africa's benchmarking against global peers across the five TF categories.

Figure 8: General Trade Facilitation Measures, Africa and Global Average, 2023



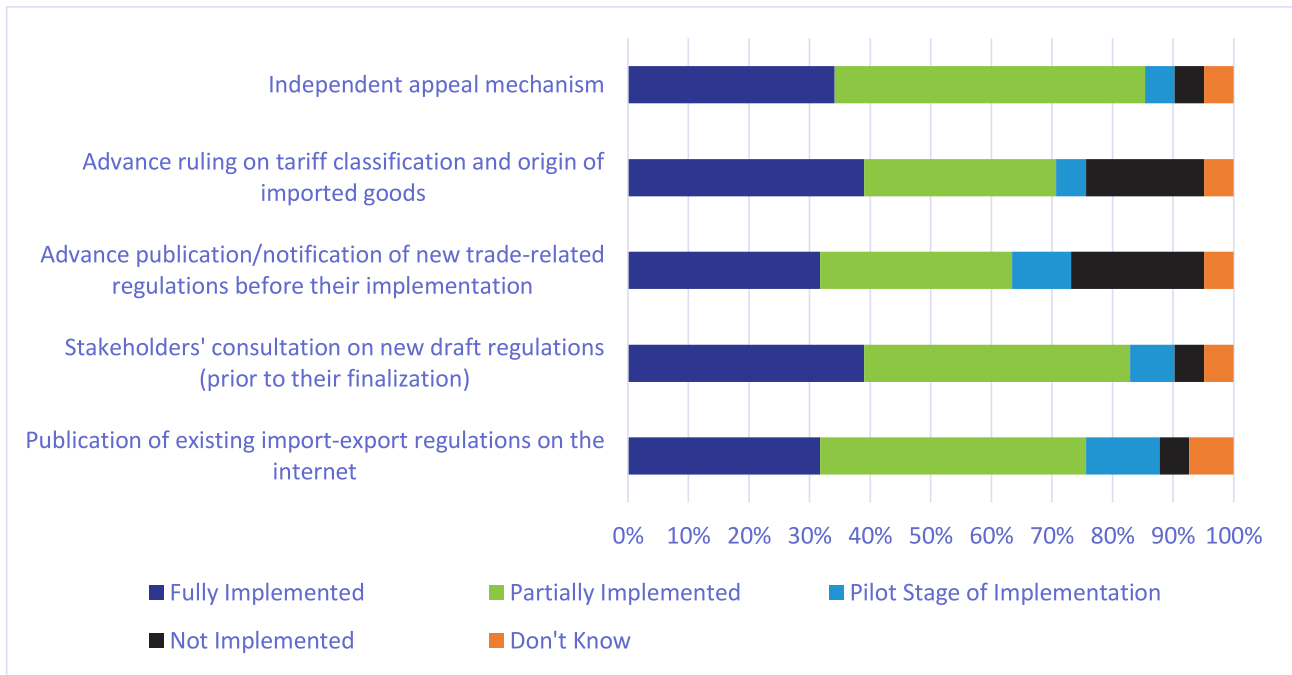
Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.unftsurvey.org/>



3.2.1 Transparency Measures

The five trade facilitation measures categorised as 'Transparency' in the Survey relate to Articles 1-5 of the TFA and the General Agreement on Tariffs and Trade (GATT) Article X on publication and administration. Globally, the average level of implementation of the five 'transparency' measures for 2023 was 80,2%. For African countries, the average was 69,2% during the same period. Implementation of the five measures were fairly consistent across African countries. Trade facilitation measures that enjoyed the highest level of full implementation included stakeholder consultations on new regulations and advanced ruling on tariff classification of imported goods. Both these measures were fully implemented by 16 of the 41 countries (representing roughly 40% of the sample). Encouragingly, a broader group of countries have also partially implemented all of the transparency measures. As a result, between 25 and 35 (62,5% - 87,5% of sample) countries have fully or at least partially implemented transparency measures identified in the survey.

Figure 9: Status of implementation, Africa, Transparency



Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.unftsurvey.org/>

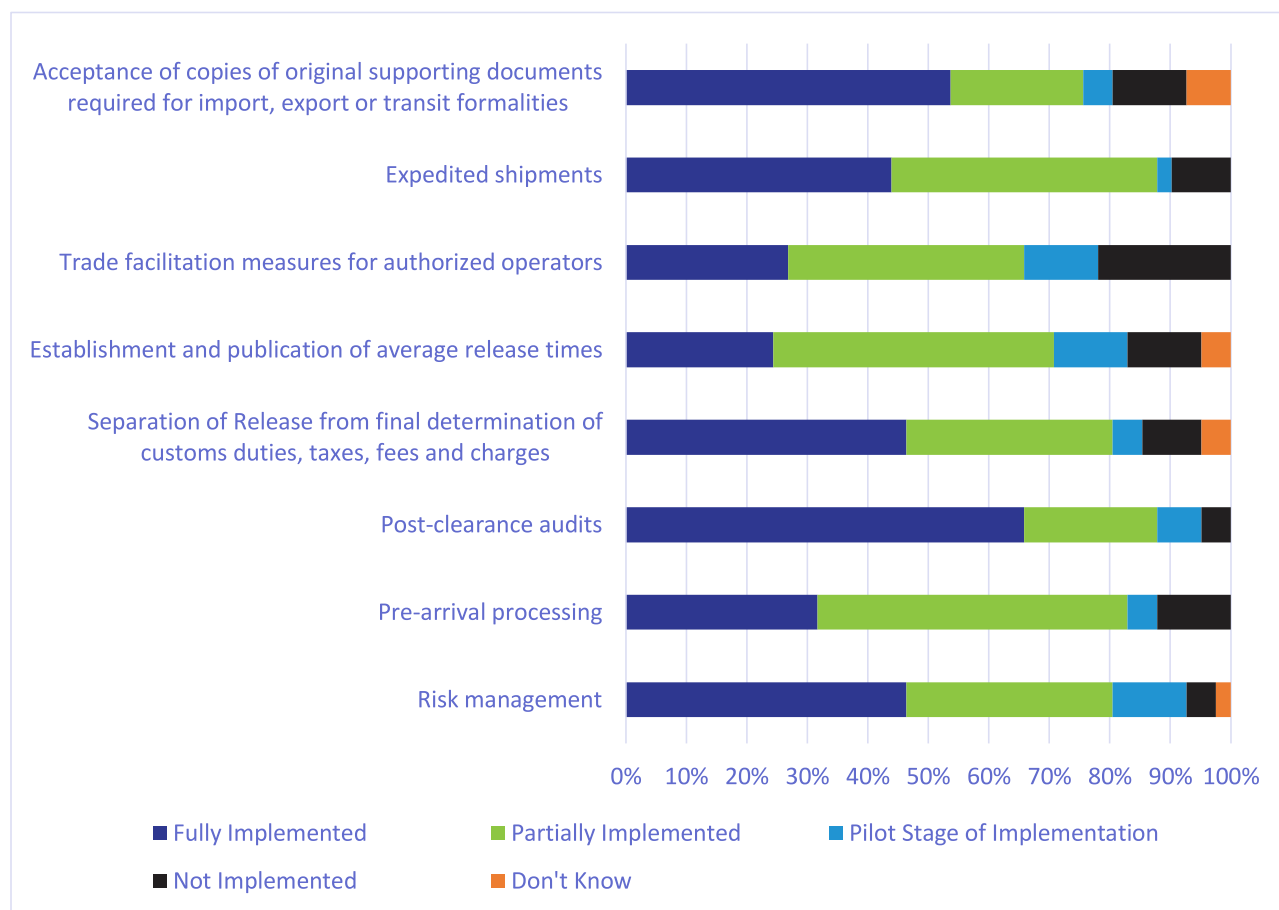
The transparency measure which was the least implemented included advance publication of new trade-related regulations, with more than 25% of countries either not implementing such mechanisms or respondents did not know about such measures. Unavailability of such measures increases trade risks and reduces confidence for businesses and stand to harm intra- and extra- African trade.



3.2.2 Formalities

The 'Formalities' group consists of eight general trade facilitation measures in relation to Article 7 and 10 of the WTO TFA and GATT Article VII, titled "Fees and Formalities Connected with Importation and Exportation." The global average for implementation of formalities for 2023 totalled 77,5%. The average for African countries surveyed over the same period was 71,8%, indicating that implementation of related measures is only marginally lower among African countries than their global peers. Some of the most fully implemented measures included undertaking of post-clearance audits (with 65% of countries conforming to such practices) and the practice of accepting copies of original import/ export documentation (55%). If instances where such measures are both fully and partially implemented are counted, between 65% and 87,5% of countries are implementing related measures, which bodes well for facilitating trade on the continent.

Figure 10: Status of implementation, Africa, Formalities



Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.untfsurvey.org/>

Nevertheless, there is one key area of concern related to trade formalities. Nearly 25% of countries have not yet implemented a scheme to assist AEOs. Such schemes typically identify traders who illustrate high-levels of compliance with trade-related laws and regulations (complying with World Customs Organisation or equivalent compliance and supply chain security standards)⁶⁵ and are granted simplified trade formalities. The absence of AEO schemes significantly hampers the advancement of trade facilitation efforts. Without such schemes, the trade ecosystem faces challenges in distinguishing between low-risk and high-risk operators, leading to unnecessary delays, increased costs, and diminished trade efficiency. AEO schemes also promote trust between trading partners and customs authorities by identifying low-risk traders.

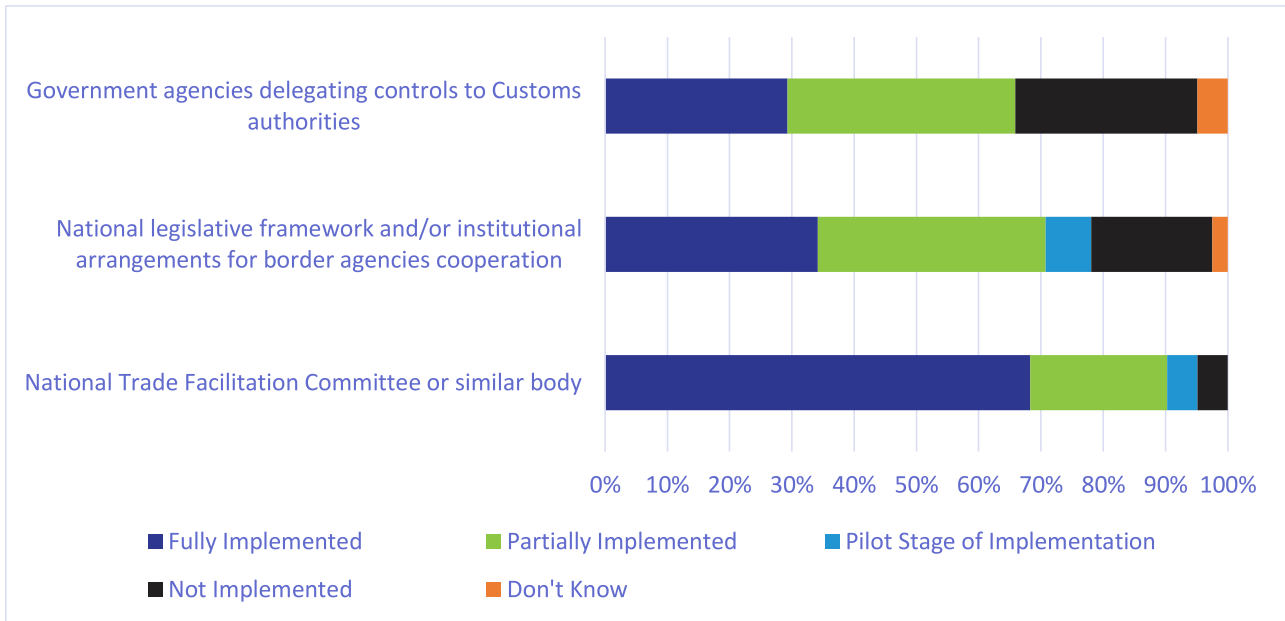


3.2.3 Institutional Arrangements and Cooperation Measures

Three trade facilitation measures featured in the UNTF Survey are grouped under 'Institutional Arrangement and Cooperation' measures. These measures are stipulated by Article 8 and 23 of the TFA that require the establishment of a national trade facilitation body and ensuring cooperation and coordination. These measures ensure that adequate domestic institutional arrangements and legislation is in place which allows countries to adequately affect trade facilitation measures within countries, but also to allow for effective trade and cooperation between countries. Benchmarked against global peers, African countries achieved near similar results on the 'institutional arrangements and cooperation measures' indicator. While the global average for this indicator for 2023 was 71,6%, the average implementation for this indicator for African countries over the same period was 68,6%. African countries' high score on this indicator was buoyed by the establishment or partial establishment of NTFCs. NTFCs are a requirement under WTO's TFA and it is encouraging that this indicator enjoys implementation success across the surveyed countries. NTFCs offer public and private stakeholders an important forum for institutional coordination and consultation on trade facilitation reforms, both within the context of the WTO FTA, but equally regional and continental commitments such as the AfCFTA.

⁶⁵SARS. 2023. Authorised Economic Operator. <https://www.sars.gov.za/customs-and-excise/registration-licensing-and-accreditation/accreditation/>

Figure 11: Status of implementation, Africa, Institutional measures



Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.untfsurvey.org/>

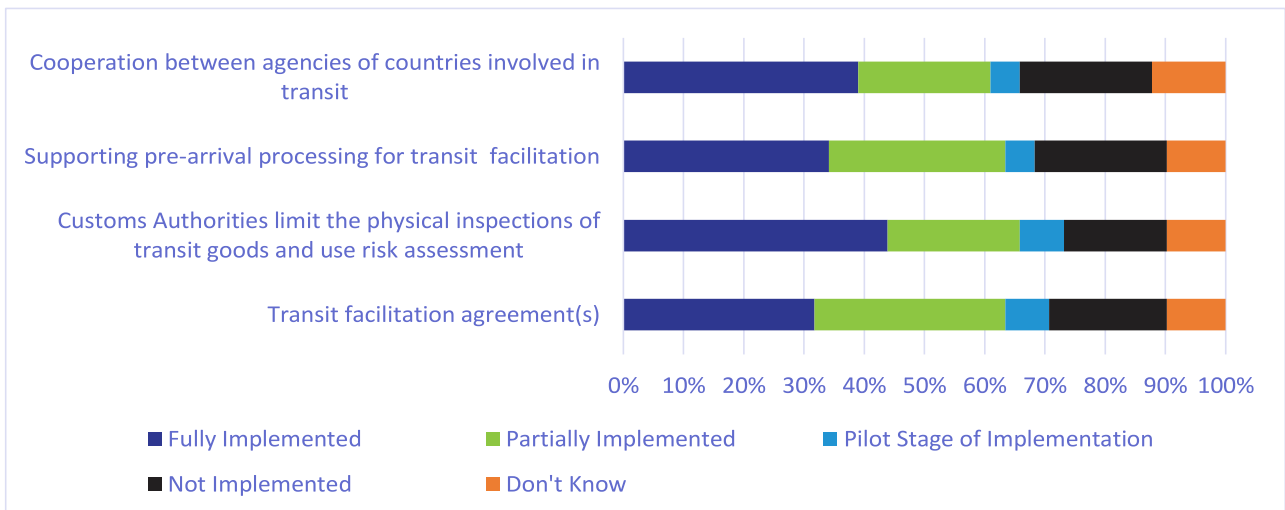
Nevertheless, the other indicators under institutional measures enjoys less success. Between 20% and 30% of countries allow for limited delegation of border responsibilities to their respective border control agencies. This could be a hinderance for better inter-government coordination for trade facilitation as such limitations restricts the ability of border agencies to respond promptly to dynamic trade scenarios, potentially resulting in delays and operational inefficiencies. It also leads to inconsistent trade procedures as different agencies might adopt varying approaches, causing confusion among traders and hindering smooth cross-border operations. Moreover, incomplete delegation hampers seamless information sharing among government bodies, preventing the development of a comprehensive approach to trade management and risk assessment. It is important that clear legislative frameworks are in place to customs authorities to engage peers from other countries in order to expedite key trade facilitation bottlenecks or to foster efficient cooperation.



3.2.4 Transit Facilitation Measures

Four trade facilitation measures included in the survey relate specifically to 'Transit Facilitation' and the WTO TFA Article 11 on Freedom of Transit. The intent of these measures is to reduce, as much as possible, the formalities associated with transit trade, allowing the swift flow of goods from one country to another. These measures are particularly important to LLDCs, whose goods typically need to go through a neighbouring country's territory before reaching a seaport for onward transportation to their destinations. Overall, African implementation or partial implementation of transit facilitation measures were high across the economies surveyed. Nearly 65% of countries had implemented or partially implemented all related measures. However, given the importance of such measures for LLDCs (represented by 10 countries in this survey), it is concerning that nearly 30% of respondents indicated that their countries did not have related measures or were unsure.

Figure 12: Status of implementation, Africa, Transit



Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.untfsurvey.org/>



3.2.5 Digital Trade Facilitation Measures

The growing digitalisation of trade is already underway and is set to increasingly shape trade in several key ways. Adoption of digital technologies will make trade faster, more transparent, and more secure. Technologies such as blockchain, artificial intelligence, machine learning, fintech, and internet-of-things reduce costs, enhances transparency, trust and efficiency in trade. It is vital that trade facilitation measures are implemented in African countries to harness these benefits of trade digitalisation. The UNTF 2023 Survey focusses on two key related dimensions: paperless trade measures and cross-border paperless trade measures. Findings from the 2023 Survey are unpacked in the following section.

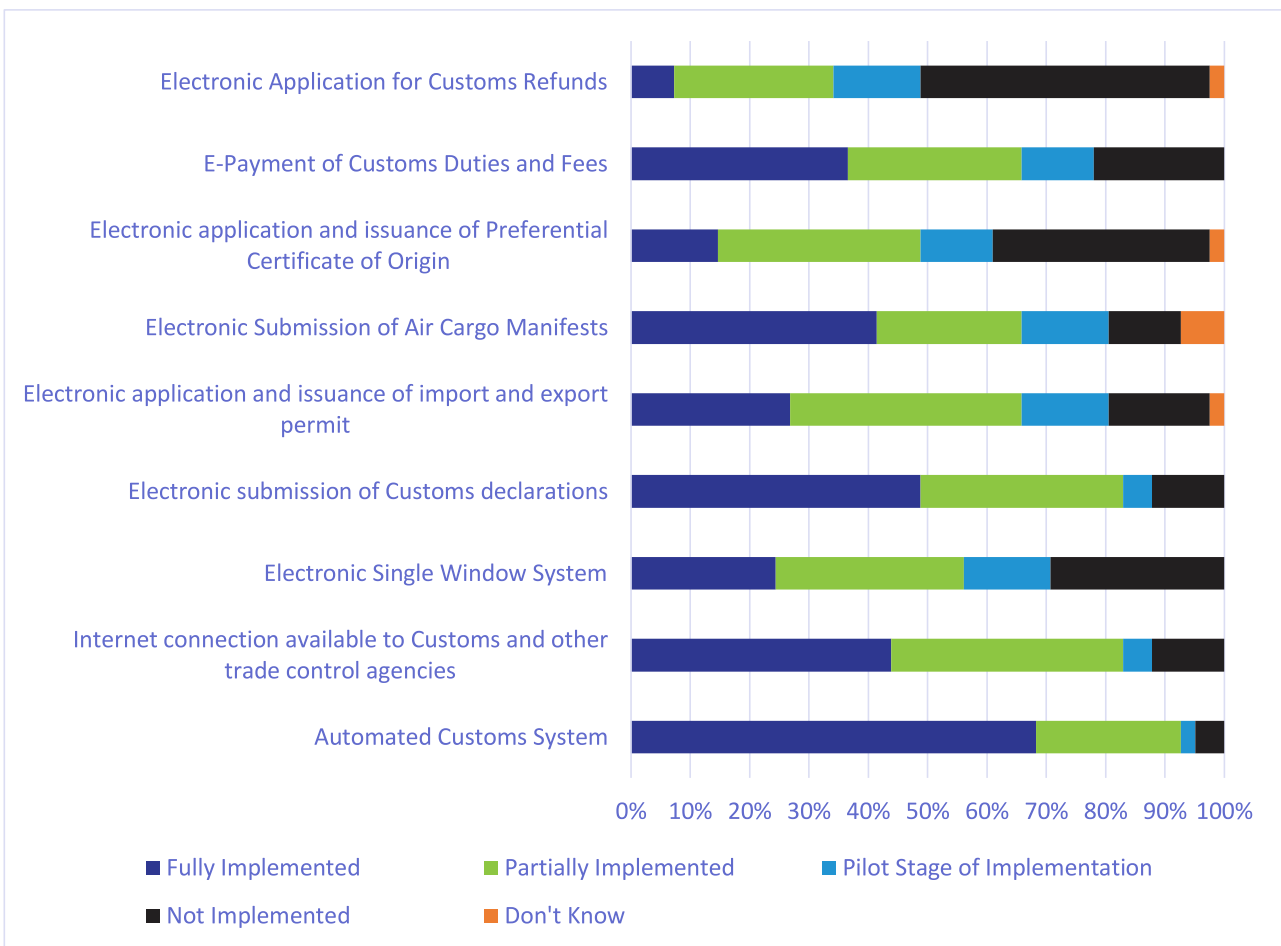


3.2.5.1 Paperless Trade Measures

The 'Paperless Trade' measures examined in the UNTF Survey relate to the application of modern information and communication technologies (ICT) to trade-related services, ranging from the availability of internet connections at border-crossings and the automation of customs systems to full-fledged electronic single window (ESW) systems. Many of the measures are identified in Articles 7 and 10 of the WTO TFA.

African countries benchmarked relatively well against their global peers on this indicator, with an average of 61% implementation for African countries and 68,7% globally in 2023. While it is clear that there were some very well implemented measures, it is also evident that this sub-group had some of the lowest levels of implementation across the TFI indicators. Encouragingly, nearly 95% of countries had a fully or partially implemented automated customs system. Such digital measures improve revenue collection, reduces time and cost to trade, and improves security by streamlining procedures of cargo control, transit of goods and clearance of goods. Similarly, the ability of traders to electronically submit customs declarations (82,5% of responding countries) improves efficiency of moving goods.

Figure 13: Status of implementation, Africa, Paperless trade



Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.untfsurvey.org/>

However, within the sub-group of 'paperless trade', there are several indicators with limited implementation across the surveyed countries: only 3 countries (Ghana, Mauritius, and Rwanda) offered the ability to apply electronically for customs refunds; only 6 (Ethiopia, Ghana, Mauritius, Mozambique, Namibia and Sierra Leone) countries had the ability to issue certificates of origin electronically; and only 10 countries (Benin, Ghana, Ivory Coast, Kenya, Morocco, Mozambique, Rwanda, Senegal, Sierra Leone and Zimbabwe) had ESW systems. While the latter is undoubtedly a complex endeavour involving multiple government ministries, departments, and agencies, it has proven to be a boon for increasing trade. There appears to be little direct correlations in terms of levels of development, geographical focus or country classification between the countries who have implemented these measures.



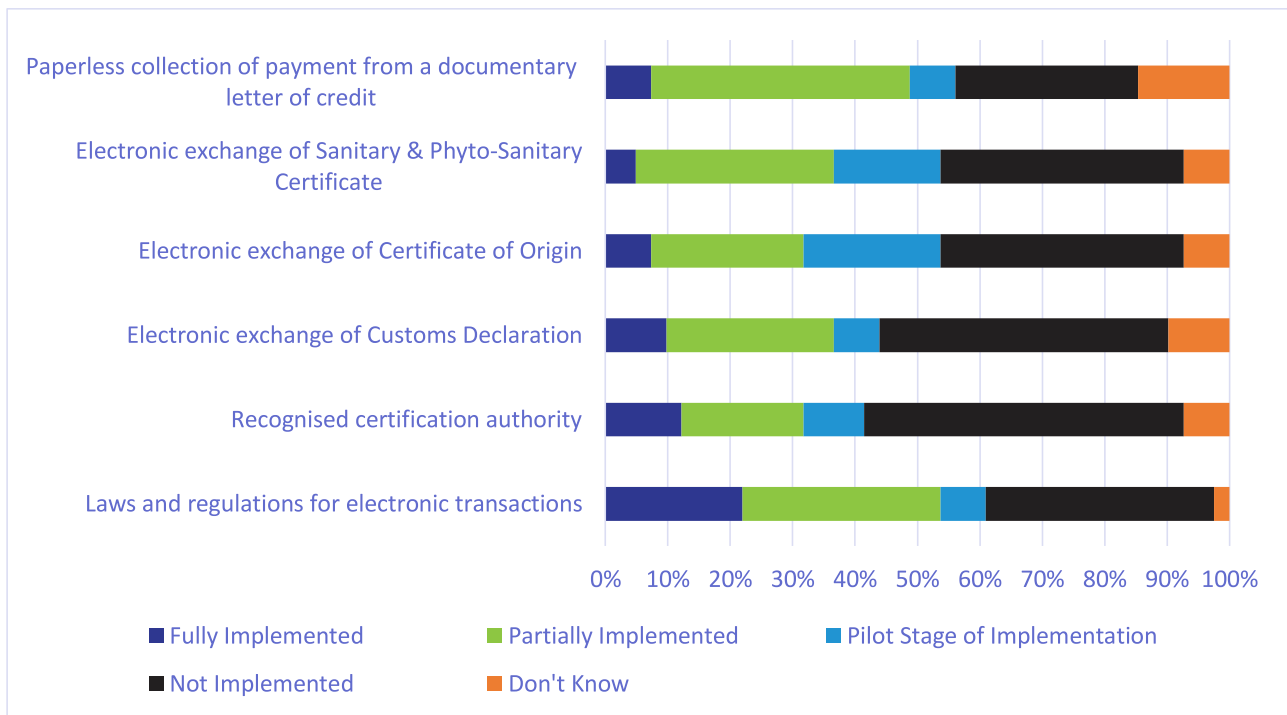
3.2.5.2 Cross Border Paperless Trade Measures

Among the six 'Cross-Border Paperless Trade' measures, there are two key measures, namely law and regulations for electronic transactions and recognised certification authority, which are basic building blocks towards enabling the exchange and legal recognition of trade-related data and documents, not only among stakeholders within a country, but also between stakeholders along the entire international supply chain. The other four measures relate to the actual exchange of specific trade-related data and documents across borders in order to achieve a fully integrated paperless transformation.

Among all the TF sub-groups, cross border paperless trade has consistently registered the lowest scores over subsequent survey rounds, with 2023 no exception. Globally, average implementation of related measures totalled 45,6%. Implementation of related measures in Africa over the same period totalled 38,6%. While some encouraging developments are evident, such as more than 50% of countries who have either fully or partially implemented legislation allowing for electronic transactions and electronic collection of letters of credit, all other measures under this sub-group enjoy very low levels of implementation. Less than 60% of countries have implemented measures allowing for the electronic submission of SPS certificates, RoO certificates, and customs declarations.

The absence of uptake of digital trade facilitation measures inhibits the potential for long-term trade facilitation improvements across the continent. These limitations perpetuate trade inefficiencies, curtail real-time data exchange, and sustain paper-based procedures, thereby impeding the establishment of streamlined and efficient trade processes. Ineffectual coordination between customs and trade control agencies due to the absence of digital tools undermines the prospect of creating a cohesive trade ecosystem that leverages technology for transparency, speed, and accuracy. Improvements in implementation of cross-border paperless trade and measures to support cross-border e-commerce are required to maximise the benefits of trade particularly in the context of the AfCFTA and the protocol on digital trade and inclusion in GVCs.

Figure 14: Status of implementation, Africa, Cross Border Paperless Trade



Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.untfsurvey.org/>



3.3 Summative Section

Based on the analysis of the UNTF Survey, several key TF challenges have been identified across African countries:

- **Lagging Implementation Rates** – African countries, particularly in Sub-Saharan Africa, show lower TF implementation rates (57%) compared to other global regions like South-East and East Asia (77%) and South and East Europe, Caucasus, and Central Asia (73%).
- **Regional Disparities** – North African and Southern African countries lead in TF implementation, while Central African countries lag behind with the lowest implementation rates at 44.98%.
- **Limited Uptake of Advanced Measures** – Despite improvements, many African countries have yet to fully implement advanced TF measures such as ESW systems and electronic issuance of certificates of origin. Only a few countries, such as Ghana, Mauritius, and Rwanda, offer the ability to apply electronically for customs refunds.

- **Inconsistent Application of Transparency Measures** – While transparency measures like stakeholder consultations and advance rulings are widely implemented, advance publication of new trade-related regulations remains under-implemented, increasing trade risks.
- **Lack of Authorised Economic Operator (AEO) Schemes** – Nearly 25% of countries have not implemented AEO schemes, which are crucial for identifying and facilitating low-risk traders, thereby enhancing trade efficiency.
- **Institutional Coordination and Delegation** – Although NTFCs are established in many countries, limited delegation of border responsibilities to respective agencies hampers effective inter-government coordination and consistent trade procedures.
- **Challenges in Transit Facilitation** – While transit facilitation measures are crucial for landlocked countries, about 30% of respondents indicated that their countries either lacked related measures or were unsure about their implementation.
- **Digital Trade Facilitation** – Despite some progress, digital trade facilitation measures like cross-border paperless trade remain under-implemented, with an average implementation rate of 38.6% in Africa, compared to 45.6% globally. Key measures such as electronic submission of SPS certificates and RoO certificates are not widely adopted.

These challenges highlight the need for targeted efforts to enhance the implementation of TF measures across Africa, leveraging both regional cooperation under the AfCFTA and international support through frameworks like the WTO TFA. Improved coordination, digitalisation, and adoption of advanced TF measures are essential for boosting intra-African trade and integrating African economies into global value chains. These challenges, along with other prominent TF challenges on the continent, are further unpacked in the following section.



4 KEY TRADE FACILITATION CHALLENGES

Building on the summary of the previous section, this part of the report delves into the key trade facilitation challenges which African countries face. Despite progress in implementing various TF measures, significant hurdles remain that impede seamless trade across the continent. Policymakers, border agencies, and MSMEs each confront unique challenges that must be addressed to fully realise the potential of trade facilitation reforms. These stakeholders are not only critical to the implementation of TF measures but also require targeted capacity-building support, as identified in previous ACBF projects, to enhance their effectiveness in overcoming these challenges. This section will explore these challenges in detail, highlighting the obstacles that must be overcome to enhance trade facilitation and economic integration in Africa. It should be noted that many of these challenges, such as NTBs, are cross-cutting. However, to ensure ease of reading, they are not addressed multiple times under the various categories.



4.1 Policymakers

4.1.1 Coordination Among Government Ministries, Agencies and Other Stakeholders

The COVID-19 pandemic highlighted the urgent need for better coordination among various government agencies and between nations to manage border controls and ensure the smooth flow of trade. For example, during the pandemic, the lack of coordination resulted in severe congestion and delays at border posts, as different agencies operated without a unified strategy. Policymakers should establish formal mechanisms for regular communication and cooperation between customs, health, transport, and other relevant agencies. These mechanisms could include joint training programs, shared databases, and harmonised procedures to ensure smooth operations. The AfCFTA can leverage these lessons to foster intergovernmental cooperation, ensuring that trade regulations and procedures are harmonised, thus enhancing the efficiency of cross-border trade across the continent.⁶⁶

Effective trade facilitation requires both inter-governmental and inter-departmental coordination at national and regional levels. The complexity of trade facilitation involves multiple stakeholders, including customs, trade and transport ministries, port and road authorities, freight forwarders, and border agencies. Recognising this, the drafters of both the TFA mandated the creation of NTFCs. These committees are designed to act as consultative bodies to promote facilitation, examine international trade and transport regulations, make policy recommendations, and foster administrative transparency on major trade and transport issues.

As of June 2020, about 28 African countries had established an NTFC, with two additional countries reporting the existence of a de facto NTFC.⁶⁷ While this is a significant achievement, the mere formation of these committees is insufficient. The real challenge lies in ensuring that these bodies are operational and coordinate effectively with each other. Well-functioning NTFCs could have minimised the losses faced by traders during the pandemic, such as having goods turned back at borders or experiencing long delays due to policy uncertainty about the passage of goods. Successful NTFCs should have strong funding not reliant on donor support, firm political commitment to remain independent from the government of the day, a robust legal basis, strong organisational setups, and inclusive composition to bridge the public-private divide.⁶⁸ These elements are crucial for the effectiveness and sustainability of NTFCs in Africa.

⁶⁶ Ismail, F and Mataba, K. 2021. COVID-19 and trade facilitation in Southern Africa. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-67-COVID-19-trade-facilitation-Southern-Africa.pdf>

⁶⁷ Ismail, F and Mataba, K. 2021. COVID-19 and trade facilitation in Southern Africa. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-67-COVID-19-trade-facilitation-Southern-Africa.pdf>

⁶⁸ Ismail, F and Mataba, K. 2021. COVID-19 and trade facilitation in Southern Africa. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-67-COVID-19-trade-facilitation-Southern-Africa.pdf>

One significant challenge is the limited delegation of border responsibilities to respective border control agencies in many African countries. Between 20% and 30% of countries allow for limited delegation, which hampers better inter-government coordination for trade facilitation.⁶⁹ Such limitations restrict border agencies' ability to respond promptly to dynamic trade scenarios, potentially causing delays and operational inefficiencies. Inconsistent trade procedures across different agencies can lead to confusion among traders and hinder smooth cross-border operations. Incomplete delegation also impedes seamless information sharing among government bodies, preventing the development of a comprehensive approach to trade management and risk assessment. Clear legislative frameworks are essential to empower customs authorities to engage with peers from other countries to expedite key trade facilitation bottlenecks and foster efficient cooperation.

Successful implementation of trade facilitation measures also requires robust collaboration between public, private, and civil sectors. Governments need to provide leadership and accountability while engaging the private sector in the design and delivery of digital and trade facilitation ecosystems. Policymakers create the trade facilitation environment, but businesses operate within this environment, necessitating synergy in consultation. This collaboration should include MSMEs, ensuring their representation in stakeholder consultations, as they often lack the representation enjoyed by larger firms through business associations. The NTFCs presents the ideal forum for such consultations.



4.1.2 Implementation of Regional Agreements and Protocols

The potential benefits of the AfCFTA, including the TF measures within the Agreement, and other regional agreements can only be realised through effective implementation and translation of these agreements into actionable policies and practices. Merely signing agreements and setting ambitious goals will not yield tangible results unless they are actively pursued and embedded into national frameworks.⁷⁰

Experience from regions such as West Africa underscores the necessity of eliminating both local and regional barriers to trade and transport. Trade and transport facilitation are top priorities for a flourishing economy, as cross-border trade can significantly accelerate regional integration. However, lofty aspirations have often failed to transform into actions due to weak political will to reform outdated regulations, cumbersome non-reciprocal customs procedures, inadequate local funding for infrastructure development, and a myriad of related issues.⁷¹

Over the past two decades, a global trend has emerged where the reduction in tariff barriers has been accompanied by an increase in NTBs and NTMs. This trend is evident in Africa as well, where concerted efforts through bilateral, regional, and multilateral negotiations have successfully reduced tariff costs.⁷² However, this progress has been undermined by the rise of NTBs and NTMs, which have become significant impediments to trade. The increase in NTBs includes challenges such as inadequate transit and road infrastructure, inefficient border operations, quality control inspections, successive roadblocks, and quantitative restrictions on goods by individual states. These barriers create significant trade costs that negate the benefits of reduced tariffs. The problem is further compounded by weaknesses in economic governance, which enable corruption and inefficiencies in trade processes.

The failure to accurately implement regional agreements and protocols has contributed to this issue. While tariffs have been lowered, the lack of effective implementation of trade facilitation measures has allowed NTBs to proliferate. This situation underscores the need for a comprehensive approach to trade facilitation that addresses both tariff and non-tariff barriers. By effectively implementing regional and continental agreements and focusing on reducing NTBs, African countries can enhance trade efficiency, lower trade costs, and fully realise the benefits of economic integration. Addressing these challenges is crucial for unlocking the potential of the AfCFTA and other regional trade initiatives.

While NTMs often have legitimate uses, such as protecting domestic industries or achieving social goals, they can also create significant trade costs due to regulatory heterogeneity and rent-seeking behaviour by officials.⁷³ Policymakers must work to reduce the trade-restrictive effects of NTMs by ensuring transparency and cooperation among trade stakeholders. The African Trade Observatory, for example, can provide crucial data on NTMs and their economic impacts, helping to mobilise stakeholders and inform policy reforms. Transparency is a key step in shifting the balance towards reformers and away from defenders of status quo rents.



4.1.3 Policy Coherence and Consistency

Effective trade facilitation in Africa hinges on the coherence and consistency of policies across the continent. Policymakers must ensure that regulations and standards are harmonised and transparent to create a conducive environment for trade and investment. The COVID-19 pandemic highlighted significant shortcomings in the transparency of bureaucratic processes related to trade. During the pandemic, border closures and stringent control measures led to substantial delays in the movement of goods, revealing a lack of clear and accessible information regarding trade regulations and procedures.⁷⁴ Policymakers can address these issues by ensuring that all trade-related information is available online, centralised, and in multiple languages to cater to diverse stakeholders. Implementing such transparency measures under the AfCFTA would build trust among member states and streamline intra-African trade, making it more predictable and less susceptible to corruption.

⁶⁹ UNCTAD. 2023. Digital and Sustainable Trade Facilitation: Global Report 2023. <https://www.unctad.org/files/documents/report-digital-sustainable-2023-global.pdf>

⁷⁰ Songwe, V. 2019. Intra-African trade: A path to economic diversification and inclusion. <https://www.brookings.edu/articles/intra-african-trade-a-path-to-economic-diversification-and-inclusion/>

⁷¹ UNECA, 2023. Addressing the trade facilitation challenge in the context of the AfCFTA: views from West Africa. <https://repository.uneca.org/handle/10855/49479>

⁷² Ismail, F and Mataba, K. 2021. COVID-19 and trade facilitation in Southern Africa. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-67-COVID-19-trade-facilitation-Southern-Africa.pdf>

⁷³ Hoekman, B, Njinkeu, D, Shepherd, B. Trade Facilitation in the African Continental Free Trade Area. <https://copenhagenconsensus.com/sites/default/files/2023-03/Trade%20Facilitation%20in%20the%20African%20Continental%20Free%20Trade%20Area.pdf>

⁷⁴ Ismail, F and Mataba, K. 2021. COVID-19 and trade facilitation in Southern Africa. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-67-COVID-19-trade-facilitation-Southern-Africa.pdf>

Greater transparency in bureaucratic processes is essential for enhancing policy coherence and ensuring that trade facilitation measures are effectively implemented and understood by all stakeholders.

Inconsistent transport regulations and vehicle standards across African countries pose significant challenges to the smooth movement of goods.⁷⁵ Different countries have varying axle-load requirements, limiting the ability of trucks to operate seamlessly between nations. Additionally, inconsistencies in how high-cube containers and safety equipment standards are treated create logistical complications. For instance, super-linked transporters face different regulations in Tanzania compared to other countries, requiring special permits and incurring additional costs. Similarly, the lack of a unified insurance system for loads transiting through the region forces logistics companies to purchase additional insurance, increasing operational costs. Harmonising transport regulations and vehicle standards is essential to facilitate smoother and more efficient cross-border trade.

The lack of clear dispute resolution mechanisms for regional trade laws poses a significant challenge to policy coherence. Despite the existence of regional agreements like the ECOWAS Trade Liberalisation Scheme, rules are frequently breached, and incidents are handled through ad hoc interventions rather than structured processes.⁷⁶ This lack of structured dispute resolution undermines the effectiveness of regional agreements and leads to inconsistent enforcement. Establishing robust dispute resolution mechanisms is crucial for ensuring that regional trade agreements are respected and that breaches are addressed in a systematic and fair manner.



4.2 Implementing Border Agencies

4.2.1 Customs and Administrative Entry Procedures

Efficient trade facilitation hinges significantly on the capacity and training of customs and border officials. Inadequate training and administrative inefficiencies can lead to substantial delays, increased costs, and overall inefficiencies in the movement of goods, which negatively impact traders. For example, in Southern Africa, despite improvements in physical road infrastructure, administrative inefficiencies remain a significant barrier to trade. These inefficiencies include multiple stops, corruption, and non-harmonised regulations, which collectively result in substantial delays at border posts.⁷⁷ Such inefficiencies highlight the critical need for better training and capacity building among customs and border officials. Trade facilitation challenges are further compounded by inadequate information availability, poor customs automation, and lack of border agency cooperation. While some countries publish import duties, comprehensive information on procedures and required documentation is often lacking. Customs automation is limited, with only a few countries allowing full electronic clearance and advance document lodgement. Physical inspections remain prevalent, and internal border agency cooperation is poor, with little data sharing or system integration.⁷⁸



4.2.2 Infrastructure and Equipment at Border Points

The efficiency of trade facilitation in Africa is significantly influenced by the state of infrastructure and equipment at border points. Inadequate infrastructure and outdated equipment can cause significant delays, increase costs, and hinder the smooth movement of goods across borders. Digitalisation is a powerful tool for enhancing trade facilitation. Technological advancements, such as blockchain and modern ICT, can streamline border processes, reduce human errors and corruption, and increase transparency.⁸⁰ For instance, abandoning paper-based systems in favour of digital solutions can expedite the clearance of goods, including those in transit. While the initial investment in digital infrastructure can be substantial, the long-term benefits in terms of trade efficiency and cost reduction are significant. Implementing such digital solutions can transform border operations, making them more efficient and reliable.

Ports are crucial nodes in Africa's supply chain, often serving multiple countries. Therefore, investing in port infrastructure is essential to support regional development and enhance trade facilitation.⁸¹ Many African ports suffer from congestion, inadequate handling equipment, and insufficient deep-water berths, leading to significant delays. For example, the Port of Dar-es-Salaam and the Port of Durban face severe congestion and long wait times. Promoting investment in port infrastructure can help address these issues by increasing capacity, improving management practices, and adopting advanced technologies such as automation and smart port solutions. Smart ports, utilising artificial intelligence, big data, and the internet of things, can greatly enhance the efficiency and competitiveness of ports, reducing the overall logistics costs and improving the reliability of goods in transit.

⁷⁵ Vijoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

⁷⁶ UNECA, 2023. Addressing the trade facilitation challenge in the context of the AfCFTA: views from West Africa. <https://repository.uneca.org/handle/10855/49479>

⁷⁷ Vijoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

⁷⁸ Vijoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

⁷⁹ Vijoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

⁸⁰ Ismail, F and Mataba, K. 2021. COVID-19 and trade facilitation in Southern Africa. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-67-COVID-19-trade-facilitation-Southern-Africa.pdf>

⁸¹ Ismail, F and Mataba, K. 2021. COVID-19 and trade facilitation in Southern Africa. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-67-COVID-19-trade-facilitation-Southern-Africa.pdf>

In Southern Africa, approximately 80% of goods are transported by road, with agricultural commodities making up a significant portion of this traffic.⁸² Poor road infrastructure contributes to high transport costs and inefficiencies. For example, the North-South Corridor in Tanzania experiences severe congestion due to narrow access roads and a lack of parking space. Similarly, inadequate climbing lanes, poor signage, and heavy congestion are common issues in countries like Zambia, Malawi, and Tanzania. Improving and integrating road networks can significantly boost overland trade. Additionally, enhancing rail services, which have been unreliable in some regions like Mozambique, can alleviate congestion on roads and improve the overall transport network.

Many African borders, particularly those between coastal and landlocked countries, lack adequate infrastructure. This includes insufficient security infrastructure, trade facilities, and basic utilities such as restrooms and showers. These deficiencies lead to costly delays, poor health and sanitary conditions, and inadequate safety standards, especially affecting women traders. Consequently, smaller traders are often disincentivised from using formal borders and instead opt for informal crossings, which expose them to higher risks. Enhancing border infrastructure by providing essential facilities and improving safety standards can significantly improve the efficiency of cross-border trade and encourage more traders to use formal routes.⁸³



4.2.3 Quantitative Restrictions and Additional Trade Barriers

Quantitative restrictions and additional trade barriers present significant challenges to efficient trade facilitation across African countries. These barriers include various fees, permits, licenses, and bans that collectively increase the cost and complexity of transporting goods across borders. Transportation routes are often burdened with numerous additional fees and charges that create significant cost burdens for traders. These include transport permits, road tolls, safety taxes, carbon taxes, municipal fees, road-user charges, and fumigation fees at each entry point. For instance, the DRC imposes approximately \$2000 in additional road-user fees, covering border crossing fees, government taxes, insurance, road-user charges, and fumigation. Similarly, in Zambia, these charges amount to around \$700, including yellow card insurance, parking fees, road-user charges, and border-crossing fees. In Zimbabwe, significant charges such as a \$120 annual road permit fee, \$5 per 12 hours for parking, and a \$120 removal-in-transit fee per leg of the trip further add to the cost burden.⁸⁴

Various countries within the region impose additional surcharges and taxes on imports, which further complicate trade.⁸⁵ Botswana, for example, imposes a double tax on alcoholic beverage imports. Tanzania adds a 15% surcharge on Malawian cooking oil imports, and Mozambique levies surcharges on all sugar imports. These additional costs not only increase the financial burden on importers but also create a fragmented trade environment that hampers the smooth flow of goods.⁸⁶

Import permits, export taxes, licensing, and restrictions are prevalent across the region, particularly affecting the maize trade within SADC. For example, Zambia restricts maize exports to maintain national reserves. Malawi enforces both import and export restrictions on maize and export bans on soybeans. Botswana issues import permits for maize and soy only if 30% of the products are sourced locally. Zimbabwe requires import licenses for fertilized eggs, soybeans, soybean meal, and maize, while also banning poultry imports and requiring special permits for poultry exports to Botswana.⁸⁷



4.3 MSMEs

According to the UNTF 2023 Survey, African countries' average implementation of trade facilitation measures to support MSMEs remains low. The most successful indicator under this category relates to availability of trade information specifically for MSMEs, of which 35% of countries provide fully, and 36% of countries provide partially. Nevertheless, all other measures remain woefully under implemented. Without measures designed to support MSMEs, these enterprises, which are the backbone of African economies, may encounter significant challenges in engaging in international trade and expanding their market reach and even within the context of the AfCFTA. The absence of streamlined processes, such as simplified customs procedures, digital documentation submissions, and tailored training, can lead to increased administrative burdens and operational complexities for SMEs, consuming valuable time and resources.

⁸² Vijoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

⁸³ UNECA, 2023. Addressing the trade facilitation challenge in the context of the AfCFTA: views from West Africa. <https://repository.uneca.org/handle/10855/49479>

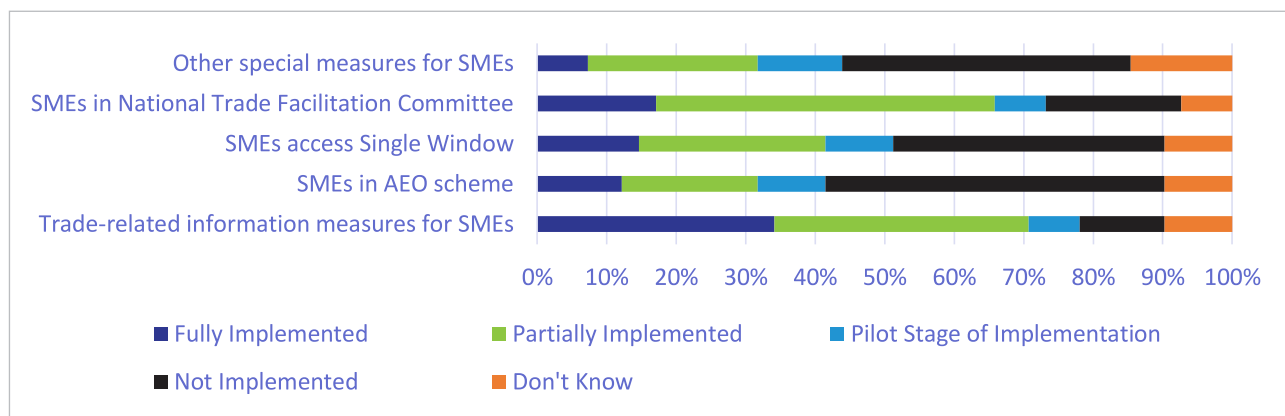
⁸⁴ Vijoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

⁸⁵ Vijoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

⁸⁶ Vijoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

⁸⁷ Vijoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

Figure 15: Status of implementation, Africa, SME Measures



Source: Global Survey on Digital and Sustainable Trade Facilitation 2023 - <https://www.unftsurvey.org/>

The absence of trade facilitation measures that cater to the needs of MSMEs could result in these businesses' isolation from the benefits of international trade and the AfCFTA, which could ultimately hinder their ability to innovate, invest, and create jobs. This scenario not only limits the contribution of MSMEs to economic development but also exacerbates the broader challenge of economic diversification and resilience within African economies. Thus, ensuring the effective implementation of tailored trade facilitation measures for MSMEs is crucial for their sustained growth, enhanced competitiveness, and meaningful participation in the global and continental trade landscape. The following section unpacks some of the key trade facilitation-related challenges faced by MSMEs on the continent which haven't been addressed in the preceding two sections.



4.3.1 Rules of Origin

The AfCFTA presents significant opportunities for MSMEs to integrate into subregional and global value chains by providing a framework that ensures fair competition and protects against trade deflection. However, the complexity and compliance costs associated with RoO can pose significant barriers to MSMEs, limiting their ability to fully benefit from trade agreements.

Rules of Origin are essential for determining the national source of a product, which in turn affects the application of tariffs and trade preferences. On one hand, they facilitate fair competition and provide preferential market access, thereby helping MSMEs integrate into larger value chains. On the other hand, the intricate requirements and high compliance costs can be overwhelming for MSMEs, which often lack the resources to navigate these complexities. This dual nature of RoO means that while they are designed to protect and promote regional production, they can inadvertently become obstacles for smaller businesses.⁸⁸

MSMEs in Africa face significant challenges due to the complexity of RoO under various trade agreements. The overlapping memberships in different regional economic communities, each with its own set of rules, create a fragmented trade environment. This fragmentation increases the cost of doing business and hampers regional integration, as MSMEs must comply with multiple and often conflicting requirements. For instance, SADC applies strict RoO criteria, while the EAC and COMESA have more relaxed criteria. Less strict RoO are generally more beneficial for LDCs, allowing them to use a higher proportion of intermediate inputs to qualify for tariff preferences. This flexibility helps countries with low manufacturing bases to participate in regional trade by undertaking modest levels of transformation. Conversely, strict RoO, as favoured by South Africa to enhance domestic industrialisation, can be a significant administrative burden, potentially negating the benefits of tariff concessions under the AfCFTA.⁸⁹

Different sectors face varying levels of complexity with RoO. For example, the automotive sector often has simpler RoO, requiring a certain percentage of local content for products to qualify for tariff concessions. However, the textile and clothing sector faces more complex rules, distinguishing between single-stage transformation (SST) and double-stage transformation (DST). SST allows manufacturers to import fabric and produce clothing eligible for tariff concessions, while DST requires both stages of transformation (from cotton to fabric and fabric to clothing) to occur within the region. These complexities make it challenging for MSMEs to comply with RoO, especially in sectors like textiles where the requirements are stringent. The administrative burden and costs associated with strict RoO can lead firms to forgo tariff concessions altogether, undermining the potential benefits of the AfCFTA.⁹⁰

⁸⁸ UNECA. 2024. MSMEs, value chains and trade development in Southern Africa. https://repository.uneca.org/bitstream/handle/10855/50184/2301449-MSMEs%20value%20chains%20and%20trade%20development%20in%20Southern%20Africa_rev2.pdf?sequence=1&isAllowed=y

⁸⁹ Prinsloo, C. 2020. Understanding the Agreement for African Continental Free Trade Area. https://saiia.org.za/wp-content/uploads/2020/02/Understanding-the-AfCFTA_special-report_February2020.pdf

⁹⁰ Prinsloo, C. 2020. Understanding the Agreement for African Continental Free Trade Area. https://saiia.org.za/wp-content/uploads/2020/02/Understanding-the-AfCFTA_special-report_February2020.pdf

Policymakers must design RoO that facilitate trade rather than hinder it, ensuring they are clear, transparent, and aligned with the capabilities of MSMEs. Simplifying RoO and harmonising them across different regional economic communities can reduce the regulatory burden on MSMEs and support their integration into regional and global value chains. Governments and development partners should also support MSMEs with capacity building on RoO to ensure they can benefit from tariff liberalisation under the FTAs.



4.3.2 NTBs, TBTs and SPS

MSMEs in Africa face significant challenges due to NTBs, TBTs, and SPS measures. These barriers can be even more restrictive than tariffs, adding layers of complexity and cost that disproportionately affect smaller businesses. Beyond tariff preferences, NTBs present substantial obstacles for MSMEs. Ex-ante studies consistently show that removing NTBs can have a greater impact on trade than tariff liberalisation. Some of the main NTBs include the high cost of obtaining export licenses, stringent product standards, limited quality infrastructure outside major cities, inefficient and costly border procedures, and complex bureaucratic compliance processes.⁹¹ For instance, in Mozambique, 96% of non-exporting firms cite the high cost of obtaining export licenses and stringent product standards as significant barriers.⁹² Additionally, limited awareness and use of programs like the AEO programmes further hinder MSMEs from taking full advantage of trade preferences.

TBTs involve standards and regulations that products must meet to be sold in a particular market. In Southern Africa, inconsistent standards and health and safety specifications are significant obstacles. For example, the lack of harmonisation in standards for products like sugar, maize, wine, soaps, detergents, and cosmetics hampers trade. For maize, mandatory inspections, certifications, and national testing requirements create significant hurdles. Overlapping authorities and non-harmonised standards complicate the process, making it difficult for MSMEs to comply. In the sugar industry, differences in national standards between countries, such as South Africa and Zambia, lead to challenges where South African supermarkets do not recognise Zambian standards as equivalent. Additionally, private standards imposed by supermarkets, such as Hazard Analysis and Critical Control Points (HACCP) accreditation, add further costs for suppliers. For products like soaps, detergents, and cosmetics, the lack of alignment with internationally accepted standards limits exports to regional markets. Many countries require certificates of free sale for cosmetic products, and restrictions on importing certain finished products further complicate trade. For example, Zimbabwe's restriction on importing 43 finished products, including soaps and beauty creams, presents significant barriers for MSMEs trying to enter regional markets.⁹³

SPS measures aim to protect human, animal, and plant life from risks arising from the introduction of pests, diseases, or contaminants. However, inconsistent SPS measures across countries pose challenges for MSMEs. For example, mandatory inspections, certifications, and national testing requirements for agricultural products like maize can be particularly onerous. The lack of harmonised SPS standards and the involvement of multiple authorities' complicate compliance for MSMEs, increasing both costs and administrative burdens. Tradebarriers.org – an online NTB reporting and monitoring platform - reports various SPS-related challenges, such as raw cane sugar shipments detained in Mombasa due to bureaucratic import procedures and third-party agencies in Zambia applying higher-than-international standards for wine testing. These inconsistencies create barriers to trade, making it difficult for MSMEs to compete effectively in regional and international markets.⁹⁴

⁹¹ Byiers, B, Karkare, P and Zita, S. 2023. Lessons from SADC for the AfCFTA: The case of Mozambique.

<https://ecdpm.org/application/files/6816/7870/2522/Lessons-SADC-AfCFTA-case-Mozambique-Discussion-Paper-338-ECDPM-2023.pdf#:~:text=The%20paper%20concludes%20that%20the,to%20promote%20further%20export%20development>

⁹² Byiers, B, Karkare, P and Zita, S. 2023. Lessons from SADC for the AfCFTA: The case of Mozambique.

<https://ecdpm.org/application/files/6816/7870/2522/Lessons-SADC-AfCFTA-case-Mozambique-Discussion-Paper-338-ECDPM-2023.pdf#:~:text=The%20paper%20concludes%20that%20the,to%20promote%20further%20export%20development>

⁹³ Viljoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

⁹⁴ Viljoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>



4.3.3 Corruption

Corruption remains a pervasive challenge that hampers trade facilitation efforts in Africa. It manifests at various stages of the trade process, from border controls to the issuance of permits and licences, creating an environment of uncertainty and inefficiency that disproportionately affects MSMEs.

As discussed earlier under the section on implementing border agencies (Section 4.2.3), corruption at border points exacerbates delays and increases the costs of trade. Customs officials may demand unofficial payments for expedited services, while opaque procedures and the discretionary power of officials create opportunities for rent-seeking behaviour. This not only undermines the integrity of the trade system but also places additional financial burdens on MSMEs, which often lack the resources to navigate or counter such corrupt practices.

Corruption distorts the competitive landscape by favouring businesses that can afford to pay bribes, thereby marginalising smaller firms and new market entrants. It also leads to the misallocation of resources, as businesses divert funds meant for productive investment towards illicit payments. The lack of transparency and predictability in customs procedures further discourages foreign direct investment, as potential investors are wary of entering markets where corruption is rampant.

Numerous examples from across Africa highlight the detrimental impact of corruption on trade facilitation. In some instances, transport routes are plagued with multiple checkpoints where unofficial payments are demanded. For example, the cost of transporting goods through certain corridors can increase by 10% to 30% due to bribes paid at these checkpoints. Additionally, the lack of harmonised regulations and standards across regions creates opportunities for corrupt officials to exploit the system, demanding payments to overlook discrepancies in documentation or compliance.⁹⁵



5 OPPORTUNITIES AND BEST PRACTICES

Despite the numerous challenges identified, there are also many best practices and successful case studies that highlight positive examples of how trade facilitation can be effectively addressed by policymakers, border agencies, MSMEs, and development partners. The following sections showcase some of these best practices from various African countries.



5.1.1 Policy Reforms

- **Kombeza Foods Limited** – Kombeza Foods, a dairy producer in Malawi, faced significant challenges related to quality control and non-tariff barriers to export. To overcome these hurdles, the company implemented in-house quality testing and extension services to ensure their products met high standards. Additionally, Kombeza Foods leveraged social media platforms to expand their market reach, especially among tech-savvy consumers. The company also underscored the importance of a supportive regulatory framework to navigate export challenges effectively. These strategic actions helped Kombeza Foods improve their quality control processes and better manage non-tariff barriers, enhancing their overall export potential.⁹⁶
- **Proudly Zambian Campaign** – Local businesses in Zambia struggled with low public perception of locally made goods and challenges in meeting standards. The Proudly Zambian Campaign tackled these issues by implementing a vetting process for local manufacturers to ensure quality. They partnered with the Zambia Bureau of Standards for training and created market linkages with supermarkets to secure shelf space for members' products. This initiative boosted the profile of local brands, facilitated business-to-business relationships, and increased exports, associating the campaign's logo with quality.⁹⁷
- **Ethiopia's Simplification of Customs Procedures** – Ethiopia has focused on simplifying customs procedures to facilitate trade. By reducing the number of documents required for import and export, and implementing risk-based inspection methods, Ethiopia has decreased the time and cost of customs clearance. These measures have made it easier for MSMEs to navigate trade regulations and participate in cross-border trade, enhancing their competitiveness in regional markets.⁹⁸



5.1.2 Technology / Infrastructure

- **Wesgro Cape Trade Portal and TradeBRICS Platform** – The Wesgro Cape Trade Portal and the TradeBRICS Platform are digital solutions that facilitate networking and market access for MSMEs. Wesgro's portal connects local exporters in the Western Cape with international buyers, addressing issues of trust and information asymmetry. Similarly, TradeBRICS operates as an e-commerce marketplace that links global buyers with African suppliers, ensuring reliability through a stringent verification process. These platforms help MSMEs overcome barriers related to trust and networking, enabling them to participate more effectively in international trade.⁹⁹

⁹⁵ Viljoen, W. 2019. Trade facilitation challenges in southern Africa. <https://www.tralac.org/publications/article/14218-trade-facilitation-challenges-in-southern-africa.html>

⁹⁶ UNECA. 2024. MSMEs, value chains and trade development in Southern Africa. https://repository.uneca.org/bitstream/handle/10855/50184/2301449-MSMEs%20value%20chains%20and%20trade%20development%20in%20Southern%20Africa_rev2.pdf?sequence=1&isAllowed=y

⁹⁷ UNECA. 2024. MSMEs, value chains and trade development in Southern Africa. https://repository.uneca.org/bitstream/handle/10855/50184/2301449-MSMEs%20value%20chains%20and%20trade%20development%20in%20Southern%20Africa_rev2.pdf?sequence=1&isAllowed=y

⁹⁸ UNDP. 2020. The Futures Report: Making the AfCFTA Work for Women and Youth. <https://www.undp.org/africa/publications/futures-report-making-afcfta-work-women-and-youth>

⁹⁹ UNECA. 2024. MSMEs, value chains and trade development in Southern Africa. https://repository.uneca.org/bitstream/handle/10855/50184/2301449-MSMEs%20value%20chains%20and%20trade%20development%20in%20Southern%20Africa_rev2.pdf?sequence=1&isAllowed=y

- **Kenya's Trade Facilitation Reforms** – The Government of Kenya has implemented several trade facilitation reforms to address NTBs that impede trade. These include the establishment of OSBPs, the automation of customs systems, and the introduction of a trade information portal. By reducing the number of government agencies involved in cargo clearance and adopting risk-based cargo intervention methods, Kenya has streamlined trade processes, reduced corruption, and decreased the time and costs associated with customs clearance. These reforms have significantly improved the efficiency of trade facilitation, benefiting MSMEs by making cross-border trade more predictable and less costly.¹⁰⁰
- **Rwanda's Electronic Single Window System** – Rwanda implemented an ESW system that integrates multiple trade-related services into one platform. This system allows traders to submit all required documentation electronically, significantly reducing the time and cost associated with import and export processes. The single window system has streamlined trade procedures and improved transparency, making it easier for MSMEs to comply with regulatory requirements and engage in international trade.¹⁰¹
- **Ghana's Trade Facilitation and Border Reforms** – Ghana has undertaken several initiatives to improve trade facilitation, including the modernisation of its ports and the implementation of electronic customs management systems. These reforms have streamlined the customs clearance process, reduced delays, and minimised the opportunities for corruption. As a result, MSMEs in Ghana have benefited from more efficient trade processes and reduced costs, enabling them to compete more effectively in both regional and international markets.¹⁰²
- **Digitising Trade Infrastructure: Rewards and Risks** – South Africa has initiated a modernisation project at the Port of Durban to enhance its competitive advantage as a shipping hub. This project includes the establishment of an e-commerce platform and a comprehensive database that integrates port systems, surveillance cameras, sensors, and tracking tools. Additionally, drones are utilised for ship navigation, monitoring, and data gathering. While these advancements position South Africa at the forefront of port automation in Africa, they also introduce significant cybersecurity risks. For instance, a 2017 cyberattack on Maersk, one of the world's largest shipping lines, caused severe disruptions and \$300 million in damages. Similar incidents include cyberattacks on the ports of Barcelona, San Diego, and Long Beach, leading to significant operational shutdowns. Despite its leadership in automation, South Africa ranks only 56th out of 175 countries on the 2018 Global Cybersecurity Index, highlighting a need for improved cybersecurity measures. Other African countries with major ports, such as Egypt, Kenya, and Nigeria, rank 23rd, 44th, and 57th, respectively. This underscores the importance of bolstering cybersecurity alongside infrastructure digitalisation to safeguard against potential threats.¹⁰³



5.1.3 Stakeholder Engagement and Cooperation in Trade Facilitation

- **Miombo Forestry Products** – Miombo Forestry Products in Namibia faced high transport costs, complex regulatory procedures, and certification challenges in exporting forestry products. The company advocated for regular meetings between countries to harmonise policies and suggested the use of digital solutions, such as electronic phytosanitary certificates, to streamline processes. By addressing these logistical and regulatory challenges, Miombo Forestry Products improved its efficiency and competitiveness in subregional markets, enhancing its overall export capabilities.¹⁰⁴
- **Ghana** – The Ghana Trade and Gender Subcommittee was established by Ghana NTFC with the primary goal of forming a technical working group dedicated to integrating gender perspectives into trade policies and their successful execution within the nation. The subcommittee was founded to achieve the following objectives: firstly, fostering ongoing discussions, enhancing responsibility, and overseeing the effects of trade facilitation policies and endeavours on female traders; secondly, boosting the involvement of women to ensure an all-encompassing and enduring fulfilment of the trade facilitation mission; and thirdly, showcasing the benefits derived from advancing gender equality within the NTFC.¹⁰⁵
- **TFTA Online Reporting Mechanism** – COMESA, EAC and SADC implemented a web-based NTB, monitoring and eliminating mechanism which incorporates concrete timelines for the removal of NTBs. The mechanism enables stakeholders to report and monitor the resolution of barriers encountered as they conduct their business in the COMESA, EAC and SADC regions. Though important in enhancing transparency on reporting and identifying NTBs and NTMs, there is more that needs to be done. In particular, with respect to moving beyond a reporting system to one which will resolve issues in a binding manner. If this systemic problem is not addressed under the AfCFTA, the same type of problem will appear again.¹⁰⁶

¹⁰⁰ UNDP. 2020. The Futures Report: Making the AfCFTA Work for Women and Youth. <https://www.undp.org/africa/publications/futures-report-making-afcfta-work-women-and-youth>

¹⁰¹ UNDP. 2020. The Futures Report: Making the AfCFTA Work for Women and Youth. <https://www.undp.org/africa/publications/futures-report-making-afcfta-work-women-and-youth>

¹⁰² UNDP. 2020. The Futures Report: Making the AfCFTA Work for Women and Youth. <https://www.undp.org/africa/publications/futures-report-making-afcfta-work-women-and-youth>

¹⁰³ Ismail, F and Mataba, K. 2021. COVID-19 and trade facilitation in Southern Africa. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-67-COVID-19-trade-facilitation-Southern-Africa.pdf>

¹⁰⁴ UNECA. 2024. MSMEs, value chains and trade development in Southern Africa. https://repository.uneca.org/bitstream/handle/10855/50184/2301449-MSMEs%20value%20chains%20and%20trade%20development%20in%20Southern%20Africa_rev2.pdf?sequence=1&isAllowed=y

¹⁰⁵ UNCTAD. 2023. Digital and Sustainable Trade Facilitation: Global Report 2023. <https://www.unctad.org/files/documents/report-digital-sustainable-2023-global.pdf>

¹⁰⁶ Talkmore, C. 2019. Trade facilitation and the African Continental Free Trade Area. <https://www.tralac.org/documents/events/tralac/2740-tralac-brief-trade-facilitation-and-the-african-continental-free-trade-area-march-2019/file.html>



5.1.4 Cooperation with Development Partners and International Organisations

- **Green Infrastructure Corridors for Intra-African Trade Programme** – The German Agency for International Cooperation's (GIZ) Green Infrastructure Corridors for Intra-African Trade Programme supports MSMEs by providing business development support for digital solutions that promote trade and climate-resilient infrastructure. This programme helps MSMEs integrate into subregional value chains by addressing infrastructure and environmental challenges, thereby enhancing their ability to compete in both regional and global markets.¹⁰⁷
- **SADC eCoO** – The electronic Certificate of Origin (eCoO) implementation is a significant milestone in the Trade Facilitation Programme (TFP) supported by the European Union, and GIZ under the “Cooperation for the Enhancement of SADC Regional Economic Integration” (CESARE) programme. The eCoO replaces the manual SADC Certificate of Origin by introducing online applications and real-time tracking, resulting in improved efficiency. Thanks to advanced security features, like online authenticity verification and optical watermarking, it effectively reduces fraud at border posts.¹⁰⁸
- **Pan-African Payment and Settlement System** – The PAPSS is an initiative designed to streamline and simplify cross-border payments within Africa. Developed by the Afreximbank and endorsed by the AU, PAPSS represents a critical step forward in the continent's efforts to enhance trade facilitation and economic integration. PAPSS operates as a centralised financial market infrastructure, enabling instant payments and settlements in local currencies across African countries. By reducing dependency on traditional correspondent banking systems, which are often expensive and time-consuming, PAPSS aims to lower the cost of intra-African trade and provide a real-time, low-cost, and secure payment platform. This system is particularly beneficial for MSMEs, which can conduct transactions more efficiently and at reduced costs.¹⁰⁹



5.1.5 Capacity Building and Training Programs

- **ITC/Afreximbank Private Sector Capacity Building for the AfCFTA** – The ITC and Afreximbank is currently undertaking capacity building to support cross-border trade, specifically within the context of the AfCFTA, through its 'How to Export with the AfCFTA' project. The project was piloted in 3 countries (Nigeria, Rwanda and Cote d'Ivoire). The main objective of the project is to increase awareness of the opportunities under the AfCFTA, notably for MSME exporters, improve their skills to export, and promote the use of trade support services. The approach taken by the ITC/Afreximbank in rolling out this training is instructive. Through a combination of national (physical) workshops and online training facilities, they aimed to reach maximum impacts through their capacity building offering. The ITC, the main capacity building partner, developed the course content, designed the workshops, facilitated training-of-trainers, set up the online learning platform and developed promotional material. Critical to the success of the training was to further work with local partner institutions to localise content, identify trainers and organise workshops, enrol learners for the online platform and to promote the training at a national level.¹¹⁰
- **Help for MSMEs** - MSMEs can benefit significantly from various trade facilitation initiatives designed to provide comprehensive and accessible information. The Global Trade Helpdesk, a joint initiative by ITC, UNCTAD, and WTO, offers extensive trade-related information, including market requirements, customs tariffs, taxes, and business opportunities, specifically aimed at supporting MSMEs that lack resources for fee-based services. The African Trade Observatory, an instrument of the AfCFTA, serves as a repository of trade information, enabling users to monitor trade and economic integration across Africa in real-time. This tool supports policy formulation and business decision-making, particularly for subregional value chains. Additionally, National Single Windows established throughout many countries allow businesses to easily access necessary regulations, standards, and laws for operation and export. By handling compliance processes online, these platforms significantly reduce costs for MSMEs, eliminating the need for dedicated consultants or law firms.¹¹¹

¹⁰⁷ UNECA. 2024. MSMEs, value chains and trade development in Southern Africa. https://repository.uneca.org/bitstream/handle/10855/50184/2301449-MSMEs%20value%20chains%20and%20trade%20development%20in%20Southern%20Africa_rev2.pdf?sequence=1&isAllowed=y

¹⁰⁸ UNCTAD. 2023. Digital and Sustainable Trade Facilitation: Global Report 2023. <https://www.unctad.org/files/documents/report-digital-sustainable-2023-global.pdf>

¹⁰⁹ ECOWAS

¹¹⁰ <https://intracen.org/file/pptcombinedrabatforumpdf>

¹¹¹ UNECA. 2024. MSMEs, value chains and trade development in Southern Africa. https://repository.uneca.org/bitstream/handle/10855/50184/2301449-MSMEs%20value%20chains%20and%20trade%20development%20in%20Southern%20Africa_rev2.pdf?sequence=1&isAllowed=y



6 RECOMMENDATIONS AND CONCLUSION

This report has provided a comprehensive analysis of the current state of trade facilitation (TF) in Africa, examining the challenges faced by policymakers, border agencies, and MSMEs, as well as highlighting opportunities and best practices for improving TF across the continent. The report has delved into the importance of TF for economic growth, regional integration, and global competitiveness, particularly under the framework of the African Continental Free Trade Agreement (AfCFTA).



Summary of Key Findings

Trade facilitation is critical for reducing transaction costs, enhancing the movement of goods, and fostering economic integration. The AfCFTA aims to create a single continental market, promoting the free movement of goods and services, which is vital for economic growth and development. Despite the framework provided by the AfCFTA and other regional agreements, the implementation of TF measures remains uneven across the continent.

The UN Global Survey on Digital and Sustainable Trade Facilitation (UNTF Survey) shows that Africa lags behind other regions in TF implementation, with significant disparities between different subregions. North African and Southern African countries lead in TF implementation, while Central Africa shows the lowest rates. There has been progress in implementing general TF measures, but challenges remain in areas such as transparency, formalities, institutional arrangements, and digital trade facilitation.

Policymakers face significant challenges in coordinating efforts among government ministries, effective implementation of regional agreements, and ensuring policy coherence and consistency. The lack of coordination and communication among government agencies often leads to inefficiencies and delays. Additionally, the benefits of regional agreements like the AfCFTA are not fully realised due to inadequate implementation. Aligning national policies with regional commitments is crucial to avoid fragmented and inconsistent trade practices. Furthermore, ensuring transparency in bureaucratic processes and providing accessible trade-related information are critical for building trust and streamlining intra-African trade.

Implementing border agencies face challenges related to capacity and training of customs officials, poor infrastructure and equipment at border points, and corruption. Inadequate training of customs and border officials leads to inefficiencies and delays at border points. There is a pressing need for capacity-building initiatives to equip customs officials with modern TF practices. Poor infrastructure and outdated equipment significantly hamper trade, necessitating investments in modernising port and road infrastructure and adopting digital solutions. Corruption at various stages of the trade process creates uncertainty and inefficiency, disproportionately affecting MSMEs. Combating corruption requires strong political will, institutional reforms, and the adoption of technology to enhance transparency.

MSMEs, which are the backbone of African economies, face numerous challenges in participating in international trade. Non-Tariff Barriers (NTBs) and Non-Tariff Measures (NTMs) present substantial obstacles. These barriers, including quality control inspections, roadblocks, and additional trade charges, add layers of complexity and cost that disproportionately affect smaller businesses. Technical Barriers to Trade (TBTs) and Sanitary and Phytosanitary (SPS) measures also pose significant challenges. Inconsistent standards and health and safety specifications hinder trade, necessitating the harmonisation of standards and simplification of SPS measures. Additionally, MSMEs often lack the resources to access comprehensive trade-related information, making it difficult for them to navigate international markets and comply with complex regulations.

Despite these challenges, several best practices highlight how effective TF measures can be implemented. Policymakers can learn from successful policy reforms that have streamlined trade processes and reduced barriers. The adoption of technology, such as digital single windows, has significantly improved trade efficiency and transparency. Stakeholder engagement is crucial, with successful examples showing the benefits of involving both public and private sectors in the design and implementation of TF measures. Development cooperation plays a vital role in supporting capacity-building initiatives and providing technical assistance. Additionally, the collaboration between international organisations and African countries has facilitated the sharing of best practices and the implementation of effective TF measures.



Key Recommendations

Enhancing coordination and communication is crucial. Establishing formal mechanisms for regular communication and cooperation between customs, health, transport, and other relevant agencies will help harmonise procedures and ensure seamless operations across borders. Effective implementation of regional agreements is also essential. Aligning national policies with regional commitments will help avoid fragmented and inconsistent trade practices, and focusing on reducing non-tariff barriers (NTBs) and non-tariff measures (NTMs) that have increased as tariff barriers have decreased is vital.

Promoting policy coherence and consistency is another key recommendation. Ensuring transparency in bureaucratic processes and making all trade-related information accessible online and in multiple languages will build trust among stakeholders. Harmonising transport regulations and vehicle standards will facilitate smoother cross-border trade.

Strengthening capacity and training of border officials is necessary. Investing in capacity-building initiatives will equip customs officials with modern TF practices. Modernising port and road infrastructure and adopting digital solutions will improve trade efficiency. Combating corruption is also a priority. Implementing strong institutional reforms and adopting technology will enhance transparency and reduce corruption at various stages of the trade process.

Supporting MSMEs is essential. Simplifying rules of origin and providing innovative solutions like electronic certificates of origin will reduce compliance costs. Harmonising standards and simplifying sanitary and phytosanitary measures will facilitate smoother trade. Enhancing access to trade-related information through initiatives like the Global Trade Helpdesk and the African Trade Observatory will support MSMEs in navigating international markets.

Leveraging technology and innovation will further improve TF. Promoting the digitalisation of trade infrastructure, including the adoption of electronic single windows and blockchain technologies, will streamline trade processes and reduce human errors. Encouraging the use of advanced technologies like artificial intelligence and big data will enhance trade efficiency.

Fostering public-private partnerships is also crucial. Engaging the private sector in the design and implementation of TF measures will ensure their practical applicability and effectiveness. Including MSMEs in stakeholder consultations will ensure their representation and address their specific challenges.



Action Plan: Leveraging Knowledge from the TF Baseline Report

To maximise the impact of the TF Baseline Report and ensure that its findings and recommendations are effectively utilised, the ACBF will implement a series of activities focused on disseminating knowledge and building capacity among key stakeholders. This plan is designed to raise awareness, enhance the capacity of various actors, and facilitate the sharing of best practices related to trade facilitation across Africa. The key components of the action plan are as follows:

- **Development of Knowledge and Communications Products:**
 - * **Policy Briefs** – We will create a series of concise, targeted policy briefs tailored to policymakers/CSOs and MSMEs. These briefs will summarise the key findings of the TF Baseline Report and provide actionable recommendations for each stakeholder group.
 - * **Infographics** – To enhance the accessibility and impact of the report's findings, we will develop visually engaging infographics to complement the policy briefs. These will be used to communicate complex data and trends in a simplified manner, making the information more digestible for a wider audience.
- **Capacity Building Workshop:**
 - * **Workshops:** We will organise a capacity-building workshop aimed at enhancing the knowledge and skills of policymakers, border agencies, and MSMEs. This workshop will focus on the practical application of the TF Baseline Report's recommendations, covering topics such as policy coherence, digital trade facilitation, and the reduction of non-tariff barriers.
 - * **Dialogue Opportunities:** In addition, the workshop will facilitate dialogue opportunities for relevant stakeholders. The sessions will provide a platform for exchanging ideas, sharing experiences, and fostering collaboration among different groups involved in trade facilitation.
- **Strategic Communication and Awareness-Raising:**
 - * **Targeted Awareness Campaigns:** We will implement a targeted communication campaigns to raise awareness of the importance of trade facilitation and the specific challenges identified in the TF Baseline Report. This campaign will be tailored to different audiences, ensuring that the messaging resonates with policymakers, CSOs, border agencies, and MSMEs.

By implementing this action plan, the ACBF can ensure that the knowledge generated from the TF Baseline Report is effectively translated into practical actions that can improve trade facilitation across Africa. This approach will not only raise awareness and build capacity but also foster an environment of continuous learning and collaboration among all stakeholders involved in trade facilitation.



Conclusion

Trade facilitation is crucial for Africa's economic development, regional integration, and global competitiveness. Addressing the identified challenges requires coordinated efforts from policymakers, border agencies, MSMEs, and development partners. By implementing the recommendations outlined in this report, Africa can enhance its trade facilitation landscape, promote economic growth, and achieve the ambitious objectives of the AfCFTA. Effective trade facilitation will not only reduce trade costs and increase trade volumes but also support job creation, poverty reduction, and sustainable development across the continent.



THE AFRICAN CAPACITY BUILDING FOUNDATION | FONDATION POUR LE RENFORCEMENT DES CAPACITES EN AFRIQUE

CONTACT US

Follow, share and engage with us today!



www.acbf-pact.org



www.elibrary.acbfpact.org/



[Africa Capacity Building Foundation](#)



[ACBF_Official](#)



[@theacbf](#)



[TheACBF](#)