

TFWA

Trade Facilitation
West Africa



SMALL-SCALE CROSS-BORDER TRADE SURVEY



EXECUTIVE SUMMARY

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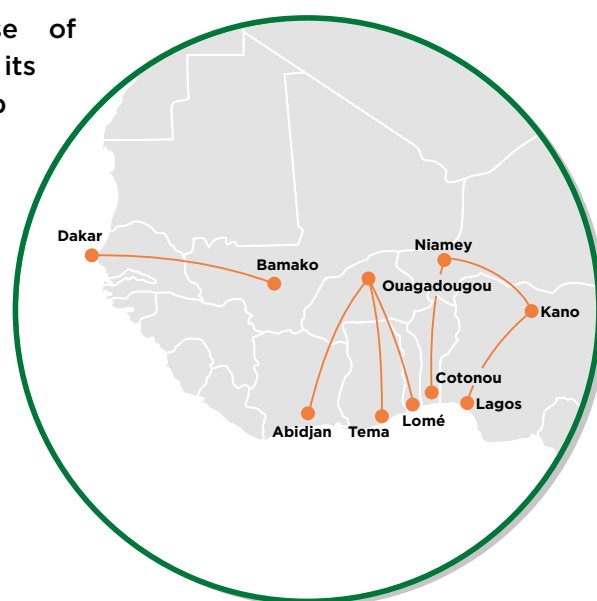
EXECUTIVE SUMMARY



The Trade Facilitation West Africa (TFWA) program is an initiative driven by multiple development partners¹ to improve trade facilitation in West Africa. Its objective is to improve the free and efficient movement of goods in the region and internationally, by reducing the time and cost of trade borne by the private sector in West Africa, and by strengthening regional trading networks' ability to take advantage of these improvements.

Started in September 2018, the five-year program is managed by the World Bank Group and the German Development Cooperation Agency, the program's implementing partners, with strategic oversight and guidance provided by a steering committee chaired by the Economic Community of West African States (ECOWAS) Commission and supported by the West African Economic and Monetary Union (UEMOA) Commission as deputy chair. Key areas for support under the program include the following: (i) to ensure that trade facilitation measures are improved and more efficiently implemented; (ii) to improve the movement of goods along selected corridors; and (iii) to reduce the barriers for small-scale traders, with an emphasis on improving conditions for women traders.

With the aim of expanding the base of evidence required to inform the design of its program activities, the World Bank Group commissioned a field survey on small-scale cross-border traders (SSCBTs), including women traders, along the six TFWA priority corridors, namely: Abidjan-Ouagadougou (Côte d'Ivoire-Burkina Faso), Ouagadougou-Tema (Burkina Faso-Ghana), Lagos-Kano-Niamey (Nigeria-Niger), Cotonou-Niamey (Benin-Niger), Dakar-Bamako (Senegal-Mali), and Lomé-Ouagadougou (Togo-Burkina Faso).



¹ At the time this brochure was produced, the European Union, the U.S. Agency for International Development, the Government of the Kingdom of the Netherlands, and Germany have provided financial contributions.



 **3000**
Interviews

 **204** Key Informant Interviews
+ 48 Focus Group Discussions

The survey aimed to explore: (i) the demographics of small-scale traders and the patterns of their trade along target corridors; (ii) challenges faced by traders in their activities at border crossings, including behavioural constraints and gender-specific constraints; and (iii) the institutional framework and support that exists for small-scale border operators. A total of 2,999 quantitative interviews with traders, porters, intermediaries, and border officials; 204 key informant interviews; and 48 focus group discussions (FGDs) were completed.

SSCBTs are relatively young, both male (60%) and female (40%), and generally poorly educated. They run businesses that are often unregistered and/or of limited profitability, and travelling long distances along regional corridors to trade in raw agricultural goods, processed food items, consumer durables and textiles, among others - some gender-based differences exist. Survey results suggest that, on average, between one-third and one-half of traders are aged 34 or less, and up to 40%+ of them have informal/no schooling. They are primarily male (60%), have a business formalization rate ranging between 22-44%, and in 40% of the cases earn less than \$99/month. They travel on average between 228-400 km along regional corridors, primarily using 2-track transport (motorbikes, cars, vans, buses etc.), and in most cases engage in trader-to-trader sales.

Traders are



Distance traveled
228-400 km average 



Means of transportation 
2-track transport most common

Women traders, albeit a minority, can represent up to 40% of the total, with the notable exception of the Lagos-Kano-Niamey corridor where they are severely under-represented probably due to cultural and security reasons, among others). They are generally present in all product categories yet only dominate in food trade and engage in retail trade to the same extent that men do. On the other hand, they are more likely to run unregistered businesses (with average registration rate at 21.6%, compared to men's 42.4%), and generally travel shorter average distances (293 km as opposed to men's 470 km).

 **Women**
travel shorter distances on average
293 km vs 470 km 

Officials/PITs

 **Nearly 100% well-educated**
attended secondary school or higher

 Male  Female
85% **15%**
(Officials only - no female PITs)

 **Experienced 10+ years**

Border officials, along with porters, intermediaries, and transporters (PITs), play an important role in regional trade and exhibit different demographics from traders. Survey results indicate that both categories of officials and PITs are male-dominated, with women accounting for only 10-15% of the former on average and completely absent among the latter. Officials and PITs are also generally (much) better educated than traders, having completed secondary education or higher in most cases, and are typically quite experienced having been in their jobs for 10+ years on average – turn-over rates for officials vary across corridors, and can be relatively high in some cases. Since traders do not always cross borders for trading purposes, but rather travel along part of a corridor to then relay their goods to other traders who will continue the journey in the neighbouring country, it would appear that the role of PITs in facilitating such exchanges of good can be quite important, and deserves greater attention.

All survey respondents generally expressed concerns about the current status of border- and market- infrastructure as well as about overall safety, and complained about complexity of clearance requirements and procedures – on these, traders showed extremely limited knowledge. Among traders, up to 40%+ judged every single facility found at the surveyed border- or market site as “inadequate” or “very inadequate”, with women being slightly more negative on average, and generally more concerned with facilities associated with safety such as lighting, roads, pedestrian lanes and rain cover, as well as (separate) toilets. PITs were also critical of infrastructure, albeit generally less negative than traders.

 **40%+ of traders**
on some corridors rate every facility “(very) inadequate”

Similarly, respondents’ perceptions about clearance requirements & procedures were also generally negative, with formal traders being more critical (presumably because they are more likely to actually undergo formalities) but no clear product- or gender-based trend emerged. Awareness on trade-related rules and provisions (including regional provisions such as ECOWAS CET and ETLs) was extraordinarily low among traders: up to 90%+ declared to have “limited” or “no knowledge” on them.

Very low awareness on trade rules and provisions
90%+ traders have limited/ no knowledge

Respondents in all six corridors also repeatedly highlighted the lack of transparency in border clearance, and reported relatively high incidence of abuse. Corruption was highlighted as a major issue by traders and PITs in both quantitative interviews and FGDs, and at least 40% of traders declared that they had been exposed to bribery along most of the surveyed corridors. Rate of issuance of formal receipts is apparently quite low (26-47% on average), and the issue seem to be relatively well acknowledged by the various actors with only one-third of surveyed officials explicitly condemning it.

Corruption 
40% of traders exposed to bribery along most corridors

In contrast – at first glance – the scale of harassment, sexual or otherwise, was minimal or denied in the quantitative interviews, especially by women. But those phenomena did emerge as major concerns during FGDs and qualitative discussions. Part of such discrepancy can be attributed to respondents' being likely uncomfortable discussing sensitive issues on a one-on-one, but more forthcoming in some group settings.

Access to finance is a major constraint for respondents: personal savings and informal networks are the most common channels to access financing for traders, including women. Formal financial products and services are seen as more challenging to adopt. Personal savings are the primary form of finance for both male and female traders along all surveyed corridors – they represent about 33 to 40% of total financing on average, and can reach much higher values along the Dakar-Bamako and Lagos-Kano-Niamey corridors. Borrowing from family members, friends, and neighbours is also common among traders, while formal channels such as commercial banks and micro-finance institutions are typically used much less. There are some exceptions: for instance, up to 18% of male traders use commercial banks to finance their activities along Lomé-Ouagadougou, while 24% of women turn to microfinance institutions in Cotonou-Niamey. In general, microfinance seems to be more popular among women, with their use peaking between 12 and 24% along four out of six corridors. Low financial literacy levels, complex documentation, and stringent loan requirements (for example, in terms of collateral, interest rates, and/or repayment terms) are cited by traders as major challenges preventing them from extensively using formal financing channels.



Access to finance
is a major constraint





Based on survey findings, a number of interventions have been designed for support by TFWA to respond to identified constraints. They include following, among others:

- **Put in place measures that can increase transparency at the border (for example, by clearly displaying regulations and procedures) and strengthen capacity and awareness levels among border and market users (for example, through training, dissemination campaigns, and other awareness-raising efforts).** The establishment of help desks (physical or virtual), mandated to inform traders of rules and regulations and assist them with clearance procedures, should also be considered in close coordination with community service organizations and relevant associations, including those representing women traders. Easy-to-follow guides designed for mobile phones could also be considered. Although the details will differ between corridors and borders, a common overall approach can be pursued for the adoption of these measures, for efficiency reasons, but also to ensure that, for instance, traders crossing more than one border will be familiar with the approach. In designing a program, careful consideration needs to be given to the most appropriate location of delivery (that is, border versus non-border), given the extensive movement of the traders far beyond the border areas.

- **Put in place measures that can help simplify, streamline, and/or decentralize existing procedures and requirements, as well as create incentives for more systematic application of existing regional provisions, such as the Economic Community of West African States Trade Liberalization Scheme.** Among others, attention could be given to options for a simplified regime for small-scale traders, as a measure to reduce documentary requirements on smaller consignments, streamline procedures, and reduce the time and cost of trade. In this sense, lessons could be imported from elsewhere, such as from Southern Africa and East Africa.



- **In terms of sequencing actions, prior to the process of simplification it would be useful to document what the procedures and requirements are at each border, where they are defined, who is responsible for their implementation, what documents traders need to carry and so on.** As well as making the simplification of procedures a smoother process, this action also helps to identify areas where transparency most needs to be encouraged (e.g. by removing discretion from officials implementing rules). Measures to increase transparency are best implemented after procedures and requirements are simplified. Another benefit of documenting existing rules and practices is that this allows comparisons between borders and can encourage more systematic change in procedures and requirements across the region.

- **Put in place measures to improve behavior at the survey sites and relationships between traders, PITs, and border officials**, such as joint workshops, grassroots campaigns, town hall meetings, and ad-hoc trainings, including on the gender ramifications of trade facilitation and challenges affecting female traders. Systems that allow traders and PITs to report abuse in safe ways could be devised. The participation of trusted organizations, especially community service organizations—including those representing women—should be encouraged.

- **Consider increasing the number of female staff** in the ranks of border agencies. Promoting staff diversity and enhancing gender-sensitivity among border officials is urgent and crucial.



- **In response to the concerns about infrastructure, implement small-scale infrastructural development interventions, such as the introduction of surveillance cameras, installation of solar-powered lighting facilities, systems to report problems (and ensure rapid response), as well as designation of night patrol guards.** These actions could be discussed for further prioritization with the stakeholders. Separately, the issue of the conditions of the markets and road-related and similar infrastructure could be forwarded to other donor-funded programs with heavy emphasis on physical infrastructure development.



- **Pay greater attention to the key features of PITs.** This is a broader lesson for the main survey and TFWA activities more generally, to understand the role that PITs play at survey locations and the challenges they face, which the program could try to address.
- **Address the challenges identified in the survey results access to markets, information, and finance.** Financial constraints were cited as the biggest concern for traders at all the sites. Given that access to finance requires a comprehensive approach, TFWA will need to work with other ongoing initiatives to improve financial inclusion and access to finance in the region, to fill existing gaps. Support towards increased financial awareness for traders will be contemplated, and innovative solutions -including through state-of-the-art technology- will be explored to enhance their bankability.
- **Systematic data collection on SSCBT. Detailed, relevant and organised data and information on SSCBT trade in West Africa are not available; establishing a data collection system on SSCBT should be considered under TFWA.** Lack of data represents an obstacle to efficient and effective policy making on a phenomenon which affects large sections of the region's poorest populations, and one which potentially has a significant role to play in the region's future development. Setting up a data collection system on SSCBT, ideally in a common effort across West Africa, could draw on lessons from countries that are regularly collecting such data, and where the information has influenced policy discussions at the local and national level.



The **Trade Facilitation West Africa (TFWA) Program** is a five-year, multi-partner initiative that aims to promote trade facilitation and regional integration in West Africa. The program strives to reduce the time and cost of regional trade by improving the movement of goods along six selected corridors including for small-scale cross-border traders (SSCBTs), especially women. To inform the design of TFWA interventions addressing SSCBT constraints, including gender-based ones, a large-scale regional field survey was conducted across nine West African countries – its findings are detailed in this report.