

TRADE FACILITATION WEST AFRICA (TFWA) PROGRAM: SMALL-SCALE CROSS-BORDER TRADE

Context:

A large share of cross-border trade in Africa takes place at a small scale by individuals in remote locations primarily transporting agricultural products. Cross-border trade is often the main, if not the only, source of income for rural households in border areas. It creates employment (especially for disadvantaged, marginalized groups), contributes to food security, and contributes to poverty reduction, especially for women, who represent the majority of these traders. Cross-border trade often uses informal traderoutes where governments are unable to collect taxes or reliable statistics on imports and exports. The high duty and tax levels, cumbersome bureaucracy, lengthy clearance processes, and weak governance discourage traders from using the formal border.

In West Africa, on the Ouagadougou–Accra corridor alone, it is reported that an average of 17,500 tons of cereals and about 96,000 heads of livestock are traded every year. This cross-border trade amounts to \$5.5 million and \$68 million in value, respectively. Similarly, the road link from Abidjan to Ouagadougou has reported to have increased trade volumes from 402,000 tons in 2011 to 658,000 tons in 2014. The volume of informal flows is estimated to exceed formal trade flows for agricultural products. In most cases, a lack of systematic, reliable quantitative and qualitative information on small-scale cross-border trade (SSCBT) creates major difficulties in terms of conducting informed policy dialogue on cross-border trade facilitation. Lack of data limits the effectiveness of national and regional policies and activities designed to respond to the needs of traders. Availability of reliable sex-disaggregated data is even more limited, despite women playing a major role in this activity.

Some exceptions exist. In East Africa, in 2015 Uganda recorded almost \$399 million of informal exports, which amounted to about 15 percent of total exports. Similarly, Rwanda recorded \$320 million of SSCBT exports between 2013 to 2015, which equals about 19 percent of exports captured by customs data. Even when data sets are available, however, various limitations apply. Data gathering efforts often use different definitions of informal cross-border trade, product coverage, and monitoring methodologies, which lead to data discrepancies and inconsistencies when comparing and aggregating the quantitative information.

Having a regional base of reliable, sex-disaggregated data on SSCBT patterns and flows, as well as of qualitative information on challenges faced by (female) traders at the grassroots level, would be extremely helpful for policy, programming and impact evaluation purposes.

PROGRAM:

Umbrella Facility for Trade and Trade Facilitation West Africa

TEAM LEADER:

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TIME PERIOD:

January - August 2019

ACTIVITY:

- + Research
- + Knowledge sharing
- + Data
- + Analysis, advisory services and diagnostics

COUNTRIES:

Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mali, Niger, Nigeria, Senegal, Togo

TRADE AREA:

- + Trade facilitation
- + Gender

BENEFICIARIES:

Regional Economic Communities (RECs) in West Africa ECOWAS and UEMOA, governments, policymakers, donors, academia

IMPLEMENTING PARTNERS:

The TFWA Program is managed by the World Bank Group and the German Development Cooperation Agency (GIZ); the program's implementing partners with strategic oversight and guidance provided by a Steering Committee, chaired by the ECOWAS Commission and supported by the UEMOA Commission as deputy chair



As part of the regional trade facilitation intervention in West Africa known as the Trade Facilitation West Africa (TFWA) Program supported by the multi-donor Umbrella Facility for Trade trust fund, a regional field study was undertaken to generate empirical evidence to help address the issues affecting small-scale cross-border traders.

Intervention:

In particular, the research study aimed to explore and measure:

- (i) the extent and importance of non-recorded cross-border trade due to small-scale transactions in West Africa;
- (ii) the situation of small-scale traders and any impediments to their activities at border crossings;
- (iii) the treatment of women traders at border posts and any gender-specific constraints women face and;
- (iv) the institutional framework and support that exists for small-scale border operators.

“In Africa, informal is normal. Yet it needs to be measured.”



Data were collected on the six corridors from operators serving markets at each side of the border, including small-scale traders, border officials, transporters, intermediaries, relevant associations, and financial institutions. The regional field survey was carried out along six regional trade transportation corridors, as follows: **Abidjan/Ouagadougou; Tema/Ouagadougou; Lagos/Kano/Niamey; Cotonou/Niamey; Dakar/Bamako; Lomé/Ouagadougou**

24 sites were surveyed in nine countries across the program's six priority corridors

3,000 quantitative observations were collected

48 focus group discussions were conducted

280 key informant interviews were conducted with public and private stakeholders

Satellite imagery was gathered and patterns of movements were tracked

Given the prominent role played by women in this activity, special attention was given to the gender ramifications of the issues investigated as part of the study, and sex-disaggregation targets were set for all categories of survey respondents. Survey instruments were designed drawing on existing literature, considering the poverty-reduction implications of cross-border trade facilitation. They also reflected inputs and experiences gathered from both regional practitioners and relevant stakeholders, including entities that directly represent the interests of small-scale cross-border traders, especially women.



Survey results provided a solid understanding of respondent profiles, SSCBT patterns in West Africa, and the main challenges currently facing traders, including women. A number of TFWA Program interventions were designed based on survey findings.

Results:

Women can represent up to 40 percent of total traders dominating food trade and engage in retail trade to the same extent that men do. They are more likely to run unregistered businesses (with an average registration rate of 21.6 percent, compared to men, with a rate of 42.4 percent), and generally travel shorter average distances (293 km, as opposed to men, who travel an average of 470 km). In contrast, women account for only 10 percent to 15 percent of officials (on average) and are absent as porters/intermediaries/transporters (PITs). All survey respondents generally expressed concerns about the current status of border and market infrastructure, as well as about overall safety.

Respondents generally complained about complexity of clearance requirements and procedures – traders reported limited or no knowledge in up to 90 percent of the cases. Corruption was highlighted as a major issue by traders and PITs in both quantitative interviews and FGDs, and at least 40 percent of traders declared that they had been exposed to bribery along each of the surveyed corridors, although with some gender-based variations.

Finally, for both women and men respondents access to finance is a major constraint : personal savings and informal networks are the most common channels to access financing for traders. Formal financial products and services were seen as more challenging to adopt.

In response to the above constraints, a number of TFWA Program interventions were designed:

- Streamlining procedures to lower trade costs;
- Increasing traders' awareness on trade rules, clearance procedures, and border regulations, and strengthening the capacity of their associations through awareness-raising campaigns and continuous training;
- Promoting transparency in border transactions and enhancing mutual trust in border relations, especially between traders, PITs, and officials;
- Enhancing traders' access to finance, including through interventions that can increase their financial literacy levels;
- Mainstreaming gender into trade policy, making and programming at both the regional and national levels, including by facilitating bilateral dialogue between trade and gender ministries in country, and by supporting gender institutional capacity building for National Trade Facilitation Committee members.

Results:

“There can be administrative delays because of red tape when processing customs declarations, and this situation causes long waiting times at the border,” said Boureima Sore who has traded fruits and vegetables across the Tema-Ouagadougou trade corridor for the past 10 years. *“There are also additional costs to be paid to other border authorities, like the police,”* he added that border procedures can be numerous and unpredictable.

In addition, the TFWA Program survey contributed to generating an unprecedented set of reliable, sex-disaggregated quantitative and qualitative evidence concerning SSCBT patterns (and related gender ramifications) in West Africa. The beneficiaries are expected to be able to use the survey results for designing regional and national programs aimed at facilitating SSCBT and for a number of purposes, including but not limited to:



Monitoring trends



Generating knowledge products



Generating policy advice and discussions



Designing capacity building exercises

The above activities could generate a number of benefits, indirectly contributed to by the survey results. Among others, those would include:

- Greater awareness of the importance of SSCBT among RECs and national governments in West Africa;
- Enhanced efforts to more systematically collect data on cross-border trade patterns and flows, including by using the results of this survey as baseline;
- Increased understanding of the gender ramifications of cross-border trade, and of the specific needs faced by female traders at grassroot level;
- Crafting of better-informed regional and national policies on small-scale trade (and gender);
- Designing of ad-hoc national and regional projects and programs aimed to facilitate cross-border trade within the region.