DANIDA

Accelerating Trade in West Africa (ATWA) Stage 1 Report

Summary

November 2015

Final report

Prepared by:

SAANA CONSULTING

Table of Contents

1. INTRODUCTION

1.1 ATWA: Rationale

Accelerating Trade in West Africa (ATWA) is a new initiative funded by the Danish International Development Agency (Danida) aiming to establish a durable, multi-donor vehicle dedicated to advancing regional integration, expanding trade and lowering costs along key trade routes in West Africa. Working alongside regional Commissions, national governments and the private sector, the scoping and design phase work to be undertaken by ATWA between January 2015 to October 2016 will cover both "soft" policy and trade facilitation issues and "hard" infrastructure constraints to ensure meaningful impact.

Trade facilitation and market integration issues have repeatedly been highlighted as the key to unlocking greater gains from trade in West Africa by Heads of States and Government of the Economic Community of West African States (ECOWAS). ATWA comes at a crucial moment for regional integration in West Africa. Amongst recent developments, the advent of the ECOWAS Common External Tariff (CET), on-going efforts to strengthen the free movement of goods in the region, and the introduction of several Joint Border Posts (JBPs) in *the Union Économique et Monétaire Ouest Africaine* (UEMOA) and ECOWAS are a positive signal that regional integration is moving forward.

ATWA seeks to build on that momentum. At present, donor support to regional trade and integration in West Africa is already substantial, but it is fragmented. This increases the complexity and transaction costs of regional efforts, for donors and recipients alike, and reduces the resources available for achieving meaningful results. ATWA rests on the idea that a more integrated, longer-term approach could achieve better results.

ATWA takes inspiration from East Africa, where eight donors (Belgium, Canada, Denmark, Finland, the Netherlands, Sweden, United States and the United Kingdom) have pooled their support and established a single non-profit organisation working across the East African Community (EAC) to further its integration agenda. The organisation, TradeMark East Africa (TMEA) currently has a budget of USD 650 million over 2011-2017 and works in the five EAC countries and South Sudan to reduce trade costs on major transport corridors and improve the business environment for trade and investment. TMEA is ATWA's technical partner.

1.2 About ATWA: Approach

ATWA, as a scoping and design exercise, is structured according to **three consecutive stages**:

- A **first stage** selecting one or several trade routes in West Africa that ATWA could focus on initially as regards to their potential for development. This includes a literature review and a preliminary round of consultations with regional organisations, national governments, private sector interests and donors already active in the trade and transport field in West Africa, in order to identify their interests, priorities, challenges, opportunities and existing initiatives that ATWA can build upon.
- A **diagnostic stage**, in which a set of studies will establish the sources of delays and costs in international and intraregional transport along a defined group of trade routes in West Africa, and outline a number of interventions that ATWA could initially implement in order to improve trade flows. These studies will engage public, private and civil society stakeholders across the region in order to get a comprehensive picture of needs and priorities, opportunities and bottlenecks. The ATWA project team will also organise a study visit to the EAC by a West African delegation.

- A **final stage** which will include the development of a clear and costed programme document to be presented to regional and national authorities, as well as interested donors. As part of this stage, Danida and the project team will devise the budget, governance options and a roadmap for ATWA's implementation phase.

1.3 ATWA: Objectives and programme development

ATWA's potential objectives and possible interventions are presented in an initial outline Theory of Change (ToC) diagramme overleaf (Figure 1). Developing a ToC is meant to be an iterative process as consultations with potential partners advance and we learn more about the nature of the constraints on regional and international trade in the region. The ToC presented in Figure 1 below is therefore not final; it reflects an ongoing process of reflection and priority setting.

The two lower levels of the ToC are likely to evolve during Stage 2 and Stage 3 as more research is undertaken on the problems faced by private economic operators on focus corridors and as consultations with national governments, regional organisations, private sector and civil society progress. Hence they are listed as "potential intervention areas" and "potential activities" because we do not foresee having a definitive, stable, theory of change at these lower levels until the end of ATWA Stage 3.

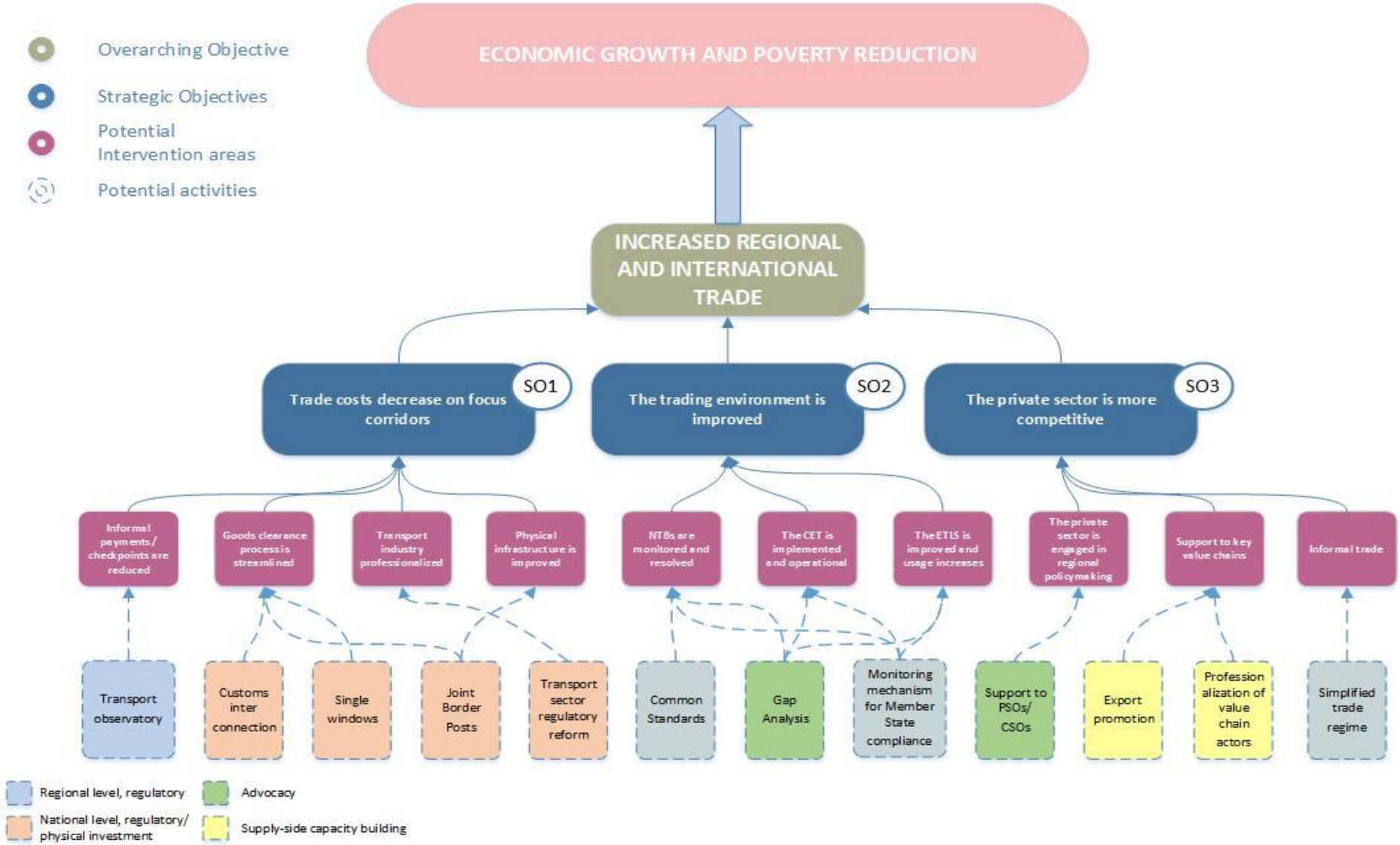
We have organised the draft ToC along three Strategic Objectives, as follows, drawing on the experience of TMEA:

- S0 1: **Reduction of trade cost on focus corridors**. This objective largely focuses on the transport, logistics and infrastructure of particular corridors. It picks up on four major drivers of increased cost of trade and transport across the ECOWAS region.
- S0 2: **Improvement of the trading environment.** This objective focuses largely on tariff and non-tariff issues that hamper the free movement of goods across West Africa, and includes region-wide external trade policy dimensions.
- S0 3: **Increased private sector competitiveness.** This is the more private sector oriented of all strategic objectives. It focuses on the role of private sector in public policy making on trade and working to ensure that the private sector can take advantage of an improving trading environment.

Specific potential intervention areas are placed below each Strategic Objective. These describe improvements that could be made to improve trade flows, whether it is infrastructure improvement, the customs clearance process, or the implementation of the ECOWAS Common External Tariff (CET).

Specific, definitive activities and intervention areas will be developed during Stage 2 and Stage 3 (October 2015 - September 2016). For now, we have grouped our illustrative list of activities with a shared focus together: activities dealing with the regulatory environment at the national level are shaded in blue, while the activities shaded in light red indicate regulatory activities to be undertaken at the regional level (i.e. they are not corridor-specific). Yellow-shaded activities engage with the private sector directly, while those shaded in green engage with civil society and private sector organisations (CSOs and PSOs) at large.

Figure 1 - ATWA draft Theory of Change



SAANA CONSULTING

2. ABOUT THIS REPORT

2.1 Objectives, scope, and methodology of this report

As is evident from the ToC presented above, some interventions that ATWA will be designing will be corridor or country specific: the development of JBPs, the professionalization of the transport industry, or the strengthening of single windows for example. These activities have to be undertaken "somewhere". Others are not necessarily dependent on a specified geographical area: the development of a transport observatory, work on the ECOWAS CET or support to regional CSOs and PSOs can be undertaken at the regional level, without a national base.

This report therefore has two main objectives:

- Describing the context in which ATWA operates: the major players, issues and plans of various actors active in regional integration so as to help narrowing down potential non-corridor specific interventions.
- Delineating a geographical area and set of trade routes where ATWA could start.

This report is the result of five months of literature review, data collection and consultations at the national and regional levels. It has several components:

- A review of the regulatory environment at the regional level, and where relevant at the national level.
- A review of ECOWAS and UEMOA priorities and plans, including a more limited review of the plans of its Member States in the field of trade and transport.
- A review of the literature and data available on the region's various corridors, and a prioritisation of potential focus corridors.
- A donor mapping of current support to regional integration and trade in West Africa.
- A draft Theory of Change.
- A broad, regional level Political Economy Analysis (PEA).
- A chapter describing the links between trade and poverty reduction, including informal cross border trade and women's participation in trade in West Africa.

2.2 Structure of the report summary

The rest of this summary of the Stage 1 report is structured as follows:

- Part 3 reviews the regional context: the plans of ECOWAS and UEMOA, the legal environment governing trade and transport in West Africa, customs, trade flows, port development, etc.
- Part 4 reviews West Africa's major trade corridors.
- Part 5 delineates a sub-set of countries and corridors that ATWA could initially focus on and presents the major elements of work that will be undertaken in Stage 2 (October 2015 – September 2016).

Feedback on an earlier version of this report was gathered from a meeting of selected key regional stakeholders and experts organised by the ATWA project team at the ECOWAS Commission in Abuja on Monday 12th October 2015.

This report draws heavily on a multitude of data sources to compare different corridors and countries in the region. These sources, their limitation and the adjustments we have undertaken to make the data comparable are discussed in Part I of the main report.

3. REGIONAL CONTEXT

3.1 ECOWAS and UEMOA plans and priorities

ECOWAS is the only regional economic commission recognised by the African Union in West Africa and has 15 Member Sates. UEMOA, the second regional commission in West Africa is composed of 8 Member States whom are all also part of ECOWAS (see Table 1).

Table 1 – ECOWAS and UEMOA Member States

UEMOA members (8)		ECOWAS members (15)	
Benin	Burkina Faso	Benin	Burkina Faso
Côte d'Ivoire	Guinea-Bissau	Cabo Verde	Côte d'Ivoire
Mali	Niger	Gambia	Ghana
Senegal	Togo	Guinea	Guinea-Bissau
		Liberia	Mali
		Niger	Nigeria
		Senegal	Sierra Leone
		Togo	

ECOWAS Vision 2020 identifies 242 priority projects for a total estimated cost of almost USD 27 billion. About half of them are in the fields of free movement of people and goods, regional integration, transport infrastructure and food security, and could potentially be of interest to ATWA. UEMOA is working on an updated Community Action Programme on infrastructure and road transport, which should be ready by the end of 2015.

There are about 125 ECOWAS projects which could be of interest to ATWA. ECOWAS' latest and most ambitious road project to date is the construction of a six-lane highway from Lagos to Abidjan, which was agreed by the Heads of State of the concerned countries in a Treaty signed in March 2014 and which may get funding from China.

In the field of trade policy, a major achievement is the agreement on the structure of the ECOWAS/UEMOA CET agreed in 2013, which is currently being implemented. Should the CET be implemented effectively in the years to come this could lead to the reduction of barriers to trade amongst ECOWAS Member States and open the way for the creation of a full Customs Union and Common Market in goods.

In 2001 UEMOA adopted a Community Action Program for Infrastructure and Road Transport (*Programme d'actions communautaires des infrastructures et du transport routiers* - PACITR). As part of that program, UEMOA defined eleven priority corridors which were to be upgraded.[1]

[1] DECISION N° 39/2009/CM/UEMOA Portant Creation et Gestion des Corridors de L'UEMOA

The action programme also called for the construction of 11 JBPs and an Observatory of Bad Practices (*Observatoire des pratiques anormales* - OPA). UEMOA is presently in the process of developing an updated community action program for infrastructure and road transport development, which is scheduled to be ready before the end of 2015.

3.2 Legal environment

From a regulatory perspective the lack of progress in regional integration is not because of lack of legal instruments but mostly because they are not effectively implemented. There are still national and bilateral agreements that hinder the free movement of goods and people, such as cargo sharing quotas, first-come-first-served shipper and transporter matching arrangements, and compulsory cargo insurance requirements. However cargo sharing and cargo matching rules are nowadays only enforced on a few corridors. Export bans, standards based barriers and residual import tariffs are also still present amongst ECOWAS Member States.

The most relevant regional regulations for ATWA cover different sectors. For trade policy these are:

1. The ECOWAS Trade Liberalization Scheme (ETLS) and its various instruments, establishing the internal free trading regime in ECOWAS.

2. The recently adopted ECOWAS Common External Tariff and its Supplementary measures of protection, establishing a common tariff schedule for all ECOWAS member States.

For customs and trade facilitation:

3. ECOWAS Decision A/DEC/13/01/03 Relating to the Establishment of a Regional Road Transport and Transit Facilitation Programme in Support of Intra-Community Trade and Cross-Border Movements.

4. Joint Border Posts: Supplementary Act /Sa.1/07/13 Relating To The Establishment and Implementation of the Joint Border Posts Concept within Member States of ECOWAS establishes, among other things, the legal framework of Joint Border Posts.

5. Checkpoints : Décision N°15/2005/CM/UEMOA *Portant Modalités Pratiques d'Application du Plan Régional de Contrôle sur les Axes Routiers Inter-Etats de l'UEMOA*.

6. Corridor management committees: *Décision N° 39/2009/CM/UEMOA Portant Création et Gestion des Corridors de l'Union.*

And in the field of interstate transport and transit:

7. The 1982 ECOWAS Convention A/P2/5/82 *Regulating Inter-State Road Transportation* (between ECOWAS Member States, referred to as the IST Convention).

8. The 1982 ECOWAS Convention A/P.4/5/82 Relating To Inter-State Road Transit of Goods – referred to as the ISRT Convention. This Convention establishes the conditions under which cargo can be transited through member states.

9. Axle Load control: UEMOA Règlement N°14/2005/CM/UEMOA *Relatif à l'Harmonisation des Normes et des Procédures du Contrôle du Gabarit, du Poids, et de La Charge A l'Essieu Des Véhicules Lourds de Transport de Marchandises dans les États Membres de l'UEMOA*.

There are other, more specific regulations dealing with, for example special regimes for the intra-community trade of staple food products that are not reviewed here but could be of

relevance for interventions in more specific sectors. Each of the regulations above is explained in more detail in the full Stage 1 Report (Part I).

3.3 Customs

Customs authorities in West Africa have made much progress in recent years. Four JBPs are being built with more planned, and the number of single windows in ports has grown from two to five since 2013. But much still remains to be done.

Customs systems in ECOWAS countries are not yet inter-connected, no JBP is fully operational and single windows do not yet include all government agencies and other actors working in ports. Stakeholders also complain that reliable power and internet connectivity at borders is often lacking, which delays processing. Furthermore, border crossing and port dwell times are still excessively long, although it should be noted that on average more than 50 percent of the time spent at borders is reportedly used by drivers for "waiting for service" or for discretionary reasons. As for dwell time in ports (17 days on average) the situation is similar as shippers find it cheaper to leave cargo in ports than to store it elsewhere.

3.4 Port developments

Unlike East Africa, West Africa is served by a significant number of sea-ports. If the numbers are any indication of private sector confidence in future growth, container terminal operators certainly have a positive outlook on West Africa. Projected and undergoing investments in West African ports total billions of dollars in new or expanded terminals from Lagos to Dakar.

Total container traffic in West African ports reached 3.6 million TEU in 2011 and is expected to grow by about 10 percent per year until 2020. Meanwhile terminal capacity will reach 6.2 million TEU by 2015 and 9.4 million TEU by 2020. Ports however are still facing many challenges including poor port-city interfaces, congestion, and long cargo dwell times.

3.5 Trade flows

Merchandise exports (that is, excluding exports of services) for ECOWAS countries in 2013 were about USD140bn, of which about 65% were Nigeria's exports, and of that about 31% was oil and petroleum products. Of total merchandise exports only about 9.4% was intraregional trade. About 35% of exports from the region were minerals and ores.

After petroleum and its derivatives and minerals, the next largest group of export products is foods, making up about 15% of exports by value. This category includes cocoa beans and their derivatives. These make up 29% of exports from Cote d'Ivoire and 17% of exports from Ghana, being the world's two largest cocoa producers.

The country with the most exports to the region is Nigeria, with its USD 6.5 billion total exports accounting for more than 47% of the total. Other significant exporters to the region are Cote d'Ivoire with USD 2.8b billion (20.6% of the total) and Ghana with USD1.8 billion (13.3% of the total). The countries with the largest share of their exports going to the region are Togo (34.3%), Senegal (36.2%) and Cote d'Ivoire (22.3%).

Nigeria's exports to the region are mostly to Cote d'Ivoire (about 40%), to Ghana (about 20%) and to Cameroon and Senegal (about 15% each). The exports are predominantly petroleum and its products, making up about 94% of its exports to Cote d'Ivoire, 95% to Ghana, 94% to Cameroon and 85% to Senegal. For these four destinations, petroleum exports are by sea, so the land transport corridors are only impacted when the crude petroleum is refined in the destination country and some of it re-exported within the region.

Cote d'Ivoire's imports of USD 3.0 billion from the region are the highest for the region accounting for more than 21.5% of the region's total. Ghana and Nigeria are the second and third largest importers from the region with USD 1.8 billion and USD 1.5 billion respectively, these being about 15% and 12% of the total imports from within the region. Cote d'Ivoire also has the highest share of imports from the region as a proportion of its own total imports (31.1%) followed by Guinea Bissau (24.9%)

3.6 Traffic flows

Traffic flows are heaviest in the southern part of the coastal countries in West Africa, which is also where most people live and where most economic activity takes place. The busiest road transit corridor is Cotonou-Niamey, probably because a large volume of goods transported on that corridor goes to northern Nigeria. The next busiest transit corridor is Lomé-Ouagadougou. Transit traffic is very unbalanced with export volumes from landlocked countries being about 10 percent of import volumes. Intra-regional traffic flows are about 50 percent of transit flows. The African Union's Programme for Infrastructure Development in Africa (PIDA) initiative forecasts that traffic volumes in West Africa will grow 80-fold from 7 million tonnes (mt) in 2007 to 176mt in 2020, to 300mt in 2030 and to 556mt in 2040.

3.7 Road transport services

In West Africa, road transport services are expensive and of poor quality. Truck fleets are old and operators small and not very professional. For example, the average truck in Benin is more than 27 years old and, of 15,700 Benin transporters, 10,000 operate a single truck and another 4,500 operate an average of 2.5 trucks each, while the 16 largest operate fleets of only 84 trucks per fleet, on average. Inefficiencies are numerous and truck utilization very low with the average transit truck spending only about 30 percent of turn-around times travelling while 70 percent of the time is spent waiting in ports or at an inland terminal.

3.8 Road transport

The major trade corridors in West Arica have seen many improvements to road quality in the last number of years and the network has probably never been as good as it is today. More than 90 percent of the movement of freight and passengers in the ECOWAS region takes place by road.

The ECOWAS region has only 4.7km of road per 100km, which is lower than the average of 6.8km for the African continent as a whole. Still, relative to GDP, West Africa has a large road network and in Niger, for example, the asset value of the road network exceeds 30 percent of GDP, an indication of the large economic burden of maintenance. Therefore, conserving the road infrastructure is an important challenge which ECOWAS member states address from two angles.

First, many countries have established independent road maintenance funds financed by fuel levies and tolls, but generally that only covers about half the required amount. The second approach is to limit premature wear and damage to roads by enforcing axle load controls. This has been a very serious problem for many years as trucks loaded to almost three times the legal limit have been plying the corridors, destroying the roads and presenting great hazards to road safety. Progress has been slow but as of 2014 all major countries in the region had axle load control programmes in place.

3.9 Checkpoints and road governance

The excessive number of checkpoints along inter-state roads in West Africa has been, and still is, an important barrier to the free movement of goods and people. UEMOA with the support of USAID's West Africa Trade Hub established an "observatory of bad practices", the *Observatoire des pratiques anormales* in 2006 to document the situation, hoping that monitoring and advocacy would solve the problem. But the problem has not been solved and in early 2015 the number of checkpoints in Ghana on the Tema-Ouagadougou corridor, for example, had mushroomed to about 50.

However, past donor programmes have found that the amount of bribes paid at checkpoints is relatively low for "legal" trucks – trucks meeting all regulatory requirements, carrying cargo properly documented, and driven by drivers with all papers in order. Most informal payments for a given consignment are paid in ports or inland terminals where goods are cleared and money changes hands. However, for informal trade or trucks carrying perishable goods the harassment is very serious and can amount to the equivalent of USD 70 per 100km.

3.10 Rail

The total length of West Africa's rail network is about 10,200km. This comprises 12 national networks, six of which are for sub-regional use. The rail infrastructure is generally dilapidated and unsuitable for the needs of modern rail transport and has three different gauges thereby making railway interconnections difficult and expensive.

Although there does not seem to be sufficient traffic to justify heavy investments in railways, there are several ambitious rail projects under way, such as the reconstruction of the Western railway line in Ghana and the Cotonou-Niamey Railway, which eventually may be linked to Ouagadougou and Abidjan.

3.11 Recent and current projects – Multilateral and bilateral donors

The major international financial institutions supporting West African regional integration and trade and transport infrastructure are the World Bank and the African Development Bank. Among bilateral donors, the biggest players include the European Commission (EC), USAID, the United Kingdom DfID, the Netherlands, GIZ and JICA.

The following division of labour seems to be in place in the ECOWAS region when it comes to trade and transport issues:

- The AfDB is a major player in hard infrastructure funding but usually include trade facilitation and social development elements in is infrastructure projects.
- GiZ's WATIP project has taken the lead on trade policy issues, assisting the ECOWAS Commission in operationalizing its trade policy instruments.
- USAID is a long-standing supporter of regional trade and integration in West Africa. In the past it funded two major projects, the West African Trade Hubs and the Agricultural Trade Promotion (ATP/e-ATP) projects. It is has recently set up a "new" trade hub, the "Trade Hub and African Partners Network" project.
- JICA is a longstanding supporter of the UEMOA commission in particular on Customs issue. It is setting up a new "ring of growth" focusing on customs issues on several corridors in Group 2a countries outlined below.
- The World Bank has supported both infrastructure and trade facilitation projects in West Africa and recently initiated two USD 50 million DPOs aimed at reforming the transport

sector on the Abidjan-Ouagadougou corridor. To our knowledge this is the only project dealing with the transport services sector at the regional level.

- The European Commission is also a major player. Amongst other it is financing many road projects and a number of JBPs in the region.

3.12 Regional Transport and Facilitation Observatory

Up-to-date, relevant, independent and reliable information is essential for good policy making, for effective evidence-based advocacy, for designing appropriate development interventions and for guiding private operators in their business and investment decisions. West Africa has several transport observatories but with very limited scope, mainly focusing on harassment of truck drivers at the many checkpoints along trade corridors.

ECOWAS and UEMOA have agreed on the need to establish a regional transport and facilitation observatory with a much broader scope than current observatories but it does not yet exist because there is no organization to host and build it. This is potentially an entry point for ATWA interventions, and consideration could be given to the ATWA team helping to establish and/or transfer knowledge to such an observatory in parallel to the work planned for Stage 2 and Stage 3.

4. WEST AFRICAN CORRIDORS: OVERVIEW AND COMPARISON

West African corridors can be divided into two categories: transit corridors and intraregional corridors. Transit corridors link a port with a landlocked country, running from North to South, while intraregional trade corridors link multiple countries from East to West. This report reviews all major corridors in West Africa. These include, from West to East:

1. Lagos-Kano-Jibiya in Nigeria (NG) to the border with Niger (NE) and beyond
2. Cotonou, Benin (BJ) - Niamey, (NE)
3. Lomé, Togo (TG) - Ouagadougou, Burkina Faso (BF)
4. Tema, Ghana (GH) - Ouagadougou, BF
5. Abidjan, Côte d'Ivoire (CI) - Ouagadougou, (BF)
6. Abidjan, (CI) -Bamako, Mali (ML)
7. San Pedro, (CI) - Bamako, (ML)
8. Conakry, Guinea (GN) - Bamako, (ML)
9. Dakar, Senegal (SN) - Bamako, (ML)

There is less information available on intraregional corridors in ECOWAS, but we also present evidence and data available about the two main East-West corridors in the region:

10. Dakar, (SN) - Niamey, (NE)
11. Dakar, (SN) - Lagos, (NG).

4.1 West African corridors: Overview of main features

Basic data detailing transit flow volumes, the number of checkpoints on the corridor and the amount of formal and informal payments paid along the road by transporters is available for nearly every corridor. These are presented in Table 1. A summary of each corridor's main features is presented below.

Table 2 - West African corridors: overview of main features [2]

TRANSIT CORRIDORS	Length (Km)	Port Traffic (million Tonnes - Mt)	Port Traffic TEU ('000)	Annual corridor traffic - transit Mt	Daily traffic count, trucks	Total logistics costs (ports, goods clearance and terminal costs) USD/TEU	Corridor time, including ports & clearance (Days)	Road travel time, import (Days)	Road travel time, Export (Days)	Truck turnaround time, Imp (Days)	Border Crossing, Import (hours)	Controls, Import	Informal payments total (USD)	Bribes on roads, Import ('000 XOF)	Delays including borders, Import (minutes)
Lagos-Kano-Jibiya	1,200	77.1	995	?	?	4,552	19.6	5.4	5.4	?	n/a	54	162	$132	?
Cotonou-Niamey	1,041	7.4	210	2,200	308	3,938	19.7	?	?	?	0.1	11	?	15.1	98
Lomé-Ouaga	1,010	7.8	350	850	275	4,092	11.6	4.5	2.6	22	0.8	19	349	15.6	122
Tema-Ouaga	1,057	18.8	750	358	130	4,058	13.1	4.3	2.6	26	3.1	24	125	13.5	265
Abidjan-Ouaga, road	1,228	24.9	546	210	82	5,095	17.5	5.2	2.6	15	1.1	21	?	39.3	165
Abidjan-Ouaga, rail	1,228	same	same	638	n/a	4,377	19	n/a	n/a	?	?	n/a	?	n/a	n/a
Abidjan-Bamako	1,238	same	same	700	?	4,870	15	4.6	2.4	14	1.5	37	?	47.8	234
Dakar-Bamako, road	1,382	11.9	600	1,668	264	4,160	?	4.1	3.0	14	2.5	27	169	40.0	316
Dakar-Bamako, rail	1,382	same	same	288	n/a	2,703	?	n/a	n/a	?	?	n/a	?	n/a	n/a
Average, road	**1,165**			**998**	**212**	**4,395**	**16.1**	**4.7**	**3.1**	**18**	**1.5**	**28**	**201**	**28.6**	**240**
INTRA-REGIONAL CORRIDORS															
Bamako-Ouaga (S)	1,049	n/a	n/a	240 *	84%***	n/a	n/a	3.9	3.2	17	0.7	22	?	29.1	103
Ouaga-Niamey	522	n/a	n/a	540 **	33%***	?	n/a	?	?	?	?	?	?	?	?

Abidjan-Lagos	942	Port dwell time (days)	Daily Traffic				Check points	Border crossing (hrs)	
			Vehicles	Trucks	Cargo	Passengers		W-E	E-W
Côte-d'Ivoire	166	13					9		
Ghana CI-GH	512	20	2,304	69	1,100t	9,000	20	34	32
Togo GH-TG	103	12	1,174	493	17,100t	7,700	2	22	42
Benin TG-BJ	90	13	2,752	193	4,600t	10,200	15	30	7
Nigeria BJ-NG	71	25	715	29	200t	3,300	16	24	63
Average		**17**	**1,736**	**196**	**5,750t**	**7,550**	**Tot: 62**	**28**	**36**

[2] Note: * 1,200t/day extrapolated to 240,000t per year; ** 2,700t/day extrapolated to 540,000t *** Share of regional (non-transit) trucks

4.1.1 Transit corridors

Lagos-Kano-Jibiya (LAKAJI): This is not strictly speaking a transit corridor although it serves markets in Niger and beyond. The port-city interface is very congested, and it is expensive to move containers out of the port. The corridor costs are high compared to other countries in the region, and levels of road harassment are the highest in the region. There are also significant security concerns in Northern Nigeria.

Lagos ports have a 2015 projected capacity of 1,450,000 TEU. They currently have no Single Window. On the positive side, the railway is being upgraded and may help ease port congestion and improve port-city interface.

Cotonou-Niamey: The Cotonou-Niamey corridor is the busiest West African transit corridor (2.2Mt). However much of the goods carried on this corridor are destined for northern Nigeria, competing with the more expensive LAKAJI corridor described above. It is the least costly corridor in the region (USD 3,938). The delays at the border crossing and checkpoints are also the lowest in the region at 98 minutes. Road harassment is low for transit import through Benin because the country imposes the presence of military personnel in transit trucks to Niger. The road harassment issues are more present once the truck crosses into Niger and on the return trip to the port.

On the negative side, Customs convoys, quotas and the *tour-de-rôle* system are still in place, suggesting that a reform of the transport sector is needed if reduction of costs along the corridor is to be passed on to consumers. The corridor also exhibits the highest truck turn-around time (19.7 days).

The Cotonou port was recently upgraded and has a projected 2015 capacity of 400,000 TEU. A Single Window is in place since 2013. The Dutch Embassy will sponsor the development of a port master plan to be undertaken by the Port of Amsterdam (this activity was temporarily suspended because of embezzlement of Dutch funds in Benin, but is set to resume shortly).

Informal trade and smuggling between Benin and Nigeria, and possibly also between Niger and Nigeria, is very high. The Netherlands has been sponsoring a project focusing on formalizing informal trade between the two countries.

A JBP is being built on this corridor between Benin and Niger (Malanville).

Lomé-Ouagadougou: This is the most important transit corridor for Burkina Faso. Costs are lower than average at USD 4,092, and it has the lowest truck turn-around time (11.6 days). The delays at border crossings and checkpoints are also below average at 122 minutes, and harassment levels for transit import through Togo are low because gendarmerie checkpoints have been abolished. They are however quite high in Burkina Faso. GPS tracking is used in Togo, but police convoys are still used in Burkina Faso. Quotas and *tour-de-rôle* are loosely implemented to allocate cargos to truckers, if at all. Informal payments are the highest recorded (USD 349) – 8.5 percent of total costs.[3]

The Lomé Port is being expanded and has a 2015 projected capacity of 1.25 million TEU. A Single Window was launched in 2014, and important set of expansion projects is under way.

The region's first JBP was built on this corridor between Togo and Burkina Faso (Cinkassé). The JBP is operational but the customs systems either side of the border are not interconnected and few processes have been harmonized and simplified.

[3] We do not have information on informal payments on all corridors.

Tema-Ouagadougou: The Port of Tema complains that is has lost importance as transit port (transit to Burkina Faso has dropped to 358,000t) because Ghana has been implementing axle load control regulations for longer and more stringently than any other country in West Africa. Current low transit figures may therefore not reflect the true potential of the corridor.

Performance indicators are mixed with a lower than average corridor cost (USD 4,058), lower than average truck turn-around time (13.1 days), but above average delays at border crossings and checkpoints (265 min). The corridor has high level of controls (particularly in Ghana) but the lowest overall level of reported bribes and informal payments along roads and in ports and terminals (USD 125) – 3 percent of total costs.

The Port of Tema has a billion-dollar expansion project and a 2015 projected capacity of 800,000 TEU. The Single Window was launched in 2002, and is the first Single Window in West Africa. The port has also recently installed a modern gate system. Ghana customs uses GPS tracking and quotas and *tour-de-rôle* are no longer enforced. The Ghana customs authority has an agreement with Burkina Faso and Mali customs authorities to implement a single customs guarantee.

Abidjan-Ouagadougou/Abidjan-Bamako: Abidjan-Ouagadougou has both a road and a rail corridor. With road and rail combined, this is the second most important corridor for Burkina Faso (848,000t) and will probably grow if the railway is upgraded and extended to Niamey and Cotonou, as planned. Abidjan-Dakar is the second most important corridor for Bamako (700,000t).

The corridors have higher than average costs (USD 5,095 to Ouaga and USD 4,870 to Bamako), above average truck turn-around times (17.5 days for Ouaga and 15 days for Bamako), but below average delays at border crossings and checkpoints (165 min and 234 min respectively). The corridors have high levels of controls (21 and 37 respectively) and above average levels of bribes at controls (XOF 39,300 and 47,000 respectively). Mali has the highest level of harassment and bribes among countries participating in OPA.

The Port of Abidjan has a large expansion project and a 2015 projected capacity of 1,000,000 TEU. A Single Window was launched in 2013, and the Côte d'Ivoire customs authorities use GPS tracking in partnership with the Chamber of Commerce. The tour-de-rôle and freight sharing quotas are present on paper but not fully enforced due to a lack of trucks in Cote d'Ivoire.

The Côte d'Ivoire customs authorities have an agreement with Burkina Faso, Mali and Senegal customs authorities to inter-connect their systems and a costed project ready to be implemented (estimated at USD 7.6 million). Cote d'Ivoire and Burkina Faso also have agreed with the World Bank to implement transport sector services reforms in return for a USD 50 million Development Policy Operation (DPO) loan for each country.

Dakar-Bamako: Dakar-Bamako, like Abidjan-Bamako, has both a road and a rail corridor, but the rail corridor is dilapidated. The company Transrail obtained a concession for the railway in 2003 but has not invested in the line.

The Mali Transport Observatory reports that 288,000t were transported by rail in 2013. The USAID *Projet de Croissance Économique* (PCE) project reported that the rail corridor was the least expensive of all West African corridors (USD 2,703) but it is not sustainable as the line is not being maintained.

The Dakar-Bamako corridor is the second busiest transit corridor (1.7 Mt) in West Africa. In 2015, a second, southern route was opened. Corridor costs are lower than average (USD 4,160). Truck turn-around time is below average (14 days) but delays at border crossings and checkpoints are the highest among transit corridors (316 min). The corridor has a high number of controls (27) and above average levels of bribes at controls (XOF 40,000).

The Dakar port container terminal has been upgraded and has a 2015 projected capacity of 600,000 TEU. The port has had a Single Window since 2006.

4.1.2 Intraregional corridors

Bamako-Ouaga and Ouaga-Niamey: These corridors are part of the Trans-Sahelian Highway (TAH 5) from Dakar to N'djamena in Chad. The Bamako-Ouagadougou corridor is rather similar in performance to transit corridors. For the Ouaga-Niamey corridor we do not have much information but expect it to be similar to Bamako-Ouaga.

The Abidjan-Lagos corridor: is part of the Trans-Coast Highway from Dakar to Lagos. The Abidjan-Lagos corridor connects the major urban centres in West Africa - with a total combined population of 37 million. It carries much local cargo traffic, and international traffic is dominated by passenger traffic.

The average traffic count across borders on the Abidjan-Lagos corridor is 196 trucks per day, which is lower than the average transit corridors where 212 trucks pass per day. The busiest border crossing for cargo is between Ghana and Togo with 493 trucks per day, which is more than the busiest transit corridor, Cotonou-Niamey with 308 trucks per day. This might be due to clinker shipments being shipped from the Port of Lomé to a cement factory in Ghana close to border. The traffic survey this report relies on counted only 29 trucks per day at the Seme-Krake border crossing between Benin and Nigeria, which is surprising.

As for passenger traffic, the average Abidjan-Lagos border crossing sees some 7,500 people crossing per day whereas the average transit corridor only sees 2,100 (not shown in Table 2).

The Abidjan-Lagos corridor has a very high density of checkpoints with a total of 62 on a distance of less than 1,000 km. On average, a loaded truck must expect to spend 32 hours at a border crossing on this corridor, from a "best" of 7 hours at the border from Benin to Togo and a "worst" of 63 hours crossing from Nigeria to Benin.

There are currently two JBPs being built on the Abidjan-Lagos corridor: between Nigeria and Benin (Seme-Krake) and between Togo and Ghana (Noepe). It was announced in May 2015 that a third JBP would be built between Ghana and Côte d'Ivoire (Noe).

4.2 Review of corridor performance indicators

Corridor performance indicators detail the time and cost it takes to ship goods from a port to its final destination. They also specify the range of days this process can be expected to take, thereby including a measure of uncertainty – an important metric for economic operators. Currently, such data exists for 7 out of the 11 corridors reviewed. This data is presented in Table 3 overleaf.

Some general observations can be made with regard to the performance of these seven corridors:

- Total corridor logistics costs, road The average costs is USD 4.395 with the least expensive being Cotonou-Niamey at USD 3,938 and the most expensive being Abidjan-Ouaga at USD 5,095 with the difference between highest and lowest being about 30%. In reality the Lagos-Kano-Jibiya (LAKAJI) corridor, running from the south of Nigeria to the north of the country is probably the most expensive since our data includes neither a border crossing nor goods clearance for consumption in Niger. Elsewhere in the region these activities add from USD 300 to 1,200 per TEU.

- Corridor time The time required to move a consignment from arrival in port to clearance for consumption at destination is on average 16 days with a high of 19.7 for Cotonou-Niamey and a low of 11.6 days for Lomé-Ouagadougou. On average about 70 percent of this time is spent in ports and the inland terminals.
- Road travel time is on average 4.7 days for import, with the slowest being the LAKAJI corridor at 5.4 days and the quickest Dakar-Bamako at 4.1 days. The return trip is quicker – on average 3.1 days – because export is subjected to less control and many trucks are empty. For a distance of about 1,200 km, this is slow (about 32 km/h) but not totally unreasonable.
- Traffic All transit corridors are also important national corridors. National traffic is not reported and we have little information about it. However, a Traffic Study undertaken by JICA reported that among their survey points, Kumasi in South-Central Ghana, and Yamoussoukro in South-Central Côte d'Ivoire were the busiest in the region. The southern part of transit corridors are therefore much more congested than the transit and intraregional trade figures alone would suggest.
- Transit versus Intra-regional It appears that intraregional traffic is between 30-50% of total international traffic except maybe for Dakar-Bamako where 82% was reported to be intraregional traffic (not shown in the table). However, the source report for this figure counted vehicles for a period of only 4 days and may therefore not be representative.
- Truck turn-around time[4] Is a serious problem with an average of 18 days, of which about 75 percent is spent waiting. The worst is Tema-Ouaga at 26 days while the "bests" are Abidjan-Bamako and Dakar-Bamako at 14 days.
- Controls Trucks are not stopped at every checkpoint but there may be more than one control at a checkpoint. The *Observatoire des Pratiques Anormales* (Observatory of abnormal practices, or OPA) is the most important source for road harassment data.[5] The Abidjan Lagos Corridor Organization (ALCO) monitors checkpoints along the Abidjan-Lagos corridor but it does not report on how often a truck is stopped, how many controls it is subjected to, how much is paid and the delays this cause. At 54 checkpoints/ controls the LAKAJI corridor in Nigeria seems to be the corridor with the highest levels of controls and bribes.[6] The corridor with least controls is Cotonou-Niamey with 11 controls for import, but that is somewhat misleading because trucks travel with military personnel in the truck through Benin, which prevents harassment. There is no military personnel presence on the return trip, which therefore has a higher level of corruption.
- Border crossing times An average border crossing time on a transit corridor is around 1.5 hours, whereas along the Abidjan-Lagos corridor the average is reported to be 32 hours. The difference may in reality not be quite as extreme as these numbers suggest. We know that less than 50% of the border crossing times on the Abidjan-Lagos corridor is processing time and on transit corridors much time is wasted waiting for convoys to take off.
- Delays at control points and at the border crossings on transit corridors amount to 240 minutes per voyage on average. This is 4 hours or about 10 percent of total travel time, assuming 8 hour driving per day.

[4] Defined as waiting before departure, travel time and waiting after unloading before return trip – source: OPA
[5] The OPA, its history and its achievements are discussed in the Part 3 of the report.
[6] This figures comes from a report undertaken by the USAID NEXTT project, which does not specify how it measured checkpoints.

Table 3 - West African corridors: main performance indictors.

PORT	1a. Dakar-Bamako ROAD 1,470 km		1b. Dakar-Bamako RAIL 1,470 km		2. Abidjan-Bamako (2xTEU) ROAD 1,236 km		3a. Abidjan-Ouaga (2xTEU) ROAD 1,168 km		3b. Abidjan-Ouaga (2xTEU) RAIL 1,168 km	
	Total costs (Informal costs in brackets) **(USD)**	**Process time** (range of **days)**	**Total costs** (Informal costs in brackets) **(USD)**	**Process time** (range of **(days)**	**Total costs** (Informal costs not recorded) **(USD)**	**Process time** (range of **(days)**	**Total costs** (Informal costs not recorded) **(USD)**	**Process time** (range of **(days)**	**Total costs** (Informal costs not recorded) **(USD)**	**Process time** (range of **(days)**
Anchorage and Berthing										
Port, transit yard, customs and forwarding	679 (10)	2-6	409 (10)		(2,152) 1,435 1xTEU	4-11	(1,948) 1,299 1xTEU	4-11	(1,788) 1,192 1xTEU	4.2-17.8
Sub-total - Port	**679 (10)**	**2-6**	**409 (10)**		**(2,152) 1,435 1xTEU**	**4-11**	**(1,948) 1,299 1xTEU**	**4-11**	**(1,788) 1,192 1xTEU**	**4.2-17.8**
INLAND TRANSPORT LEG Sub-total – land transport	**3,054 (111)**	**2-3**	**2,008**		**(4,361) 2,907 1xTEU**	(7-10) **5-7**	**(4,361) 2,907 1xTEU**	(7-10) **5-7**	**(3,245) 2,163 1xTEU**	**4-6**
PORT & INLAND TRANSPORT Sub-total – Port & Land Transport					*(6,513) 4,342 1xTEU*	*11-21*	*(6,309) 4,206 1xTEU*	*11-21*	*(5,033) 3,355 1xTEU*	*8.2-23.8*
INLAND TERMINAL: Sub-total - Border & final clearance	**427 (48)**		**297**		**(792) 528 1xTEU**	**1-2**	**(1,334) 889 1xTEU**	**1-2**	**(1,532) 1,021 1xTEU**	**1-5**
TOTAL	**4,160 (169)**	**?**	**2,703 (10)**	**?**	**(7,305) 4,870 1xTEU**	(12-23) **10-20**	**(7,6423) 5,095 1xTEU**	(12-23) **10-20**	**(6,565) 4,377 1xTEU**	**9.2-28.8**

PORT	4. Tema-Ouaga ROAD 1,057 km		5. Lomé-Ouaga ROAD 1,020 km		6. Cotonou-Niamey (2xTEU) ROAD 1,050 km		7. LAKAJI (Nigeria) ROAD 1,225 km	
	Total costs (Informal costs in brackets) **(USD)**	**Process time** (range of **(days)**	**Total costs** (Informal costs in brackets) **(USD)**	**Process time** (range of **(days)**	**Total costs** (Informal costs not recorded) **(USD)**	**Process time** (range of **(days)**	**Total costs** (Informal costs in brackets) **(USD)**	**Process time** (range of **(days)**
Anchorage and Berthing	n/a	1.7-5.6	n/a	0.8-1.8	n/a	1-4	185 (n/a)	2.2
Port, transit yard, customs and forwarding	443 (19)	1.3-2.7	882 (138)	2.9-6.1	(2,305) 1,537 1xTEU	4-6.9	2,042 (70)	12
Sub-total – Port	**443 (19)**	**3.0-8.3**	**882 (138)**	**3.7-7.9**	**(2,305) 1,537 1xTEU**	**5-10.9**	**2,227 (70)**	**14.2**
ROAD TRANSPORT LEG Sub-total – land transport	**2,622 (14)**	**3.8-4.6**	**2,037 (49)**	**3.0-3.2**	**(3,042) 2,028 1xTEU**	**4.5-7.3**	**2,510 (92)**	**5.4**
PORT & INLAND TRANSPORT Sub-total – Port & Land Transport	*3,065 (33)*	*6.8-12.9*	*2,919*	*6.7-11.1*	*(5,347) 3,565 1xTEU*	*9.5-18.2*	***4,552 (162)***	***19.6***
INLAND TERMINAL: Sub-total - Border & final clearance	**993 (92)**	**2.1-4.4**	**1,173 (162)**	**1.7-3.6**	**(560) 373 1xTEU**	**4.0-7.8**	**n/a**	
Transport of 1x20ft container: TOTAL	**4,058 (125)**	**8.9-17.3**	**4,092 (349)**	**8.4-14.7**	**(5,907) *3,938* *1xTEU***	**13.5-26**	**n/a**	

5. WHERE SHOULD ATWA START? NAVIGATING COMPLEXITY

As demonstrated in Section 4, there are differences between the West African corridors in terms of their main features and performance levels, but these are differences of degree rather than fundamental differences. From an international benchmark perspective, all West African corridors are about 2.5 times more expensive than a North American equivalent, take at least twice as long and involve much greater uncertainty.

The cost difference between the best performing corridor and the worst performing corridor in West Africa is of about 30%, whilst the time required to move a consignment from arrival in port to clearance for consumption at destination is on average 16 days with a high of 19.7 for Cotonou-Niamey and a low of 11.6 days for Lomé-Ouagadougou. All transit corridors act as lifelines to the external world for some of the world's poorest countries, such as Niger and Mali.

In order to delineate different sub-groups of corridors (and by implication the countries through which they pass) that ATWA could potentially initially focus under Strategic Objective 1, this Stage 1 Report makes the following assumptions:

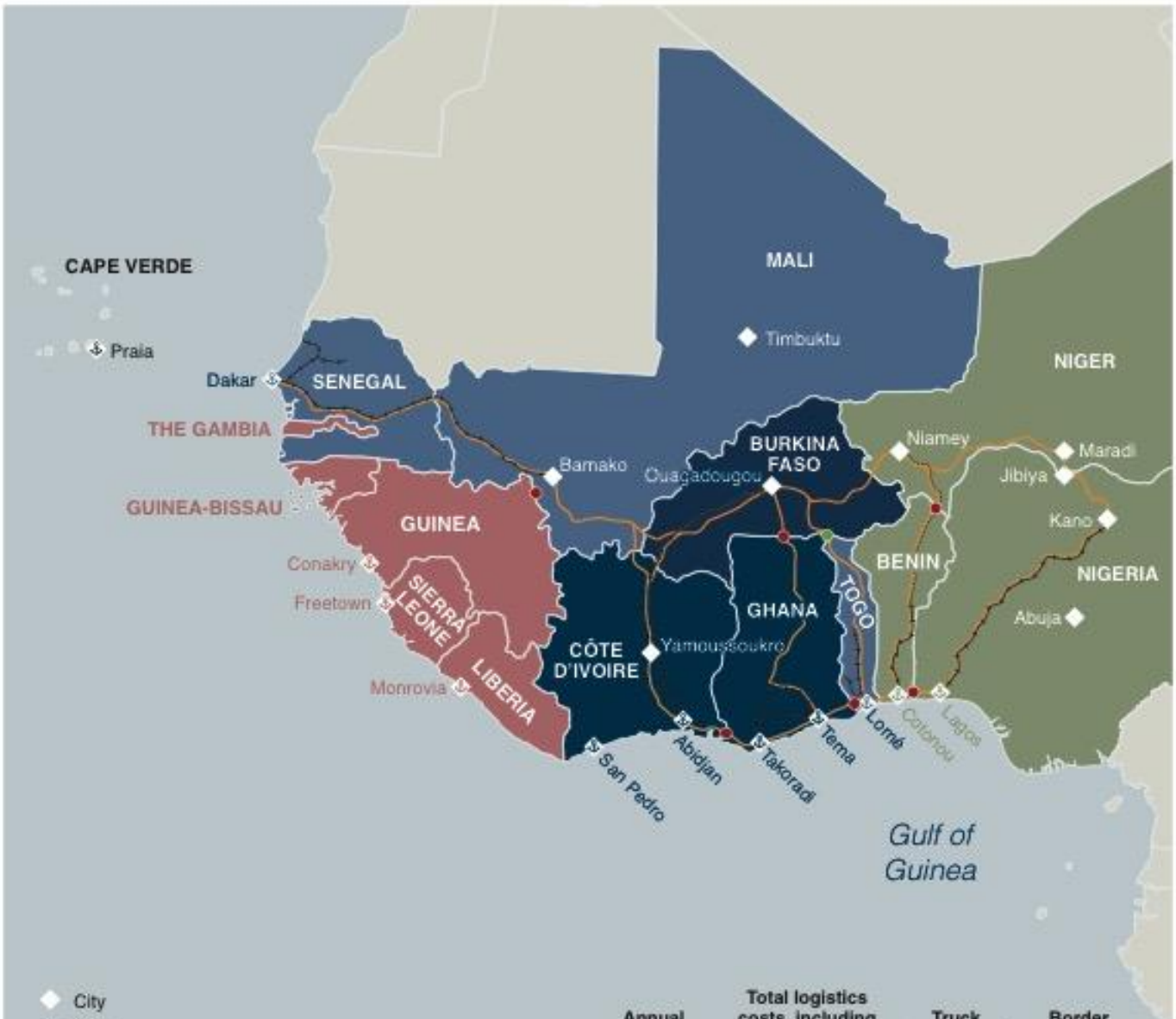
- In order to have an in-country presence and work at significant scale post design phase, ATWA can only focus on a maximum of 2-3 corridors and 3-5 countries initially.
- That these 2-3 corridors and 3-5 countries should encompass both UEMOA and ECOWAS Member States.
- That the sub-groups delineated should include at least one North-South corridor.

With these three assumptions in mind, one can divide the corridors of the West Africa region into a several sub-groups, with the associated countries. These are shown in Figure 2 below. In the rest of this section, we then review each corridors/countries group's main characteristics in terms of:

- Corridor profile: which are the key corridors in each group and their main characteristics?
- Export basket composition: what do the countries export and what does this tell us about the potential for export led pro-poor growth?
- Intraregional trade: how much do the countries trade with each other on the corridors in question?
- Basic poverty profile: how many people living below the poverty line could we be expected to reach?
- And finally we also consider the broader environment: relations between countries, languages spoken, reforms underway.

This allows us to come up with a proposal for a phased approach to diagnostic and design work for ATWA Strategic Objective 1 in Stage 2 and Stage 3: initially focusing on a limited number of corridors/countries in the West Africa region where prospects for relatively quick results are possible and risk levels are lowest, and then expanding to other countries and corridors as results and resources materialize.

Figure 2 - West African corridors and potential groups



- City
- Port
- Joint border post (built)
- Joint border post (planned and funded)
- Trade corridor
- Railway
- Railway (under construction)

Group 1
Nigeria, Benin and Niger

Group 2a
Ghana, Côte d'Ivoire and Burkina Faso

Group 2b
Mali, Senegal and Togo
Potential add-ons to group 2a

Group 3
Gambia, Guinea, Guinea Bissau, Liberia, and Sierra Leone

	Annual corridor traffic – transit Mt	Total logistics costs, including ports, clearance & terminal costs USD/TEU	Truck turn-around time, import (days)	Border crossing, import (hours)
Lagos-Kano-Jibiya	?	4,552	?	n/a
Cotonou-Niamey	2,200	3,938	?	0.1
Lomé-Ouaga	850	4,092	22	0.8
Tema-Ouaga	358	4,058	26	3.1
Abidjan-Ouaga (road)	210	5,095	15	1.1
Abidjan-Ouaga (rail)	638	4,377	?	?
Abidjan-Bamako	700	4,870	14	1.5
Dakar-Bamako (road)	1,668	4,160	14	2.5
Dakar-Baamko (rail)	288	2,703	?	?
Average, road	998	4,395	18	1.5

Abidjan-Lagos Corridor	Port dwell time (days)	Daily Traffic				Check points	Border crossing (hrs)	
Côte-d'Ivoire	13	Vehicles	Trucks	Cargo (tonnes)	Passengers	9	W–E	E–W
Ghana CI-GH	20	2,304	69	1,100t	9,000	20	34	32
Togo GH-TG	12	1,174	493	17,100t	7,700	2	22	42
Benin TG-BJ	13	2,752	193	4,600t	10,200	15	30	7
Nigeria BJ-NG	25	715	29	200t	3,300	16	24	63
Average	17	1,736	196	5,750t	7,550	Total 62	28	36

5.1 Group 1 - Nigeria-Benin-Niger

Corridors

This group encompasses the Cotonou-Niamey corridor, the LAKAJI corridor and a section of the Abidjan-Lagos corridor. It includes the busiest transit corridor under review (Cotonou/Niamey), a section of the Abidjan Lagos corridor and Nigeria's most important internal corridor, which we assume serves parts of Niger as well. The LAKAJI corridor is also probably the most expensive corridor in the region if the cost of crossing into to Niger was to be added to total costs reported for the domestic part of the corridor.

Nigeria is very much the pulling force of trade and transit flows in this group. The Cotonou-Niamey corridor is the busiest transit corridor in the region, but this is probably because it serves Northern Nigeria as well. With high trade flows, higher than average trade costs, and a section of the Abidjan Lagos Corridor linking Nigeria to West Africa's major urban centres it could also be the key to integrating Nigeria with the rest of ECOWAS to a greater extent. Niger is also one of the poorest countries in the region, and the two transit corridors serve some of the poorest parts of Nigeria, suggesting a high poverty reducing potential.

Export profile

A closer look at the export profile of countries in this region reveals however that they are heavily concentrated in exports originating from the extractive sector – with 73% of Niger's exports concentrated in ores, minerals and fuels and 88% of Nigeria's exports being petroleum. This could be a significant downside factor and limitation in terms of potential for impact on poverty reduction from improving trade facilitation along the corridors in this group.

Table 4 - Export basket for Group 1 countries

Country	Total Merchandise exports (USD million)	Food	Aggregate Raw Materials	Fuels	Ores and Metals	Manufactures
Benin	2,010	30%	49%	0%	4%	20%
Niger	1,500	11%	1%	27%	46%	12%
Nigeria	98,000	5%	3%	88%	1%	3%

Intra-regional trade

Apart from transit trade flows, how do Group 1 countries trade with each other on the corridors in question? The answer is that trade amongst Group 1 countries is very much one way with Niger and Benin exporting a significant share of their regional exports to Nigeria, while importing relatively little from it. 60% of Benin's regional exports are destined to Niger and Nigeria (mostly to Nigeria), while only 1.53% and 10.25% of Niger's and Benin's imports come from their Group 1 neighbours.

Table 5 - Intra-regional trade amongst Group 1 countries

Country	Exports to Group 1 as % of regional exports	Imports from Group 1 as % of regional imports
Benin	60.86	1.53
Niger	39.24	10.25
Niger	0.07	9.95

The countries in this group also have particularly complex relationships when it comes to trade with each other. There are reportedly high levels of informal trade and smuggling taking place between Benin and Nigeria (and presumably Niger). Several key goods such as rice and cloth are known to be transhipped from Benin to Nigeria in order to bypass prohibitive Nigerian import duties and restrictive quotas. The Nigerian business community regularly calls for the closure of the border with Benin, which has happened in the recent past.

Poverty profile

Representing 64 % of regional GDP, Nigeria is by far the largest and wealthiest country in the ECOWAS region. It does however have a high proportion its population living with less than 1.25 USD per day (62%). Benin and Niger are much smaller and, in GDP/capita terms, much poorer. Key poverty related indicators of this group are as follows:

- In Benin, Niger and Nigeria 116.92 million people live below the poverty line of USD 1.25 per day.
- This represents 59.6% of the group's total population of 196.1 million people.
- The weighted average GDP/capita in this region is USD 2,819, but this hides significant differences between Nigeria (3,185 USD), Benin (825 USD) and Niger (USD 441). Niger is the second poorest country in capita/GDP terms in ECOWAS, and the poorest in UEMOA.

Trade facilitation

The border crossing between Benin and Nigeria (Seme/Krake) has a reputation of being the most difficult and complex in all of ECOWAS. It takes on average 63 hours to cross from Benin into Nigeria, by far the worst performing border crossing in the region. JBPs are being built at Seme/Krake (Nigeria/Benin) and at Malanville (Benin/Niger) but they are not operational yet. Furthermore convoys, quotas and *tour de rôle* appear to still be enforced in Benin and Niger suggesting that a reform of the trucking industry is a prior condition for the reduction of costs to be passed on to consumers in this sub-region.

Summary of considerations for Group 1

<u>Opportunities for ATWA:</u>

- High transit trade volumes on Cotonou-Niamey. Lagos ports also handle, by far, the most traffic.
- High costs on the LAKAJI corridor, suggesting that there is ample room for improvement and cost reduction.
- Very high number of people living below poverty line. Corridors reach into remote region with high poverty ratios.

- Presence of Nigeria, accounting for 64% of regional GDP.

Limitations/challenges for ATWA:

- Export profile concentrated in extractive sector goods.
- Problematic trade regime and trade patterns between Benin and Nigeria, very complex border crossing.
- Source of costs on the LAKAJI corridors appear to be in the ports, potentially requiring costly physical investments for decongestion.
- Sub-region is very unbalanced economically.
- *Tour de Role* and quotas still in force to allocate cargo between Benin and Niger.
- Insecurity in Northern Nigeria.

5.2 Group 2a: Burkina-Faso, Cote d'Ivoire and Ghana

Corridors

The corridors in this group are somewhat more efficient than those in Group 1, but not significantly so. The volume of transit on them is however lower than on other transit corridors in West Africa. Together the Tema-Ouaga and Abidjan-Ouaga handle 1,206 Mt of transit annually, lower than Cotonou-Niamey or Dakar-Bamako alone. This represents about 44% of Burkina Faso's import volume from international markets.

Burkina Faso is an important transit country for goods traveling onwards to Niger, with 10% of transit traffic destined to Niger passing through the country. The rail link between Abidjan and Ouagadougou is being upgraded by the company Bolloré Logistics.

Export profile

The export profile of the countries in this group heavily features agricultural products (Ghana and Cote d'Ivoire are the world's two largest exporters of Cocoa, and Burkina Faso is a significant Cotton producer). Ghana is a recent oil exporter, with fuels now accounting for 43% of its exports.

Table 6 - Export basket Group 2a countries

Country	Total Merchandise exports (USD million)	Food	Aggregate Raw Materials	Fuels	Ores and Metals	Manufactures
Burkina Faso	2,436	27%	43%	12%	9%	11%
Cote D'Ivoire	12,783	52%	9%	22%	0%	16%
Ghana	12,548	32%	4%	43%	4%	17%

Intraregional trade

How much intraregional trade goes on amongst Group 2a countries? The table below shows that roughly 30% of Group 2a countries' regional exports go to each other. In terms

of imports, Burkina Faso concentrates almost 70% of its regional imports from Cote d'Ivoire and Ghana, while the figure stands at 21% for Ghana, and 4 % for Cote d'Ivoire (Cote d'Ivoire regional imports are dominated by oil imports from Nigeria, which take place by sea). Ghana and Cote d'Ivoire are both the second and the third largest regional exporters, with 20.6% and 13.3% of their total exports going to the wider ECOWAS region.

Table 7 - Intra-regional trade amongst Group 2a countries

Country	Exports to Group 2 as % of regional exports	Imports from Group 2 as % of regional imports
Burkina Faso	36.63	68.52
Cote d'Ivoire	26.02	4.38
Ghana	24.75	21.88

Poverty profile

Cote d'Ivoire and Ghana are the two largest economies in ECOWAS after Nigeria, and some of the top economic performers in the region. In per capita terms, Cote d'Ivoire is the second most export oriented country in the region (the first being Nigeria, but its export basket is dominated by oil). Key poverty indicators in this region are as follows:

- 21.52 million people live below the poverty line in Group 2a countries, or 34.8% of the population of Burkina Faso, Cote d'Ivoire and Ghana living below the poverty line.
- GDP per capita stands at a weighted average of 1,313 USD (730 USD for Burkina Faso, 1,646 USD and 1,462 USD for Cote d'Ivoire and Ghana respectively).

Trade Facilitation

The countries in this sub-group stand out for the interest and commitment they have shown to trade facilitation reforms over the years. On customs matters, Burkina Faso, Côte d'Ivoire, Mali and Senegal have a costed program (USD 7.6 million) for interconnecting their customs systems – but have not yet obtained the financing. Burkina Faso, Ghana and Mali have an agreement in place to use a single customs guarantee.

Ghana is in the forefront in implementing axle load controls, and in 2002 it established the first Single Window in West Africa in Tema and Takoradi ports. Ghana has also recently put in place a modern gate control system at Tema port.

Importantly, Burkina Faso and Côte d'Ivoire have agreed with the World Bank to implement reforms to their transport services industries under a Development Policy Operation involving USD 50 million loans to each country.

Summary of considerations for Group 2a

<u>Opportunities for ATWA:</u>

- Most reform oriented grouping, from which best practices could be shared with the rest of ECOWAS.
- Interesting trade facilitation projects already prepared that ATWA could support or complement.
- Balanced export profile of countries.

- Balanced intraregional trade patterns.
- Railway link between Abidjan and Ouagadougou.

Limitations/challenges for ATWA:

- Relatively low transit volumes on corridors in this group when compared to other corridors.
- Recent political instability in Burkina Faso.
- Group is already receiving much support from development partners in the area of transport and trade facilitation (USAID, JICA and World Bank).
- Lesser proportion of people living in poverty than in Group 1.

5.3 Group 2b: Mali, Senegal and Togo

Countries in Group 2b do not necessarily possess any intrinsic commonalities except for the fact that they could potentially be fairly easily added-on to Group 2a described above for the purposes of programme design, analysis and implementation. There are two foreseeable options:

5.3.1 Option 1: Adding Mali and Senegal to Group 2a

Corridors

Senegal and Mali are the countries most to the North and West of ECOWAS and are somewhat isolated from the major economic hubs of Cote d'Ivoire, Ghana and Nigeria further to the South East. The Port of Dakar in Senegal handles 60% of transit to landlocked Mali, and the Dakar-Bamako corridor is the second largest transit corridor after Cotonou-Niamey. Abidjan handles about 25% of imports to Bamako, adding another link to a landlocked country.

Export Profile

The export baskets of Mali and Senegal are concentrated in food and agricultural products. Top export products for Senegal include petroleum, fish, cement and gold. For Mali these are cotton, gold and sesame seeds.

Table 8 - Export basket of Mali and Senegal

Country	Total Merchandise exports (USD million)	Food	Aggregate Raw Materials	Fuels	Ores and Metals	Manufactures
Mali	2,100	20%	52%	0%	3%	24%
Senegal	2,812	39%	3%	19%	5%	35%

Intra-regional trade

How much more intraregional trade would be captured by adding Mali and Senegal to the Group 2a countries of Burkina Faso, Cote d'Ivoire and Ghana? The table below shows how much these 5 countries trade with each other as a proportion of their total regional trade. The numbers in red shows how many percentage points of regional trade are captured by adding Mali and Senegal to the countries in Group 2a.

Table 9 - Intra-regional trade amongst Group 2a countries, Mali and Senegal

Country	Exports to Group 2a, SN and ML as % of regional exports	Imports from Group 2a, SN and ML as % of regional imports
Burkina Faso	76.44 (+39.81)	82.39 (+13.87)
Cote d'Ivoire	43.37 (+17.35)	9.88 (+5.5)
Ghana	28.71 (+3.96)	24.47 (+2.59)
Mali	92.32	84.70
Senegal	55.43	21.62

Unsurprisingly, adding Mali to Group 2a allows us to capture the vast majority of Burkina Faso's regional export and imports. Mali's regional exports and imports also take place almost exclusively with the four other countries in this group. A combination of these five countries would allow ATWA to work across a group of countries where trade networks are already well developed, and where it can be safely assumed that a large portion of regional trade takes place on the corridors that ATWA would focus on.

Poverty profile

Key poverty indicators for Group 2b are:

- Senegal and Mali have 12.2 million people or 42.6% of their combined population living below the poverty line.
- In GDP/capita terms, the group is slightly poorer than countries in Group 2a, with an average GDP/ capita of 901 USD (1,071 USD for Senegal and 766 USD for Mali).

Summary of considerations for adding Mali and Senegal to Group 2a

<u>Opportunities for ATWA:</u>

- Adding Senegal and Mali would increase total potential poverty impact by adding another poorer group of countries to the geographical intervention area.
- ATWA would work on the two corridors leading to Mali (Abidjan and Bamako), on of the poorest countries in ECOWAS, further increasing potential poverty impact.
- Dakar-Bamako is the second highest volume transit corridor in the region.
- This group would open up the possibility of working on the Bamako-Ouaga corridor, which has the highest recorded level of intraregional truck traffic in the entire region (84%).

Limitations/challenges for ATWA:

- The intervention area may be too large and ATWA's resources /interventions/capacity could be spread too thinly, with a total of almost 5,000 km of roads covered (6000 km if Bamako-Ouaga is added) and two railways.

5.3.2 Option 2: Adding Togo to Group 2a

Corridors

Togo, neighbouring Ghana, is also a potential candidate for inclusion in Group 2a because its port handles most of Burkina Faso's import volume and also serves Ghana. Like Benin, it is often described as a "warehouse economy" and its port handles 40% of transit flows to Burkina Faso. Almost half of Lomé transit traffic is clinker cargo destined for a Ghanaian cement plant located close to the border. The Port of Lomé handles about 22% of Niger's transit traffic.

Export Profile

Togo is a slight outlier in the region as its manufactured exports account for over half of its total export. This is composed of plastic bags, bitumen, cement, and beauty products.

Table 10 - Export basket of Togo

Country	Total Merchandise exports (USD million)	Food	Aggregate Raw Materials	Fuels	Ores and Metals	Manufactures
Togo	1,350	23%	9%	1%	3%	64%

Intra-regional trade

How much does adding Togo to Group 2a contribute in terms of capturing additional intraregional trade? The table below shows how much Burkina Faso, Cote d'Ivoire, Ghana and Togo trade with each other as a percentage of their total regional trade. Figures in red show added percentage points resulting from adding Togo in Group 2a.

Table 11 - Intraregional trade amongst Group 2a countries and Togo

Country	Exports to Group 2a and Togo as % of regional exports	Imports from Group 2a and Togo as % of regional imports
Burkina Faso	43.16 (+6.53)	81.62 (+13.1)
Cote d'Ivoire	30.29 (+4.27)	5.15 (+0.77)
Ghana	72.78 (+48.03)	23.81 (+19.43)
Togo	43.78	87.44

Adding Togo to Group 2a would add some substantial trade flows going from Ghana into Togo. This consists almost entirely of refined petroleum, Ghana being one of the seven West African countries possessing refining capacity.

Poverty profile

Key poverty indicators for Togo are as follows:

- Out of its 6.6 million inhabitants, 51% live below the poverty line.
- It is the poorest of countries in groups 2a and 2b, with a GDP/capita of 646 USD.

Summary of considerations for adding Togo to Group 2a

Opportunities for ATWA:

- Adding Togo would mean that the ATWA intervention area covers nearly all transit volume to Burkina Faso (84%). Lomé is the most important port for imports to Burkina Faso.
- The Group 2a + Togo area is more compact geographically than if Mali and Senegal were added.
- The region's first JBP is at the Togo/ Burkina Faso border, although it is facing operational issues.
- Togo's export basket features transformed products quite heavily; a good sign that export-led transformative industrial development might be a possibility.

Limitations/challenges for ATWA:

- Less potential additional for poverty impact than adding Senegal and Mali to Group 2a.
- All the ports in the Group 2a + Togo intervention area would compete for transit to the same country (Burkina Faso). Diversifying to another transit destination (Bamako) could be wiser.

5.4 Group 3 - Gambia, Guinea, Guinea Bissau, Liberia, and Sierra Leone

Corridors

There are no important transit corridors in Group 3 at this time. The Port of Conakry did handle 93,000 tonnes of transit to Bamako in 2013, but not much is known about this corridor. Corridors in this region may become more important in the future as missing links on the Trans-Coastal Highway from Dakar to Abidjan are completed and as the Conakry-Bamako corridor is improved.

Export profile

Unfortunately the World Bank database we rely on does not have data as to the composition of exports for most of the Group 3 countries. However, from other sources we can gather the following basic information:

- More than half of the Gambia's exports are woven fabrics.
- Guinea's exports mainly consist of petroleum, aluminum ore and gold.
- Guinea-Bissau's exports are concentrated on a few agricultural products (cashew nuts and fish) and wood.
- Liberia's exports are composed of iron ore, natural rubber and wood.
- Sierra Leone's exports are almost entirely dominated by iron ore (84%).

Table 12 - Export basket Group 3 countries

Country	Total Merchandise exports (USD million)	Food	Aggregate Raw Materials	Fuels	Ores and Metals	Manufactures
Gambia, The	87	49%	0%	0%	3%	48%
Guinea	1,428	n.a.	n.a.	n.a.	n.a.	n.a.
Guinea-Bissau	162	n.a	n.a	n.a	n.a	n.a
Liberia	583	n.a.	n.a.	n.a.	n.a.	n.a.
Sierra Leone	1,886	n.a.	n.a.	n.a.	n.a.	n.a.

Intra-regional trade

The database we use does not show any recorded trade taking place between Group 3 countries. Other databases show small amounts of trade in agricultural products between Liberia and Guinea, but mostly there is little recorded trade between Group 3 countries. This does not mean however that informal trade flows could be important.

Poverty profile

Countries in Group 3 have small economies and population sizes. It is, in GDP/capita terms, the poorest group by far out of the ones considered here:

- 11.5 million people in Guinea, Liberia and Sierra Leone live with less than 1.25 USD per day, or about 53% of the total population.[7]
- The weighted GDP/capita of the region stands at 567 USD, far below all the other Groups considered. Sierra Leone has the highest GDP/capita at 788 USD while The Gambia the lowest at 423 USD, the lowest value of all the countries considered.

Summary of considerations for Group 3

Opportunities for ATWA:

- High poverty rates and low GDP/capita, suggesting that these countries are in need of assistance and that successful interventions could have high poverty reduction impact.

Limitations/challenges for ATWA:

- Linguistically complex: three official languages spoken (French, English and Portuguese).
- No major transit corridor.
- Very concentrated export baskets dominated by goods from extractive industries.
- Quasi non-existent formal regional trade.
- Low institutional capacity.

[7] We do not have data for data Guinea Bissau or The Gambia on people living below the poverty line.

5.5 Conclusion

Each of the delineated groups of corridors and associated countries reviewed has its opportunities and limitations/challenges as candidates for ATWA's initial geographical intervention focus area under Strategic Objective 1.

- Group 1 is clearly the sub-group with the busiest corridors, the most economic activity, and the largest proportion of people living in poverty. On the other hand, its export basket is problematic in that it consists mostly of petroleum products. Regional trade flows in this subgroup are heavily skewed towards Nigeria. Congestion in Lagos port could be hard to overcome, and we have no indication of how much transit trade from Lagos goes into Niger. The environment is also difficult with the Benin/Nigeria border being extremely complex, extensive smuggling taking place between the three countries, and insecurity in Northern Nigeria.
- Group 2a's corridors are not as busy, suggesting that cutting costs on them could have – relatively speaking – less impact on growth and poverty reduction. Yet the export basket of Group 2a countries is much less concentrated in fuels and minerals, and regional trade patterns are relatively more balanced. It is also the region where the ATWA team has identified most on-going reforms, projects and best practices related to trade facilitation. Adding Senegal and Mali to this group would allow ATWA to capture a greater volume of ECOWAS regional trade, add another transit destination to the geographical intervention area and work on the second busiest transit corridor in the region. Adding Togo on the other hand would allow ATWA to concentrate interventions on trade flows to Burkina Faso.
- Group 3 is the poorest of all Groups considered and it is also the most complex operationally from a programme like ATWA to deliver interventions. Group 3 exports little, and most of the exports are products from extractive industries. These countries also show no, or very little, recorded intraregional trade.

ATWA will adopt a staged approach to the diagnostic and design work for Strategic Objective 1, and start with the group of corridors and associated countries that presents the most potential for quick results, lowest levels of risks, opportunities for partnership and where it could build on an existing momentum for reform. The corridors/countries that most fit this description are those of Group 2a, namely Cote d'Ivoire, Burkina Faso and Ghana. In order to capture most of the transit trade to Burkina Faso and increase poverty focus while keeping the intervention area manageable, we will add the Lomé-Ouagadougou corridor to our focus corridors. Specifically then, we will cover the following trade routes:

- Abidjan - Ouagadougou
- Tema – Ouagadougou
- Lomé-Ouagadougou

In the future, this initial group of under Strategic Objective 1 will be expanded by adding the other countries in Group 2b: Mali and Senegal. As noted above this would add another landlocked destination, allow ATWA to capture more intraregional trade and reach a large amount of people living below the poverty line. While there is strong evidence in favour of adding Senegal and Mali to our scoping and design efforts, the geographical area covered is judged to be to wide for ATWA to focus on initially.

We will therefore cover these countries and corridors at a later stage, once results and resources materialise, as a first step towards broader coverage of the ECOWAS region under ATWA Strategic Objective 1.

5.6 Next steps

The next step will be to move to AWTA Stage 2 and in particular to undertake more detailed performance measurement of the corridors selected above. In carrying out this work, the ATWA project team will need to engage with national and regional authorities at a much more sustained level than has been the case up to now.

In addition, the ATWA project team believes that an expanded focus on political economy analysis and informal cross-border trade would complement the corridor diagnostic work in Stage 2. Finally, consideration could also be given at this stage to collaborative work with the proposed regional trade & transport observatory. Each of these elements is briefly discussed below.

5.6.1 Corridor diagnostic

There are two main ways this workstream could be approached: by undertaking a Trade and Transit Facilitation Assessment (TTFA) and/or by undertaking a corridor Diagnostic. These approaches are not mutually exclusive: the diagnostic places an emphasis on quantifiable measurements while the TTFA is more oriented towards consultation and programming.

The ATWA project team is considering how to best combine the most relevant aspect of each method, whilst also drawing on the extensive previous experience of TMEA in this area. Once this is finalized, the ATWA project team will prepare a detailed methodology, workplan and budget for completion of this technical workstream in the agreed delineated initial focus geographical area for ATWA Strategic Objective 1.

5.6.2 Thinking and working politically on ATWA

Political economy analysis is increasingly recognised as being an essential component of realistic and smart regional trade and integration programming. Many cross-border trade environments have strong political economy issues such as cartels, protected industries and rent seeking. Relations between regional organisations and Member States are also complex and require a certain degree of understanding for a donor-funded programme to work effectively in furthering regional integration.

There are two possible options for undertaking this workstream in the next stage of ATWA's design which the ATWA project team is considering:

- A set of sector specific PEAs to understand the particular functioning of a sector. Ideally this sector should focus on regulatory issues such as transport, Common External Tariff implementation or standards development. This will allow ATWA to understand the major drivers and blockers of positive change and design interventions accordingly.
- The second option would be to undertake a set of country based PEAs. These analyses do not necessarily go into particular sectoral issues but provide an overview of the country's political economy, going into issues such as power between various ministries, societal groups and parties. They are generally less useful for overall programming but give greater background and analysis on the country in questions.

Originally, ATWA considered that sectoral PEAs would be most useful to the development of the programme. It might be however that a basic understanding of country context is more important at the outset.

5.6.3 Including a focus on informal trade in ATWA Stage 2

Despite being the backbone of trade in the region, informal trade is not a well-understood phenomenon in ECOWAS. To our knowledge very few donor programmes try to engage with informal traders and largely overlook the issue. This is a gap which ATWA could potentially address.

Informal cross-border trade (ICBT) plays an important role in diversifying local economies, delivering food and energy security, encouraging entrepreneurial activity, generating jobs and alleviating poverty, particularly in the presence of high barriers to formal trade and absence of formal employment opportunities. ICBT also has an important gender dimension - women represent between 70-85% of informal traders in Sub-Saharan Africa and the income earned through these activities is critical to their household, including the education and health of their children. Female traders, often branded as smugglers and prostitutes by customs officials, are particularly vulnerable to higher levels of corruption and sexual harassment.

In Stage 2, ATWA could potentially include a specific focus on informal cross-border trade. The first step would be data collection at key border crossings to understand the breadth of volumes traded, the nature of the goods traded and the way borders are crossed. From this information it can be determined why traders avoid border posts or regular customs procedures, and how the legal framework could be accommodated to take informal trade into account. ECOWAS already has special, very liberal, provision in place for agricultural trade but in spite of these special provisions, informal trade is still very much present in the region.

Interesting examples exist in other regions, such as COMESA, on special trade regimes for low-volume cross-border trade. The feasibility of replicating these special regimes could be explored by ATWA in ECOWAS and UEMOA in partnership with the regional commissions.

5.6.4 Collaboration with the proposed regional transport & facilitation observatory

A project with which ATWA could collaborate with (and potentially support) in Stage 2 and Stage 3 at an early stage would the proposed Regional Transport and Facilitation Observatory which has been agreed by ECOWAS and UEMOA but which has not yet been established. In East Africa, TMEA has established a strategic collaboration with observatory of the Northern Corridor Transit Transport Coordination Authority (NCTTCA) in Mombasa, Kenya.

The West Africa region is in great need for timely and reliable information on trade flows, transport infrastructure, corridor performance and trends. The information presented in this Stage 1 main report may give the impression that there is extensive data on the performance and features of key corridors. However, it took the ATWA project team however several months to gather and compare this information from various sources, and some of it is several years old. Most corridor data has been collected by one-off studies by different organizations for different purposes, at different times, making the data difficult to compare, and often difficult to interpret, confusing and contradictory.

The Observatory will aim, to a large extent, to collect data through partners such as Ports, Customs, Ministries of Transport, Road Agencies, Chambers of Commerce and Shippers Councils, and to that effect establish partnerships with these entities. These partnerships will provide the foundation for further cooperation and give ATWA the opportunity to undertake further corridor diagnostics and design future interventions in cooperation with these entities.

The specific modalities for ATWA to collaborate and support the proposed new regional observatory would need to be discussed with ECOWA, UEMOA and other organisations in greater depth. It would also potentially require extra funding depending on the nature of ATWA's involvement.