



# Possible IBM Approaches to Small and Informal Cross-Border Trade

Promoting Integrated Border Management (IBM) in Latin America and sub-Saharan Africa

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**PREM**  
POVERTY REDUCTION AND ECONOMIC MANAGEMENT



# ICBT

## Informal Cross Border Trade

- ICBT contributes 43% percent of African GDP
- Contributes US\$17.6 billion per year to SADC economy (Economic Justice Network)
- In some African countries, informal regional trade flows represent up to 90 per cent of official flows (UN Economic Commission for Africa)
- Women represent 60% to 70% of ICBT in Africa (African Development Bank)
- 25-30% of African trade is informal trade carried out by women.





## Les Petites Barrières

*"I buy my eggs in Rwanda; as soon as I cross to Congo I give one egg to every official who asks me. Some days I give away more than 30 eggs!"*

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/EXTAFRREGTOPTRADE/0,,contentMDK:22913018~pagePK:34004173~piPK:34003707~theSitePK:502469,00.html>





## Les Petites Barrières

In the Great Lakes Region we've found that:

- agricultural trade remains primarily informal.
- current movements are dominated by poor women
  - trading activities are a critical source of household income,
  - often face harassment and extortion when crossing the border
  - have no support or framework for moving towards formal activities.





# The Challenges for IBM

- Revenue targets (by hook or by crook)
  - Customs duties and taxes
  - Fees and permit charges
- Trade facilitation
  - No targets to meet
  - Too many agencies
- Vulnerability of ICBTs
  - Easy targets for corruption and exploitation
  - Institutional misconceptions
- Porous borders





# The Challenges for ICBTs

- Getting your goods to market – at a profit
  - Minimise costs
  - Avoid delays
- The dilemma between
  - Undervaluing; or
  - Excessive Customs uplifts
- The choice between
  - A hostile border environment; or
  - Avoid formal crossing points
- Vulnerability to abuse, corruption and exploitation





# COMESA Simplified Trade Regime (STR)

- The consignment is US\$500 or less in value.
- Duty free if on the Common List of products agreed between the countries.
- Simplified Certificate of Origin
  - available at the border or a CBTA office
  - signed by the Customs Officer at the border
- COMESA Simplified Customs Declaration
- Trade Information Desks

  

- Burundi, Democratic Republic of Congo (DRC), Ethiopia, Kenya, Malawi, Rwanda, Sudan, Uganda, Zambia and Zimbabwe





# Exporta Fácil - South America

- Exporta Fácil
  - Simplified export clearance through a single agency (postal service)
  - Freed small-scale exporters from multi agency formalities
  - Consignments of less than 30 kilograms and valued less than \$50,000
  - Concept initiated in Brazil
  - Pilots in Peru, Colombia, Uruguay, Ecuador





# Some World Bank Approaches

- strategic improvements in infrastructure
  - more transparent and open spaces
  - reduce security and safety risks
- provide training for border officials and security officers
  - improved knowledge and professional behavior
  - gender awareness of border agency managers & officials
- support to build and empower the capacity of informal traders associations





## continued ...

- Remove non-tariff barriers to trade
  - restrictive rules of origin,
  - import and export bans, and
  - onerous and costly import and export licensing procedures
- Simplify border procedures
- Limit the number of agencies at the border
- improving the flow of information on market opportunities, regulations and border procedures
  - Trade Information Portals





## Some other ideas

- Include Informal Traders Associations in diagnostic studies and policy development
- Support gendered analysis, diagnostics, technical assistance and lending operations for trade initiatives.
- The EC and the Academic Community take action to increase research on this topic





# Special Considerations for Women Traders

- Address the different constraints that women and men face in relation to trade;
- Trade-related initiatives consider the gender impact and support gender equality
- Training for female traders on customs and border requirements and processes.
- Increase capacity of trader organizations to educate and support women traders on customs and border issues.
- Gender balance among customs and border management staff (including management).
- Improve policing and prosecution of corruption, harassment and violence at border crossings.





**A**S COUNTRIES HAVE COME TO REALIZE THE IMPORTANCE OF TRADE IN ACHIEVING sustainable economic growth they have progressively lowered tariffs, established regimes to encourage foreign investment, and pursued opportunities for greater regional integration. This progress has, however, been undermined by the high costs and administrative difficulties associated with outdated and excessively bureaucratic border clearance processes, which are now often cited as more important barriers to trade than tariffs. This book is designed to shed new light on these problems and to identify a range of strategies that will help officials meet their traditional control responsibilities while at the same time facilitating legitimate trade. It also provides advice to development professionals and key policy makers about what works, what doesn't, and why.

*This World Bank publication is a compelling account of the diverse and complex issues associated with border management in the 21st century. It is essential reading for practitioners, policy makers, and academics. To achieve national objectives related to growth in international trade and economic development, there is no alternative but to embrace a 'whole of government' approach to border management modernization, which increasingly requires active coordination between all border agencies, both domestically and internationally. Use of international standards, such as those developed by the WCO, automation, and risk management are fundamental to delivering increased convergence and productivity across the border sector. These and many other tools are described extensively throughout this book, which provides sound reference material to help border reformers meet the challenges of modern times.*

— KUNIO MIKURIYA  
Secretary General, World Customs Organization

*Trade facilitation is a key element of the WTO's Doha Development Agenda. The evidence is clear that attention devoted to eliminating unnecessary red tape and bureaucratic obstacles at the border can reduce the costs traders face and make the goods produced by firms in developing countries much more competitive in international markets. This book provides information to guide the efforts of policy makers engaged in the critically important task of facilitating trade, while at the same time ensuring that governments are able to discharge their legitimate regulatory responsibilities effectively at the border.*

— H.E. EDUARDO ERNESTO SPERISEN-YURT  
(Guatemala) Chairperson  
WTO Negotiating Group on Trade Facilitation

*Trade performance is a key determinant of economic growth and prosperity. Over the last 45 years the countries that have grown fastest have typically been those that have also seen the fastest growth in international trade. Research suggests that a very large proportion of business is time sensitive and many firms will lose orders or fail to close important deals if products arrive at their destination late. Effective and efficient border management regimes are therefore critical to ensuring speedy and reliable delivery of goods to foreign markets. This book provides a series of practical guidelines and advice to assist government officials and private sector stakeholders in working together to design and implement more efficient border management systems and procedures that will assist countries to take advantage of growth and development opportunities presented by participation in the global trading system.*

— CARLOS GRAU TANNER  
Director General  
Global Express Association

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## BORDER MANAGEMENT MODERNIZATION

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# Thanks for your attention

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