

Issues in African Informality

What is the Relevance for Regional or Continental Integration?

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Abstract

This paper illuminates the disputed and often tainted reality of informality in Africa, focusing on two key components of the informal economy – employment and production. Simultaneously, it highlights three key issues in informality that bear on regional integration by the way they relate to spatial borders. The paper draws on a thorough review of the literature and documentary evidence on informality, borders and regional integration. The evidence shows that, though difficult to assess, the informal economy is a permanent African reality that dates back to the Iron Age. It is a source of employment for many, sustains livelihoods and contributes to local, national and regional economies, as well as to regional economic integration from the bottom up. On their part, nation-state borders in Africa posture as regulators of movement, presenting severe restrictions; especially to the movement of undocumented labour migrants and informal traders. With supportive policies, however, cross-border traders could become useful partners of the state and the collective goal of African integration. They could help deepen integration by participating in measures designed to reduce non-tariff barriers to trade. Since grassroots actors suffer abuse and are ill-treated at borders and in host countries, and lack access to social protection, African borders should be transformed into functional bridges that link communities straddling proximate states. A desirable outcome would be to establish amorphous borderlands that would enhance economic, social and cultural integration.

Introduction

This paper attempts to shed light on the disputed and often tainted reality of informality in Africa, focusing on two key components of the informal economy – employment and production. Simultaneously, it highlights three key issues in informality that impact regional integration by the way in which they relate to spatial borders. The issues are migration, trade and social protection. The paper focuses on cross-border activities involving undocumented workers and informal traders and their social protection, respectively. With this, the paper underscores the implications

of informality on regional integration. The paper draws from a thorough review of the literature and documentary evidence on informality, borders and regional integration; ranging from media reports, policy and legislative documents, to scholarly books and journal articles.

Informality, specifically the informal economy as discussed in this paper, is a disputed concept. Because of the difficulty in empirically assessing it and enumerating related activities, the informal economy lacks a specific statistical aggregate with which it can be quantified. It is thus difficult to have a complete, rigorous understanding of its full economic extent and the impact of activities therein. This is compounded, in the case of informal trade, by some of the 'uncaptured' trade that occurs across the extensive porous borders that mark the territories of the respective member states of the African Union (AU). Seen through the lens of existing frameworks, the assessment of regional integration in Africa (through indicators such as trade) suggests a project that has failed.¹ Thus, this paper argues that the informal economy and informal activities constitute a critical practical means of integrating Africa, from the edges or margins of territories of nation-states, and from the bottom up. This, as relates to borders, would see borderlands becoming amorphous regions in which spaces that were previously separated by clear lines (which marked and bound distinct communities and polities, citizens, economies and cultures into disparate sovereign entities) are dissolved by the traversing agency of grassroots actors as they migrate, trade and engage in socio-economic exchanges across the lines of demarcation.

The reality at the grassroots in the contiguous border regions is juxtaposed against the decades-long history of elusive and failed attempts to achieve regional integration premised on macro-level policymaking through the efforts of state authorities. From whichever perspective it is considered (political, economic or sociocultural), regional integration characterised by increasing interaction and trade flows and resulting in better standards of living and a peaceful, secure Africa, is generally held out to be an elusive dream in the literature.² The continent's region-building project reportedly continues to be constrained by failed attempts to copy the European Union's (EU) complex integration project and institutional architecture.³ Its regional and continental organisations have also had limited success in fostering integration. The literature points to low levels of intra-regional and intra-continental trade, failure to achieve peace across Africa (as seen in widespread conflicts and wars), inability to establish physical infrastructure and the lack of political will and commitment to integration; all of which are indicators of the poor state of integration. All this is despite the general understanding that regional integration is a means of achieving peace and development, as well as of enhancing the capacities of small economies to effectively compete in the global political economy. All this points to the limitations of the state-centric, top-down approach to regional integration that postcolonial Africa generally pursues.

Interestingly, the interactive dynamics – including economic and cultural activities of actors at grassroots in Africa – date back to the pre-colonial time, as far back as the Iron Age. Today, some of these interactions defy the post-colonial boundaries that separate Africa's distinct sovereign entities and are designed in Westphalian state fashion. Before that, Africa had seen the rise of different forms of state systems and the development of long-distance trade, alongside the spread of religions like Islam and Christianity.⁴ This made the continent socially and culturally heterogeneous. The ensuing trade and human mobility it precipitated were not only cross-border but informal too; closely resembling the types discussed in this paper. For instance, post-1994 South Africa is

an integral part of the Eastern and Southern African region encompassing the Common Market for Eastern and Southern Africa-East African Community-Southern African Development Community (COMESA-EAC-SADC) tripartite free trade area (TFTA) that attracts people from the region and beyond. However, it is not only South Africa's recent membership in the COMESA-EAC-SADC tripartite that has attracted people. This happened even when South Africa was a member of the SADC only. It could, therefore, be argued that post-1994 reforms and the level of development in South Africa attracted people from sub-Saharan Africa. Besides professionals and skilled workers, other migrants in this region include semi and unskilled workers and traders, whose socio-economic and cultural activities fall in the informal economy. The combined effect of efforts to establish regional alliances through such initiatives as the COMESA-EAC-SADC TFTA, and the experiences of various categories of people crossing the borders of the states engaged in such efforts, bring into focus the interface between regional policy and governance issues that straddle the state/policy sphere on one hand, and the realities on the ground in the environments that accommodate grassroots actors, on the other. Macro-level policy seems to dominate and dictate regional integration, while micro-level realities apparently define the informal activities of grassroots actors. Yet both interface at the point where policy impacts the activities of informal actors. The activities and demands of informal actors actualise, from the margins or from the bottom up, the policy and goals of integration which are laid out at the macro level. Figure 1 illustrates the foregoing and what is elaborated on in the rest of this paper.

The remainder of the paper has four sections. The first conceptualises informality, borders and borderlands, and regional integration. The section discusses informality in Africa and attempts to define the informal economy on the bedrock of two key components, namely employment and production. It also theorises and gives the status of regional integration in Africa. The second section discusses informality as a permanent reality in Africa, which not only dates back to the Iron Age but also dispels theories that predicted that it would be absorbed by the formal sector. The third section discusses three issues in informality, namely undocumented labour migration, informal cross-border trade, and social protection *vis-à-vis* undocumented migrants and informal cross-border traders, as well as their respective implications for regional integration. The fourth section concludes with a suggestion to transform African borders into functional bridges between and for the promotion of “transnational simultaneity” of cross-border movers.

Theoretical and conceptual constructions of informality, borders/ borderlands and regional integration

Informality and the informal economy

Local grassroots actions that are driven by informal actors are appropriate and relevant to specific local outcomes. Accordingly, the informal economy is an important pragmatic approach and means of integrating African economies, from the margins and the bottom up. This is especially so when borders and the borderlands are taken into consideration. This paper also posits that these spaces are transformable – from distinct communities, polities, economies, cultures and different citizenships marked by clear lines of separation between nation-states – to nebulous spatial regions. This

transformation can be achieved through the dissolving or erasure of the lines of separation, by the criss-crossing activities of grassroots actors engaged in cross-border migration, trade and other forms of socio-economic and cultural interactions and exchange (see Figure 1). This is not to say the borders must be literally dissolved. It is, instead, to encourage the criss-crossing activities of grassroots actors and allow them to bud into what this paper will later propose – the transformation of borderlands into ‘transnational simultaneity’.⁵

The world is characterised by flows of human resources, goods, services and capital across space and time, facilitated by globalisation. Most of the flows that occur under the agency of state, formal businesses and private entities get officially captured, and thus provide a picture of the nature and extent of flows and the economy. Similar activities of sections of the economy here referred to as the *informal economy*, however, largely go undocumented in official statistics. Thus, whereas the size of the formal economy in most African countries can be approximated, the full extent of the informal economy is unknown. Importantly, this does not disprove its existence, as this paper stresses.

Despite the difficulties in determining the size of the informal economy, quantification is possible. It has been done based on specific needs and definitions. For example, the Famine Early Warning System Network (FEWS NET) tracks and monitors informal cross-border trade in agricultural commodities across Eastern and Southern African countries among marginalised borderland communities, to provide analytical information on food insecurity.⁶ The World Bank approaches the informal economy from an activities-based perspective and considers informality to consist of coping/survival and unofficial earning strategies.⁷ The former include jobs of a casual, temporary and/or unpaid nature, extending to subsistence agriculture or the holding of multiple jobs. The latter strategies are defined by illegality, including clandestine activities, tax evasion, crime, corruption, and the avoidance of government regulations and registration of companies.

Another attempt to theorise informality contrasts two sets of understanding.⁸ First is the *structuralist* versus the *dualist* view, and second the *legalist* against the *voluntary* view. The structuralist perspective posits that an intrinsic link exists between the informal economy and the formal. The two constitute parts of an economic system that is unified. According to this view, the nature of capitalist development is responsible for the growth and persistence of the informal sector,⁹ which consists of economic units and workers that are subordinated to and serve the interests of large formal firms. Through this linkage, the informal sector contributes to the competitiveness of firms in the formal sector by supplying them with low-cost services and goods. In this way, the informal sector supports accumulation because it helps to lower the labour and consumption costs incurred by formal sector firms. The argument is made despite the assertion that the informal economy exists because of the informalisation of the formal economy; through retrenchments that force labour into informality. The *dualist* view posits that the informal economy is unrelated to the formal and excluded from it. The origins of the dualist view can be attributed to the work of Arthur Lewis, cited later in this paper. Lewis's two-sector model points at this dualism by distinguishing between the industrial sector, which exists in urban centers, and the ‘subsistence’ sector, which is in the countryside.¹⁰

The *legalist* and *voluntary* perspectives provide another set of theoretical attempts to understand informality. The legalist view posits that informality arises because of the stringent regulation

of economic activities in the formal sector.¹¹ Mercantilists (or firms) collude with governments to establish bureaucratic rules of the game that create a legal system that is hostile to actors in the informal sector. Informality, therefore, provides an environment in which the self-employed can avoid the cumbersome requirements of formalising or registering enterprises, save time and avoid official costs. The voluntarist view posits that informal entrepreneurs deliberately exit the stringently regulated formal economy. They do so because they wish to avoid formal regulations and taxation.

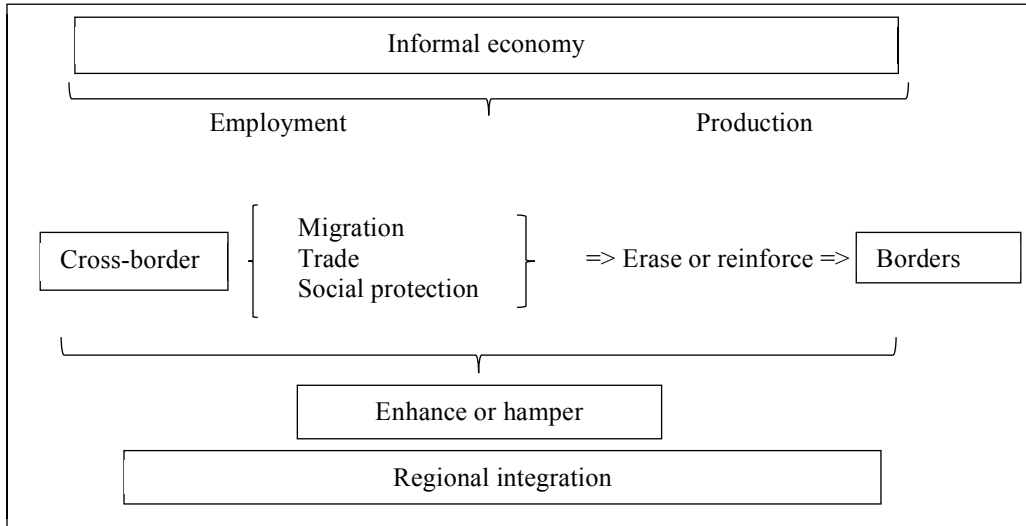


Figure 1 – Informality, borders/borderlands and regional integration in Africa (source: Author)

As this paper shows, the high proportion of economic activities and entities outside of the formal economy and state regulation, as well as workers who are without secure employment, are symptomatic of the reality of the informal economy. The informal economy here refers to informality in its entirety and includes legally unregulated and unprotected enterprises and employment relationships, as well as all forms of informal employment in informal or unregistered small enterprises within and outside the agricultural sector and private households. While they might engage in waged but unprotected labour, workers in the informal economy may be self-employed too. This understanding brings into focus two key components related to the nature of employment and characteristics of enterprises in the informal economy, discussed in this paper (Figure 1). It highlights the segmentation of the informal economy into informal jobs and informal enterprises, translated into employment and production. Informal economy enterprises are generally assumed to be unregulated and unregistered, so that the owners can avoid paying tax.¹²

However, most informal economy enterprises and actors engage in the production and distribution of goods and services that are legal, without any deliberate intentions of breaking the law. The International Labour Organization (ILO) duly recognises such enterprises as “units of production”, defining them as any units ...

engaged in economic activity, i.e. the production of goods and services as defined by the UN System of National Accounts (SNA), irrespective of the type of premises used or other characteristics [... including ...] units which are operated in identifiable premises specifically intended for such activities (e.g. factories, workshops, shops, market stalls), in the homes of their owners or in the backyard, as well as units operating without fixed premises on construction sites, on the street, from vehicles or at clients' homes. They may not own or use any fixed capital assets [... and ...] may be owned and operated by one person alone, by several members of the same household, or in partnership with members of other households; they may also employ hired labour. They may be operated all the year round, on a seasonal basis or by casual own-account workers, irrespective of whether they constitute the main or a secondary activity of the persons involved. They may carry on their activities in an autonomous fashion, interacting freely in the various markets, or under subcontracting arrangements with other units.¹³

The informal sector thus produces goods and services too. Some of these units also distribute goods produced by formal enterprises to remote places that the formal enterprises do not reach. In West Africa, for instance, Nigeria became a major regional economic power thanks to the contribution of informal suppliers of petroleum products to remote places shunned by international petroleum companies.¹⁴ Informal enterprises and actors thus complement the distribution functions of formal enterprises.

Moreover, informality provides jobs for many in Africa where unemployment is high, and governments have difficulties creating jobs. Actors in the sector take the initiative to self-employ and employ others. People and entities in the sector self-support and contribute to their economies by, importantly, absorbing labour and helping lower national unemployment rates. They absorb labour from both the informal and formal economy. Further, the informal economy has increasingly become a significant source of employment in African countries that implemented structural adjustment programmes (SAPs) in the late 1980s and early 1990s. The form of employment created, and the production characteristics of informality, are aptly captured in the definition of the informal sector adopted by the fifteenth and subsequent International Conference of Labour Statisticians (ICLS),¹⁵ which feature small, unregistered and unincorporated enterprises, and the issue of social protection. Concern with these issues relates to whether, given the nature of employment, workers in the informal economy enjoy legal and social protection.¹⁶ This paper shows that most workers in the informal economy work in precarious conditions and have challenges accessing social services and social security benefits. This is worse for informal cross-border traders and undocumented labour migrants. While the informal traders seem able to pay for such services from their own pockets, the paradox is that ordinary inhabitants of some African borderlands freely access those services locally across borders without being vilified.¹⁷ Others claim dual citizenship of countries whose borders they straddle and, in this way, negotiate borders to access services to which they are entitled as far as they are concerned.¹⁸

Borders and borderlands

The local level, where people's actions are driven by livelihood and survival needs, is the space where grassroots actors also encounter the state. In urban areas, for instance, they encounter local government authorities and officials. At borders, actors who engage in economic, social or cultural cross-border activities encounter immigration and customs officials and other state agents responsible for enforcing the border. The border in this context is conceptualised as a line at the margins of a territory that separates or demarcates any geographically proximate sovereign states. Thus, the 55 member states of the AU are separated or demarcated into distinct sovereign entities by lines framed under the principles and framework of delimitations for the occupation and conceding of African territories negotiated by colonialists at the 1884-1885 Berlin Conference. Outside Africa, the Canada-US border, US-Mexico border and Finnish-Russo border are, respectively, examples of borders. In Africa, where nation-building seems to be a running project for many countries since attaining political independence, the border serves the primary function of delimiting the territorial space and possessions of the continent's respective sovereign states. Accordingly, the key legislative instruments of the AU and its precursor, the Organisation of African Unity (OAU), clearly institutionalise respective member states' borders, sovereignty and the principle of non-interference in the internal affairs of respective states by other member states.¹⁹ As if to buttress this point, the Constitutive Act of the transformed continental organisation stipulates that the borders of respective African countries, which existed at independence (and are essentially colonial borders), should be respected.²⁰

The concept of borders in this paper goes further than the understanding of a physical line of demarcation. The border also represents the dynamics and interrelations of inclusion and exclusion, or inside/outside relations. In this sense, it is a potential instrument or site of closure and openness. It distinguishes between the inside and the outside, separating insiders from outsiders. History, geography, politics, culture, economics and security define the inside/outside of the border.²¹ From inside the border, the outside or 'other' might, further, be determined by identity and threats posed to the inside. The border is actually several (other) things, besides being a social construct and institution.²² It is a site of conflict, a way of organising society, and embodies symbolic representations, collective identities and memory. All this makes it political, social and cultural. This characterisation is consequential to African integration, because practically, Africa aspires to foster continental economic, political, social and cultural integration.²³ This aspiration is replicated and reflected in each of the eight key African regional economic communities (RECs) upon which an integrated African Economic Community (AEC) will be established by 2028.²⁴ For example, a key objective of the SADC is to 'strengthen and consolidate the long standing historical, social and cultural affinities and links among the people of the [SADC] Region'.²⁵ Similarly, the ECOWAS accepts the need for members to jointly tackle present and future economic, political and socio-cultural challenges, and to pool resources of the region's people, without disregarding their diversities, to efficiently expand the productive capacity of the region.²⁶ So too the EAC, which aims to widen and deepen cooperation among member states to strengthen and regulate economic, cultural, social and political relations for their benefit and the region.²⁷ The border can also be considered a line of contact, besides separation or closure. In this way, communities and cultures on either side engage

in cross-border cooperation. And this allows for consideration of borderlands as markers of regional, national and local identities,²⁸ wherein various kinds of cross-border interactions (and conflicts) occur. Yes, exclusion and associated confrontations might occur, but interactions at these points of contact could also be positive and characterised by inclusion, cooperation and integration. These points of contact then become liminal, as they perform a linking function of the nation-states that they bridge. In a temporal and spatial sense, border areas or regions thus represent spaces where intergroup dynamics and transnational identity occur.²⁹ Zones characterised by a borderland culture that resists confinement and enclosure spawn 'new hybridities that are much more than simple combinations or mixtures of two ways of life. These emerging transborder cultures feed off the loosening grip of international boundaries and generate a sense of radical openness and engagement, a new sense of borderlands culture, power, and identity'.³⁰ Brunet-Jailly³¹ says that a local culture may affect such border regions in one of two ways: The demarcation of territory or borderlands communities may be intensified when culture – including ethnicity, language, place of belonging and socio-economic status – on one side of the border differs from that on the other side. Or, the international boundary is bridged when the territories or cross-border communities share the same culture. In the latter case, culture may unify borderlands communities. That is, where people who share the same culture or belong to the same ethnic group straddle the boundaries of nation-states which are proximate neighbours, their common identity facilitates cross-border coexistence and, consequently, erase the effect of the border. But again, the opposite intensifies or reinforces the border. As depicted in figure 1, either effect on borders affects regional integration.

Though Africa's intracontinental borders have historically exhibited permeability, conflict between informal actors and state agents at these sites seems to be the norm in most countries; with the latter criminalising the former and their activities. This is notwithstanding heightening and integration efforts of regions such as COMESA and the EAC, which have introduced simplified trade regimes (STRs) for such traders.³² The general perception, as this paper shows, is that the informal actors run illegal businesses or unregulated enterprises, evade tax, under-declare or fail to declare goods and labour and, thus, avoid making contributions to social security benefits.

As Africa is physically large, Martinez's assertion that 'profound differences in the size of nation-states, their political relationships, their levels of development, and their ethnic, cultural, and linguistic configurations'³³ account for differences in conditions of borderlands, should apply to the continent. Yet, as Martinez argues further, borderlands all over the world have some characteristics in common. These include exposure to processes that can generate conflict (e.g. border or related disputes, ethnic tensions, policies that restrict and constrain migration and free cross-border movement), and the unique opportunities available to inhabitants associated with a binational environment that exposes them to different cultures, ideas, access to foreign economy and attendant benefits of greater prospects for employment and consumer choices.³⁴

Regional integration

The suggestion that the informal economy and the activities of informal actors – such as cross-border trade – constitute an important pragmatic approach to integrating African economies from the edge of state territories and the bottom up, is made against the backdrop of the view that regional integration in Africa has failed. Intra-continental and intra-regional trade in Africa are, respectively, said to be the lowest of any continent or region in the world. Estimates of intra-African trade range from 7 to 25 per cent. Comparatively, those for intra-European trade range from 60 to 70 per cent while intra-Asian trade ranges from 30 to 50 per cent and those for South America are at 21 per cent.³⁵ Globally, Africa's contribution to international trade is less than 2 per cent of world trade.³⁶

Regional integration, regionalism and regionalisation are conceptually discrete notions whose definitions vary according to use, analytical purpose and application. This paper uses the concepts interchangeably to denote 'the state and processes characterised by increasing dynamic movements involving capital, labour, goods and services, and other spheres of life including politics, culture and security, across the boundaries of proximate States in a particular geographical area'.³⁷ Besides formalised trade flows of investments and growth in gross domestic product (GDP), socio-economic and cultural dynamics (like international migration) and informal cross-border trade are among the organic drivers of these processes. As indicated earlier, the key legislative instruments of the AU and key African RECs clearly demonstrate a strong motivation to expand markets, trade and the economic and social integration of Africa and respective countries.

These countries, however, seem to emphasise economic integration. Guided by, among others, the 1991 Abuja Treaty Establishing the African Economic Community (hereafter, the Abuja Treaty), 44 AU members states have signed a continental free trade area (CFTA) agreement, which should eventually lead to the establishment of the AEC. The COMESA-EAC-SADC TFTA launched in June 2015 was touted as a step towards the CFTA³⁸ and complementing efforts to realise longstanding aspirations of integrating Africa, in keeping with the agenda to enhance intra-continental trade and development.

Besides treaties, the respective RECs that are recognised as building blocks of the AEC by the AU have crafted various legislations including, for example, trade protocols to move them towards integration. However, a lack of political will and commitment on the part of African governments to implement such regional and continental instruments is among factors cited for hindering successful integration.³⁹ It also points to the fact that, ultimately, the decision to fully engage in regional integration or some form of regional cooperation is political. Currently, this seems to favour economic trade over other forms of integration. Without engaging in a discussion of the nature of political integration and its necessity for economic integration (which would be beyond the scope of this paper), it is necessary to briefly provide some economic perspective to regional integration.

Theoretically, a strand of economic theories underlying regional economic cooperation posits that integration evolves through four stages. A fifth one points at a model in which participating countries achieve complete integration. The four stages, according to Balassa⁴⁰ are as follows: A group of countries, firstly, establishes a free trade area (FTA) through the removal of restrictions on the trade that occurs between them. But, the countries retain tariffs and quotas with those

that are not participating in the FTA. Countries in the FTA, secondly, adopt a common external tariff towards non-members, to establish a customs union (CU). The CU further deepens integration between participating countries when it, thirdly, becomes a common market (CM). In the CM, participating countries allow the free movement of factors of production within the market. An economic and monetary union (EMU), fourthly, establishes a supranational authority that coordinates the economic policies of all participating countries. At this stage, integration requires a unified fiscal system, single monetary system, a central bank and common economic policy. The European countries that are using the Euro (€) in the European Union (EU) exhibit this stage of integration to a certain degree. Integrating countries achieve complete integration when they establish a supranational authority to superintend over all policies, which are binding on all participating countries.

Official status of regional integration in Africa

Practically, the eight respective AU-recognised RECs are at varying levels of integration regarding the stages theorised above. Table 1 depicts the status of integration in Africa or the eight respective AU-recognised RECs, and progress against the theorised stages of regional economic integration. As the table suggests, variance also exists at REC level between respective members of a given REC. The variance has implications for the CFTA and AEC. This is because some RECs (and countries) are ahead of others in the integration process. And the others, far from forming CUs, are essential foundations for continental integration. The theorised sequential stages make it imperative for all RECs recognised as the building blocks of African integration to follow through with the process, to establish an effective CFTA and, subsequently, the African CU, CM and eventually AEC. Despite five of the eight RECs establishing FTAs, only COMESA, the EAC and ECOWAS have, respectively, progressed through FTA to CM stage as shown in Table 1.⁴¹ The depth of integration in each of these three and their respective member countries vary, however. This and questions about the reality of these RECs – whether they meet the theoretical standards of the stages of integration they claim to have achieved – is beyond the scope of the discussion in this paper. Overall, differences exist among the eight AU-recognised RECs regarding the degree and speed at which integration is progressing. So too does the progress by individual countries, based on the commitments made to and within the RECs of which they are members.

Also, the Africa Regional Integration Index, an action tool that tracks integration in Africa,⁴² shows that overall integration in the eight respective AU-recognised RECs is below average. The EAC was the most integrated in 2016.⁴³ ECOWAS and SADC also displayed higher than average overall integration. The 2016 index also shows that the two regions, respectively, were ranked higher than average and had the best free movement of people and levels of financial and macro-economic integration.

Table 1 – Status of regional economic integration in African Union-recognised RECs

| REC | FTA | CU | CM | Economic and monetary union | No. of countries with ratified or implemented migration protocol |
|---------|-----|----|----|-----------------------------|--|
| EAC | ✓ | ✓ | ✓ | ✗ | 3 out of 5 |
| COMESA | ✓ | ✓ | ✓ | ✗ | Only Burundi has ratified; Rwanda's ratification is in progress |
| ECOWAS | ✓ | ✓ | ✓ | ✗ | All 15 |
| SADC | ✓ | ✗ | ✗ | ✗ | 6 out of 16 |
| ECCAS | ✓ | ✗ | ✗ | ✓ | 4 out of 11 |
| CEN-SAD | ✗ | ✗ | ✗ | ✗ | Unclear |
| IGAD | ✗ | ✗ | ✗ | ✗ | No protocol |
| AMU | ✗ | ✗ | ✗ | ✗ | 3 out of 5 |

(Source: Adapted from ECA (2016); various).

For the individual member states of the eight respective RECs, the index suggests that '19 of the top performing countries that are "deeply integrated", [and] can also be considered broadly integrated'.⁴⁴ In ECOWAS, for example, Côte d'Ivoire demonstrates high levels of trade integration, free movement of people, and financial and macro-economic integration. Togo features highly on regional infrastructure, productive integration, free movement of people, and financial and macro-economic integration. Senegal ranks high on trade integration, productive integration, free movement of people, and financial and macro-economic integration. In the EAC, Kenya features highly on trade integration, productive integration and free movement of people. These features also apply for Kenya as a COMESA member. Zambia also features high on trade integration, productive integration and free movement of people in the COMESA region. Uganda features high on trade integration, productive integration, free movement of people, and financial and macro-economic integration levels in COMESA. In the case of Egypt, trade integration, regional infrastructure and productive integration are high. In the SADC, South Africa shows high levels of integration all round and Botswana only on trade integration, regional infrastructure, and financial and macro-economic integration. Namibia shows high trade integration, regional infrastructure, free movement of people, and financial and macro-economic integration, while Zambia is high on trade integration, productive integration and free movement of people.

Most intra-African trade occurs within the respective RECs, which is consistent with the progress on integration reported in the Index 2016 report. The African CFTA-cum-AEC promises to raise the levels of trade between all AU states to levels where they should ideally occur evenly across the continent. Africa has also progressed in eliminating non-tariff barriers (NTBs) and facilitating trade, besides the reported progress in integration and intra-REC activity. More NTBs still need elimination, however. Africa is also yet to implement the World Trade Organization (WTO) Trade Facilitation Agreement.

Commendable as the progress on integration may be, the index only reports on the formal progress made, as do the efforts to enhance integration. The informal sector is never targeted. Additionally, from a global perspective, the reported progress is negligible, hence the assertions that African integration is not a success story. However, this also means that Africa's informal economy will continue to be disregarded. This paper brings attention to this sector, and its contribution and potential to foster integration and development as per the aspirations of African leaders, the AU and respective RECs. It proposes that including informality in the African integration agenda, paints a better picture of the *actual* levels of trade and socio-economic activity on the continent; beyond what official statistics depict.

The reality of informality in Africa

Informality is not new to Africa. And yet the notion itself is tainted in policy circles and disputed in academia. Informality has been characterised as backward, insignificant and separate from the formal with the advent of colonialism. Worse for the long-distance traders is that they have had to contend with colonially-imposed borders requiring special passes to cross. Today, terminologies associated with informality such as “illegal”, “underground”, “black market” or “shadow” economy are indicative of attitudes towards the informal economy and activities. A misconception exists that equates the informal economy with illegal, clandestine and criminal activity. This paper takes cognisance of the role of the informal (and formal) economy operating illegally, wherein actors deal in illegal goods. However, it does not focus on this or confuse the informal economy with the criminal economy. Rather, interest is on the marginalised, unrecognised or unregulated entities and actions of people genuinely striving to eke out a living from their activities at the margins.

Considered thus, the informal economy becomes a common feature across Africa. From the late 1980s and early 1990s it surged, spurred by structural reforms undertaken in most African countries. But because it can be traced back to the Iron Age, and in view of its growth in recent times, the suggestion is made here that the informal economy is a permanent African phenomenon. Furthermore, the fact that it has historically formed part of the total African economy and, to date, has contributed to poverty reduction and sustained livelihoods, should raise questions as to why it is considered marginal.

The reality of the informal economy is evident in that it is a major source of employment across Africa. Approximately 70 per cent of work conducted outside the agricultural sector occurs in this sector.⁴⁵ Of that, self-employment accounts for the greater portion over waged employment. Excluding South Africa from the rest of sub-Saharan Africa (SSA) pushes the figure up to 81 per cent. In South Africa itself, informal employment accounts for 32.7 per cent of total non-agricultural employment compared to 43.9 per cent in Namibia, and as high as 76.2 per cent in Tanzania and 81.8 per cent in Mali.⁴⁶ Home-based workers and street vendors constitute the two largest sub-groups in the informal workforce. The home-based workers cut across different sections of industries and account for 11 per cent to 25 per cent of urban informal employment in eight African cities.⁴⁷ Together with street vendors, they informally employed 84 per cent of female non-agricultural workers and 63 per cent of male non-agricultural workers almost two decades ago.⁴⁸

Women perform approximately 95 per cent of jobs in the informal economy as own-accounting or self-employed. Only five per cent work as paid workers. Clearly, the informal economy is a larger source of work and livelihoods for women in the non-agricultural sector.

This picture of urban informality is reflected in the informal trade sector, particularly cross-border trade, which is a significant contributor to employment and livelihoods. It occupies approximately 70 per cent of the economy in many SSA countries.⁴⁹ In COMESA and SADC, informal cross-border trade respectively contributes between 30 and 40 per cent of total intra-regional trade.⁵⁰ In the case of SADC, this contribution was valued at approximately US\$17.6 billion per annum in 2008.⁵¹ Adding these values to official statistics of formal trade would significantly dispel arguments that Africa only trades with itself minimally (approximately 7 per cent) and has failed to integrate. Clearly, informal cross-border trade and the activities of grassroots actors in this sector contribute to regional income too. They also contribute to regional economic integration because the revenues they generate are realised from moving goods and services across the borders of SADC or COMESA member states. This contribution is from the bottom up. The dominance of females in this space is also noteworthy. As with urban informality, cross-border trade is also characterised by self-employment of the actors. Approximately 70 per cent of these are women.

Besides the non-agricultural and trade sectors, informal jobs exist in the agricultural and services sectors of most African countries too.⁵² The agricultural sector particularly accounts for most jobs associated with rural informality, where most of the rural populations engage in subsistence farming. The rural population itself constitutes approximately 60 per cent of the total population across Africa. This reality presents a paradox in Africa today. In 1954, Arthur Lewis proposed a model of economic development in which the informal sector or subsistence agriculture provided an unlimited supply of labour.⁵³ An underlying assumption of the model was that as the formal sector grew, demand for labour in that sector would increase. This would then absorb the excess labour and, subsequently, shrink the informal sector. Granted, Lewis had pointed out that the assumption 'should not be made for all areas of the world [... such as ...] some parts of Africa [... where there was ...] an acute shortage of male labour'.⁵⁴ But, the contradiction lies in the fact that Africa is experiencing high youth unemployment coupled with increasing informality. This is despite the positive growth Africa has been posting since the turn of the century, dubbed 'Africa rising'.⁵⁵ If anything, it is the formal sector that has generally shrunk across Africa.⁵⁶ This applies to many African countries that embraced economic reforms in the late 1980s and early 1990s. These and other trends in contemporary Africa also trigger rural-urban and international migration, adding to increasing urban informality at migrants' destinations. Noteworthy in this eventuality are the precarious conditions in which workers in both rural and urban informal settings work and live, as briefly discussed in the next section.

Some issues on informality and implications for regional integration

Africa is simultaneously reinforcing and reaffirming its colonial borders, despite efforts to establish the AEC. It does this through, among others, the AU Border Programme (AUBP). A justification for establishing the AUBP partly reads, 'To address the problems posed by the lack of delimitation

and demarcation, which gives rise to “undefined zones”, within which the application of national sovereignty poses problems’, and is accompanied by the strategic objective of ‘[f]acilitating and supporting the delimitation and demarcation of African boundaries where such exercise has not yet taken place’.⁵⁷ The twenty-eighth Ordinary Session of the AU Assembly set an extended deadline for completing the demarcation and delimitation of African boundaries by 2022. The effects of Africa’s borders are evident from three key issues of informality, which are in turn impacted by or have consequences for integration (because they spatially relate to borders). These issues, namely labour migration, informal cross-border trade and social security, together with implications on integration, are briefly discussed below.

The AU envisages an AEC where at least three conditions are obtained. Firstly, an integrated Africa with free mobility that promotes exchange of skills and talent. Ideally, areas with surplus labour will fill up those with deficits across Africa. States are thus governed by employment policies that allow free movement of labour, and in whose territories citizens of other member states have the right of residence and establishment.⁵⁸ Meanwhile, an African common market (ACM) should promote policies facilitating the employment of available skills between a state with labour surplus and one in need,⁵⁹ to pave the way for coherent continental migration policy on free movement.

Secondly, the aim is an integrated economic community in which commerce is vibrant and goods, services and investments flow freely. The community seeks to realise this through trade liberalisation, by abolishing customs duties on imports and exports, and NTBs among them, leading to an FTA at the level of each REC across Africa.⁶⁰

Thirdly, an Africa where workers and traders have access to social security and social protection within and across borders is envisaged. This is achieved through gradual harmonisation of the labour and social security legislation of member states; to eliminate poverty and promote balanced socio-economic development within the AEC.⁶¹

These conditions should have been established within the eight RECs, or respective RECs should at least be working towards establishing them in the period leading up to the establishment of the AEC. Presently, gaps and differences exist between policy and realities that present challenges – especially for actors at the micro level, as briefly shown below.

Labour migration

Considering the implicit function of determining inclusion and exclusion, creating difference, setting the separation line between ‘insiders’ and ‘outsiders’, between ‘us’ and ‘them’ or between states and geographical spaces,⁶² and regulating movement⁶³ where they posture as ramparts to the movement of people, goods, services and investments between states, borders in Africa seem to rather be obstacles than facilitators of free movement. This is consistent with the AU’s commitment to reaffirming and reinforcing colonial borders. Realities that severely restrict the movement of (especially) undocumented or ‘illegal’ migrants who cross borders to provide semi-skilled and menial labour, as well as informal traders in Africa are especially noteworthy. The migrants are generally ill-treated by host country citizens and subjected to raids, detentions and deportations by police and immigration officials.⁶⁴ Occasionally, such actions (e.g. massive deportations) are

policy responses that scapegoat migrants for economic downturns, hardships or moral decay in the host countries.⁶⁵ This militates against and is contrary to the spirit of integration enshrined in the protocols and policies of the AU and RECs.

Even the African Development Bank (AfDB) acknowledges these severe restrictions on movement when emphasising the importance of facilitating the migration of various groups of people, including informal traders and migrant workers.⁶⁶ The bank says free movement is essential to implementing the AU's Agenda 2063 and promoting the creation of an integrated Africa. The Africa Visa Openness Index, which the bank has developed to promote free movement in Africa, ranks countries according to the openness of their respective visa regimes. It informs and encourages African policymakers to introduce visa reforms, simplify visa processes and apply positive inter-country reciprocity. A visa-open country has a liberal or relaxed visa policy and visitors from other AU member states do not need visas or can obtain them on arrival at that country's border. A country like this scores 1 on the index, while one that requires African visitors to obtain visas before leaving their own country is regarded as visa-restrictive, scoring 0 on the index. The Africa Visa Openness Report 2016 reports that '[f]ree movement of people is not a reality across Africa'.⁶⁷ The visa policies of many regional hegemonies in Africa's respective RECs are restrictive, according to the report. This corroborates arguments in the literature that such countries fail to envisage migration innovatively to enhance economic interests and opt, instead, to adopt narrowly defined political and securitisation approaches in which migration is viewed as a threat.⁶⁸

In order to reduce the high restrictions on movement in Africa, the report proposes issuing visas on arrival for Africans, visa-free regional blocks where respective RECs implement regional free movement protocols for regional citizens, issuing multi-year visas (as the USA and UK do for their visitors), promoting positive reciprocity between countries that relax visa requirements for other AU member states, unilateral open visas, simplifying the process of obtaining visas, and improving access to information.⁶⁹

Informal cross-border trade

Besides COMESA and the EAC, the other AU-recognised RECs (and many African countries) do not officially recognise the informal economy and, specifically, cross-border traders or the economic activities in which they engage. COMESA and the EAC have developed an STR for informal traders to help simplify and facilitate cross-border trade for them by reducing the lengthy administrative procedures and complex customs forms they have to fill out at borders. This is partly because most of the traders are semi-literate and face challenges filling out the mandatory forms.

For the other RECs (and countries), the reality of informal cross-border trade is ignored in policy circles. Similarly ignored is the fact that informality contributes to job creation, enhances welfare and sustains livelihoods – all of which are consistent with the aspirations of any well-meaning government. Essentially, the resilience, permanence and potential of this sector to strengthen inter-state and regional integration from the bottom up, based on the rich reserve and historical, social and cultural ties of grassroots actors especially in borderlands, where they 'didn't cross the border ... [but] ...the border crossed them' is untapped. Granted, regional integration involves macro-level

deliberations between policymakers and high-level bureaucrats, while informal cross-border trade involves local actions of grassroots actors. However, and crucially, the two intersect in space (or spatially) in borderlands where cross-border trade is manifested.

Despite this, informal cross-border traders are often ill-treated, abused and harassed at most borders.⁷⁰ Their merchandise is often arbitrarily seized, they are made to pay excessive custom duties and exposed to corruption, they endure hostile custom officials and police, and female traders are sometimes sexually abused. This is besides the unpalatable physical and natural conditions in which they operate, where amenities are lacking, and they must endure severe weather conditions.

The authorities and those opposed to informality say it should either be formalised and regulated or stopped. They charge that informal entities evade tax and threaten the formal economy. Yes, informal economy operators might be beyond the reach of typical policy or regulation, but they do not operate in a vacuum. They *are* subject to national and local laws. Measures to formalise them should not be applied punitively. Instead, programmes that value their contribution to local, national and regional economies and regional integration should be designed to nurture them and thus pave the way for formalisation. This is important, because some informal economy entities would rather have the benefits of formalisation. In a way they are saying, 'Provide the public service and facilitate my business first. Or, what benefits exist for me if formalised? Increase my benefits and I might formalise'. These possibilities and concerns are valid, considering the cited challenges of operating in the informal economy.

African states can indeed profit from the local presence of informal cross-border traders to deepen regional integration from the bottom up. The informal traders can, among other things, help point out inefficient custom procedures that create NTBs and impede trade. This could be done by co-opting the traders to officially report grievances, incidences of abuse and harassment along with other NTBs, through policies or provisions that are built into mechanisms for monitoring, reporting and eliminating the NTBs.⁷¹ The traders could be trained on how to identify and deal with the NTBs, enabling them to advocate for reductions as they come across the NTB at borders. Principally, any measures of this sort taken to address informality and challenges in that sector should take a gendered approach. This is because women dominate the informal economy and need specialised attention.

Social protection

A latent but salient feature of informality in the foregoing discussion concerns the precarious and unpredictable conditions in which undocumented migrants and informal workers work and live. The agricultural sector, for instance, only offers short-term and seasonal casual work opportunities, without social protection coverage; making informal workers vulnerable to unemployment, illness, disability, etc. Entities in the informal economy do not, therefore, enjoy comparable social protection and benefits as formal economy workers and businesses. Most informal workers, by definition, lack access to social protection. The seventeenth ICLS definition of the informal sector cited in the conceptual section of this paper primarily translates into informal workers being ineligible for the kind of social protections associated with formal work. The informality of labour markets

worsens conditions for them, especially for women.⁷² The nature of work too makes them ineligible and, consequently, closed off from access. This is especially applicable to contributory social insurance that is linked to formal employment like pensions, health insurance and maternity benefits. Female informal workers are worse off, because they dominate the sector, and this in societies characterised by gendered inequality.

The border raises possibilities of inclusion or exclusion from accessing social protection for undocumented migrant workers and informal cross-border traders. Migrants who cannot prove their immigration status are more likely to be barred from accessing social services. Service providers in some countries thus reportedly insist on seeing valid identification documents before rendering any services to foreign nationals. However, some providers serve foreign nationals without exception, saying they exist to provide healthcare and are professionally obliged to do so.⁷³ Other providers, however, withhold services even to foreign nationals who possess valid immigration documents because they harbour xenophobic attitudes.⁷⁴ It is, therefore, noteworthy that undocumented migrant workers can be discriminated against by social protection schemes whether they have or lack proper identification and residential status. This too has implications for integration. Such workers are likely to continue being exposed to precarious conditions as long as governments or the RECs continue to ignore the reality of the informal economy. On their part, undocumented migrants could be formalised through registration to ensure that they are provided with the necessary social protections. The South African Government has, in this respect, even offered amnesty to undocumented migrants in special dispensations that also allow them to remain in the country.⁷⁵

Conclusion

This paper has attempted to explain the reality of informality in Africa amidst negative perceptions of the sector in policy and academic circles. The informal economy is a disputed concept because it is difficult to empirically assess. Its full economic extent and the impact of informal activities are difficult to grasp. Yet this is a permanent African reality that dates back to the Iron Age when a different form of state system from the Westphalian model existed on the continent. The 'newly' adopted state model in Africa established borders to determine inclusion and exclusion, create differences, and separate insiders from outsiders between states and geographical spaces in Africa. Politically independent Africa has, through the AU, since committed to reaffirming and reinforcing colonial borders.

The paper has focused on employment and production as two key components of the informal economy. Besides its reality, the informal economy in Africa is evidently a source of employment for many, sustains livelihoods and contributes to local, national and regional economies, as well as to regional economic integration from the bottom up. The paper has also highlighted three key issues in informality that impact regional integration by the spatial way in which they relate to borders. These borders posture as regulators of movement, presenting severe restrictions to the movement of especially undocumented labour migrants and informal traders. With supportive policies, the cross-border movers could become useful partners of the state and African integration. They could help deepen integration by participating in measures designed to reduce NTBs to trade.

However, these grassroots actors suffer abuse, are ill-treated at borders and in host countries, and lack access to social protection; making their lives and work conditions precarious. And this is likely to continue as long as African governments and RECs continue ignoring the highly gendered informal economy.

To address this, the African border should be transformed into a functional bridge that links communities that straddle proximate states, to establish amorphous borderlands that will enhance economic, social and cultural integration. In presenting a positive framework for a borderless ECOWAS region based on the emergence of a strong identity of short-term female Nigerian migrants in Ivory Coast, to whom trans-border trade networks are central, Adeniran, for instance, proposes 'transnational simultaneity'. A process of simultaneous identification with Nigerian and Ivoirian societies in which the female Nigerian shuttle migrants attain formidable socio-economic acceptance in the host society, but also remain in kinship touch with their home country, is needed. This interactive pattern produces a transnational simultaneity or subsistence dualism that allows for integration for socio-economic gain in the host country and re-integration in the home country. It could be replicated in the proposed amorphous border spaces across the continent. First, in those borderlands where the border crossed the people and functions as a bridge between communities of common historical heritage, culture and kinships. Second, in the trouble spots and conflict zones in which war and conflict are prevalent; to find solutions to existing challenges and pave the way for borders that function as bridges between states and their peoples. The end goal should be an integrated Africa characterised by dynamic movements of various spheres of life – including politics, culture, labour, capital, goods and services across its state boundaries.

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