

Cross Border Trade Finance: A Study of West African Economic and Monetary Union (WAEMU)

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ABSTRACT

The West African Economic and Monetary Union (WAEMU) was established in 1994 with the aim to create a cohesive economic space by harmonizing policies in key areas such as trade, infrastructure, and currency. The Union's institutional framework is built on two core pillars: a customs union and a common market that guarantees free trade. Despite its ambitious framework, intra-regional cross border trade finance and trade within WAEMU remains low. In lieu of the background above, the study examined cross border trade finance in WAEMU. The specific objective of the study is to examine finance has help to promote cross border trade in WAEMU. The study used the technique of data visualization to analysed secondary information on cross border trade finance obtained on WAEMU. The findings indicated that, cross border trade finance emerges as a critical facilitator of trade. Nevertheless, exporters and importers in WAEMU face significant pre-export and pre-import financing needs, and with inadequate access to finance, many are unable to fulfil trade orders or scale operations to meet global standards. Moreover, WAEMU economies are generally characterised by small, open markets that remain highly vulnerable to external shocks. To move beyond these limitations, WAEMU must shift its approach from simply harmonising policies to implementing a more comprehensive strategy that addresses these key challenges head-on. This strategy must prioritise trade finance and physical infrastructure development, particularly in transportation and energy sectors, to ensure better connectivity between member states and reduce trade costs. In conclusion, the region's capacity to address its finance challenges, infrastructural challenges, streamline trade processes and enhance governance will ultimately determine its success in reducing trade costs, fostering economic convergence, and ensuring inclusive development. As WAEMU takes bold steps toward tackling these challenges, it can become a model for regional economic integration in Africa.

KEYWORDS

Cross-border, CFA franc, Finance, Infrastructure, Trade finance, WAEMU

I. INTRODUCTION

The West African Economic and Monetary Union (WAEMU) is an organization whose mission is to bring about the economic integration of the member states by enhancing the competitiveness of their economies in the framework of an open and competitive market, and a streamlined and harmonized environment. Thus, finance is required to boost cross border trade among member states. Cross-border trade finance directly fuels economic

development by enabling businesses to engage in global commerce, expand markets, and participate in supply chains by providing access to international markets and partners, trade finance allows small and medium-sized enterprises (MSMEs) in WAEMU nations to grow, sell their products globally, and contribute to their domestic economies.

Within this context, trade finance emerges as a critical facilitator of cross border trade. By offering liquidity and mitigating credit, currency, and political risks, instruments such as letters of credit, trade loans, and export credit insurance are vital for supporting export transactions, especially in agriculture and industrial goods and services. Therefore, exporters and importers typically face significant pre-export and pre-import financing needs, and without access to trade finance, many are unable to fulfil trade orders or scale operations to meet global standards. The West African Economic and Monetary Union (WAEMU) was established by treaty in 1994 with the aim of fostering deeper economic integration among member states. WAEMU represents Sub-Saharan Africa's most ambitious effort at regional economic unity, seeking to overcome the barriers that divide national economies and stifle growth. The Union's institutional framework is built on three core pillars: a customs union with a four-band Common External Tariff (CET), a common market that guarantees the free movement of goods, services, capital, and labour, and a monetary union anchored by the CFA franc and managed by the Central Bank of West African States.

Meanwhile, the WAEMU economies are generally characterised by small, open markets that remain highly vulnerable to external shocks. In 2023, the average GDP per capita of the eight WAEMU member states, which include Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo, stood at a modest US\$1,580 (World Bank, 2024). These economies face a variety of structural challenges, including inadequate financing, fragmented domestic markets and prohibitively high trade costs. Such barriers have historically impeded the growth of industrialisation and development across the region (ECOWAS Commission, 2022). Similarly, despite the significant institutional advancements, the outcomes have been far less than expected. Intra-regional exports within WAEMU member states remain stagnant, hovering at around 15% of total trade, a stark contrast to the 67% intra-regional trade observed within the European Union (UNCTAD, 2023). This raises a critical question that forms the foundation of this study: how has cross border trade finance in WAEMU's extensive institutional integration not led to higher levels of trade and greater economic convergence among its member states? Addressing this critical question is the reason that provoked a critical discuss of cross-border trade finance in WAEMU. The remaining parts of this work, examined literature review, methodology, findings and conclusion.

II. LITERATURE REVIEW

A. *Concept of Cross Border Trade Finance*

Cross-border trade finance, or the funding of international trade, directly fuels economic development by enabling businesses to engage in global commerce, expand markets, and participate in supply chains. Also, trade finance encompasses a range of financial instruments designed to facilitate international trade transactions by bridging the gap between production and payment. Instruments such as letters of credit, export credit

insurance, and trade loans provide essential liquidity and mitigate risks related to payment default, currency fluctuations, and geopolitical instability. In the real sectors, trade finance is especially critical due to the sector's inherent vulnerabilities, including perishability and seasonal production cycles. The availability of trade finance empowers exporters to finance production, upgrade facilities, and fulfil international contracts with confidence. Studies have underscored its significance in enabling SMEs to access working capital and expand their operational scale.

B. Theoretical Review: The Gravity Framework

In their influential 2003 article "Gravity with Gravitas," James Anderson and Eric van Wincoop revolutionized the gravity model of trade by providing a micro-founded theoretical framework that explains trade flows as a result of bilateral trade costs and multilateral resistance to trade. Their model moves beyond the simplistic "naive" formulation by incorporating inward multilateral resistance (an importer's ease of market access) and outward multilateral resistance (an exporter's ease of market access), which together account for general equilibrium effects. This theoretical grounding provides a more robust foundation for analysing trade policies and offers a solution to the "border puzzle," explaining why borders significantly reduce trade between countries. Thus, Anderson and van Wincoop (2003), suggests that the volume of bilateral trade between two regions is positively related to the economic size of the regions involved, while inversely related to the distance between them and the associated trade costs.

In the context of West Africa, however, the concept of distance extends beyond mere geographic space. It also encompasses factors such as road quality, the efficiency of border-crossing procedures, and the presence of information asymmetries raises issues that can significantly exacerbate trade costs. These non-tariff barriers such as poor infrastructure, long delays at borders, and lack of access to reliable market information create an environment where the full potential of regional trade is stifled, preventing economic integration from reaching its intended outcomes. Consequently, even though West African economies may be geographically close, these additional "distances" severely hinder trade flow and economic cooperation.

1. Criticisms of the Model

Criticisms of Anderson and van Wincoop's (2003) gravity model include its potential for omitted variable bias, endogeneity issues where GDP and trade are mutually influential, and its oversimplified assumptions about competition and market structures that may not hold in reality. The model's reliance on the Armington assumption assumes product differentiation, which can be problematic for certain trade flows and may not capture the complexities of dynamic adjustments in general equilibrium.

C. WAEMU's Institutional and Policy Architecture

WAEMU's institutional framework is based on a customs union, a common market, and a monetary union. This section delves into the operational details of WAEMU's customs union, including the Common External Tariff (CET), and the challenges posed by the uniform tariff structure.

1. *Customs Union and Common External Tariff (CET)*

The Common External Tariff (CET), introduced in 2000, categorises goods into four tariff bands: 0% for essential goods, 5% for raw materials and capital goods, 10% for intermediate goods, and 20% for consumer goods. This system was designed to harmonise external tariffs across WAEMU member states, reduce tariff dispersion, and enhance the Union's bargaining power on global trade matters. While the CET has made significant strides in reducing tariff disparities within the region, it has also led to unintended consequences. One of the main concerns is the fiscal dependence it has created. In several member states, customs duties contribute between 15-30% of government revenue. This reliance on customs revenue makes the region vulnerable to external shocks and undermines efforts to diversify sources of national income. Furthermore, the uniform structure of the CET does not account for the diverse industrial landscapes and developmental needs of WAEMU countries. Sectors like agro-processing and textiles, which require more flexibility in tariff rates to encourage local manufacturing, have expressed concerns over the lack of tailored policies within the CET framework.

2. *Common Market and Free Movement Protocols*

WAEMU's protocols on the free movement of goods (1996), people (1979 ECOWAS protocol), and capital (2000) were introduced to dismantle formal barriers to trade and movement across member states. These protocols are central to WAEMU's vision of a unified regional economy, where goods, labour, and capital can move freely to promote economic integration. Despite these advances, the actual implementation of these protocols has been inconsistent. A 2022 diagnostic report by the United Nations Economic Commission for Africa (UNECA) revealed that truck drivers on major trade routes still face an average of 20 checkpoints per journey—far exceeding the community target of just three (UNECA, 2022). These bottlenecks severely hinder the efficiency of cross-border trade, raise operational costs, and slow down the movement of goods. Additionally, the mutual recognition of diplomas and professional qualifications remains partial, restricting the mobility of skilled labour across borders. This limitation prevents workers from fully benefiting from the opportunities provided by regional integration, especially in sectors that rely on specialised skills.

3. *Monetary Union: The CFA Franc*

WAEMU's monetary union is anchored by the CFA franc, a currency that is pegged to the euro at a fixed exchange rate, a system that has provided relative stability in terms of inflation and exchange rates (Cobham & Robson, 2021). This arrangement has contributed to macroeconomic stability in the region, but it comes with certain challenges. A key feature of the monetary union is the requirement that member states deposit 50% of their foreign-exchange reserves with the French Treasury, a policy that has sparked criticism as being neo-colonial. Critics argue that this arrangement limits the region's monetary sovereignty and economic independence. Recent reforms have sought to address these concerns by renaming the CFA franc to the "eco" and reducing the deposit ratio to 30%. However, the question of full monetary sovereignty remains unresolved, and the debate about whether WAEMU member states should have more control over their monetary policy continues to be a contentious issue.

III. METHODOLOGY

This study used data visualization method of research which comprises content analysis and discussion of numerous literatures on WAEMU and others cross border trade related region. Therefore, the methodology adopted for this study entailed conducting a systematic literature review that thoroughly examined scholarly works focusing on regional integration and international relations in WAEMU. The primary aim of this review was to understand how cross border trade finance serves as a catalyst for export and import growth in WAEMU.

IV. THE FINDINGS

In this section, the study analyses the findings of cross border trade performance vis-a-vis finance, export and import in WAEMU member states between 2014 and 2020. It provides a comprehensive review of cross border trade trends, export structure and intra-WAEMU border trade patterns. The section also explores the limitations of the common external tariff (CET) and other integration measures in boosting cross border and intra-regional trade in WAEMU.

A. *Assessment of Cross Border Trade Finance in WAEMU*

Trade financing in the West African Economic and Monetary Union (WAEMU) is evolving but still faces challenges with insufficient access to credit despite significant regional banking growth. Key players like the International Finance Corporation (IFC) and the West African Development Bank (BOAD) are expanding support through new bank partnerships and structured transactions. Efforts also focus on improving financial infrastructure, particularly through emerging regional market instruments and the use of electronic platforms for document exchange.

Trade financing statistics in the West African Economic and Monetary Union (WAEMU) showed that, access to trade finance remains a challenge, particularly for Micro, Small, and Medium-sized Enterprises (MSMEs). A significant portion of companies in the region lack formal loans, relying instead on informal networks. While the region's intra-WAEMU and global trade has seen some growth, integration into global value chains and trade diversification remain limited.

1. *Key Players and Initiatives in Trade Finance*

- International Finance Corporation (IFC): The IFC is actively expanding trade finance access by partnering with regional banks, such as Coris Bank International in Benin and Togo and Banquo El Amana in Mauritania.
- West African Development Bank (BOAD): As the development finance institution for WAEMU, BOAD supports trade finance through its investment activities and its subsidiary, BOAD Titration, which structures transactions to channel capital market funding to the real economy.
- Regional Collaboration: The IFC is also supporting new securitization initiatives, like the first multi-country securitization in West Africa, to boost long-term funding for businesses.

2. *Progress and Solutions*

Regional Securities Market: The regional securities market provides various investment instruments, including government and regional bills and bonds, which serve as important sources of funding.

Digital Platforms: Electronic platforms connected to customs electronic windows facilitate the exchange of documents in several WAEMU countries, improving efficiency.

Focus on Intra-African Trade: Increasing the availability of trade finance is seen as critical for harnessing intra-Africa trade as a driver of economic growth and job creation within the region.

B. *Direction of Trade in WAEMU, 2014–2020*

Between 2014 and 2019, the eight members of the West African Economic and Monetary Union (WAEMU) comprising Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo, expanded both exports and imports by roughly one-third, but the momentum was reversed in 2020 by the COVID-19 shock and the associated fall in commodity prices.

Table 1: Direction of Trade in WAEMU, 2014–2020

Year	Total exports (CFAF bn)	Total imports (CFAF bn)	Trade balance (CFAF bn)
2014	13,341	16,879	–3,538
2015	13,997	17,879	–3,882
2016	13,947	17,512	–3,565
2017	15,161	19,188	–4,027
2018	16,270	21,143	–4,873
2019	17,660	22,237	–4,577
2020	16,449	21,175	–4,726

Sources: BCEAO balance-of-payments tables; UMOA-Titres Annual Report, 2021.

The trade deficit therefore remained structurally above 4 trillion CFAF ($\approx$ US\$7 billion) throughout the period, pointing to a limited capacity of traditional exports to finance the region's growing import needs.

C. *Export Structure and Performance*

1. *Product Concentration*

WAEMU's export basket is dominated by unprocessed commodities whose world prices are volatile. In 2020 the top five products accounted for about 60 % of total export earnings:

Table 2: Product Concentration in WAEMU

Product	2014 (CFAF bn)	2020 (CFAF bn)	Δ 2014–2020	% of 2020 exports
Gold	2,291	4,983	+118 %	30 %
Cocoa	2,303	2,752	+19 %	17 %
Oil	1,680	1,110	–34 %	7 %
Cotton	744	889	+19 %	5 %
Rubber	303	551	+82 %	3 %

Sources: UMOA-Titres Note information, 2021

Gold has become the single largest export item, driven by volume and price surges in Burkina Faso, Mali and Côte d'Ivoire. Cocoa remains critical for Côte d'Ivoire (world's top producer), but volumes were deliberately capped in 2020 to support world prices. Crude oil earnings fell sharply after the 2020 price collapse; volumes are small and concentrated in Côte d'Ivoire (offshore) and Niger (pipeline exports via Benin).

2. Destination of Exports

Europe is the principal market, absorbing about 50 % of WAEMU exports in 2019, followed by Asia (25 %) and the rest of Africa (22 %). The share going to other WAEMU countries is modest:

Table 3: Destination of Exports

Destination	2019 (CFAF bn)	% of total exports
Europe	8,145	46 %
Asia	4,072	25 %
Africa*	3,828	22 %
of which WAEMU intra-trade	2,683	15 %
Americas & Other	1,615	9 %

*Africa" includes all African countries, not just WAEMU.

D. Intra-WAEMU Trade

Intra-union trade grew faster (7.5 %) than total trade (6.8 %) in 2019, but the share remains low—14.8 % of all merchandise trade suggesting that the common external tariff (CET) and the CFA-franc monetary union have not fully offset non-tariff barriers (NTBs) such as cumbersome transit procedures and poor logistics.

Table 4: Intra-WAEMU Trade

Indicator	2018	2019	%Change
Intra-WAEMU exports (CFAF bn)	2,496	2,683	+7.5 %
Share of intra-WAEMU exports in total exports	15.4 %	15.2 %	–0.2 pp
Share of intra-WAEMU imports in total imports	14.3 %	14.3 %	0 pp

Source: An Extract from WAEMU Reports, 2019

Key drivers of intra-regional growth in 2019 were refined petroleum products (+9.8%), fertilisers (+68%) and cereals. Côte d'Ivoire and Senegal supply about two-thirds of regional exports, while Mali and Burkina Faso are the largest buyers.

Table 5: Overview of WAEMU Economic Performance

Country	Population (2020, in mln)	GDP per capita (2019, current US\$)	Real GDP growth (2019, %)	Current-account balance (2019, % GDP)	Trade balance (2019, current US\$ bln)	Main exports (2019)
Benin	12.12	1,220	6.9	-4.0	-0.636	Raw cotton, gold, petroleum oils
Burkina Faso	20.90	796	5.7	-3.2	-0.555	Gold, zinc ore, raw cotton
Ivory Coast	26.38	2,276	6.2	-2.3	0.674	Cocoa beans, natural rubber, cashew nuts and coconuts
Guinea Bissau	1.97	7,650	4.5	-8.9	-0.213	Cashew nuts and coconuts, gold, frozen fish
Mali	20.25	879	4.8	-7.5	-2.12	Gold, raw cotton, other oil seeds
Niger	24.21	554	5.9	-12.2	-1.92	Other oil seeds, gold, uranium
Senegal	16.74	1,436	4.6	-9.6 (2018)	-3.34	Petroleum oils, gold, phosphoric acid
Togo	8.28	893	5.5	-0.8	-0.596	Petroleum oils, other oil seeds, electrical energy

Source: World Bank Database, Atlas of Economic Complexity

E. Limitations to Deepening Trade Integration in WAEMU

This section identifies the key obstacles to deeper economic integration in WAEMU, focusing on infrastructure deficits, non-tariff barriers, institutional weaknesses, and political-economic dynamics.

1. Infrastructure Deficits

One of the most significant obstacles to deeper regional integration in West Africa is the severe deficit in infrastructure. The region's road density stands at a mere 7 km per 100 km², which is less than one-third of the road density in other developing regions (World Bank, 2023). This infrastructural gap creates inefficiencies and increases costs for the movement of goods, significantly hampering intra-regional trade. Poor-quality roads and missing links in the transport network elevate freight costs, which are currently twice as high as in Latin America. These high transportation costs make West African goods less competitive on global markets and discourage trade within the region. Additionally, only 26% of the population in WAEMU countries has access to mobile broadband, which severely

limits the growth of digital commerce and e-commerce platforms (GSMA, 2023). The limited digital connectivity prevents businesses from fully participating in the global digital economy, thus hindering the growth of sectors such as online retail, digital services, and information technology. Without significant investment in infrastructure—both physical and digital—the region will struggle to meet the goals of deeper economic integration and competitive industrialization.

2. *Non-Tariff Barriers*

Non-tariff barriers (NTBs) have become one of the most persistent obstacles to trade within WAEMU. These include complex documentation requirements, non-harmonized sanitary and phytosanitary standards, and other regulatory obstacles that add significant costs to trade. Research by the United Nations Conference on Trade and Development (UNCTAD, 2023) shows that NTBs add an additional 12% to trade costs in the region. This is especially detrimental for small businesses and exporters who are already burdened by high transaction costs. The lack of a single, streamlined customs system is another critical issue. The absence of a single customs window, coupled with limited electronic data exchange systems, leads to delays, inefficiencies, and increased transaction costs (World Bank, 2023). Such delays not only hamper intra-regional trade but also create a cumbersome environment for companies looking to expand their operations across borders. In many cases, businesses face long waiting times at borders and the burden of multiple checks and administrative procedures. Addressing these non-tariff barriers is essential to reducing trade costs and improving the flow of goods and services within the region.

3. *Institutional Weaknesses*

Another significant constraint to deeper integration within WAEMU is the institutional weaknesses that hinder the effective enforcement of regional policies and agreements. While the WAEMU treaty asserts the supremacy of community law, national courts often fail to enforce it directly, which undermines the legal framework intended to guide integration. The lack of consistent enforcement of regional laws creates uncertainty for businesses and undermines the credibility of WAEMU's institutions. The WAEMU Court of Justice, which is supposed to play a pivotal role in resolving disputes and ensuring compliance with regional agreements, lacks the power to impose coercive sanctions. As a result, compliance with WAEMU directives remains patchy, and countries can often circumvent regional laws without facing consequences. This institutional fragility impedes the smooth functioning of the Union and delays the implementation of policies necessary for deeper economic integration.

4. *Political Economy Dynamics*

The political and economic dynamics in West Africa have further complicated efforts toward regional integration. The ongoing security crises in the Sahel region have diverted much-needed public funds toward defence and security measures, thereby limiting the fiscal space available for development and integration projects (International Crisis Group, 2023). Countries grappling with insurgencies and political instability are less likely to prioritise regional integration over immediate security concerns, which further delays the implementation of crucial regional projects. In 2023, the decision by Burkina Faso, Mali, and Niger to exit the Economic Community of West African States (ECOWAS) highlighted the growing tensions around issues of sovereignty, particularly with regard to the CFA franc and

the French military presence in the region. These tensions underscore the challenges that WAEMU faces in maintaining unity among its member states. The dispute over the CFA franc, which is long seen as a symbol of neo-colonial influence, has further complicated regional integration, as countries in the region seek greater control over their monetary policies and a reduction in France's economic influence. As regional security issues persist and sovereignty tensions rise, the path to deeper integration becomes even more challenging. Without resolving these political and economic tensions, WAEMU will struggle to achieve its full potential as a regional bloc.

V. CONCLUSION

The study examined cross border trade finance in West African Economic and Monetary Union (WAEMU). The Union's institutional framework is built on three core pillars: a customs union with a four-band Common External Tariff (CET), a common market that guarantees the free movement of goods, services, capital, and labour, and a monetary union anchored by the CFA franc and managed by the Central Bank of West African States. The specific objective of the study is to examine finance has help to promote cross border trade in WAEMU. This is because cross-border trade finance directly fuels economic development by enabling businesses to engage in global commerce, expand markets, and participate in supply chains by providing access to international markets and partners, trade finance allows small and medium-sized enterprises (MSMEs) in WAEMU nations to grow, sell their products globally, and contribute to their domestic economies. The study used the technique of data visualization to analysed secondary information on cross border trade finance obtained on WAEMU.

The findings indicated that, cross border trade finance emerges as a critical facilitator of trade by offering liquidity in agriculture and industrial goods and services. Nevertheless, exporters and importers in WAEMU face significant pre-export and pre-import financing needs, and with inadequate access to finance, many are unable to fulfil trade orders or scale operations to meet global standards. Moreover, WAEMU economies are generally characterised by small, open markets that remain highly vulnerable to external shocks. For instance, in 2023, the average GDP per capita of the eight WAEMU member states, which include Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo, stood at a modest US\$1,580.

To move beyond these limitations, WAEMU must shift its approach from simply harmonising policies to implementing a more comprehensive strategy that addresses these key challenges head-on. This strategy must prioritise trade finance and physical infrastructure development, particularly in transportation and energy sectors, to ensure better connectivity between member states and reduce trade costs. In addition to infrastructural and technological improvements, the region must strengthen its institutional framework. Effective governance is critical to ensuring compliance with regional agreements and fostering a sense of accountability among member states. WAEMU should adopt stricter enforcement mechanisms and expand its peer-review processes to involve civil society and the private sector, ensuring that policies are not only transparent but also reflect the needs of all regional actors.

In conclusion, the region's capacity to address its finance challenges, infrastructural challenges, streamline trade processes and enhance governance will ultimately determine

its success in reducing trade costs, fostering economic convergence, and ensuring inclusive development. As WAEMU takes bold steps toward tackling these challenges, it can become a model for regional economic integration in Africa, setting the stage for broader continental cooperation and growth under the AfCFTA framework.

A. *Strategic Initiatives and Policy Recommendations*

The strategic initiatives designed to address the challenges facing WAEMU and promote deeper economic integration were outlined as follows;

1. *Trade and infrastructure financing:*

A critical component of WAEMU is trade financing. Thus, International Finance Corporation (IFC) should actively expand trade finance access by partnering with regional banks, such as Coris Bank International in Benin and Togo and Banque El Amana in Mauritania. Also, West African Development Bank (BOAD) as the development finance institution for WAEMU, BOAD should support trade finance through its investment activities and its subsidiary, BOAD titration, which structures transactions to channel capital market funding to the real economy.

Another critical component of WAEMU's strategy for deeper economic integration is the need for substantial infrastructure investment. Given the region's infrastructure deficits, particularly in transportation, energy, and digital connectivity, the financing of such projects will require innovative approaches. WAEMU should leverage blended finance, a combination of public and private funding, to attract investment into infrastructure development. To ensure effective use of these resources, the establishment of a regional infrastructure observatory is recommended. This observatory would monitor project implementation, ensuring that infrastructure projects meet agreed-upon standards and are completed on time and within budget.

2. *Trade facilitation reform:*

The efficiency of trade flows within WAEMU is hindered by various administrative bottlenecks, including delays at border checkpoints and outdated customs procedures. To address these challenges, WAEMU should prioritize the introduction of a single-window system, a digital platform that allows traders to complete all necessary customs procedures in one place, reducing redundancies and processing times. Additionally, implementing blockchain-enabled cargo tracking systems can provide real-time visibility into the movement of goods across borders, reducing the risk of fraud, ensuring compliance, and improving transparency. These technological solutions would not only streamline the movement of goods but also help create a more efficient and secure trading environment. Furthermore, a regional transit-guarantee scheme could replace the current ad-hoc payment systems with a digital bond system, making it easier for traders to navigate customs procedures and reducing the need for physical payments at checkpoints. Such a system could cut transit times by up to 30%, significantly boosting the efficiency of intra-regional trade (World Bank, 2023). These reforms would ensure smoother trade flows, reduce trade costs, and foster deeper economic integration among WAEMU member states.

3. *Strengthening governance:*

For WAEMU to achieve its regional integration goals, it is essential to strengthen its governance mechanisms. Currently, the enforcement of regional agreements and policies is

inconsistent, and compliance with community rules is often lax. To address this, amendments to the WAEMU treaty could empower the Commission to impose financial sanctions on member states that fail to comply with customs union rules, similar to the European Union's infringement procedures (OECD, 2022). These sanctions would act as a deterrent against non-compliance and encourage greater adherence to regional policies. In addition to legal reforms, WAEMU should expand its peer-review mechanisms to include civil society organizations, the private sector, and other stakeholders. By bringing these groups into the decision-making process, WAEMU can increase transparency, foster accountability, and ensure that policies reflect the needs of all regional actors. These reforms would help create a more robust governance framework, improving the Union's ability to implement policies effectively and ensuring that all member states benefit equitably from regional integration.

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