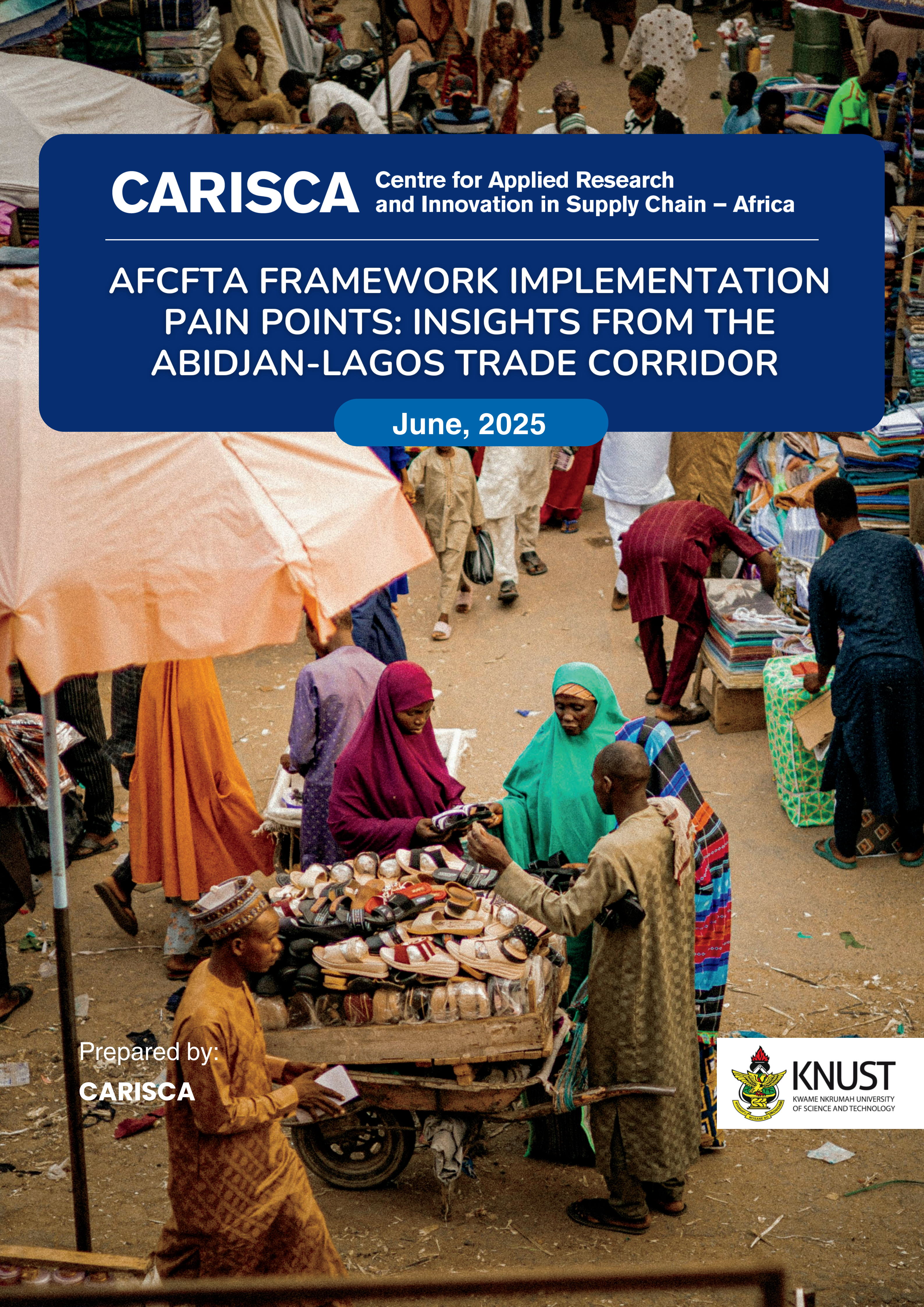

CARISCA Centre for Applied Research and Innovation in Supply Chain – Africa

AFCFTA FRAMEWORK IMPLEMENTATION PAIN POINTS: INSIGHTS FROM THE ABIDJAN-LAGOS TRADE CORRIDOR

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1. EXECUTIVE SUMMARY

The African Continental Free Trade Area (AfCFTA) was launched in 2021 to create a unified, continent-wide market, to facilitate the free movement of goods, services, people, and capital. According to UNECA's 2023 report, AfCFTA seeks to significantly boost formal intra-African trade well beyond the currently estimated volume of only 16% of total cross-border trade by reducing or eliminating, where possible, tariffs and non-tariff barriers among member states.

Despite progress made in achieving the ambitious goals of AfCFTA, several pain points remain. Using the Abidjan-Lagos trade corridor to illustrate them, we show that inconsistent tariff structures, unnecessarily complex regulation, inadequate infrastructure, and widespread informal trading (e.g., efforts to circumvent regulated trading routes) are major structural impediments to achieving trade integration. Other pain points include the lack of coordination of customs procedures, excessive security checks, corruption, poorly trained customs agents and other law enforcement agents (i.e., the police and military), ineffective communication exacerbated by differences in the lingua franca, fluctuation in exchange rates, and limited access to trade financing. We conclude that AfCFTA can be successfully implemented if: customs procedures are standardized, regulatory frameworks are aligned, cross-border infrastructure is upgraded, and customs agents and other law enforcement agents are better trained. Formalizing cross-border trade will require careful consultation, as informal traders—who account for about 75% of trade according to the Afreximbank's 2023 report—may view formalization as an attempt to tax them. Innovative measures such as joint border facilities, along with better digital connectivity and accessible financing, would facilitate trade by reducing trading costs and bringing small and medium enterprises into formal trade networks, ultimately contributing to economic integration and sustainable growth.

2. INTRODUCTION

2.1 Background

The African Continental Free Trade Area (AfCFTA) is a major initiative by which regional integration can be achieved (Geda & Yimer, 2023). By March 2018, 54 of the 55 African countries had ratified it. Once finalized, it will be the world's largest free trade bloc by geographic area, connecting 1.2 billion Africans in a market worth 2.5 to 4 trillion USD (Apiko et al., 2020; Fofack & Mold, 2021; Kuhlmann & Agutu, 2019; Sibanda Sr, 2021). AfCFTA emphasizes inclusive socio-economic growth in alignment with the United Nations Sustainable Development Goals (SDGs) and is supported by the African Union's Agenda 2063 (Kuhlmann & Agutu, 2019). Removing tariff and nontariff barriers and harmonizing regulations on e-commerce, competition, and intellectual property are expected to create job opportunities for unskilled workers and reduce the gender wage gap. It has been projected that by 2035 intra-African trade will increase by 81% and African exports by 29%, boosting GDP by 3.4 trillion USD (World Bank, 2020; Apiko et al., 2020).

To implement AfCFTA, there must be viable solutions to 1) security concerns, including terrorism and armed robbery; 2) infrastructure deficits, such as poor transportation networks and inadequate border facilities; and 3) trade barriers, including tariffs. Each of these, and every non-tariff barrier (NTB) and customs delay encountered, will contribute to the excessive informal trading activities that are difficult to quantify. We discuss these issues using the Abidjan-Lagos transport corridor as an example.

2.2 Overview of the Abidjan-Lagos Corridor

The Abidjan-Lagos corridor is a major trading route, 1000 km (620 miles) long, connecting Abidjan in Côte d'Ivoire to Lagos in Nigeria through the capitals of Ghana, Togo, and Benin. Major investment has been made in infrastructure, including roads, bridges, and border crossings, in the expectation that the improvements undertaken will facilitate regional West African integration. The five countries along the corridor constitute AfCFTA's initial signatories.

Côte d'Ivoire is a leader in the Francophone West Africa region. It has a strong agricultural sector and a growing industrial one. Côte d'Ivoire is primarily an exporter of raw materials, and hope to diversify by exporting processed agricultural products, under the AfCFTA initiative (World Bank, 2021a).

Ghana hosts the AfCFTA secretariat. With a diverse economy including agriculture, services, minerals, and manufacturing, Ghana is positioned to benefit from AfCFTA by expanding processed goods exports and establishing itself as a regional logistics hub. However, it must first make infrastructure improvements and reduce customs delays at its borders (UNCTAD, 2020).

Togo benefits from its strategic Lomé free port and also from recent industrial reforms, which allow it to capitalize on AfCFTA tariff reductions. Limited industrial capacity and insufficient infrastructure keep it from playing a larger role in regional supply chains (World Bank, 2021b).

Benin relies heavily on agriculture and on informal trade with Nigeria. While it could leverage AfCFTA to expand its agricultural exports, it faces infrastructure constraints (UNECA, 2019).

Nigeria, Africa's largest economy, would benefit from diversification. Currently, it relies heavily on oil exports, but expanding its industrial sector through AfCFTA would potentially increase its share of intra-African trade. Its local industries, however, suffer from import competition (Abrego et al., 2019).

3. METHODOLOGY

The methodology for this study consists of a survey of the literature, secondary data collection, comparative analysis, and stakeholder insights. We review the literature on AfCFTA goals and the regional trading environment and use quantitative data from existing databases to assess trade volumes, tariff structures, and cross-border costs. We compare AfCFTA with other trading blocs to evaluate its potential benefits and likely implementation challenges. We also examine regulatory inconsistencies and informal trade barriers in selected countries. Lastly, we consult stakeholders, including trade associations and government agencies.

4. CURRENT STATE OF INTRA-REGIONAL TRADE IN WEST AFRICA

Intra-regional trade in West Africa, championed by the Economic Community of West African States (ECOWAS), is a crucial driver of the region's integration and economic development. Formerly, ECOWAS was composed of a 16 member states, namely: Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo. Currently, ECOWAS has shrunk to 12 member states: Benin, Cape Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Nigeria, Senegal, Sierra Leone, and Togo. Notwithstanding, key trade patterns, economic statistics, and regional initiatives illuminate the trade dynamics, highlighting both formal and informal trade activities across the popular Abidjan-Lagos corridor (i.e., Cote d'Ivoire, Ghana, Togo, Benin, and Nigeria).

4.1 Key Aspects of Cross-Border Trade along the Abidjan-Lagos Corridor

4.1.1 Trade Composition

The member states of the Economic Community of West African States (ECOWAS), largely trade in agricultural goods, manufactured products, minerals, and petroleum. Nigeria's petroleum exports account for 73.5% of total ECOWAS exports, while Côte d'Ivoire and Ghana primarily export cocoa and other agricultural products (Torres & van Seters, 2016). West Africa has the potential to export 9.7 billion USD, about 17% of total intra-Africa export potential, with 4.3 billion USD, about 44% of that achievable within West Africa itself (Afreximbank, 2023).

Food products have the greatest export potential by far, followed by vegetable oils and fats, then beauty products and perfumes, with fish and shellfish rounding out the top four (Afreximbank, 2023). Figure 1 gives the top 10 ECOWAS intra-regional food exports and imports as a percentage of the total over the 2010-2014 period and shows that the largest intra-regional commodity is live animals, followed by tobacco (raw and processed). Tobacco is the largest imported commodity, followed first by vegetable fats and oils, and then by edible products and preparations.

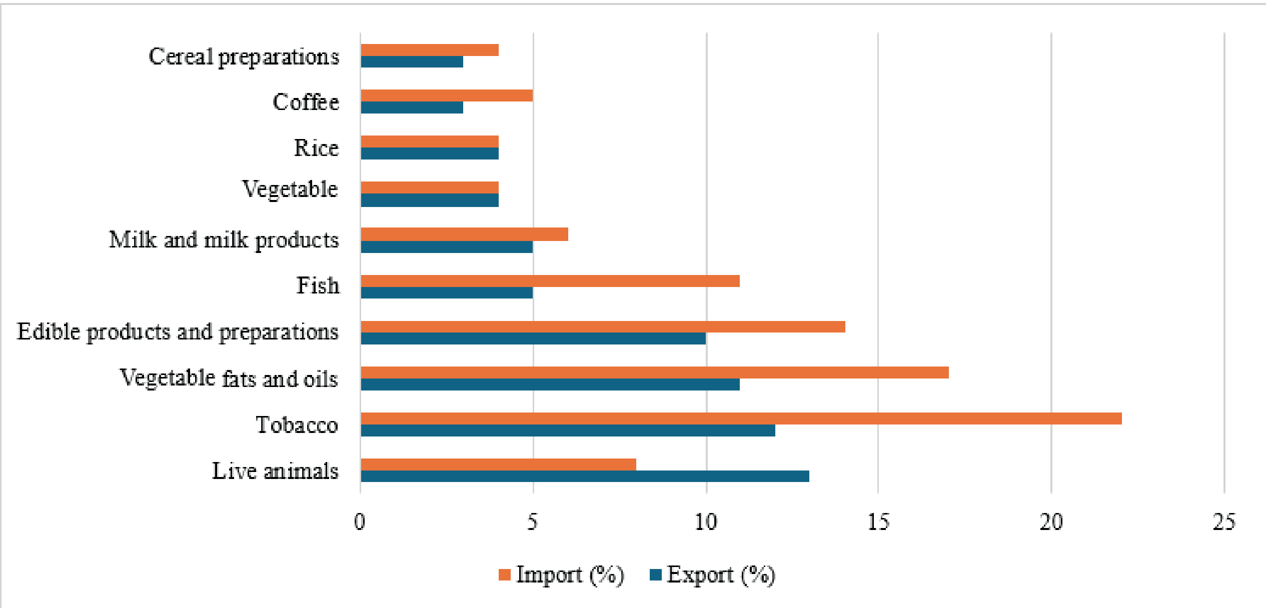

Figure 1: Intra-Regional Food Trade in ECOWAS Countries

Source: African Trade Report, Afreximbank 2023.

4.1.2 Cross-Border Trade along the Abidjan-Lagos Corridor

The procedures for official cross-border trade (CBT) are almost identical across the countries along the Abidjan-Lagos corridor. Trading parties must produce:

1. **A Customs Declaration** detailing the nature and value of goods.
   - Provided by: Exporter or Importer.
   - Responsibility: Usually prepared by either the importer or exporter (often through a customs agent or freight forwarder).
2. **Customs Documentation** including invoices, certificates of origin, and bills of lading or air waybills.
   - Provided by: Exporter.
   - Responsibility: The exporter compiles and provides essential customs documents.
3. **Ministry of Trade Registration** showing home country licenses and permits.
   - Provided by: Exporter or Importer.
   - Responsibility: Either exporter or importer must obtain and provide proof of trade registration or required permits/licenses from the Ministry of Trade or equivalent regulatory body.
4. **Proof of Duties and Taxes Paid** depending on the type of goods and trade agreements.
   - Provided by: Importer.
   - Responsibility: The importer pays duties and taxes and provides proof of payment to customs authorities.
5. **Proof of Sanitary and Phytosanitary (SPS) Checks** as mandated on foods, plants, and live animals by home and host country regulatory bodies.
   - Provided by: SPS Authorities (Competent Authority or Designated Inspection Agencies)
   - Responsibility: Provided by government SPS authorities (or accredited laboratories/agencies) after inspecting and certifying goods for compliance with health and safety standards.

CBT along the Abidjan-Lagos corridor is dominated by informal cross-border trade (ICBT) in commodities such as maize (corn), livestock, fish, poultry, cereals (including sorghum and millet), beans, and tomatoes. Those commodities, which make up about 75% of intra-regional ECOWAS trade, are frequently transported across borders without any official documentation or record being made (Afreximbank, 2023; Torres & van Seters, 2016).

The ICBT have a direct impact on food security in the region and provides a livelihood for about 43% of the sub-Saharan African population, with trade in staple foods amounting to 30% of total regional trade (Afrika & Ajumbo, 2012; Torres & van Seters, 2016). While there are pockets of formal trading activities, ICBT accounts for 80% of national demand, contributes 75% to the total gross domestic product, and involves a large number of people—over 40,000 in Benin, for example (Blum, 2014; de Bruijne & Gehrling, 2024). In Benin and Nigeria, ICBT is estimated to contribute to about 65% of total GDP (Kahiya & Kadirov, 2020; Poumie et al., 2023).

4.1.3 ICBT Motivation

ICBT along the Abidjan-Lagos corridor is often carried out by unregistered traders operating entirely outside the formal economy. This meets local supply and demand among members of ethnic groups living and farming close to different sides of modern borders (Torres & van Seters, 2016; USDA, 2014). Formal enterprises also engage in ICBT, smuggling goods from outside the region to circumvent trade barriers and avoid customs duties (Afrika & Ajumbo, 2012). Re-export is common across the Ghana-Cote d'Ivoire and Benin-Nigeria borders (de Bruijne & Gehrling, 2024; Torres & van Seters, 2016).

The Benin and Togo free ports facilitate re-export to import-restricted (Ghana and Nigeria) and landlocked (Burkina-Faso, Mali and Niger) countries (de Bruijne & Gehrling, 2024; Golub et al., 2019). Benin, for instance, is a major importer of frozen poultry, but most of it is re-exported to Nigeria through informal cross-border trade to escape high tariffs (de Bruijne & Gehrling, 2024). Thus, ICBT is undertaken by members of border communities and by others eager to avoid taxes and regulatory scrutiny (USDA, 2014).

4.1.4 How ICBT is conducted along the Abidjan-Lagos Corridor

The movement of goods across national borders along the Abidjan-Lagos corridor is controlled and facilitated by well-organized networks of informal traders based on their religious, ethnic, kinship, and family connections (USDA, 2014). Traders often move goods through main border points in large convoys, paying a predetermined flat fee per truck. Small-scale taxi and motorcycle transport operators use country roads, waterways, and, in a few cases, official border posts (USDA, 2014). Some traders make arrangements to transport goods across borders from origin to destination and negotiate payment with border officials who sometimes themselves see to moving goods across the border (The World Bank Group, 2013). Such "unofficial escort services" are highly valued by traders because their goods cannot be insured as they are not formally registered. Trader networks, often governed by trade kings and queens (experienced traders who have deep connections with customs officials and law enforcers), increase access to information (e.g., knowledge on trade documentations, cross-border expectations, and tactics for navigating border points), enforce contracts, and minimize harassment by border officials. Membership in networks like those requires an introduction by insiders (The World Bank Group, 2013).

4.2 How intra-regional trade fosters economic activity along the Abidjan-Lagos Corridor

4.2.1 CBT policies by countries along the Abidjan-Lagos Corridor

Ghana seeks to improve infrastructure, especially at key border posts with Togo and Burkina Faso. Ghana shows commitment by being the first to launch and utilize the Pan African Payment and Settlement System (PAPSS)—an initiative by the Afreximbank, African Union, and AfCFTA, aimed at facilitating cross-border transactions. Ghana is also working on simplifying customs procedures in an effort to support small-scale cross-border traders, particularly women and youth in marginalized communities (IOM, 2024).

Togo collaborates with neighbouring Ghana and Benin to foster smooth cross-border trade, focusing on small-scale traders. It seeks to simplify customs procedures and to upgrade infrastructure to reduce delays at checkpoints. It has also set up the Noepe-Akanu Joint Border Post with Ghana (The Ghana Sentinel, 2023; IOM, 2023).

Côte d'Ivoire aims to remove NTBs and promote trade in both agricultural and manufactured goods. It is investing in border infrastructure with neighbouring Mali, Burkina Faso, and Ghana to streamline customs procedures.

Benin cooperates with Nigeria and Togo to reduce customs delays, formalize informal trade, and provide support for small traders. However, Benin is yet to ratify AfCFTA because it has not determined whether the agreement would be beneficial to its economy (Afreximbank, 2023). Benin’s concerns center on the need to change its economic model, the possibility of loss of sovereignty, the need to negotiate with key social groups (except stakeholders in the cotton sector), inadequate transportation networks, insecurity and political instability, and connectivity vis-à-vis differences in visa requirements across African countries.

Nigeria's trade policy for 2023-2027 prioritizes economic diversification and regional integration through AfCFTA and ECOWAS. It is working on digitizing customs processes, reducing dependency on oil exports, and facilitating small and medium enterprise (SME) growth in border communities. It also wants to improve infrastructure to reduce bottlenecks at major cross-border posts (Government of Nigeria, 2023).

4.2.2 Country-specific International Trade Indicators

International trade cross-country data on development from the World Bank's World Development Indicators (WDI) (see Table 1) show that Ghana, with 2358,80 kg/hectare, and Cote d'Ivoire, with 2245.40 kg/hectare, are the leaders in cereal yield. They increased their food production the fastest between 2014 and 2016. Nigeria has high fuel exports (89.95% of total merchandise exports) and imports (26.20% of total merchandise imports).

Table 1: International Trade Statistics

Indicators	Benin	Togo	Cote d'Ivoire	Nigeria	Ghana
Cereal yield (kg per hectare)	1373.94	1151.16	2245.40	1641.66	2358.80
Food production index (2014-2016 = 100)	117.72	118.20	118.46	114.73	124.18
Fuel exports (% of merchandise exports)	0.01	6.98	14.55	89.95	29.99
Fuel imports (% of merchandise imports)	17.58	14.11	21.27	26.20	11.64

Source: World Bank World Development Indicators.

Table 2 shows that Anglophone countries, Nigeria and Ghana, have higher export border and documentary compliance costs than the Francophone ones of Benin, Togo, and Côte d'Ivoire. Nigeria and Togo have the highest border compliance costs for imports (1076.79 USD and 611.67 USD, respectively), and Nigeria and Ghana have the highest import documentation costs (564.29 USD and 474.00 USD, respectively).

Table 2: International Trade Cost and Time Performance

Indicators	Benin	Togo	Cote d'Ivoire	Nigeria	Ghana
Cost to export, border compliance (USD)	354.33	162.50	422.57	785.71	490.00
Cost to export, document compliance (USD)	80.00	25.00	136.11	250.00	155.00
Cost to import, border compliance (USD)	599.11	611.67	455.71	1076.79	552.86
Cost to import, documentary compliance (USD)	110.00	251.67	266.67	564.29	474.00
Time to export, border compliance (hours)	78.00	67.00	238.71	131.93	108.00
Time to export, documentary compliance (hours)	48.00	11.00	84.00	96.50	89.33
Time to import, border compliance (hours)	82.00	168.00	125.14	252.71	80.00
Time to import, documentary compliance (hours)	58.67	180.00	89.14	132.00	36.00
Time to prepare and pay taxes (hours)	270.00	159.00	196.00	345.37	225.00

Source: World Bank World Development Indicators.

Table 3 indicates that the overall logistics performance index (LPI) for our five countries is around the midpoint (2.5) of a scale that goes from 1=low to 5=high. Nigeria and Ghana perform relatively better in terms of lead time to export and import, whereas Côte d'Ivoire seems to lead in other indicators such as ability to track and trace consignments, competence and quality of logistics services, ease of arranging competitively priced shipments, and efficiency of customs clearance processes.

Table 3: Logistics Performance Index (LPI)

Indicators	Benin	Togo	Côte d'Ivoire	Nigeria	Ghana
Lead time to export, median case (days)	14.00	..	4.00	3.00	1.00
Lead time to import, median case (days)	10.00	..	4.00	2.00	1.00
Logistics performance index: Ability to track and trace consignments (1=low to 5=high)	2.98	2.38	3.14	2.69	2.39
Logistics performance index: Competence and quality of logistics services (1=low to 5=high)	2.75	2.33	3.23	2.35	2.51
Logistics performance index: Ease of arranging competitively priced shipments (1=low to 5=high)	2.82	2.76	3.21	2.51	2.47
Logistics performance index: Efficiency of customs clearance process (1=low to 5=high)	2.63	2.31	2.78	2.19	2.58
Logistics performance index: Frequency with which shipments reach consignee within scheduled or expected time (1=low to 5=high)	3.06	2.84	3.23	3.09	2.79
Logistics performance index: Overall (1=low to 5=high)	2.83	2.48	3.08	2.57	2.54
Logistics performance index: Quality of trade and transport-related infrastructure (1=low to 5=high)	2.50	2.27	2.89	2.48	2.42

Source: World Bank World Development Indicators.

Regulatory quality for all five countries is below the 50th percentile (Table 4). Government effectiveness estimates—the World Bank's measures for the quality of public services, the quality and independence of the civil service, the quality of policy formulation and implementation, and the credibility of the government's commitment to those policies—is negative for each country, whereas Country Policy and Institutional Assessment (CPIA) transparency, accountability, and corruption in the public sector rating are similar, averaging 3 out of 6 (1=low, 6=high). The CPIA trade rating, which measures the extent to which a country's policies and institutions support trade and ranges also from 1 to 6, is at 4.25 for Benin, Togo, and Ghana but only at 3.25 for Nigeria.

Table 4: Regulatory Quality

Regulatory Quality and Tariffs	Benin	Togo	Cote d'Ivoire	Nigeria	Ghana
Regulatory Quality: Percentile Rank	36.69	27.56	42.67	14.55	45.82
Government Effectiveness: Estimate	-0.36	-0.83	-0.53	-1.11	-0.21
Control of Corruption: Percentile Rank	47.52	26.61	36.30	13.50	51.33
CPIA transparency, accountability, and corruption in the public sector rating (1=low to 6=high)	3.50	3.00	3.40	3.00	3.50
Tariff rate, applied, simple mean, all products (%)	12.02	12.03	12.23	12.73	12.63
Tariff rate, applied, weighted mean, all products (%)	11.47	11.39	8.28	12.29	10.35
Customs and other import duties (% of tax revenue)	...	20.19	13.19	...	13.30
CPIA trade rating (1=low to 6=high)	4.25	4.25	4.00	3.25	4.25

Source: World Bank World Development Indicators.

CPIA- a measure of how a country's policies and institutions support trade in goods.

4.2.3 Comparing AfCFTA to other Regional Trading Blocs

Arguably, the most important regional trading blocs are the (1) Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) which includes China and is expected to become the world's largest bloc; (2) European Union (EU); (3) United States-Mexico-Canada Agreement (USMCA), successor to the North American Free Trade Agreement (NAFTA); (4) Association of Southeast Asian Nations (ASEAN); and (5) the Southern Common Market (Mercosur). What insights can we glean from these other regional trading agreements?

- **European Union:** With 27 member states, the EU's single market is the largest trading bloc in the world by volume and value. Approximately 64% of its total trade volume takes place within its borders (as opposed to 44% for ECOWAS) (Afreximbank, 2023). The high level of trade integration has contributed to economic specialization, competitiveness, and resilience against global economic downturns. For West Africa, achieving EU-like integration remains an aspirational target, but it must first successfully harmonize policies and build the necessary trade infrastructure (UNECA, 2023).
- **Comprehensive and Progressive Agreement for Trans-Pacific Partnership:** CPTPP promotes free trade and seeks to enhance labor, corporate governance, and environmental standards (Ciuriak & Singh, 2020). The success of the bloc is attributed to the modernization of trade provisions, flexibility in building a diverse membership, and strong enforcement using a binding dispute resolution mechanism. AfCFTA could imitate this model and adopt CPTPP's high labor and environmental standards, enhance SME and e-commerce participation, diversify membership, and focus on key sectors like agriculture and manufacturing.

- **The United States-Mexico-Canada Agreement:** USMCA emphasizes fair trade, digital inclusion, the agricultural, energy, and pharmaceutical sectors, and a robust dispute resolution mechanism (Villareal & Fergusson, 2020). AfCFTA could adopt a dispute resolution mechanism like that of USMCA. A focus on critical sectors such as CBT in agricultural products and pharmaceutical products could ease AfCFTA's implementation. While different productive sectors present unique challenges, a focus on critical sectors, such as CBT in necessities such as food, may allow AfCFTA to fully concentrate its attention and resources to increase the chances of success, while also addressing a fundamental challenge (i.e., food security and hunger) in the region. Again, since these sectors are critical to survival in each member state and members are less likely to be competing in such sectors, they will most likely cooperate in aligning their diverse policies and agreeing on conflict resolution protocols.

- **Association of Southeast Asian Nations:** ASEAN emphasizes regional supply chains where different member states contribute components for final products assembled within the region. AfCFTA might replicate this by developing value chains in agricultural processing, textiles, and consumer goods.

- **Mercosur:** Mercosur has strengthened regional trade in South America by reducing tariffs and increasing cooperation, but political differences among members have at times hindered cohesion. ECOWAS likewise has faced difficulties in aligning trade policies and implementing harmonized frameworks (IOM, 2023).

5. PAIN POINTS ALONG THE ABIDJAN-LAGOS CORRIDOR, COUNTRY-SPECIFIC CHALLENGES AND AfCFTA IMPLEMENTATION GAPS

5.1 Identification of Pain Points in CBT along the Abidjan-Lagos Corridor

5.1.1 Trade Restrictions and Policy Inconsistencies

Whereas most AfCFTA member states have formally ratified the agreement and have committed to undertake trade liberalization, little effort has gone into implementation and monitoring compliance. Thus, trade liberalization exists in principle, but not in practice (The World Bank Group, 2013). Member countries continue to impose various tariffs and restrict trade by enforcing import bans and even closing their borders (UNECA, 2021; UNECA, 2023). Nigeria, for instance, maintains restrictions on CBT on certain goods to protect local industries (Kareem & Wieck, 2021); and periodically closes its borders, asserting that doing so would curb smuggling (Lain & Engel, 2022). Following a drop in cereal production due to drought, Nigeria, Ghana, and Côte d'Ivoire all banned the export of rice, corn, soy, and other cereals, maintaining that the ban was to allay food shortages (Dontoh, 2024). Additionally, inconsistencies in ECOWAS and AfCFTA trade policies implementation create obstacles, as some countries struggle to align regional trade objectives with national policies (Karkare et al., 2021). Harmonizing regulations and tariffs is crucial to avoid conflicts between domestic policies and AfCFTA provisions, and thus to promote the free flow of goods and services among member states. Yet differences persist. Certificates of origin for products originating in Ghana are more expensive than those issued in Togo and there are also variations in border operating hours (UNECA, 2021).

5.1.2 Regulatory Complexity and Corruption

Multiple government bodies share responsibility for overseeing border control, including customs, law enforcement, and the military, resulting in redundancy and bribery attempts (UNECA, 2021), both of which raise the costs of traders, especially SMEs, who may incur costs at multiple checkpoints (ITC, 2024). There are about 20 checkpoints between Elubo and Accra, and at night in Seme, Nigeria, the number of checkpoints increases to 54 (UNECA, 2021). The numerous checkpoints on the Accra to Lagos route are said to have lowered the average speed of trucks to 7 km per hour, causing costly delays, including spoilage of perishable goods (USAID, 2014; UNECA, 2021). Bribery along the West African corridor is reported to have increased by about 30% since the COVID-19 pandemic (Karkare et al., 2021). Weak enforcement and social acceptance of corrupt practices are serious barriers to the implementation of AfCFTA and incite traders to smuggle (Torres and van Seters, 2016; Kareem and Wieck, 2021; Bewiadzi Akakpo, 2022).

5.1.3 Inadequate Infrastructure

Inadequate infrastructure, including roads, weighbridges, and warehousing, is one of the top trade barriers in West Africa (USAID, 2014). For instance, at the Aflao-Kodjoviakope (Ghana-Togo) and Hillacondji-Sanveecondji (Togo-Benin) crossings, the lack of storage and warehousing facilities increases transportation costs and delays, especially during the rainy season (UN, 2021). In addition, vehicle scanners vary in size across countries, requiring unloading and reloading cargo for checks, which significantly lengthens clearing times at places like the Côte d'Ivoire-Ghana border (UN, 2021). Railways and waterways are also inadequate (Torres and van Seters, 2016; Atta-Mensah, 2022). Poor internet and telephone connectivity at many border points hinders border control activities such as data capture and identification, forcing traders to switch to expensive international networks (UN, 2021).

5.1.4 High Cost of Compliance and Limited Access to Information

Documents required for formal trade are costly, particularly certificates of origin, phytosanitary certificates, and customs declarations. Most traders have limited experience with formal procedures, an important reason why many of them rely on the informal cross-border channels with which they are familiar (UN, 2021), despite exposing them to the possibility of being exploited by corrupt officials.

5.1.5 Harassment and Gender-Based Challenges

Informal traders are often subjected to harassment when conducting CBT, and female ones also face gender-specific barriers. It is unlikely that traders will engage in formal trade if it means they may be forced to pay bribes, risk having their goods confiscated, or might even be assaulted (UN, 2021). Overall, their lack of knowledge of formal trading procedures leaves them open to exploitation and their remedy is to attempt to circumvent formal trade (Kareem and Wieck, 2021).

5.1.6 Language Barrier

The official language of Côte d'Ivoire, Togo, and Benin is French, and that of Ghana and Nigeria is English. Traders are often compelled to use intermediaries who will speak or translate for them. This increases the likelihood of misunderstandings that can lead to inefficiency and delay (UN, 2021; UNECA, 2019), and also increases the possibility of exploitation (ECDPM, 2022, World Bank, 2010).

5.1.7 Limited access to finance and exchange currency

Except for trade between Togo and Benin, which share the CFA franc, CBT requires currency exchange, an additional barrier (UN, 2021). Nonetheless, ECOWAS has recently abandoned the possibility of a common currency.

5.2 Country-Specific Challenges

In the following, we present the most pressing challenges to CBT, country-by-country, although they may be shared across countries.

5.2.1 Ghana

Primary Challenges: Ghana's customs processes are increasingly digitized but continue to be subject to bureaucratic hurdles and delays. While the Integrated Customs Management System (ICUMS) was implemented to streamline procedures, over 60% of imports are still manually inspected, the long inspection waiting times leading to the loss of perishable goods (Ghana Revenue Authority, 2024; International Trade Administration, 2023). Additionally, limited access to financing and high interest rates prevent SMEs from scaling up their operations for cross-border trade (World Bank, 2020).

Pain Points: Ghanaian traders, especially females, continue to face harassment and are often forced to pay bribes at border points. Poor transportation infrastructure, particularly in rural areas, results in spoilage of agricultural products (UNDP & AU, 2020).

5.2.2 Togo

Primary Challenges: Togo's logistical infrastructure is poor, limiting the competitiveness of Togolese products in regional markets (World Bank, 2021). There is also political instability in the north of the country (Bertelsmann Stiftung, 2024).

Pain Points: Togolese traders are frequently subject to demands for bribes at customs checkpoints. At the Kpalime border, exporters of agricultural products are forced to pay a significant amount in order to expedite processing, leading some of them to attempt to use informal routes at the risk of having their goods seized (Bewiadzi Akakpo, 2022). The lack of affordable financing for SMEs is also a considerable problem.

5.2.3 Benin

Primary Challenges: Goods smuggled into Nigeria represent a substantial share of Benin's trade. Consequently, Nigeria's 2019 border closure severely impacted its economy (Golub et al., 2019). Poor infrastructure limits trade with neighboring landlocked countries like Niger and Burkina Faso (de Bruijne & Gehrling, 2024).

Pain Points: Harassment and long delays at border posts dissuade Benin traders from using legal routes.

5.2.4 Côte d'Ivoire

Primary Challenges: Côte d'Ivoire faces infrastructural deficits, particularly in road and rail transport, increasing transportation costs, and limiting market access (African Development Bank, 2021). French-speaking Côte d'Ivoire is particularly impacted by the fact that its most immediate neighbor on the corridor is English-speaking Ghana (UNECA, 2019).

Pain Points: Onerous customs checks and inconsistencies in the trade policies of Côte d'Ivoire and those of its neighbours result in delay and higher costs for Ivorian traders. For example, the country's Verification of Conformity (VoC) program requires additional documentation, causing frustration among exporters who find the process costly and time-consuming (United States Trade Representative, 2024). Traders, especially in the agriculture sector, are often forced to pay bribes at customs (Karkare et al., 2021).

5.2.5 Nigeria

Primary Challenges: Nigeria has one of the most restrictive trade policies in the world, with fluctuating tariffs and frequent import bans on essential goods like rice and textiles. Nigeria sees these measures as necessary to reduce dependency on goods from outside the country, but they have spurred a substantial amount of smuggling across the Nigeria-Benin border. Poor customs facilities (Golub et al., 2019) and a lack of trained personnel (Tsegaye, 2024; Mangeni & Gor, 2024) are additional barriers.

Pain Points: Nigerian traders, particularly in the north, pay fees and bribes at customs checkpoints (Bensassi & Jarreau, 2019). Dealing with multiple regulatory bodies and duplicate procedures increases delay, frustrating formal traders and pushing many of them to engage in informal trade (Bensassi & Jarreau, 2019). Nigeria's past border closures, which it says are needed for security and to combat smuggling, have had a significant economic impact not only on Nigerian traders but also on their partners in Benin and Togo (IMF. Africa Dept., 2020). Problems are especially severe on the Nigerian side of the border (Bensassi & Jarreau, 2019).

5.3 Specific AfCFTA Implementation Gaps

5.3.1 Tariff Reductions and Customs Procedures

AfCFTA includes phased reductions in tariffs. Ghana and Côte d'Ivoire have followed through, but other member states have not fully done so. Nigeria pledges in its 2023-2027 trade policy document to implement the ECOWAS and AfCFTA initiatives to boost intra-regional trade (Government of Nigeria, 2023), although it has delayed some tariff reductions in an attempt to protect local industries (Afreximbank, 2023). Benin has yet to officially implement AfCFTA (Afreximbank, 2023).

5.3.2 Technical Standards and Regulatory Alignment

Harmonization of technical and quality standards across the region remains problematic. In the agricultural and manufacturing sectors, for instance, Ghana and Nigeria have not fully harmonized standards and certification requirements.

5.3.3 Support for SMEs

AfCFTA aims to facilitate SME access to regional markets, yet many SMEs in Benin and Togo, for example, still struggle to benefit from this provision due to limited access to financial resources and to market information. SMEs in the region face high financing costs and consequently find it challenging to integrate into formal trade channels to fully benefit from AfCFTA (IOM, 2023).

5.3.4 Trade Dispute Resolution Mechanism

While AfCFTA includes a framework for resolving trade disputes, it is not yet operational. The lack of an established dispute resolution system undermines confidence, especially for small traders. Thus, implementing a mechanism covering all participating states is essential if there is to be trust in AfCFTA (UNECA, 2023).

6. AVENUES FOR TRADE HARMONIZATION ALONG THE ABIDJAN-LAGOS CORRIDOR

6.1 Harmonization of Customs Procedures

Standardizing customs protocols and adopting digitized processes would increase transparency and thereby reduce corruption and custom clearance times and ultimately result in less informal trade. Joint border posts, as in the Ghana-Togo case, facilitate coordinated inspections and reduce clearance times (USAID, 2014; Mbekeani, 2013). They also serve to bridge the Anglophone-Francophone divide (Ghana Business News, 2023). Reducing the number of checkpoints on major trade corridors would decrease delays and corruption and encourage formal trade (UNECA, 2021).

6.2 Country-Specific Challenges

Handling currency exchange is a significant burden for traders. The AfCFTA Pan-African Payment and Settlement System (PAPSS) allows payment in local currencies. Microloans and mobile banking solutions would also help traders formalize their businesses (UNECA, 2021).

6.3 Investing in Trade Infrastructure

Collaborative investment in roads and storage facilities would reduce logistical costs (African Development Bank, 2021). Special customs or free zones near borders would also encourage formal trade (UNNECA, 2021).

6.4 Facilitating Cross-Border Digital Connectivity

Affordable internet and mobile connectivity, through Starlink for example, could provide traders with online customs services and real-time updates on trade rules and border conditions (Aibo, 2019).

6.5 Promoting Awareness of Trade Procedures

Posters explaining ECOWAS trade requirements, customs procedures, and clearance rules need to be displayed prominently at border points (Gbigbidje et al., 2023). Educating traders would be a step toward scaling back informal trade (Gbigbidje et al., 2023).

6.6 Setting up Gender Desks and Building Capacity at Borders

As we outline above, there are gender-specific barriers to formal trade. Addressing those include gender sensitivity training for customs officials (UNNECA, 2021) and providing a secure platform for female traders to report abuses at border points. It is the case that female traders suffer severe losses, especially those trading in perishable food products, due to inefficiencies and delays at various border points as a result of unofficial demands from customs agents. Thus, efforts to educate customs officials on gender may provide the reassurance female traders need in order to participate in formal CBT. Professional development in other areas is also needed, specifically training of auditors and inspectors. More generally, border officials need training on the proper implementation of rules (Kareem and Wieck, 2021), on communication skills and on ethical and professional practices. This will expand capacity at borders and speed up the customs process.

6.7 Harmonizing Tariff and Non-Tariff Measures

Harmonizing tariffs across countries while at the same time aligning NTBs with ECOWAS and AfCFTA standards would help create a level playing field (World Bank, 2019).

6.8 Developing Mechanisms to Track NTBs

A NTB reporting system supported by ECOWAS would enable stakeholders to track and address such barriers more effectively and thereby enhance cross-border trade (Ajibo, 2019).

6.9 Encouraging Use of Standardized Informal Trade Data Collection

Without accurate data, effective policymaking is not possible. Collecting data on informal trade, as Uganda's Bureau of Statistics does, is crucial to efforts to integrate informal traders into the formal economy (UNECA, 2021).

6.10 Simplifying Regulations for Small-Scale Traders

Small-scale traders are subject to high monetary costs at borders as bribes are elicited. Delays also are costly. Creating a simplified regulatory framework—and seeing that it is uniformly applied--would encourage their inclusion in formal trade networks.

7. CONCLUDING REMARKS

AfCFTA has the potential to foster economic integration, harmonize trading activities, and contribute to sustainable development across the African continent, **as we illustrate by looking at the Abidjan-Lagos Corridor**. Critical pain points must be addressed if it is to be successfully implemented, among them trade restrictions, policy inconsistencies, regulatory complexity, corruption, inadequate infrastructure, high compliance costs, limited access to information, and a language barrier. Our key recommendations are to undertake infrastructure improvements, to harmonize tariffs and customs procedures, and to build up the capacity of small-scale traders so they can move from reliance on ICBT to participation in formal trade. We believe that achieving all of these is possible if member states deepen their cooperation and leverage the necessary technology.

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