

# BORDERLESS

Increasing trade in West Africa



## Dynamics in Regional Trade

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## 3 Case Studies: Initiatives in Regional Trade Facilitation

1. **ECOWAS Trade Liberalization Scheme Gap Analysis**
2. **Regional Agricultural Trade Policy and Transport Study**
3. **Road Governance Initiative**



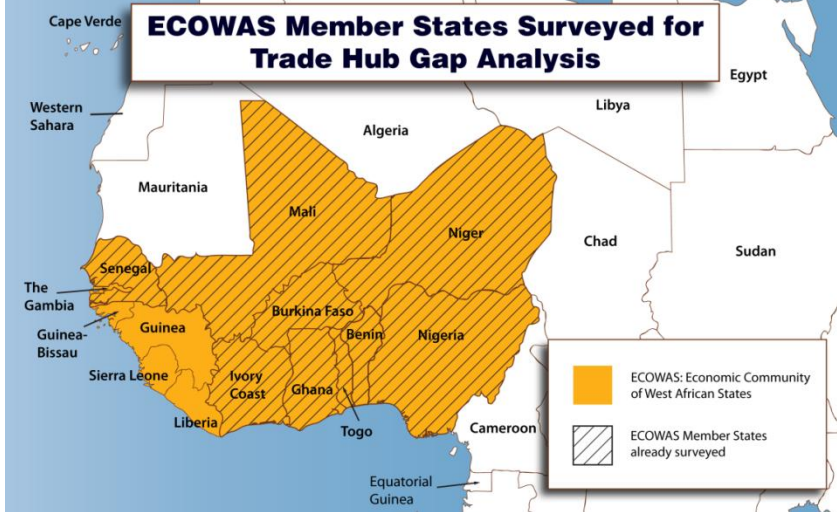
# Gap Analysis identifies implementation gaps in the ECOWAS Free Trade Area

## Purpose

USAID West Africa Trade Hub supports ECOWAS, Member States and the private sector to increase trade and attract investment to the region.

The ECOWAS Trade Liberalization Scheme was established over 20 years ago, to facilitate free movement of persons, goods and transport among Member States.

In 2009, the Trade Hub carried out a Gap Analysis of the ETLS to identify which aspects of the protocols were being implemented or not.



## Methodology

- 200+ private sector interviewed in 9 ECOWAS Member States on gaps and obstacles to regional market integration
- Interviews with government agencies tasked with day-to-day implementation, both in the capital city and borders
- Evaluation of legal and regulatory framework for implementation
- Compilation and review of all ECOWAS Protocols on free movement of persons, goods and transport; Schedules of official tariffs, taxes and fees

# Borders Visited

Country	Bordering Countries	Name of Town/ Border Crossing
Benin	Benin/Nigeria	Seme–Krake
	Benin/Togo	Hilla-Condji
Burkina Faso	Burkina/Ghana	Paga
	Burkina/Mali	Heremakono
Côte d'Ivoire	Côte d'Ivoire/Ghana	Noe-Elubo
Ghana	Ghana/Togo	Aflao
	Ghana/Burkina	Dakola
Mali	Mali/Niger	Labbezanga
	Mali/Burkina	Heremakono
Niger	Niger/Mali	Labbezanga
	Niger/Burkina	Makalondi/Kanchari
Nigeria	Nigeria/Benin	Seme-Krake
Senegal	Senegal/Gambia	Karang-Amdalai
Togo	Togo/Ghana	Aflao
	Togo/Benin	Hillacondji

# ETLS Gap Analysis Preliminary Findings

## ETLS Information Dissemination

- Private sector has limited knowledge and access to information on official customs procedures for goods and vehicles in transit
- National legislation is difficult to obtain on procedures for transportation

## Movement of Persons

- Visa-free travel has been accomplished
- Unofficial fees and harassment continue at borders

## Movement of Goods

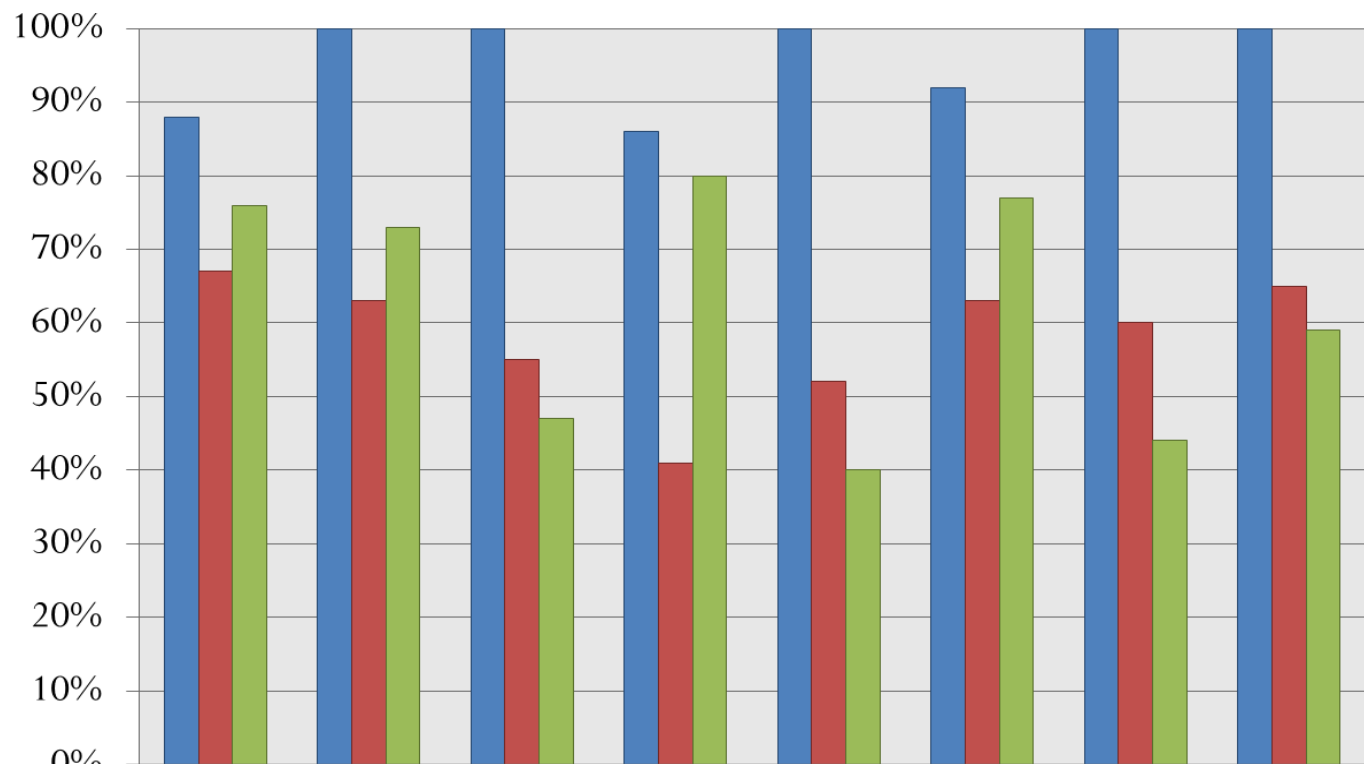
- Duty free treatment for unprocessed goods is not being implemented contrary to the ETLS
- Documentary requirements for intra-ECOWAS trade have not been harmonized across the region, leading to higher administrative costs and delays at borders
- Non-tariff barriers persist, in the form of quantity, quota or seasonal restrictions, in addition to checkpoints and road barriers

## Transport

- Failure to harmonize procedures across the region creates opportunities for corruption
- Differing axle-load limits, vehicle standards and inspection requirements exist across the region
- Administrative procedures in conflict with regional rules drive up transport costs

# ETLS Implementation in 8 Member States

Measure of implementation as reported by the private sector



	Benin	Burkina	Cote d'Ivoire	Ghana	Nigeria	Mali	Senegal	Togo
Free Movement of Persons	88%	100%	100%	86%	100%	92%	100%	100%
Free Movement of Goods	67%	63%	55%	41%	52%	63%	60%	65%
Transport	76%	73%	47%	80%	40%	77%	44%	59%

# Dynamics in Regional Agricultural Trade for Food Security



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# Trade as a food-security tool

Regional trade for increased food security operates at several levels:

- Countering acute visible famine
- Mitigating less visible hunger, particularly during the Sahelian pre-harvest season
- In non-crisis scenarios, allowing markets to move food commodities efficiently from surplus to deficit zones





# Regional Agricultural Trade is Largely Small and Informal

## Informal

- Small operators who lack organisational capacity
- Spot, cash-based transactions
- Limited information
- High post-harvest loss
- Little emphasis on quality
- Limited credit
- Domestic & local transformation
- One-off truck rentals

## Formal

- Large operators
- Written contracts
- Futures markets
- Bank intermediation
- Negligible post-harvest loss
- Focus on quality
- Relationships with processors and exporters
- Long-term trucking contracts

# Livestock trade

- Largest element of regional trade
- Production zone → market(s) → fattening → export → butcher → final consumer (coastal)
- Mostly fattened cattle (rams)
- Upstream trekking, low-cost downstream trucking
- Informal trading with multiple intermediaries
- Absence of holding areas
- Red-meat trade weaknesses
  - Cold-chain infrastructure
  - Sahel-coastal country partnerships
  - Demand (religious & other preferences for “hot” meat)
- No livestock/meat recommendations



# Approximate livestock flows



Source: FEWSNET

# Cereal value-chain characteristics

- West Africa cereals market
  - Small-time player (3% of global cereal production)
  - Big importer (5.3% of global cereal imports)
  - Production (1980 – 2008):
    - Production of all cereals: 16 → 52 MT annually
    - Doubling of cultivated land, yields rise by 14%
- Millet, sorghum & maize: limited value-added
  - Maize:
    - Big production increase (14% in 1980 → 31% in 2009)
    - Big extra-regional imports
    - Agro-processing (breweries, feed, etc.)
  - Sorghum (millet):
    - Traditional Sahelian staple
    - Share of total cereals fallen
    - Malted drinks
- Close substitutability (not with rice)
  - +ve price correlation
  - Price instability (inter-annual, intra-annual variations;  $\sum \geq 50\%$ )



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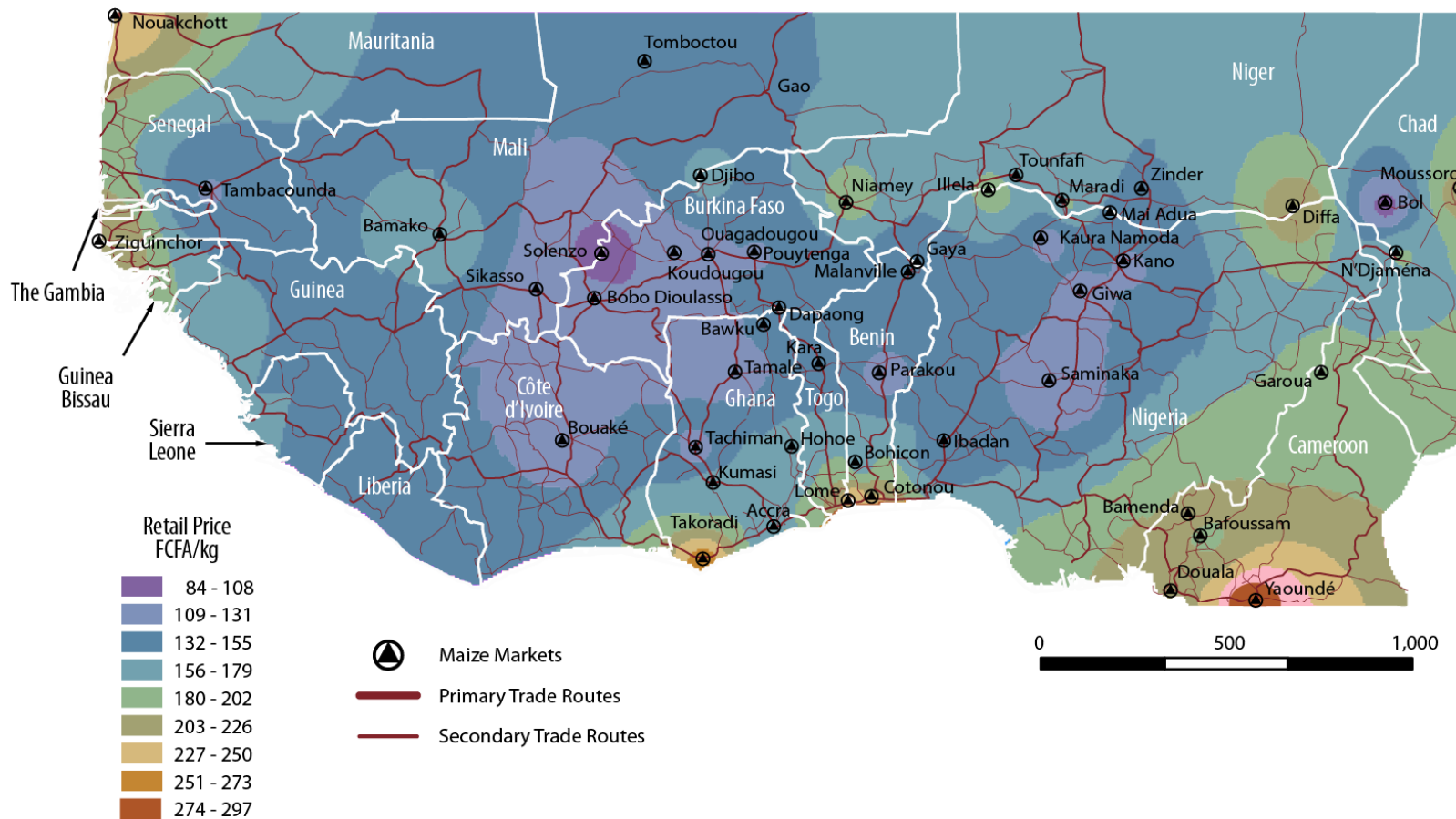
# Constraints specific to cereal value-chain

- Production constraints
  - low-quality agricultural inputs
  - labor bottlenecks
- Ineffective trade-information systems
- Limited processing
- Lack of credit

# Iso-price mapping

## Maize October 2010

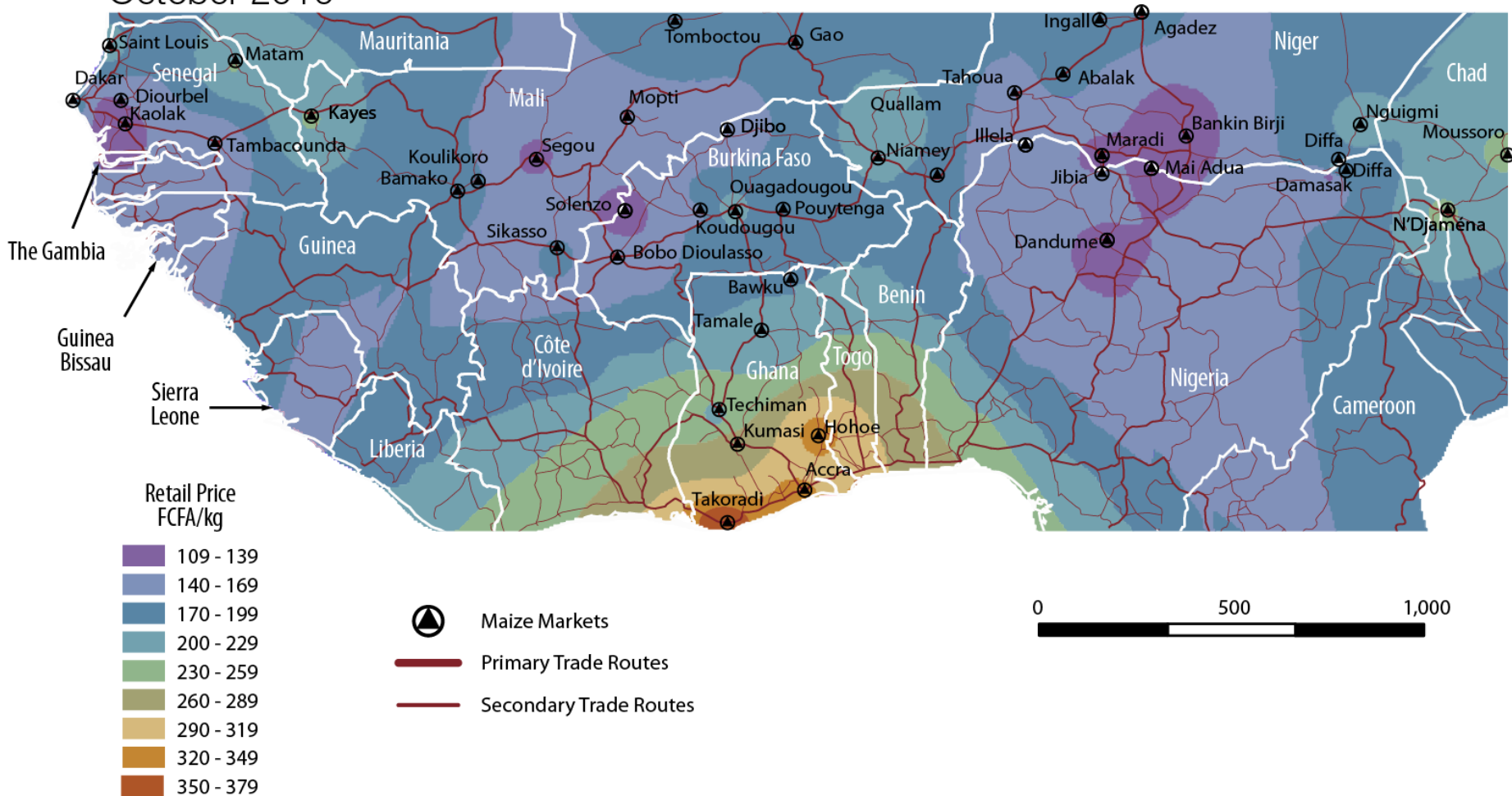
## Map 1



# Iso-price mapping

## Millet October 2010

## Map 3



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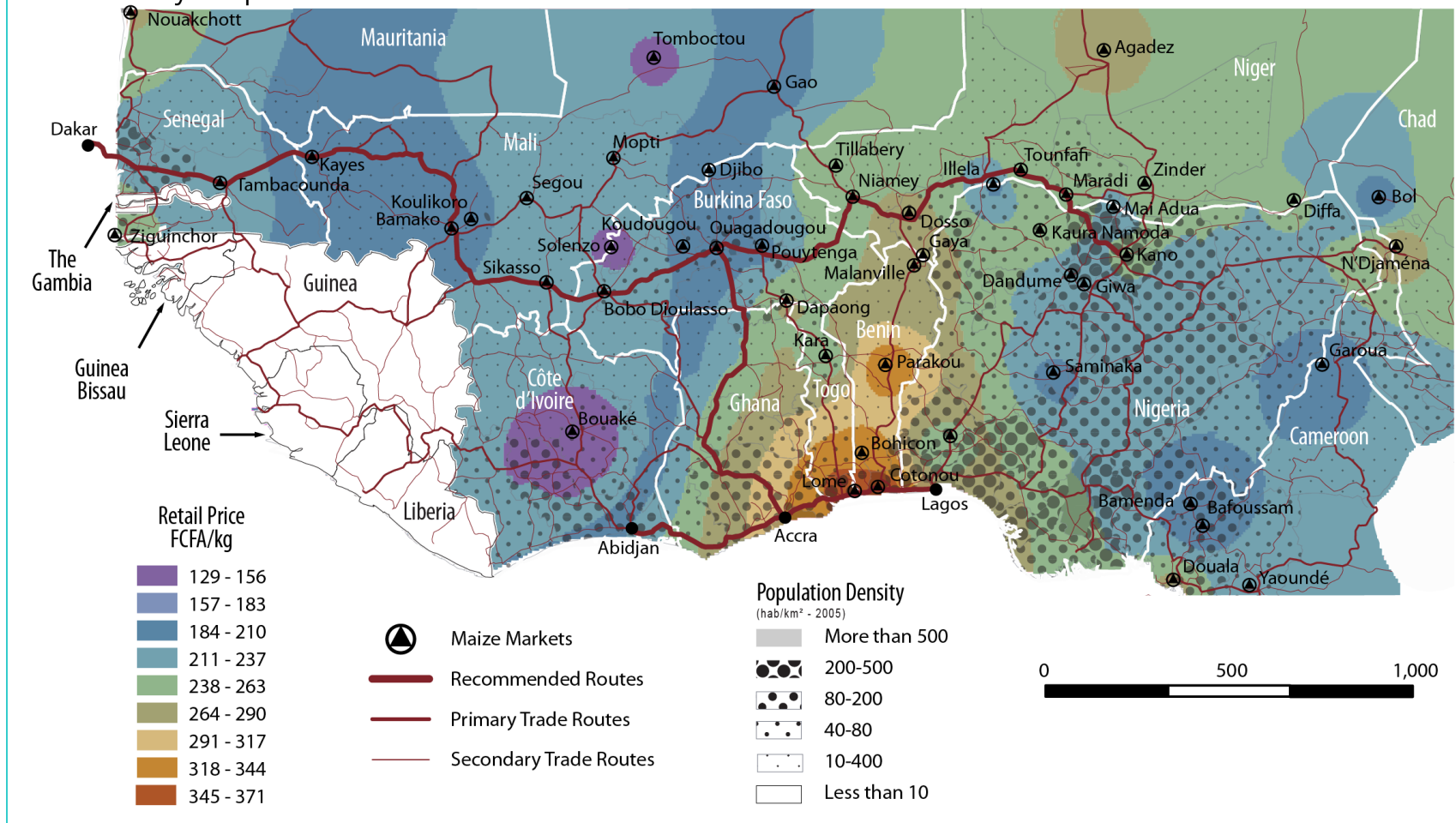


# Priority Corridors to Increase Trade

## Maize

July-September 2008

## Map 7



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# Regional Agricultural Trade Policy and Transport

# TRANSPORT



# Transport-related constraints to West African trade in cereals and livestock

## Major roads are no longer the problem.

- Regional network of major roads significantly better than even a decade ago
- Roads travelled for fieldwork did not significantly constrain trucking speeds

# Informality

- Most trucking capacity (80–95%?) in the informal sector (e.g. Mali: ~4,600 of 5,100)
  - Many one-truck owner-drivers
    - Prestige of ownership; trading on own account
  - Low level of education
    - May operate at a loss without knowing it
    - Don't know many rules & regulations
  - Repairs, rather than maintenance
    - Breakdowns a way of life: slow, unpredictable deliveries
    - Accidents
  - Low budget for maintenance
    - Truck fully amortised
  - Incentive to overload and bribe (and destroy roads)

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## Summary of Constraints

- Persistence of tariff and non-tariff barriers on agricultural products
- Inefficient Customs Operations
- Export Bans



# Examples of Procedures, Constraints, Forms/Fees

• Traders even at big markets such as Sikasso do not understand trading rules documentation requirements

• *Documentation requirements for Cereal Trade in Mali*

- “Intent to Export”,
- “Intent to Import” or
- “Intent to Import and Export”

**Example 1: Lack of Mutual Recognition – Documentation Requirements for Livestock Export (Ouagadougou to Accra) per truck**

Documents	Cost (F CFA)	Dollar
<b>Veterinary Certificate (Ouagadougou)</b>	24000	\$53
<b>Laisser Passer (Ouagadougou)</b>	1000	\$2
<b>Laisser Passer (Accra)</b>	3000	\$7
<b>Veterinary Inspection (Accra)</b>	24000	\$53

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## Road Governance and Transport Costs Reduction

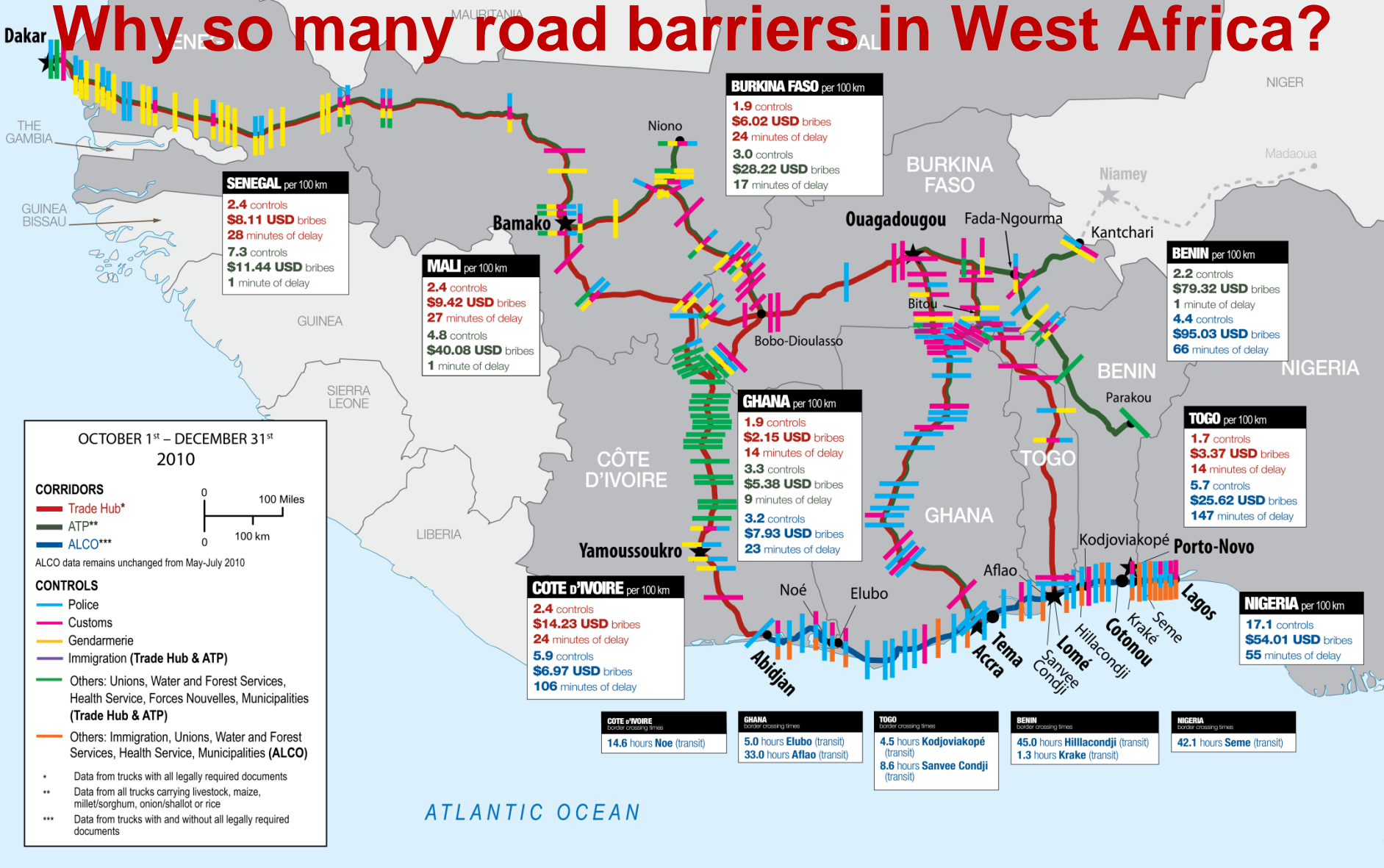


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# Why so many road barriers in West Africa?



# Where the data comes from

- Truck drivers: Provide the information
- Focal points: (Chambers of Commerce or Shippers' Councils):
  - Recruit and educate the drivers,
  - Check trucks and documentation
  - Distribute and collect questionnaires
  - Enter and transmit the data to WAEMU
- National coordinators (Ministries of Transport):
  - Organize the distribution of Road Governance reports
  - Coordinate all national stakeholders
- UEMOA
  - Responsible for the Road Governance project:
  - Approves and publishes the quarterly reports
- The USAID West Africa Trade Hub:
  - Provides Road Governance initiative with financial, administrative and technical support
  - Organizes quarterly 'roadshows' or workshops and conducts advocacy

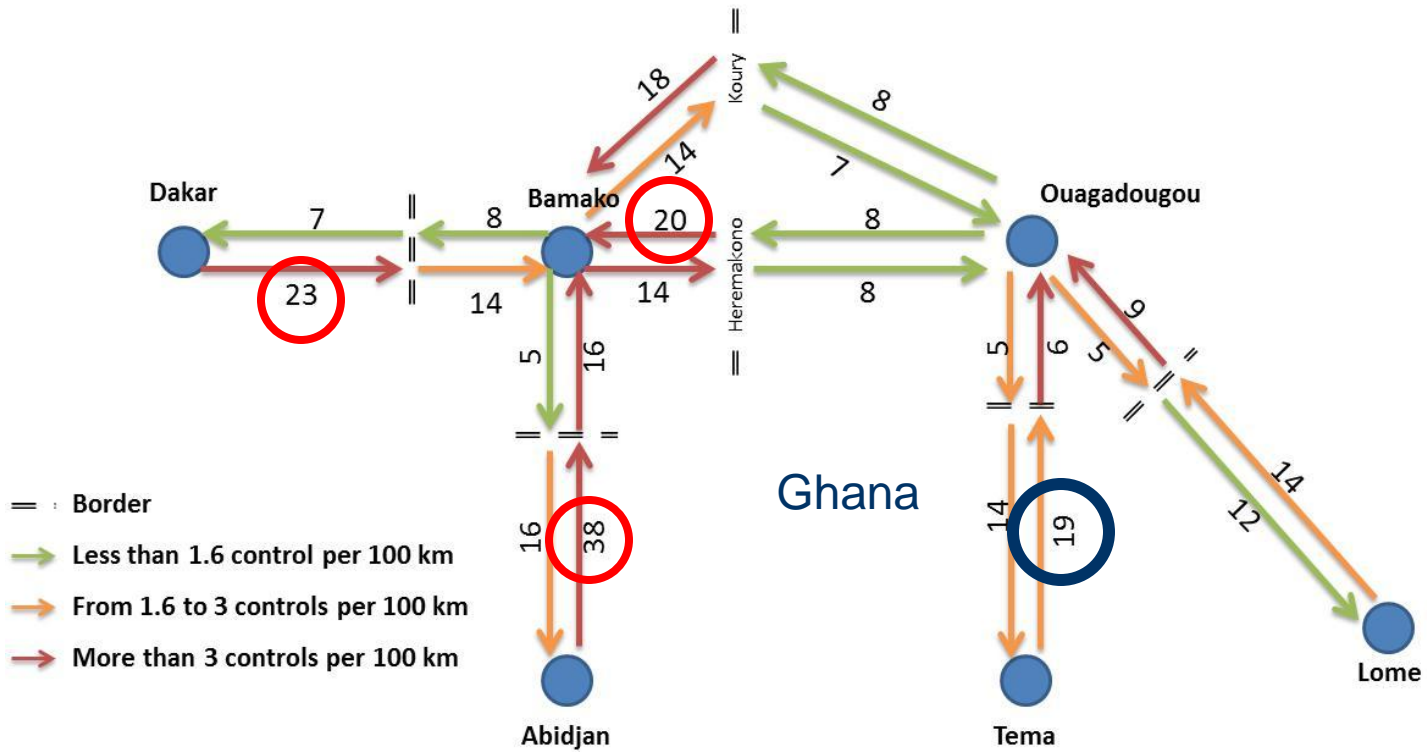
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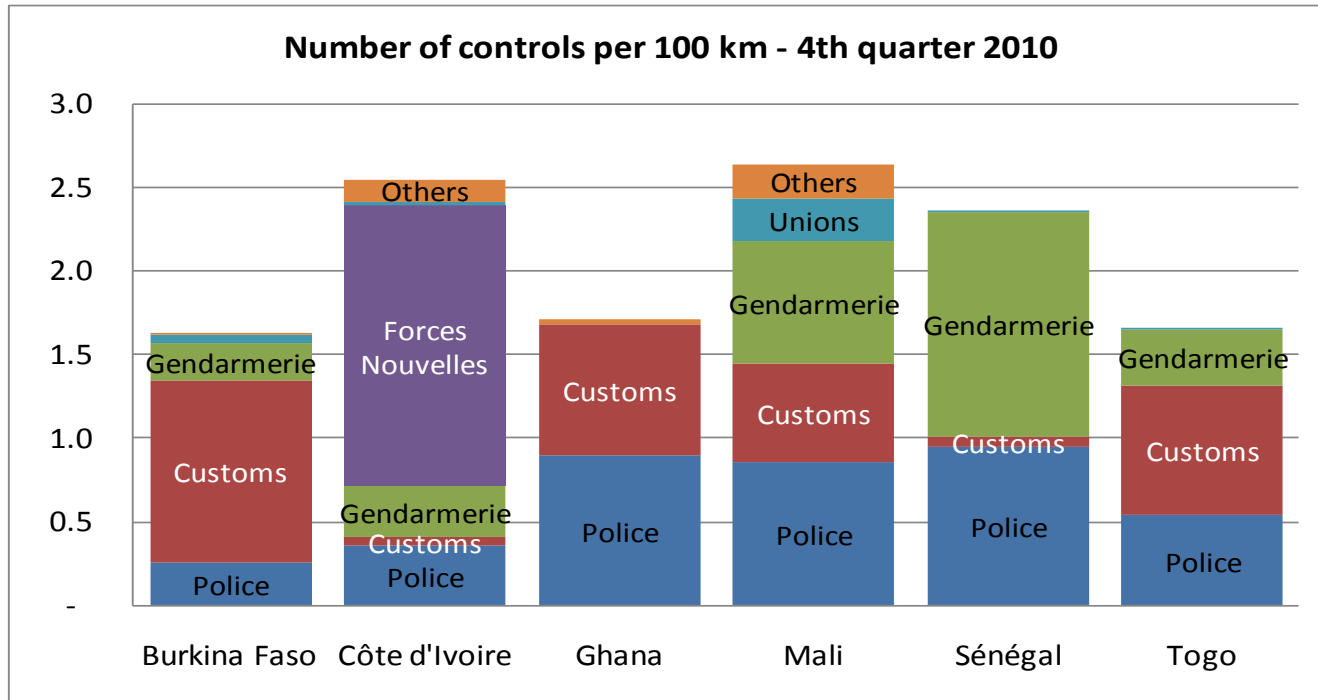
# Regional overview

- Côte d'Ivoire has the worst performance in terms of controls, bribes and delays, followed by Mali and Senegal
- Burkina Faso, Ghana, and Togo are comparable

Number of controls per trip – First quarter 2011



# Checkpoints by uniformed service



# Why so many checkpoints?

- Police: Road safety and security
  - ❖ Roads are littered with broken down vehicles; trucks and/or overloaded vehicles, drive without lights, worn tires etc.
  - ❖ Armed robberies along roads is an issue in certain places
- Customs:
  - ❖ Smuggling, fraud – false declarations, transit goods not being transited, but sold locally

**Uniformed services have real and serious issues, but road checkpoints do not solve the problems**

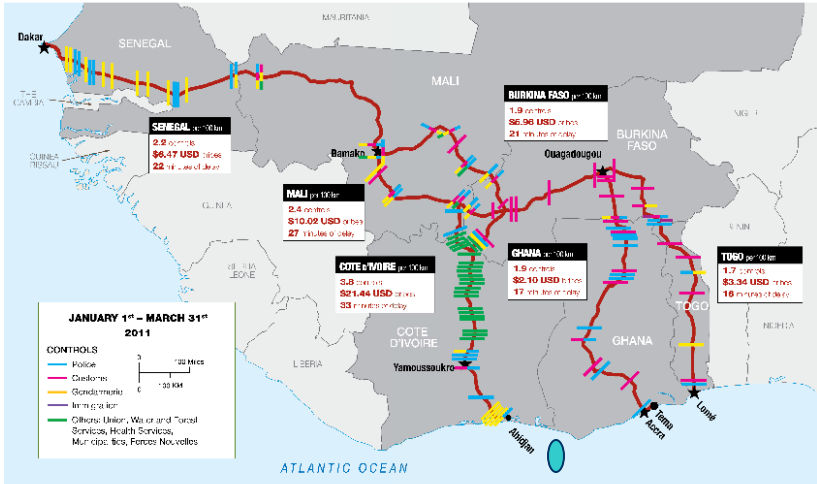
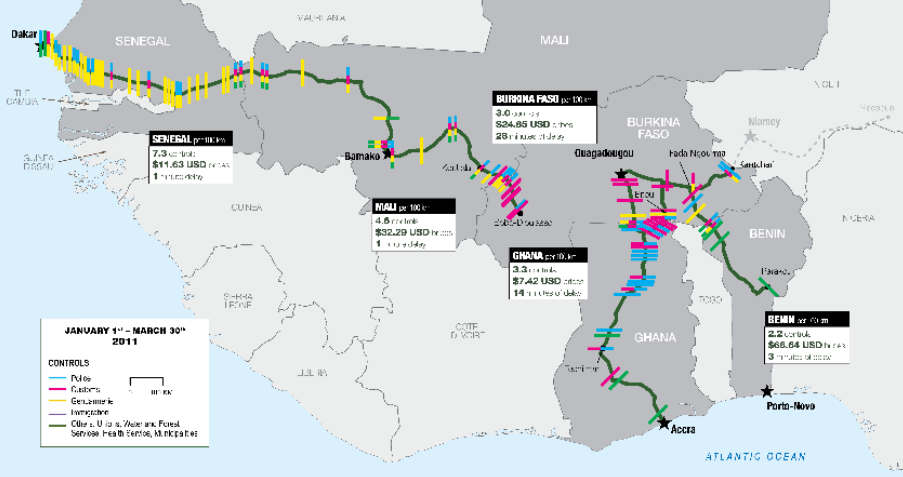
**Checkpoints are used to extract/collect unofficial payments from truckers**

# Benefits of “legal” trucking – Ghana

(Data from Oct-Dec 2010)

**ATP:** perishable products & truck and documentation often not in order

**Trade Hub:** properly documented trucks and trade



**GHANA** per 100 km

3.3 controls

**\$7.42 USD** bribes

14 minutes of delay

**ATP:** Not necessarily legal

**Trade Hub: “Legal”**

**GHANA** per 100 km

1.9 controls

**\$2.10 USD** bribes

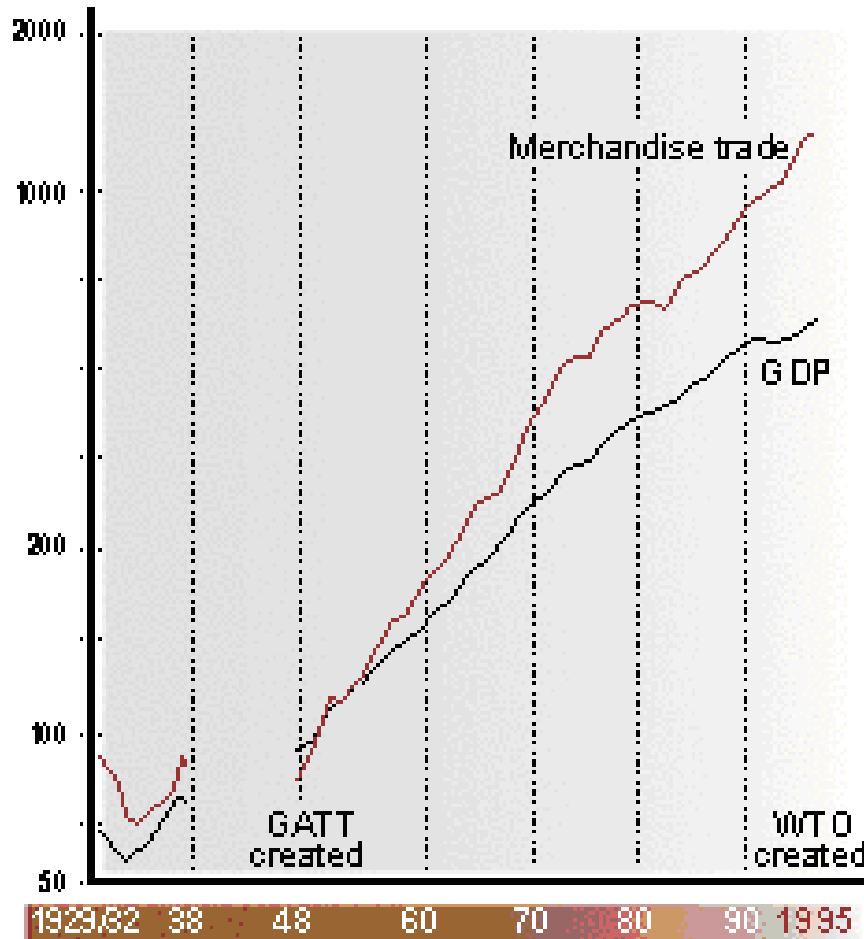
17 minutes of delay

# The Premise: Trade, transport and economic development

**Trade drives economic development**

**Competitive transport drives trade**

10% decrease in transport costs results in 20% increase in trade  
(World Bank study)

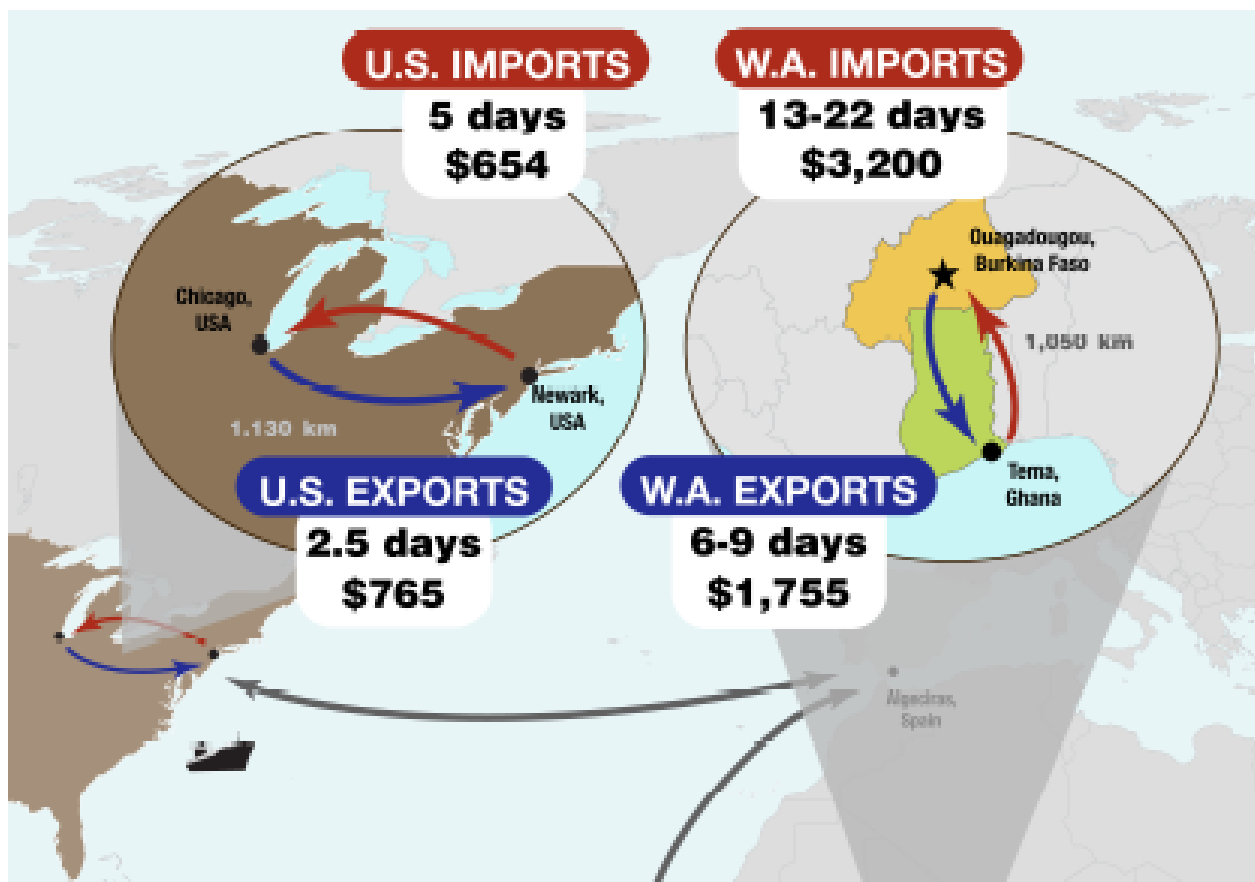


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# The issue: How do West African transport costs compete with the world?



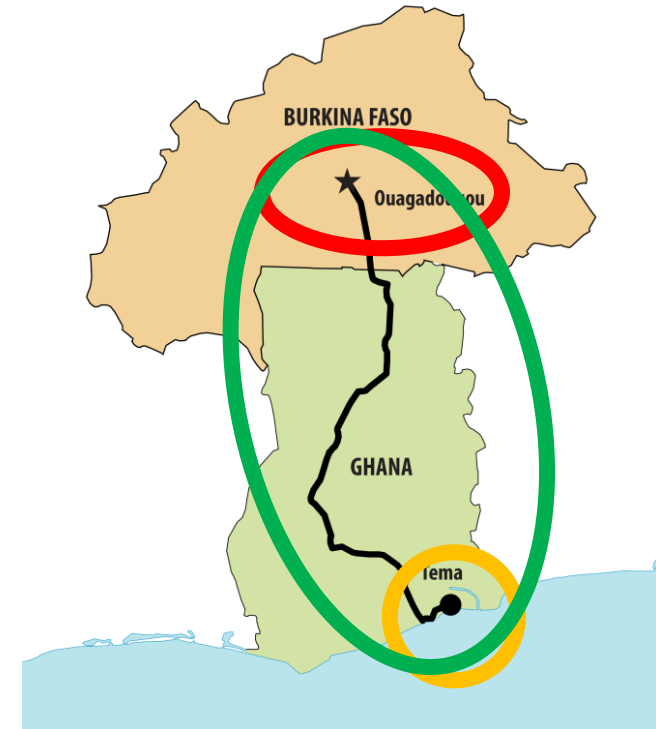
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# Where the issues are: Tema–Ouaga transit corridor

Leg	Costs distribution		Time distribution	
	%		%	
	Total T&L	Of which informal	Standard	Delays
Tema port	13	14	45	53
Trucking	63	34	32	12
Ouagarinter	24	51	22	34
Total	100%	100%	100%	100%
<b>Total average</b>	<b>\$5,371</b>	<b>\$438</b>	<b>13.5 days</b>	<b>8.7 days</b>



**High costs – Long delays – Uncertainty - Corruption**

# What the Trade Hub does.....

We

- Collect evidence
- Communicate
- Mobilize
- Facilitate
- Support Advocacy

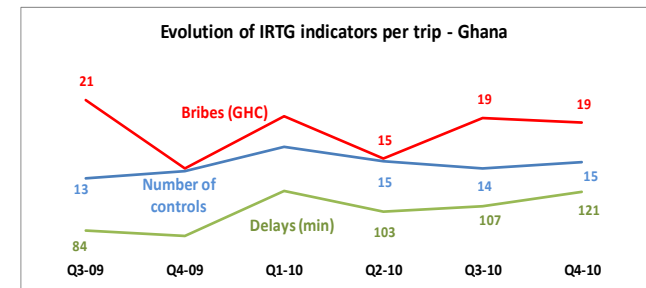
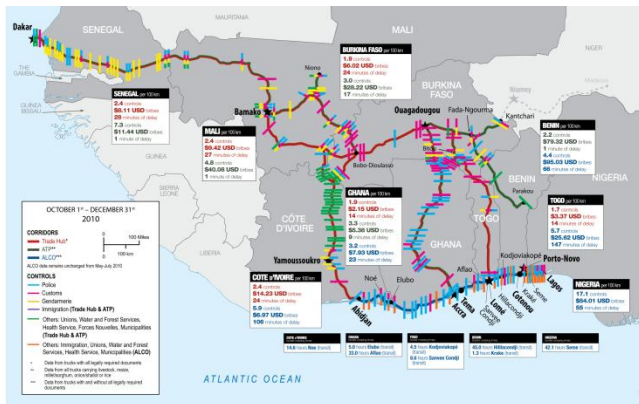
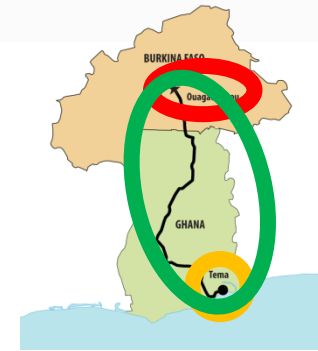
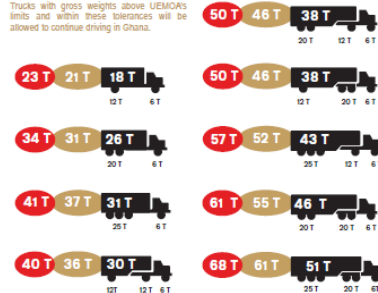
## Allowable Maximum Gross Weight of Vehicles

### Asia Lead Tolerances with fines - Expire December 2010

Trucks with gross weights above Ghana's tolerance and within UEMOA's tolerance will be allowed to continue driving but will be fined. Any trucks with gross weights above the UEMOA tolerance will be required to shed any excess weight and be fined in order to continue driving.

### Asia Lead Tolerances without fines - Expire December 2010

Trucks with gross weights above UEMOA's limits and within these tolerances will be allowed to continue driving in Ghana.





# Border Information Centers launched at the Ghana-Togo border (Aflao)



Kodjoviakopé Border information Center, Togo



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Aflao Border Information Center, Ghana



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# BORDER INFORMATION CENTRE

Aflao – Kodjoviakope Border Crossing

4 AUGUST 2011



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- US Missions
- ECOWAS
- UEMOA
- World Bank's ALCO project
- Governments of Ghana and Togo (ministries of trade and industry, finance, transport)
- Ghana Shippers' Authority
- Private Sector (transport and trading companies)
- Borderless Alliance



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# A partnership to increase trade

Border information center launched in collaboration with Ghana & Togo Customs, Ghana Shippers' Authority and the Abidjan-Lagos Corridor Organization



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# Other Initiatives ...

## Express Lanes

- Expedited clearance for non-dutiable goods
- Pilot at the Ghana-Togo border to reduce costs and delays, especially for ETLS and perishable goods

## Benefits

- Reduced costs and delays in clearance procedures
- Minimal documentation
- Mutual recognition of phytosanitary certificates
- Food security through faster trade in agricultural goods

# BORDERLESS

Commerce Sans Frontières en Afrique de L'Ouest

## BORDERLESS is a vision of:

- Competitive trade in West Africa; eliminating barriers to trade and transport
- Simplified and harmonized procedures, for the free movement of people and goods, unhindered by corruption along the corridors
- Expanded investments, for the creation of more jobs and more income for people and governments

Competitive trade

Standardized  
Procedures



Increased  
Employment



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# The Borderless Alliance

- A private sector driven alliance to advocate for freer movement in West Africa
  - **BORDERLESS** initiative launched in March 2010



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# What Next?



## STRENGTHEN THE ALLIANCE

1. Increase membership base (Traders, service providers)
2. Encourage best practices across the region (Trade and transport standards)
3. Forge partnerships with public sector
4. Reach out to relevant authorities (RECs, Governments, regulatory bodies...)
5. **Advocacy to drive positive change**

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