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Cross - Border Trade and Ethnic Groups in West Africa

Volume 1: Main Report

Final Report

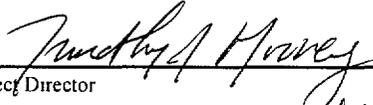
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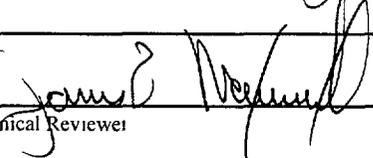
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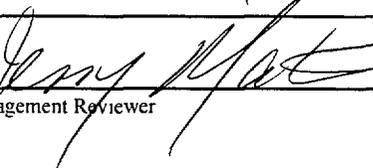
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Constance McCorkle of IMCC did the final literature review and undertook fieldwork in Ghana, Côte d'Ivoire, and Senegal. African consulting organizations who did Phase 2 were PlanConsult (PC) - Ghana, Cabinet de Consultants (CC) - Côte d'Ivoire, Dakar Consulting (DCG) - Senegal. Mr. Bol Palmeri in Abidjan and Ms. Fatime Ba in Dakar provided effective local liaison between the French speaking consultants in the Côte d'Ivoire and Senegal and Abt project management. Constance drafted the body of the main report, Chapters 3-5, and provided several of the recommendations presented in Chapter 6.

The AMIS Project would like to acknowledge the able assistance received during the field work phase of the study from Mr. Ali Issaka, in Ghana, Ms. Malmouna Diallo, in Ivory Coast, and Mr. Ibrahima Kebe and Ms. Fatimata Dem, in Senegal. Without exception, these individuals that made the fieldwork feasible under a very pressured timeline. More importantly, their professional insights and expertise in the commodities, as well as their polyglot skills and personal contacts, were invaluable.

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Jim Maxwell and Charlie Stathacos were responsible for final review of the document including writing the executive summary, the introduction (Chapter 1), the summary of the literature review (Chapter 2), and finalizing the recommendations (Chapter 6). Otilia Santos did final report production.

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EXECUTIVE SUMMARY

Long-distance trading networks have for centuries been active in the cross-border transport of agricultural commodities in Sub-Saharan Africa. Much of this trade is based on the movement of commodities that are produced in distinct ecological zones, such as the savanna or the forest regions, to zones where these commodities cannot be produced. Many of these networks are operated by traders who belong to the same ethnic or socio-religious groups and typically share several markers (language, dress, religion, dietary habits, perhaps scarification) of social identity.

A large number of people from a given ethnic group involved in cross-border trade of an agricultural commodity does not necessarily mean they form an ethnic-based regional trading network. An ethnic-based regional trading network, by definition, has an internal structure and some unique operational rules. First, to qualify as a network, the roster of participants must extend beyond the boundaries of immediate, known, "real" kinship to include others, in complex superordinate and subordinate relationships, otherwise, it is merely a family enterprise. Second, to qualify as ethnic-based, the network structure and operations must have at least some exclusionary features based on ethnicity.

The USAID Africa Bureau recognizes that to help African governments, private agribusiness owners and entrepreneurs, and USAID Missions with their export-led development programs, there is a need to collect and analyze information on existing regional marketing networks so that strategies can be designed to promote and increase the vibrancy and efficiency of existing networks. Therefore, the SD/PSGE/PSD unit of the Africa Bureau asked the Agribusiness Marketing Improvement Strategies II (AMIS II) project to implement a study titled "Sub-Sahara Africa Regional Ethnic Trading Networks."

The AMIS II project was designed to provide USAID access to private sector commercial expertise that would improve agribusiness marketing. The major focus of AMIS II is to stimulate input supply and post-harvest based, private sector led, economic development.

The purpose of this study is to broaden and deepen African policy makers', USAID Africa Bureau's, and USAID Missions' understanding of (1) how informal and formal cross-border ethnic-based agricultural products marketing networks operate, (2) what impediments hinder their full expansion and development, and (3) what, if any, opportunities exist to promote the development of efficient regional agribusiness trading networks that in turn will lead to accelerated regional economic development and integration.

This research activity involved in-depth analysis of the agricultural commodity-based, indigenous regional trading networks (IRTNs) in West Africa, the main geographic area where they operate, focusing on Ghana, Côte d'Ivoire, and Senegal (Indigenous was found to be preferable to ethnic due to the sensitivities associated with ethnic)

The first stage of the study consisted of a literature review of more than 100 documents, and provided the basis for selecting which countries and commodities the fieldwork should focus on. These were Ghana — kola, livestock, and onions, Côte d'Ivoire — kola and livestock, and Senegal — kola and livestock. Local consultants conducted the first phase of the fieldwork, in the process interviewing approximately 550 individuals, most of them traders, and completing a report on each country. The second phase of the fieldwork was conducted by an expatriate economic anthropologist, working with the same local consultants.

Key Findings

Cross-border trade into and out of Ghana, Cote d'Ivoire, and Senegal for the three commodities studied is estimated to total more than \$165 million. Livestock accounts for about 56%, kola 41%, and onions 3%.

The Fulani have the largest share (23%) of this trade derived primarily from cattle from/to the Cote d'Ivoire and Senegal. Other important groups are the Bambara (21%, - mostly Cote d'Ivoire and Ghana, kola), the Mossi (15%, - Ghana and Cote d'Ivoire, kola and cattle), the Hausa (13%, - Ghana, cattle and kola), and the Zarma (5%, - Ghana, cattle). The Fulani and the Bambara appear to be holding their share of cross-border trade, while the Mossi are gaining share and the Hausa and Zarma are losing share.

The only true IRTNs discovered in this research were the Bambara/Malinke kola traders in the Cote d'Ivoire and Senegal and the three main onion networks into Ghana. All others are multi-ethnic.

Therefore, the most important overall conclusion of this study is that ethnicity per se as a dominant and unifying variable in cross-border trade is diminishing. However, certain ethnicities still control some portions of trade routes in what is now, for the region as a whole, multi-ethnic trade. For example, the Hausa dominate kola trade eastward and to the northwest from Ghana into Niger and Nigeria, while the Bambara/Malinke dominate kola trade westward from the Cote d'Ivoire to Senegal.

The importance of a shared religion, however, has not dwindled. Islam still serves as a "tie that binds", its universally recognized "moral rules of the game" and shared values promote trust in business interactions across ethnicities and nations. The vast majority of IRTNs, and the strongest, involve Moslems.

The actual and/or potential importance of formal institutional mechanisms has increased. These include nationwide stockmen's (e.g., breeders, traders, butchers) associations, nationwide commodity-specific cooperatives (e.g., for kola, for vegetables), and in some countries, agricultural chambers of commerce (e.g., in Mali)

A very rough estimate of overall, cross-border trade in the commodities studied is about 50/50 informal versus formal/mixed. The latter is defined as involving the payment of at least some taxes relating to importation and the acquisition of required importation documentation. Informal trade is defined as trade that circumvents all such procedures. However, the 50/50 estimate varies widely by commodity and by country and according to the regulations and enforcement policies of a given country. The more realistic the policies and regulations, the more pervasive is formal trade.

As to gender, cross-border trade continues to be dominated by men, as would be expected in that the vast majority of participants are Moslem and patrilineal. In addition, women's domestic and child care duties do not leave them free to travel long distances or for lengthy periods of time, characteristics of cross-border trade. Women traders in agricultural commodities tend to operate, and be very important participants, locally (and to a lesser extent nationally) rather than intra-regionally.

Constraints/Inefficiencies

The most important constraints and causes of inefficiency that agricultural products IRTNs face in West Africa are (1) excessive regulations and "official" corruption, (2) product losses due to transport delays, poor preservation/packaging, and inadequate transportation (poor roads and vehicles), (3) inadequate market information, and (4) end customer financial problems/lack of credit. These major constraints and inefficiencies do not relate to ethnicity but rather to technical, infrastructural, credit, and especially political-economic problems.

Specific examples of these constraints and inefficiencies include the lack of effective preservation techniques for kola, poor packaging for onions, insufficient and inadequate livestock and onion trucks (i.e., metal-walled vehicles that get very hot on the inside), roads and railways that are in poor condition, highly inefficient and not reliable for the transport of kola or livestock, delays related to transport infrastructure and corruption/bureaucracy that often result in significant in-transit product shrinkage/loss for livestock and kola, livestock supplies that often move from shortage to glut due to suppliers' inadequate market information, credit availability and cost problems at the butcher level that block up the whole livestock cross-border trade system, and, most important, the pervasive graft and useless



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administrative red tape, which can account for as much as 70 percent of all livestock marketing costs from point of origin to the end customer

Currency type *per se* is not a major concern for most traders, but shifts in currency exchange rates are Such shifts can trigger an immediate redirection in the flow of commodities to one or another importing nation Language differences were found to be an unimportant variable in trade relations, primarily because all traders are multilingual in three or more languages, and can find at least one shared language in which to communicate

Recommendations

Recommendations to alleviate each important IRTN constraint/inefficiency are shown below However, any assistance provided must be clearly multi-ethnic because of the very real possibility of worsening already - sensitive ethnic tension Support for one ethnic group would very likely be perceived as favoring that group and exacerbate the already difficult relations between different ethnic groups

Constraint/ Inefficiency	Recommendation to Enhance	Comments
Excessive/ unnecessary regulations & improper enforcement resulting in bribery & transport delays	Support the formation and/or strengthening of trader assns to increase the "voice" of participants related to improving policies & policy enforcement Stimulate both internal & regional dialog, including traders, on the importance of & need to facilitate regional trade, reduce barriers/collusion, & increase cooperation	Some government officials have a substantial vested interest in the status quo Increasing government salaries & reducing the number employed might facilitate this type of policy reform
Poor roads resulting in delays & product/vehicle damage	Support the formation and/or strengthening of trader assns to increase the "voice" of participants re the needed transport system improvements Stimulate internal public & private dialog, including traders, on the importance of & need to upgrade the main trade route roads & other transport facilities (e g , rail) Donors (esp WB & IFC) should include enhancement of the most serious transport system problems in their conditions precedent	The benefits of lower cost transport accrue to consumers not government Some toll or truck taxing mechanism may be needed to help offset the government's cost of system enhancement

Constraint/ Inefficiency	Recommendation to Enhance	Comments
<p>Shortage of trucks & inappropriateness of those that are available resulting in high transport costs, delays, & product shrinkage/loss</p>	<p>Support the formation and/or strengthening of agri-products transportation owners assns & encourage them to acquire more & proper trucks via supported group lending, (e g , matching loan funds, partial guarantees, or assn owned S&Ls)</p>	<p>An increase in the volume of agri-products & the price of agri-products transport would help stimulate these improvements Alleviation of the above two constraints & inefficiencies would enable traders to pay for better trucks</p>
<p>Inadequate market information resulting in supply versus demand imbalances & wide price swings</p>	<p>Include the collection & dissemination of market info as an important component of supported assns ' member services Investigate the viability of a "to be commercialized" service that collects supply & price information from key regional intermediary markets & makes it available on a timely basis to interested traders Consider ways to hold reasonable quantities of commodities near key regional markets to be withheld/released during periods of supply/demand imbalance</p>	<p>Multi-market info is difficult for any one government or assn to provide A regional info network based on the major intermediary markets with some ongoing government or donor support would be most viable</p>
<p>Butcher credit problems, thus payment delays & defaults in the entire system, resulting in stress on trading relationships & additional receivables carrying costs</p>	<p>Support the formation and/or strengthening of master butchers' assns & help them gain access to credit by supported group lending (e g , matching loan funds, partial guarantees or assn owned S&Ls) Encourage local banks to develop group lending programs for butchers</p>	<p>As meat wholesaling & retailing advances & butchers become more sophisticated & broad selection grocery stores develop, credit problems may diminish</p>

Interventions to Support IRTNs and Regional Trade, Economic Development and Integration

The following interventions are suggested with the caveat that any and all activities must be in fact and in perception multi-ethnic in nature. This is to avoid exacerbating the already tense relations between different ethnic groups, and between citizens of a given country (e.g. the Ivory Coast) and foreign based or foreign origin ethnic groups. The interventions are listed in order of priority based on their potential positive impact on regional trade, economic development and integration as anticipated by the authors.

1) Provide financial and technical support for the formation, development and/or strengthening of sustainable, multi-ethnic trader associations. These associations, and the support to them, would be focused on: a) enhancing traders' "voice" as related to policy modification - both cross-border and internal, proper policy enforcement, paperwork simplification, and improved infrastructure - especially roads and rail, b) enhancing traders' access to credit, or administering group lending for members, especially for transport owners and butchers, c) stimulating formal discussions on information availability (including cross-border and foreign trade rules, regulations and practices), experience sharing and policy enhancement opportunities, d) regional networking with other related associations, e) policy modification rationale and justification studies, f) market information services by commodity, g) enhancing needed association physical facilities and equipment, and h) general organizational strengthening such as - membership drive program development assistance, member priority needs assessment, programs to effectively and efficiently serve priority needs, establishing and sustaining satisfactory sources and uses of funding, ongoing membership satisfaction assessment, and association management development/training including financial control and reporting.

2) Include making the most needed enabling environment improvements in the conditions precedent for donor support, as expressed by USAID in donor committee meetings, and via PL 480 disbursements. This would include enhancements in: a) cross border and internal trade rules and regulations as well as proper enforcement, b) key infrastructure enhancements such as main trade route roads, and c) trader-related paper work reduction and simplification.

3) Develop opportunities to initiate and/or stimulate internal, and especially regional, dialog on trade constraints. This would include dialog and action on the ways and means to: a) reduce cross-border trade barriers, b) enhance regional cooperation on cross-border trade, c) improve cross-border and internal commodity movement rules and regulations, and their enforcement, and d) reduce bribery, corruption and the associated transport delays and losses.

4) Determine ways to develop and enhance regional market and technical information services

This would include services that provide widely available, current and accurate information on a) prices and sales volume for important commodities in key regional wholesale and intermediate markets, b) new technology for preservation, storage and packaging of key agricultural commodities traded across borders, c) transportation availability and pricing, and d) interested buyers' and sellers' names and contact details

5) Investigate ways to provide, or stimulate the provision of, financing for important finance-related bottlenecks in cross-border trade channels of important agricultural commodities

Target clients would be a) transport providers, to enable them to expand and upgrade their equipment, b) butchers and/or butcher associations, to enable them to pay cash for their purchases from wholesalers and not block up the whole system due to cash shortages, and c) cross-border traders who buy in one legal jurisdiction and sell in another (without letters of credit), to provide them with working capital/trade finance. Possible mechanisms include a) matching grants to qualified associations with well conceived and managed group lending programs, b) donor provided guarantees to qualified associations and/or cooperating regional or large local banks, c) seed capital grants to qualified associations and/or cooperating regional or large local banks, and d) establishing, and identifying initial funding for group lending schemes for qualified associations or organizations. Qualified means multi-ethnic, well established and managed, and a membership that is willing to fully support repayment of the financing

6) Support (technically and financially) applied/highly practical research at local or regional institutions who will disseminate the results to those interested

This research and extension would be focused on the following topics a) ways to enhance the preservation, storage, packaging, and transport of kola nuts and African onions, b) opportunities for more value-added at point of origin for important agricultural commodities that would reduce waste and increase employment, c) ways to extend the African onion season in both directions, and d) the feasibility of maintaining supply/demand balancing stocks at key regional intermediate markets, and the possibility of this being a sustainable private sector business

The Benefits of More Vibrant IRTNs and Cross-Border Trade

If the above inefficiencies can be overcome, consumer prices will likely decrease, which in turn will stimulate more demand, especially for livestock. Increased consumer consumption will equate to more volume and more vibrant cross-border trade

Overcoming the above constraints will decrease the risks and unpredictability of cross-border trade, which will stimulate the entry of more participants and a more competitive market. This will reduce prices as well as increase quality and variety.

Increasing value-added and/or reducing the perishability of products near the point of origin would minimize the transport of low-value material and reduce product waste during transit, thus decreasing prices and improving quality. It would also employ people in areas of dramatic underemployment.

If the onion season could be extended in both directions and more effective storage systems developed, African onions could significantly increase their market share and the foreign exchange drain of imports would be lessened. Producers, regional traders, and consumers would all benefit.

Broadly based regional economic development will increase consumer purchasing power and therefore the demand for all three of these commodities. If the above marketing enhancements can be accomplished, regional sources of these products will be very competitive with other sources and will therefore benefit from increased demand, which in turn will reinforce regional economic growth and integration. Strong, regionally linked, trader associations will help ensure the competitiveness of regional products.

1 INTRODUCTION

The USAID Africa Bureau recognizes that in order to help African governments, private agribusiness owners and entrepreneurs, and USAID Missions with their export-led development programs there is a need to collect and analyze information on existing regional marketing networks so that strategies to promote and increase their efficiency can be designed

The purpose of this study is to broaden and deepen both African policy maker's and USAID Africa Bureau's understanding of how informal and formal cross border ethnic-based marketing networks operate, what impediments hinder their full expansion and development, and what, if any, opportunities exist to promote the development of efficient regional (transnational) agribusiness enterprises The specific objectives for this analytical activity are as follows

Objective 1 To analyze the operation of existing regional agricultural marketing networks and to suggest methods to promote their efficiency

Objective 2 To analyze the constraints to and opportunities for more effective development of regional (transnational) indigenous agribusiness in the various regions of Sub-Saharan Africa

This research activity involved an in-depth analysis of the existing agricultural commodity, indigenous regional trading networks (IRTN) in West Africa, the main geographic area where IRTNs operate, focusing on the countries of Ghana, Côte d'Ivoire, and Senegal where fieldwork was conducted (see Map A at end of this chapter)

1.1 Background on Ethnic Groups and Cross Border - Trade

Long-distance trading networks have helped transport agricultural commodities across agro-ecological zones in Sub-Saharan Africa for centuries Many of these long-distance trading networks are operated by traders belonging to the same ethnic or socio-religious groups Much of this trade is based on the movement of commodities which are produced in distinct ecological zones, such as the savanna or the forest regions, to zones where these commodities cannot be produced

Africans from specific ethnic groups typically share several markers (language, dress, religion, food ways, perhaps scarifications) of their social identity Similarly, large numbers of people from a given ethnic group may be involved in cross-border trade of an agricultural commodity, but this does

not necessarily mean they form an IRTN. Rather, an indigenous regional trading network, by definition, has an internal structure and some operational rules of its own.

- 1) First, to qualify as a network, the roster of participants should extend beyond the boundaries of immediate, known, "real" kinship to include others, in complex superordinate and subordinate relationships that are duplicated at least once over. Otherwise, you have merely a family enterprise.
- 2) Second, to qualify as ethnic-based, the network structure and operations must have at least some exclusionary features based on ethnicity.

Key Indicators of Indigenous Regional Trading Networks

- Commodity traders of a given ethnic group often have unique mechanisms to solve disputes within the group. These may be nonformal dispute-settlement bodies or procedures, or "chiefs," or perhaps a respected *marabout* (Moslem holy man) for example. These mechanisms stand apart from those of the formal sector and those designed to serve the multi-ethnic marketplace at large. Also, these ethnic-based mechanisms function at least in part by appealing to shared values and norms that are themselves based in ethnic cultural and religious mores, and the proceedings are held in the ethnic group's native language.
- Even if there is no such dispute structure, traders may be able to specify some shared guidelines that members of the network agree to follow because of their ethnic/religious mores, whereas other ethnic groups would not follow those guidelines. Also, there may be sanctions imposed for breaking such rules—at a minimum, ostracism, but also often fines.
- Traders in a given commodity meet together in mono-ethnic groups to discuss the trade—even, it is often said, to fix prices or monopolize supplies. They do this in their native language. Sometimes they meet in a specific places, e.g., tea-house, one of their group's warehouses or stores, outside the mosque. Thus, networks can be actually, physically observed (at least in part).
- Co-ethnic traders of a commodity may band together to advocate for new laws, rights, procedures, services, and so on with formal-sector agencies or other groups.

- Network participants explicitly state that they would lend money or extend goods on credit only to co-ethnics, or would do so for non-co-ethnics only under stipulated circumstances, or would as a rule give preference or “special deals” to co-ethnics in such transactions
- It is reported that co-ethnics in the trading network will help each other out in certain ways, even though they may sometimes be in competition, and that they would not normally do so for non-co-ethnic traders of the same commodity
- Members of non-co-ethnic groups also are avowedly excluded from participating in some other defined aspects of a particular IRTN's trade
- Another sign of an IRTN is if trading relations among co-ethnic families within it have existed down through generations

1 2 Study Approach and Methodology

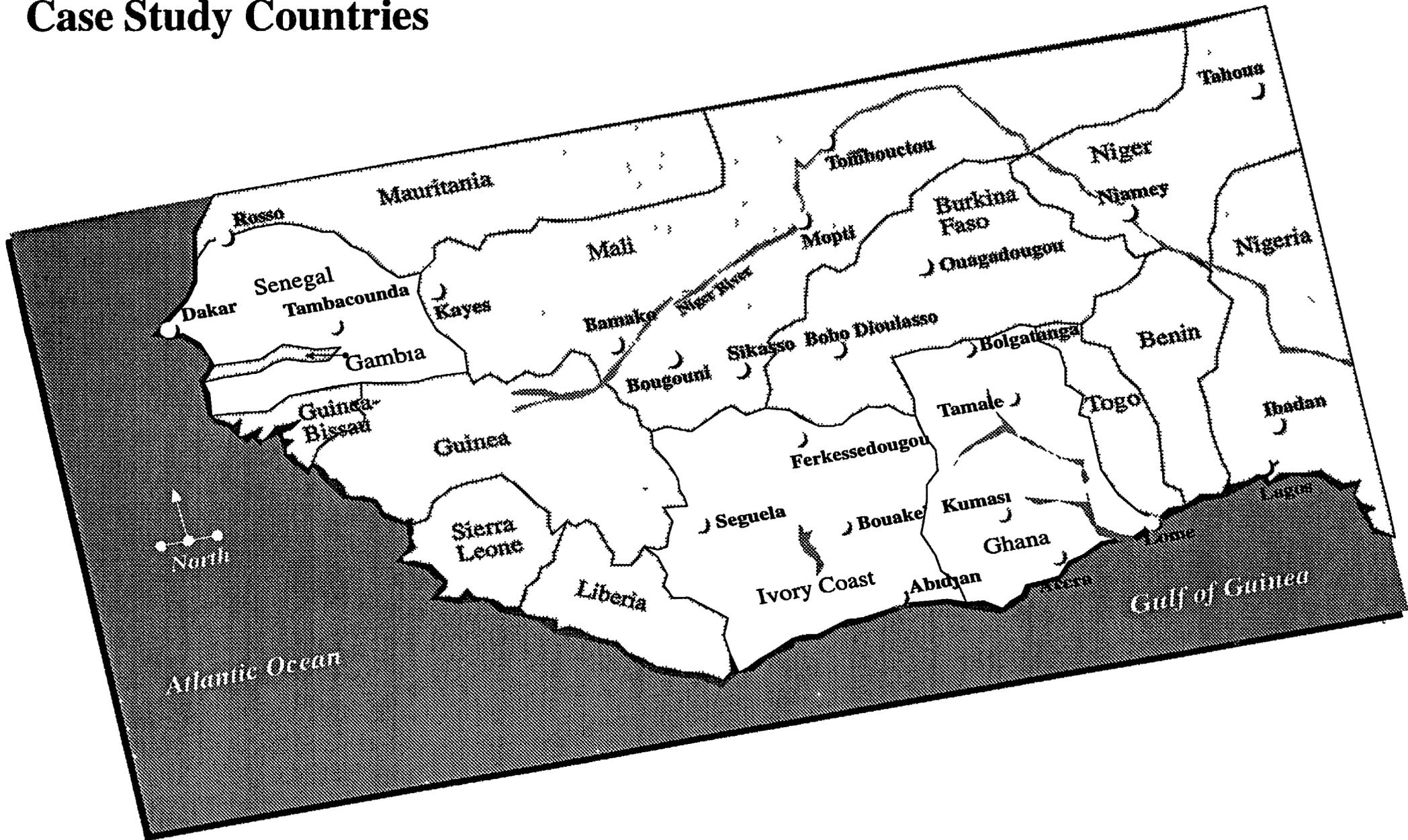
The first phase of the work consisted of a literature review which involved over 100 documents (see Annex B-2) Key findings and conclusions of the literature review are summarized in Chapter 2 The literature review, completed by Constance McCorkle, provided the analytical justification for selecting which countries and commodities the fieldwork should focus on, which were

- Ghana -- kola, livestock, and onions,
- Côte d'Ivoire -- kola and livestock,
- Senegal -- kola and livestock

Local consultants conducted the first phase of the fieldwork in each of the three countries and completed reports on each country These country studies are presented in volume II The local consultants interviewed a total of around 550 individuals in all three countries

The second phase of the fieldwork was conducted by Constance McCorkle and the results are presented in chapters 3–5, by commodity and country in which fieldwork was conducted Chapter 3 covers livestock trade (Ghana, Côte d'Ivoire, and Senegal), chapter 4, the kola trade (Ghana, Côte d'Ivoire, and Senegal), and chapter 5, the onion trade (limited to Ghana), Summary observations and recommendations are given in chapter 6

Trade and Ethnic Groups in West Africa: Case Study Countries



2 CROSS - BORDER TRADE AND ETHNIC GROUPS IN WEST AFRICA

The history and ethnology of African trade networks in general and IRTNs in particular has been studied in depth by anthropologists, especially by circum-colonial-era British and French ethnologists of the 1950s and 1960s. They drew both upon earlier colonial records and travelers' accounts and upon firsthand field research. While this literature is now dated, it nevertheless provides useful concepts, historical and sociological background information, and key issues pertinent to this project. The following discussion draws mainly on the anthologies edited by Bohannon and Dalton (1962), Meillassoux (1971a), plus the histories by Curtin (1984) and Hopkins (1973). Wherever possible, the information is supplemented by more recent findings.

2.1 Types and Concepts of West African Trade

The literature offers several typologies of West Africans' involvement in trade. One classification distinguishes between groups who do and do not contribute to the production of the trade goods that they sell or exchange. A related distinction is that of internal versus external trade. External trade involves circulation of goods only, internal trade former entails circulation of goods and of labor or capital. In the literature, "external trade" is often used synonymously (albeit sometimes incorrectly) with "long-distance trading." Another, tripartite conceptual distinction is that drawn among (1) barter trade for use value (e.g., exchanges of grain and milk or meat between farmers and herders for their own consumption), (2) trade to obtain raw materials for manufacture of other trade goods (e.g., exchanges of local cotton thread for weaving into cloth that is later exchanged/sold), and (3) trade for immediate profit.

Other conceptual or taxonomic distinctions drawn in the literature are listed below, with commentary on their definition and significance.

- With regard to markets, whether they are
 - (a) Food surplus markets—bulking is a main function here
 - (b) Retail markets—distribution is the paramount function
 - (c) Entrepôt or border markets—the proportion of long-distance traders is highest and transfer is the main function, typically located between two ecological zones, such markets provide a meeting place for two sets of traders—a distribution center for traders from surplus food markets and a bulking center for traders who will eventually return to retail markets (Hodder and Ukwu 1969:178)

- Prestige goods versus luxury goods versus quotidian food items (Meillassoux 1962)
- Legal versus illegal versus extra-legal trade
- Complementary versus supplementary goods—that is the trade items only traded or are they also produced locally?
- Male versus female trade—Daaku (1971a) notes this distinction for Akan peoples of the Gold Coast, where women specialized more in localized trade of food crops while longer-distance trade in other items was the purview of men. It is also referenced for other parts of West Africa
- Market versus house trade—that is the locale of one or more transactions in the exchange process (Hill 1971)
- Long- versus comparatively short-distance trade
- Cordial trade backed by social, religious, and/or kin ties versus more "secularized" trade, in which charges of fraud and swindling could arise (Meillassoux 1962)
- Trade based on customary measures versus terms of exchange (Meillassoux 1962)
- Relay versus network trade—In relay trade, the goods pass through the hands of several merchants before reaching the final destination. In network trade, a single merchant sees to the exchange of the goods along the entire length of a trade route, relying on employees or representatives as necessary. Relay operations have evolved due to transport constraints (e.g., camels that cross the Sahara Desert stop at the Niger River, where goods are then transported on the river, since the southerly range of the camel is limited by disease threats). Merchants typically warehouse goods at relay points, which may also mark ethnic and/or agroecological boundaries in the market chain (Curtin 1984)

Relay and network trade, however, are not necessarily mutually exclusive, it depends upon the point in the marketing chain that is examined. A case in point are the exchanges that traditionally took place in trading centers of the transitional zone between the forest and savanna in the Gold Coast (Ghana). Akan traders from the coast disposed of fish and coastal salt in these centers, in a form of

network trade. But in an inter-ethnic relay trade, they also exchanged their forest products (e.g., kola and gold) for the cloth that Northern Mande and Hausa traders brought from the Sahel. These northern traders then carried the forest products to their homelands (Daaku 1971). From either ethnic groups' point of view, their own participation in this transaction would look more like a network than a relay structure, however. Ultimately, then, it is more important to specify the particular actors, roles, and activities in the market chain than to be concerned about the definitional distinction between relays or networks.

2.2 General History and Rationale of IRTNs

Historical studies of IRTNs in West Africa distinguish between Atlantic and interior networks. The former refers to European-stimulated export trade, which was founded initially on the ancient commerce in slaves (which increased beginning in the 1400s with European entry into this market) plus ivory, wax, gum, indigo, and gold. With the abolition of the slave trade in 1815 and burgeoning European demand for raw materials, this network shifted its commodity emphasis. From *California* 1820 to 1850, these items declined in importance while exports of palm oil, groundnuts, timber, hides, and rice skyrocketed. Flowing back into Africa along this network were European-produced textiles, liquors, metals, hardware, and powdered salt (in competition with locally produced salt from the coast and salt bars from the Saharan mines), as well as the "shoddy trade goods and glass trinkets" that characterized earlier Atlantic trade (Meillassoux 1971a: 50, see also Hopkins 1973).

Although export-oriented Atlantic networks are not the focus of the present study, historically they were important in increasing the volume of trade generally within West Africa, in that with the *Pax Britannica* (and presumably the French equivalent), travel, and thus trade, was made safer, the use of widely-accepted money was introduced, and, under colonialism, transportation and communication infrastructure was improved. The Atlantic trade also promoted migration toward the coast, modified traditional systems of brokerage, and expanded the number of middlemen, the amount of goods advanced on credit, and the number and size of trading posts and markets -- doubtlessly thereby stimulating existing IRTNs, adding new items to them, or even creating new IRTNs. The literature also indicates that in certain times and places Atlantic and interior networks influenced one another directly or indirectly (e.g., Wilks 1971).

The interior networks were originally independent of European economic channels. They constituted longstanding, intraregional networks with a history of dense transcontinental traffic and

very different economic and social foundations from those of the Atlantic trade. These foundations gave (and to some extent still give) the interior trade greater stability. The sustaining rationale behind this trade was the exchange of goods produced in one ecozone or area to another where they were not produced, or could not be produced as cheaply, even allowing for the percent "mark-up" added by transport, for example the Sahara (Hopkins 1973: 81). Contributing rationales were religious factors associated with the spread of or changes in Islam (see below).

The classic example of such interior networks is the great trans-Saharan trade, which began with the introduction of the camel to the Sahara in the 2d to 5th centuries A.D. Trade routes stretched from Morocco eastward through southern Algeria and Tunisia on to present-day southern Libya, ultimately reaching northern Ghana and in a few cases even the Gulf of Guinea (Curtin 1984). Hopkins divides trans-Saharan commodities into two categories: state necessities (from the south, gold and slaves, from the north, cowries, salt, weapons, horses, textiles, metals, preserved foodstuffs including dates, glassware and beads), and luxury items (from the south, cloth, pepper, ivory, kola, leather goods and ostrich feathers). [Note: he gives no definition of north and south, but for him north appears to mean the circum-Mediterranean.]

Meillassoux and many other authors (Skinner 1962, 1964) note the involvement of indigenous transporters (boatmen, ferrymen, porters, teamsters, and grooms), processors (butchers and women spinners), apprentices, intermediaries (sometimes the wives of merchants), interpreters, "money" changers, tax-collectors and noblemen-soldiers to back up merchants and caravan scouts as well as primary producers (farmers, herders and miners) and support personnel (well-diggers, farm or herding hands, hunters) in the interior trade network. (Some of these groups were composed mainly of slaves, however.) He also notes that classes of influential Islamic *Marabout* merchants were already well established in parts of West Africa (Mali, Senegal) by the 1700s. According to Cohen (1969), there are still others who were involved in or dependent upon even 20th-century Hausa and other traders' enterprises: their apprentices, cattle guards, night watchmen, landlords and innkeepers, enterprise clerks and advertisers, apprentices and other employees such as messengers and drivers, packers and loaders, distributors, and leasers of transport. Nor does this include market chiefs, and ward chiefs who adjudicate trading disputes.

By the late 1800s, the colonial powers perceived this inter-African trade as an obstacle to the conquest of African markets by European goods. "Colonial penetration was to be an indispensable instrument for destroying this autonomous economy which had developed outside European influence" (Meillassoux 1971a: 60).

Some experts see the interior trade as more "productive" than the Atlantic trade, which they characterize as "predatory. Goods were mined, hunted, or collected in exchange for primarily firearms and luxury goods" that mainly benefited only African elites (Meillassoux 1971a: 52). In contrast

This interior trade was primarily based on goods produced by local peasants, since agricultural and craft products constituted the major part of the traffic. In return, internal commerce provided a commodity of great value—salt—which could be easily sold retail. The internal trade assured the complementarity of inter-regional exchanges. (Meillassoux 1971a: 53)

With regard to other **functions** of IRTNs, looking cross-culturally Landa (1991: 70) opines that, among other things, they emerged and persist where the legal infrastructure is not well developed for the enforcement of contracts. Ethnic groups working as middlemen take on an additional "gap-filling" entrepreneurial function of coping with the problem of contract uncertainty. Curtin (1984: 3 ff) emphasizes this feature, along with cultural brokerage. He implies that as legal infrastructure becomes more normalized and as different cultural groups become more familiar with each other, ethnic-based trading groups may give way to the cheaper organization of local commission agents, or they may diversify into new sectors of the economy.

2.3 Goods, Corridors, and Ethnic or Other Groups Historically Involved in IRTNs

Historically, one of the major flows of goods in interior networks was the movement of forest and savanna products to the Saharan salt mines and to the commercial towns of the semi-arid Sahel. These products included cereals and other foodstuffs (e.g., shea butter), crafts, local-cotton thread and cloth, textiles, some gold, and above all kola. Along with some iron, natron, leather crafts (bags, cushions, sandals), and other assorted goods, salt bars were the main backflow item in this circuit. Dried and/or smoked fish from both the coast and the Niger River also reached these more arid zones, as did dates from North Africa.

Specific routes, resting and transit or relay points, markets, and types and volume of goods along these and other long-distance trading corridors varied across time with the onset of warfare, economic and climatic events, demographic movements, and the shifting political scene from pre- through post-colonialism. In some times and places, particularly at transit markets or points, when these shifts deprived sedentary traders of their traditional products but offered new customer groups, some turned to localized sales of foodstuffs, small retail shops, or more systematic livestock trading (Arhin

1971) At other times, events conspired to rupture cross-border trade and stimulate internal production of the exchange item. This was the case for kola in Nigeria, for example (Cohen 1969: 131). With the worldwide depression of the 1930s, kola imports by sea to Lagos and thence northward dwindled to a negligible volume, stimulation southern Nigerians to begin producing kola in amongst their cocoa. The result's is that today Hausa traders of northern Nigeria obtain the bulk of their kola internally.

The great traders of the desert were the Twareg (Tuareg) with their camels. They brought salt, horses, meat, metals, luxury goods, and also Islam to much of Africa. Among others, they traded with the now-Moslem Hausa (originally the animist Habe) plus the Hausa's settled Fulani conquerors (also Moslem) of Nigeria. In return, the Twareg received slaves, cotton, leather, and grain. Arab merchants were also keen to trade with the populous Hausa.

Indeed, the Hausa appear to be the ethnic group most often mentioned in the literature as key players in these long-distance interior networks from the Sahara and Sahel, especially in eastern West Africa. They include(d) both caravaners and Hausa merchants who resided among their client peoples (see later sections). Smith (1962: 316–317) notes contemporary Hausa's intra-Nigeria involvement in moving cattle, groundnuts, cotton, locust beans, Hausa cloth, and other products southward to return north with kola, ginger, Yoruba cloth, and European manufactures that are cheaper in the south. He also cites Hausa trade in grain, skins, cloth, locust beans, and natron across Anglo-French boundaries. Skinner (1964) notes Hausa traders' traditional movement outside Nigerian boundaries" to Gao, Zinder and Dori in the country of the Songhai, to Ouagadougou, Kaya and Tenkodogo in Mossi country, and to the markets of Salaga in the country which is now Ghana. Here they competed with traders who were involved in another trading complex—that between the western coastal and forest zones of West Africa, and the Sudanese emporiums along the Niger River to the north" (1964: 223). Skinner cautions that "so famous were Hausa traders that the name Hausa became synonymous with trader" (1964: 222).

Characteristics of the operations of successful Hausa traders studied by Smith (1962: 318) include the following. The successful trader keeps an agent in his southern markets while he remains mainly at his northern headquarters, purchasing stocks to be sent south and pursuing trade in local staples. He obtains short-term loans from Yoruba banks to cover some transport charges in this traffic. He purchases his own lorries. Imports such as kola are distributed to regular customers on part credit. His clients scout Fulani cattle-camps for battle to send south. As his business grows, the trader diversifies into European products and/or invests in Hausa staples such as groundnuts and grain to

reduce his dependence on the long-distance trade. His reliance on agents leads him to favor certain categories of close kin in this role. Coupled with his social, religious, economic, and political obligations toward such kin, this in part explains why Hausa trading organizations often do not survive the deaths of their founders. Another factor is Moslem law, which requires subdivision of a deceased's estate among his heirs. (For greater detail on social organization of Hausa trading, see Cohen 1969)

Smith notes changes in Hausa trading between *California* 1930 and 1960 such that bookkeeping and other business techniques were more strongly adopted, merchants began to pool resources to undertake joint endeavors, like groundnut processing, and they also organized local traders' associations to represent their interests to government.

Frequent reference is also made in the literature to caravans of the variously spelled Jula (Juula, Djoula, Dyula, Mande-Dioula, also called Bambara, and sometimes Vaa), a Soninke-derived Malinke (Mandingue, Mandinka, Manding) people who dominated much of West Africa's long-distance trade. Note, however, that in southern Côte d'Ivoire and elsewhere, reportedly "Jula" is now a generic term for any Moslem trader from the savanna. Jula are concentrated in the northern Côte d'Ivoire, southern Upper Volta/Burkina Faso, and southern Mali. They are described as historically operating "moving markets" between termini on the middle Niger and eastern Côte d'Ivoire (Arhin 1971, see also Chaveau 1976). Meillassoux (1962) notes their historic exchange of mainly iron bars but also soap, relishes, trinkets, and medicines for kola and foodstuffs (yams, rice, cassava) with forest peoples of Côte d'Ivoire. However, Launay (1979) reports that their main endeavor was the kola-salt trade. Skinner (1964) appears to concur, noting Jula caravans that traveled north from the kola markets heading for towns on the Niger River in present-day Mali. Curtin (1984: 18) speaks of a "ribbon of Malinke-speaking people, whose homeland was southern Mali," settled groups of which are still found to the west along the line of the Gambia River, where their ancestors first went in search of sea salt, there was also an old Malinke trade route to the Liberian coast.

A closely related group—also Moslem, Malinke-speaking, and Soninke-derived—were the **Diakhanké** (Jaxanke, Jahaanke) of 17th and 18th-century Senegambia, who traded between their homeland and the upper Niger in a relay fashion instead of by through routes. But in the 20th century, they were pushed out of the long-distance trade by new transport systems and the Lebanese, despite what is reported as an exceptionally flexible and strong network (Curtin 1971, 1984).

Possibly since as early as the 1300s, the **Mossi** of Upper Volta (also Moslem) operated caravans bringing cattle, sheep, donkeys, fowls, native tobacco, white cotton cloth, and iron bars from the entrepôts of the middle Niger to the savanna (Arhin 1971) The Mossi were particularly famed for their excellent donkeys, but they appear to have traded in just about any and everything available (see the long lists in Skinner 1962 and 1964) It is not clear to what extent the Mossi themselves were devoted to caravaning, however, often they may have simply dealt with other caravans passing through their land and its transit markets

Not so for the **Yarse**, an endogamous Soninke-derived Mande-speaking, Moslem group who since the 1500s have lived among the Mossi (Some documents appear to confuse these two ethnic groups) They were great caravaners The Yarse cultivated cotton, which they wove into cotton strips They both bought and sold the strips or traded them locally and intraregionally The cloth might be dyed with indigo or a natural khaki-colored dye popular with Fulani The Yarse also organized annual caravans to Mali and occasionally central Mossiland and northern Ghana, plying the popular salt-for-kola trade, for the salt, they exchanged their cloth but also sheep, goats, donkeys, and horses On certain routes, fish from the Niger Delta also figured in Yarse trade In the 1950s the Yarse numbered an estimated 26,000 (after Izard 1971)

It is not clear to what extent Yarse continue as traders today Mossi caravaning has ceased With the coming of colonialism, the French sought to control all such trade However, the Mossi's traditional commerce in cotton, kola, dried fish, salt, and especially livestock to the forest zones of Ghana and to Côte d'Ivoire continued into the 1940s Skinner (1962 250 ff) documents the transport of onions by bicycle to Ghana, and dry-season donkey trains between the Yatenga and Ouagadougou to Po (on the border with Ghana) and Bolgatanga (in northern Ghana) The donkeys carried beans, millet, cotton bands, onions, groundnuts, and other vegetable produce, or nothing at all On their return trip, they were loaded with kola and sometimes scrap iron for fashioning into agricultural implements Just prior to Ramadan, "the roads of Mossi country are clogged with thousands of sheep and goats being driven south for Ghana and the Côte d'Ivoire [also Togo] Cattle are also shipped during this period" (Skinner 1962 251) The same author notes that the volume of trade along this corridor is "considerable" and he gives some compelling figures Also flowing back with temporary migrants along this route from Ghana are manufactured products, which are cheaper than in the Francophone areas These include such items as bicycles, sewing machines, fabrics, kerosene lamps, buckets, and all kinds of household goods, albeit in a less organized fashion than the livestock or kola trade Upper Volta collected as much as 150 million FCFA in duties on such goods in 1956 (not counting a great deal of contraband)

Interestingly, a caste of Malian blacksmiths, the **Kooroko**, also were once great long-distance traders, exchanging cattle and dried and smoked fish from Mali for the kola of the Côte d'Ivoire (Amselle 1971) Curtin 1984 notes that by the 20th century this group concentrated around in Bamako and took advantage of trucks and telegrams to greatly expand their cross-border kola trade

The literature suggests the following basic needs for IRTNs, needs that are common to most commerce

- A trustworthy organization
- Reliable sources of supply and reliable outlets
- An information service -- for prices, weather conditions, transport conditions, or availability
- Adequate and reliable transport
- Warehousing facilities or services
- Timely access to credit
- Agents representing the merchant at selling, buying, or staging/warehousing points
- For some commodities, transformation processes, or marketing activities, the availability of cheap, female labor

It also suggests a number of features that historically characterized either mobile IRTN traders or the community organization of settled merchant "foreigners" as they sought to meet the foregoing needs (The literature is greatest on the "zongos" of Ghana)

- Merchants were usually an alien and cosmopolitan group Typically, they were "northerners" to the people they dealt with, since the pull of trade was in the direction of the Maghreb They were also "strange" in that agriculture was not their primary activity
- Alternatively, merchants might come from culturally marginal groups, like a caste (e g , the Kooroko smiths)
- In any case, maintenance of social distance was necessary between traders and their suppliers or clients, so as to escape the strictures of the "moral economy" and thus profit from their trade, i e , they had to keep their distance so they could make a profit without feeling guilty about it

- Many (though not all) were able to maintain this distance by being Moslem. Islam is an ideology that promotes alliances only within its membership. Islam also gives great moral latitude in trade relations.
- Because in-migrant merchant groups were numerically few and politically weak, they maintained close contact with each other and established associations and even judicial and political apparatuses of their own, which were common to their ethnic or religious merchant community across large territories, in contradistinction to the local groups among whom they lived. Such merchant groups often lived in their own villages or town wards. And they were expert at playing off rival warlords or market towns against one another, to keep (or halt) trade flows to their advantage, to avoid tribute, and so forth.

Some of the types of socioeconomic actors that can be involved in the trading process include the following (Some of these categories overlap)

- Producers
- Transporters—Truckers, ferrymen, boatmen, canoers, a distinction sometimes drawn in the literature for such groups is whether they own or rent their mode of transport (e.g., trucks), more rarely, whether they transport passengers as well as goods.
- Traders themselves, who are distinguished by many variables—sex, level (retail, wholesale) and locale (market vs. house, rural vs. urban) of operation, part-time (e.g., forestallers, peddlers, collectors and retailers) versus full-time and small versus large traders, exporters and importers, licensed or unlicensed.
- Merchants' employees and apprentices
- "Landlords"/*logeurs*—a settled stranger or other who lodges long-distance traders and assists them in selling and/or storing their goods (see Launay 1979 and all of Cohen's publications)
- Assemblers
- Brokers and commission agents—Who connect buyers and sellers in a marketplace (Launay 1979)

- Chiefs and non—formal-sector officers of various sorts 1 Market chief, village chief, chief of the butchers and/or of slaughter, chief of local brokers and commission agents, market judges, officers of trader associations (Smith 1962)
- Money changers (Skinner 1964)
- Shopowners
- Processors—Butchers and weavers, for example
- Regulatory agents—Meat inspectors, checkpoint officials, for example

For a brief description of the main West African ethnic groups see Glossary B at the end of this chapter

2.4 Literature Review Results and the Need to Conduct Fieldwork

The literature review attempted to assess three critical cumulative variables

- (1) Modern-day routes and volume of trade in agricultural (vs nonagricultural) products
- (2) Ethnic trader groups
- (3) Intraregional (vs extra-continental) trade

However, virtually no single document covered all three of these variables. While there are vast amounts of statistics on (1), these concentrated overwhelmingly on agricultural products destined for export out of Africa. Publications on either (1) or (3) rarely noted the ethnicities involved. Conversely, documents that focused on ethnic merchants and the markets in which they operate (2) rarely offered quantitative trade data, and if they did, these were limited to the immediate area or a single nation.

A USDA/ERS report by Burfisher and Missiaen (1987:5) listed Nigeria as one of the West African region's three "top nations" in volume of intraregional trade but Nigeria was not a viable choice for fieldwork for this study because of internal political strife. In any case, one of the two ethnic trading groups mentioned most often in the literature—the Hausa—are highly active and long-established in Ghana, and the literature revealed that the intraregional trade in agricultural products to and from

Ghana is substantial. The Hausa are described as dominating IRTNs in the eastern part of West Africa. In addition, Ghana has made significant economic progress since the time during which the ERS research was conducted in the mid-1980s.

The other two top nations cited by the ERS report on African intraregional trade are Côte d'Ivoire and Senegal. But aside from the general statistics in the ERS report, the literature review uncovered little information on modern-day Senegal's intracontinental agricultural trade although considerable information on extracontinental exports and imports was gathered.

Côte d'Ivoire is cited as one of the principal homelands of the second most-often-mentioned ethnic trading group—the Malinke or Jula—who are the paramount traders in much of western West Africa. The literature also documents a lively modern-day trade in the informal sector between Côte d'Ivoire and its northern neighbors, Mali and Burkina Faso (Harre 1993, Labazee 1993).

Even where ethnic groups and trade corridors are identified, there was so much variation in the literature on the names and spellings for different peoples and places that it was difficult to connect the information from one publication with that from another. These deficiencies underscored the necessity of conducting fieldwork in order to understand better the dynamics and direction of intraregional trade among West African countries. Thus, the decision to conduct fieldwork in Ghana, Côte d'Ivoire, and Senegal. Chapters 3, 4, and 5 summarize the findings on livestock, kola, and onions, respectively, each of which is of substantial economic importance to the region. Following an overview of the commodity at the beginning of each chapter, detailed analysis, findings, and recommendations are summarized for each country.

GLOSSARY B

ETHNIC GROUPS INVOLVED IN CROSS-BORDER TRADE

- AKAN GROUPS** Most Christian and animist in Ghana, most are syncretic in Côte d' Ivoire. Their main homeland spans the bottom half of Ghana and the southeastern quarter of Côte d' Ivoire. They are kola producers. Besides the well-known Ashanti and Fante, Akan groups involved in kola production in Ghana include, e g , Ahafo, Akim, Akwapim, Kwahu, in Côte d' Ivoire, e g , Abe, Abure, Angni, Apolomen, Atie, Avikam, Adjukru, Bakwe, Bawle, Ebrie, M'Bato, N'Zima, Tura. The major language for the Akan of Ghana is that of the Ashanti (Twi), and is largely mutually comprehensible by most Akan, at least in Ghana. In Côte d' Ivoire, Bawle and Angni serve as common linguistic denominators.
- BELA** All Moslem. The former "slaves" of the Twareg, today they are both producers and bringers of livestock to Côte d'Ivoire from Burkina Faso and Mali. They share the Twareg language, Tamasheq, with their former masters.
- BOBO** Most are animist, but also some Moslem, Christian, and syncretic. They are minor bringers of livestock to Côte d'Ivoire from their homelands in southern Burkina and southern Mali.
- BOZO** Mostly animist. They bring some livestock to Côte d' Ivoire from Mali, where the Bozo are mainly known as fishers.
- BRONG** Incomplete information. A Ghanaian ethnicity that is well-represented among butchers.
- BUSANGA** Half are Christian, half Moslem. An ethnicity that straddles the Ghana-Burkina Faso border, they both produce and sell cattle for import to Ghana, a few also bring cattle to Côte d'Ivoire or work as butchers there. The language is Bɔsa.
- DAFING** Incomplete information. From their homelands in southern Mali and Burkina Faso, they bring some livestock to Côte d'Ivoire.
- DAGOMBA** Almost all Moslem. Their homeland is the Tamale area of Ghana. Many are master and retail butchers.
- DOGON** Most are animist. The famed hilldwellers of Mali's Mopti area, they bring some livestock to Côte d' Ivoire.

FRAFRA Most are Christian. Their homeland is northeastern Ghana and southern Burkina Faso. They are both importers and big-time brokers of livestock in Ghana.

FULANI (Fr **PEUL**) All Moslem. Major livestock producers. Their historic homelands probably lay in the Senegambia. Traditionally, most Fulani were pastoralists who traversed the savanna and Sahel of many West African nations. However, they are increasingly sedentarized. Fulani of southern Senegal and northern Guinea have long lived in settled communities, southern Burkina Faso and Mali and northern Côte d'Ivoire also are home to sedentary Fulani cultivators and petty traders. The Bororo and Jawando Fulani are said to dominate the livestock trade in Côte d'Ivoire, where they act as both local brokers and bringers from Burkina, Mali, and at Tabaski from Niger, some Fulani also work as butchers in Côte d'Ivoire. The northern, Toucouleur, Fulani dominate all segments of Senegal's cross-border livestock trade. There are at least a dozen different subgroups of Fulani, but the language (Pular) is roughly mutually intelligible across them. In technical linguistic terms, they are most appropriately classed together as Fulbe, but throughout this report the more familiar English name "Fulani" is used.

GA Incomplete information. A Ghanaian ethnicity that is well represented among butchers.

GRUMA A Burkinabe ethnicity who both produce and sell cattle for import to Ghana and Côte d'Ivoire.

GRUSI Half Moslem, half Christian. Their homeland is upper east Ghana and southern Burkina Faso from whence they bring cattle to Ghana. They also export Ghanaian kola.

GUSANSI A Burkinabe ethnicity who both produce and sell cattle for import to Ghana.

HAUSA All Moslem. Their original homeland is northern Nigeria and southern Niger. But for many centuries, Hausa have settled throughout central West Africa, typically in their own communities or subcommunities, where the men often marry local women. They predominate in the livestock, kola, and onion trade in Ghana, albeit in sometimes differing roles in each commodity (see text). They also bring cattle to, and export kola from, Côte d'Ivoire.

KOTOKOLI All Moslem. Their homeland is northern Benin and Togo. A few have settled in parts of Ghana's Volta and Ashanti regions, from whence they export kola to their homelands.

KUSASI Half are Moslem, half Christian Their homeland is northeast Ghana Some are livestock importers, brokers, and butchers, a few have also entered the cross-border onion trade

LOBI Most are animist Minor cattle bringers to Côte d'Ivoire from Burkina Faso Their homeland spans the borders of both countries

MALINKE or **BAMBARA** (also **MANDING**, **MANDINKA**, and the **JULA** proper) All Moslem Often used interchangeably, the Malinke and Bambara are one of the three major subgroups of Mande peoples Their original homeland was in Mali, but today they reside in large numbers all around the Guinea-Mali-Burkina-Faso-Côte d'Ivoire borders Their language is generally called Jula, and is used as a trade language in this region Throughout Côte d'Ivoire, some Malinke/Bambara are butchers, there are long-settled communities of Bambara in northwestern Côte d'Ivoire, too, where they also import livestock But the Malinke/Bambara are best known in both Côte d'Ivoire and Senegal as the predominant exporters and importers, respectively, of kola In Senegal, they are also very active in the cross-border livestock trade The language is called Bamana

MANDE GROUPS OF THE FOREST ZONE Most are animist Like the Akan family of ethnicities, there are many minor Mande groups inhabiting the forest zone, where they are active in kola production In Côte d'Ivoire, these include, by linguistic-cultural groups (1) Bete, Didam, (2) Gere, Dan, Yacouba, (3) Gagu, Guro, Wobe, and (4) Neo and Kru

MAMPRUSI Most are Moslem Their homeland is northeastern and northern Ghana Some are livestock importers, brokers, and butchers A few have also entered the cross-border onion trade

MARKA (Fr **SARAKOLLE**, also known as Soninke) All Moslem and one of the Mande peoples Great participants in the ancient trans-Sahara trade, their homeland is Mali, but they have longstanding settlements in Côte d'Ivoire, where they relocated to take advantage of southern trade opportunities There, they speak the Malinke language (Jula) for commercial reasons and import some cattle In Senegal, both Mali-born native-born Marka are active in the international kola trade

MAU All Moslem Another minor Mande subgroup, the Mau, are small exporters of kola Their homeland is in northwestern Côte d'Ivoire and southern Mali

MIANKA Incomplete information Bringers of cattle to Côte d'Ivoire from southern Burkina Faso and Mali, they are closely related to the Bobo



MOOR (Fr **Maure**, also known as Suraka and Arabu-Berber) All Moslem They both produce and bring livestock from their Mauritanian and northern Mali homelands to Côte d'Ivoire and, to a lesser extent today, Senegal There is also a native population of Moors in Senegal, where they traditionally dominated the master butcher profession The language is Asania, an Arabic tongue

MOSSI All Moslem Their homeland is central and northern Burkina Faso, but some are nativized Ghanaians, especially near the border with Burkina Faso Many came to work in the Ghana gold mines and cocoa farms, married Akan women, and settled in Ghana permanently Mossi are one of the most active groups in livestock imports in both Ghana and Côte d'Ivoire They are also major exporters of kola from Ghana (and to a lesser extent, Côte d'Ivoire) Some also work as butchers in Côte d'Ivoire Their language is More

SAMOGO All Moslem A Burkinabe group, some of whom import livestock to, or work as master butchers in, Côte d'Ivoire

SENUFO Most are animist, but also Christian Northern Côte d'Ivoire/southern Burkina Faso is their homeland, but they are also longtime residents of Mali They import some livestock to, and export some kola from, Côte d'Ivoire

SERERE All Moslem Native agropastoralists of eastern Senegal, they play a small role in livestock and kola imports there

SOCE All Moslem A Mande group residing in southern Senegal's Casamance region and in Gambia who are active in the informal kola trade of Senegal

SONRAI/SONGHAI (known as "GAO" in Ghana) All Moslem Natives of the Malian town of Gao, they bring livestock and onions to Ghana and livestock to Côte d'Ivoire

TWAREG All Moslem Famous camel pastoralists of the Sahel and the Sahara, they bring small ruminants to Côte d'Ivoire from Burkina Faso and Mali The language is Tamasheq

WOLOF All Moslem The majority ethnic group of Senegal (classed in some 6 subgroups), they play a limited role in kola imports and a very active role in livestock imports

YORUBA Most are Moslem Their homeland is the Nigeria-Benin border area They buy kola for export to Nigeria from Côte d'Ivoire



ZARMA (Ghanian ZABRAMA) All Moslem Their homeland is in Niger A very small number are born and raised in Ghana, where some work as master butchers They are also the second most important ethnicity in Ghana's cross-border onion trade In Côte d'Ivoire, they buy kola for export to Niger

3 LIVESTOCK CROSS-BORDER TRADE

Summary

This chapter discusses the cross-border trade in livestock for Ghana, Côte d'Ivoire, and Senegal, including estimates of the volume and value of cross-border trade in livestock in all three countries, the major ethnic groups involved, the important constraints to cross-border trade, and suggestions on how to enhance cross-border trade. The volume and value of the trade estimated for each country ranges from \$25 million (144,000 cattle) for Ghana to \$30 million (116,000 cattle and 202,000 small ruminants) for Côte d'Ivoire to \$35 million (100,000 cattle and 250,000 small ruminants) for Senegal. In Ghana, ethnicity is not a significant factor in cross-border trade in livestock, while in Senegal **indigenous ethnic-based trading networks** are more influential. The networks among northern Fulbe and Moors in Senegal represent clear and readily traceable links of co-ethnicity, co-regionality, and even to some extent real kinship or clanship that span all market segments from producers through master butchers/slaughterers. In Côte d'Ivoire, ethnicity is a factor, but nationality is more important. As for the split between formal and informal trade, there are significant differences among the three countries. In Ghana, cross-border trade is nearly 100 percent informal, while in Senegal informal trade makes up 50–80 percent of total livestock trade. In contrast, most of the livestock trade in Côte d'Ivoire is formal.

An important conclusion derived from the fieldwork is that Islam acts as an extremely important “tie that binds,” serving as a unifying umbrella whose universally recognized “moral rules of the game” and shared values promote trust in business interactions across ethnicities.

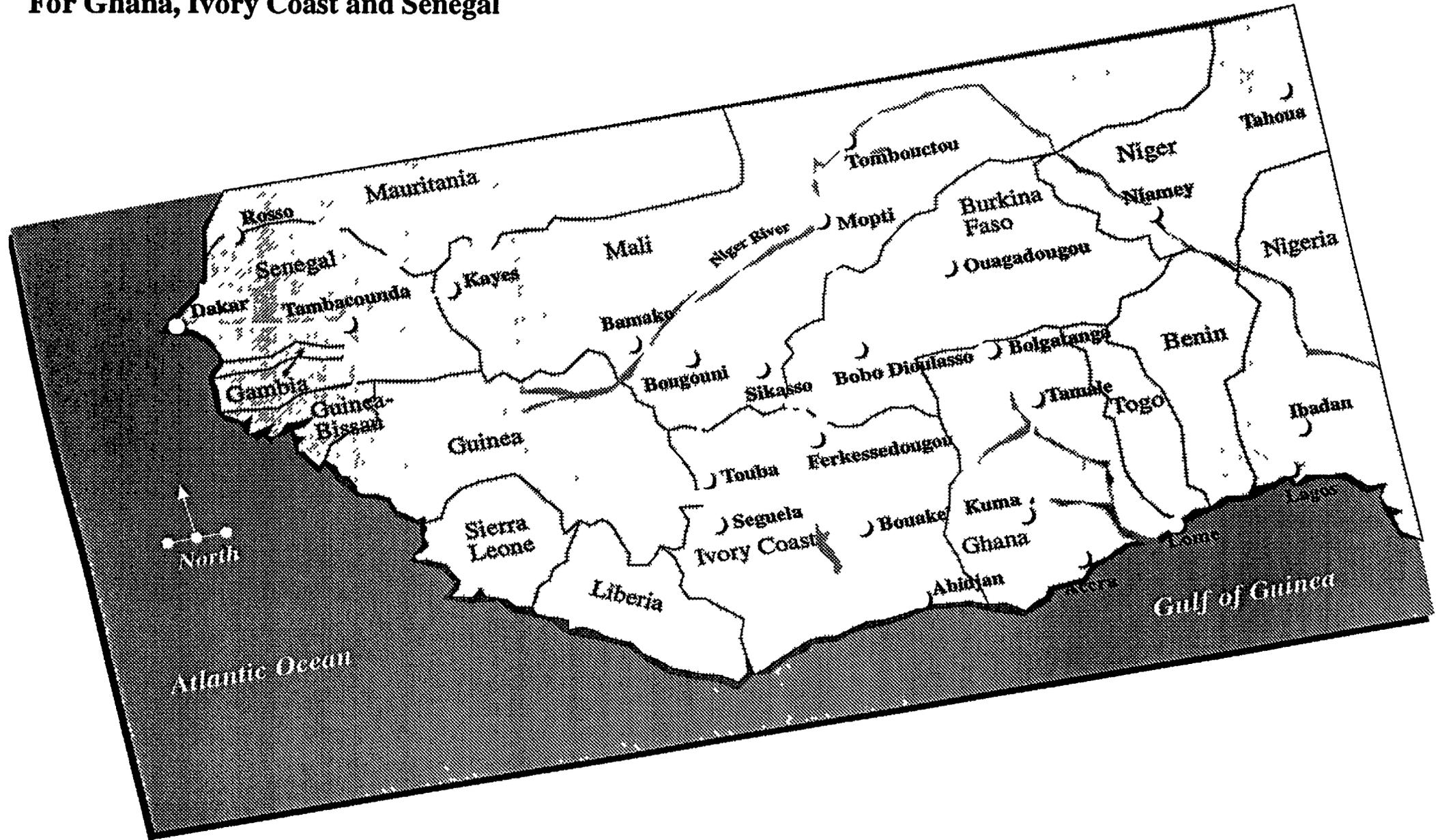
Cross-border trade in all three countries is constrained by corruption and excessive regulation, transport difficulties (trucks and roads), inadequate market information, and problems with end customer financing (i.e., with butchers). In Senegal, cross-border trade has faced specific problems related to border problems with Mauritania due to political tensions. Suggested ways to address these constraints, which are cross-cutting issues in all three countries, are

- Implementation of policies and programs that reduce rent-seeking among officials
- Development and strengthening of associations, including the provision of market information
- Improvement of transport infrastructure and the trucking industry,
- Organizing group lending schemes for butchers

The most important livestock cross-border trade routes are shown in Map B

Principal Trading Routes for Livestock

For Ghana, Ivory Coast and Senegal



3.1 Ghana

Cross-border livestock trade into Ghana involves mainly cattle (roughly 90% by volume), although there are two annual increases in small ruminant trade in response to holiday feast-food demands, for example at Tabaski (known in Ghana as Idil-Ada) and at Christmas

The total volume of cross-border trade in cattle alone has been conservatively estimated at some 40,000 head per year as of 1993. From 1985 to 1991, trade dropped precipitously due to two events. First, in 1988 Operation Cow Leg drove Fulani pastoralists out of Ghana in response to farmer complaints that migrating herds were destroying crops. This meant that the usual cull animals sold off by Fulani just before embarking on the return trek to their northern-country homes were no longer available. Second, in 1991 the government temporarily banned the transport of animals into Ghana due to a threat of rinderpest disease. From 1989 to 1993, however, the trade is estimated to have increased by 323 percent, with even higher figures in 1994 (Plan Consult 1995), and levels are expected to return to those of 1985.

Given the foregoing trend and assuming a 1995 import volume of 50,000 head, the value of cross-border trade in cattle, taken at \$200/head paid to the foreign exporter, would total \$10 million. The retail value for all primary meat products imported from the Sahel would then equal \$30 million. These figures may be seriously underestimated, however. Daily cattle slaughters in Ghana's 13 major cities sum to 550 head, total of 200,750 animals per year, leaving aside small towns and villages. Informants estimated that 90 percent, or 180,675, of all slaughters in major urban areas are zebu, a breed little raised in Ghana. If we assume conservatively that 80 percent, or 144,540, of these slaughters are imported animals, then at the above-referenced price of \$200/head, a value of \$28.9 million results. Relatively few animals weigh 400 kg, however, and therefore, on balance, \$25 million is a reasonable estimate of the total value of imported cattle, at the border price paid to the exporter.

Because all cross-border trade in livestock is unofficial due to the excessive import duty imposed on livestock (US \$0.62/kg of live weight for cattle and \$0.50/kg for small ruminants), there are no official data on livestock trade. The duty has been in effect since the early 1980s. When calculated on the basis of a male zebu of 400kg, the tariff is \$248/head, which surpasses the average sale price for a 400 kg animal of \$200. The ultimate sale price to the master butcher/slaughterer of the same animal in the Accra terminal market, with all marketing costs, is about twice this, \$400, the final retail value of all the meat products would be about \$600.

The **corridors** for cross-border trade run from north to south, animals from Mali, Burkina Faso, and Niger all enter Ghana from Burkina Faso (see Map B) Most imported cattle today come from Mali and Burkina Faso Trade from the more distant nation of Niger has decreased since the 1970s, because live animals can no longer be trucked directly into Ghana if the import duty is to be avoided Instead, cattle are trekked to the border and then herded across in small groups near border towns that have a veterinary service and suitable road access Once on the Ghanaian side, the stock are loaded into trucks for transport to the major consuming cities At that point, trade corridors follow the western Wa Road or the eastern Kintampo Road, which meet at Techiman (the third largest terminal market) From Techiman, trucks proceed along Ghana's north-south highway to the two primary terminal markets Kumasi and Accra

Kumasi is the largest terminal market for beef cattle Accra handles only about half of Kumasi's volume, primarily because Accra's coastal location gives it access to alternative sources of animal protein in the form of fish and European meat and dairy imports Accra also draws some of its beef and small ruminant supplies from production on the nearby Accra plains (Hill 1970)

Details of cross-border operations and marketing channels can be roughly categorized into three scenarios, presented below in order of importance

Scenario 1 The foreign exporter¹ drives his animals to the border, where he contracts with a Ghanaian "importer" residing near a major border town The importer who may hire guides and drivers for this step, pays a bribe of some \$20/head to customs officials (although he may tell the foreign exporter that he paid more)

Before moving the animals across the border, the importer and the exporter agree on the price (either per head or per lot), based mainly on the exporter's own expenses to that point plus whatever knowledge the exporter has about current prices and demand conditions in the terminal market(s)

¹ There is a special Ghanaian term, *bringers* of livestock, which denotes an exporters from countries other than Ghana The Ghanaian term is somewhat more accurate than exporter in that it reflects the fact that it was not always possible to establish during field research whether exporters actually own the healthy Loading takes place at the loading bay of the local Veterinary Service Post Although the importer contracts for the truck and for escorts to ride along to care for the animals, his broker in the terminal market will supply the cash to pay the driver and possibly also the escorts, if the importer is short of cash Upon reaching the terminal market, the escorts return immediately to the border to seek another assignment

The Ghanaian importer represents the animals as his own to Ghanaian officials. To be allowed to transport any agricultural commodity, he must show proof of payment of income taxes and all relevant municipal fees (Table 3.1). For livestock, the importer must also obtain a Movement Permit from the Veterinary Service, certifying that the animals have been inspected and are healthy.

A terminal-market broker serves as an intermediary who negotiates a price for the animals, going back and forth between the importer and potential marketplace buyers, mainly master butchers. Meanwhile, the broker provides the Ghanaian importer with free food, lodging, and tenders until the sale of the animals is completed. The Accra terminal broker receives a \$1/head commission (*talma*) from the butchers in exchange for his brokerage services. Kumasi brokers get \$2/head from butchers.

At the conclusion of the transaction, the importer pays an unstipulated amount of cash (*asuaka lafia*) to the broker, in accordance with the importer's satisfaction with the broker's work, as a form of thank you. Only after he receives his money does the importer return to his border home, and only then does the foreign exporter finally get his money and give the importer some *asuaka lafia*.

To repatriate their earnings, exporters may legally convert their Ghanaian cedis into West African francs (FCFA), or they may spend all or a portion of their cedi earnings to purchase items such as kola and salt or, less frequently, timber and cement, for resale in their home countries. The importer may assist the exporter in making these exchanges or purchases.

Scenario 2 The terminal-market broker may have agents of his own who live in border towns, where they direct foreign clients to him. An agent pays all the requisite bribes and other border-town costs with money advanced to him by the broker, and he shows the broker's, rather than his own, proof of payment of income tax. In this case, the foreign exporter personally travels to Accra or Kumasi with the agent, who leaves him there with the broker. The agent immediately returns to the border town to generate more business. The agent will earn some unstipulated fee per head or per trip from the broker after final sale of the animals. Also, in this scenario the foreign exporter will pay *asuaka lafia* to the broker. All other parts of the transaction are as described in Scenario 1, except that the broker has a greater obligation to provide security for the exporter's animals, money, and person while the exporter is staying with him in the city.

Scenario 3 A third and reportedly somewhat rare scenario is exemplified by a foreign Fulani man who lives in the Ghanaian border town of Tamu, maintains his own corral there, purchases animals from across the border, and sees to the entire marketing job himself, except for the final step of employing a terminal-market broker

If the destination terminal is Kumasi, the loaded truck (which carries an average of 35 head) must pass as many as 15 customs and police barriers along the way, for Accra, this figure may be up to 23. At each barrier, bribes are paid which total about \$20/head, or \$700.00 per truckload.

Once an animal reaches the terminal market, it is sold on credit by the broker to a master butcher, who must pay within 3 to 7 days after taking the animal. Typically, butchers pay back only 90–95 percent of the purchase price initially agreed to with the broker, and over time, unpaid balances build up. These can result in serious disputes and ostracism of the delinquent within the stock-trading community. This is a longstanding and pervasive problem in all the countries visited (cf. Cohen 1965, Kulibaba and Holtzman 1990).

In terms of **types of products handled**, after slaughter, an assistant employed by the master butcher employs assistants to quarter the carcass in exchange for payment in the form of the trimmings. The carcass parts are then distributed to large-scale butchers who specialize in meat or meat by products.

These butchers distribute their products at various urban locations through a system of retailers. They may also have large institutional customers such as hospitals, prisons, and the military. But because such institutions can take up to a year to pay for their purchases, butchers prefer to sell to an institutional intermediary who pays more promptly. For example, the Ghana Food Distribution Corporation buys meat from the master butchers on behalf of the nation's armed forces and prisons.

To illustrate the financial details of the marketing chain, Table 3.1 summarizes the major marketing costs accrued per head from the point of border crossing, disaggregated by costs incurred as a result of unofficial/illicit operations versus official/receipted fees or accepted business costs.

As to **marketing structures**, both the livestock dealers and butchers are each formally organized into nationwide, multi-ethnic private-sector associations—the Ghana National Livestock Breeders and Traders Association (GNLBTA), and the Ghana Cooperation Butchers Association Ltd (GCBA). From 1962 to 1985, these two groups operated as a single organization the Ghana Breeders and Butchers Association (GBBA). In 1985, however, the butchers formed their own

organization. It is structured into 10 regional associations, within each of which there are "societies" that correspond to the major meat outlets in each region. For metropolitan Accra, for example, there are 22 such outlets.

In very general terms, an **indigenous but not specifically ethnic-based regional trading network** can be said to exist for today's cross-border trade of livestock into Ghana. Prior to 1969, there was a good case for the existence of an ethnic-based network of Hausa because they have clearly dominated import, dealer, and slaughtering/butchering links in the market chain. Their dominance was based on a variety of factors. For one, Hausa began many of the marketplaces to be found in Ghana, indeed, most urban Ghanaian markets traditionally sprang up alongside the *zongos* (Moslem residential zones), usually established by immigrant Hausa settlers. A further factor was the degree of trust in the creditworthiness, especially at the sensitive juncture between dealers and slaughterers, because previously the Hausa had great control of both these operations and good relationships had been developed.

With the Aliens Compliance Act of 1969, however, many Hausa were ejected from Ghana. Although many returned later, their position in the livestock trade had been weakened in the interim. Also, with the introduction of prohibitive import duties, Hausa concentrated more on domestic brokering rather than on importing animals themselves. In the early 1980s, however, Hausa power within any segment of the livestock market was dealt a major blow by a widely publicized scandal over illegal repatriations of foreign exchange earnings from livestock by a major Hausa broker-slaughterer in Accra, who also served for some 20 years as the president of the GBBA. The man reportedly was ultimately deported, but he left behind many of his non-Hausa agents, dressers, and butchers, and other associates of different ethnicities whom he had employed and trained. Many of these non-Hausa stepped into the breach.

Thus, today there is no single ethnic group that dominates or controls the cross-border trade in livestock in Ghana as a whole, or any one particular market segment. Figure 3.1 shows the diverse ethnic distribution along the marketing chain for imported cattle.

The multi-ethnic nature of the Ghanaian livestock trade is also evident in the ethnic distribution of members within the relevant trade associations. The GNLBTA estimates that its membership of 200 is composed of approximately

- 65 percent northern Ghanaian ethnicities (Dagomba, Frafra, Grusi, Kusasi)
- 25 percent Hausa and Mossi, with the vast majority of these being native-born and with more Hausa than Mossi
- 10 percent "Gao" (Sonrai), who specialize in small ruminants

Table 3 1 Estimated Major Marketing Costs for Cattle Imported into Ghana ^a
(in US dollars per head)

<u>Type of Marketing Cost</u>	<u>Amount (US \$)</u>
Costs to foreign exporter prior to the border	unknown
Bribes to customs officials at the border	*20 00
Fee to guide who clandestinely leads animals across the border at recondite point	* 50
Wages to kraal attendant at importer's kraal	* 10
Municipal market fee at border market-town (in this example, Bawku)	80
Proof of payment, or payment, of income taxes on trade	20
Veterinary permit	40
Wages for loading animals at veterinary Service Post	20
Trucking cost for transport of animals from loading point to terminal market	35 00
Wages to caretaker-escorts on trucks	
Total of bribes to customs officials and police during transport	*20 00
Wages to workers for off-loading in terminal market	20
Wages for herders at terminal market	10
Brokerage fee paid by slaughterer-buyer to broker	1 00
Trucking cost for transport of animal to slaughterhouse	1 50
Value of trimmings paid by slaughterer-buyer to dressers	2 40
Wages to scrapers/smokers who remove hair from skin, feet, head	1 00
Wages to washers of intestines	50
Municipal market fee at terminal market	1 00
Commission to Chief of the Butchers	20
Income tax paid by retail butcher	20
Variable <i>asuaka lafia</i> to importer or broker	unknown
Total known import marketing costs per head	89 30
*Portion of this total consisting of illicit costs, which equals 45 percent of total costs	40 60

^a Calculated on the basis of a 400kg animal with the average 1994 rate of US\$1 00 to 1,000 cedis and assuming final wholesale sale in the terminal market of Accra. Starred items represent illegal, unofficial, and unacceptable-to-trader costs incurred as a result of prohibitive import duties and corruption.

GCBA officers estimate that

- 45 percent of their membership are Hausa
- 25 percent are Dagomba
- 20 percent are other northern Ghanaians, plus Ashanti, Brong, and Ga
- 10 percent are "Gao" (Sonrai)

While the above figures suggest the relative proportions of ethnicities involved in the trade, the **market segment matrix** of Table 3 2 presents the overall competitive position and share distribution by major participating ethnicities, as estimated for 1994. The table shows that Hausa no longer single-handedly dominate any one aspect of the trade, although they do maintain a consistent presence throughout the marketing chain.

Table 3 2 Estimated Market Volume Shares, Share Trend and Indicated Formal vs Informal Transactions in Ghana's Regional Cattle Import Trade, by Ethnicity^{a b}
1994

MARKET SEGMENT (formal vs mixed vs informal)	Hausa (Nigeria)	Zarma (Niger)	Mossi (Burkina Faso)	"Gao" (Mali)	Northern Ghanaians
Cross-Border Traders (informal only)	C 30% ↓	C 30% ↓	C 20% ↑↑	C 20% ↓↓	N/A
Brokers (mixed, formal, & informal)	C 30% x	W 10% ↓↓	---	W 10% ↑	S 50% ↑↑
Master Butchers (mixed, formal, & informal)	C 30% x	W 15% ↓	—	W 15% ↑	C 40% ↑↑

Total estimated value of trade = \$25 million, of which virtually 100 percent is reported to be informal. If small ruminants were added, the total estimated value would be higher.

^aWith regard to competitive position, D = dominant, S = strong, C = competitive, and W = weak. Ethnic groups with minimal positions are not included in this matrix. For share shifts, ↑↑ = strong share growth, ↑ = growth, x = no change, ↓ = small share loss, ↓↓ = strong share loss, here viewed across roughly the past 5 years.

^bMain homeland nations of ethnic groups are included in parentheses, although many market participants are now naturalized Ghanaians.

**Figure 3 1 Multi-Ethnic Participation in
Ghana's Livestock Marketing Chain**

FULANI and other livestock producers in Burkina Faso and Mali



BUSANGA or other Burkinabe or Malian ethnicities who do the initial assembling of animals into small herds (2–5) to sell in rural markets to cross-border traders, or who act as assembly agents for an importer



MOSSI cross-border traders from either Burkina Faso or Ghana who aggregate animals into a larger herd and transport them to the Burkina Faso–Ghana border



KUSASI importer at the border who may act independently or as an agent of the terminal-market broker



FRAFRA dealer in Accra, who brokers the animals of the Mossi importer (above) and of importers of many other ethnicities



"GAO" (Sonrai) master butcher/slaughterer, who purchases animals (1 to 5 at a time) on credit from the Accra broker



HAUSA butcher specialized in intestines and organs

ZARMA butcher specialized in meat quarters

DAGOMBA butcher specialized in skin, head, feet, and tail



GRUSI and other northern Ghanaian ethnicities working as butchers' "boys "



AKAN market sellers of roast meat dishes



ALL ETHNICITIES of consumers

In trading at the border itself, the Mossi are capitalizing on their geographical advantage under the prohibitive import conditions. Their homeland is closer to the Burkina Faso–Ghana border than that of any of the other non-Ghanaian ethnic groups involved in the trade. Thus, Mossi animals assembled in the Mossi homeland (in the Burkina Faso) can be more economically trekked to the Ghanaian border than animals of more distant ethnic groups. In addition, Mossi along with Frafra and Grusi, reside on both sides of the border, fostering the trust that is needed in the tricky business of informal cross-border trade.

On the other hand, Hausa, Zarma, and "Gao" (Sonrai) — few of whom live in the border region — have suffered from the prohibitive import duty that makes direct trucking of animals across the border economically impossible. Even the Hausa language appears to have lost ground in the trade, as northern Ghanaians take advantage of their knowledge of the Mossi tongue to win over cattle exporters from this ethnic group.

To compensate for their difficulties on the import end of the business, Zarma and "Gao" (Sonrai) moved into slaughtering and butchering. Reportedly, their large capital reserves, which they brought from their Niger homeland, facilitated this market entry. Hausa, however, are still recognized as the most expert "meatcutters." Meanwhile, northern Ghanaians have moved very aggressively into the many new niches of frontmen, brokers, and agents created by the excessive import duty, as well as into the slaughtering/butchering openings created by the Hausa scandal described previously.

Within this colorful ethnic landscape, however, there were no extensive or highly exclusive intraregional trade networks defined solely by ethnicity. There are, however, two overarching **ties that bind together** the majority of individuals and ethnicities involved in importing livestock to Ghana.

Ties That Bind

- ***Geographic origin in or proximity to stock-raising areas*** All of the ethnicities that play a significant role in the trade of live ruminants (as vs their products) are linked either historically or presently to stock-raising areas, all of which lie in the savanna and Sahelian zones to the north of West Africa's coastal forest zone. Ties to stock-producing geographic areas translate into greater familiarity with livestock plus better access to its producers, whether of one's own or other ethnicities.

- **Islam** The overwhelming majority of the individuals involved in Ghana's livestock trade are Moslem. Aside from the many ties that bind Moslems of all ethnicities together, this religion has an especially prominent place in the livestock sector. Success as a livestock or meat professional in most nations of West Africa can be tied to one's Moslem identity. While meat from animals slaughtered according to Islamic canons can be consumed by non-Moslems, the converse is not acceptable. Moslem consumers are more confident that meat has been handled properly if the slaughterers are known Moslem.

Insofar as ethnicity is concerned, **barriers to entry** in the cross-border livestock trade in Ghana are by and large the obverse of the ties that bind. Entry into the market naturally requires some startup capital or some animals. Informants noted that many successful cattle exporters entered the business (and continue to do so) with small *ruminants*, and used their earnings from this trade to begin trading in cattle.

Ghana Key Findings

1. Because no one ethnicity dominates the entire marketing chain and because ethnicity is not the driving factor in trade relationships, the question arises **How do buyers select among suppliers?** For Ghana, however, this question must be reformulated as: How do foreign exporters select their importers and brokers? In answer to this query, exporters emphasized two important factors: (1) honesty on the part of the importer/broker in getting them a fair price for their animals, and (2) timely payments on the part of brokers. Ethnicity per se was of no concern in their selection. They pointed out that they each had favorite brokers of various ethnicities in multiple towns within both Ghana and Burkina Faso.
2. The timeliness of payments by brokers merits further comment. In interviews, foreign exporters emphasized the importance of the opportunity cost of their time. They said they need to be constantly on the move to find and bring more animals, that they cannot afford to wait while animals are being sold.
3. Cross-border traders tended to judge the reliability of brokers on the basis of the experience of others. Real or fictive kinsmen ("elder brothers") were especially cited as sources of such testimonials. In some cases, the existing relationship between a cross-border trader and a broker had originally been established by their fathers and/or "elder brothers."

- 4 For cross-border traders, success in livestock appears to depend mainly on access to a supply of animals in addition to the selection of a "good" broker. Broker success depends on having a "good" reputation, sufficient capital to satisfy impatient traders, and the capacity to extend credit to buyers.
- 5 Traders who assume responsibility for moving livestock south must have reliable access to trucks and truckers. Both the GNLBTA and the GCBA noted that there is a shortage of proper trucks for livestock transport, which leads to high transport charges because truck-owners' fear that the animals will damage their vehicles.
- 6 All the highly successful brokers interviewed were multilingual in key languages (e.g., in Frafra, More, Twi, and Hausa).
- 7 Business success as a slaughterer/butcher is more difficult, however, because they must repay credit in a timely fashion, calculate market demands shrewdly and be able to accurately evaluate an animal's condition and worth on sight. One major problem for butchers is the current lack of meat vans unrefrigerated for distributing dressed meat quickly around town to the major butcher outlets. Formerly supplied by the Accra municipal government, all the vans have now broken down. To solve this problem for Accra, the GCBA has entered negotiations with the municipality for it to co-sign a loan for the association to purchase and operate such vans.
- 8 All participants in Ghana's livestock trade agree on two points. First, with less burdensome import duties and no police or customs bribery, they believe that far more livestock would be imported and meat prices would fall. The GCBA suggests a simple duty of \$10/head for cattle, rather than a weight-based levy. The GNLBTA suggest a \$3/head import duty on cattle and \$1/head for small ruminants. In any case, weighing animals either before or at the border is economically impractical, it is not, and apparently never has been, done anyway.

Both groups maintain that there is potential for fresh meat being sold at prices affordable to more Ghanaians. Currently, 1 pound of fresh beef costs about 1,000 cedis while the daily minimum wage is 1,200 cedis. Some informants also felt that, at more nearly equal prices, African beef could easily compete with European surplus meat because the latter is overly fatty for consumer tastes (35–40% fat versus 25% for African beef). Thus, even at lower per-unit wholesale and retail prices, all informants believed increased intraregional imports

would bring them increased profits due to an increased volume of transactions. Increased Sahalean imports would improve the availability and quality of meat accessible to more consumers and citizens.

- 9 Finally, a key finding is that the major **strength of multi-ethnic trading networks** is their ability to organize, at least in certain segments of the market, in order to lobby for more rational import regulations, marketing practices, and so forth. For example, the GNLBTA has successfully lobbied the Ministry of Agriculture to have the prohibition on nighttime movement of cattle removed. Figure 3.2 shows GNLBTA correspondence with the ministry, which is evidence of how this association is also bringing its voice to bear on several other import restrictions.

Even more proactively, the GCBA recently conducted an assessment of the costs associated with legally importing animals. It carefully documented the extraordinary costs from the border to the capital city, and then showed these data to the government in order to argue for reduced duties (and thus opportunities for bribery). In anticipation of a positive government response, the GCBA has opened negotiations with the Agricultural Development Bank (ADB) for a loan package to allow them to begin systematic importation. To raise the funds required to match this loan, the association levied a contribution of several hundred dollars on each of its ten societies nationwide.

The major constraints to and inefficiencies in IRTN livestock trade in Ghana have been outlined above: egregious import duties and unrealistic transport restrictions on perishable goods, both of which provide opportunities for untrammelled customs and police corruption as well as high animal losses and shrinkage. (See the discussion of the onion trade for a dramatic example of the gauntlet of extortion that all perishable agricultural commodities in Ghana must run.) A further constraint in the marketing system as a whole is the scarcity, and hence high cost, of credit, extended at great risk by brokers to master butchers/slaughterers and other buyers.

These constraints ultimately lead to artificially inflated prices and thus depressed demand for African beef. Consumers would like to buy more and better (i.e., African) red meat, but there are clear agroecological constraints and comparative disadvantages to an increase in domestic production of ruminants within Ghana. Lowering the marketing costs—in particular, the illicit costs—of regional imports of animals would likely benefit consumers and increase the flow of cross-border trade and

regional economic development and integration. In lieu of such actions, however, Ghanaian consumers simply eat more poultry and, on the coast, more fish.

Opportunities for accelerated growth and improved efficiency in Ghana's cross-border livestock trade abound, such as removing some of the constraints outlined above, especially major modifications in the duty regulations. This would permit entry by more of the Moslem and other ethnic groups currently participating in various segments of the livestock market. Other ethnic groups with certain competitive advantages (e.g., ties to stock-raising areas) would also be attracted into the cross-border trade. More realistic import duties would facilitate livestock re-exports to other African nations. One longtime broker recounted how, some 15 to 20 years ago when duties were more reasonable, he re-exported Sahelian cattle to Gabon at a tidy profit. (Interestingly, traders interviewed in Senegal also cited Gabon as an attractive market for African beef.)

There is precedent in Ghana for removal of such constraints. Until approximately 1979, there were no such prohibitive duties. And periodically (notably before elections), the government has ordered police to remove themselves and their barriers from the nation's roads.

All such issues must be addressed in the still larger context of the policies and regulations between trading countries. With regard to livestock, however, both foreign exporters and local brokers interviewed in Ghana claimed that, in Burkina Faso at least, traders' associations have won considerable freedom from export duties and police harassment.

In sum, due to shortsighted trade policies, Ghana appears to be losing out to its coastal neighbor nations, who have less stringent controls on livestock trade as well as the advantage of a shared currency in the form of the CFA Franc. This point was emphasized in subsequent interviews with Fulani exporters of livestock to Côte d'Ivoire, who swore never to trade in Ghana, because of difficulties they had experienced there. Yet recent visits by high Malian officials to Ghana to investigate possibilities for increased livestock trade and, conversely, formal visits by leaders of the private Ghanaian traders and butchers associations to Burkina Faso, Mali, and Niger suggest that all concerned are very much interested in enhancing intraregional trade in livestock.

3.2 Côte d'Ivoire

Cattle form the backbone of Côte d'Ivoire's **cross-border trade in livestock** because beef is cheaper than mutton. Burkina Faso and Mali are the chief livestock trading partners of Côte d'Ivoire,

**Figure 3 2 Letter from the GNLBTA to the Ministry of Agriculture
Ghana National Livestock Breeders
and Traders Association**

BANKERS

Ghana Commercial Bank
Ashaman

Agricultural Development
Bank Tema Main
Our Ref
Your Ref



c/o P O Box 214
Ashaman

20th December 1994

MINISTRY OF FOOD AND AGRICULTURE
MINISTRY OF AGRICULTURE ACCRA

Dear Sir,

**APPLICATION FOR NIGHT PERMIT TO MOVE
WITH LIVESTOCK DURING PROHIBITED HOURS**

The above Association wishes to apply for Night movement permit to move with livestock during prohibited hours by our members in the country wide in the night at least four (4) extra more people on the said vehicle to take care of the animals for the following reasons

- 1 That our members always meet so many difficulties in the hands of the law enforcement agents and sometimes made to pay some monies to some individual pockets which later turn to unnecessary high cost of meat in the market of our dear country
- 2 That the secretarial of the above Association received report from its -members that they are at times made to pay between C25,000 00 and 020 000 00 at all the security check point before allowed to pass with the livestock and if one refused to pay this money the animals will be made to stay for about 6 7 hours and sometimes it ends up with 2 3 or more animals death
- 3 That our information also is that the customs demand unnecessary duty papers on the cattle from Ghana and Police also demand night permit and over load from the vehicle carrying animals and due to lack of education by the majority of members they will only simply leave the vehicle fully loaded with animals and start playing some games like (Dravet) or (Ludo) until our members become frightened of the death of their animals and have to forcefully pay the money that they are demanding for their personal interest
- 4 That the extra 4 persons we requested is to be in the vehicle loaded with animals in the case of cattle to take good care of them either than that all the animals will die on the way because of the above reasons our members paid for caretaking fees between 00 000 and 030 000 to each caretaker to care of our animals from the North to down South
- 5 We use this opportunity to suggest to your high office that Livestock Dealers also to be giving chance to pay our Income Tax Daily through out the country This is because the Daily Income Tax already is in operation at Ashaman Livestock market which it turnover is not bad and we feel if this is done it will yield more revenue for the Nation

Thank you We count on your usual cooperation
Yours faithfully
ALHAJI BASUFU AKAKADE

NATIONAL CHAIRMAN

although animals also arrive from Mauritania and, mainly during the feast of Tabaski, from Niger. It is estimated that 85 percent of all fresh meat sold in Côte d'Ivoire is from animals imported from neighboring countries (Marcoux 1995). The majority of stock (76%) enter the country by truck, rail transport is limited (8%) due to a variety of persistent problems (see Kulibaba and Holtzman 1990). About 16 percent of animals are still trekked in, despite the fact that trekking has been declared illegal due to conflicts over herds damaging cultivated fields and the government's desire to monitor and control imports. However, events like the 1995 shooting by border-area Ivorians of more than 100 Fulani cattle (and their ensuing appropriation of the meat) may reduce trekking.

The total volume of cross-border trade is estimated at 112,628 cattle and 196,278 small ruminants in 1993 (CCA 1995).² According to interviews with the top broker of the Abidjan stockyards, from 1984 to 1994 the volume of trade in all species increased by some 33 percent. However, a prominent and longtime master butcher (Fr. *boucher chevillard*) observed that presently between 300 and 400 cattle are slaughtered daily in the Abidjan stockyards whereas during the 1980s this figure was only 200 to 250. Part of this increase, however, can be attributed to increased domestic production in northern Côte d'Ivoire (cf. Kulibaba and Holtzman 1990: 10 ff.).

Between 1982 and 1990, the price per head of cattle is reported to have remained more or less stable, never surpassing FCFA 100,000. In 1993–1994, however, it rose sharply and by early 1995, a large (300kg) animal went for roughly three times its 1993 price. According to interviews with both traders and local and expatriate researchers and developers, the increase is due to the 50-percent devaluation of the FCFA in January 1994 and the overall shortage of beef cattle relative to demand. The shortage has been brought about by a number of factors:

- Lack of sufficient and appropriate trucks for livestock transport, exacerbated by the increased restriction on trekking and continued problems with rail transport.
- A decrease in livestock exports from Mauritania to Senegal due to the 1989 war between these two nations and the continuing tensions between them, resulting in the diversion of a portion of Mali's exports to Senegal instead of Côte d'Ivoire.

² The figures presented in the CCA report for 1994 cannot be used because, according to a key member of the local consulting team, they include the totality of ruminant exports from Burkina Faso for that year, as taken from documentary sources.

- A decrease in imports of surplus European meat, due to the fact that much of such meat derived from culling to restructure old dairy herds — a process now largely completed, and the FCFA devaluation, which leaves less foreign exchange for imports of all sorts and makes them much more expensive
- Growing demand for meat in Côte d'Ivoire, due primarily to population growth
- Growing demand for meat in the producing nations of Africa

The 1994 **value of the cross-border trade** was estimated to be approximately \$31 million, using the following methodology Taking the 1993 import estimates and adding 3 percent to them (to roughly extrapolate the previous 10 years' trend), gives a head count of 116,007 cattle and 202,166 small ruminants CCA (1995) assigns an average dollar value per head of \$255 for cattle and \$5.80 for small ruminants, based on animal auction prices in Abidjan — the point most changes of possession in imported animals takes place³ Together, they yield a total value of approximately \$31 million (\$29,581,560 + \$1,172,565)

The **trade corridors** in Côte d'Ivoire extend from north south along three major highways (western, central, and eastern) Animals entering from Burkina Faso are moved along the eastern route, which is the only route also served by rail, albeit irregularly The railway originates in Kaya, passes through Ouagadougou and Bobo-Dioulasso, and enters Côte d'Ivoire at Ouangolodougou From there, it carries on to Bouake and Abidjan These two cities plus Daloa constitute the nation's three largest terminal markets Livestock arriving from Mali or Mauritania may be moved along either the western or central corridors Alternatively, they may enter through Nielle, where they may be trekked or trucked onward to Ouangolodougou or other points along the railway, to be sent on by train⁴

³The CCA sales price for cattle was verified by the senior researcher with stockyard brokers and master butchers However, no attempt was made to double check the figure for small ruminants

⁴For much greater (albeit slightly dated) detail on routes and modes of livestock transport to and within Côte d'Ivoire, consult Kulibaba and Holtzman 1990

Details of cross-border operations and marketing channels are varied and complex. Two subtypes of operation can be distinguished: one involves residents of Côte d'Ivoire as importers⁵; the other involves foreign exporters.

Scenario 1 The cross-border trader's intermediary contacts an intermediary residing in Côte d'Ivoire, who represents another Côte d'Ivoire resident who wishes to import livestock. The two intermediaries strike a deal on the number, types, and lot-price of the animals and which market will be used. During this process both the buyer and the intermediaries may communicate with major terminal-market brokers as to market prices and trends. The importer then takes care of all the paperwork and the costs of bringing the animals across the border and on south to the terminal market. Once in the terminal market, the animals are placed with a broker, which the broker may facilitate the sale in one or a combinations of four ways:

- 1 Animals may be sold directly to local buyers other than a master butcher/slaughterer. Such buyers may be individuals who seek a few animals for personal consumption (e.g., for a funeral), but more commonly, they are speculators who buy and hold the stock for a few hours or days, later reselling them to private individuals or master butchers, with yet another pair of seller/buyer intermediaries intervening in the transaction.
- 2 Some of the animals may be sold outright to a master butcher.
- 3 The broker may buy a few of the animals himself, fattening or simply holding them for a few days until prices rise.
- 4 The Broker may sell some of the animals to a master butcher on credit. However, it is reported that many brokers refuse to do this today, citing butchers' notorious delays and defaults in repayment plus the FCFA devaluation and their fears that further devaluations may occur.

⁵ This scenario draws mainly on the verbal description of an expatriate livestock expert living and working in Côte d'Ivoire.

Not until the importer is paid do individuals farther back in the marketing chain begin to receive their monies

Scenario 2 This scenario is similar to the preceding one except that the cross-border trader sees to most of the marketing process himself, personally accompanying his animals to the terminal market, where he lodges with a broker he knows or with a broker of good repute. Often, the trader arrives at the broker's by pre-arrangement, having checked first by phone or messenger on the status of the market. The trader stays with the broker until all his animals are sold and he collects his money.

Bribes and other illicit payments are demanded both of traders and their truckers, in exchange for no apparent services. A truly amazing panoply of agencies and individuals are involved in such rent-seeking.

- In addition to legitimate and reasonable customs and veterinary procedures and fees at the border, another half-dozen or more customs stops and payments are demanded within Côte d'Ivoire itself, between the border and Abidjan, at an average of FCFA 1,000 each.
- Also at the border, the Veterinary Service charges an exorbitant FCFA 15,000 in payment for an ectoparasiticide dip that, in fact, is never administered.
- Rent-seeking is a major problem. For a truck on the eastern route, for instance, 20 payments to police and civil guards are the norm, which as of early 1995, reportedly totaled approximately FCFA 28,000. In addition, surprise roadblocks sometimes are erected independently by the more enterprising officials. This rent-seeking adds unexpected marketing costs. Water and Forestry Service officials also ask for bribes, which on the western route, means five to six payments of FCFA 1,000 to 1,500 each.

According to local informants, it is common knowledge that a generous portion of these various "rents" flows up the bureaucratic hierarchy for personal use by officials in mid- and high-level positions. Rent-seeking adds significantly to marketing costs in Côte d'Ivoire's livestock trade. Kulibaba and Holtzman reported that as much as 23 percent of marketing costs fell into this category in 1990. To these can be added the cost of administrative fees of dubious value to either the private trader or the state. Although Côte d'Ivoire authorities have made progress in reducing the cost of graft to livestock traders in recent years, this is a persistent problem throughout the region which can

change quickly in response to downturns in the economy overall. These costs do not take into account the value lost in animal shrinkage and death due to unnecessary delays en route.

Meat products are retailed the same way as described in Ghana, (i.e., red meat is sold separately from by-products such as offal, skin, etc). The majority of master butchers were and are still of Malian origin (Bambara, Fulbe, Malinke, and Moor), with a few of Burkinabe (Busanga, Dafing, Fulani, Mossi, Samogo), however, some native Malinke as well as Senegalese Malinke are also master butchers.

The Côte d'Ivoire government tried to "Ivorianize" the butcher trade by sending young Ivorians of Akan and other forest-zone ethnicities to study butchering in France. This program was a failure. For one thing, members of these ethnicities proved generally much less apt at butchering, because they lacked background or expertise in livestock. For another, the types and cuts of meat products the students learned in France were not the ones familiar to or desired by Africans. Consumers complained that they could not find the complete variety of products offered in local markets.

In terms of **marketing structures**, since 1983 the butchers' profession has been attempting to formally organize itself. Indeed, in that year it formed the Syndicat National des Bouchers de Côte d'Ivoire (SYNACOBICI), including all participants in the butchering business, but it was not very successful.

In 1994, the butchers made a fresh attempt to organize, now under the name Cooperative Ivoirienne des Bouchers, Charcutiers et Assimilés (COIBOCA). The stated aim of the organization is "to defend the interests of butchers against the state." As Holtzman and Kulibaba (1990:34) note, the government has long struggled to control both the butchering profession and the livestock trade in an effort to Ivorianize the entire sector by breaking the control of its traditional actors—most of whom are foreign nationals or descendants of foreign nationals from stock-producing countries to the north. To this end, there is now a general understanding that the leaders and a majority of the officers of any trade associations organized in Côte d'Ivoire must hold formal citizenship there.

In this regard, the current furor over the organization of a new brokers and traders association—the Syndicat des Marchands et Importateurs de Bœuf et de Volaille en Côte d'Ivoire (SMIBV)—is instructive. A first attempt was made to organize such an association in 1982. Membership consisted of some 300 brokers and traders whose goal was, among other things, to win formal government recognition and licensing of traders and brokers, and to lobby for easing restrictions,

streamlining procedures, and so on for livestock imports. According to the former president of this organization — a Fulani with 25 years' experience as a broker in the Abidjan stockyards — the government refused to recognize or even meet with this first association because its members were mostly foreign-born and non-naturalized.

Key Findings

- 1 **Nationality, rather than ethnicity**, appears to be a very significant and growing concern in Côte d'Ivoire's livestock trade. The present research confirms Kulibaba and Holtzman's findings that "ethnic solidarity proves less a factor in the marketplace than established networks of livestock producers, traders, intermediaries, and butchers which are inter-ethnic in nature" (1990:23). Table 3.3 indicates the widespread participation of diverse ethnicities in the livestock trade. Other, native-born Ivorians of ethnicities not listed in this table also participate in the trade (e.g., Bawle).
- 2 The **market segment matrix** of Table 3.4 shows the positions of the major ethnicities in Côte d'Ivoire's livestock trade. Fulani clearly dominated. The only significant shift in ethnic shares is the Mossi's significant advances in both cross-border trading and brokering. Only five Mossi were operating as brokers in Abidjan 25 years ago; today there are nineteen. The Mossi's expanding role as both cross-border traders and brokers is due to the recurrent droughts in their Burkina Faso homeland. Exacerbated by population growth and environmental degradation, the droughts have triggered greatly increased Mossi out-migration. More specifically, the difficulties of pursuing cultivation in their homeland have led many to abandon farming and take up the livestock trade as their main livelihood. According to Mossi informants, this livelihood became more viable because, after suffering one drought after another, Sahelian stock-raisers shifted their offtake strategies and began releasing more animals on the market more regularly. Their reasoning is that it is better to sell stock bit by bit than to hoard herds that, when drought strikes, may be decimated. An additional factor contributing to this phenomenon may be the shift in production zones that followed the 1983–84 Sahel drought, whereby the geographical center for the production of large ruminants moved southward, closer to the border with the Côte d'Ivoire.
- 3 The **ties that bind** and **barriers to entry**, in Côte d'Ivoire cross-border livestock trade are much the same as those for Ghana. However, the barriers to entry by newcomers may be stronger in Côte d'Ivoire than in Ghana, because of the nationality requirement previously mentioned.

**Table 3 3 Cross-Border Traders of Livestock to Côte d'Ivoire,
by Ethnicity and Nationality ^a**

ETHNICITY	NATIONALITY				
	Mali	Burkina Faso	Côte d'Ivoire	Niger ^b	Mauritania
Bambara	Y	-	Y	-	-
Bela	Y	Y	-	-	-
Bobo	Y	Y	-	-	-
Bozo	Y	-	-	-	-
Busanga	-	Y	-	-	-
Dafing	Y	Y	-	-	-
Dogon	Y	-	-	-	-
Fulani	Y	Y	Y	Y	-
Gourmantche	-	Y	-	-	-
Hausa	-	Y	-	-	-
Lobi	-	Y	-	-	-
Malinke	Y	Y	-	-	-
Marka/Sarakole	Y	-	-	-	-
Mianka	Y	-	-	-	-
Moor/Suraka	Y	-	-	-	Y
Mossi	-	Y	-	-	-
Samogo	-	Y	-	-	-
Senufo	Y	Y	Y	-	-
Sonrai/Songhai	Y	-	-	-	-
Twareg	Y	Y	-	-	-

^a As attested by two of the biggest brokers in Abidjan (one Fulani, one Mossi) plus raw interview data from CCA

^b Niger exporters are mainly active only around the time of Tabaski, when they import large numbers of small ruminants for the end-of-fast feast sales

**Table 3 4 Estimated Market Volume Shares, Share Trends and
Formal versus Informal Participation in Côte d'Ivoire's
Livestock Trade, by Ethnicity ^{a b}
1994**

MARKET SEGMENT*	Fulani (various nations)	Mossi (Burkina Faso)	Bambara, Malinke, Marka ^c	Moor (Mauritania)	Other Ethnic
Cross-Border Traders	D 68% x	S 20% ↑↑	C 5% x	W 1% ↓	W 6% x
Brokers	D 65% x	S 20% ↑↑	C 12% x	W 1% ↓	W 2% ↓
Master butchers ^d	C n d	W n d	S n d	S n d	W n d

Total estimated value of trade = \$31 million

^a With regard to competitive position D = dominant, S = strong C = competitive and W = weak Ethnic groups with minimal positions are not included in this matrix For share shifts ↑↑ = strong growth ↑ = growth x = no change ↓ = small share loss ↓↓ = strong share loss here viewed across roughly the past 5 years

^b Includes both large and small ruminants

^c Note that Bambara and Malinke in particular may be native as well as foreign born

^d n d = no data Time did not permit collection of even impressionistic information on percentages of market share by ethnic distributions within this, the principal group of final buyers

* All some variable combination of formal and informal trade

In Côte d'Ivoire, non-Fulani traders prefer brokers of the same nationality as themselves, regardless of ethnicity Brokers typically maintain an active communications link by phone with their home areas and nations Traders mentioned that a particular factor in their selection of a broker was his ability to keep them informed of market matters and to signal them when to bring or hold back their stock Thus, brokers are likely to have wider reputations and stronger ties in their nation of origin than in other countries And exporters especially those without the greater experience and extensive informal information networks of the stockmen *par excellence*, the Fulani — are more likely to hear of brokers and to garner more information about them

- 4 Timely market information is a critical factor in explaining **where, why, and how participants are successful in the livestock trade** Poor market information can cause gluts of animals on

the market, but also acute shortages. The consequence is that sale prices wildly across the space of even a few days, with the average per-head price of cattle doubling or halving. Without timely and accurate news of the current status of the market, traders can lose money.

In one case a man purchased a truckload of cattle in Burkina Faso at FCFA 400,000 per head, but when he arrived with them at the Abidjan stockyards, cattle were selling for only FCFA 300,000. Master butchers/slaughterers are also hurt by such price gyrations, which attract speculators.

So important is timely market information that, according to the former president of the first stockmen's association, a long-term hope of the new national association is to purchase a truck that, among other things, would be used to bring members together for trade meetings and assist in the dissemination of information about market activities, prices, regulations, and so forth throughout Côte d'Ivoire and its partner trading nations. Another hope is to obtain a larger association office, where mass meetings and workshops could be held, and to equip it with better communications infrastructure than the single telephone that now exists.

5. Poor systems for obtaining market information are only one of the several **major constraints to Côte d'Ivoire's indigenous cross-border livestock trade that contribute to its inefficiency**. Others already mentioned include the lack of adequate or reliable and economically viable truck and train transport, which makes transport costs inordinately high, and administrative red tape and graft. Interviewees from two disparate groups (butchers and foreign development workers) also felt that an excessive number of intermediaries (at the end and near the beginning of the marketing chain, respectively) hampers the trade.
6. Both brokers and master butchers/slaughterers agree that credit for butchers is also a serious constraint. Interviewees described how master butchers may build up individual debts of as much as FCFA 1 million, with half a million being quite common. Master butchers interviewed acknowledged this problem, but claimed it was characteristic of only a few, less professional members of their profession. Tying up vast amounts of capital for any significant period threatens the smooth functioning of the livestock trade as a whole as brokers cannot perform their services in the market. By judiciously extending short-term credit to butchers in the absence of formal commercial credit, brokers help keep the wheels of commerce turning. If too much such credit goes unrepaid, however, the wheels can lock up.

Opportunities for accelerated growth and improved efficiency in Côte d'Ivoire's cross-border livestock trade consist of removing as many as possible of the foregoing constraints. Part of the solution to all of them appears to lie in the formation of strong, participatory, self-governing merchants' and transporters' associations able to furnish their membership with timely market information, establish and oversee association-sponsored credit systems, argue for or help institute better transport and other infrastructure systems, lobby for more rational administrative regulations and for laws against corruption, and serve as private-sector watchdogs over compliance with such regulations and laws. Indeed, in regard to the latter two, there is already some precedent for such actions in Côte d'Ivoire, as exemplified in the Societes de Convoyage. (For details of these efforts as well as possible responses to infrastructural constraints like the railway system, again consult Kulibaba and Holtzman 1990.)

For credit constraints, the master butchers suggest a useful solution, which they devised while attending a number of donor-sponsored seminars on the livestock business. They propose that, once better organized, their membership collect an initial loan fund among themselves, to be deposited in a commercial bank account in the name of the association. Then they would ask a donor to provide an additional amount in the form of a guarantee fund. With these monies, they would buy livestock collectively at "bulk prices" and under regular contract. A stipulated portion of their increased earnings from such purchases would go to gradually paying off the guarantee fund. As an association, they would "ride herd" on their membership's debts and assume aggregate responsibility for them. Interviewees emphasized that participation in this group lending scheme would initially be highly selective, and would be limited to experienced master butchers known to be trustworthy and "serious" about their profession. Once the guarantee fund were repaid and replaced in full, then new members would be allowed to participate by "buying-in" in an amount equal to that put up by the original participants. Indeed, with good preliminary planning and some extra training for participants in organizational and business planning skills, such a group lending solution could theoretically strengthen what appears to be the weakest link in the market chain.

A **potential strength of the networks involved in Côte d'Ivoire's cross-border trade** is the desire of participants to organize into proactive, self-sustaining and self-regulating associations that can streamline, rationalize, and "defend" cross-border trade and reinforce especially weak links in the market chain. In Côte d'Ivoire, however, this strength has yet to be translated into an effective reality, as it has been in Ghana.

33 Senegal

Cross-border livestock trade into Senegal involves cattle and small ruminants, about 50 percent of the cattle and 80 percent of the small ruminants reportedly enter informally. Very rough estimates put the current **volume of trade** at 100,000 cattle and 250,000 sheep and goats annually.⁶ Senegal is itself an important producer of livestock due to activities of the native Fulani (Toucouleur) stock-raisers of its northern rangelands. Indeed, according to stockyard informants, until about 1986 Senegal exported significant numbers of cattle to Mali, as well as some to Gabon.

Today, however, the nation is far from self-sufficient in meat. Official government estimates indicate that annual per capita consumption of red meat has decreased by more than half since 1960. While Senegal buys considerable frozen beef from Europe, purchases have slowed since the FCFA devaluation. Longtime livestock brokers estimate that currently about 40 percent and 50 percent of Senegal's cattle and sheep slaughters, respectively, are imported animals. They observe that between 1987 and 1994 cattle imports nearly doubled, while small ruminant imports are today triple those of 1984.⁷ This all translates into a total **1994 value of cross-border trade** of approximately \$36.5 million (\$35 million for large and \$1.5 million for small ruminants).

One of the two **principal corridors utilized** extends from Mauritania south to the major terminal market—Dakar—along Senegal's primary north-south road. For centuries the Moors of Mauritania dominated this corridor, also bringing tea, tobacco, silver, and Islam to Senegal. Northern Fulani were and are active along this route. Small ruminants are trucked the major north-south road, cattle are more often trekked to market due to the high costs of truck transport.

The other principal corridor extends east-west from Burkina Faso and especially Mali to Dakar, it also continues eastward to Nigeria. This corridor dates from the 11th century, with a large number and type of goods flowing along it. Contemporary livestock trade along this route is dominated by Bambara and Marka/Sarakole, but northern Fulani are also very active in the livestock trade along this corridor. The majority of the more-or-less formal imports from Mali arrive either by train

⁶ The estimates of the volume and value of Senegal's trade in imported cattle and small ruminants are extremely approximate because of the paucity of available statistics. In fact, the value of small ruminants is derived from the cattle estimates based on their proportions in Côte d'Ivoire.

⁷ Official figures indicate just the opposite, but they count only formal sector imports.

(cheap, but slow) or truck (more expensive, but faster) from Bamako and especially Kayes. Informally, some cattle are still trekked in from Mali as far as Tambacounda before being trucked or trained onward, sometimes they even trek all the way to Dakar. Until the FCFA devaluation, trekking along this corridor was declining due to conflicts with farmers and the government's establishment of a number of forest reserves which ban cattle that bisect the route. Since the devaluation, however, greatly increased transport costs have triggered an upswing in trekking, at least during the wet season when there is sufficient water and forage along the way.

During the Moslem feast of Tabaski — when nowadays all import duties on small ruminants are temporarily removed — sheep arrive from Niger, too. Finally, there is some limited, largely informal south-to-north trade in animals coming from Guinea Bissau to supply Senegal's Casamance region.

Due to the 1989 war between Senegal and Mauritania, the concomitant forced repatriation of nationals resident in each country, and the continuing tensions between them, the corridors and the actors involved in cross-border livestock trade underwent significant shifts. The northern Toucouleur Fulani—whose homeland straddles the Mauritania-Senegal border—have largely replaced Moorish exporters along the traditional north-south corridor, although Senegalese-born Moors with citizenship papers continue to operate. If stock are to be trucked to market along this route, Fulani are less likely to be challenged at the border and along the way as to their nationality. In contrast, any foreign Moor who attempts to use this corridor today risks the near-certainty of having his goods confiscated at the border.

Meanwhile, imports from Mali have increased greatly, as has therefore the market share of traders of Malian ethnicities (mainly Bambara and Marka/Sarakole). This is due in general to the increased difficulties of bringing animals from Mauritania, which places more demand on Malian production. It is also due to the fact that a larger portion of Mauritanian imports are now funneled first to Mali, from whence they enter Senegal under Malian documentation. Kayes is now a major assembly point for Mauritanian as well as Malian animals.

Continuing tensions between Senegal and Mauritania appear to have increased the share of trade that is conducted informally. For Moorish merchants, selling animals to a Fulani middleman or funneling them first to Mali reduces profit margins, therefore, there is an incentive to clandestinely move stock across the less-well-guarded westerly border between the two nations. The Bakel region

was frequently mentioned in this regard, but nearly the entire length of the border west of the Rosso border crossing is highly permeable

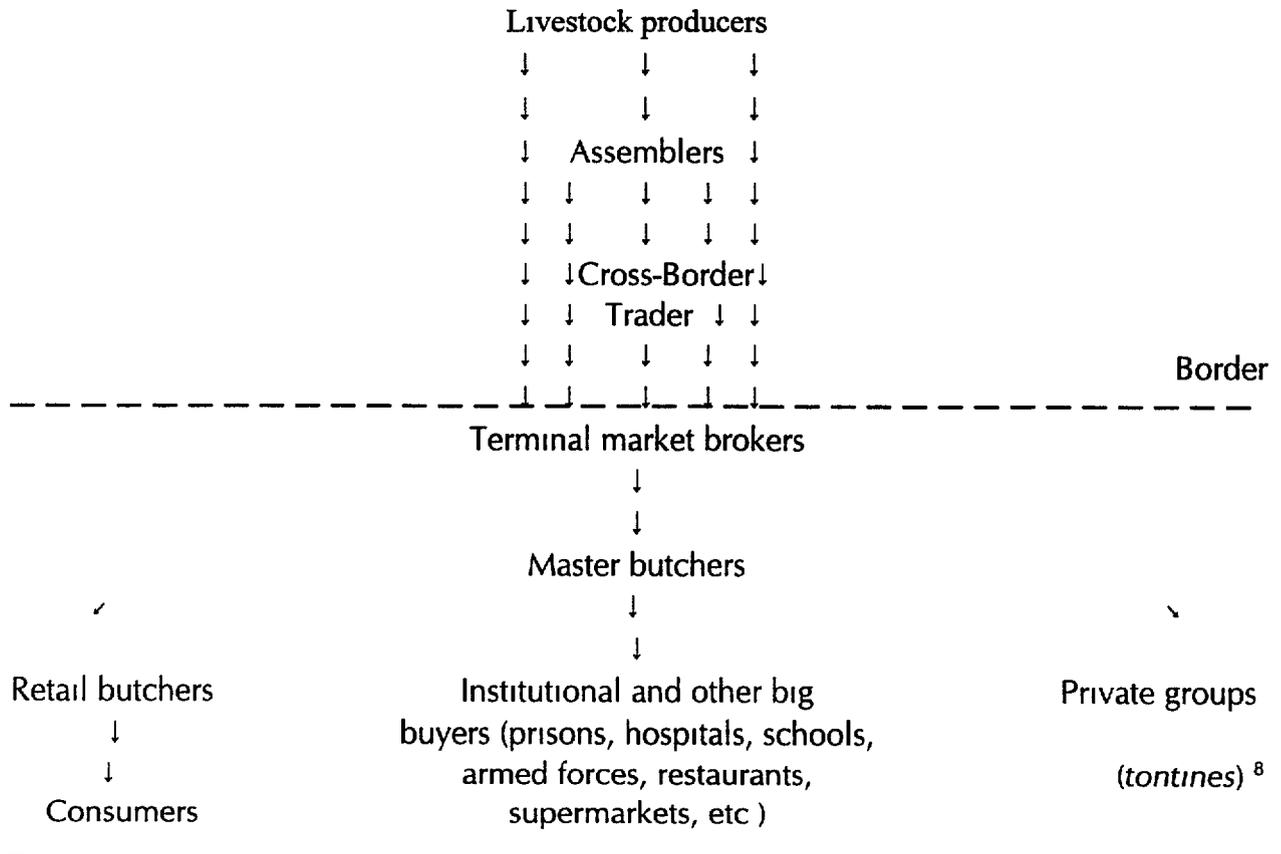
Tensions between Mauritania and Senegal also have added to the price of livestock. The terminal-market price for one head of cattle before the 1994 devaluation averaged FCFA 100,000, today, this figure is 250,000, more than double. Informants attribute some of this increase to fears, among producers and traders, of further devaluations and hence increasingly constricted imports of vital external inputs such as veterinary supplies and feed concentrates. The greater difficulties and risks of importing stock from Mauritania are also factors.

While livestock imports have increased substantially during the past decade, public-sector officials worry about the continued sufficiency of supply. They cite the tensions with Mauritania, recurrent drought conditions in Mauritania and Mali (depressing production), and the much higher prices offered in Nigeria and Gabon, diverting animals from Mali, Burkina Faso, and Nigeria away from Senegalese markets.

Details of cross-border operations and marketing channels for Senegal's livestock trade differ considerably from because brokers specialize in either cattle or small ruminants, two completely different sets of actors are involved in the two segments of the livestock market. Another difference is that the cross-border marketing chain is shorter for Senegal than for Ghana and Côte d'Ivoire. Aside from the possible addition today of Fulani middlemen between Moorish merchants and terminal-market brokers, the chain can be schematized as shown in Figure 3.3

DCG (1995) suggests that this "de-specialization" within the marketing chain is due to shrinking profit margins, which are in turn linked to the FCFA devaluation and concomitant inflation. These monetary shocks have left consumers unable or unwilling to increase their budget for meat purchases. Master butchers confirm this analysis, noting that since devaluation they sometimes make no profit at all on their meat products, even though consumer prices are not officially controlled in Senegal. Ever since devaluation, and before that the liberalization of meat prices, butchers of all ilk have been struggling with price instability. Master butchers say, "If the price of meat goes any higher now, no one will buy meat at all."

Figure 3 3 Senegal's Livestock Marketing Chain(s)



Fulani producers sometimes act as cross-border traders. In fact, among all ethnicities the assembler and the cross-border trader are frequently the same person. Furthermore, major terminal-market brokers often trade across borders through hired agents or family members. Finally, a handful of master butchers and a few government functionaries import blocks of animals directly, bypassing traders and brokers.

⁸ Such groups, locally known as *tontines* are neighbors or kinsmen who join together to purchase one or more animals. They then share the meat proportionally to their contributions. Reportedly, this traditional practice is less frequent nowadays.

In contrast to Ghana or Côte d'Ivoire, producers in Senegal are often willing to release animals to traders on credit, requiring only a small amount of earnest money. This appears to be especially true along the north-south corridor. This arrangement can be explained, at least in the case of northern Fulani and Moors, by close kin and sub-ethnic-group (Toucouleur) ties across borders between producers and traders. Contributing factors include the shorter length of the marketing chain and, along the north-south corridor, the shorter distance to be covered. However, DCG (1995) notes that since the FCFA devaluation, producers are much more reluctant to release animals on credit.

Transport costs are always paid by the individual who ships the animals to the terminal market. In Senegal as in Ghana, traders receive room, board, and various sorts of personal assistance from their brokers when the sale requires several days. The trader states his minimum price for the entire lot of animals, and the terminal-market broker tries to negotiate the best possible deal.

Terminal-market brokers traditionally extend credit to butcher-buyers. In the small ruminant trade, master butchers/slaughterers say 80 percent of their purchases are made on broker credit. Reportedly, however, the amount and duration of broker-to-butcher credit have decreased. As usual, brokers (especially the cattle dealers) complain about butchers' delays and defaults in repayment, which have intensified since the FCFA devaluation. Master butchers lay much of the blame for defaults on governmental buyers, who do not pay for half a year or more, driving some butchers into bankruptcy. Butchers and brokers complain that commercial lenders refuse credit to the business of livestock and meat marketing, and claim that this is partly due to their lack of collateral.

With regard to **types of products handled**, in addition to sales of meat and meat byproducts, hides and skins are especially important in Senegal. A parastatal named SERAS (Société d'Exploitation des Ressources Animales du Sénégal), which is charged with overseeing the nation's abattoirs, buys these products for export to Europe and elsewhere.

Marketing structures consist of a mixture of traditional and modern, functional and nonfunctional, "paper" organizations. An example of a traditional and well-functioning structure for producers to market their livestock is the Association des Éleveurs (AE) of **small ruminants**. It has a president, vicepresident, and four directors, and maintains an office at the stockyards equipped with a telephone so that members can call in to obtain market information. The AE supports the office with a fee of FCFA 500 charged to each trader who arrives at the stockyards with animals to sell.

There is a recognized terminal-market elder/leader for every major ethnic group represented in the small ruminant trade. This highly respected position carries a specific title in each ethnicity's language (e.g., Fulani *fede*, Wolof *njit*). A market leader's job is to help solve problems for any producer, exporter, broker, or butcher who operates in the small ruminants stockyards. Examples of problems include border delay among exporters due to problems with customs officials, police, civil guards, or the Veterinary or Forest and Water Services, delays and defaults on credit repayment, whether to producers, brokers, or others, stealing clients or other disputes among merchants, run-ins with police, family emergencies, and so on.

At the government's instigation and in hopes of receiving government loans and other support, in 1990-91 the AE also organized itself into a federation of five formal Groupements d'Interêt Economique (GIE). Each GIE is a professional association of 40 to 50 members of multiple (typically four to six) ethnicities, whose members join according to personal liking and "mutual confidence." Each GIE initially collects FCFA 49,000 from its member to obtain legal registration and tax-paying status. In principle, each GIE collects dues from its member and also pays dues to the AE. The rationale for forming these GIEs was to obtain government credit for each one to set up a fattening operation, purchasing the necessary veterinary inputs, forage, feedcakes and concentrates, fencing, watering facilities, and the like. Although no loans were ever modern, the GIEs have not given up the idea and would welcome alternative ideas on how to obtain feedlot startup credit.

For the past ten years, 40 merchants, brokers, and butchers in Senegal's cattle trade have formed a cooperative that regularly purchases blocks of animals as a group and banks the resulting profits. The membership includes Bambara, Marka/Sarakole, Senegalese Moors, Serer, Wolof, and northern Fulbe, with the latter in the majority. In an average year, the cooperative banks about FCFA 12 million, which at the end of the year is shared among the members for each to do with as he pleases (e.g., build a house, reinvest in cattle, or just "solve problems," say interviewees). In late 1994 cattle dealers also formed a GIE under the name Association de Forail "because the government asked everyone to organize." Interviewees gave no details as to what the purpose of their newly formed GIE might be, but they indicated an interest in fattening operations.

Yet another group is the Association Nationale des Professionnels de la Viande et du Betail (ANPVB). Formed in 1989, it involves mainly butchers and consists of two sections: one for cattle, with about 300 members, and one for small ruminants, with about 50 members. So far, this association has done little more than collect a one-time membership fee of FCFA 5,000. On one

occasion, however, it received FCFA 5 million from SERAS to purchase hides and skins on the parastatal's behalf. However, as set forth in its legal declaration of association, the ANPVB's overarching goals are clear:

- Defend the professional and moral interests of the members
- Promote and develop the livestock profession
- Create GIEs for the different professional activities of the membership
- Combat the problem of illegal slaughtering
- Lend social assistance to the members
- Contribute to the social and civic good of the Senegalese people

The ANPVB is particularly concerned about illegal slaughtering because of worries about health issues and because it "disorganizes" the market. Another concern is the status of refrigerated facilities, in which unsold meat is stored for several days. Some of these cold chambers reportedly date from colonial times, and often malfunction, incurring major losses of meat. Butchers are also interested in organizing their own abattoirs, but they doubt if the government would ever permit this. Finally, as with Ghana's GCBA, the ANPVB would also like to establish a commercial credit account with which to buy/import animals themselves and with which to demonstrate the solvency required to be able to bid as an association on large meat tenders.

Key Findings

1. As to **indigenous ethnic-based trading networks**, the Senegal study comes closest to identifying such structures anywhere in West Africa's cross-border livestock trade today. One can easily distinguish such networks among northern Fulani and Moors, because each has clear and readily traceable links of co-ethnicity and co-regionality that span all market segments, from producers through master butchers/slaughteringers.
2. Traditionally, northern Fulbe and Moors, respectively, have dominated Senegal's cross-border cattle and small ruminant trade. Traditionally, too, Moors held pride of place as master butchers (Nguyen van Chi-Bonnardel 1978: 799). As noted earlier, however, Moors have lost heavily in market share within all market segments since 1989's tribulations. Tables 3.5 and 3.6 show **market segment matrices** of the current ethnic configuration in Senegal's cross-border trade in cattle and small ruminants.

3 In examining the **ties that bind** within these configurations, it seems clear that ethnicity is but one of several. Evidence is multi-ethnic nature of the voluntarily formed cattle cooperative and small-ruminant GIEs described above and in the fact of mutual interpersonal assistance between livestock professionals across ethnic boundaries. Broker interviewees also emphasized the importance of longstanding business relationships. One Fulbe cattle trader pointed to a Marka exporter at his side with whom he has been dealing for more than a decade.

Table 3.5 Estimated Market Volume Shares, Share Trends and Formal versus Informal Participants in Senegal's Cattle Trade, by Ethnicity^{a,b} 1994

MARKET SEGMENT	N Fulani	Wolof	Bambara or Marka	Serer	Moor	Other Ethnicity ^c
Cross-Border Traders (formal)	S 45% ↑	C 20% ↑	W 10% ↑	W 13% x	W 6% ↓↓	W 6% x
Cross-Border Traders (informal)	D 55% ↑	W 10% x	C 15% ↑↑	W 10% x	W 5% ↓↓	W 5% x
Brokers (mixed)	D 55% ↑	S 20% ↑	W 7% ↑	C 10% ↑	W 5% ↓↓	W 3% x
Master butchers	S 45% ↑	C 25% ↑	W 5% ↑	—	C 20% ↓	C 5% x

Total estimated value of the cross border-trade = \$35 million, of which approximately 50 percent is reportedly formal and 50 percent informal.

^a With regard to competitive position: D – dominant, S – strong, C – competitive, and W – weak. Ethnic groups with minimal positions are not included in this matrix. For share shifts: ↑↑ – strong growth, ↑ – growth, x – no change, ↓ – small share loss, ↓↓ – strong share loss, here viewed across roughly the past 5 years.

^b Northern Fulani, Wolof, and Serer are primarily Senegalese ethnicities. Bambara/Marka and Moors come mainly from Mali and Mauritania, respectively. Southern Fulani are native to Senegal, Gambia, and Guinea.

^c For importers, other ethnicities consist mainly of southern Fulani.

Small ruminant brokers made a point of noting that many of their relationships with producers, assemblers, and exporters from Mali and Mauritania span generations, one case involving three generations of inter-ethnic *tefankes* and suppliers/exporters was mentioned. They added that most of their clients "are not relatives, they are only business links."

As for the other two countries studied, many exporter-broker relationships cut across ethnic lines. However, one tie that binds together virtually all the major actors in Senegal's livestock import business is Islam.

- 4 **Barriers to entry** in Senegal's livestock trade appear to be minimal, at least with regard to ethnicity. Practically every major Senegalese ethnicity and some minor ones participate (e.g., the southern, Torobe Fulbe, found both in Senegal and Guinea). This openness can in part be explained by the fact that, unlike Ghana or Côte d'Ivoire, stock-raising is common throughout most of Senegal due to an agroecology favorable to animal agriculture.

Table 3.6 Estimated Market Volume Shares, Share Trends and Formal versus Informal Participants in Senegal's Sheep and Goat Trade, by Ethnicity^{a, b} 1994

MARKET SEGMENT	N Fulani	Wolof	Bambara or Marka	Moor	Other Ethnicity ^c
Cross-Border Traders — formal	S 30% ↑	W 10% ↑	D 35% ↑	C 15% ↓↓	W 10% ↑
Cross-Border Traders — informal	S 40% ↑	W 5% x	C 20% ↑↑	C 30% ↓↓	W 5% ↑
Brokers (mixed)	D 50% x	S 25% ↑	C 10% ↑	C 10% ↓↓	W 5% ↑
Master butchers	S 45% ↑	S 25% ↑	W 5% ↑	C 20% ↓	W 5% ↑

Total estimated value of trade = \$1.5 million, of which approximately 20 percent is reportedly formal and 80 percent informal.

^a With red to competitive position. D = dominant, S = strong, C = competitive, and W = weak. Ethnic groups with minimal positions are not included in this matrix. For share shifts: ↑↑ = strong growth, ↑ = growth, x = no change, ↓ = small share loss, ↓↓ = strong share loss, here viewed across roughly the past 5 years.

^b Northern Fulani, Wolof, and Sérère are mainly Senegalese ethnicities. Bambara/Marka and Moors come mainly from Mali and Mauritania, respectively. Southern Fulani are found not only in Senegal but also in Gambia and Guinea.

^c For importers, "other" ethnicities consist mainly of Sérère and southern Fulani.

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- 5 As to **how buyers select among suppliers** or vice versa, responses to queries on this point with regard to exporters were much the same as in the other two countries, with all parties citing mutual trust and with exporters emphasizing "the certainty that you will get your money " Unfortunately, time did not permit closer investigation of this issue in the case where *tefanke* themselves initiate importation. However, this group did mention that it takes advantage of every travel opportunity to establish new business contacts
- 6 **Where, why, and how are the various participants in the livestock trade successful?** There are many factors in importer success in the sector, no matter the ethnic group. These can be summarized as follows
- Favorable cross-border geographic location that makes movement easier or less suspect. The traditional homelands of northern Fulani and Moors span the Senegal-Mauritania border, those of Bambara and Marka span the Senegal-Mali border
 - Having ties to stock-producing areas (Bambara, Marka/Sarakole) or being of a traditionally stock-raising ethnicity (Fulbe, Moor, to a lesser extent Serere)
 - For "foreign" traders, establishing solid local ties through inter marriage and reported kinship
 - A centuries-long history of intra regional trade (all five ethnicities)
 - Access to the necessary capital and credit
 - In general, "good business sense" and a "good reputation " the latter embracing not only business transactions but also moral standing and Islamic devoutness
- 7 Each ethnic group also appears to have some additional, more ethnically specific advantage(s) that make for success in Senegal's cross-border livestock trade
- Certainly in the case of Fulbe (and perhaps also Moors), possession of some of the world's most profound knowledge of livestock and stockraising, plus a strong and

indisputable "love of livestock" and even a sort of joy in all activities connected to livestock⁹

- For Senegal's Toucouleur, the advantage of being one of a much larger ethnic family of expert stockmen that includes nearly a dozen other "clans" throughout West Africa's stock-raising ecozones, all of whom acknowledge a functional ethnic-linguistic interrelatedness
- For Wolof, numerical and political dominance within Senegal Wolof comprise perhaps 70 percent of the nation's citizenry One cannot help but suspect that they receive some preferential treatment in the business of importing Butcher interviewees hinted that Wolof get first crack at big government meat contracts And because the Wolof homelands lie entirely within Senegal, there is rarely any question of their nationality in border crossings
- Malian importers are said to have a growing competitive advantage in the sheep trade because they have access to an especially prized breed of meat animal, the Bali-Bali

As in the other countries studied, a **major strength of such multi-ethnic indigenous networks** is their desire and ability to organize into professional associations for proactive action Senegal appears to lie midway between Ghana and Côte d'Ivoire in the effectiveness and solidity of professional organizations Unlike Ghana, Senegalese livestock associations do not yet appear to be sufficiently well-organized to win concessions from or direct dialogue with the government They do appear, however, to be further along organizationally than in Côte d'Ivoire, and in the aggregate, Senegal's livestock professionals are not afflicted by tensions among themselves over nationality (even though intergovernmental tensions between Senegal and Mauritania continues)

They are several opportunities for accelerated growth and improved efficiency in Senegal's cross-border livestock trade One is the need to improve roadways eastward to Mali, Burkina Faso, and Niger Also, judicious use of credit or assistance to associations to establish their own, more regularized credit systems would help commerce generally Interestingly, Senegalese market

⁹ This is not a frivolous or "trite" observation These characteristics have been documented among virtually all of the world's great stockraisers



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participants did not complain about inordinate corruption, although they candidly admitted that they frequently used bribes to avoid excessive import duties. Naturally, they would like to see a reduction in such costs and in administrative red tape, both of which would stimulate an easier and greater flow of trade. In support of this statement, informants noted that, for the moment, fees and procedures for importing stock from Mali to Senegal are less burdensome than those in some other nations. This, they claim, has kept animals coming from Mali despite the fact that at times there are more attractive exporter prices in other countries.

4 KOLA CROSS-BORDER TRADE

Summary

Chapter 4 describes the cross-border trade in kola for Ghana, Côte d'Ivoire, and Senegal, including estimates of the volume and value of cross-border trade in kola, the major ethnic groups involved, the important constraints to cross-border trade, and suggestions on how to enhance the efficiency of cross-border trade in all three countries,

The volume and value of the trade were estimated for each country, ranging from \$31.5 million (90,000 mt) for Ghana to \$27 million (90,000 mt) for Côte d'Ivoire, and \$10 million (10,000 mt) for Senegal.

In Ghana, there is no dominant ethnicity involved in the kola trade although the Hausa have strong control over the export trade to Nigeria. In Ghana, informal trade dominates, accounting for about 70 percent of total trade, while 30 percent of cross-border trade in kola is semi-formal. In both Côte d'Ivoire and Senegal, the Malinke/Bambara operate as the only true indigenous regional trading networks (1 RTNS) discovered in this research and they conduct more trade on a formal rather than an informal or mixed basis. In Côte d'Ivoire, 60 percent of the trade is formal versus 40 percent mixed, Senegal 50 percent is formal versus 50 percent informal. Even more so than in the case of livestock, Islam is the "tie that binds" in the kola trade.

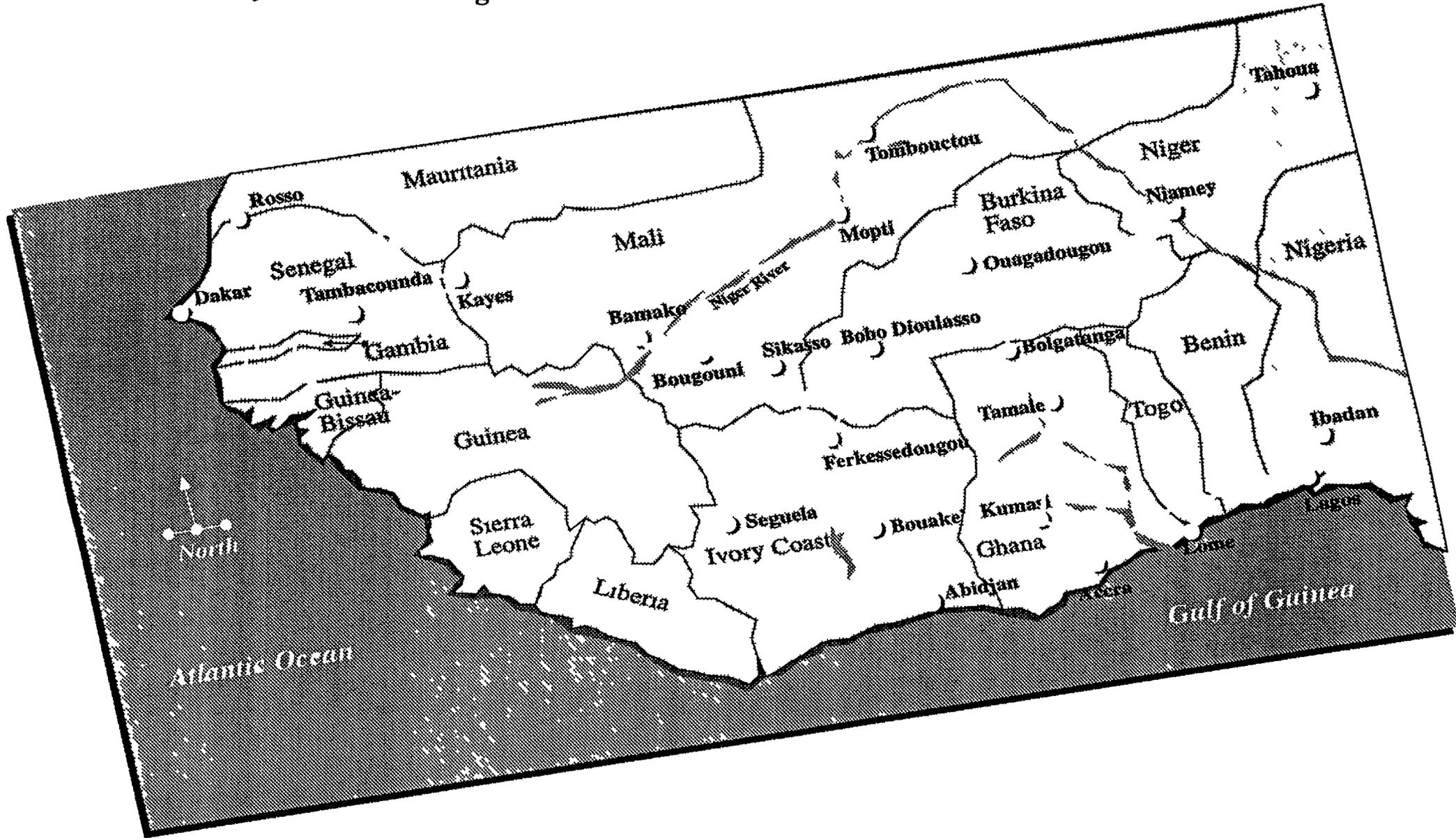
Cross-border trade in kola in all three countries is constrained by three major factors. First, there are needless regulations and corruption, which hamper normal trade. Second, ineffective and dangerous preservation methods result in high losses (reportedly 30% in Ghana), as well as risks to consumers. Third, credit availability and cost are major problems that inhibit the development of the kola trade. Suggested ways to address these constraints and thereby improve the efficiency of the trade, which are cross-cutting issues in all three countries, are

- Deregulate trade and correctly enforce the revised trading rules
- Develop better storage and handling techniques for kola
- Develop and strengthen kola-related associations

The most important Kola trading routes are shown in Map C.

Principal Trading Routes for Kola Nuts

For Ghana, Ivory Coast and Senegal



41 Ghana

The Akan peoples who inhabit the southern third of Ghana produce kola nuts in their cocoa groves or gather it freely in the "bush". The centuries-old **cross-border export of kola from Ghana** (formerly the Gold Coast) today averages about 90,000 mt annually, total production reportedly ranges around 120,000 mt per year (Plan Consult 1995). Much of the difference between these figures is due to spoilage from insects, heat, and humidity during handling and in-country transport, plus some domestic consumption of kola among the Moslem ethnicities of (mainly northern) Ghana.

During the past decade, Ghana's kola exports have generally increased, except for a sharp drop in 1989-91 due to drought and thus depressed production. Longtime kola merchants estimate that, overall, trade has doubled between 1983 when Nigeria temporarily closed its border with Ghana, and 1994, when the FCFA devaluation made kola cheaper in Ghana than in its major competitor country, Côte d'Ivoire. For 1995, exports are expected to return to their 1982 high.

These same merchants note that exports are very sensitive to shifts in Ivorian kola output¹⁰. When production in Côte d'Ivoire is very good and prices therefore cheap, Ghana loses considerable Burkinabe business. Given sufficiently attractive prices, even some Nigerian buyers may take their trade to Côte d'Ivoire. But for reasons explained below, the trade between Ghana and Nigeria is quite stable.

The total **value of Ghana's cross-border exports of kola** is difficult to estimate because these many variables (Table 4.1). Cured Kola nuts, which can be kept for nearly 2 years, fetch a higher price than fresh nuts, which last no longer than 6 months given even the best of the treatment technologies currently in use in Ghana. In certain trade corridors (e.g. Ghana-to-Nigeria), white kola typically brings a better price than the red or pink varieties. Value is also affected by which corridor and which export mode (formal/informal) is used. Thus, to get a true value for the trade as a whole would require calculating the proportions of different kinds of kola flowing along different routes and being sold by different methods.

Records are kept on the kola trade generally are limited and inaccurate, and rarely include data on these many variables. Research time was not sufficient to gather such information, and thus, only

¹⁰ Merchants noted that Sierra Leone, Liberia, and Cameroon also export kola to Nigeria, but they did not see these countries as a major threat to Ghana's trade.

a very rough estimate of the total 1994 value of cross-border exports can be offered. Using the midpoint price of \$35 per 100kg bag between fresh versus cured nuts at the point of sale by the Ghanaian wholesaler to the foreign buyer, this yields \$350 per metric ton (see Table 4.1). Multiplying by 90,000 mt gives an estimated total value of \$31.5 million. Some 70 percent of this is believed to be exported informally, and 30 percent formally or semi-formally (see below).

There are two major **corridors utilized** (see Map C) and, as noted above, they correspond in part to **product type** (i.e., white versus red or pink nuts). The largest volume of kola is carried along the corridor that extends north to Burkina Faso along the Kintampo Road consists primarily of red and pink kola. Typically, the nuts are trucked north from one or both of the nation's two largest loading points (Nkawkaw and Kumasi) and exit Ghana at Navrongo or Bawku (near the border town of Bolgatanga). Kola may also be headloaded carried by foot across the border at innumerable points. From Burkina Faso, some Ghanaian kola continues on into Mali and Niger. Trade along this corridor is plied mainly by Mossi, Hausa, and Dagomba (all Moslem) and by northern Ghanaian/southern Burkinabe ethnicities whose homelands straddle the border (Busanga, Frafra, Grusi, Kusasi, Mamprusi) and who represent a mixture of Moslem and Christian religions.

All of the south-to-north trade is informal because legal export of kola is permitted only at one point at Ghana's coastal border with Togo. One explanation offered as to why export is legal at only one border point was that there are too few customs personnel to establish formal border offices at numerous small towns in the north. Another explanation, discussed in greater detail below, was that Hausa merchants want to maintain a monopoly on the trade.

The other corridor runs south and east from Kumasi and Nkawkaw via Accra and the coast road, exiting Ghana at the Togo border. A few Kotokoli merchants use this corridor to export relatively small amounts of kola to Togo and Benin, but the route is dominated by Hausa exporting to Nigeria. The Nigeria trade mainly involves white nuts. Trade along this corridor is conducted more or less formally, in the sense that all legally required documentation is obtained and at least some portion of earnings are formally repatriated through the Bank of Ghana. But exports are systematically under-invoiced by 50–66 percent (see below). Some of the kola that reaches Nigeria reportedly is re-exported to Chad, Sudan, Saudi Arabia, and the Maghreb.

Table 4 1 Estimated Pricing Structures in Ghana's Kola Export Trade
(in U S dollars per mt)
1994

POINT IN MARKETING CHAIN	Fresh Kola	Cured Kola
Price to producers/pickers and assemblers from wholesalers ^a	\$ 175	---
Price to wholesalers from foreign buyers	\$ 300	\$ 400
Wholesale price of imported kola in Nigeria	\$ 384	\$ 552
Bulk re-sale price of imported kola in Nigeria	unknown	\$ 787 ^b
Wholesale price of imported kola in Burkina	\$ 400	\$ 600
Prices of kola re-exported to other nations	---	unknown

^a "Wholesaler" here refers to large scale bulkers of kola who deal directly with exporters or their intermediaries

^b Price obtained by author during May 1995 visit to Kano importer of Ghanaian kola in Kano, Nigeria

A third, minor, but ill-defined, "corridor" is the general west-to-east movement of relatively small amounts of kola across the length of Ghana's eastern border with Togo (but especially in the Volta region) by Kotokoli merchants. All of this trade is informal.

Details of cross-border operations and marketing channels are many and complex. On the production and assembly end, operations begin with producers' and independent pickers' cash sales of baskets (*kondo*, a Hausa measure equivalent to approximately 33 kg) of nuts directly to local bulkers, who operate *shagos*. Sited so they have access to roads, *shagos* in Ghana are small to very large thatched wooden sheds with good ventilation and shading to protect the highly perishable nuts. The nuts undergo initial processing and packing in *shagos*, which typically include sorting, washing, and drying floors, storage areas, and meeting sites. Alternatively, bulkers' agents or independent assemblers may purchase kola directly from producers/pickers for resale to bulkers. (Most of these "purchases" are made on credit.) In that case, agents and assemblers receive the same price as producers/pickers who deliver directly to the bulker, their commission is simply the difference between the farmgate price and the price offered upon delivery at the *shago*.

Procedures for processing and packing the nuts are roughly the same across West Africa. They entail the following:



- Removing the outer membrane of the nut, if this has not already been done¹¹
- Discarding insect-damaged, unsightly, and immature nuts
- Sorting the nuts by color—white, red, or pink
- Washing the nuts with a toxic insecticide (and/or in Côte d’Ivoire, with laundry detergent)
- Air-drying the nuts, sometimes also fumigation with a toxic chemical
- Packing the nuts In Ghana gunnysack-like jute or woven-plastic bags lined and layered with protective leaves are used. Bags to be shipped from Ghana to Burkina Faso hold roughly 200 kg of nuts, those destined for Nigeria hold only 100 kg. In Côte d’Ivoire, 50 kg wicker baskets replace the sacks. In Nigeria, strong brown paper bound with rope is used
- Fumigating the warehoused bags (or baskets)

The processed and packed kola may be exported directly from the first wholesaler's *shago* if he is a big dealer and/or is located in one of Ghana's major loading-point markets, or it may pass through one to three *shagos* before leaving the country (see Burkina Faso scenarios below). At each such point, and certainly upon arrival in Nigeria, the bagged kola may be checked and resorted to remove nuts that have spoiled, then it is re-aired, repacked, and often refumigated. Despite measures to reduce spoilage during storage and trans-shipment, even under the best of circumstances spoilage is normally about 30 percent. The foregoing efforts also serve as a check on the quantity of acceptable product obtained. When above-normal losses are discovered after shipment, in certain circumstances the receiver can renegotiate his debt to (or obtain an in-kind rebate from) the shipper.

The details of cross-border operations vary greatly according to the corridor utilized. For the south-to-north corridor, where kola exports are technically illegal, there are multiple scenarios.

¹¹ *Shago* owners' wives and other women perform this work, often using their teeth. They can peel about two 100-kg bags per day, and are paid about \$0.50 per bag.

Scenario Burkina Faso 1 A northern Ghanaian trader who lives near the border sells to a Burkinabe, or occasionally to a Malian or Nigerian, buyer. Burkinabe buyers are mainly Mossi but they also include other ethnicities whose homelands straddle the border (e.g., Busanga, Frafra, Grusi). On behalf of the buyer, the Ghanaian trader travels to Kumasi to purchase kola from a wholesaler there and then trucks it back to the border. The transaction may be effected in one of several ways:

- 1 If he has the cash in hand and "if there is trust between them," the foreign buyer may advance the necessary funds to the northern trader.
- 2 The trader may use his own money to make the Kumasi purchase and to pay for transport, being reimbursed in cash by the buyer upon the trader's return.
- 3 Alternatively, if the buyer is known to him, the trader may extend up to 9 days' credit (i.e., 3 market days). During this time, the buyer may be engaged in marketing livestock, onions, groundnuts, or cowpeas that he has imported to Ghana for this purpose.
- 4 The parties may agree on a barter arrangement in which the foregoing savanna products are simply exchanged for the kola.

Transactions involving cash may take place in either FCFA or cedis, depending on their relative rates and the agreement struck between the two parties. The buyer is expected to give the trader some *talma* ('commission') proportional to the number of bags of kola obtained. Conversely, the trader is expected to assist the buyer with police or customs matters in crossing back into Burkina Faso. This scenario, which is said to be most common at Bawku, can involve a few bags of nuts or an entire truckload.

Scenario Burkina Faso 2 A northern Ghanaian trader may accompany the buyer to Kumasi, and there direct him to a wholesaler, whom he pays in cash (either cedis or FCFA). In this instance, the northerner is serving as a broker, which he can do independently or as an agent for the Kumasi wholesaler. This scenario is said to be characteristic of Zebilla, where there is a large population of nativized Ghanaian Hausa and Mossi, many of whom are active as kola brokers and sellers.

Scenario Burkina Faso 3A A northern Ghanaian trader may simply buy and stock supplies of kola from another Ghanaian trader who has transported the nuts from Kumasi. These transactions may take place by prearrangement or by chance. In this scenario, the northerner maintains a *shago* of his own, from whence he sells to both local and foreign buyers who then move the nuts across the border.

Scenario Burkina Faso 3B Another Ghanaian trader may employ a group of retail vendors to sell kola by headloads near and across the border. For some northern traders, this may be their main mode of operation.

Scenario Burkina Faso 4 A less common scenario is that of a Mossi Faso trader who lives in Burkina near the Ghanaian border town of Paga. Instead of going through a broker as he used to, he now has his own group of collectors within Ghana, he gives money to go to Kumasi, make purchases on his behalf, and transport the kola back to a *shago* he maintains just inside the Ghanaian border. There, he stockpiles the kola to sell to other Burkinabe buyers.

Kola exports to Burkina Faso typically involve some bribery to customs and phytosanitary officials especially when they involve big trucks (carrying an average of 50 mt of nuts). Unlike for livestock and onions, however, bribery along the road inside Ghana is minimal due to the creation in 1982 of NACOD, the powerful National Association of Cola Dealers (see below).

In all the scenarios presented above and below, whenever a major wholesaler receives an order he cannot completely fill with stocks on hand, he gathers additional supplies from other wholesalers. Also, in all instances in which kola must be transported within Ghana after a sale by a major wholesaler, national buyers or intermediaries must show proof of payment of income taxes (or bring payments up to date), pay the municipal market tax at the point of origin, and obtain a waybill from NACOD to move the nuts from this point. In fact, the waybill is provided by the Ghana Private Road Transport Union (GPRTU) acting on behalf of NACOD. Acting in concert, these two groups represent a powerful lobby that, among other things, reportedly has considerably quashed rent-seeking by corrupt officials when kola is shipped under NACOD aegis.

For formal export to Nigeria, the same plus additional steps are required.

Scenario Nigeria 1 Major Ghanaian wholesalers fill orders placed with NACOD by members of Nigeria's equivalent of NACOD. These Nigerians act as brokers to the Ghanaian wholesaler-exporters, who are selected in accordance with a weekly quota system established by the association, on the basis of a list of names of members who take turns at the opportunity to export. Those whose turn it is often share a truck.

Exporters must show that they are registered with the Ghana Export Promotion Council (GEPC) as well as with NACOD. They must also obtain a Certificate of Origin from the Chamber of Commerce and show proof of phytosanitary inspection. In addition they must have a Bank of Ghana account and submit forms (and a fee) to the bank stating the value of each shipment and thus the amount of money to be repatriated, at that time, too, they must show that they have fulfilled repatriation requirements from their last shipment. NACOD stands as guarantor that they will do so.

Scenario Nigeria 2 In field interviews, a subtext to the above scenario emerged in which small exporters without bank accounts (or possibly even without NACOD membership) might be allowed to "ride along" with a large load being exported officially, carrying kola they have bought from the load's major exporters and serving to oversee its transport in their place. This appeared to be the case for a young Burkinabe Grusi who shared a truck with 19 other exporters (10 Hausa, 8 Mossi, and 1 other individual of unspecified ethnicity).

Scenario Nigeria 3 A Nigerian may travel to Ghana himself to purchase a large lot of kola from a Ghanaian wholesaler. The Nigerian then sees to the export process himself, with some assistance (although the exact assistance was not clear to the research team) from the Ghanaian wholesaler. This scenario appears to involve mainly Hausa-to-Hausa transactions.

Scenario Togo and Benin Small quantities of red kola may also be exported entirely informally from the Volta region to Togo and Benin, mainly by Kotokoli.¹²

NACOD constitutes the most notable **marketing structure**. As indicated earlier, it was originally formed to reduce rent-seeking. Members report that, while it has made great strides in this regard, it has not fully succeeded. Customs officials still demand bribes on the pretext that exporters may

¹² No details of the Kotokoli trade to Togo and Benin are reported here because no Kotokoli exporters were available to be interviewed during field research. In any case, their share of the trade is small and shrinking.

be smuggling other goods hidden inside the bags or among them on the truckbed. NACOD has taken some proactive action on this problem by, asking customs officials to oversee the initial loading of every Nigeria-bound truck. NACOD is also currently working on a way to solve the problem of rent-seeking on the part of Togolese customs officials. NACOD members believe that a partial solution is to increase the number of expeditors at the Togo border.

NACOD maintains a suite of offices in Accra, complete with a secretary, an assistant, telephones, and fax, it also has a branch office in Kumasi. The association sells identity cards to its members, informs them about export regulations and assists them with all the necessary paperwork and transport arrangements, and comes to their aid if there are problems with the police or other officials. It also keeps members abreast of national and international kola prices and other market-related conditions (border closure, road damage, etc.) prevailing in the kola trade. The more recently instituted NACOD quota system is also said to serve members' interests not only by matching them up with cross-border buyers, but also by controlling kola flows in such a way as to avoid glutting the Nigerian market, thereby keeping export prices reasonably high. The latter was reported to be the main reason for creation of the quota system. But members further explain that it also serves as a quality control measure and a check on clients' complaints about inferior nuts and thus on their demands for reductions or rebates in payment. The merchants say it is easier to ensure that the nuts remain in good condition if they are stored in their own warehouses and forwarded only as-needed to Nigeria.¹³

Some non-Hausa traders, however, complain that the quota system represents an attempt on the part of big merchants (a majority of whom are Hausa) to retain a monopoly on the Nigerian export market. According to Plan Consult (1995), the quota has led to increased smuggling of kola into Nigeria by non-Hausa ethnicities seeking to evade NACOD controls. It may also have engendered a power struggle over access to the formal market in that a rival organization, the Ghana Cooperative Association (GCA), was established to challenge NACOD. So far, however, the GCA has proven too weak to free itself from NACOD suppliers and policies. In any case, it is not clear to what extent this represents an ethnically based challenge, since both organizations are highly multi-ethnic.

Longtime kola wholesalers observe that during the past decade, the number of participants in the Kola export business has tripled, while its ethnic composition has become far more diverse than what is reported in the literature. This is true for both the formal and informal sectors, the Nigeria and the

¹³ It was not entirely clear to the research team exactly how the quota system works. The team's repeated attempts and long waits to meet with the officers of NACOD were unsuccessful. For this reason, too, the precise numbers and ethnicities of NACOD members were unobtainable.

Burkina Faso trade For example, when asked who were the "really big" kola wholesalers of Kumasi, a key informant named seven men (all NACOD members), all of different ethnicities a Busanga, a Dagomba, a Frafra, a "Gao" (Sonrai), a Hausa, a Kusasi, and a Mossi He added that all but the Frafra employ "boys" and agents of any and all ethnicities, more or less indiscriminately As expected, however, the chief of Kumasi's kola dealers is a Hausa

Overall, with regard to **ethnic-based trading networks**, it cannot be said that Hausa today enjoy the virtual stranglehold on Ghana's kola trade that, according to the literature, they once had As in the livestock sector (Chapter 3), Hausa control doubtless suffered from the Aliens Compliance Act Still, as Table 4 2's **market segment matrix** indicates, Hausa maintain the strongest ethnic presence across Ghana's kola market as a whole, and they clearly dominate the wholesale segment and especially the formal export segment This is not surprising because virtually all such trade is with Nigeria, where Ghanaian Hausa maintain strong and indeed truly ethnic-based networks with their Nigerian counterparts

Field research also indicated that in many cases the **ties that bind** between Hausa businessmen were in fact kin-based Beyond that, as throughout West Africa, the majority of ethnicities and individuals involved in the actual movement of goods across borders are Moslem In the case of Hausa and Mossi, they are also groups with a centuries-old tradition of long-distance trade

Hausa dominance of the formal kola trade is said to be such that it led to the collapse of a parastatal (the Ghana Export Company) set up in the early 1980s to handle formal exports of kola According to some reports, Ghanaian Hausa merely passed the word to their co-ethnic Nigerian network to refuse to buy from the parastatal In addition, however, the parastatal reportedly was extremely inept in handling the nuts and thus suffered very large product losses

The establishment of NACOD as a multi-ethnic entity may also reflect a strategy of reducing barriers to entry To the extent that NACOD is dominated by Hausa, it may also represent an attempt to gain some control over the south-to-north trade, which now reportedly outstrips trade to Nigeria This trade has been aggressively pursued by northern Ghanaians and Mossi, who have a natural geographical advantage and, in the case of the beleaguered Mossi, great need to find remunerative activities (recall Chapter 3) Field research left the impression that, in times past, Hausa may have dominated this corridor but today they do not

As to **the ways that buyers select among suppliers**, as reported by Hausa merchants involved in the Nigeria trade, co-ethnicity and kinship are a consideration, as is general maintenance of business ties between Hausa in the two countries. In all transactions, buyers are concerned about a supplier's reputation for fairness and honesty. In the nonformal cross-border trade to Burkina Faso, no overriding linkages of ethnicity, kinship, or nationality were discerned during the brief period of field research, with the exception of those ethnicities who conveniently straddle the Ghana–Burkina Faso border. Such linkages, however, may be as much geographically as ethnically based.

The reasons the various participants in Ghana's cross-border kola trade are successful are as follows:

- Adherence to the Islamic religion
- In the case of Hausa, close ethnic and kin ties that, along with the tenets of Islam, ensure trust and reliability in business dealings
- In the case of other ethnic groups, a key geographic location and/or a pressing economic motivation
- For Hausa and Mossi, a tradition of long-distance trade, and presumably, some access to capital
- In addition, membership in good standing in NACOD appears to be a requisite for succeeding in the Nigeria kola trade

NACOD offers an especially striking example of the **strength of primarily multi-ethnic indigenous trade networks** when they organize themselves. As with virtually all cross-border trade of any kind in Ghana, **a major constraint to the kola trade** is corruption, which is in turn linked to often needless regulations, in this case, especially along the south-to-north corridor. Banking structures and currency considerations (i.e., readily exchanging or transferring cedis, naira, and FCFA) may also pose some constraints to more vigorous and flexible trade. As usual, too, there are important infrastructural constraints such as poor roads and trucks that are unreliable and/or that are enclosed, metal, or otherwise poorly ventilated. When delays occur, whether due to rent-seeking, road conditions, or vehicle breakdowns, spoilage can be extensive.

Table 4 2 Estimated Market Volume Shares, Share Trends and Formal vs Informal Participation in Ghana's Kola Export Trade, by Ethnicity ^{a b} 1994

MARKET SEGMENT (formal vs informal vs mixed)	Hausa (Nigeria)	Mossi (Burkina)	Northern Ghanaians	Kotokoli (Togo)	Akan (Ghana)
Assemblers (informal)	C 20% ↓	---	W 10% ↑	C 20% ↓	D 50% ↑
Wholesalers (mixed)	D 60% ↓	W 5% ↑↑	C 25% x	W 10% ↓	---
Intermediaries (mixed)	W 10% ↓	C 20% ↑	D 60% ↑	---	W 10% x
Cross-border Traders (informal)	C 20% ↓	S 45% ↑↑	C 25% ↑	W 10% ↓	---
Cross-border Traders (formal)	D 80% x	---	W 15% ↑	W 5% ↓	---

Total estimated value of trade at export price = \$31 5 million, of which some 70 percent may be informal and 30 percent informal/mixed

^a With regard to competitive position D = dominant, S = strong C = competitive and W = weak Ethnic groups with minimal positions are not included in this matrix For share shifts ↑↑ = strong growth ↑ = growth x = no change ↓ = small share loss ↓↓ = strong share loss here viewed across roughly the past 5 years

^b Main homeland nations of ethnic groups are included in parentheses for mnemonic purposes but bearing in mind that many market participants are now nativized Ghanaians

A further factor in spoilage and a more nearly unique constraint to the kola trade is the current lack of inexpensive, safe, and effective preservation technology for the nuts Kola, because it is a commodity unfamiliar to Westerners and has relatively limited global market, has received scant agricultural or food-science research attention A significant **opportunity for accelerated growth** and efficiency improvement in the kola trade would therefore appear to lie in this direction, particularly as throughout West Africa kola is closely inspected by consumers for quality Especially when kola is required for important ritual or social occasions, consumers are willing to pay a

premium price for top quality. Most likely, with very little applied research, simple, safe, and inexpensive treatments to better preserve the nuts could be found among existing techniques for other kinds of produce.

4.2 Côte d'Ivoire

In Côte d'Ivoire, as in Ghana, mainly Akan and other forest-zone "southern Mande" peoples "produce" the kola, which grows wild in their cocoa and coffee plantations. There are seven main bulking centers for export: Adzope, Agboville, Anyama, Bouake, Daloua, Divo, and Man. Historically, Anyama and Bouake have vied for first place in exports. Anyama is located on the coast near the port while Bouake is strategically sited at the convergence of a number of road and rail routes that lead deeper into the savanna zone.

Market channel "captains" report ten-year trends in export volume as being largely stable, but low between 1984 and 1990. From 1990 through 1991, exports rose, but then leveled off, reportedly due to other countries' capturing a part of the Côte d'Ivoire's trade (Section 4.3). In 1993, Ivorian exports dipped sharply due to what informants described as "hyper-production" in Ghana. But the following year, Ivorian exports reportedly increased surpassing 1992 levels.

No reliable figures on the tonnage of production or export are available. CCA (1995:44) provides an underreported figure of 8,990 mt of nuts exported in 1994, based on the notoriously unreliable statistics of the national customs agency. Given the size and agroecological configuration of Côte d'Ivoire, it would be more accurate to assume average production and export figures on the order of those for Ghana, the main competitor country, that is, a **volume of kola exports from Côte d'Ivoire** of 90,000 mt. At the reported export price of FCFA 150,000 (\$300) per mt between December 1994 and January 1995 (ibid.), this yields a **total value of export trade** of \$27 million.¹⁴

The major **trade corridors utilized** are two overland south-to-north routes extending from Abidjan to Bouake and thence either to the Malian capital of Bamako by road, or alternatively, northeast into Burkina Faso through Bobo-Dioulasso via road and/or rail. However, direct shipments from Daloua, Divo, and Sikenze to Bafra are also reported (DCG 1995 unpaginated). A considerable amount of

¹⁴ From these calculations, one suspects that CCA (1995) meant to write 89,900 mt rather than the 8,990 given on page 44. In any case, the figures given in the present report are supported by those calculated for Senegalese imports of Ivorian kola (see Section 4.3).

Ivorian kola also travels by sea to Senegal and Guinea-Conakry. A limited amount is shipped by sea to Gabon, as well as to France. Also, some nuts are exported to Nigeria and Niger, but the related trade corridors were not mentioned in any detail during interviews within Côte d'Ivoire. Overall, the bulk of Ivorian kola goes into Mali, and about one-fourth of all such exports end up in Senegal.

Details of marketing channels and cross-border operations can be summarized as follows. Most kola is sold directly by producers to cross-border traders, many of whom maintain a stable of itinerant agents to gather the nuts from farmers. However, a substantial portion (perhaps a third) is collected from producers by intermediaries who warehouse it for resale to traders, who then export it.

A new wrinkle in the trade is an attempt on the part of cooperative groups and other organizations in the importing countries to extract additional rents from merchants who are exporting kola from Côte d'Ivoire or to forcibly insert themselves into the marketing chain. At Zegoua, just inside the Malian border, for example, a kola cooperative there must be paid a fee of FCFA 70,000 per truckload before the truck is allowed to continue on to Bamako. A Mossi-operated cooperative in Ouagadougou, which is rumored to be backed by powerful Burkinabe authorities, is currently attempting to require that all kola imports from Côte d'Ivoire be sold to them. Needless to say, exporters based in Côte d'Ivoire are extremely upset by such developments because, for example, the Mossi cooperative in Ouagadougou, would do away with most of their profit.

In terms of **marketing structures**, Côte d'Ivoire kola buyers and traders are currently organized into half a dozen large cooperatives located mainly in the forest zone. For an annual membership fee, cooperative assist their members in identifying customers abroad, help them with all the necessary paperwork (including providing the necessary forms), and lend other assistance to members who find themselves in trouble due to family illness, harassment by authorities, and so on.

During the last two decades, participants in the Ivorian kola business have made repeated, but so far largely unsuccessful, attempts to organize themselves into a national association. Most of these efforts failed due to the theft of association dues (recall Section 3.2). The establishment in 1993 of the Syndicat des Acheteurs et Exportateurs de Cola de Côte d'Ivoire (SYECOCI) represents the latest effort to organize.

SYECOCI is a loose confederation of half a dozen individual cooperatives, of which the Anyama cooperation, Bin Kadı (membership of 200), is the leader. SYECOCI is headquartered in the modest offices of the Bin Kadı President's enterprise. The facilities consist of a small one-room office with one telephone, a file cabinet, and a desk plus one larger, vacant room that serves as a meeting space and short-term storage area. The syndicate sees its main function as promoting export, and has enjoyed limited success in modifying excessive government fees or nuisance regulations. For example, in response to its activities, the government reduced the scales fee for weighing kola before export. In return for services, members pay annual dues of FCFA 2,500. However, the SYECOCI president admits that the syndicate is weak because it is difficult to achieve coordinated and collaborative action across the member cooperations nationwide.

Producers, agents, independent buyers, and some wholesalers are most often of forest-zone ethnicities, but as usual, mainly savanna and Sahelian peoples (all Moslem) constitute the actual cross-border traders. The overwhelming majority of large-scale traders are of "northern Mande" groups and include mainly Malinke/Bambara merchants, plus some Marka/Sarakolle, these individuals may be Ivorian but more often are Malian or Burkinabe. As indicated in the **market segment matrix in Table 4 3**, they are followed in importance by "Voltaic" ethnicities, mainly Mossi from Burkina but also either Burkinabe or Ivorian Senufo and some Lobi and Grusi. Nigerian Hausa were also mentioned as cross-border traders.¹⁵

The shift in shares shown in Table 4 3, were explained by the fact that the Ivorian market was flat or falling and, many of the marginal traders could not absorb sufficient losses to compete with the large-scale cross-border traders, who controlled enough capital to weather market fluctuations.

As discussed in greater detail in Section 4 3, the Malinke/Bambara kola merchants offer the only demonstrable example encountered during field research of a classic, truly **ethnic-based indigenous trading network**. The strength of their network is in part evident in their success so far in staving off other ethnicities' inroads into the trade, including efforts by the highly aggressive Mossi. As fieldwork subsequently discovered in Senegal, along with ethnicity, lines of blood kinship also form an important part of the **ties that bind** together Malinke/Bambara merchants. Kin networks were found in the classic mode in which businessmen-relatives are strategically situated along the length

¹⁵ CCA (1995) mentions a host of other minor national and ethnic actors in the Ivorian kola trade, but without specifying their roles. These include Gambians, Guineans, Nigerians, Senegalese, Togolese, and Fulani, Germa, Kru, Mossi, Ouplo, Wolof, Yoruba.

of the transnational trade route. Among Moslems, this makes for maximum trustworthiness, whether in monetary or credit transactions or in sharing of information on market, road, customs, and other conditions that are so important for avoiding massive product loss.

Table 4.3 Estimated Market Volume Shares, Share Trend and Formal vs Informal Participation in Côte d'Ivoire's Kola Export Trade, by Ethnicity^{a, b} 1994

MARKET SEGMENT (formal vs informal)	Malinke/Bambara (various)	Mossi (Burkina)	Akan Groups (Côte d'Ivoire)	Other Ethnic
Assemblers, agents (informal)	---	---	D 90% x	W 10% x
Wholesalers (mixed)	D 70% ↑	W 10% ↑	W 10% ↓	W 10% ↓
Cross-border Traders (mixed)	D 80%	W 15% ↑	---	W 5% ↓

Total estimated value of trade at export price = \$27 million, of which possibly some 60 percent may be formal and 40 percent informal/mixed.

^a With regard to competitive position: D = dominant, S = strong, C = competitive, and W = weak. Ethnic groups with minimal positions are not included in this matrix. For share shifts: ↑↑ = strong growth, ↑ = growth, x = no change, ↓ = small share loss, ↓↓ = strong share loss. Here viewed across roughly the past 5 years.

^b Main homeland nations of ethnic groups are included in parentheses for mnemonic purposes, but bear in mind that many market participants are now nativized Ivoirians.

Barriers to entry in Côte d'Ivoire's cross-border kola trade include the large amount of capital necessary to be able to enter the trade in this delicate commodity. Barriers also appear to relate indirectly to ethnicity in that a frequently cited requirement for entry was identification of potential trustworthy and loyal customers in the buyer nation(s). Conversely, good customer contacts constitute part of the **why and wherefore of participant success in the trade**. Traders who are of ethnicities that originate in the trading-partner nation and who maintain ties with their homeland

have a natural competitive advantage. This is the case, e.g., for Mossi kola traders vis-a-vis Burkina Faso or Hausa vis-a-vis Nigeria. Trading ties and trust are even stronger when, as in the case of Côte d'Ivoire based Malinke/Bambara, merchants permanently station members of their enterprise in the trading-partner nation(s), thus forming a true "network." As noted earlier, additional advantages accrue when enterprise members are (Moslem) kin.

According to CCA's (1995:46) survey of 80 participants in the Ivorian kola market nationwide, 78 percent of respondents named administrative red tape, harassment, and corruption during transport as the **major constraints on and cross-border kola trade**. Forty-four percent mentioned problems to do with product perishability, referring mainly to poor preservation techniques. Credit constraints ranked third in the sample queried (18%)¹⁶. Another intriguing constraint mentioned during interviews with the Bin Kadi Cooperative was "lack of good relations and communication between [kola] merchants and government administrators and authorities."

Opportunities for accelerated growth and improved efficiency in Côte d'Ivoire's cross-border kola trade largely parallel those noted for Ghana. One difference from Ghana, however, is that clearly kola merchants in Côte d'Ivoire could benefit from expert assistance to help them organize themselves into a stronger organization that, like NACOD, could better deal with Ivorian government authorities, lobby for trader interests, and perhaps make more favorable group deals and alliances with transporters. Merchants clearly would also welcome any and all help with cross-national policy dialogue on the issue of unfair business practices in trading-partner nations, such as forced sales to certain groups (notably, in Mali and Burkina Faso). Currently, Côte d'Ivoire's kola traders are poorly placed to do this themselves.

4.3 Senegal

Traditionally, the bulk of Senegal's kola has come from re-exports of Ivorian kola via Mali. Although not investigated during the present study, some of this same kola was re-exported by wholesalers from Senegal to Mauritania, although the volume of such transactions has decreased with the recent tensions between the two countries. For 1994, **Senegal's cross-border import trade in kola** averaged some 10,000 mt in volume, although this is considered a conservative figure.

¹⁶ Other, apparently minor constraints/inefficiencies mentioned in the survey were the cost of transport (7%) and "merchant insecurity" (7%), 9 percent of respondents reported no difficulties in their kola trade.

Reportedly, during the past decade the volume has been steadily rising in step with population growth of more than 3 percent per year

The **total value of Senegal's kola imports** in 1994 is estimated at \$10 million, using the formal importers' reported 1994 purchase price of approximately \$1,000 per mt. Informal imports appear to average about \$800 per mt. The high cost per mt of formal imports reflects a number of factors: the long distances traversed and hence the considerable transport costs, the costs of repeated reconditioning of the nuts, the fact that all the nuts are cured, and the high Senegalese import duties and other taxes that account for 60 percent of the declared value of any formal shipment (see below)

The major and traditional **trade corridor utilized** is shown in Map C. Ivorian kola arrives in Bamako, Mali, by truck, from there, it continues northwest to Kayes, Mali, and on to Dakar by truck, train, or a combination. Some kola also goes from Abidjan directly to Dakar by sea, as does a limited amount from Freetown (the capital of Sierra Leone) and very small amounts from Benin and Nigeria. All the foregoing shipments are semi-formal (see below). During the last decade, informal imports using other routes have reportedly increased sharply, to the point that they now comprise half of all trade.

The bulk of the informally traded kola travels more or less formally by sea from Abidjan or (especially) Freetown to Banjul, the capital of Gambia, a tiny country that bisects Senegal. From Banjul, it moved up the Gambia River by canoe and off-loaded onto animal-drawn carts at numerous points along both banks of the river. The nuts unloaded on the southern bank supply the part of Senegal that lies south of the river. Much of the kola distributed along the northern bank makes its way on toward Dakar and secondary markets (e.g. Kaolack), in competition with the more formally traded kola.

A minor trade corridor extends overland from northwest Guinea carrying Sierra Leonean kola as far as Tambacounda. Another minor corridor is the Senegal River, which is plied by canoe running from Kaye to Bakel (a major transit point) and often on north and westward down the Senegal River. Much of the kola traveling these routes is destined for Mauritania.

Product type, in terms of white versus red or pink kola, is said to be unimportant to Senegalese consumers, although they are very demanding when it comes to quality. People want firm, crunchy nuts with unblemished exteriors and without insects or worms inside. Importers note that the latter condition is very hard for them to detect. They add that, even with the best of handling which is

ensured by their own family members and agents all along the kola's long journey from Côte d'Ivoire and with the speediest of delivery, importers report they still must reject on average a one-fourth of the nuts they receive as being too inferior for the ordinary consumer market. These they sell for dyestuff.

Many of the **details of cross-border operations and marketing channels** have already been outlined above. Here, discussion will center on the traditional, semi-formal Mali-to-Senegal corridor delineated above, both because it carries at least half of the trade and because operators using this route were the only ones available for direct interviews.

During the past decade formal trade along this major Mali-to-Senegal corridor has increasingly given way to informal or "mixed" operations. That is, the size of shipments departing from Bamako or Kayes to Dakar is substantially underreported and then small amounts of kola are offloaded at various stops, with the result that the quantity finally reaching Dakar in fact corresponds to that listed as originally shipped. Formal-sector informants explained that this strategy is necessary in order to cope with excessive taxes on imports plus other costs for formal imports such as expeditors' fees (Table 4.4). Expeditors receive a standard fee of FCFA 60,000 from which they pay a variety of bribes to speed the release of kola shipments from customs; they keep the difference as their earnings.

Table 4.4 Taxes and Related Costs for Kola Imports to Dakar

TYPE OF COST	PERCENTAGE AMOUNT	COMMENTS
Taxe de Valeur Ajoute Ordinaire (TVO)	20% of FOB	A value added tax, based on the declared insurance value in Abidjan
Taxe d'Egalisation (TE)	5% of FOB	A new tax as of several years ago, replacing an earlier one
Timbre Douanier (TD)	5% of FOB	A customs tax
Taxe Specifique	30% of FOB + TE and TD	Informants could not explain what this tax was for, but they noted that until markets were liberalized somewhat in 1995, it was 60% instead of the present 30%
Expediter's Fee	FCFA 60,000 (US \$120)	This is a flat fee, regardless of shipment size used in part to pay bribes to customs (see text)

Large-scale importer-informants calculate that if they declared the actual amount and value of kola imported formally along the Bamako-to-Dakar corridor, the corresponding taxes and fees would be three times greater than the costs (including bribes) incurred by more clandestine operations, and thus push formally imported kola out of the market completely. According to DCG (1995), "fraud" all along the market chain ultimately adds about 50 percent to the consumer price of kola in Senegal.

The main **marketing structure** of note in Senegal's kola trade is the existence of a semi-formal, unnamed voluntary association of 30 independent and mainly family-based import enterprises headquartered in Dakar. All of these enterprises are headed by Malinke/Bambara. Traditionally, there was always an informally acknowledged chief of kola sellers (Fr *tête de file*). This individual is now the president of the association, which also has a full complement of other officers (vice president, treasurer, adjunct treasurer, accountant, and general secretary). The association was established six years ago, building upon already-existing ethnic-based networks in the kola trade.

The membership numbers approximately 100 individuals, consisting of the fathers, sons, and co-ethnic employees of the enterprises involved. The association maintains an office with a telephone, and also has a commercial bank account. The members meet once a month "to discuss market conditions" and perform other functions such as deciding how to deal with clients who are in arrears, fining members who have stolen clients from other members, or providing social and financial assistance to members with various kinds of family or business difficulties. On occasion, the association has also paid for representatives to attend "seminars" in Bamako and Abidjan "to get information" on a variety of matters pertaining to the kola trade. In addition to these functions, the association states that one of its primary goals is "to fight against fraud." This appeared to mean government corruption, but possibly also the taxes and duties that favor such fraud and virtually criminalize importation, and thus drive many people into the informal sector.

The Côte d'Ivoire-Mali-Senegalese kola trade provided the first clear example in this study of a truly **ethnic-based regional trading network**, with all the classical features enumerated in the literature. Researchers are particularly struck by encountering in Senegal's kola association the brother of the president of Côte d'Ivoire's SYECOCI, along with other close-knit ethnic and extended kin relations between these producer and receiver nations, whose relationships are "bridged" by Mali-based network members.

The market segment matrix in Table 4 5 provides a general picture of market share by ethnicity, but it does not tell the complete story Malinke/Bambara strongly dominate kola trade overall, as they have for centuries, but they feel threatened by the burgeoning informal sector

Table 4 5 Estimated Market Volume Shares, Share Trends and Formal vs Informal Participants in Senegal's Kola Trade, by Ethnicity^{a b} 1994

MARKET SEGMENT	Malinke/Bambara (various) ^c	Wolof (Senegal)	N Fulani (Senegal)	Other Ethnic
Cross-border Traders (formal)	D 90% ↓	W 4% ↓	W 6% ↓	---
Cross-border Traders (informal)	D 70% ↓	m 8% ↑	m 10% ↑	m 10% ↑
Wholesalers (mixed)	C 32% ↓	W 20% ↑	W 28%	W 28% ↓

Total estimated value of trade at import price = \$10 million, of which currently 50 percent is formal and 50 percent informal

- ^a With regard to competitive position D = dominant S = strong C = competitive and W = weak Ethnic groups with minimal (m) positions in some market segments are included in this matrix because they figure visibly in other segments For share shifts ↑↑ = strong growth ↑ = growth x = no change ↓ = small share loss ↓↓ = strong share loss here viewed across roughly the past 5 years
- ^b Main homeland nations of ethnic groups are included in parentheses for mnemonic purposes
- ^c DCG (1995) appears to use 'Djoula' or Malinke to refer to non native Mande groups but eastern Senegal is home to native populations of Bambara and Marka/Sarakolle Other Mande groups are found in southern Senegal and the Gambia (the Socé) and Guinee (the Soninke) Also many second generation Malinke/Bambara are now naturalized Senegalese

Even though Malinke/Bambara still dominate the informal sector as well, DCG (1995) reports that they have lost market share to many other ethnicities who are invading this arena For example, Wolof are expanding their trade share at the Gambian border Among the "Other Ethnic" groups referred to in Table 4 5 are the Serere, who ply the informal trade out of Banjul, and Sarakolle who are active in the Bakel region Northern Fulani have increased their market share, too, albeit at the expense of the Moors (recall Section 3 3) rather than the Malinke/Bambara As usual, all these groups are Moslem At the wholesale level and, even more, the retail level, Malinke/Bambara give way to a multitude of other ethnicities The wholesale level is included in Table 4 5 merely to show where their role in the long market chain that began in Côte d'Ivoire largely ends

It is noteworthy that the majority of all the foregoing ethnicities are Senegalese citizens, either naturalized (elders) or native-born (their sons). Thus, aside from the recent tensions with Mauritania, nationality does not seem to be an important issue for Senegal's cross-border trade in kola.

Barriers to entry in this cross-border trade, the why and wherefore of participant success in it, how buyers select among suppliers, and the major constraints to and sources of inefficiency in trade largely parallel those already discussed for Côte d'Ivoire (Section 4.2). With regard to perishability, Senegalese merchants discussed how it was difficult for them to obtain the leaves that are necessary to keep the product well-packed and fresh because the leaves come only from Côte d'Ivoire. The importers' association emphasized the lack of access to bank credit as a constraint, however. Even though they are well versed in banking procedures and report that every enterprise keeps a commercial account, they noted that credit is very tight and that banks are unwilling to lend to them. Indeed, credit was of such concern to them that they asked the research team specifically to put them in touch with any donors or projects working on credit.

Perhaps above all, however, these merchants were exercised over the lack of a level playing field in Senegal's kola import business. They viewed the formal trade as overregulated and the informal trade as underregulated (and even stimulated). These interviewees made it clear that they felt punished for trying to "play by the rules," with the result that they now largely flout the rules, but it was clear that they were not comfortable with this situation.

5 ONION CROSS-BORDER TRADE

As noted in Chapter 1, cross-border trade of African onions was studied only in Ghana. This savanna-to-forest zone trade is an ancient one that has continued unbroken from pre-colonial times to the present (Skinner in Bohannon and Dalton 1962:250), albeit on differing scales. Although Ghana's Upper East Region produces onions, its output is far from sufficient to supply the nation year-round. Thus, additional supplies are imported from Niger and to a lesser extent Burkina Faso. Today, however, the pink-colored African onion must also compete with imports of European white onions (mainly from Holland), which reach Ghana directly or through re-export from Abidjan.

Based on official statistics gathered by Plan Consult (1995:19) the **volume of Ghana's cross-border trade in African onion** in 1994 was 85,472 bags, at 120kg per bag this is 10,256 mt. According to an Accra onion merchant with 30 years in the trade, imports have doubled in volume over the past decade. The number of participants in the trade has tripled during this period, and the cedi price per kg of onion upon import has increased tenfold. Reportedly, this price increase has resulted in little increase in producer's buying power from the resulting earnings, both because of inflation in Ghana and because of the FCFA devaluation, which has increased the supply price of onions due to the cost of petrol for trucking and especially for fueling the pumps that irrigate the crop.

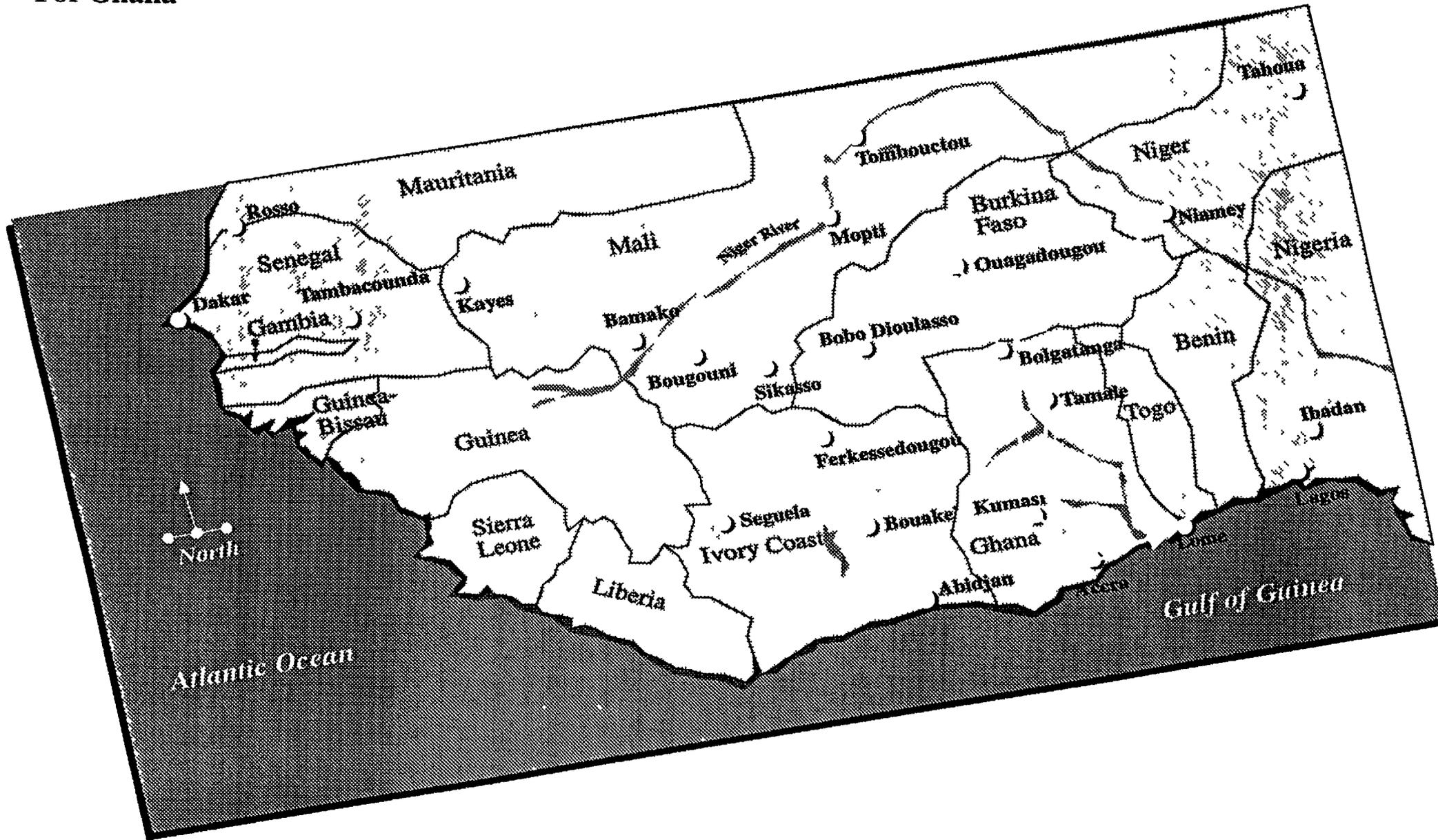
With a per-bag import price of 52,000 cedis in 1994, the above-referenced volume makes for a **value of cross-border onion trade** of \$4.5 million. This figure translates into wholesale and retail values of approximately \$6 million and \$8 million, respectively (ibid). These figures may be somewhat underreported, however, due to recording inadequacies. However, there are no Ghanaian import duties on food crops of West African origin that would lead to the kind of underreporting that was found in the kola trade or to the nonreporting found in Ghana's livestock trade. Thus, all onion imports are essentially formal.

The only **corridor utilized** for importing African onion extends from Niger or Burkina Faso through the northeast border towns of Kulungugu (90% of imports) or Paga (10%), then south to Kumasi and Accra by the Kintampo road (Map D). All imports are by truck. The onions are unloaded only in Kumasi or Accra, from whence they are wholesaled for retail locally and to other parts of the country.

Details of cross-border operations and marketing channels are straightforward. Importers must obtain the following documents for an average-size truckload of 300 bags (36 mt) *a laissez passer*.

Principal Trading Routes for Onion

For Ghana



(FCFA 15,000, i.e. \$30) in Niger or a transit form (FCFA 50,000, i.e., US\$100) in Burkina Faso, a certificate of origin and an accompanying phytosanitary certificate from the producer country, a Ghanaian import declaration form (a flat fee of \$5.00), and a second certificate of phytosanitary inspection in Ghana (a flat fee of \$5.00). The only other official fees or documents entailed in the marketing chain are those to the municipality of the border town through which the onions enter (\$150 for Bawku) and of the terminal-market city where they are wholesaled (\$60 for Accra), plus the Ghanaian wholesaler's (see below) proof of payment of income taxes. For a 300-bag shipment, transport costs \$1,500, labor for packing and for loading/unloading is \$150 and \$120, respectively, sacks and twine cost another \$150.

Although there are no import duties, corruption is a problem at the border, and the problem of graft and delay is by no means limited to Ghana. Before reaching the Ghanaian border, payments on the route from Niger reportedly total FCFA 35,000 (\$70) to Niger customs and entail seven stops¹⁷, on the Burkina Faso route, payments total FCFA 60,000 (\$120) to customs, police, and others and require six stops. Merchants described that in 1993 they suffered especially massive losses in terms of both spoilage and graft at the hands of police in Niger.

When all payments in all nations along the route are taken into account, they can represent as much as 18 percent of the total shipment value, especially if the truck is stopped in Ghana after 6:00 p.m., when payments double.

Cross-border traders, however, are more concerned about the heat spoilage that results from such graft due to the extra time the produce remains in metal-walled-and-floored trucks under the West African sun. Indeed, the total of some 40 stops along the route poses a far greater risk to the trade than does the rent-seeking itself. With good luck, each stop takes 30 minutes, say merchants, which adds nearly a day's travel time to the import itinerary. (Or more than two days, if one were to respect the 6:00 p.m. transport curfew.)

Once the trader arrives at his destination a broker/wholesaler assists him in selling his shipment, identifying clients, and establishing selling terms. Usually the broker is a co-ethnic already known to the

¹⁷ Several USAID-funded studies conducted in 1992–94 on illicit enrichment along Nigerian export routes found payments ranging as high as FCFA 158 per km with stops as frequent as every 50 km. This state of affairs led at one point (December 1993) to a 24-hour protest strike by Nigerian transporters and drivers.

trader. Most transactions are in cash, at least when onions are in short supply. When there is a market glut, the wholesaler/broker may release onions on credit, he then acts as guarantor of payment to the trader. Such arrangements are made only between traders who know and trust each other. According to interviewees, credit transactions are becoming quite rare because of the perception of increased risk in the business. Many traders reportedly have been driven into bankruptcy by product spoilage. Interviewees say they no longer advise relatives to go into the onion trade or invite them to join in their own business because of its riskiness.

Upon receiving his money, a trader typically changes the cedis into FCFA at the Ghanaian government's exchange bureau, but he may decide to buy salt, timber, cement, or aluminum items for import back into Burkina Faso or Niger. This decision is influenced by the currency exchange rates prevailing at the time and other factors. At the wholesale level, the onions are repacked from the 120kg jute bags in which they arrived into 25kg bags of nylon net recovered and re-used from European onion imports. In the process, the rotten bulbs are discarded. There is little variation in the **types of products handled** with regard to African onions, although retailers do sort and sell them by size, and even by slices. It should be noted that consumers greatly prefer the African variety's color and stronger and more pungent flavor to the bland, white European variety. Consumers feel they get more for their money with the African variety, emphasizing that it takes far less of the African onion to properly flavor a soup or stew. In addition, the European onion, which is subject to import duties, is more expensive and is therefore usually imported only at the time of year when the African variety is scarce.

Onion importers also handle cowpeas, although they say onions provide their major source of income. Ghanaian demand for onion is highest from October to December, just before the main onion harvests in Burkina Faso and Ghana's Upper East Region, at which time only Niger supplies are available.

As to **marketing structures**, most of the Ghana-based wholesalers/brokers and large retailers of onions are members of the Ghana Agricultural Products Traders and Marketing Organization (GAPTMO), a nationwide association of produce sellers. They maintain an office and have their own business cards and stationery, and are organized along lines similar to the GLBTA or GCBA (Chapter 3). Their organizational goals are also similar. For example, like all purveyors of delicate or perishable foodstuffs, they fight against the 6:00 p.m. curfew on the transport of goods and against graft and delay.

The GAPTMO is also fighting against a Ghanaian regulation that links granting of import permits to truck registration numbers rather than to the cargo carried. Technically, if an importer were to follow this regulation he would have to first identify the precise truck he intends to hire for hauling his goods, then go all the way from Niger or Burkina Faso to Accra with the truck's registration number in order to obtain an import permit, and then travel back to Niger/Burkina Faso in order to take up the journey to Ghana with his goods. Obviously, this is not feasible, so merchants pay bribes to get around this silly regulation.

**Table 5 1 Illicit Payments Required within Ghana of Onion Cross-Border Traders
(in US dollars, for one truckload of 300 bags, i e , 36 mt, to Accra)**

Receiver of Illicit Payment	Amount
To the Agriculture Service at Kulungugu	\$ 30 00
To customs at Kulungugu	60 00
To the Phytosanitary Service at Kulungugu	5 00
To the Motor Traffic Unit (MTU) at Bawku	10 00
At the police barriers on the way out of Bawku	10 00
To the Agriculture Service at Zebilla	4 00
To customs at Zebilla	10 00
To customs on the way into Bolgatanga	10 00
To the MTU in Bolgatanga	10 00
To the MTU on the way out of Bolgatanga	10 00
To customs on the way out of Bolgatanga	10 00
At the police barrier on the way out of Bolgatanga	12 00
To the police at Walewale	8 00
To the police at Masia	5 00
To the police at Savelugu	8 00
To customs and the police on the way into Tamale	12 00
To the MTU on the way into Tamale	8 00
To the MTU on the way out of Tamale	8 00
At the police barrier on the way out of Tamale	10 00
To customs at Yapei	15 00
To the police at Damango Junction	5 00
To the police at Buper	5 00
To the police at Kadensu	5 00
To the police at Kintampo	5 00
To the police at Turobudoum	3 00
To the MTU on the way into Techiman	5 00
To the police in Techiman	5 00
To customs at Techiman	4 00
To the MTU on the way out of Techiman	2 00
To customs near Abofour	4 00
To the MTU at Kumasi	2 00
To customs at Ejis	4 00
To the police at Asankari	3 00
To customs at Koforidua Junction	4.00
Total illicit fees in Ghana	\$311 00

As reported by a focus group of longtime importers for the month of March 1995

In Ghana, there are clear strands of **ethnic-based trading networks** in onion cross-border trade. As shown in the **market segment matrix in Table 5 2**, Hausa, Zarma, and "Gao" (Sonrai) dominate the market, the former two in Accra and the latter in Kumasi. There are about five major wholesalers/brokers in Kumasi and about 20 in Accra, most are foreign-born. As noted above, these individuals deal mainly with importers who are co-ethnic compatriots. Time did not permit investigation of whether kinship was also a consideration in such links.

Table 5 2 Estimated Market Volume Shares, Share Trends and Formal vs Informal Participation in Ghana's Onion Trade, by Ethnicity ^{a b} 1994

MARKET SEGMENT	Hausa (Niger, Nigeria)	Zarma (Niger)	"Gao"/Sonrai (Mali)	Other Ethnic
Cross-border Traders (formal)	S 45% x	C 25% x	C 25% x	M 5% ↑
Wholesalers/brokers (formal)	D 50% ↑	C 30% ↓	C 15% x	M 5% ↑

Total estimated value of trade at import = \$4.5 million, of which 100 percent is formal (see text)

^a With regard to competitive position, D = dominant, S = strong, C = competitive, W = weak, M = minimal. For share shifts, ↑↑ = strong growth, ↑ = growth, x = no change, ↓ = small share loss, ↓↓ = strong share loss, here viewed across roughly the past 5 years.

^b Main homeland nations of ethnic groups are included in parentheses for mnemonic purposes.

Barriers to entry into the cross-border onion trade, and conversely **participant success in the trade**, reportedly center on three factors: controlling sufficient capital and/or credit to endure risks, having a personality that can tolerate high risk, and having good relations with or links to producers in Niger or Burkina Faso. In this regard, it was significant that the majority of large-scale wholesalers/brokers in Ghana either are natives of the supplier nations and/or had once been onion producers themselves. Their survival in the trade is due in part to the strength of both ethnic and marital **ties that bind**. They have maintained those ties with their homeland and its onion growers, importers, and truckers. At the same time, many have taken a Ghanaian wife. These ties have implications for **how buyers select among suppliers** and vice versa. As a result of their ethnic ties, wholesaler/broker

interviewees pointed out that they have no difficulty locating supplies of onions—although, they add, not always at the right price. Having a Ghanaian wife may well be helpful in cementing ties along the market chain to retailers, insofar as Ghanaian women are extremely active in onion retailing (Clark 1994)

As evidenced by Kusasi and Mamprusi entry into the cross-border trade, however, along with the first three factors cited above, geographic proximity to the producing areas and, again, firsthand familiarity with the crop may be sufficient for entry into and success in the trade, in lieu of ethnicity per se. As usual, however, virtually all participants in the import-related segments of the market are Moslem

Major constraints to and sources of inefficiency in the cross-border onion trade have already been outlined above: unsuitable trucks, graft and delays, and unreasonable regulations. To these can be added the lack of better techniques for handling the product. For example, Plan Consult (1995) notes that jute bags do not provide the best sacking for onion. This report also notes that no particular product preservation or protection measures are taken. **Opportunities for accelerated growth** follow logically from the constraints and echo many of those sketched in foregoing chapters. Of course, a major growth opportunity is embodied in the high and almost insatiable demand for the tasty African onion.



6 SUMMARY OBSERVATIONS AND RECOMMENDATIONS

6.1 Summary Findings

Table 6.1 summarizes the key results of this study

Other summary observations are The most important overall conclusion of this study is that ethnicity per se as a dominant and unifying variable in cross-border trade is diminishing. However, certain ethnicities still predominate in some portions of trade routes in what is now a multi-ethnic trade in two of the three agricultural commodities studied. The exception is kola, in which the Hausa dominate kola trade eastward and to the northwest from Ghana into Nigeria, and the Malinke/Bambara dominate trade westward from Côte d'Ivoire to Senegal. Other findings are given below

- The importance of a shared religion however has not dwindled. Islam still serves as a unifying umbrella whose universally recognized "moral rules of the game" and shared values promote trust in business interactions across ethnicities and nations. The strongest and the heavy majority of the IRTN's involved Moslems
- The actual and/or potential importance of other kinds of large-scale institutional mechanisms has increased. These include, for example, nationwide stockmen's (breeders, traders, butchers) associations, nationwide commodity-specific cooperatives (e.g., for kola, for vegetables), and in some nations, agricultural chambers of commerce (e.g., Mali)
- The major constraints and inefficiencies that participants face in West Africa cross-border trade do not relate to ethnicity but rather to technical, infrastructural, credit, and especially political-economic problems. Examples of these constraints and inefficiencies include the lack of effective preservation techniques for kola, insufficient and inadequate trucks (e.g., livestock are carried in metal-walled vehicles), roads and railways are highly inefficient, credit problems at any one point in the marketing chain can affect the entire chain, and, especially, the pervasive graft and useless administrative red tape, which can account for as much as 70 percent of all marketing costs
- A very rough estimate of overall, cross-border trade in the commodities studied is about 50/50 informal versus formal/mixed. Formal/mixed trade is defined as involving the payment of at least some import taxes as opposed to (terminal market and sales taxes) and the

acquisition of required importation documentation. Informal trade is defined as trade that circumvents all such procedures. Note, however, that the 50/50 figure varies widely by commodity and by country, and according to the regulations and enforcement policies that a given country. The more realistic the policies and regulations, the more pervasive formal trade.

- As to gender, cross-border trade continues to be dominated by men (with a possible exception of the dried-fish trade, not studied here). This male dominance is expectable in light of the fact that the vast majority of participants are Moslem and patrilineal. It is also expectable in terms of women's domestic and child care duties, which do not leave them free to travel very far for very long. Long distance and lengthy travel time are a characteristic of cross border trade. Women traders in agricultural commodities tend to operate nationally rather than intraregionally.
- Currency type per se is not a major concern for most traders, but shifts in currency exchange rates are. Such shifts can trigger immediate redirection in the flow of commodities to one or another importing nation.
- Language differences were found to be an unimportant variable in trade relations, primarily because all traders are multilingual in three or more languages. They find at least one shared language in which to communicate.

6.2 Recommendations

Table 6.2 summarizes IRTN constraints, inefficiencies, and opportunities for more effective development.

Other recommendations to enhance regional integration and economic development via more vibrant cross-border trade in agricultural commodities, especially as related to trader association development, are offered below.

Table 6 1
Summary of IRTNs in West Africa

Commodity Studied	Estimated Value of Cross-Border Trade	Major Ethnic Groups, Market Share, & Share Trends**	Important Constraints to and Inefficiencies in Cross-Border Trade	Suggested Enhancements	Comments
Livestock	(millions)				
Ghana	\$25 (C)* NA (S)*	Hausa 30%, D Zarma, 30%, D Mossi, 20%, ↑↑ Mostly Ghanians	1) Excessive import duties & the resultant <u>corruption</u> 2) unrealistic transport restrictions & inappropriate 3) trucks, market timing/information problems	1) Dramatically reduce import duty 2) strengthen breeders & traders assn , 3) provide supervised credit to butcher's assn , 4) form & support truckers assn	Ethnicity as such is not the basis for networks Trade is 100% informal due to excessive import duty Help finance Accra meat distribution vans if current efforts are unsuccessful
Côte d'Ivoire	\$29 6 (C) 1 2 (S)	Fulani, 68%, H Mossi, 20%, ↑↑ Extensively Ivorians	1) Poor market information systems 2) shortage of proper, reliable & economical transport 3) excessive number of intermediaries 4) Lack of credit for butchers	1) Form viable trade assns , 2) provide supervised credit to butchers assn when established 3) new trade assns to collect and disseminate market info	Nationality is more important than ethnicity Mostly formal trade Can the number of intermediaries in the system be reduced?

Commodity Studied	Estimated Value of Cross-Border Trade	Major Ethnic Groups, Market Share, & Share Trends**	Important Constraints to and Inefficiencies in Cross-Border Trade	Suggested Enhancements	Comments
Senegal	\$35 0 (C) 1 5 (S)	Fulani, 50%, ↑ Bambara, 13%, ↑↑ Predominately non-Senegalese	1) Mauritania - Senegal conflicts 2) high prices (FCFD devaluation) 3) butchers bad debt	1) improve roads 2) selective credit for qualified butchers, likely via assn /group lending 3) reduce tension between Senegal and Mauritania	Fulani close to an IRTN, but primarily based on long-established business relationships 50% (C) & 80% (S) is informal Shortest market chain
Livestock Total #	\$89 6 (C) 2 7+(S)	Fulani, 42%, I/H Mossi, 12%, ↑↑ Hausa, 8%, D Zarma, 8%, D Bambara, 5%, ↑↑	1) Corruption & excessive regulation 2) transport difficulties (trucks & roads) 3) weak market info , 4) end customer (butcher) financing problems	1) Improve & enforce regulations, reduce rent-seeking by officials 2) develop/strengthen assns , include the provision of market info , 3) improve transport infrastructure 4) group lending for butchers	Majority of the trade is informal Fulani in Senegal closest to an IRTN Trader assn development advanced in Ghana, under development in Côte d'Ivoire, & just starting in Senegal
Kola Nuts					
Ghana	\$31 5	Hausa, 38%, D Mossi, 32%, ↑↑	1) Needless regulations & corruption 2) ineffective & dangerous preservation methods 3) poor trucks & roads 4) difficult cross-border banking	1) Reduce hassling/bribery by officials 2) identify safe & effective preservation methods 3) improve storage & transport equipment	Traders & users almost exclusively Moslem 70% informal, 30% semi-formal No dominant IRTN, but Hausa have strong control of trade from Ghana to Nigeria

Commodity Studied	Estimated Value of Cross-Border Trade	Major Ethnic Groups, Market Share, & Share Trends**	Important Constraints to and Inefficiencies in Cross-Border Trade	Suggested Enhancements	Comments
Côte d'Ivoire	\$27	Malinke/Bambara, 80%, H Mossi, 15%, ↑	1) Illicit payments to government officials & receiving country assns, red tape (78%) 2) poor preservation techniques (44%) 3) credit constraints (18%)	1) Develop strong kola traders assn 2) develop safe & effective preservation techniques 3) stimulate both internal & cross-border policy dialog due	60% is formal trade & 40% mixed Several attempts made to organize an assn Malinke/Bambara only true IRTN discovered
Senegal	\$10	Malinke/Bambara, 80%*, H N Fulani, 8%, H Wolof, 6%, H *dominate formal sector	1) Over-regulated formal trade & under-regulated informal trade 2) preservation problems/product loss 3) bribery & its unpredictability, especially in informal sector 4) credit availability & cost	1) Deregulate trade & correctly enforce new rules 2) develop safe & effective preservation techniques 3) formalize & strengthen kola traders assn & investigate group lending	50% formal, 50% informal Substantial undervaluation on official import documents Malinke/Bambara IRTN same as in Côte d'Ivoire Most traders are Senegalese Have the longest trade routes
Kola Total #	\$68.5	Malinke/Bambara, 43%, H Mossi, 21%, ↑ Hausa, 18%, D	1) needless regulations & corruption 2) ineffective & dangerous preservation methods 3) credit availability & cost	1) Deregulate trade & correctly enforce revised rules 2) develop safe & effective preservation techniques 3) develop & strengthen assns	Malinke/Bambara only true IRTN discovered in this search Formal trade 40%, informal 31%, mixed 30%
Onions					

Commodity Studied	Estimated Value of Cross-Border Trade	Major Ethnic Groups, Market Share, & Share Trends**	Important Constraints to and Inefficiencies in Cross-Border Trade	Suggested Enhancements	Comments
Ghana	\$ 4 5	Hausa, 45%, H Zarma 25% H "Gao"/Sonrai 25%, H	1) Illicit payments 2) product losses due to delays in shipment 3) unreasonable import permit regulations 4) inappropriate trucks	1) Revise import permit requirements & minimize bribery 2) improve product packaging and handling 3) coordinate regional cross-border trade regulations	All three important ethnic groups are IRTNs, the only ones found in Ghana. They are sustained by geographic, ethnic, & marital relationships. All trade is informal.
Grand Total #	\$165 3	Fulani 23%, I/H Bambara, 21%, H/I Mossi, 15%, I/II Hausa, 13%, D Zarma, 5%, D	1) Excessive regulations & "official" corruption 2) product losses due to transport delays & inadequate transportation 3) inadequate market information 4) end customer financial problems/lack of credit	1) Revise, streamline, & enforce product movement regulations 2) develop/strengthen assns, include provision of market info 3) improve product preservation (kola) & handling (livestock & onions) procedures & facilities 4) help end customers develop group lending programs	Islam dominant "tie that binds" Only true IRTNS are the Bambara/Malinke kola traders in the Côte d'Ivoire and Senegal & the three main onion networks into Ghana.

* (C)= Cattle (S) = Small Ruminants

** D = Declining Share ↑ = Increasing Share ↑↑ = Big Increase in Share H = Holding

For countries covered only

Assistance should continue or be considered to already-established and organized private-sector associations centered on the import/export of agricultural commodities, where these associations are multi-ethnic. Supported associations must be multi-ethnic because of the very real possibility of worsening the already sensitive ethnic tension situation. Support for one ethnic group would very likely be perceived as favoring that group and exacerbate the already difficult relations between different ethnic groups.

- Provide organizational strengthening through assistance with membership drives, office equipment, communications, filing systems, and so on, training in business and financial management, setting completely transparent organizational procedures and bylaws, establishing ways to obtain information and updates on laws and regulations in their own and their trading-partner nations, establishing fora and media for the exchange of marketing and regulatory information among the membership region-wide, opening channels of communication between the organization and the national and trading-partner governments, and between it and sister organizations in trading-partner countries.

Table 6 2
Summary of IRTN Constraints, Inefficiencies and
Recommendations to Enhance Their Effectiveness

Constraint/ Inefficiency	Recommendation to Enhance	Comments
Excessive/ unnecessary regulations & improper enforcement resulting in bribery & transport delays	1) support the formation and/or strengthening of trader assns to increase the "voice" of participants by improving policies & policy enforcement 2) stimulate both internal & regional dialogue, including traders, on the importance of & need to facilitate regional trade, reduce barriers/collusion, & increase cooperation	Some government officials have a substantial vested interest in the status quo Increasing government salaries & reducing the number employed might facilitate this type of policy reform

Constraint/ Inefficiency	Recommendation to Enhance	Comments
<p>Poor roads resulting in delays & product/vehicle damage</p>	<p>1) support the formation and/or strengthening of trader assns to increase the “voice” of participants regarding the needed transport system improvements 2) stimulate internal dialogue, including among traders, on the importance of & need to upgrade the main trade route roads & other transport facilities (e g , rail) 3) donors (especially WB & IFC) should include enhancement of the most serious transport system problems in their conditions precedent</p>	<p>The benefits of lower cost transport accrue to consumers not to government Some toll or truck taxing mechanism may be needed to help offset the government’s cost of system enhancement</p>
<p>Shortage of trucks & inappropriateness of those that are available resulting in high transport costs, delays, & product shrink/loss</p>	<p>Support the formation and/or strengthening of agri-products transportation owners assns & encourage them to acquire more & proper trucks via supported group lending (e g , matching loan funds partial guarantees, or assn -owned S&Ls)</p>	<p>An increase in the volume & price of agri-products transport would help stimulate these improvements If the above two enhancements were made, traders could afford to pay more for better trucks</p>
<p>Inadequate market information resulting in supply/demand imbalances & wide price swings</p>	<p>1) include the collection & dissemination of market information as an important component of supported assns ’ member services 2) investigate the viability of a “to be commercialized” service that collects supply & price information from key regional intermediary markets & makes it available on a timely basis to any interested trader 3) consider ways to hold reasonable quantities of commodities near key regional markets to be released or withheld during periods of supply/demand imbalance</p>	<p>Multimarket info is difficult for any one government or assn to provide A regional info network based on the major intermediary markets with some ongoing government or donor support would be most viable</p>

Constraint/ Inefficiency	Recommendation to Enhance	Comments
Butcher credit problems, thus payment delays & defaults in the entire system, resulting in stress in trading relationships & additional receivables carrying costs	1) support the formation and/or strengthening of master butchers' assns & help them gain access to credit by supported group lending (e g , matching loan funds, partial guarantees or assn -owned S&Ls) 2) encourage local banks to develop group lending programs for butchers	As meat wholesaling/retailing advances & as butchers become more sophisticated & as broad selection of grocery stores develops, credit problems may diminish

Assistance should be considered not only for commodity traders and processors associations, but also for transporters unions and butchers This assistance may include

- Where different commodity organizations in-country share some of the same concerns (e g , over existing import policies and regulations, graft, infrastructure constraints), provide assistance to them first, in initiating connections and dialogue across commodity groups (e g , through a national agricultural chamber of commerce, or a private enterprise foundation, as in Ghana), and second, in opening direct policy dialogue between representatives of these multiple organizations and their own and trading-partner governments, as well as with intergovernmental bodies like ECOWAS to lobby for appropriate policies and laws to increase cross-border trade and decrease "rents" and unnecessary administrative costs
- Organize and fund multinational seminars for and exchange visits between officers and regular members of associations in different nations—U S and European as well as African—to allow them to explore how different associations have successfully organized, how they operate, and what impacts they have had
- Fund and conduct collaborative studies to produce data in support of policy enhancement— as the Ghana butchers association did or as the Côte d'Ivoire transporters did—or in support of marketing directions and decisions that the organization wishes to consider Here, "collaborative" should mean an expatriate researcher works with the organization to design and conduct a study, but organization members may themselves implement the study, with the

expatriate assisting in data organization and write-up Use of an expatriate rather than a local or even an African national of another country is strongly recommended because it wins greater trader confidence and overcomes trader suspicion of self-interest or government interference on the part of national/African researchers

- Assist these organizations in making contacting potential buyers and suppliers in other countries—both current and traditional trading-partner nations and especially other African countries that represent new opportunities (e.g., in Central and Northern Africa) This will make for not only potentially greater profits but also and perhaps equally important, more diversity and flexibility in supply sources and market outlets in case of currency-exchange disruptions, warfare, livestock epidemics, or the like with traditional trading-partner nations
- Where associations demonstrate a serious desire to establish a self-sustaining credit fund, assist them to do so Evidence of this desire would be the actual collection of a significant amount of funds from the membership (and good membership satisfaction readings as determined by a third party) Assistance could include training in transparent procedures and banking matters, bank introductions, and a guarantee fund Or, assist the organization to obtain commercial bank credit directly, or to establish or tap into alternative types of credit such as group lending Credit would seem to be particularly important for transport associations so that the trucks (especially for livestock) can be improved
- In the case of kola, provide support for a simple short-term program of applied research on effective and safe handling and preservation measures, for example by identifying measures and substances currently used with other crops that would serve equally well for kola and that are cost-effective and readily available (i.e., appropriate technology) Disseminate these findings to the relevant commodity associations
- In general, work with governments and banks to simplify the paperwork procedures that importers/exporters must go through so that even semi-literates or individuals with access to family, community, or associational literacy can manage
- Support a public information and education program of inexpensive radio spots and videotapes to increase public understanding of cross-border trade and traders Subjects might include, for example the services rendered by traders and their associations (to combat the widespread myth of all middlemen as exploitative) and the history of cross border trade in West Africa, life

histories of selected traders, the formation and functioning of modern-day commodity associations and how their efforts may have increased the quantity, quality, or affordability of agricultural commodities available to the public, or how they are exploring new markets that bring more money into the exporting nation, where there is a free press, exposes on the corruption in the marketing system, and what this costs consumers in market prices, and governments in the form of hard-currency foreign exchange to purchase products from outside Africa that could be just as well gotten inside, talk shows involving different trader groups or point/counterpoint discussions between traders and government officials

6.3 Opportunities for the Development of More Vibrant IRTNs

If the above inefficiencies can be overcome, consumer prices will likely decrease which in turn will stimulate more demand, especially for livestock. Increased consumption will equate to more volume and more vibrant cross-border trade.

Overcoming the above constraints will decrease the risks and unpredictability of cross-border trade, which will stimulate the entry of more participants and a more competitive market. This will reduce prices as well as increase quality and variety.

Increasing value-added and/or stabilizing products near the point of origin would minimize the transport of low-value material and reduce product waste during transit, thus decreasing prices and improving quality. It would also employ people in areas of dramatic underemployment.

If the onion season could be extended in both directions, and more effective storage systems developed, African onions could significantly increase their market share and the foreign exchange drain of imports would be reduced. Producers, regional traders, and consumers would all benefit.

Broadly based regional economic development will increase consumer purchasing power and therefore the demand for all three of these commodities. If the above marketing enhancements can be accomplished, regional sources of these products will be very competitive with other sources and will therefore benefit from increased demand which in turn will reinforce regional economic growth and integration.

6.4 Specific Interventions to Support IRTNs and Regional Trade, Economic Development and Integration

The following interventions are suggested with the caveat that any and all activities must be in fact and in perception multi-ethnic in nature. This is to avoid exacerbating the already tense relations between different ethnic groups, and between citizens of a given country (e.g., the Ivory Coast) and foreign based or foreign origin ethnic groups. The interventions are listed in order of priority based on their potential positive impact on regional trade, economic development and integration as anticipated by the authors.

- 1 Provide financial and technical support for the formation, development and/or strengthening of sustainable, multi-ethnic trader associations

These associations, and the support to them, would be focused on

- Enhancing traders' "voice" as related to,
 - policy modification, both cross-border and internal,
 - proper policy enforcement,
 - paperwork simplification, and
 - improved infrastructure, especially roads and rail
- Enhancing traders' access to credit, or, administering group lending for members, especially for transport owners and butchers
- Information, experience and policy enhancement opportunities formal discussions
- Regional networking with other related associations
- Policy modification rationale and justification studies
- Market information services by commodity
- Enhancing needed physical facilities and equipment
- General organizational strengthening such as,
 - member priority needs assessment,
 - programs to effectively and efficiently serve priority needs,
 - establishing and sustaining satisfactory sources and uses of funding,
 - ongoing membership satisfaction assessment, and
 - association management development/training and financial control/reporting

- 2 Include making the most needed improvement in the enabling environment in the conditions precedent for PL480 disbursements

This would include enhancement in

- Cross-border and internal trade rules and regulations as well as proper enforcement
- Key infrastructure enhancements such as main trade route roads
- Trader related paper work reduction and simplification

3 Develop opportunities to initiate and/or stimulate internal, and especially regional, dialog on trade constraints

This would include dialog and action on the ways and means to

- Reduce cross-border trade barriers
- Enhance regional cooperation on cross-border trade
- Enhance cross-border and internal commodity movement rules and regulations, and, their enforcement
- Reduce bribery, corruption and the associated transport delays and losses

4 Determine ways to develop and enhance regional market and technical information services

This would include services that provide widely available, current and accurate information on

- Prices and sales volume for important commodities in key regional wholesale and intermediate markets
- New technology for preservation, storage and packaging of key agricultural commodities traded across borders
- Transportation availability and pricing
- Interested buyers' and sellers' names and contact details

5 Investigate ways to provide, or stimulate the provision of, financing for important finance-related bottlenecks in cross-border trade channels of important agricultural commodities

Target clients would be

- Transport providers, to enable them to expand and upgrade their equipment
- Butchers and/or butcher associations, to enable them to pay cash for their purchases from wholesalers and not block up the whole system due to cash shortages
- Cross-border traders who buy in one legal jurisdiction and sell in another (without letters of credit), to provide them with working capital/trade finance

Possible mechanisms include

- Matching grants to qualified associations with well conceived and managed group lending programs
- Donors provided guarantees to qualified associations and/or cooperating regional or large local banks
- Seed capital grants to qualified associations and/or cooperating regional or large local banks
- Establishing, and identifying initial funding for, group lending schemes for qualified associations or organizations

Qualified means multi-ethnic, well established and managed, and membership is willing to fully support repayment of the financing

6 Support (technically and financially) highly applied/practical research on the following topics at local or regional institutions who will disseminate the results to those interested

- Ways to enhance the preservation, storage, packaging, and transport of kola nuts and African onions
- Opportunities for more value-added at a point of origin for important agricultural commodities that would reduce waste and increase employment
- Ways to extend the African onion season in both directions
- The feasibility of maintaining supply/demand balancing stocks at key regional intermediate markets, and, the possibility of this being a viable private sector business

Annexes

ANNEX A
PROJECT STATEMENT OF WORK

STATEMENT OF WORK

Agribusiness Development in Sub-Saharan Africa:

THE DYNAMICS AND OPERATIONS OF REGIONAL TRADING NETWORKS

A. Background:

In January, 1991, the Africa Bureau adopted A STRATEGIC FRAMEWORK FOR PROMOTING AGRICULTURAL MARKETING AND AGRIBUSINESS DEVELOPMENT IN SUB-SAHARAN AFRICA to provide analytical guidance to USAID field Missions. The STRATEGIC FRAMEWORK examines the elements which comprise a marketing system, analyzes the constraints which adversely affect marketing operations, and identifies underlying concepts which, if followed, can help promote improvements in marketing efficiency. The STRATEGIC FRAMEWORK has been applied successfully by several Missions in the design of agricultural marketing and agribusiness development programs and projects.

Building on the analytical guidelines established in the STRATEGIC FRAMEWORK, AFR/ARTS/FARA initiated in 1992 a major review of USAID programs to promote agricultural marketing in order to determine their success and draw lessons learned. A major conclusion of that analytical activity was that while policy reforms and regulatory changes have liberalized marketing systems and created opportunities for private agribusiness activity, many reforms have not yet resulted in significant increases in private agribusiness investment or private marketing activities because of a variety of institutional factors as well as the intangible, and difficult to measure, factor of private sector confidence in the government's commitment to a strategy of private-sector led growth. (See the final two volume report entitled AGRIBUSINESS DEVELOPMENT IN SUB-SAHARAN AFRICA: SUGGESTED APPROACHES, INFORMATION NEEDS AND AN ANALYTICAL AGENDA, November, 1992).

Indeed, one key lesson learned from this recent research is that the implementation of the policy reforms to encourage private investment in agricultural marketing and export activities has been less effective than was originally anticipated. In particular, a maze of confusing and often overwhelming regulations, permits and ordinances still confront private agribusiness owners and export-oriented entrepreneurs in most countries. These regulations are especially onerous and bothersome to agribusinesses which are trying to make cross-border investments or to conduct cross-border transactions within their own region of Sub-Saharan Africa. As a result, agribusinesses and exporters often find it is easier to do business with European partners than it is to do business with a neighboring nation.

Government strategies to promote export-led growth have also tended to emphasize European markets while ignoring or neglecting regional African markets. Indeed, Sub-Saharan African countries, with the support of bilateral and multilateral donors, are making efforts to diversify and expand the range of agricultural commodities which they export. To date, many of these export-oriented strategies have focussed on promoting non-traditional exports, such as high-value commodities (e.g. fruits, vegetables and spices), to European markets. This approach has been followed because many African governments and private entrepreneurs believe that the market in their own countries is too limited, both in terms of its size and its purchasing power (i.e. income levels), to generate the high demand necessary to promote more rapid growth in the agricultural sector and national incomes.

However, there is evidence which indicates that some of the growth in non-traditional exports is, in fact, attributable to a high regional African demand for certain commodities. For example, a few basic foodstuffs (e.g. maize, beans and fish) have been among the leading non-traditional exports from Uganda for the past five years. These commodities are being exported to and consumed in Zaire, Rwanda and Kenya. In addition, there is anecdotal evidence that informal marketing networks, which operate all across Africa, are conduits for products that are produced and consumed almost exclusively within regional economies. For example, in West Africa, products from the Sahel (such as onions, tomatoes, livestock and cowpeas) are sold to and consumed in coastal urban markets.

Much of this regionally oriented trade is taking place in the informal sector or through parallel marketing systems which are beyond the oversight of official administrators. As a result, many African policy-makers do not have a full appreciation of the importance of regional trade to their economies, either from a production (income-generating) or a consumption (food security) perspective. And African policy makers continue to focus their efforts to generate export-led growth on markets in Europe and at reducing trade barriers to those European markets, through such mechanisms as the Lome Convention and bilateral agreements with former colonial powers, while ignoring or maintaining existing trade barriers with neighboring African states.

Because of existing regulatory barriers to regional trade in Sub-Saharan Africa, there are duplicative, competing and often inefficient investments made across countries in the same activities in the same region. Governments have tended to encourage these investments in agricultural marketing and agro-processing industries in their own countries even when there may already be efficient, competitive agribusinesses engaged in the same activities just across the border. As a result, it has been extremely difficult to achieve economies of scale in agricultural marketing and agro-processing activities in Sub-Saharan African regions. Moreover, there is little vertical or horizontal integration of agricultural marketing activities and very

little coordination among private agribusinesses, especially for agro-processing, across borders which could conserve scarce investment resources or, at a minimum, use them more effectively.

Therefore, in order to help African governments, private agribusiness owners and entrepreneurs, and USAID Missions with their export-led growth development programs, there is a need to collect and analyze information on existing regional marketing networks, so that strategies to promote and increase their efficiency can be designed.

B. Proposed Research Strategy:

The purpose of this research is to broaden and deepen both African policy makers' and USAID Africa Bureau's understanding of how informal and formal regional marketing networks operate, what impediments hinder their full expansion and development, and what opportunities exist to promote the development of efficient regional (trans-national) agribusiness enterprises.

Therefore, there are two objectives for this analytical activity:

Objective 1: To analyze the operation of existing regional agricultural marketing networks and to suggest methods to promote their efficiency.

Objective 2: To analyze the constraints to and opportunities for more effective development of regional (trans-national) indigenous agribusinesses in the various regions of Sub-Saharan Africa.

Long-distance trading networks have helped transport agricultural commodities across agro-ecological zones in Sub-Saharan Africa for centuries. Many of these long-distance trading networks are operated by traders belonging to the same ethnic or socio-religious groups. Much of this trade is based on the marketing of commodities which are produced in distinct ecological zones, such as the savanna or the forest regions. There is also some specialization in marketing activities among peoples sharing the same agro-ecological environment which would seem to indicate that there may be comparative advantages to producing a product in one region and transporting it to another region for processing and consumption. Most of this marketing is done in the informal sector.

Such informal sector regional marketing networks could be the basis upon which to begin building trans-national, indigenous African agribusinesses. Efforts to support and promote existing regional trading networks could also help lead to more effective use of scarce investment resources by promoting specialization in the production and marketing of agricultural commodities which are in demand in regional markets. For example, because of existing regional policies and

regulations, technology, infrastructure and supporting services, it may prove more efficient for one country to produce a commodity, for agribusinesses in a neighboring country to transport and process that commodity, and for other agribusinesses in several countries to make the wholesale and retail marketing arrangements for that commodity. Indeed, such arrangements already exist for many commodities, especially basic foodstuffs, in Sub-Saharan Africa.

Therefore, this research activity will involve an in-depth analysis of the existing regional trading networks in at least two regions of Sub-Saharan Africa.

Based upon the USAID field mission response to the Africa Bureau Office of Analysis, Research and Technical Support, Division of Food, Agriculture and Resources Analysis (AFR/ARTS/FARA) FY 1993 analytical agenda (January 1993), the Agricultural Marketing and Agribusiness (AMA) Unit anticipates that this research activity will take place in at least two of the following regions and may involve the following prospective countries:

- * West Africa: Chad, Ghana, Niger and REDSO/WCA
- * East Africa: Kenya, Burundi, Rwanda, Uganda, Tanzania and REDSO/ESA
- * South Africa: Swaziland, and REDSO/ESA.

A literature search and field work case study methodology will be followed. Among the trading networks under consideration for analysis are the Hausa, Fulani, Djoula, and Mouride networks of West Africa, the Swahili network of East Africa, and other, yet-to-be-determined instances of cross-border regional trade in Southern Africa.

Other countries, and their respective USAID Missions, may be added to this initial list of prospective collaborators once a formal cable is sent to the field announcing the initiation of this research activity

The precise details regarding which trading networks will be analyzed in each respective region will be determined in close collaboration with the relevant USAID REDSO Offices and the USAID missions in the countries which express a keen interest in and an ability to facilitate this research.

The major analytical issues to be addressed by this research activity are:

- * How do regional (trans-national) marketing networks operate and function?
- * What are the major policy, regulatory, institutional and infrastructural impediments to increasing the efficiency of these regional (trans-national) marketing networks?

- * What suggestions and recommendations do entrepreneurs have for supporting the transformation of these marketing networks into more efficient and effective trans-national agribusiness enterprises?

An illustrative list of questions which this research will address follows below. This list is given for illustrative purposes, but undoubtedly either these questions or similar questions will comprise the final list of questions to be answered during the fieldwork. The final list of questions to be addressed by this research will be compiled with close cooperation from the collaborating USAID missions, REDSO offices, and African institutions.

Illustrative questions:

1. How do regional marketing networks function in terms of:
 - (a) getting information about the market demand for commodities;
 - (b) collecting and transporting commodities to those markets;
 - (c) processing commodities for sale in those markets; and
 - (b) financing these marketing operations?
2. What role is played by kinship, social, gender, ethnic, religious or other affiliations in terms of determining the form and operation of the regional marketing network?
3. What respective national policy and regulatory barriers prevent the regional (trans-national) marketing network from being more efficient?
4. What institutional and infrastructural barriers prevent the regional (trans-national) marketing network from being more efficient?
5. What opportunities are there for African governments, institutions and the donors to promote the transformation of regional trading networks into more effective and efficient trans-national agribusiness networks?

The Agribusiness and Marketing Improvement Strategies II (AMIS) Project will use the funds provided by this PIO/T to send its contractor diagnostic and analytical staff to the selected countries in the respective regions to conduct this study. The study will be based on both

- * a thorough review of any literature on the subject which may be available in the US but especially in the respective collaborating countries and USAID Missions, and
- * interviews with the participants in the select regional

marketing network, national policy makers and other relevant staff of concerned institutions.

We anticipate that the analysts will spend approximately four to five weeks in a minimum of two and a maximum of four countries in each region studied.

Promotion of African Participation in Research Activities:

Because USAID is especially interested in promoting African participation to the maximum extent practicable in all our analytical activities, the AMIS II Project analysts are strongly encouraged to identify and use African collaborators in designing and carrying out this research activity.

Where appropriate, mechanisms which may be used to promote African participation include:

1. Sub-contracting with African institutions and/or individuals to develop and carry out some of the research or related analytical activities;
2. Establishing other types of collaborative relationships with African individuals and/or institutions; and
3. Utilizing Africans as consultants to conduct the research and analysis in tandem with the AMIS II analysts.

In preparing the draft and final report for this activity, an annex will be included which will indicate and describe, explicitly, the level of effort which was made to maximize African participation in the research and analysis in each collaborating country and the results of those efforts.

USAID Missions in the countries which collaborate on this research activity may assist in the identification and selection of a collaborating host country entity to work with the AMIS II Project analysts. This may involve working with African analysts in either the public (e.g. Ministry of Commerce, a local university) or the private (e.g. a local consulting firm) sector. For example, the African Economic Research Consortium (AERC) in Nairobi (Kenya) may be able to provide African staff to work with AMIS II project analysts

In addition, the AMIS II analysts are strongly encouraged to coordinate these efforts with complementary efforts which are being funded by the Food Security and Productivity (FSP) Unit of AFR/ARTS/FARA through an OYB transfer to the REDSO/ESA Office.

The FSP Unit is collaborating with the REDSO/ESA Office on a study of production, trade and food security in East and Southern Africa, with the emphasis on food security implications of regional trade, whereas the emphasis of this study is on methods to improve the efficiency of existing regional marketing networks and methods to foster more effective regional (trans-national) agribusinesses and marketing networks

The broad scope of work for the FSP Unit studies under the OYB transfer to REDSO/ESA will be made available to the AMIS'II analysts who will conduct this study. The AMIS II analysts will be responsible for ensuring that their efforts are coordinated with, complementary to, and not duplicative of, the REDSO/ESA studies. (The actual selection of analysts and the contracting for the FSP Unit studies will be done by the REDSO/ESA Contracts Office.)

This analytical activity will help increase African policy makers and USAID understanding of the existing regional commodity marketing systems. This analysis will help us and host country governments make more informed decisions about what, if anything, can be done to promote and increase their efficient operation, leading to stronger regional market and economic integration.

Therefore, based on the results of this research, the AMIS II contractors will develop a final report which addresses the major issues identified above, answers the specific questions illustrated above, and provides concrete, action-oriented suggestions and recommendations which the USAID Missions can follow-up with the respective host country policy makers and regional market participants in order to improve the efficiency and effectiveness of existing regional marketing networks, and to help foster the development of efficient regional (trans-national) agribusinesses or, at a minimum, more effective business relationships among neighboring national African agricultural marketing enterprises.

It is anticipated that this research is the first phase in what will be a two-year analytical activity.

During the first year, the initial studies described herein will be done.

During the second year, follow-up studies of other regional marketing networks will be done, and the results of the research will be presented in workshops which the AMIS II Project contractors will organize in the respective African regions in which the research was conducted. The purpose of those workshops will be to bring together national policy makers and existing regional organizations to lay firm and concrete steps for actions to remove policy, regulatory, institutional and infrastructural barriers to more effective regional trade and trans-national agribusiness investment.

As shown in the attached budget (Attachment 2) the initiation of the first phase of this two year analytical activity will require approximately \$400,000 to meet the two objectives stated above.

C. Level of Effort:

The AMIS II Project will provide a team of experienced marketing and agribusiness analysts to investigate and address the analytical

issues and specific questions noted above.

Each agribusiness analyst should also have at least five years of experience working in Sub-Saharan Africa on agribusiness and agricultural marketing issues, or similar experience working in developing regions of the world on similar regional trade issues. French speaking and reading ability will be important for at least some of the agribusiness and marketing analysts who will conduct any research in Francophone Africa. When possible, the team will be accompanied by a member of the AMA Unit of AFR/ARTS/FARA.

The team will conduct the major portion of this analysis in the countries which agree to collaborate with AFR/ARTS/FARA on this analytical activity. The research will be done in tandem with local African analysts. The most appropriate African research entity or firm and relevant staff will be identified with assistance from the USAID Mission in each collaborating country. This may involve working with staff from the Ministry of Commerce, staff from an indigenous university, or staff from a private firm or trade association

A brief period of time in Washington, DC (no more than one week) will be required for the marketing and agribusiness analysts to meet with AFR/ARTS/FARA staff and to review existing documents before travel to the collaborating countries.

We anticipate that the analysts will spend approximately four to five weeks in a minimum of two and a maximum of four countries in each region studied. If more countries request collaboration than it is possible to fund during phase one, AFR/ARTS/FARA staff will work with AMIS II project and contract staff to either schedule such analysis for phase two or suggest alternative approaches or modify the time spent in each country accordingly in order to meet the demand for this research from the field.

All trips to the collaborating countries will be arranged so as to minimize air travel costs by visiting countries in the same region at the same time and during the same period of travel

It is expected that as the marketing and agribusiness analysts are conducting their research in the field, they will also begin work on their draft report. Research results should be shared with relevant Mission staff before departing the collaborating country

Upon completion of all collaborating country visits, a draft report for each respective regional marketing network will be submitted to AFR/ARTS/FARA and the AMIS II project officer for review and comment.

The draft report will be reviewed by a committee which will be organized by the AMA Unit of AFR/ARTS/FARA office. Comments and suggestions for revision will be submitted to the contractor after the review meeting. Based on the review meeting and suggestions made, a final report will be prepared for submission to the AMA Unit

D. Expected Outputs and Time Line:

The output of the field research will be a concise report which will include the following elements:

1. Analysis of the issues identified above.
2. Analysis of the questions posed above.
3. Estimates of the magnitude of informal trade in the commodity or commodities being analyzed, in terms of volume and value (in local currency and foreign exchange, preferably US Dollars) over a period of at least the previous three to five years.
4. Estimates of the employment generated by such regional marketing activities.
5. Estimates of the amount of value added by such regional marketing activities by agribusiness and by country of origin.
6. Estimates of the savings or potential earnings (in foreign exchange) which could be realized by changes in trade policy, improvements in infrastructure or strengthening of institutional support (such as through a more effective market information system, more effective telecommunication links, etc.).
7. Specific, action-oriented, realistic suggestions for USAID Missions, African governments and institutions, and African agribusiness entrepreneurs to take to improve their agribusiness operations and make regional marketing networks operate more efficiently
8. A concise list of all contacts interviewed in collaborating countries and all documents which form the basis for the conclusions and recommendations of this report.

Gender Issues:

The report should indicate clearly wherein gender is a factor in the operation and function of regional marketing systems and agribusiness development. The research and analysis results, especially for the data noted above, should be disaggregated by gender whenever possible. Finally, the potential impacts of maintaining the "status quo" or affecting change in policies, regulations, institutions and infrastructure, should be assessed in terms of its impact on women and men

Promotion of Disadvantaged Enterprises:

To the extent practicable, A.I.D. strongly encourages the participation of disadvantaged enterprises (formerly called Gray Amendment firms). If the collaborating institution providing the needed services is not a disadvantaged enterprise, then the contractor is strongly encouraged to maximize subcontracting and/or other utilization of disadvantaged enterprises when designing and carrying out the research, analysis and related activities.

Publications:

After completing all field work, the AMIS II project analysts will submit 20 copies of a draft report for review by a committee which will be convened by the AMA Unit of AFR/ARTS/FARA.

Based on the review of the draft report, a final, revised report will be prepared and submitted to the AMA Unit of AFR/ARTS/FARA for distribution

The draft and final report should be produced in accordance with USAID publication guidelines as contained in "Preparing AFR/ARTS Publications: Basic Editorial Guidelines for EA, FARA, and HHR Staff and Collaborators" (April, 1993) which is available from the AFR/ARTS/FARA Division.

As stipulated therein, complete drafts of each report (including cover, title page, acknowledgements and all textual matter, such as graphs and footnotes) should be submitted for review and approval.

Once the final report is approved by AFR/ARTS/FARA, the final report, including any illustrative graphs, charts and tables, will be submitted both in manuscript (printed) format and on an electronic diskette in PC-compatible word-processing format (preferably WordPerfect 5.1 or ASCII format) and using LOTUS 1-2-3 graphics (where applicable).

These procedures must be followed whether the contractor publishes the report on their own (in-house) with the approval of AFR/ARTS/FARA, or submits a final draft to AFR/ARTS for publication by USAID.

Preliminary indications are that Mission interest in this activity is strong and that identifying collaborating countries and scheduling field research will be done according to the following illustrative time-line. (This also assumes that the R&D Bureau will soon execute a contract with a firm or group of firms and trade association to implement the AMIS II Project.)

October, 1993:	Cable to field Missions describing the research activity and requesting expression of interest and collaboration.
December, 1993:	Selection of countries for field research
January, 1994:	Begin first phase of field research.

May: Complete first phase of field research and collaborate with AMA Unit to design second phase of research.

June-July: Draft report submitted to the AMA Unit (AFR/ARTS/FARA) for committee review.

July-Aug: Review of draft report (by relevant Missions and AFR/ARTS/FARA).

Aug-Sept: Revision and submission of finalreport to AMA Unit.

E. Dissemination of Research Results:

The final report of the field research, once approved by AFR/ARTS/FARA, will be disseminated through the Africa Bureau and other Bureau offices which are concerned with agricultural marketing and agribusiness development issues.

Copies of the final report will also be sent by mail to all Sub-Saharan African USAID Missions that participated in or collaborated with this research activity.

Extra copies of the report will also be sent to all USAID Missions which express an interest in receiving it, especially those Mission which are designing or implementing agricultural marketing or agribusiness development programs and projects. In addition, a cable summarizing the results of the research and analysis will be sent to all Sub-Saharan African USAID Missions. And a summary of the research results will be published on the FARA Notes and the ARTS Abstracts.

Copies of the final report will also be distributed to the African institutions, public and private, which collaborate in this research and analytical activity. Copies of the report will also be made available to the World Bank headquarters in Washington, DC USAID field Missions will be encouraged to share additional copies of the report with other donor Missions in their respective host countries.

It is anticipated that a workshop will be organized during the second phase of this research activity, at which the results will also be presented to a wide audience of policy-makers and agribusiness entrepreneurs for their consideration and implementation

ANNEX B - 1

STATEMENT OF WORK FOR LITERATURE REVIEWS

Literature Review and Interpretation/Synopsis

Sub-Sahara Africa Ethnic Trading Networks

Objectives

The following steps/objectives will be pursued

1 An Overview of SSA Regional Agribusiness Trade Patterns

How much regional trade is taking place?

What are the major trade patterns?

Who are the major trade partners?

What are the major agribusiness (or agribusiness-related) commodities traded?

2 Channels of Regional Trade

What are the main channels for regional agribusiness trade?

How much trade is being done through each of the trade channels?

How much (and/or what proportion of) trade is formal and how much is informal?

What is the rough proportion of total regional trade and regional trade by commodity that is being done through each channel?

What are the trends in the share of trade being done by ethnic groups versus all others? Why is this share changing (if it is)? Regional channels to be researched include private one-on-one deals, private regional trading companies, private international trading companies, state-supported entities, ethnic trading groups, and so on

3 Why Ethnic Trading Groups

The history and rationale behind ethnic trading networks

What functions do they perform versus and how are they different from other trading channels?

In what ways is their modus operandi different from that of other regional agribusiness trading networks?

Where and why have they been successful?

What are their strengths and weaknesses?

What advantages and disadvantages do they have versus other networks?

4 Specific Significant SSA Agribusiness Trading Networks

Who are they?

Where are they?

Specifically how do they operate?

Why are they successful?

Answers to section three (above) questions for the most significant ethnic networks

5 Relevance to Interventions

Suggest if, why, and how regional ethnic trading networks "lessons learned" can be used for USAID or host government interventions

6 Recommendations on the merits (potential benefits), methodology and implementation challenges of a primary research project on this subject

Methodology

Sources include available literature (USAID, World Bank, African Development Bank, etc) and the knowledge base of study team members

Weekly progress meetings (in person or by conference call) will be held to determine what proportion of literature search objectives are being accomplished by the effort and what if any redirection or other (e g , abort) actions are called for USAID SSA individuals are invited to participate in these reviews

ANNEX B - 2

LITERATURE REVIEW METHODS AND RESULTS

AMIS II Study on Indigenous Regional Trading Networks in Africa

DOCUMENT SEARCHES

The following methods were used to conduct a search for documents on ethnic/indigenous marketing networks in Africa

Locational On-line Searches

To identify the location of specific articles identified as having high potential on-line searches using the Washington Research Library Consortium's (WRLC) ALADIN database, were conducted. The sub-databases used for this project included

CATS	WRLC Libraries Catalog
GENL	1990–present Multisubject Periodical Index
PAST	1983–1993 Multisubject Periodical Index

To locate any items remaining after the above searches, a gopher system at GMU was used to search the Library of Congress. With these techniques, the location and availability of approximately 90 percent of the items ticked on the target lists were identified.

Libraries

The next step was to borrow (take out) or photocopy all of the items identified in the foregoing searches as being on-shelf or available to the public. Books and journal articles were checked out or photocopied primarily at the libraries listed below. Library of Congress items were photocopied only because the public is not permitted to check items out.

- American University (Mon-Thu 8am-midnight, Fri 8am-10pm, Sat 9am-9pm, Sun 11am-midnight)

- George Mason University (Mon-Thu 7 30am-midnight, Fri 7 30am-6pm, Sat 9am-8pm, Sun 11am-midnight)
- George Washington University (Mon-Thu 9am-midnight, Fri 9am-10pm, Sat 10am-10pm, Sun 10am-midnight)
- University of the District of Columbia (Mon-Fri 8am-10pm, Sat 10am-8pm, Sun 12pm-8pm)
- Library of Congress (Mon-Fri 8am-6pm, Sat-Sun 9am-5pm)

Several other libraries that were not accessed at this time but that could prove useful in the future are

- USDA (Mon-Fri 8am-4 30pm)
- University of Maryland-College Park's McKeldin Library and Hornblake Library (Mon-Thurs 8am-11pm, Fri 8am-6pm, Sat 10am-6pm, Sun 12pm-11pm)
- USAID's CDIE library in Rosslyn

Dissertations and Theses

Dissertation Abstracts International (1861–present) were searched on CD-ROM to find the dissertations and masters needed. This database was also searched for additional dissertations and theses according to the years and key words listed below. Abstracts of all dissertations were printed out.

Dissertation Abstracts On disc Jan 1993– Jun 1994
Dissertation Abstracts On disc Jan 1988– Dec 1992
Dissertation Abstracts On disc Jan 1982– Dec 1987
Dissertation Abstracts On disc Jan 1861– Dec 1981

Key words List A— searched back to 1861

Cola and Kola +/- nuts +/- trade or markets
Mandinka, Mande, Mandingo
Sarakolle, Sarakole, Sarakulle
Wolouf, Mourides
Hausa
Caravans

Key words List B—searched back to 1980 only

Africa and trade or markets intraregional trade
Africa and grain or cereals
Africa and fish or fishing or fishers
Africa and livestock and trade or markets
Jula, Dioula, Dyula, Djoula, Malinke, Mandingue, Manding, Vaa, Bambara
Tuareg, Twareg
Fulani, Peul
Wolof, Woloff, Wolloff, Jolof, Jollof, Jolloff, Jaloff, Jalloff
Mossi, Yarse
Yoruba
Nupe
Palm, palm oil
Cowpeas

Dissertation or thesis abstracts resulting from this search were organized in a 3-ring binder by whether they appear relevant or irrelevant to the study at hand. It was not possible to obtain the actual documents due to time constraints. It takes 3 weeks from time of ordering for University Microfilms Inc. to deliver a copy of the dissertation or thesis. Copies are sold at \$55.00 each.

Sociological Abstracts

The key words in List A above were also used to search Sociofile, 1974–present. As a sociological (vs anthropological or economic) database, however, this proved unenlightening and no further searches of Sociofile were carried out.

Searches Not Done at this Time

Due to lack of time, difficult or restricted access, and/or cost, the following databases or indices were not searched. These should be considered for future searches tightly targeted on key commodities and ethnic groups.

- Dialog—further searches beyond Abt Associates initial pass were not carried out because of the expense (\$5 00 for each reference searched), which is linked to the requirement at GMU that only a librarian is allowed to do Dialog searches
- USAID/CDIE's CD-ROM or the USAID/CDIE library
- Human Relations Area Files (HRAF)
- Social Science Index
- The gopher system of The World Bank
- USDA—see sheets in notebook section entitled "databases"

PERSONAL CONTACTS

By telephone, Constance McCorkle contacted the following individuals

- Rick Koskella of IMCC—To obtain whatever documents had been collected during the earlier literature review plus a disc-copy of the review itself
- Professor Mike Warren of Iowa State University, Dept of Anthropology (515/294-0938)—For information on modern-day market networks in Ghana
- Dr Badiane of IFPRI (202/862-5600)—For a bibliography on his publications on market policies in Africa A list of publications he forwarded is included in the 3-ring notebook as one of a number of "breeder bibliographies" for use in further searches
- Dr David Kingsbury at DAI (301/718-8699)—for information on Senegal However, Dr Kingsbury was not available and has not returned the phone message left

Not reachable or not contacted due to time constraints, but recommended to be contacted in future are

- Dr Eric Crawford of Michigan State University, Department of Ag Economics—For markets in Senegal He can also indicate other colleagues at MSU who may have useful insights or information
- Dr Dick Meyer of Ohio State University, Department of Ag Economics—He has recently conducted an Africa-wide literature review of credit mechanisms used by African women, so he may have some information about women traders

- Dr Christina Gladwin of University of Florida-Gainesville, Department of Ag Economics—On fish marketing in Ghana Dr Gladwin was traveling and will not return until 5 Oct (Office phone 904/392-1826)
- Dr Mahir Saul of the University of Illinois, Department of Anthropology—On cereal trading networks in West Africa (Office phone 217/244-3502, messages 217/333-3616,
- Dr Chuck May of USAID/Mail—For markets in Ghana (in that his wife is Ghanaian) and elsewhere

ORGANIZATION AND PRIORITIZATION OF THE LITERATURE REVIEW

Aside from the contacts data given above, all results of the Phase I literature review were submitted in a 3-ring binder as follows

- 1 A slightly revised working outline for the eventual final report of the study
- 2 The results of the literature review itself These include
 - a) A text summary document
 - b) Notes on the results of the literature review
 - c) A comprehensive list of all documents searched for and/or obtained, amounting to several hundreds of items categorized as follows
 - Items obtained, reviewed, and found relevant for identification of specific ethnic groups and/or commodities (photocopied for continued reference unless otherwise noted)
 - Items obtained, only skimmed, and found actually or potentially relevant mainly for study as a whole (relevant portions photocopied for future reference unless otherwise indicated)
 - Items obtained, only skimmed, and found potentially relevant mainly for east and/or southern Africa (photocopied for future reference unless otherwise indicated)
 - Items obtained, skimmed, and found largely irrelevant (if books, therefore not photocopied)
 - Items obtained but without time to skim, but which by title appear relevant to West Africa study (photocopied or collected for future review)



-
- Items located but already in circulation or otherwise unavailable (including Abt Associates reports)
 - Items found at Library of Congress but not photocopied because of expense vis-a-vis uncertain relevance (without review by the consultant)
 - Items not identified as existing in any area library
 - Items no time to search for or obtain
- 3 Some miscellaneous documents, including McCorkle's contact information in Rome and the c v of an individual qualified and available to direct continued search work and to perform more, initial writing up of the literature, if desired
 - 4 The initial bibliographic lists provided by Abt Associates
 - 5 A compilation of "breeder bibliographies" resulting from review of those items obtained based on the Abt Associates bibliographies, or from persons contacted. These need to be sorted, and new items of possible interest tagged and then obtained
 - 6 The dissertation abstracts collected. These are given a checkmark if the intern felt they might be relevant and a 0 if not
 - 7 Some information sheets on various databases that may be of interest

In general, due to time constraints, item (2b)—review of materials in-hand—focused above all on books

Journal articles were more difficult to obtain. Few area university libraries carry many of the more agriculture-oriented journals, with the probable exception of the University of Maryland. The 13-day time frame did not permit use of inter-library loan systems (typically a minimum of 2 weeks to obtain an article), and the intern's class schedule did not permit extensive trips to libraries farther afield. With more time, however, and the use of inter-library loan, copies of journal articles should be easily obtained

By and large, whenever a book seemed relevant to the study, it was photocopied in part or in whole. This included sections pertaining not only to the "who, what, and where" questions but also to issues of what variables, social structures, analytic approaches, and previous policy

recommendations should be attended to in the ultimate conduct of field research and subsequent analysis. Needless to say, this made for a hefty photocopying bill, but one that will pay off in terms of a better-grounded and more sophisticated analysis in the end.

Because of acute time constraints both on the type and amount of literature that could be collected in essentially 2 weeks and on the number of documents it was even physically possible to thumb through during that period, some substantive priorities were set.

The major one is that livestock trading networks were set aside for the time-being in this review, although a large number of potentially relevant documents that were on hand were at least thumbed through and, if necessary, photocopied. This prioritizing decision was taken for a variety of reasons:

- The literature on the livestock trade is vast and dates far back as does the trade itself.
- Fortunately, however, this literature is also relatively well-known and readily available, at least to the consultant, thanks to her longstanding work in the livestock sector, multitudinous contacts in this arena, and substantial personal library on the subject.
- Likewise, Abt Associates has considerable in-house capability on this subject.
- Whether for the consultant or for Abt Associates, the broad lineaments of the intraregional livestock trade are thus quite familiar, at least for West Africa: the animals move from northern producers to southern consumers. What remains to be specified more precisely are the ethnicities involved in this trade on a large scale, beyond just the producer groups.
- Furthermore, the livestock trade is relatively ubiquitous in West Africa. Therefore, countries and sites that are selected for study on the basis of information from the literature review concerning other commodity networks are virtually certain to provide opportunity for studying livestock trading as well.
- In any case, the consultant will undertake independently to review the livestock literature before departure for fieldwork. In the meantime, in-country hires can provide more detailed contemporary information on this trade in their home countries (see below).

Finally, many more things were read than could be fully annotated and documented in the attached "review notes" in the time allotted. Their substance is reflected (but again, not documented) in the final recommendations below for countries, commodities, and ethnicities to be targeted. All in all, the literature review was an extremely frustrating task in that inadequate time was available to do what the consultant would consider a "proper" job.

ANNEX C - 1

SCOPE OF WORK FOR SENIOR FIELD RESEARCHER

**The Role of Indigenous Groups in
Cross-Border Trade of Agricultural Products in West Africa**

Phase Three

I Background

A Purpose and Methodology

- 1 The overall purpose of this project is outlined in the scope of work from USAID
- 2 The specific purpose of Phase III is to complete the work necessary to meet the objectives as outlined in the USAID overall scope of work and to draft a report responsive to the established Final Report Outline, Attachment A

B Geographic Scope

- 1 The project scope includes all of West Africa, however, primary research is being conducted in Ghana, the Côte d'Ivoire, and Senegal. These countries are being used as case studies and representatives of West Africa as a whole
- 2 Any secondary research work covered under this scope of work includes all of West Africa. All fieldwork covered under this scope of work will be limited to the above named three countries

II Objectives

- A Complete the secondary literature search (Phase I) by including livestock
- B Consolidate and focus the output of the secondary research on Key Questions 1, 2, and 3, Attachment B (4–6 pages)
- C Determine criteria for differentiating between ethnic-based trading networks and non-ethnic based trading networks (+/-1 page)

- D Determine what information is missing from the output of Phases I and II (primary research in the three countries conducted by local researchers) that is needed to write a report based on the Final Report Outline
- E Design
 - 1 A questionnaire for Phase II researchers to complete to fill in the missing gaps from Phase II
 - 2 Interview guides for use in the field that will generate the information needed to write the final report as per the established outline
- F Plan and organize a 6-week trip to Ghana, the Côte d'Ivoire, and Senegal (Phase III) to collect the information defined in D above
- G Travel to Ghana, the Côte d'Ivoire, and Senegal (Phase III) to collect the information defined in D above
- H Within 2 weeks after returning from the fieldwork, write a draft report using Phase I, II, and III input as per the established outline
- I Complete all expense reports and other documentation required as related to G above

III Level of Effort

- A The maximum number of days that will be reimbursed for this phase of the project is 50
- B Six-day weeks are approved for work in Ghana, the Côte d'Ivoire, and Senegal. Therefore, a fieldwork per diem will not be paid for more than 36 days
- C Some local support will be provided by the consultants who did the Phase II work. This support shall not exceed 12 days per country. Allow for their responsibilities is included herein as Attachment C

IV Reports and Deliverables

As outlined in the Objectives section above

**Attachment A
Final Report Outline**

**The Role of Indigenous Groups
in Cross-Border Trade of Agricultural Products
in West Africa**

I Executive Summary (high priority)

II Introduction (high priority)

Objectives of the Research

Initial, Information Gathering, Investigation

Descriptive not Prescriptive

Basic Approach and Methodology Utilized

Primary Research in Three Countries Only

III An Overview of Cross-Border Agricultural Products Trade in West Africa

Major Agricultural (or agribusiness) Commodities Traded Within West Africa

Volume and Growth Rate of Cross-Border Agricultural Products Trade

Major Trade Patterns, Corridors, and Countries Involved

Major Trading Partners and Participants - especially Indigenous Regional Trading Networks (IRTNs)

Major Transaction Flows (Possession Changes) and Functions Involved (subsector flow charts)

Extent of Processing or Value Added Taking Place

Recent (last 10 years) Network Dynamics (especially the role of ethnic-based trading groups versus non-ethnic-based groups) and Reasons for Same

IV Introduction to Indigenous/Ethnic Regional Trading Networks (high priority)

Definition of an Indigenous Ethnic-Based Regional Trading Network

History and Rationale Behind IRTNs

Functions Performed Versus Other Trading Structures

How Modus Operandi is Different From Non-ethnic-Based Networks

Where and Why They Have Been Most Successful Versus Non-ethnic-Based Groups

Advantages and Disadvantages They Have Versus Non-ethnic-Based Networks

the Most Significant IRTNs (i.e., those that if enhanced would lead to improved regional integration & economic development)

V Cross-Border Livestock Trade by IRTNs (**high priority**)

Basis of Competition in Cross-Border Livestock Trade—prioritized criteria that buyers use to select among sellers

Description of the IRTNs (specific ethnic groups involved)

Corridors They Utilize (geography)

Specific Types of Products They Handle (trade/process)

The "Ties That Bind"—what holds the networks together (e.g., religion, language, blood relationships, geographic origin, etc.)

Details of How They Operate

Structures and Channels Utilized

Barriers to Entry—by one IRTN against another

Where, Why, and How They Are Successful

Their Strengths and Weaknesses

Matrix for Each Market Segment

Explain the "Whys" of the Matrix

Advantages and Disadvantages versus Their IRTN Competitors

Constraints to, and/or Opportunities for, Accelerated Growth

VI Cross-Border Kola Nut Trade by IRTNs (**high priority**)

Basis of Competition in Cross-Border Kola Nut Trade—prioritized criteria that buyers use to select among sellers

Description of the IRTNs (specific ethnic groups involved)

Corridors They Utilize (geography)

Specific Types of Products They Handle (trade/process)

The "Ties That Bind"—what holds the networks together (e.g., religion, language, blood relationships, geographic origin, etc.)

Details of How They Operate

Structures and Channels Utilized

Barriers to Entry—by one IRTN against another

Where, Why, and How They Are Successful

Their Strengths and Weaknesses

Matrix for Each Market Segment

Explain the "Whys" of the Matrix

Advantages and Disadvantages versus Their IRTN Competitors

Constraints to, and/or Opportunities for, Accelerated Growth

VII Cross-Border Trade in Other Important Commodities by IRTNs (**high priority**)

Basis of Competition in Cross Border Selected Commodities Trade—prioritized criteria that buyers use to select among sellers

Description of the IRTNs (specific ethnic groups involved)

Corridors They Utilize (geography)

Specific Types of Products They Handle (trade/process)

The "Ties That Bind"—what holds the networks together, religion, language, blood relationships, geographic origin, etc)

Details of How They Operate

Structures and Channels Utilized

Barriers to Entry—by one IRTN against another

Where, Why, and How They Are Successful

Their Strengths and Weaknesses

Matrix for Each Market Segment

Explain the "Whys" of the Matrix

Advantages and Disadvantages versus Their IRTN Competitors

Constraints to, and/or Opportunities for, Accelerated Growth

VIII General Observations Regarding IRTNs (**high priority**)

The Most Economically Important Products They Handle (trade/process)

Primary Structures and Channels Utilized

The "Ties That Bind"—what holds the networks together (e g , religion, language, blood relationships, geographic origin, etc)

Barriers to Entry—by IRTNs against non-IRTNs and specific strong IRTNS

Where, Why, and How They Are Successful

Their Major Strengths and Weaknesses

Extent to which they Operate in the Formal versus Informal Sector

General Reasons for the Dynamics of Ethnic, Based Networks (IRTNs) versus Non-ethnic-Based Networks

Anticipated Changes in IRTNs and Their Importance

IX Constraints/Challenges and Opportunities to Indigenous Regional Trade Networks

Most Significant Constraints to the IRTN's Accelerated Development— policies, regulations, inadequate enforcement, infrastructure, institutions (finance, "voice"), information, etc

Most Significant Opportunities for Them to Improve Their Efficiency and Effectiveness

Why Their Successful Competitors Gain Market Share/Grow

Why Their Unsuccessful Competitors Lose Share/Shrink

X General Recommendations

- Why, Where, and How the "Lessons Learned" Can be Used to Enhance IRTNs, Especially Possible USAID and/or Host Government Interventions
- Specific Interventions That Could Lead to Improved Marketing Efficiency and Effectiveness of IRTNs, and Private Sector Investment (benefiting from scale economies and comparative advantage)
- Potential Approaches, Benefits, and Implementation Challenges of Facilitating Recommended Interventions for IRTNs
- The Potential Role of Associations in Enhancing IRTNs

XI Specific Recommendations

- Viability of the Underlying Hypothesis
- Further Research
- Plan of Action

Appendixes

- A Detailed Project Methodology—for field interviews, generic sources by type/classification, locations, etc
- B Detailed List of Key Contacts
- C Selective Bibliography

Attachment B
IRTN Project Key Questions

- 1) What is the current and projected importance (market share) of all ethnic-based, cross-border, regional (originating and consumed within the region), agricultural products trading networks versus non-ethnic-based networks? How and why has that share changed over the past 10 years and how and why is it anticipated to change over the next 10 years?
- 2) Who (what specific tribes) are currently the most important individual ethnic-based, regional trading networks operating in West Africa? What is their current and projected market share in the economically important commodities they trade? How and why has that share changed over the past 10 years and how and why is it anticipated to change over the next 10 years?
- 3) What are the most important constraints to the more rapid development of ethnic-based regional trading networks as a whole and to those individual ethnic-based regional networks that are of the most economic importance?
- 4) How leverageable are ethnic-based regional trading networks as a whole, and the key individual networks, as a means of achieving the objective of stimulating regional integration and economic development, that is, can effective and efficient interventions be identified, developed and smoothly implemented? What types of interventions are most likely to accomplish the objective? What are the main challenges that a donor would face when attempting to use ethnic-based trading groups as a means to accomplish the objective? Is it advisable, and a good use of resources, for USAID to continue investigating the potential of utilizing ethnic-based trading groups as a means to stimulate regional integration and economic development? Why?

All work must be focused on obtaining, to the greatest extent possible, answers to these questions
Tangential material and information is of minimal interest

Attachment C

Local Research Assistant Scope of Work

Research Assistant/logistics coordinator—For the AMIS II Ethnic Trading Networks Project, Phase III Field Research Assist the senior U S researcher during her two weeks of fieldwork in-country in the following tasks

Responsibilities

- Identify and physically locate key marketing informants for interviewing by senior researcher (SR), accompany the SR during interviews and assist with translation as needed
- Help identify and then accompany and assist in interviews with other individuals or groups (e g , government agencies, non-governmental organizations, donor representatives) as directed by the SR
- Collect and compile secondary data as/if needed to supplement Phase II findings (minimal)
- Assist the SR in compiling and synthesizing all data (e g , in tables, charts, matrices, network diagrams, lists of interviewees) while SR is in the country
- Take primary responsibility for coordinating and tracking all in-country logistic arrangements such as scheduling and reconfirming interviews, vehicle/travel arrangements, communications/copying, hotel accommodations outside capital city, purchase of supplies, management of informant honoraria, etc
- Assist in other tasks as they arise

Qualifications

- Experience with Phase II of the AMIS II Ethnic Trading Networks project or demonstrable first-hand familiarity with agricultural marketing networks in-country
- Working knowledge of principal language(s) employed by participants in ethnic trading networks in-country
- Previous experience in independent interviewing
- Good writing skills
- Educational background in agricultural economics preferred but not required

ANNEX C - 2

FIELD INTERVIEW GUIDE

For use with focus groups of knowledgeable, longtime participants in the commodity market of interest—mostly traders but also processors and transporters where relevant

- 1 Please indicate the ethnicity and citizenship status of everyone in the focus group, and their years of experience in the trade
- 2 What can you tell us about the general history of the trade, across the last 10 years, in terms of shifts in volume of trade, trade routes and corridors, the participation of different ethnic groups at different points in the farm-to-market chain, regulations, prices, people entering or leaving the trade, etc. Where possible, recount some actual events
- 3 Who were your major competitors in this commodity during the last 10 years? Are they still a threat? What in particular made/makes them a threat?
- 4 According to the study done here by the local consultants, X, Y, and Z pose particular problems for your trade (e.g., corruption, paperwork, import duties, taxes, lack of or defaults on credit, poor communications and market information, inadequate or overly costly transport, lack of key infrastructure, currency exchange or repatriation problems, product perishability). Could you please elaborate on these problems, giving specific examples and/or budgets of marketing costs?
- 5 How do you select your suppliers or, conversely, how do suppliers select among buyers?
- 6 What makes for a good and successful trader in your business?
- 7 Let's talk more specifically about ethnicity. For example, do you lend money, extend goods on credit, or in other ways give special deals to co-ethnics in the trade that you would not do for non-co-ethnics (or only under stipulated or more limited circumstances) for example
 - informal business loans of cash, goods, transport
 - occasionally sharing costs, vehicles, workers, storage facilities, supplies, lodgings, etc

- sharing of business information
- collection of monies or other displays of support to co-ethnic traders who experience family or other emergencies
- other

Are there recognized ethnic-traders' meeting places? Any exclusionary practices based on ethnicity? Long-term trading relations among co-ethnic families/groups? Subscription to shared ethnic-religious values and norms, or at least shared "rules of the game" that members of the network agree they all must play by because of their ethnic/religious mores, whereas other ethnic groups do not

- 8 Do you have an organization—formal or informal, ethnic-based or multi-ethnic—designed to confront any of the problems or needs you have mentioned so far? If so, please describe it its history of formation, its membership numbers and especially the ethnicities/nationalities of members and officers/leaders, its legal status, dues, meeting schedules, office arrangements and infrastructure, services to members (e g , dispute resolution, sanctions like fines and ostracism, social services, legal assistance), significant past events, and so on
- 9 If you do not have such an organization, was there ever any attempt to establish one? Please describe what happened
- 10 Given the way things are going now or what you hear about things to come, how do you think the trade will go in the future? Why?

ANNEX C - 3

FIELD RESEARCH ITINERARY

Mon 27 Feb

15 00 Depart Falls Church location

Tue 28 Feb

19 30 Arrive Ghana

Wed 1 Mar

Morning Unpacking, calls to Plan Consult (PC) firm, USAID, American Club
 Contact meeting with Issaka (Phase II consultant and Phase III research assistant)
 and Abu-Baffour (Phase II consultant)

Afternoon Faxing to Maxwell, calls to PC, USAID
 Reviewing PC report
 Repacking for move to American Club

Evening Concept meeting with research assistant
 Dinner with Dr J Ekebill of IITA and family
 Setting up itinerary file, reading "Onions" book

Thu 2 Mar

Morning Calls to USAID, airlines, faxing to Maxwell, moving to American Club
 Planning meeting with research assistant

Afternoon Joint meeting with PC President Bannerman
 Research assistant begins work on interview and travel schedules, maps, percents,
 network diagrams
 McCorkle refining interview guide

Fri 3 Mar (last day of Ramadan)

Morning McCorkle reviewing and reworking PC report on disc
 Research assistant arranging weekend interviews
 Both making intensive efforts at organizing transport to Kumasi, with Bannerman's
 help

Afternoon McCorkle review of documents on onions and livestock in Ghana, and preparation
 of work letter for research assistant's boss

Evening Coordination meeting with assistant

Sat 4 Mar



Morning	McCorkle sketching out network diagrams and identifying information gaps
Afternoon	Interview with officers of the Ghana Butchers Association
Evening	McCorkle and assistant review interview notes and issues vis-a-vis PC report
Sun 5 Mar	
Morning	Idem
Afternoon	Repose
Mon 6 Mar	
Morning	Interview with Ghana Breeders Association officers and foreign clients (in Tema)
Afternoon	Travel to Kumasi
Evening	McCorkle phoning Maxwell Interview with Secretary of Ghana Private Road Transport Union Assistant arranging next-day kola interviews
Tue 7 Mar	
Morning	Early morning interview with largest kola trader of Kumasi, with the NACOD General Regional Secretary, and with assorted exporters and drivers Late morning/early afternoon interview with 25 kola exporters
Afternoon	Travel back to Accra
Evening	Idem
Wed 8 Mar	
Morning	Interview with onion importers of the Ghana Agricultural Products Traders and Marketing Organization
Afternoon	Phoning USAID, organizing write-up and logistic tasks for remainder of time in Ghana, reading documents, reviewing and filing notes, updating itinerary, bringing accounts up to date, reconfirming flight, etc
Thu 9 Mar	
Morning	McCorkle and assistant debriefing meeting at USAID with 5 members of the Trade, Ag and Private Enterprise Office Team visit to NACOD national office
Afternoon	Work on tables, maps, charts, report write-up Phone call with Maxwell
Fri 10 Mar	
All day	Work on report write-up and materials
Evening	Packing up

Sat 11 Mar
 08 00 Depart Ghana
 09 00 Arrive Côte d'Ivoire
 Rest of day Continued write-up of Ghana notes

Sun 12 Mar
 All day Repose

Mon 13 Mar
 Morning Attempting to phone local consultants and USAID, searching for consultant's office, faxing Maxwell
 Afternoon Reading local consultant's report just obtained
 Evening All-night meeting with local research assistant

Tue 14 Mar
 Morning Mass meeting at local consultant's office
 Maps, books, supplies purchasing, money exchange
 Afternoon Trip to Anyama to meet with the country's major kola cooperation

Wed 15 Mar
 Morning Meeting with Vice President of stockmen's association at stockyards
 Afternoon Calls to USAID, Maxwell, reading books on ethnicity in Côte d'Ivoire, organizing issues
 Evening Call to Marcoux, updating contacts, itinerary, and ethnicity chart

Thu 16 Mar
 Morning Meeting with Vice President of one butchers' association
 Aft-Evening Meetings with Marcoux plus head of a private livestock enterprise/partnership

Fri 17 Mar
 Morning Meeting with other butchers' association representatives
 McCorkle debriefing meeting with 6 REDSO officers
 Afternoon Reviewing notes, organizing documents, work with research assistant on ethnicities, organizing tasks for local consultants to do to meet minimal contract requirements

Sat 18 Mar
 Morning Debriefing meeting with local consultants' office
 Afternoon Wrap-up work with research assistant



Evening Second meeting with Marcoux
 Packing up

Sun 19 Mar
09 30 Depart Côte d'Ivoire
12 00 Arrive Senegal
Aft-Evening Repose and reading local consultants' report

Mon 20 Mar
Morning Phoning to USAID, Fagerberg-Diallo, Project du Nord, dealing with plane-ticket
 and hotel problems
 Meeting with local research assistant and interpreter reviewing local report,
 strategizing interviews, identifying missing data or charts/maps
Afternoon Same as above, plus calls to USAID and to consultants' bureau
Evening Updating notes

Tue 21 Mar
Morning McCorkle concept meeting with Gibson at USAID/Senegal
 Logistics meeting with Faye, of consultants' bureau
 Writing and sending fax to Maxwell, calls to various livestock organizations
Afternoon Meeting with a private-enterprise association of kola dealers
Evening Team coordination meeting

Wed 22 Mar
Morning Logistics meeting with Faye, phoning to airlines and Projet du Nord
 "Thinking time" and summing up key findings to date
Afternoon Review of kola interview notes and reworking of matrices with research assistant
 while translator arranges further interviews with stockmen and banana merchants
 Book-buying
Evening Phone call with Maxwell

Thu 23 Mar
Morning McCorkle meeting with Association des Eleveurs (small ruminant merchants) at
 stockyards
 Research assistant meeting with master butchers at stockyards
Afternoon McCorkle meeting with Association de Forail (stockmen and master butchers) at
 stockyards
 Research assistant works on revising matrices
 Team coordination meeting

Evening Dinner meeting with Fagerberg-Diallo

Fri 24 Mar

Morning McCorkle debriefing at USAID/Senegal with F Faye
Return meeting with kola association—canceled in order to deal with plane ticket fiasco

Afternoon Meeting with banana importers—canceled and rescheduled for same reason
Book buying
Team coordination meeting

Evening Work with research assistant on matrices and maps

Sat 25 Mar

Morning Updating contacts and itinerary, organizing notes
Preliminary analysis work with research assistant
Return visit and calls to sheep importers

Afternoon Meeting with banana importer and wholesaler
Final team coordination meeting

Sun 26 Mar

Morning Wrap-up work with research assistant

Afternoon Packing up

24 30 Depart Senegal

Mon 27 Mar

09 00 Arrive Paris

13 00 Depart Paris

15 00 Arrive Dulles

16 00 Arrive Falls Church location

ANNEX D

ORGANIZATIONS AND PERSONS CONTACTED

Notes NW = name[s] withheld, by reason of sensitive information requested, as per AAA rules of informant confidentiality "Native" is used to indicate that the contact person was born in the country he is listed under [Ghana, Côte d'Ivoire, or Senegal] in cases where the given ethnic group is found in two or more countries

GHANA

GAPTMO (NW) Ghana Agricultural Products Traders and Marketing Organization

- 3 members, full-time onion importers [2 Hausa from Niger, 1 Gao from Mali]

GCBA (NW) Ghana Cooperative Butchers Association Ltd

- Chief [native Hausa]
- Secretary [native Dagomba]
- Executive Council Member [native Hausa]

GLBTA (NW) Ghana National Livestock Breeders and Traders Association

- President and major broker/dealer [native Frafra]
- Secretary and dealer in local stock [native Kusasi]
- 6 cattle importers [2 Mossi from Burkina Faso, 4 native Frafra]
- 1 Accra small ruminant dealer [native Busanga]

GPRTU (NW) Ghana Private Road Transport Union

- Secretary for the GPRTU kola section of the Asuasi Market

NACOD (NW) National Association of Cola Dealers

- In Nkawkaw, 1 *shago* owner [native Hausa] and 3 clients/partners [Hausa from Kano, Nigeria]
- The NACOD Regional Secretary for Ashanti Region [Dagomba]

- The largest kola exporter of Kumasi market [native Mossi], he is also chief of the Tafo zongo
- A small foreign kola exporter [Grusi from Burkina Faso]
- NACOD chairman for Ashanti Region [native Hausa]
- Asuasi Market Kola Chief [native Hausa]
- 25 kola exporters of NACOD's Kumasi Region [mostly native Hausa (ca 80%) but also native Mossi and native Frafra]

Plan Consult Development Planning and Management Consultants

- Adu-Baffour, Anthony, consultant for Phase II of IRTN Study
- Bannerman, Ebow, President
- Issaka, Ali, consultant for Phase II and research assistant for Phase III of IRTN Study

USAID/Ghana

- Akiwumi, William, Program Specialist, TAPS (Trade, Agriculture and Private Sector) Office
- Gyimah, Daniel, Program Specialist, TAPS Office
- Lee, Jeff, Deputy Chief, TAPS Office
- Thomas, Cleveland, Project Manager of TIP (Trade and Investment Program) in the TAPS Office
- Weisel, Peter, TAPS Division Chief

CÔTE D'IVOIRE

CAVCP (NW) Cooperative d'Achat et Vente de Cola et Produits Vivriers

- Co-op President and approx 35 members [all Malinke/Bambara, mostly native]

CCA Cabinet de Consultants Associes

- Coffi, Andree, Associate Director
- Diallo, Maimouna, consultant and Phase III research assistant [Fulani]
- Fotsing, Mairice, Consultant
- Kocoa, Jean-Jacques, Consultant
- Moussilyou, Radji, Consultant
- Yahaut, Urbain, Associate Director

CECI Centre Canadien d'Etude et de Cooperation Internationale

- Marcoux, Jacques, Livestock Expert

COIBOCA (NW) Cooperative Ivoirienne des Bouchers, Charcutiers et Assimiles

- President [Moor]
- 1 member [Moor]

ECAB-CI Echange Commerciaux Afrique Betail - Cote D'Ivoire (private enterprise)

- Public Relations Officer and one of the two partners in the firm [both Mossi]
- 15 of their client "bringers" [9 Mossi, 4 Fulani, 2 Bobo – all foreigners]

SMIBV-CI (NW) Syndicat des Marchands et Importateurs de Betail et de Volaille de Cote d'Ivoire

- Vice President and president of the former parent association, plus two of his sons [foreign-born Fulani]

SYECOCI (NW) Syndicat des Acheteurs et Exportateurs de Cola de Cote d'Ivoire

- President [Malinke/Bambara, mostly native]

USAID/REDSO

- Niasse, Madiodio, Social Science Advisor
- Okanla, Moussa, Democracy/Governance Specialist
- Prudencio, Yves
- Rodgers, Glen, Regional Economist
- Stamper, John, Agricultural Development Officer
- Whyche, Oren, Regional Private Sector Advisor

SENEGAL

ANPVB (NW) Association Nationale des Professionels de la Viande et du Betail

- 9 master butchers [6 N Fulani, 1 Moor, 1 Wolof, 1 Bambara, probably all native]

Associates in Research & Education for Development, Inc

- Fagerberg-Diallo, Sonja, Director



Association des Eleveurs—small ruminant merchants' association (NW)

- President and Vice President [both native N Fulani]
- 18 brokers/importers [all native N Fulani]
- 3 other brokers/importers [2 Wolof, 1 naturalized Marka/Sarakole]

Association de Forail—cattlemen's association (NW)

- 6 longtime cattle merchants/importers [N Fulani]
- 1 cattle bringer [Fulani from Mali]

Association of kola dealers (unnamed) A private-enterprise but classically ethnic-based association (NW)

- Treasurer [Bambara/Malinke, Mali-born but naturalized]
- Kola market "chief" [Bambara/Malinke, Mali-born but naturalized]
- 7 other Bambara/Malinke kola dealers, fathers and sons [all either native or naturalized]

Dakar Consulting Group

- Barro, Issa, President
- Dem, Fatimata, Phase III Interpreter [Fulani]
- Faye, M , Administrative Director
- Kebe, Ibrahima, Consultant and Phase III Research Assistant [Wolof]

Private Banana Importing Enterprise

- Owner [Wolof]
- The owner's major wholesaler client [S Fulani, citizen of Guinea]

Projet du Nord

- Samberger, Klaus, Livestock expert

USAID/Senegal

- Gibson, Ernest, "Coach" for Agricultural & Natural Resources Group
- Faye, Francois, Agricultural & Natural Resources Specialist

ANNEX E

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Cross-Border Trade and Ethnic Groups in West Africa

Volume 2: Country Reports

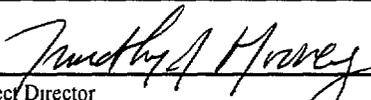
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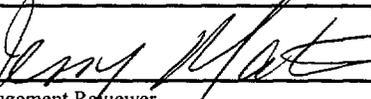
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Prepared by
Constance McCorkle
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Project Director


Technical Reviewer


Management Reviewer

INTRODUCTION

This volume contains the country reports that resulted from the second phase of the research for Cross-Border Trade and Ethnic Groups in West Africa. It is not intended to be an autonomous document, but rather a support piece for the main report.

Very minimal editing and format standardization has been done on this document.

In some cases there may be inconsistencies between the main report (Volume 1) and the individual country reports, especially as related to statistics. The expatriate led field research took place after the country reports were written. In some cases this phase three work modified definitions and enhanced data bases.

This volume may be useful for those interested in more detail on country level findings and the perspectives of local researchers.

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VOLUME 2
COUNTRY STUDIES

STATEMENT OF WORK FOR LOCAL CONSULTING FIRMS' FIELD RESEARCH

Guidance for Local Research Component—Ethnic Trading Network Study

A Objective

The objective of the overall study is to increase understanding of how ethnic-based, cross-border marketing networks operate, what hinders their full expansion and development, and what opportunities exist to promote their development as well as the efficiency of their regional and trans-regional enterprises. The study will identify which ethnic groups are involved in economically important cross-border trade and, to the extent possible, estimate market shares and share trends. The study will also estimate the volume and direction of commodity flows and recorded versus unrecorded volumes, paying particular attention to the formal and informal international transactions.

B Study Phases

Phase I A literature review was conducted to determine which commodities are of special interest in terms of ethnic-based trade. It identified kola nuts and livestock as significant. Both commodity networks are influenced by specific ethnic trading networks. The main results of this review will be made available to your firm.

Phase II In-country research will be conducted to identify more precisely who are the primary traders operating in the regional trading networks for the commodities selected. The research should provide a better understanding of the social basis for informal transactions and commodity flows. The in-country research will build on the literature review in order to fill information gaps as well as provide primary baseline data for Phase II work.

Phase III Field research will be conducted by a U.S. expert in February-March 1995. The final study will focus on whether or not indigenous networks lend themselves to donor interventions, what challenges this task would present, and the types of possible interventions.

C Terms of Reference for Local Researcher (Phase II)

The second phase of the study must be conducted from December 1994 to January 1995, and consist of at least a 2-person team (an agricultural economist/marketing specialist and an economic anthropologist/rural sociologist) that will accomplish the following:



-
- 1) Gather general background information on which ethnic groups are involved in the three commodities selected as case studies and interview key traders and business peoples in the important market centers of both the formal and informal trade networks
 - 2) Determine to what extent ethnic affiliation is important in the commercial trade of livestock, kola nuts, and the third "local option" commodity. More precisely, identify modern-day trade corridors for the commodities, and analyze in-depth the impact of ethnic ties on the transactions that take place in markets that serve cross-border trade
 - 3) To the extent possible, collect the information necessary to estimate the volume of commodities traded at each stage of the marketing chain and assess the importance of informal transactions compared with formal transactions (see matrix)
 - 4) Make prioritized recommendations, with written rationales as to which market towns or trading areas and individuals, the expatriate expert should focus her interviews in (Phase III)
 - 5) Gather relevant policy, licensing, and regulatory information for the commodities in question
 - 6) Write a 35–40 page report that summarizes the above findings in a well-organized manner. A model Phase II final report outline is included in this document as Section G

Most of the above information will be gathered through interviews with key participants in the formal and informal trading networks. For this reason, local consultants must be able to effectively conduct the interviews to get the best results.

D Methodology

Planning the field survey

The objectives of this study are broad and Abt Associates does not demand that the study focus on any particular segment of the marketing system or a particular geographic area. Field researchers will usually find it useful to interview important wholesalers and processors based in large market and secondary towns, especially border town markets. These product "kings" and "queens" are typically more knowledgeable about the organization and operation of the entire marketing system than are other participants, and they often have a vantage point as "channel captain" in the marketing system.

What to observe

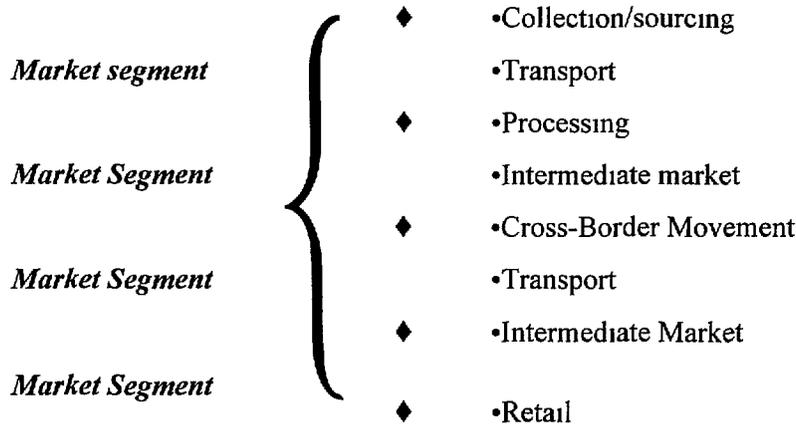
The following processes, functions, and facilities are important to evaluate and inspect because they are more likely to provide the key information necessary for the study

- 1 Transactions at assembly and wholesale marketplaces and at parastatal buying stations (where appropriate) The highest level of detail should come from markets where foreign-produced products are first purchased by domestic owners or exported products are first sold to foreign buyers
- 2 Performance of the physical functions of handling and storage of commodities at different stages of the marketing system, including assembly markets, processing plants, and terminal markets to determine the importance of ethnic groups therein
- 3 Geographic commodity flow patterns, and delineation of key characteristics and reasons for the direction, magnitude, and trends in the flows
- 4 Physical and natural characteristics of trade routes, including the presence or absence of needed infrastructure and how well infrastructure is maintained

Information obtained from interviews with key informants about exchange arrangements, risk reducing and sharing mechanisms, credit arrangement, commodity flows and other vertical linkages should be cross-checked with informants at adjacent stages of the subsector. The overall validity of rapid reconnaissance findings can be checked with knowledgeable observers of commodity subsectors and regionally important agribusiness people. A useful method of consistency checking is mirror-image interviewing. This technique involves asking informants at adjacent stages of a subsector the same set of questions. Major differences in responses are an indication that one or both of the informants does not know or accurately recall the answer to the question.

E Phase II Priority Areas of Investigation

- 1 Define one economically important cross-border traded commodity, in addition to livestock and kola, that has significant ethnic group involvement and that together with livestock and kola will serve as case studies to help draw conclusions about ethnic trade barriers and constraints to growth
- 2 Determine and describe the most common major functions in each commodity marketing channel, getting answers to basic questions of what, where, by whom, and how. Particular attention must be paid to barriers to entry and constraints to growth. Delineate the market segments where common transaction points/possession changes occur (as indicated by the "♦" below)



3 For each market segment for each of the three commodities collect information that makes it possible to describe the market segment according to ethnic group involved, type of market system (informal, mixed, formal, and total combined), and estimated total value. The following suggested conceptual framework in matrix form represents the ideal level of output from the Phase II fieldwork (Matrix coding system is shown below). A "model" completed and a blank matrix are included on the following pages for your review and possible use.

Codes Determine your own quantitative ranges for Competitive Position, a suggested system is given below

<u>Competitive Position</u>	<u>Recent Share Trend</u>	
D =Dominant (75%+)	Strong Share Growth	= ↑↑
S =Strong (50%-74%)	Share Growth	= ↑
C =Competitive(20-49%)	No Change	= ∅
W=Weak (5-19%)	Small Share Loss	= ↓
M=Minimal (<5%)	Major Share Loss	= ↓↓

F Completion and Payment Schedule for Phase II

1 December 12, 1994—Detailed Work Plan

The detailed Work Plan must contain the sub-objectives or steps of the project, the exact schedule of the fieldwork, the name of each consultant with his/her assignments and individual outputs, as well as any curriculum vitae not already submitted. Field interview guides must also be included.



The Work Plan must be received by Abt Associates before any money will be sent to the local consultant. Twenty-five percent of the agreed contract fee will be paid upon receipt of the Detailed Work Plan as outlined above.

2) **First Week of January** 1995—Top Line Report

A 3–4-page Top Line Report of fieldwork results. Twenty-five percent of the contract fee will be paid upon receipt of the Top Line Report.

3) **Third Week of January** 1995—Draft Report

Draft report of the study, fully responsive to project objectives, to be received by Abt Associate in Washington, D C (Bethesda). Twenty-five percent of the contract fee will be paid upon receipt.

4) **February 14, 1995**—Final Report

Final Report due subject to timely feedback from USAID and Abt Associates on the draft. Twenty-five percent of the contract fee will be paid upon receipt.

NOTA BENE

Every Friday, beginning December 16, 1994, Abt Associates must receive a no more than 1-page report by fax including the description of the project activities for the past week, the progress of the project work and your comments about any current or expected difficulty regarding the fieldwork as well as suggestions on improving project output.

G Suggested Phase II Report Outline

The Role of Indigenous Groups in Cross Border-Trade of Agricultural Products

I Executive Summary (high priority)

II Introduction (high priority)

Objectives for this phase of the research
Initial information gathering, and investigation
Descriptive not prescriptive
Basic approach and methodology utilized



III An Overview of Cross-Border Agricultural Products Trade (**high priority**)

- Volume and growth rate of cross-border agricultural products trade
- Major agricultural (or agribusiness) commodities traded
- Major trade patterns, corridors, and countries involved
- Major trading partners and participants—especially indigenous regional Trading Networks (IRTNs)
- Major Transaction Flows (Possession Changes) and Functions Involved (subsector flow charts)
- Extent of Processing or Value-Added Taking Place
- Recent (last 10 years) Network Dynamics and Reasons for Same
- Projections of Significant Change in the Networks

IV Indigenous Trading Networks (**high priority**)

- History and Rationale Behind IRTNs
- Functions Performed versus Other Trading Structures
- How Modus Operandi is Different From that of other Regional Trading Networks
- Where and Why They Have Been Most Successful
- Their Strengths and Weaknesses
- Advantages and Disadvantages They Have versus Other Networks
- Anticipated Changes in IRTNs and Their Importance
- The Most Significant IRTNs (i.e. those that if enhanced would lead to improved regional integration and economic development)

V Cross-Border Livestock Trade by IRTNs (**high priority**)

- Description of the IRTNs (specific ethnic groups involved)
- Corridors They Utilize (geography)
- Specific Types of Products They Handle (trade/process)
- Details of How They Operate
- Structures and Channels Utilized
- The "Ties That Bind"**—what holds the networks together (e.g., religion, language, blood relationships, geographic origin, etc.)
- Basis of Competition**—prioritized criteria that buyers use to select among sellers
- Barriers to Entry**—by one IRTN against another
- Where, Why and How They Are Successful
- Their Strengths and Weaknesses
- Matrix for Each Market Segment**
- Explain the "Whys" of the Matrix**
- Advantages and Disadvantages versus Their IRTN Competitors
- Constraints to, and/or Opportunities for, Accelerated Growth**

VI Cross-Border Kola Nut Trade by IRTNs (**high priority**)

Description of the IRTNs (specific ethnic groups involved)
Corridors They Utilize (geography)
Specific Types of Products They Handle (trade/process)
Details of How They Operate
Structures and Channels Utilized
The "Ties That Bind"—what holds the networks together (e.g., religion, language, blood relationships, geographic origin, etc.)
Basis of Competition—prioritized criteria that buyers use to select among sellers
Barriers to Entry—by one IRTN against another
Where, Why and How They Are Successful
Their Strengths and Weaknesses
Matrix for Each Market Segment
Explain the "Whys" of the Matrix
Advantages and Disadvantages versus Their IRTN Competitors
Constraints to, and/or Opportunities for, Accelerated Growth

VII Cross Border (Local Option Commodity) Trade by IRTNs (**high priority**)

Description of the IRTNs (specific ethnic groups involved)
Corridors They Utilize (geography)
Specific Types of Products They Handle (trade/process)
Details of How They Operate
Structures and Channels Utilized
The "Ties That Bind"—what holds the networks together (e.g., religion, language, blood relationships, geographic origin, etc.)
Basis of Competition—prioritized criteria that buyers use to select among sellers
Barriers to Entry—by one IRTN against another
Where, Why and How They Are Successful
Their Strengths and Weaknesses
Matrix for Each Market Segment
Explain the "Whys" of the Matrix
Advantages and Disadvantages versus Their IRTN Competitors
Constraints to, and/or Opportunities for, Accelerated Growth

VIII General Observations Regarding IRTNs (**high priority**)

The Most Economically Important Products They Handle (trade/process)
Primary Structures and Channels Utilized
The "Ties That Bind"—what holds the networks together (e.g., religion, language, blood



relationships, geographic origin, etc)

Barriers to Entry—by IRTNs against non-IRTNs

Where, Why and How They Are Successful

Extent to which they Operate in the Formal versus Informal Sector

General Reasons for the Dynamics of the Networks versus non-IRTNs

IX Constraints/Challenges and Opportunities to Indigenous Regional Trade
(medium priority)

Most Significant Constraints to the IRTN's Accelerated Development—policies, regulations,

inadequate enforcement, infrastructure, institutions (finance, "voice"), information, etc

Most Significant Opportunities for Them to Improve Their Efficiency and Effectiveness

Why Their Successful Competitors Gain Market Share/Grow

Why Their Unsuccessful Competitors Lose Share/Shrink

X General Recommendations (low priority)

Why, Where, and How the "Lessons Learned" Can be Used to Enhance IRTNs, Especially Possible
USAID and/or Host Government Interventions

Specific Interventions That Could Lead to Improved Marketing Efficiency and Effectiveness of
IRTNs, and, Private Sector Investment (benefiting from scale economies and comparative advantage)

Potential Approaches, Benefits, and Implementation Challenges of Facilitating Recommended
Interventions for IRTNs

The Potential Role of Associations in Enhancing IRTNs

XI Recommendations for Phase III fieldwork

Specific Individuals to Interview

Specific Markets to Visit

Useful References to Read

Suggestions for Improving the Approach/Methodology & Areas of Investigation

Time Needed In-Country

GHANA COUNTRY STUDY

GHANA ETHNIC TRADING NETWORK STUDY

Prepared under the
Agribusiness and Marketing Improvement
Strategies (AMIS II) Project
Contract No AER-5457-C-00-30- BS

For
Abt Associates Inc

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1 1 Introduction

Trade within Africa has played a central role in studies of African history. Although many African leaders have called for greater African unity and a concomitant increase in intra-African trade, the amount of intra-African trade is still modest today. This situation has arisen as a result of the existence of barriers to increased intra-African trade which involves more than the level of import and export duties.

There are major institutional barriers to increased trade including the lack of agreement on common grades for agricultural products such as maize and sorghum, language barriers and financial and communication networks which link African countries to Europe rather than to each other.

However, despite the apparent gloomy situation which the available literature on intra-African trade portrays, many observers argue strongly that intra-African trade is substantially higher than it has generally been thought to be the case. It is known, for example, that for many years, there has been intra-west African trade involving movement of livestock from north to south, and kola nuts from west to east, onions from north to south and preserved fish from south to north.

1 2 Background to study

Unfortunately, social science research on this intra-African trade has been dominated by geographers. For this reason, not much is known about this trading network and the social background of those involved.

This study focussing on kola nuts, livestock and onion is therefore aimed at increasing our understanding of how ethnic-based marketing networks operate, what hinders their full expansion and development and what opportunities exist to promote their development as well as the efficiency of their regional and trans-regional enterprise.

1 3 Terms of Reference

Plan consult was expected to conduct research to identify more precisely who the primary traders operating in the formal and informal regional trading networks for kola, livestock and onion are for a better understanding of the social basis for transactions and commodity flow.

Specifically Plan Consult was expected to

- (i) collect general background qualitative information on which ethnic groups are involved in cross border trade,
- (ii) interview selected traders and business people in the important market centres
- (iii) determine to what extent ethnic affiliation is important in the commercial trade of kola nuts, livestock and onions, more precisely, identify modern-day trade corridors for the commodities, and analyze in depth the nature and social basis for transactions that take place in border markets (or markets that serve cross-border trade),
- (iv) to extent possible, collect the information necessary to estimate the volume of commodities traded at each stage of the marketing chain,

- (v) make prioritized recommendations with written rationales, as to which market towns or trading sites/posts the expatriate expert should focus her interviews in,
- (vi) provide any easily obtainable and relevant policy, licensing and regulatory information for the commodities in question

1 4 Commodities selected for research

Three commodities - kola, cattle and onion were selected for this study

The study adopted three approaches for the data collection

- (i) observational visits to selected markets and collection centres ,
- (ii) (a) Administration of questionnaire to interview the key actors of the trading in big trading centres,
- (b) Discussion with government officials involved in the handling of the trading activities for the three selected commodities
- (iii) Study of official trade statistics and records

1 5 The role of ethnicities in cross-border agricultural commodity trade

Organization of trading involving the three selected commodities is founded on private entrepreneurs operating through traditional marketing system. The majority of the traders operate on regional basis among specific ethnic groups. Each ethnic group plays a specific role in the trading channel as producers, commodity leaders, (market king, and queens) wholesalers and retailers.

For example the Fulanis are the principal herding group throughout the sub-region

1.6 Kola

Kola is an indigenous or native of the world's tropical rain forests. Out of the six known edible kolanut species, three can be found in Ghana. These varieties are white (Alba), Red (Rubra) and Pink (Pollida).

The crop takes 5-9 years to mature and to begin fruition. In recent years however, research efforts, notably at the Cocoa Research Institute of Ghana (CRIG) at Tafo and the University of Ghana Research Station (ARS) at Kade have reduced the fruition period to between 1½ and 3 years.

1 6 1 Production and production zones, seasonality

Kola is grown in all the six cocoa growing regions of Ghana namely Ashanti, Brong-Ahafo, Central, Eastern, Volta and Western. However the concentration is in Eastern, Ashanti and Western Regions. It is also cultivated in 64 out of the 110 districts in Ghana.

An estimate from one source indicates that 2,341,600 acres are under kola cultivation and the annual production ranges from 120,000 MT to 160,000 MT.

Apart from few plantations (about 1,000 acres) kola is normally not cultivated in pure stand but found dispersed in cocoa farms and in the wild.

There are two main harvesting seasons October to February which is the major season and May to July, the minor season

Kola is either harvested from the tree or picked when it falls from the tree by the indigenous people of the producing areas. The producers sell the kolanuts to the local dealers who own "shagos" (sheds) where the processing, handling and packaging of the nuts are done. Baskets traditionally called "kondo" (a Hausa name for basket) is the unit of measure. Approximately three kondos are equivalent to 100 kgs

For packaging, jute bags or polysacks lined within with leaves are used

1 6 2 Marketing and uses of kola

About 90,000 MT of kolanuts are said to be exported to Nigeria, Burkina Faso, Niger and Mali annually. Kola enjoys special favour with the people in these areas. Small doses of kolanuts are said to increase mental activity thereby reducing the tendency for sleeping. Apart from aiding digestion, kolanut has a nutritive value which sustains life for some time even if no other food is taken. The kolanuts thus serve as a glass of chocolate or a vitamin tablet. This explains why it is widely used on caravan routes by professional drivers. Again kolanuts are offered as valuable gifts on important occasions such as dowries, funerals, donations or child-naming ceremonies, land sales, given as a sign of love, goodwill parcels etc. A gift of kolanuts to Hausa women on the birth of a child is a mark of the highest honour *(Akinbode, 1982)

Kolanuts are sometimes used as a dye stabilizer. The liquid expressed from crushed kolanuts, are mixed with certain dyes like the indigo and diluted with water. The resultant solution is an effective mordant. Kolanuts are also sometimes used as a cosmetic. The taint produced on the lips and teeth by chewing red kolanuts is sometimes cherished by the Hausa. Because of its several uses, kolanuts have become a major cash earner for many farmers in the cocoa growing regions in Ghana

1 7 Livestock

1 7 1 Production and production zones

Livestock is produced mainly in the savanna zone of Northern, Upper East and Upper West Regions and to a lesser extent in the coastal savanna zones of Greater Accra and Volta regions. Production and consumption figures indicate that Ghana is deficient in meat production hence local production is supplemented with import from Burkina Faso, Mali and Niger

Transactions in livestock increases during the dry season (November - March) which coincides with the post harvest period

1 7 2 Types of livestock involved in inter regional trade and the role of ethnic groups in the trade

The animals involved in the inter regional trade include cattle, sheep and goats. The different segments of the trading activities are based on ethnic lines. These include the herders, mainly Fulanis, the traders, who include Dagombas, Kussasis, Mamprusis all from Ghana and Moshis and Zabramas from Burkina Faso and Niger respectively

1 8 Onion

1 8 1 Production, production zone and seasonality

The production of onion is concentrated in Bawku District of Upper East Region with its peak season in December-January. Both the production in Bawku and shallot production in the Keta and Kwahu Districts are not enough to meet local demand. Hence large quantities of onion are imported from Niger, Burkina Faso and Europe (mostly from Holland) to supplement the production in Ghana.

2 0 GENERAL QUALITATIVE INFORMATION ON THE ETHNICITIES INVOLVED IN THE TRADE

2 1 Kola

2.1.1 Dominant ethnic groups involved in inter regional kola trade, history, culture, religion, social organization strengths and weakness in the business

The history of kolanuts in West Africa is long dated. Moslems in the northern savanna land probably knew the crop some 800 years ago. It is recorded that in the fourteenth century every town within Zaria Emirate in Nigeria, for example, had to pay tribute to Queen Amina of Zaria with kolanuts.

Unlike cocoa, the date of origin of kola in Ghana is uncertain. It is however known that kola was one of the agricultural commodities traded in the then Gold Coast during the 18th century. Meillassoux (1971) records that in order to encourage trading activities in kola, King Osei Bonsu (1801-41) of Ashanti gave the Moslems favourable trading conditions. He set up administrative rules and personnel in the markets.

Although few Ghanaians (mostly from northern Ghana) chew kolanuts, kolanut production in the country has been made possible primarily because of three main factors. These are:

- (i) Physical environmental factors such as rainfall, temperature, relative humidity and soil conditions which are conducive to the germination and growth of the kola tree.
- (ii) The low capital equipments required for cultivating kolanuts. Simple age old implements which the farmer also employs in cultivating cocoa and food crops are used.
- (iii) The trees are found mainly on cocoa plantations and not much extra labour is needed for their maintenance. The cost to the farmer of growing kolanuts on his land is thus an opportunity cost.
- (iv) Availability of ready market.

The indigenous people of the producing areas sell the nuts to local dealers who are mainly Hausas (from Nigeria) and Kotokolis (from Northern Togo). Almost all of the dealers are Moslems.

There are two main types of markets for kola. These are the assembly markets as were found at Oyoko, Kade, Nkawkaw, Asuasi in Kumasi, Offinso Kokote, Juabeng and Effiduase and transit markets as were found at Bawku, Bolgatanga, Navrongo and Zebilla. It must be mentioned however that in certain places, the assembly markets serve as transit markets at the same time.

Like all commercial activities, the traders' main aim is to buy and sell the commodity under the best conditions. This requires an organization, an information service, knowledge of prices at different points on the market etc. There is also a need to keep up close contacts. Most of the business transactions are verbal and through bargaining. Hence the necessity to trust each other. This is facilitated by the Islamic religion whereby the traders see themselves as brothers. They are also bound by a common language - Hausa. The religion promotes the spirit of adventurerism and risk taking. For despite the perishable nature of the commodity, still the people continue to trade in kola.

The main strength in the kola industry is that as long as the Islamic religion flourishes the demand for kola will continue. With the ongoing research to overcome the agronomic problems of kolanuts, production is expected to increase in the future.

However there seems to be relatively untapped market avenue within the ECOWAS Region, North Africa, Europe and United States. There is the need for governmental intervention to promote the rapid development of the industry.

2.1.2 Business share and traditional comparative advantage and barriers to entry

From time immemorial the Hausas have been the principal ethnic group in the kola trade. They are very conversant with the trade. For a long time they have been in control of the kolanut market in Nigeria which is the centre of the kola trade network in West Africa.

The Aliens Compliance Order made by the Ghana Government in 1969 affected the trade adversely since majority of the Hausas had to leave Ghana. Other ethnic groups from northern Ghana and some Akans as well as some government organizations tried to take over the trade but with little or no success. The failure was due mainly to the fact that the Ghanaians lacked solid base in Nigeria and Burkina Faso. This is because Ghanaians have from time immemorial not been active in the intra-West African trade in agricultural commodities. Thus there are very few or no Ghanaians acting as landlords in the other countries. It therefore becomes difficult for Ghanaians to actively participate in a trade which is transacted mainly on credit and hinges on personal trust. Compared to the Hausas, Ghanaians also lack knowledge in the handling and preservation of kolanuts.

With the change of government in 1972, the Hausas re-entered the kola trade and have since dominated the trade to Nigeria which is now mostly done formally. However due to the introduction of the quota system by NACOD, some traders have started smuggling the nuts across Ghana.

The period after the Alien Compliance Order facilitated the entry of other ethnic groups into the kola trade. Thus Moshis from Burkina Faso in particular and Kotokolis are very active in the informal trade. The Hausas are now concentrated in the Eastern region where the white kola which is preferred in Nigeria is predominant while the other tribes are mostly found in areas where red kola is produced.

Thus the following picture emerges as the pattern of business share among the ethnic group

- 1 Participants in the assembly markets, Akan (50%), Hausa (20%), Kotokoli (20%) and other Northern groups (10%)
- 2 Participants in the wholesale trade Hausa (60%), Kotokoli (10%), Moshi (5%) other Northern groups (25%)
- 3 Participants in the Export trade (official) Hausa (80%), Kotokoli (5%), Moshi (5%), other Northern groups (10%)
- 4 Participant in the Export trade (informal) Moshi (45%), Hausa (20%), Kotokoli (10%), other Northern groups (25%)

2.2 Cattle

2.2.1 Dominant ethnic groups involved in inter regional livestock trade, history, culture, religion, social organization strengths and weakness in the business

The majority of livestock traders have regional, ethnic or kinship ties to livestock production zones. While the principal cattle herders are Fulanis, the suppliers of the animals are mostly Moshis (from

Burkina Faso) and Zabramas (from Niger) The suppliers sell the animals to the individual traders who transport them to the consuming centres Cattle from Ghana are usually with short horns and weigh between 80-100 kg , while those from other areas are mostly Zebu which weigh between 350-500 kg The ethnic background of the traders depends upon the area of operation

The traders have landlords (commodity leaders) mostly Dagombas, Kussasis, Mamprusis (all Ghanaians) and Hausas from Northern Nigeria) The landlords act as hosts for the traders and assist them in selling the animals to the butchers

At the slaughtering level, the trade is dominated by Gaos (from Mali) in Accra and Hausas (from Northern Nigeria) and Dagombas (from Northern Ghana) in Kumasi Among the meat cutters, the Hausas and Zabramas dominate in Accra, while in Kumasi majority are Dagombas, Grushis and Frafras

The traders are bound by common religion (Islam) to the extent that all animals must be slaughtered by a Moslem before the meat is sent to market for sale In addition they are bound by a common language (Hausa) which enables them to transact business easily Since majority of traders lack formal secular education, most trading transactions are verbal Thus in the absence of written documents, trust becomes an important element in day to day transactions which very often is on credit

2 2 2 Business share and traditional comparative advantage and barriers to entry

Before the Aliens Compliance order of 1969, the livestock trade was dominated by Hausas, Gaos and Zabramas While the Hausas acted mostly as landlords, the Zabramas, Gaos and Moshis controlled the actual movement of the livestock across the border

This system was disturbed by the Aliens Compliance Order which forced most of these traders out of the country To fill the vacuum created the Meat Marketing Board was set up to be solely responsible for the importation of meat including cattle The Board sold meat on cash basis to butchers directly Since the butchers were finding it difficult to raise funds to buy directly from the Board, some of the alien traders became middlemen between the Board and the butchers

On the collapse of the Meat Marketing Board, due to corruption and lack of knowledge in the trade, the alien traders again took over the trade However with the introduction of prohibitive import tariffs on livestock, the aliens could not assume their former roles as importers but became landlords and wholesalers Those who continued to be importers used Ghanaian traders as frontmen to smuggle livestock across borders

Analysis of the field data revealed the following pattern as the principal ethnic groups in the trade as a whole

- 1 Cross Border Trade (smugglers)
Hausas (30%), Zabrama (30%), Moshis (20%), Gaos (20%)
- 2 Dealers (wholesale)
Northern Groups (50%), Hausa (30%), Gaos (10%), Zabrama (10%)
- 3 Retailers
Northern Groups (40%), Hausa (30%), Zabrama (15%), Gaos (15%)

It was however observed that there were variations in the ethnic composition in the major cities

In Accra the wholesalers are mostly Gaos (75%), Hausas and Zabramas (25%) while the retailers are Hausas (40%), Zabramas (25%), Dagombas (15%) and others (20%) In Kumasi, the majority of the wholesalers are Hausas (65%) while the retailers are composed of Hausas (30%), Dagombas (20%) Grushis and Frafras (40%) and others (10%)

Among the cattle dealers found at Ashiaman, Hausas formed 60%, Gaos 20% and others 20% In Kumasi 40% of dealers were Moshis, Mamprusis and Dagombas 20%, Busangas 20% and others 20%

In Bolgatanga, Frafras were the dominant dealers forming 60% while Dagombas and Hausas constituted the remaining 40% At Fielmua, 60% of the dealers were Moshis, 30% were Fulanis and others 10%

2 3 1 Dominant ethnic groups involved in inter regional onion trade, history, culture, religion, social organization, strengths and weakness in the business

The bulk of the onions from Niger is handled in Accra by Hausas and Zabramas while in Kumasi the Gaos dominate the trade At the Bawku market which serves as both assembly and transit market, Mamprusis, Kusasis, Zabramas and Gaos constitute more than 90% of the traders

Imports from Niger and Burkina Faso are conducted by Zabramas and Hausas and to a lesser extent by some Gaos When there is shortage of onion in these areas, the traders turn their attention to Abidjan for supply, usually of the European white onion

Again the Islamic religion and the hausa language play an important role in the trade The traders are able to coordinate their activities because they trust each other There is transparency in the business

However, due to the perishable nature of the commodity, many traders lose their capital due to spoilage For this reason, there are always new entrants to the trade This situation affects mostly the importers

2 3 2 Business share and traditional comparative advantage and barriers to entry

The following pattern emerged as major ethnic groups in the trade

- 1 Import Trade
Hausa (50%), Zabrama (25%), Gao (25%)
- 2 Wholesale (landlords)
Gao (50%), Zabrama (30%), Hausa (20%)
- 3 Retail Trade
Zabrama (40%), Akan (30%), Hausa (10%), Northern group (10%), other ethnic groups (10%)

In the major terminal markets of Accra and Kumasi the wholesale and landlord activities are controlled by Hausas and Zabramas for the former while the Gaos are dominant in the latter

To be able to enter the trade and be successful there is the need for a trader to be conversant with the source of supply, to speak the Hausa language and be a risk bearer

3 0 TRANSACTION FLOWS AND CURRENT SYSTEM OF MARKETING

3 1 Kola

3 1 1 Marketing Channels/Trading Networks

The whole kola marketing operation is centred around the "shago" owners. These dealers handle purchases, processing, storage and assembling of stocks and also act as landlords for exporters.

In the area of purchases producers/pickers send their kolanuts, usually headloads of one or two baskets to the "shago" for sale. However due to competition and the need to assemble stocks faster, agents are employed to help in the purchases. Agents are offered the same price as pickers who deliver at the "shago". Their commission is the difference between the farmgate and shago prices. After procurement of the nuts all the other intermediary processes are done in the "shago".

The kolanut is normally exported, by the "shago" owners, local businessmen/companies and foreigners. For official export the exporter must be registered with the Ghana Export Promotion Council (GEPC) and National Association of Kola Dealers (NACOD). In addition A2 forms from Bank of Ghana should be completed (for forex repatriation) for each export. At the loading point the exporter pays Council dues and update income tax payment. The truckload is then sent to a central point at Achimota, Accra where the NACOD waybill is issued to cover the consignment after which the consignment is allowed to go through the Aflao border point (the only official exit point for kolanuts).

The study however revealed that the bulk of the export is done unofficially. This is normally carried out by both Ghanaians and foreigners through the northern borders.

The main assembling centres in the Eastern region are Oyoko, Nkawkaw and Kade. The bulk of kolanuts from these areas which are normally the white type are exported to Nigeria and Togo through Aflao. Small quantities of red kola from the Volta region are smuggled to Togo mainly by the Kotokolis who operate along the numerous borders in the region.

In the middle belt comprising Ashanti, Brong Ahafo and Western regions red Kola is produced in large quantities. Asuasi market in Kumasi is by far the largest assembling market. Other major assembling points are at Techiman, Juabeng/Effiduase, and Kokote near Offinso. Kola from this belt is normally transported to towns close to borders in Upper regions especially Bawku, Zebilla, Paga and Bolga as an internal transaction. From these towns the nuts are traded across the borders to cattle, cowpeas and onion dealers.

At the border towns "shago" owners operate mainly as landlords for suppliers from the south and buyers from the north (Burkina Faso, Niger and Mali). By keeping the visitor the landlord receives "Talma" (commission) from the local beneficiaries of the visitor's transaction. The landlords also assist foreign buyers to export the goods.

3 1 2 Marketing Infrastructure and Facilities

The basic infrastructure used in the marketing of kolanuts is the "shago". This is normally a wooden shed with thatch roofing. This simple structure is very effective in maintaining a conducive

environment for the storage and preservation of kolanuts in the fresh (fermented) form. It allows maximum air flow and avoid heat, dampness and direct sun rays which are detrimental to kola.

Articulated and other cargo trucks are used in the transportation of kolanuts throughout the marketing network. These trucks are not ideal for the movement of kola, thus whenever the journey lasts for more than 3 days it results in a lot of spoilage.

The main equipments used in the handling and storage of kolanuts are

- a) Kondo - These are baskets used as standard measure for kolanuts for both purchasing and selling. In some areas, especially in the north, buckets are used. Larger baskets "Ebuo" are normally used in the middle belt for storage.
- b) Sacks - Both polypropelene and jute sacks lined with leaves are used for storage and as containers for movement of kola.

3 1 3 Sources of market information

Information flow is very vital in the mode of sale which is normally on credit. The main types of market information required are demand and supply situation at the various markets, prices, and conditions prevailing on the various routes (border closure, road damage, etc).

Dealers get these information through exporters and other dealers who return from the various market points. Information is also sent to dealers by their landlords in the importing countries especially Nigeria. One major source of market information is the NACOD which has very strong relationship with their Nigerian counterparts.

3 1 4 Sources of Funding - Currency considerations

With the exception of transactions between producers/pickers and agents and "shago" owners, all the other levels of trade are done mostly on credit.

Some of the major exporters receive kola on credit from "shago" owners payable in one or two months when stocks are sold. All exporters are expected to show proof of payment of their exports to Bank of Ghana before approval is given.

In the case of kola exporters who are registered with NACOD, the Association guarantees them for the repatriation. Sales of official exporters are normally in either Naira or CFA. The Naira is changed at the Forex Bureau for Dollars and deposited in the exporters account. The CFA is however accepted as a convertible currency.

Merchants from Niger, Burkina Faso and Mali who bring in livestock and cowpeas to sell, use the proceeds to buy kola nuts and other products from Ghana.

It should however be emphasised that most of the "shago" owners have been in the business for long periods and have accumulated resources for purchases.

3 1 5 Risk Management (receivable)

Kola is a very perishable commodity and all the dealers are very much aware and therefore try to accommodate some level of losses in their transactions. Moreover most of the players in the marketing network are Moslems and this act as a basis for mutual trust. Thus creditors are, more often than not, prepared to share genuine losses with their debtors.

At the assembling markets in the producing areas the "shago" owners usually offer credit to exporters however the latter takes all the risks for damage and fallen prices. The exporter also sells on credit at the final destination but this is done through the landlord who acts as a guarantor. Once the stocks are sold and Talma is paid to the landlord, it becomes his responsibility to ensure payment. In case of default the landlord is to pay to maintain his credibility. This is because goodwill is essential for the growth and sustenance of a landlord's business. The same system operates with internal landlords.

For the Northern trade transporters are paid only at their final destination. This is to ensure that drivers do not delay or use trucks that are likely to break down on the way and cause spoilage.

3 1 6 Level of Handling, Weighing and Measuring, sorting and grading and Packaging, transport and Storage at Different stages of the Kola Marketing System

The matured kola pod is either plucked by the farmer or collected by farmers/pickers when the mature fruit falls. By tradition only farm owners can pluck the pods from the tree while fallen pods can be picked by everybody. The pods are broken open to remove the nuts (seeds) which are covered with a membrane called festas. The nuts are sold with or without the festas. In the former case the buyer has to remove the festas.

The nuts are usually washed with a solution of Gamma BHC dust 5% formulation or Gammalin 20 solution (low concentration). The washed nuts are kept in a basket overnight for the water to drain off. Some of the buyers also use phostoxin to fumigate the nuts usually in storage.

The nuts are then poured onto mats and sorted to remove the infested, wrinkled and immature ones. No grading is usually done except that white nuts are not mixed with the red or pink ones. Various forms of measurement are used in the kola trade. At the purchasing level the standard measures are the basket of about 30 kg weight, the bucket which can take about 20 kg and the "koriya" or calabash which usually contains 100 nuts (8 to 10 koriyas make one bucket). At the sales point, two types of sacks are used for wholesaling and export. These are the 100 kg weight sacks mainly for the Nigerian market and the 200 kg weight sack used in the northern trade. At the retail end kola is sold either in "koriya" or in single nuts.

Kola is stored mainly in "Ebuo" or sacks lined with leaves and kept under shagos. In some areas of the middle belt farmers and local dealers bury the nuts in the ground for storage. Stocks meant for storage are normally lined with two layers of leaves and observed frequently. Fumigation is usually carried out at this stage. Packaging for export is done by using a minimum of 4 layers of leaves and the bags are capped with leaves covered by sacks. For Nigerian exports a leaf called "subaha" or mitrangyna stypulose is used while for the Northern trade "kafa" leaves or Thaumatococcus is used.

3 1 7 Level of Losses (spoilage) at each stage of the marketing system

Spoilage is mainly due to insect infestation and heat development during storage or in transit. Spoilage occurs at all levels of the trade and it is estimated to be about 30% of produce under normal circumstances. However massive spoilage do occur when there are delays in transit.

3 2 Livestock

3 2 1 Trading Networks/Marketing Channels

The Northern sector of Ghana has about 70% of the country's livestock population. There is therefore a southward movement of livestock. The survey conducted however indicates that the bulk of the meat consumed in the country is from livestock moved across the border from Burkina Faso, Niger and Mali.

In the 1970s the animals were mostly imported officially in trucks through Magnori and Paga border posts which have facilities for handling and quarantine. With the introduction of prohibitive import taxes on livestock, the traders (mostly foreigners) have adopted new methods. Cattle, sheep and goats are now normally driven across the border with Burkina Faso in small herds to major border towns in the Upper regions such as Bawku, Paga, Tumu, Fielmua, Hamile and Bolgatanga. These foreign traders have Ghanaian landlords/frontmen in whose kraals the animals are kept. The landlords on receipt of the animals, inform their local veterinary officers of their intention to move their livestock to the south. Veterinary officers inspect the animals and issue them with a movement permit. The trader is then allowed to move his animals after showing proof of payment of local council dues and income tax. Loading onto trucks is then done at the loading bay of the veterinary services local office.

The main southern markets for livestock are Kumasi and Accra and to a lesser extent Techiman. Also at these centres there are landlords who are members of Ghana National Livestock Breeders and Traders Association. The landlord takes charge of his client's animals on arrival and sees to it that they are watered and fed and also ensures the welfare of the client. All trading transactions, whether cash or credit, are done through the landlord. For his services the landlord receives a commission "Talma" of ₵2000 per head which is paid by the buyer. At the end of the transaction the client may also give the landlord a gift called "Asauka lafia".

At the tail end of the trade are the butchers who are spread throughout the country and are well organized under the Ghana Co-operative Butchers and Meat Cutters Association. This group is made up of slaughterers who buy two or three cows per day, slaughter and distribute the meat to meat cutters who retail in the various markets.

3 2 2 Marketing Infrastructure and Facilities

The main infrastructural facilities in the livestock trade are kraals and slaughter houses.

In the Northern sector individual cattle owners/landlords own small wooden or mud kraals. The main market kraals in the south such as Kumasi and Accra are large ones owned by the Local Councils.

By far the best constructed kraal is the one at Ahinsin in Kumasi but it lacks water facilities and grazing land. The Ashiaman kraal in Accra however has water and lodging facilities for traders.

The local councils have also constructed slaughter houses in most towns. However with the exception of a few, facilities in these slaughter houses are very poor.

3 2 3 Sources of Market Information

Information on demand, supply and prices of livestock in the various markets are carried by traders who move from one market to the other. Like the kola dealers, they inform their counterparts about the situation in the market they are returning from.

The landlords also play a very important role in the dissemination of market information by relaying their observations to their clients. Their messages are highly regarded by traders due to their absolute neutrality in dealing with both the seller and the buyer. This is because the landlords' "Talma" is fixed irrespective of the price the animal is sold for.

3 2 4 Sources of Funding - Currency Consideration

The bulk of the livestock trade is done on credit. At the border point the landlord/frontman rarely pays cash for supplies made by the foreign traders. He either just acts as a frontman or receives the animals on credit and pays after sales. In the southern markets in Kumasi and Accra, the landlords act as guarantors between their clients and the butchers.

Cash purchases are mostly done by the slaughterers who are normally wealthy traders. They on the other hand give short term credit to the meat cutters who render daily accounts to them.

The foreign dealers after the sales repatriate their money by purchasing items such as salt, kola, timber and cement or change them into CFA at the Forex Bureaux.

3 2 5 Risk Management (receivable)

In the livestock trade risk and possession go hand in hand. The moment ownership changes hand and "Talma" is paid, the new owner bears the risk for death, price fluctuation etc. even if the transaction is on credit. The only exception is where the animal is rejected as unwholesome at the slaughter point. In this case the supplier bears the risk.

At all stages of the marketing channel, whenever the landlord acts as a guarantor, it is his responsibility to ensure that payment is effected on schedule otherwise he will have to pay up.

The slaughterers are by tradition expected to accept reasonable level of losses from the meat cutters who they supply on credit. This is because the transaction at all levels are not done on weight basis except at the butcher's shop. These losses are accommodated within the slaughterers' margins.

3 2 6 Level of Handling, Weighing and Measuring, Sorting, Grading and Packaging, Transport and storage at Different Stages of the marketing system

At all stages of the trade, the animals have to be grazed and watered until they are slaughtered. At the major market centres this function is carried out by caretakers for a fee.

For live animals transactions are carried out by visual inspection and bargaining. Weighing is only done at the butchers shop or when slaughterers have a contract with institutions to supply meat. No proper sorting or grading is done.

The movement of livestock across the border is normally on foot. Livestock are normally transported to the south from the border markets in the north by articulated trucks in groups of 36-40 cows per truck. Other cargo trucks which can pick about 18 cows are also used. Animals are neither watered nor fed in transit until they reach their destination.

Three or four escorts per vehicle are engaged to sit on the trucks to ensure that the animals are kept on their feet. This is to avoid animals being trampled upon when they lie down.

Movement of meat from the slaughter houses to the butchers' shops are done by any available means of transport. Efforts are being made by the Local Councils to secure meat vans for the purpose.

Meat that is not sold for the day is normally stored in private cold stores at or near the market centres due to the absence of storage facilities in the butchers' shops and slaughter houses.

Meat sold in the rural markets are wrapped in leaves. In the urban markets polythene bags are usually used to wrap meat.

3 2 7 Level of Losses (spoilage) at each stage of the marketing system

Losses occur mainly during transit. This is however very low and is estimated to be between 1 and 3 per cent. The losses are normally due to fatigue. However shrinkage is quite high and is estimated to be 3-10% of the weight. Both shrinkage and death can be very high when there are delays, especially at Police and Customs barriers, during transit.

3 3 Onion

3 3 1 Trading Networks/Marketing Channels

Two types of onion are traded in Ghana. These are the Bawku onions (pink) and the European type (white in colour). The latter attracts customs duties and sales taxes which make them expensive. Thus they are usually brought in between July and October when the Bawku onions are scarce. This type of onion is imported from Europe either through the Tema port or Cote d'Ivoire. Import through Tema are by Ghanaians while those from Cote d'Ivoire are by the same traders who deal in the Bawku type.

The Bawku or West African onion forms the bulk of the onion trade. Even though this type of onion is produced in the Bawku district of Ghana, a greater proportion of the commodity is imported from

Niger and Burkina Faso Since crops of West African origin do not attract import duties, the only requirement for their import are IDF, certificates of origin and phytosanitary inspection

There are two entry points for the West African onion i.e Kulungugu border post in Upper East Region where about 90% of the imports are channelled, and Paga also in the Upper East region. Onion is moved directly to Kumasi or Accra which are the main market centres in Ghana. From these two centres they are distributed to other towns and villages. Landlords in Accra and Kumasi assist the foreign importers of both type of onion in the sale of their produce, either on cash or credit basis. They also act as guarantors in all credit sales.

3.3.2 Marketing Infrastructure and Facilities

The only infrastructural facilities available to onion traders are lorry stations where the produce is off loaded and market sheds at Bawku market and Agobloshie market in Accra. The onion trade is mostly carried out in the open.

3.3.3 Sources of market information

Information relating to prices, demand and supply of onions at the various major markets and the supply sources are transmitted by returning traders from those markets.

3.3.4 Sources of Funding - Currency Consideration

Most of the importers of onion in Ghana tend to be citizens of the supplying countries and are therefore able to secure some amount of credit, even though the bulk of transactions are cash. The medium of payment at the supply end is the CFA franc.

In periods of scarcity most of the sales at the wholesale markets in Accra and Kumasi are in cash, However during periods of abundant supply sales are done on credit through the landlords who act as guarantors.

After sales most of the traders change the Cedis into CFA at the Forex Bureaux except where the trader wants to purchase timber, salt, cement and aluminium products.

3.3.5 Risk Management (receivable)

Onions are highly perishable. The bulk of the spoilage occur during transit due to the inappropriate mode of transportation, long distance from the supply sources to the market, and delays at the numerous road barriers on the route. The bulk of the risk is therefore borne by the importer. This has resulted in high drop out rate among importers of onion.

To avoid delays at the barriers importers pay bribes to be able to move faster during day and night. They also use very strong vehicles to avoid breakdowns.

The only risk which is not borne by the importer is that of default by creditors who are usually guaranteed by the landlord. To reduce this risk landlords ensure that credits are given to people they know and can trust.

3 3 6 Level of handling, weighing and measuring, sorting, grading and packaging, transport and storage at different stages of the marketing system

Onion is normally packed in maxi jute sacks about 120 kg in weight during transit and transported by articulated trucks. The white onion which are normally imported through Tema or Abidjan are packed in 25 kg nylon net-like sacks which is more appropriate for the packaging of onions.

After the commodity has been sold to wholesalers in maxi bags, they are repacked into more aerated 25 kg nylon sacks (reused sacks from the European imports) and rotten bulbs removed.

Retailers normally sort out into size and the bigger the size the higher the price. The measure used for retail is "olonka" which has an average weight of 2.6 kg. They are also sold in singles or even in sliced portions.

41 KOLA

Table (1) shows the formal export trade in Kolanuts for the five-year period from 1989 to 1993, in terms of quantity and value

<u>TABLE (1)</u> <u>EXPORT OF KOLA</u>			
<u>YEAR</u>	<u>QUANTITY</u> <u>(TONS)</u>	<u>(US \$)</u>	<u>VALUE</u> <u>(CEDIS)</u>
1989	7,482 605	1,476,135 43	393,614,762 42
1990	7,402 447	1,034,120 02	317,551,785 02
1991	6,989 982	901,906 85	331,270,720 66
1992	10,038 039	1,432,845 38	568,506,772 28
1993	9,972 72	1,020,750 13	704,018,779 06

Between 1989 and 1993, the growth in the quantity of kolanuts exported mostly to the neighbouring West African Countries was thirty-three percent albeit the tonnage of the commodity exported had initially fallen, between 1989 and 1991 by 6.6 percent

During the same period from 1989 to 1993 the value of kolanuts exported, in terms of US dollars fell by nearly thirty-one percent. However, the cedi value for the same period rose by nearly seventy-nine percent reflecting the massive depreciation of the cedi vis-a-vis the US dollar during the course of the five-year period.

The prices quoted above for the formal export of kolanuts are rather on the low side. It is strongly suspected that there is an element of underinvoicing in the price structure of the commodity exported as a means of evading taxes officially levied on the income derived from the export activity. It is also a means of retaining substantial portion of the foreign exchange accruing from this export trade, outside the country.

Moreover, indications obtained from the field survey, in this connection, suggests that the actual average price paid in Nigeria during the 1993 period, was ₦57,500 per bag of 100 kg weight instead of the officially recorded price of ₦7,059 for the same quantity.

This is also reflected on the matrix information sheet relating to the formal export of kolanuts. Here, the value of the wholesale trade was higher than the export trade due to the low recorded value of the formal exports.

Since there is virtually no impediment in regard to the export of kolanuts especially, through the southern border, that is, Aflao point of entry, there is apparently no appreciable information or indication pertaining to informal trading in the kolanut product through this route or, indeed, any other routes that may conveniently be identified elsewhere in the country

The scanty information relating to informal kolanut trade pertains to the unofficial movement of the commodity from the point of production in the Ashanti region to the northern borders where export transaction is prohibited

The quantities given below relate to the monthly movement of kolanuts from the indicated points to the north

- 555 tons from Kumasi to the North
- 213 tons from Offinso to the North
- 320 tons from Juabeng to the North
- 212 tons from other producing areas to the North

On the basis of the above listed information, it would be reasonable to assume a movement of 1,300 tons of kolanuts per month from the above-mentioned significant production points in Ashanti to the northern borders of Ghana - and ultimately across the border to the neighbouring ECOWAS countries in the sub-region

An estimate of 15,600 tons of kolanuts exported annually and informally from Ghana to the border countries in the north obviously suggests a 78,000 tons movement of kolanuts within a five-year period across the northern borders of the country

Given the average price per ton of kolanuts to be approximately ₵473,000 the total cedi value of the five-year informal export of the product, through Ghana's northern borders to the neighbouring countries in the West African Sub-region, would be nearly ₵36.9 billion cedis - an average of approximately ₵7.4 billion cedis annually. These are construed as conservative figures since the trade in this commodity is very brisk and involves an immense number of well organised traders

4.2 LIVESTOCK

The Table (2) below shows the total population and movement of cattle in the Upper West and Upper East regions of Ghana, during the five-year period, from 1989 to 1993. Emphasis has been placed on the magnitude of Cattle production and marketing in the Upper regions of Ghana, because the Upper West and East regions between them constitute the predominant centres of cattle breeding and source of supply to the other regions, especially those within the Southern segment of the country

TABLE (2)
TOTAL POPULATION AND MOVEMENT OF CATTLE (1989-93)

YEAR %	UPPER WEST REGION			UPPER EAST REGION		
	TOTAL POPULATION (M)	MOVEMENT (M/TP)	% (TP)	TOTAL POPULATION (M)	MOVEMENT (M/TP)	% (TP)
1989	240,813	16,310	6.8	197,193	N/A	
-						
1990	217,786	12,979	6.0	195,138	N/A	
-						
1991	237,640	11,055	4.6	188,980	49,222	
20.7						
1992	243,193	14,177	5.8	189,816	43,552	
17.9						
1993	213,773	15,365	7.2	202,957	53,587	
26.4						

The table indicates that while the growth of the cattle population in the Upper West region between the five-year period was -11.2% the growth of Cattle movement in the same region was -5.8% during this period. The figures for the Upper East region from 1991 to 1993 were 7.4% and 8.9% respectively. Furthermore, information portrayed by the table shows that in the three-year period, for example, the cattle population in the Upper West region was greater in every year, than that of Upper East. Nevertheless, the latter region moved, on average, over three times the cattle moved by the former region.

However, in order to ascertain a rough estimate of informal cattle movement across the border into Ghana, it is necessary to examine the different components of cattle population. For this purpose, we would have recourse to the use of the information offered by the Upper West and East regions in 1993. This information is assembled in Table (3), below.

TABLE (3)**UPPER WEST AND UPPER EAST REGIONS POPULATION OF CATTLE (1993)**

CATEGORY	UPPER WEST	UPPER EAST	TOTAL
BULLS	10,506	22,301	32,807
YOUNG BULLS	17,833	22,783	40,616
BULLOCKS	9,884	24,432	34,316
COW	89,498	67,837	157,335
HEIFERS	36,680	33,468	72,148
CALVES	47,372	32,136	79,508
TOTAL	213,773	202,957	417,730

Since traditionally the sale of cattle relates mainly to the bull category, the movement of cattle to the southern part of the country, during the five-year period, involved predominantly the bull population. Therefore, assuming that all the bull population of cattle in the two regions were moved to the south in 1993, there would still be a short-fall of 36,145 (being the difference between the observed total movement of cattle in the two regions and their aggregate bull population in 1993) which might be deemed not to have originated from the Upper West and East regions during that year.

However, since it is unlikely that all bulls were sold in the course of 1993, we would be justified in making a further assumption based on the information given by the cattle dealers that an estimated proportion of the other categories of cattle population were also moved to the southern part of Ghana in 1993.

Thus, if on the basis of this premise it is inferred that seventy-five and one per cent, respectively, of the bull and other categories of cattle were sold in 1993, by the ranchers of the two regions, an approximate quantity of 28,444 would be obtained representing the cattle population from the Upper West and East regions which actually moved to the southern part of Ghana in 1993.

It can, therefore, be meaningfully concluded from this analysis that approximately fifty-eight per cent of the cattle population that moved from the two regions to the south in 1993 constituted an inflow from across the border which was unrecorded.

Indeed, for reasons which are discussed elsewhere in this Report, there is absolutely no record of formal trade in cattle between Ghana and the neighbouring countries in the sub-region. Using a lower percentage of fifty-five than the one deduced above, as a reasonable yardstick in the absence of adequate and sufficient data, we can meaningfully estimate the component of the moved-cattle

that constituted the informal import of livestock into the two regions from the West African sub-region, during the five-year period. The estimated quantities are presented in Table (4) below.

TABLE (4)

**INFORMAL CATTLE IMPORTS FROM THE WEST AFRICAN SUB-REGION
TO THE UPPER WEST AND UPPER EAST REGIONS OF GHANA (1989 - 1993)**

YEAR	QUANTITY		
	UPPER WEST REGION	UPPER EAST REGION	TOTAL
1989	18,971	N/A	8,971
1990	7,138	N/A	7,138
1991	6,080	27,072	33,152
1992	7,797	23,954	31,751
1993	8,451	29,473	37,924

ESTIMATED FROM TABLE (2)

Another unique evidence which re-enforces the existence of informal cattle trading across the border into the Upper regions of Ghana relates to the cattle stock and flow information in respect of the Bawku District in the Upper East region.

As table (2) above indicates, the total cattle population in the Upper East region during the 1993 reporting year was 202,957. 32.4 percent of this quantity, namely, 65,868 was contributed by the Bawku District alone. What is more revealing, however, pertains to the nearly 57 percent of the total regional moved-cattle that originated from Bawku, that is, 30,487 out of the Upper East regional total of 53,587. This information obviously suggests an existence of some measure of informal commercial transaction in livestock between Ghana and the countries across the border - especially, Bawku being a border town between Ghana and Burkina Faso.

On the basis of the information adduced from the cattle dealers, an estimated average price per cattle is considered to be within the region of ₵150,000, a price at which cattle is sold to dealers at the border point. On this assumption, Table (5) below indicates the total value of the informal cattle trade between Ghana and the neighbouring countries of the sub-region, for the five-year period. The Upper West and East regional figures are taken together as representing the proportion of the Ghanaian movement of livestock which originated informally from across the country's northern border countries in the West African sub-region.

TABLE (5)

**VALUE OF INFORMAL CATTLE IMPORTS FROM THE WEST AFRICAN
SUB-REGION TO THE UPPER WEST AND EAST REGIONS OF GHANA
(1989 - 1993)**

YEAR	TOTAL QUANTITY	VALUE (¢)
1989	8,971	1,345,650,000
1990	7,138	1,070,700,000
1991	33,152	4,972,800,000
1992	31,751	4,762,650,000
1993	37,924	5,688,600,000

The table indicates that both the total quantity of informal cattle imports into the Upper West and East regions of the country and the value accruing therefrom increased by 322.7 per cent during the five-year period from 1989 to 1993.

4.3 ONIONS

Since there is no restriction imposed on the movement of agricultural produce within the ECOWAS sub-region, there is absolutely no indication of informal trade in onions between Ghana and the neighbouring countries in the sub-region. All importations into the country of this commodity are officially recorded and thus, information obtained in respect of the onion trade relates to official transactions, pertaining to imports of the commodity into Ghana during the course of the three-year period indicated in Table (6) below.

Unfortunately, import data for only three years were obtained from official sources and presented in the table indicating the annual quantities and their respective values.

TABLE (6)
IMPORT OF ONIONS (1992 -94)

YEAR	(TONS)	QUANTITY BAGS	VALUE (CEDI)
1992	3,203.33	44,044	1,761,760,000
1993	6,698.65	92,103	4,144,635,000
1994	6,216.40	85,472	4,444,544,000

The price per bag is estimated to be ₵40,000, ₵45,000 and ₵52,000 for the years 1992, 1993 and 1994 respectively

The increase in the quantity of onions imported into Ghana from the neighbouring countries from the West African sub-region was 94 per cent during the three - year period from 1992 to 1994. The peak year of importation of this commodity was 1993, when nearly 6,700 tons or 92,103 bags of onions, valued at ₵4.1 billion, were imported into the country. In view of the thirty per cent rise in the price of the commodity - from ₵40,000 to ₵52,000 per bag, during the three year period, the value of the imported commodity rose significantly from approximately ₵1.7 billion in 1992 to over ₵4.4 billion in 1994 representing 152.2 per cent increase during the period.

5 0 RELEVANT POLICY, LICENSING AND REGULATORY INFORMATION

5 1 KOLANUTS

First, a Potential Exporter is expected to register with the National Association of Kolanuts Dealers (NACOD) and the Export Promotion Council before being allowed to participate in the kolanuts export trade. In this regard a waybill issued by (NACOD) is required before the exporter can transact any business.

Secondly, Form A2 has to be obtained from Bank of Ghana for a fee of ₵5,000 and duly processed before the exporter would be allowed to transact business in this regard.

Thirdly, the exporter is also required to obtain a Certificate of origin from the Chamber of Commerce at a fee of ₵3,300 and processed accordingly before the exporter would be permitted to move any quantity of kolanuts across the Ghanaian border.

Fourthly, an exporter is required to avail himself of the plant protection and regulatory services offered at the border, to enable him comply with requisite formalities before the particular kolanut consignment is allowed to cross the border.

And fifthly, the kolanuts export trade is equally susceptible to the problems posed by the numerous police and customs road blocks already discussed above.

5 2 CATTLE

Movement of Cattle across the northern borders into Ghana is unrecorded because of the various control and licensing policies effected at the Ghanaian points of entry which have proved prohibitive to the cattle border dealers who are mostly aliens.

The first of these regulations relates to the high taxation rate imposed on imported cattle into Ghana. The requisite tax is within the region of \$0.62 per kg for cattle and \$0.50 per bag for goats and sheep.

Secondly, an Import Declaration Form (IDF) must be completed and formally processed by the Customs officials at the particular entry border before the movement of the animals into Ghana is allowed, subject to the acquisition of a movement permit from the relevant District Assembly office.

Thirdly, an Income Tax clearing certificate is required before all import documents are processed.

Fourthly, a Veterinary movement permit is required after a quarantine period of between two and four weeks before the animals are permitted to enter Ghanaian territory.

And fifthly, the existence of numerous police and customs' road blocks, numbering about fifteen between the northern border and Kumasi, where an unofficial fee of ₵32,000 to ₵34,000 are demanded and paid to the particular personnel on guard, prohibits official and legal dealings in the cattle trade.

5.3 ONION

First, the prospective importer is required to obtain an Importation Permit from the Regulatory Department of the Ministry of Food and Agriculture before any quantity of onions would be allowed to enter the country

Secondly, a phytosanitary certificate is required from the country of origin attesting to infestation-free imported onions before the particular consignment would be cleared to enter Ghana. In addition to this requirement, an inspection certificate has to be issued to the importer to allow him convey the imported onion consignment to markets in the country

Thirdly, as in the case of imported cattle an Import Declaration form must be obtained and processed officially before the importation of the commodity into Ghana would be allowed

And fourthly, the problems posed by the multiplicity of police and customs road blocks are also encountered by onion importers

6.0 MARKET TOWNS OR TRADING SITES/POSTS FOR EXPATRIATE EXPERTS INTERVIEWS

Kolanuts The main markets for kolanuts are in Oyoko, Nkawkaw in the Eastern Region. The Asuasi market in the Ashanti Region, and Bawku in the Upper East Region. Oyoko and Nkawkaw supplies most of the nuts that are exported to Nigeria while the Asuasi market serves the northern sector trade. The Bawku market which used to monopolize trade with foreigners from Burkina Faso is collapsing because other outlets for direct trade are being used

Livestock Ahinsan in Kumasi, Ashiaman in Accra, and Bawku in the Upper East are the three main livestock markets. The Ashiaman and Ahinsan are terminal markets

Onion The Rex Cinema park in Accra, the Kumasi central market, and the Bawku central market are the main markets worth visiting. The Techiman market also handles large stocks on market days which starts on Wednesdays and closes on Fridays

6.1 List of major production and collection centres

Name of Contact person

- Nana Kodua Kesse, a producer and also the General Secretary of the NACOD
- Alhaji Shehu Isah, Kola dealer and Chief of Zongo community in Oyoko
- Alhaji Garba Abubakar, commodity leader and shago owner
- Alhaji Garba Tafida, shago owner and exporter
- Alhaji Ahmed Jerome and Mustapha True, exporters at the Asuasi market
- Alhaji Abdulali Yunusu, one of the seven shago owners at Asuasi market
- Alhaji Mohammed Sani, Ashanti Regional secretary of NACOD
- Alhaji Adamu Sunday of Ghana Private Road Transport Union (GPRTU) at Asuasi market. He issues waybills covering vehicle movement to the north
- Alhaji Alkasim Abubakar, local chairman of NACOD
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- Alhaji Mahamadu Nuhu
- Alhaji Haruna Agesheka, General Secretary of Ghana Agricultural Products Traders Association GAPTA
- Alhaji Musa Abdulahi, commodity leader at onion market now at Rex Cinema Park
- Alhaji Nuhu, commodity leader

6 2 List of major transit points

Kola - the major transit points are

- a) Aflao - for kola going to Togo and Nigeria
- b) Bawku, Zebila Bongo and Paga in the Upper East region for nuts being smuggled to Nigeria and Burkina Faso

Livestock - The main entry points are

- a) Bawku, Zebila, Yelwongo/Bongo and Paga in the Upper East Region
- b) Tumu, Fielmua and Hamile in the Upper West Region

Onions

- a) European onions enter through Tema and Cote d'Ivoire
- b) West African onions from Nigeria and Burkina Faso enter through Kulungugu and Paga border post

7 0 SUMMARY AND CONCLUSION

7 1 SUMMARY OF MAIN POINTS

Informal trade in agricultural commodities within the sub region has been in existence for several years. The trade in kola, livestock and onion is conducted principally by the people from the Northern part of the country and citizens of nearby Nigeria, Burkina Faso, Niger and Mali. The common factor which unites them are, apart from business interests, the Islamic religion and the Hausa language. These two factors tend to engender trust among the participants which is a key element in the trade.

7 1 1 Kolanut

The trade in kolanut was introduced into Ghana by Hausas from Nigeria who remain the most dominant tribe in the trade throughout the subregion. The Aliens Compliance Order of 1969 forced

most of these traders out of the country. The vacuum created enabled other tribes to enter the trade. The government made attempts to participate in the kolanuts trade through agencies like Cocoa Marketing Board (CMB), Ghana Food Distribution Corporation (GFDC) etc but these initial trials were unsuccessful due to lack of expert knowledge in the trade and possibly sabotage by the foreign dealers. Thus the trade in kolanuts is still dominated by Hausas, Moshis and some tribes from Northern Ghana (Northerners).

The shagos constitute the assembly and processing points where kolanuts are received from the farmgate and rural markets and from where they are transported to the terminal markets in Nigeria through Aflao and Burkina Faso and Niger through the Northern borders of Ghana. While movements through Aflao to Nigeria is mostly official, the northern movement is unofficial and rarely recorded even though the latter is much greater than the former.

7 1 2 Livestock

Until the 1970s there were no restrictions on the movement of livestock into the country from neighbouring countries. Cattle was thus being traded through the approved entry points (Mognoli, Paga, Hamile by the Hausas, Gaos, Zabramas and Moshis). These exporters depended on internal landlords who were mostly Hausas based at the major terminal markets to sell their commodities. The Aliens Compliance Order disturbed this equilibrium. The establishment of the Meat Marketing Board as the sole importer of cattle into the country further disturbed the trading pattern. The Board did its purchases of cattle mostly at the main entry points of Mognoli and Paga and either sold them to the butchers or handled the retail activity themselves. Since the butchers previously obtained their requirements on credit offered to them by the foreign traders, they had problems dealing directly with the Meat Marketing Board whose terms were strictly on cash purchase basis. The wealthy cattle dealers who were mostly Gaos and Zabramas therefore turned themselves into middlemen between the Board and the butchers consisting mostly Hausas, Zabramas/Gaos and Northerners.

With the collapse of the Board and the imposition of prohibitive tariffs on livestock imports into the country another group of traders (mostly northerners) emerged as frontmen and landlords to the foreign cattle dealers. Like kolanuts, the trade is dominated by Moslems most of whom speak the Hausa language.

7 1 3 Onion

The onion trade is dominated by citizens of the producing countries - Hausas and Zabramas (Niger) and Gao (Mali). These traders transport the commodities through Kulungugu and Paga borders direct to the consuming markets in Accra and Kumasi for sale through their landlords (who are mostly Hausas in Accra and Gaos and Zabramas in Kumasi). This is supplemented with European onions imported through either the Tema port or via Cote d'Ivoire. Since there are no quantitative restrictions or tariffs on crops of West African origin, the onion trade is carried out through official channels and therefore recorded.

7.2 Major Constraints and Opportunities of Regional Trade in Kolanuts, Livestock and Onion

7.2.1 Constraints

A Kolanuts

- i Though the kolanut is one of the listed non-traditional export commodities, little attention is paid to its development. Thus research and extension work in breeding and post harvest management are very low.
- ii Kolanut is highly perishable as a result of insect infestation and heat generation due to inappropriate transport system and delays at the numerous police and custom check points en route to its final destination.
In an attempt to control insect infestation all sorts of chemicals are used, most of which are injurious to health. This makes it difficult to explore the vast market for the kolanut product in Europe and America.
- iii Due to the informal nature of the trade and the dominance of foreigners, transfers of proceeds are not effected through the banking system. Participants are also not used to saving with the banks. They therefore normally find it difficult to obtain credit facilities from the formal financial sector of the economy.
- iv Lack of adequate knowledge about the operations at the terminal market especially in Nigeria by non-ethnic traders restricts entry into the kolanut trade.

B Livestock

- i Lack of infrastructural facilities for handling the animals at the market centres, such as grazing fields, water, slaughter houses and cold vans or freezers, etc.
- ii High level of risk as a result of high default rate and animals not sold on weight basis but by visual inspection and bargaining.
- iii The prohibitive tariffs has led to smuggling of animals across the border making it difficult to control the transfer of diseases.

C Onion

- i High perishability especially, in transit due to poor transport system and delays at the numerous road blocks en route to the final destination.

7.2.2 Opportunities

A Kolanut

The demand for kolanuts worldwide is very intense and there is room for expansion of exports through the use of appropriate methods to control the incidence of insect infestation and heat development.

B Livestock

So long as Ghana continues to be a net importer of meat, the demand for livestock from across the border will increase with increase in population

C Onion

Onions are extensively used in the preparation of almost all local dishes. The demand for the commodity is, therefore, very high and the usual trend is that demand increases with increase in population

7.3 CONCLUSIONS AND RECOMMENDATIONS

7.3.1 Conclusion

The original ethnic dominance in the cross border trade of the three commodities has been disrupted as a result of government policies in the last two decades. The trade, however, continues to grow without much support from the government.

Further improvements can, however, be achieved with external support.

7.3.2 Recommendations

The following recommendations are therefore made for the development of the trade in the three commodities:

- i The removal of road blocks will be very ideal. However, where road blocks are necessary, all enforcement agencies should be at a common point to facilitate the free movement of vehicles carrying these commodities.
- ii Removal of the ban on movement of heavy trucks carrying these commodities between 6 p.m. and 6 a.m.
- iii Local farmers should be encouraged to cultivate onions and shallots to make Ghana self-sufficient in onions.
- iv Removal of high tariffs on imported livestock.
- v Livestock should be slaughtered at the source of supply and the meat transported in cold vans/freezers instead of transporting live animals. This will reduce shrinkage, losses through deaths and purchase by visual inspection.
- vi Facilities for handling and weighing live animals should be provided at few points where the trading activity in this commodity would continue.
- vii Existing agencies, such as Ministry of Food and Agriculture, Crop Research Institute and Ghana Export Promotion Council, should be strengthened to enable them offer services necessary for the development and marketing of kolanuts and onions.

PERSONALIA

- Nana Kodua Kesse, a producer and also the General Secretary of the NACOD
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CÔTE D'IVOIRE COUNTRY STUDY

ETHNIC TRADING NETWORKS IN COTE D'IVOIRE

Prepared under the
Agribusiness and Marketing Improvement
Strategies (AMIS II) Project
Contract No AER-5457-C-00-30- BS

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A CONTEXT OF THE SURVEY

Recent studies have shown the importance of livestock and kola nuts as commodities in the cross-border trade of Cote d'Ivoire

Thus, livestock markets in Cote d'Ivoire are supplied by neighboring Sahel countries Mali, Burkina Faso, Niger and Mauritania

And Kola nuts produced in Cote d'Ivoire are generally exported to Mali, Senegal, Niger, the Gambia, Burkina Faso and Nigeria

The majority of traders operating the cross-border trade in these two products have regional ethnic and family links

Cabinet de Consultants Associes C Y has been required by ABT Associates to carry out this survey for the purpose of identifying the ethnic groups involved in cross-border trade, and, in a first phase, evaluating if possible their market shares and market trends, plus, in a second phase, evaluating trade volumes and the direction of flows for both commodities

B. OBJECTIVES

1 Livestock

This study of ethnic-based livestock trading in Cote d'Ivoire aims at

- 1 - Identifying supplier and final customer markets for livestock-What are the geographical areas ?
 - What are the pick-up markets ?
 - How is the livestock supplied ?
 - What is its destination ?
 - What are the assembly and redistribution points ?
 - What are the final markets ?
- 2 - defining the role and importance of the different groups involved by indicating
 - the home base of participants in livestock trading
 - the ethnic groups participating in livestock trading
 - the turnover in this activity
 - estimated volumes and the direction taken by commodity flows, formal and informal recorded flows in border markets
 - their degree of importance, their estimated market share, the direction of these market shares
 - the impact of ethnicity on livestock trading

- 3 - evaluating the volume of transactions in different markets with reference to
 - types of livestock bought
 - number of assembled heads of cattle
 - number of imported heads
 - number of slaughtered heads
- 4 - analysing modes of transportation and of establishment of costs by determining
 - how livestock is conveyed from purchase to sales points
 - the different stages of the trip from pick-up points to final markets
 - what elements might limit expansion and development of cross-border trade
 - existing opportunities to promote development and efficiency
 - the problems encountered during the transfer of livestock
 - the mode of establishment of transport costs
 - the impact of transportation costs on livestock trading
- 5 - defining the financial system underpinning livestock trading by determining
 - sources of funding
 - loan and credit terms
- 6 - analysing interstate commercial policies regarding livestock
- 7 - physical and natural characteristics of commercial routes

II - KOLA

The objective of the present survey is to

- 1 Identify supplier and final customer markets for kola by determining
 - the geographical areas
 - the initial pick-up markets
 - the mode of supply used
 - the markets of destination
 - the stocking centers for kola
- 2 Determine the part played by different participants and their degree of importance
 - origins of participants in the kola trade
 - what ethnic groups are involved in the kola trade
 - turnover in the trade
 - measure of importance of participants, estimated market share, directions taken by these market shares
 - impact of ethnicity on kola trading
- 3 Evaluate the volume of transactions at different markets
 - number of kola baskets assembled
 - number of exported baskets
- 4 Analyse the mode of transportation and of establishment of costs by determining
 - how kola is transported from a buying station to a sales point
 - the different stages of the trip from the pick-up points to the sales markets
 - problems encountered during transportation of kola nuts
 - how kola transport costs are established
 - impact of such transportation cost on kola trading
- 5 Defining the financial system utilized in kola trading by indicating
 - sources of funding
 - loan and credit terms
- 6 Analyse interstate commercial policies for kola trading

C. METHODOLOGY

Concerning the survey section on livestock trading, interviews were made of livestock merchants and wholesale butchers (who buy livestock, slaughter them and sell them in quarters to retail butchers)

The following geographic areas were covered

- WEST and NORTH-WEST Daloa, Man, Odiene
- CENTER and NORTH Yamoussoukro, Bouake, Korhogo, Tengrela
- EAST and NORTH-EAST Abengourou, Bouna, Doropo

Concerning the section on kola, the survey was conducted among large exporters (who are owners, generally, of storage space) small trading exporters and buyer-peddlers in the following areas

- WEST and CENTRAL WESTERN Daloa, Man
- CENTER Bouake
- SOUTH Divo, Anyama
- EAST Abengourou

A total of 210 interviews were conducted, of which 130 for livestock and 80 for kola nuts, as indicated in the breakdown chart below

DISTRIBUTION OF INTERVIEWEES

	ABJ	YAM	BKE	KORG	TENG	ODIEN	MAN	DAL	DIVO	ABEN	BOUN	TOTAL
LIVEST	54	5	10	15	10	4	4	5	8	5	10	130
KOLA	42	/	20	/	/	/	4	4	5	5	/	80
TOTAL	96	5	30	15	10	4	8	9	13	10	10	210

The term "non-dominant ethnic group", as used in the present survey, refers to groups other than the ethnic group(s) dominant or most involved in the surveyed activity (livestock, kola trading)

RESULTS

**FIRST PART :
THE LIVESTOCK TRADE**

I THE LIVESTOCK TRADING NETWORK IN COTE D'IVOIRE

1 1 Types of Livestock Assembled

Three types of livestock were identified (cattle, sheep and goats) in the following proportions

TYPES OF LIVESTOCK	%
CATTLE	90
SHEEP	18
GOATS	15
BASE	130

In Cote d'Ivoire, cattle is by far the most imported type of livestock. The predominance of cattle in livestock imports is due to the fact that beef is the most frequently consumed type of meat in households, because, most probably, it is relatively less expensive than other types of meat.

On the other hand, as opposed to beef, mutton or goat meat is more often consumed on festive occasions or during family and social ceremonies.

Mutton in particular is considered "noble", of higher status than beef, and it is a favorite dish at religious or traditional festivities (baptisms, funeral meals, muslim feasts such as Tabaski).

Goat meat has a somewhat sacral aura about it, because it is a totem in some traditional African societies, thus, goat meat is eaten among these groups only on the occasion of a few important ceremonies. Beyond these groups, it is not generally popular among consumers, on account of its strong smell.

Apart from these cultural considerations, the price of mutton is a considerable constraint on its consumption.

Mutton is more expensive than beef. Very few families could afford to buy it daily.

1 2 Geographical Supply Areas

Cote d'Ivoire is supplied in livestock essentially by Mali and Burkina Faso, on its northern borders.

1 2 1 Mali

The geographical areas in Mali which supply livestock to Côte d'Ivoire are the following

Kouna	Gossi	Konoubougou
Fatogoma	N'Gouna	Tienouso
Kolentze	Kakadjia	Dogonouso
Douaza	Togolokoumbe	Bondougou
Segou	Koutchiala	Sofara
Mopti	N'Gnoulou	Boussin
Konna	N'Gnolo	Massenin

1 2 2 Burkina Faso

Supply centers in Burkina Faso are large assembly centers where livestock is gathered prior to export

Pouytenga (the largest center in the subregion, daily transactions would involve almost 5000 heads of cattle)

Kaya	Wayigouya
Koupela	Ouagadougou
Markand	Fada
Bobo-Dioulasso	Djibasso
Dibo	Koudougou

1 3 **Types of Suppliers**

The trader who arrives at a supply center for the purpose of buying livestock must first contact either the breeders or the merchants. The breeder takes his product himself to the market to sell, whereas the merchant buys the product in the farming zone and re-sells it to traders who will export it.

Because of the informal character of livestock trading, supply mainly depends on the relationships including ethnic ties, that exist between vendors and buyers.

1 4 **Modes of Livestock Transportation**

Generally speaking, there are three modes of transportation in livestock trading

TRANSPORTATION MODES	%
ROAD (TRUCKS)	85
OVERLAND BY FOOT	29
RAILROAD	5
BASE	130

1 4 2 OVERLAND BY FOOT

It is the most common mode of conveying livestock within the supplier countries (Mali, Burkina Faso) This mode of transportation is preferred essentially because it involves much lower costs

Though this transhumant transportation mode has been banned over Ivorian territory by public authorities on account of frequent conflicts between shepherds and crop farmers, it still continues

1 4 2 ROAD TRANSPORTATION (TRUCKS)

This mode of transportation is used to provide a rapid transfer of animals to an important sales center It should be noted that truck transportation is very costly It becomes profitable only for well-maintained, fat animals According to respondents, rental of a truck for the trip Bamako-Abidjan would vary between 500 000 and 700 000 FCFA (approx > \$ 1000 - \$1400) In addition to its costliness, such a transportation mode does not offer much security According to respondents, truck-conveyed cattle frequently suffer fatal accidents (falls, fractured limbs, choking) due to the bad condition of roads but also to the negligence of those in charge of the animals

1 4 3 TRANSPORTATION BY RAIL

This is a mode of transportation used mostly by traders exporting livestock from Burkina Faso to Ivorian territory These traders say that before 1989, this was the most advantageous means of transportation and it allowed a regular and abundant supply of livestock But when the RAN company (Regie Abidjan-Niger), which managed the railway linking Abidjan and Ouagadougou, was divided into two separate entities, deficiencies developed in management, so that today, they have practical reasons to avoid that rail route Irregular service and lower quality have led a majority of livestock traders to replace the rail by road truck transportation, which partly explains the increase in the costs of road transportation

1 5 Geographic Corridors for Livestock Trading in Cote d'Ivoire

The land corridors utilized in the livestock trade are those that link Mali and Burkina Faso to Cote d'Ivoire

In relation to these two countries, there are 4 corridors leading from the North to the South one corridor in Western Cote d'Ivoire, 2 in the Center, and 1 in the East

1 5 1 THE WESTERN CORRIDOR

Livestock from Mali enters Cote d'Ivoire by going through the locality of Tienko Starting from this sub-prefecture, the herds are sent toward the South (San-Pedro and Tabou) after going through Odienne, Touba, Man, and Duekoue

1 5 2 THE CENTRAL CORRIDORS

The first of the Central corridors somewhat overlaps the Western corridor herds arriving from Mali reach Ivorian territory at Tengrela, and move on to Boundiali, then Daloa Then they get to the southern coastal areas (San Pedro, Sassandra, Tiassale, Abidjan) after the towns of Gagnoa and Divo

The second corridor includes two routes The first route is followed by livestock which, originating in Mali, arrives at the sub-prefecture of Nielle, from where it is conveyed to Tafire, which is a small northern town where animals coming from Burkina Faso converge From Tafire, livestock is directed toward Bouake, and then towards the large urban centers in the South (Agboville, Anyama, Abidjan) In this corridor, transportation takes place by truck and by rail

1 5 3 THE EASTERN CORRIDOR

This corridor is used by livestock coming from Burkina Faso, arriving in Cote d'Ivoire at Doropo, and then on to the coastal south through Bouna and the other towns of the East (Bondoukou, Agnibilekrou, Abengourou), before getting to Abidjan

1 6 The Marketing Chain

Three types of livestock markets may be considered to exist in Cote d'Ivoire

- Assembly markets
- Distribution markets
- Terminal or consumption markets

It may be noted that the 3 types of market are not in reality as clearly distinguished as the definition would indicate, on account of the informal character of this activity

Thus, some centers combine all three functions, and serve as assembly, distribution and terminal markets

a) Assembly markets

These are centers where herds of livestock coming from the two border livestock producing countries (Mali, Burkina Faso) are assembled. Three types of persons operate on these markets

- the collecting trader who brings the animals and represents the vendor,
- the wholesale trader who buys the livestock,
- the go-between for the two traders above, who also offers them lodgings

Generally, the livestock assembly park is the property of the municipality of the locality

b) Distribution markets

These markets have a less important volume of activity than assembly centers. Most of the transactions in these markets take place between wholesale importers and wholesale butchers (who buy wholesale and sell to retail butchers)

c) Terminal markets

These are markets where small traders are supplied in livestock. They are usually located in the capital towns of districts (departements)

Indicatively, assembly and distribution centers may be considered to be concentrated essentially in northern towns, such as Tengrela, Boundiali, Korhogo, Odienne, Ouangolodougou, Ferkessedougou, Bouna. To these may be added some urban centers in central Cote d'Ivoire (Bouake, Dimbokro, Yamoussoukro, Toumodi), in the west (Touba, Man, Duekoue, Guiglo), the center-west (Daloa, Gagnoa, Bouafle), the east (Bondoukou, Agnibilekro, Abengourou), the south (Divo, Abidjan)

To the above urban centers, may be added the terminal markets, mainly concentrated in southern towns and cities (San Pedro, Tabou, Sassandra, Aboisso, Adzope, Grand-Bassam, Grand-Lahou, Tiassale)

II - TRADERS NATIONAL & ETHNIC BACKGROUND AND THEIR DEGREE OF IMPORTANCE IN CROSS-BORDER LIVESTOCK TRADE

II 1 National Origins of Traders

When respondents are asked to indicate the country of origin of livestock traders and operators (traders, intermediaries, etc), they mention first of all Malians (98 %) and Burkinabe (84 %)

Are mentioned next Mauritians (47 %), Ivorians (38 %) and Niger nationals (32 %)

Guineans and Senegalese are mentioned in lower proportions (respectively 10 % and 2 %)

II 2 Description of the Ethnic Network

II 2 1 THE MAIN ETHNIC GROUPS

Participants who were asked to indicate the nationality of livestock operators were also requested to indicate their ethnic group. The responses indicate that

- The Fulani and Malinke (northern Mande) are by far the most often quoted (respectively 97 % and 81 %) ethnic groups
- The Voltaic and Moors are mentioned by about half of the respondents (respectively 51 % and 45 %)
- Are also mentioned but in a lesser proportion the Hausa (11 %), the Akan (10 %), the southern Mande (6 %), and the Tuareg (5 %)

The languages used in commercial transactions by these main ethnic groups are respectively Pular, More, Malinke, Hassania (arabic variety), Hausa

II 2 2 ETHNIC ORGANIZATION AND FUNCTIONNING

a) Organization

An analysis of how cross-border livestock trading is organized brings out that the above-mentioned ethnic groups involved in this trade present organizational characteristics that are, on the whole, very similar

All along the marketing chain, these groups have succeeded in setting up an informal credit system based on mutual trust. Such trust is mostly based on the ties existing

between the different livestock operators. Belonging to the same ethnic group is a factor, because of it, the producer (breeder) may agree to cede his animals to a trader without demanding immediate payment or a guarantee. The same applies to a trader who gives his animals to a wholesale butcher.

Observation confirms that the organization of the ethnic groups studied in this survey is virtually identical to that of the Hausa, as described by Michel Agier. Social relations among traders play an essential role in economic activities, in the context of an ethnic pattern of relations, by activating the exchange of information and by involving dependents and other individuals.

b) Functioning

The majority of respondents agree that breeders from the Sahel (Mali, Burkina Faso, Mauritania, Niger) form the largest percentage of suppliers of livestock to Cote d'Ivoire.

It very frequently happens that the Sahel breeder, instead of selling his herd directly to a third party, will drive it down to export in Cote d'Ivoire (Bouake, Abidjan, Yamoussoukro, Daloa) or have a member of his family or ethnic group do so for him. On any one of these markets, the conveying herdsman knows who to contact to sell the product. The contacted person is, as a rule, of the same ethnic group or even of the same family. Such contact will buy the animals or, failing that, help to find a buyer.

Generally, the ethnic groups operating in such a commercial network based on ethnic association are the Fulani, the Voltaic, the Malinke (Northern Mande), the Moors and the Hausa. An ancient pastoral tradition has enabled these ethnic groups to establish this type of network. As a consequence, it becomes almost impossible for "outsider" groups to survive or succeed in this type of activity.

The predominance of Fulani among these ethnic groups is due to their age-old pastoral tradition and experience of livestock breeding and trade. In fact, an often quoted saying has it that the "herdsman's staff" makes up most of the capital stock of the Fulani.

Today, the peoples from the Sahel, thanks to their pastoral culture, are almost the sole operators in a market that they control, to and for which they supply products and financing through their dynamic ethnic networks.

c) Ethnicity in the Trader-Lodging System

The hosts who supply lodgings state that the ethnic criteria is not much taken into account in the system whereby traders are supplied lodgings. Over the years, a pattern has emerged, based principally on the nationality of individuals, thus, a Burkinabe host will take in mostly burkinabe traders, a Malian host will receive mostly Malian traders, and so on, quite apart from their ethnic characteristics.

Additionally, it appears that today, due to a felt need for efficiency and profitability in their activity, livestock importers have a pronounced tendency to seek out lodgings with well-known people, those, in particular, with good reputations. Hosts have the delicate and important responsibility of ensuring the sale of the livestock brought in by importers.

Thus, the lodging system operates in a totally different fashion from the pattern applying to livestock trading in the strict sense, which, as we have seen, rests essentially on ethnic considerations and a strong Fulani presence.

According to responding hosts, the Fulani, who are the most numerous group, have nevertheless succeeded in establishing a lodging system in which the Fulani importer will first approach hosts of his own ethnic group.

d) Relations between Importers and their Lodging Hosts- between hosts and wholesale butchers

Hosts - who provide livestock traders with lodgings-serve as middlemen between trader-importers and wholesale butchers. When a trader arrives, his cattle and other livestock is left with the host, who is in charge of handling the sale. The host will, in turn, transfer the livestock to wholesale butchers, who slaughter it and sell it in quarters to small retail traders.

Hosts are therefore at the center of the cycle. They may be said to fill the function of bankers, insofar as they are able to sell the livestock on credit to wholesale butchers and also pay importers in advance, without importers having to wait for the sale of all of their stock.

The system may be outlined roughly as a form of unsecured credit to wholesale butchers and as a discount granted to importers by the lodging hosts, with variable "rates" that are set, implicitly, on the basis of the risk incurred.

The role of financial middlemen assumed by hosts entails that they must have enough cash permanently available to be able to respond to the needs of importers.

It should be noted that, as a rule, transactions between trade operators are based on mutual trust, arising from interpersonal relationships.

Some hosts use modern means of communication such as the telephone, which allows them to contact breeders residing in Mali or Burkina Faso. It is through such contacts that importers can obtain from breeders recommendations to contact this or that particular host.

Livestock Imports into Cote d'Ivoire and Market Shares

a) Livestock imports

Our investigations at the Ministry of Agriculture and Animal Resources reveal an evolution of livestock imports into Cote d'Ivoire, from 1988 to 1993, as illustrated in the chart below

Livestock Imports into Cote d'Ivoire 1988 to 1993
(in thousands of heads)

	1988	1989	1990	1991	1992	1993	1994*
CATTLE	96 216	103 520	93 281	99 374	105 754	112 628	279 317
SHEEP	253 348	263 431	255 331	213 871	210 148	196 278	310 191
GOATS							

* EXTRAPOLATION

An analysis of the chart shows that, regarding cattle, imports progressed from 1988 to 1989 by about 7.5 %, whereas in the 1989 to 1990 period, there was a sharp fall of about 10 %. Between 1990 and 1992, there was a constant increase of 6.5 %, similarly between 1992 and 1993 with an increase of 6 %

During the year 1989-1990, the sharp fall in cattle exported to Cote d'Ivoire is probably due to events extraneous to the activity. This means the armed conflict between Senegal and Mauritania, which led Mali to re-direct part of its exports towards Senegal, thus reducing the volume normally sent to Cote d'Ivoire

In the case of sheep and goats, if a slight increase occurs over the period 1988 to 89, a reduction is observed in the period 1989 to 1993, on an average of about 6 % annually

According to information from the Association of Livestock and Chicken Importers of Cote d'Ivoire (SMIBV-CI), imports of cattle from neighboring countries in the CFA franc zone have increased by about 148 % (in heads of livestock) since devaluation of the CFA, while imports of sheep and goats increased by about 58 %. SMIBV-CI says it obtained this data from the Ministry of Agriculture of Burkina Faso

This increase in the level of cattle as well as sheep and goat imports during 1994 would be explained by the fact that, following devaluation of the CFA franc, it became less commercially profitable to import frozen meat from European Union countries

When the 1993 figures are adjusted by those percentage increases, the results provide estimated imports for the year 1994

Cattle 279 317 heads of cattle
 Sheep and goats 310 191 heads

b) Market Shares

On the basis of field information (provided by interviewees) on the number of heads of cattle bought, we have estimated the market share occupied by each ethnic group, as indicated in the following chart

MARKET SHARE OF EACH ETHNIC GROUP BY TYPE OF LIVESTOCK
 IN 1994 (SAMPLE) IN %

	FULANI	MALINKE	VOLTAIC	TOUA REG	MOORS	HAUSSA	NON DOM* ETH, GROUPS	TOTAL IMPORT
CATTLE	78 %	7 %	12 %	/	2 %	/	1 %	100 %
SHEEP + GOATS	68 %	16 %	1 %	1 %	5 %	9 %	/	100 %

NDEG non dominant ethnic groups

As may be seen from the chart, the Fulani represent the ethnic group that controls the largest share of the market, for cattle (78 %) as well as for sheep and goats (68 %)

Aside from the Fulani market-leaders, the Voltaic (notably in cattle) and the Malinke (northern Mande) control market shares that are not negligible

The Hausa are present only in sheep and goat trade, where they hold 9 % of the market

Moors, though they trade in both types of livestock, hold only a relatively small part of the market (2 % for cattle and 5 % for sheep and goats)

c) Monetary share of each ethnic group in Livestock imports

Given that the price of cattle is constantly fluctuating in local markets, precise estimations of the monetary value of imports are difficult to make. However, survey requirements have led us to use as a basis a monetary value per head of livestock of 130 000 FCFA for cattle and of 30 000 FCFA for a sheep or goat over the period December 1994 to January 1995

Thus, in the following chart, the various shares of each ethnic group in the value imports of livestock into Cote d'Ivoire are shown

MONETARY VALUE SHARES OF EACH ETHNIC GROUP IN LIVESTOCK IMPORTS IN 1994 (IN MILLIONS CFA AND \$ U S)

		FULANI	VOLTAIC	N MANDE	HAUSA	MOOR	TUAREG	OTHER NDEG	TOTAL IMPORTS
CATTLE	NO HEADS	217 867	33 518	19 552	/	5 587	/	2 793	279 317
	FCFA	28 322 71	4 357 34	2 541 76	/	726 31	/	363 09	36 311,21
	\$ VALUE	55 6	8 6	5	/	1 4	/	0 7	71 3
SHEEP + GOATS	HEADS	219 881	3 101	49 619	27 911	15 506	3 101	/	310 119
	CFA VALUE	6 326 43	93 03	1 488 57	837 33	465 18	93 03	/	9 303 57
	SUS VALUE	12 4	0 2	3	1 6	1	0 2	/	1 8

1 \$ U S = 509 FCFA (exchange rate on December 31 1994)

NDEG non-dominant ethnic group

Based on this data, a pattern chart of cross-border livestock trading in Cote d'Ivoire was drawn up

PATTERN OF CROSS-BORDER LIVESTOCK TRADING IN COTE D'IVOIRE

	FULANI	VOLTAIC	MALINKE	HAUSA	MOOR	TUAREG	OTHER NDEC*	ESTIMATE \$US TOTAL
INFORMAL	D	F	F	M	M	M	M	89 7 million
	↑	↑	↑	↓	↓	↓	↓	
ESTIMATE \$US	68	8 8	8	1 6	2 4	0 2	0 7	

*NDEG non-dominant ethnic group

Legend D = Dominant position

F = Weak Position

M = Minimal Position

↑ = Growing market share

↓ = Decreasing market share

II 4 Factors of Success in Livestock Trading

a) Membership in an Ethnic Group

An analysis of cross-border livestock trading in its organization and the way it operates brings out the fact that ethnic affiliation is important in this activity

In the view of respondents, belonging to an ethnic group makes mutual assistance and access to credit easier, it is particularly helpful for transactions between market operators because it is also a language community

Further, according to respondents, the strong solidarity that is thought to exist among the Fulani explains in part their dominant position in livestock trading

b) Knowledge of pastoral culture

According to respondents, livestock trading cannot be done without prior apprenticeship. If a few ethnic groups, and primarily the Fulani, are dominant in this sector, this is due to the existence of a pastoral culture and know-how which has been passed down onto each new generation. The Fulani learn early how to raise and take care of their herds, and become thoroughly familiar with their physical environment

c) Perseverance and the will to succeed

Livestock trading is a demanding activity which requires great sacrifices physically and financially. According to respondents, that is the reason why success in the field requires daring

d) The element of "luck"

The great majority of respondents are Muslims, and they refer to "luck" as a decisive factor in this type of trade. They often say that everything depends on God

II 5 Obstacles to the Development of Livestock Trading

Difficulties encountered in cross-border livestock trading, as cited spontaneously by respondents, are presented below

PROBLEMS OF CROSS BORDER LIVESTOCK TRADE	%
NO PROBLEMS MET	3
ADMINISTRATIVE AND ON ROAD HARASSMENT	56
LOSS OF LIVESTOCK	31
HIGH COSTS OF TRANSPORTATION	24
DIFFICULTY IN RECOVERING DEBTS	15
HIGH PURCHASE PRICE OF LIVESTOCK	13
CONFLICTS WITH INDIGENOUS FARMERS CROP DESTRUCTIONS	8
UNAVAILABILITY OF WORKING CAPITAL	8
MARKET SUPPLY DIFFICULTIES	7
LACK OF MEANS OF TRANSPORTATION (TRUCKS)	6
BASE	130

It may be noted that

- Only 3 % of respondents state having encountered no problems in cross-border livestock trading Thus, for almost all of the respondents, obstacles to livestock trading indeed exist

II 5 1 PROBLEMS OF LIVESTOCK IMPORTERS

Problems encountered mainly involve

- administrative harassment and harassment encountered on the road during transportation (56 %)

This refers to export and market taxes, as well as to veterinary taxes To these must be added harassment by security forces (police, gendarmerie, customs and water and forest agents) on the roads in the course of transportation

As an example, we present below a breakdown of the costs that a cattle importer must defray These figures were collected by the member of a livestock cooperative who did the trip from the border to Abidjan

This data has been divided into two categories justifiable charges, inherent to the activity, and charges that may be considered unjustifiable

Unit Costs per Head

1) **Justifiable Charges**

- MALI

	CFA FRANCS	US DOLLARS
Rental of Truck	14 285	28,57
Loading	145	0,28
Zegoua (Customs, trade certificate stamps)	160	0,31
- COTE D'IVOIRE		
Entrance (police)	145	0,28
Stamp on entrance certificate	90	0,17
Transportation	860	1,71
Parking costs	35	0,06
Shepherd (guard)	500	1
TOTAL	16 220	32,38

* Additionally, an exporter pays annually 4 000 FCFA (or \$ U S 8) for an export certificate

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2) Unjustifiable Charges

MALI	CFA FRANCS	US DOLLARS
Blan (gendarmerie)	15	0 03
Kouchala (gendarmerie police customs)	115	0,23
COTE D'IVOIRE		
Pogo (customs)	145	0,28
Vet service	430	0 86
Nielle (customs)	30	0 057
Ferke (customs)	30	0 057 0 057
Badiga (customs)	30	0 057
Niankora (customs)	30	0 057
Bouake (customs)	30	0 057
Adjiribi (customs)	30	
WHAT THE TRUCK DRIVER PAYS		
POGO (POLICE)	30	0 057
NIELLE (GENDARMERIE)	60	0 114
FERKE (POLICE)	60	0 114
FERKE (GENDARMERIE)	30	0 057
TAFIRE (GENDARMERIE)	30	0 057
NIANKARA (GENDARMERIE)	30	0 057
KATIOLA (POLICE + GENDARMERIE)	60	0 114
FRONAN (GENDARMERIE)	30	0 057
BOUAKE (POLICE + GENDARMERIE)	60	0 114
TIEBISSOU (POLICE + GENDARMERIE)	30	0 057
YAMOOUSSOUKRO (POLICE + GENDARMERIE)	115	0 23
TOUMODI (POLICE)	30	0 057
N DOUCI (GENDARMERIE)	30	0 114
AUTOROUTE (GENDARMERIE)	60	0 114
GESCO (ENTREE POLICE + GENDARMERIE)	60	0 114
PORT BOUET (ENTREE POLICE +GENDARMERIE)	115	0 23
MIDDLEMAN	1100	2,2
CLEANING OF CATTLE PARK	60	0 114

2 875 5 656

TOTAL JUSTIFIABLE COSTS	16 220	32 38
TOTAL UNJUSTIFIABLE COSTS	2 875	5 65
GENERAL TOTAL	19 025	38 03

* NB 1 US Dollar 500 FCFA

- Loss of livestock (31 %) Respondents indicate that livestock die from suffocation on account of truck overloading and when the convoys are kept waiting for long periods by victimizing security forces. In addition, transporters often fall victim to thefts and bandit attacks
- The high cost of transportation (24 %) which is a heavy burden for traders, profitability as a consequence is sometimes low

- The high purchase price of livestock (13 %)
- Problems in recovering credits granted to butchers (15 % of respondents)

II 5 2 PROBLEMS OF LODGING PROVIDERS (HOSTS)

Lodging hosts complain mostly about the difficulties that they have in recovering credits granted to wholesale butchers

As we have seen, they sell on credit to wholesale butchers, but they also have to pay livestock importers in advance. Constraints on their activity are mainly of a financial character.

When wholesale butchers do not pay their debts or do so only after a relatively long period of time, it is the entire marketing chain that may break down.

Such a break in the marketing chain, which is the object of much criticism by the lodging hosts, often leads to disagreements between the hosts and wholesale butchers, notably when the lodging hosts do not have enough funds to pay the livestock importers.

II 5 3 OTHER CONSTRAINTS

Non-dominant ethnic groups interviewed also cite, in addition to the preceding factors, barriers to entering the activity, since being outsiders, they do not belong to an ethnic group involved in this trade. Such non-dominant ethnic traders also have trouble being supplied, since their access to the necessary information is very difficult. Livestock vendors, additionally, tend to overprice livestock on sale when they are not dealing with a "brother", i.e. a buyer of their own ethnic group.

It may be noted that in order to reduce these difficulties, some attempt at cooperation has been undertaken both within national States and regionally with a view to organizing livestock trading and achieving better development of sub-regional economic exchanges.

III. - INTERSTATE LIVESTOCK COMMERCIAL POLICY

III. 1 Commercial policy of central corridor states

The group CINERGIE (International Study and Research Unit for Information Exchanges) defines Central Corridor States as including Burkina Faso, Mali and Cote d'Ivoire. A report from this unit states that in each State, a national structure of consultation has been set up to promote commercial exchanges in livestock. This was the outcome of, on the one hand, the main recommendations of the Regional Seminar held in March 1992 in Nouakchott to study the livestock and meat marketing system, and, on the other hand, pressure from the regional consultation structure initiated by CILSS, the World Bank, and USAID.

III 1 1 MALI

A national consultation committee was instituted on June 22, 1993 (by interministerial decree no 93 3761) to promote the trade of livestock products. However, private operators, who are the main participants in this activity, do not seem to approve much of this committee, which they consider too bureaucratic.

The committee is reportedly composed mostly of functionaries from the ministry dealing with the livestock sector. In a number of private operators' view, these officials are unfamiliar with the problems of livestock marketing. Consequently, the programs developed by this committee have aroused no interest on the part of private operators.

III 1 2 BURKINA FASO

As in Mali, a consultation committee was set up to encourage development of the livestock sector. Contrary to Mali, this structure has brought in private economic operators, but observers have yet to perceive any governmental intent to give the structure a legal basis. This consultation group remains solely informal.

III 1 3 COTE D'IVOIRE

Under pressure from the Regional Livestock and Meat Economic Community (CEBV), Cote d'Ivoire, an importing country, has also understood the need to set up a national structure to promote trade in livestock products. However, as in Burkina Faso, the structure has remained informal.

To conclude, each of the States involved in the livestock sector shows intentions of making it more dynamic by establishing consultation structures. But these groups are inefficient because of their deficient organization and a lack of political will to make them operational.

III 2 Interregional commercial policies

Notwithstanding the timid start of national consultation groups, an attempt at sub-regional cooperation in livestock trade and integration may be noted, through the efforts of some international or aid organizations, such as CILSS (Permanent Interstate Committee for Drought Control in the Sahel), the CEBV, and USAID.

This attempt has begun to take concrete shape: an information bulletin is edited, which plans to inform livestock operators on prices on some markets in Mali, Burkina Faso and Cote d'Ivoire.

CONCLUSIONS

Livestock trade in Cote d'Ivoire is almost entirely an informally organized activity dominated by a few ethnic groups, notably the Fulani

These ethnic groups, relying on an age-old pastoral tradition, work on the basis of networks based on ethnic affiliation. They are thus able to exert monopoly control of this trade, to the detriment of outsider groups, which include some Ivoirians.

Livestock trading in the area remains undoubtedly profitable, but runs into difficulties that slow down its development. These include, notably, obstacles that stand in the way of outsiders hoping to penetrate those "circles of initiates" that ethnic groups constitute, as well as administrative and police harassment during the transportation of livestock overland.

RECOMMENDATIONS

To encourage a more efficient livestock cross-border trade, we suggest that measures be taken nationally and regionally

- Nationally, we would suggest

- An end to or a reduction of bureaucratic harassment (illegal veterinary taxes and harassment by security forces) which are a particularly heavy burden for traders
- The establishment of appropriate facilities for livestock (parks, drinking troughs, veterinary services) to improve sanitary conditions
- Organizing the sector and involving Ivorian nationals more in order to reduce the monopoly control of Sahel traders. It goes without saying that this could be done by giving a legal basis to the presently inefficient national structure intended to promote livestock trade. Also, by facilitating access to credit, because livestock trading requires large amounts of funds

- Regionally

- An improvement in road and railroad transportation is required, to help livestock movements from one region to another
- A communication strategy would greatly help to get information data about markets and costs to those who need it
- a reduction in administrative measures, namely customs taxes, on both exports and imports
- Encourage private operators of the three central corridor countries (Mali, Burkina Faso, Cote d'Ivoire) to work together by institutionalizing a regional consultation structure. This would induce them to contribute efficiently to regional economic development
- Provide regional guarantee funds to support livestock trade activities. This is where the support of international institutions such as USAID and the World Bank would be indispensable

THE KOLA TRADE

1. THE KOLA COMMERCIAL TRADING SYSTEM IN COTE D'IVOIRE

1 1 Trade corridors

1 1 1 MARKETS OF ORIGIN

The geographical areas in Cote d'Ivoire which serve as production and collection zones for Kola are the following

WESTERN COTE D'IVOIRE Man, Danane, Biankouma, Facobly, Sangouine, Douale, Kouibly, Bin-Houye, Bangolo, Duekoue, Tai, Guiglo, Bolekin

CENTER-WEST Gagnoa, Issia, Daloa, Sinfra

SOUTHERN COTE D'IVOIRE Divo, Sikensi, Grand Bassam, Agboville, Aboisso, Adzope, N'Douci, Lakota, Akoupe, Anyama, Alepe, Tiassale, Cechi, Rubino, Yapo, Memni, Monteso, Dabou, Flambo, Akekoua, Aby, Yakasse, Djaabo, Djambo, Goman, Lilibo, Anloka-Abra, Adiake, Agou, N'Guessan Kona, Grand-Lahou, Ebimpe, Ayame, Becedi-Briand

SOUTH-WEST Sassandra, Soubre, San-Pedro

CENTRAL COTE D'IVOIRE Daoukro, Dimbokro, Bocanda, Djandekoue, Bongouanou, M'Batto

CENTER-NORTH Bouake

EAST Abengourou, Agnibilekrou, Falekro, Niabley, Tanda, Vallo

1 1 2 TYPES OF KOLA SUPPLIERS

Kola exporters obtain their stocks from three types of suppliers, as indicated in this chart

TYPES OF SUPPLIERS	%
PRODUCERS	72
MERCHANTS	37
MIDDLEMEN	15
BASE	80

The most common practice is to obtain supplies directly from producers (72 %)

But Kola exporters may also get their supplies from merchants. These are wholesale traders who buy the product from producers, transport it and put it in commercial storage, and sell it to exporters.

Middlemen represent exporters in dealings with producers. This is because exporters who do not have the time to travel to production zones prefer to delegate these transactions to hired persons.

1 2 Kola trade patterns

The majority of respondents cite as storage and exporting centers the towns of Anyama, Bouake, Divo, Daloa, Man, Adzope, Agboville.

It should be specified that today, Anyama stands out most prominently in the storage and export of kola, a position which was long held by the city of Bouake.

Anyama's more prominent position in the kola trade by comparison with other centers is brought out by the latest census done by its municipality, which indicates that this locality, about twenty kilometers away from Abidjan, has about 40 kola storage shops and almost 200 kola traders, including about 30 kola exporters. Another explanation of its leading position is its proximity to the port and airport of Abidjan, this is not a negligible advantage in relation to other centers.

1 2 1 MODES OF TRANSPORTATION FOR KOLA

MODES OF TRANSPORTATION	%
BY ROAD	87
BY RAIL	39
BY SEA	29
BY AIR	2
BASE	80

As the above chart indicates, road transportation is the most commonly used by exporters (87 %)

Transportation by rail takes second place 4 exporters out of 10 resort to rail to export kola 3 respondents out of 10 use shipping to export kola products

Use of air transportation is exceptional, doubtless on account of its relatively higher cost

II. THE HOME BASE AND IMPORTANCE OF TRADERS IN THE KOLA TRADE

II 1 National Origin of Traders

When asked to indicate the national origin of operators in the kola trade, respondents indicate a majority of Malians (96 %), Burkinabe (77 %) and Niger nationals (60 %)

Ivorians are also present in the kola trade, but mostly in production (80 %)

Guineans, Senegalese and nationals from Niger are also present, but in fewer proportions (respectively 46 %, 44 % and 35 %)

Gambians and Togolese constitute a minority (respectively 7 % and 2 %)

II 2 Description of the Ethnic Network

II 2 1 THE MAIN ETHNIC GROUPS

The main ethnic groups active in the cross-border kola trade are, in the view of respondents, the northern Mande (Malinke) and the Voltaic, both dominant in the activity, as well as the Hausa and the Akan. To a lesser degree, kola trading is also practised by the southern Mande, the Ouplo and the Fulani. The Jerma, Yoruba, Krou and Sarakole constitute a minority.

The languages used by these groups in kola trading are respectively Malinke (or Bambara), More, Pular, Wolof and Hausa.

One notes that as opposed to livestock production and trade, the Fulani are less visible in kola trading.

II 2 2 ORGANIZATION AND FUNCTIONNING

a) Organization

If livestock trading is organized on purely ethnic lines all along the marketing chain, kola trading has a different structure.

Thus, for some respondents, success in the kola trade involves other factors besides ethnic affiliation. Here, the possession of sufficient funds would be most important. However, given the numerous risks in this trade, the factor of "luck" plays a large role.

Nevertheless, the majority of respondents maintain that ethnic affiliation is important and influences performance in this trade. In this view, ease in transactions rests on ethnic mutual support and trust, and various forms of assistance given to a member of the same ethnic group.

Organization based on ethnicity is seen primarily with the Malinke, who take an active part in the kola trade. The Malinké (or Maninka), traditionally a trading people, are a community in which information on the condition of markets is rapidly circulated. This type of organization would offer assurances in an uncertain trade such as that of kola.

The previous remarks justify our conclusion that on the kola market, both non-dominant ethnic groups and ethnic based groups are found, though the latter remain prevalent.

b) Functioning

In the kola business, as opposed to livestock, Cote d'Ivoire finds itself in the position of an exporter. The two main factors explaining this are the fact that the kola nut is produced in the south, that is in forested areas, whereas consumers are generally the muslim people of the north (Maliens, Burkinabe, Senegalese, Niger nationals).

The most important part played by Ivorians in this trade is in production. The main Ivorian ethnic groups who are kola nut producers are the Baoule, the Agni, the Yacouba, the Attie, the Guere, the Abidji, the Wobe, the Senoufo, the Adjoukro, the N'zima, and the M'Batto. To which must be added the non-indigenous Mossi and Malinke.

Non-indigenous groups, besides being producers, are also buyers and sellers of kola. This is because when their own production is insufficient, they purchase supplies from indigenous groups.

Thus, kola is produced in Cote d'Ivoire by both nationals and non-indigenous groups (Mossi and Malinke - though there are also Malinke nationals). This tends to support previously mentioned indications about the existence of two groups (dominant ethnic and non-dominant ethnic) in the marketing chain.

As an illustration, if indigenous Ivorians will sell their product to traders without considering ethnic groups or nationalities, non-indigenous groups behave differently, taking account of ethnic or extended family links. To simplify, a Mossi will sell to a Mossi and a Malinke to another Malinke.

II 3 Exports of Kola and Market Shares

a) Kola Exports

Research conducted at the statistics department of customs has provided the following data, relating to kola exports from 1991 to 1994

KOLA EXPORTS 1991 -1994 (in tons)

1991	1992	1993	1994
25 183	19 246	14 505	8 990

Source Customs statistics, Cote d'Ivoire

An examination of the chart shows a fall in exports from 1991 to 1994, a decline of 21 % annually. The majority of respondents attribute the export decline to a fall in production on account of unfavorable climatic conditions, especially irregular rainfall over the last few years.

b) Exports by Ethnic Group and Market Shares

On the basis of global kola export figures for the year 1994 and of information supplied by respondents, we were able to quantify the volume of exports handled by each ethnic group and their market shares, as they appear in the chart below.

EXPORTS AND MARKET SHARES BY ETHNIC GROUP

	N Mande	VOLTAIC	FULAN I	OTHER N O N ETHNIC	TOTAL EXPORTS
%	89	10	1	/	100
VOLUME TONS	8 001	899	90	/	8 990

It may be noted that the northern Mande (Maninka) have the largest share of kola exports, 89 % of the market. Next, we find the Voltaic group with 10 % of the market. As to the Fulani and other non-dominant ethnic groups, their market shares are extremely small.

c) Monetary Value of Export Shares by Ethnic Group

To obtain this monetary value for each ethnic group, we referred to statistical data for 1994, which gives the tonnage of transactions for each ethnic group. The monetary

value was estimated by taking as reference the price of a kilogram of kola, which was 150 FCFA in the period December 1994 to January 1995

The chart below gives an idea of monetary values for each ethnic group based on volume of activity and the price of a kilo of kola

MONETARY SHARES OF EACH ETHNIC GROUP
IN KOLA EXPORTS FOR 1994
(IN FCFA AND \$ U S MILLIONS)

	N MANDE	VOLTAIC	FULAN I	O T H E R N O N ETHNIC	TOTAL EXPORTS
VOLUME	8001	899	90	/	8 990
CFA VALUE	1200,15	134,85	13,5	/	1348,5
\$ U S VAL	2,4	0,3	0,03	/	2,73

1 \$ U S = 509 FCFA rate on December 31, 1994

A chart has been drawn up using this data to describe the structure of cross-border kola trading in Cote d'Ivoire

STRUCTURE OF CROSS BORDER KOLA TRADE IN COTE D'IVOIRE

PARTICIPANTS SECTOR	N MANDE (o r MANINKA)	VOLTAIC	FULANI	N O N - D ETHNIC GROUPS	ESTIMATE\$ US TOTAL
INFORMAL	D ↑	F ↑	M ↓	M ↓	\$ 2,73 million
ESTIMATE \$ U S	2,4	0,3	0,03	0	

509 FCFA = \$ U S 1

Legend D = Dominant position
F = Weak position
M = Minimal position
↑ = Increasing market shares
↓ = Decreasing market shares

II 4 Factors of Success in the Kola Trade

II 4 1 Storage Centers and Adequate Conditioning

The majority of respondents indicate that the storage and conditioning of kola requires adequate measures. Kola being a perishable product under the effect of heat and humidity, it needs appropriate premises.

Given that careful handling is required for the good preservation of kola nuts, a kola trader needs to be able to rely both on efficient means of information and sufficient funds to ensure his exports in the best of conditions. This is where the ethnic networks existing among the northern Mande and the Voltaic are factors of success. Taking advantage of their ethnic networks, the Malinke or Mossi traders from Mali or Burkina Faso can more easily keep informed on the level of kola production at any given time and on its cost on Ivorian markets.

II 4 3 THE "LUCK" FACTOR

As in livestock trading, the majority of respondents are of the muslim faith, and ascribe their success in this trade mostly to the will of God.

II 5 Constraints on the Development of Cross-Border Kola Trading

Difficulties encountered in cross-border kola trading which are spontaneously cited by respondents are presented in the following chart

DIFFICULTIES IN CROSS-BORDER KOLA TRADING	%
NO PROBLEMS ENCOUNTERED	9
ADMINISTRATIVE AND ON-ROAD HARASSMENT	63
FAULTY CONDITIONING OF KOLA	29
LACK OF WORKING CAPITAL, OF FUNDS	18
HIGH COSTS OF TRANSPORTATION	7
INSECURITY OF TRADERS	7
LOSS OF KOLA NUTS, SHRIVELLING, INSECTS	6
INFORMAL NATURE OF THE ACTIVITY	6
BASE	80

It may be noted that only 9 % of respondents state that they have no problems in kola trading

The problems met with are practically the same as those in livestock trading Harassment from administrative and security force agents stand out prominently

Nevertheless, kola trading respondents particularly emphasize an insufficiency of funds to conduct their activity

III. INTERSTATE COMMERCIAL POLICY ON KOLA

III 1 Interstate Commercial Policy

According to respondents, there is no interstate commercial policy on kola to speak of. They indicate that the State intervenes only in the form of administrative procedures. This state of affairs is confirmed by the fact that documentation relating to this matter is practically non-existent.

The product, however, in the external exchanges of Cote d'Ivoire, plays a role which is not negligible. In 1991, kola supplied Cote d'Ivoire with an income of 3 188 736 765 FCFA (source: Customs Statistics of Cote d'Ivoire).

This is somewhat paradoxical, and given the state's indifference to this sector, we are led to inquire how private operators involved in this activity organize.

Most respondents spontaneously state that they have set up cooperatives. The cooperatives mentioned are:

- ANYAMA
 BINKADI

- BOUAKE
 CAPAMCI
 SOCOPAMCI
 CISEWORD
 SIEPACI

- MAN
 CACOLAVRI

The department head of the government office in charge of cooperatives indicated that only three cooperatives were officially recognized and recorded by government: BINKADI, CESEWORD and CACOLAVRI.

The essential function of each of these cooperatives, after collecting the product, is to arrange for its export to countries in the subregion, where the cooperative has a representative who facilitates commercial transactions.

III 2 Operation and Problems of a Kola Cooperative

Interviews were conducted with the members of the BINKADI Cooperative of Anyama. BINKADI supplies services to Kola exporters, namely by providing information on the paperwork to be furnished for conducting this activity and also by intervening with

authorities to obtain reductions in kola export taxes

A membership card worth 2500 FCFA and valid 5 years is required to become a member. The products are exported to Mali, Senegal, the Gambia and Nigeria.

Exporting to Burkina Faso presents some problems because of the existence of a Burkinabe cooperative which has a monopoly over kola trading. Exporters cannot avoid dealing with this cooperative, and, say respondents, this does not facilitate transactions.

As regards the national origins of exporters, they are Ivorians, Malians, Guineans and Burkinabe.

The problems encountered by operators in this field are mainly of a financial nature and involve administrative harassment, at a lesser cost to them than they are to livestock traders. It has not been possible to calculate the impact of such costs on the trade.

CONCLUSIONS

If kola production is for the most part handled by Ivorians living in forested areas (western, central-western, southeastern Cote d'Ivoire), trade proper is almost exclusively controlled by the northern Mande group (Malinke, Bambara, Sarakole) who hold 89 % of the market, and also, in a small measure, by the Voltaic (Mossi, Senoufo, Lobi, Gouroussi)

These ethnic groups (Malian and Burkinabe nationals for the most part) the more easily dominate this trade as they export almost all of the product to their countries of origin. In these countries, in fact, and probably more than elsewhere, kola nuts occupy a prominent place in eating habits and in social rites (as marriage tokens, to seal contracts, tokens of friendship, baptisms, offerings to ancestors, etc)

Contrary to livestock trading, where the ethnic network functions from production throughout the different stages of the trading chain, the ethnic network in the kola trade exists only in the marketing stage

From a structural viewpoint, the kola trade is essentially an informal one

The kola nut is one of the foremost agricultural products exchanged by Cote d'Ivoire with neighboring countries. Respondents accordingly deplore the lack of interest of political authorities for this sector, though they could help to increase the sector's performance

RECOMMENDATIONS

The export trade in kola nuts might be better promoted if the following measures were considered

- Just as for livestock trading, it is desirable to put an end to harassment from administrative and road security agents, in order to reduce the financial cost for traders
- Better adapted storage and conditioning centers would reduce loss of product
- To fill the need for information and training in this activity, the state's intervention is necessary. The state should try to encourage "formalization" of this sector and should make credit available through a funding mechanism
- For the good operation of this funding organization, the contribution or assistance of international organizations would be desirable

SENEGAL COUNTRY STUDY

STUDY OF THE INDIGENOUS REGIONAL TRADING NETWORKS IN SENEGAL

Prepared under the
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CHAPTER I

SUMMARY

The study has allowed to identify the organization of Indigenous Trade Networks of cattle, kola nuts and bananas. It has also allowed to determine the market share of each ethnic group for a given product.

Various ethnic groups play important roles at various stages of the distribution of products.

- the distribution of kola nuts is dominated by the Mandings especially the wholesale trade of kola nuts
- the trade of bananas is dominated by the Southern Peuhls. However, with the increase in local banana production, they are losing their dominant position.
- the cattle business is dominated by the Northern Peuhls who are very well represented in the circuit, from production to retail trade.

The domination of these networks by the various ethnic groups is very old and generally the ethnic group that dominates the distribution of the product comes from or has relatives in the exporting countries.

Generally, the languages used in commercial transactions are Wolof (the most widespread language in Senegal) and the language of the group that dominates the trade.

In addition, the fact of belonging to the dominant group is from the beginning a cause of success. The other factors explaining the success of the networks are:

- historic and geographic links with the products
- familiarity with the product
- business experience
- group solidarity

The main obstacles faced by the traders are mainly:

- financial: lack of credit
- technical: infrastructure, means of preservation, etc.
- commercial: lack of knowledge about the market, lack of organization in distribution circuits.

With the current economic difficulties, the turnovers of traders have generally decreased.

Transactions are conducted in CFA francs and the system of credit granted by the supplier is often practiced. In this case, guarantee is generally based on nothing but confidence.

In the recent years, the market has been troubled by an economic crisis that had the following results:

- a decrease in sales
- difficulties to get supplies
- decrease of profit margins
- decrease of consumption
- increase of fraud

Given all these difficulties, the changes desired by traders are the following:

- access to credit
- Governmental support through a better organization of markets
- tax reductions
- etc

CHAPTER II

INTRODUCTION

2 1 JUSTIFICATION OF THE STUDY

In Senegal, the regional trade of some products, especially agricultural ones, is generally dominated by an ethnic group. These dominant ethnic groups have often relatives or ethnic links in the countries where the target products are from (kola nuts, cattle, bananas)

For instance

- the wholesale trade of kola is dominated by the Mandings (Bambara, Dioulas, Soninkes, Soces) and the retail trade by the Southern Peuhls (Peuhl Fouta originally from Guinea Conakry)
- the cattle trade is mainly dominated by the Northern Peuhls (Pulaar, Peuhl Djeri). The Moors have lost a large part of the market since the deterioration of the relations between Senegal and Mauritania in 1989,
- the wholesale and retail trade of bananas is essentially dominated by the Peuhls Sud

This specialization has existed since the French Colonial period. Indeed, the most important Senegalese and African traders succeed better in the trade of food products special based on ethnic specialization and less dependant on large colonial businesses or multinational companies

The transactions may be as follows

formal involving big traders with import-export licences or companies ,

informal they are generally performed by small or average traders who cross the borders with neighboring countries illegally and with their products (these neighboring countries are the Gambia, Mauritania, Mali, Guinea). This practice is particularly common in the imports of cattle and kola nuts

2 2 OBJECTIVES OF THE STUDY

2 2 1 Identification

- Of important trade centers
- Of the agents on market (traders, middlemen)
- Of the types of circuit distribution
 - formal and informal circuits
 - supply methods
 - means of transportation
 - places of transaction
- Of ethnic groups involved in trade and their organizations

- Flow of products

2 2 2 Evaluation of Market Shares

For each product, evaluate market Shares per ethnic group, per category (wholesalers, retailers) and per sector (formal, informal)

- Evolution and trends for these market shares

2 2 3 Evaluation of the Policies and the Constraints in the sector

a) Organization of distribution

- Organization of the market distribution circuits, methods of payment (cash, credit, barter, etc), transportation
- Market segmentation
- Relationship's between the main Dealers
- Aspects of the regulations of the sector

b) Constraints

- Technical constraints
 - ◆ related to means of transportation used (ship, railway, road)
 - ◆ availability and reliability
 - ◆ related to routes (state of roads, availability of supplies, bureaucratic nightmares by administrative authorities)
 - ◆ preservation facilities
- Constraints related to the financing of the sector
 - ◆ access to banking credits
 - ◆ time of payment
 - ◆ currency of payment
 - ◆ financial solidarity
- Administrative constraints
 - ◆ regulations, quotas, prices, permits taxes
 - ◆ administrative papers required

2 3 METHODOLOGY

The study focussed on

- the analysis of primary and secondary statistical data with the aim of creating a catalogue of identification including trade centers, important traders, middlemen, and the significance of trade flows

- a segmentation based on ethnic and economic criteria allowing to have a descriptive chart of the various segments and their position on the market (evolution of market shares)

The study has led to the creation of competitiveness matrices per products, per market segment and per ethnic group

2 3 1 Survey Techniques and Identification

2 3 1 1 Document search

It allowed to gather the information available on the statistics concerning the products studied as well as the general organization of their distribution

The main sources of information are

- the central services of ministries involved the Direction of statistics, the Direction of Agriculture, the Direction of Animal Husbandry, the Direction of Commerce
- the technical services in the boroughs where development services of the region are concentrated
- chambers of commerce, Industry and Agriculture
- professional Associations
- the results of studies and research conducted in the field

2 3 1 2 Survey by questionnaire

The survey was done in the form of interviews with a questionnaire as guide, it targetted wholesalers, average traders and retailers

Selection of the areas of the survey 5 regions

- Northern Region Saint-Louis, Rosso, Dara
- Dakar Region Dakar
- Central Region Touba-Toul, Thies, Mboro
- South-Eastern Region Kolda, Diaobe, Tambacounda
- South-Western Region Ziguinchor, Keur Pathe, kaolack, Banjul (The Gambia)¹

Selection criteria of zones and cities

¹ In the Gambia, for administrative reasons, we were only able to interview the main kola nut wholesale traders

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The zones and towns selected are the following

- place of entry of the products
- stocking points
- trading points (markets)
- the routes used
- regional markets

Sampling

Distribution according to size

	Wholesalers	Retailers	Total
Target	60	180	240
Accomplished	73	128	201

Distribution according to geographic area

Zone Number interviewed	
1 North	22
2 South-West	29
3 South-East	31
4 Dakar-West	98
5 Center	20
TOTAL	201

Distribution according to products

Products Number interviewed	
Kola nuts	58
Bananas	57
Cattle	86
TOTAL	201

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CHAPTER III

GENERAL INFORMATION ON THE REGIONAL TRADE OF AGRICULTURAL PRODUCTS

3 1 INTRODUCTION

Agriculture is the most important sector of the economies of the countries covered in this study. It is therefore difficult to envision rapid economic growth without significant and lasting development in the agricultural sector. Despite the heavy investments in this sector by donors and local authorities, the results are mixed. The strategies and the approaches used in the past should be reconsidered. Aware of these problems, African experts in the field of agricultural development have recently proposed to the decision-makers of the Member-States of Conference of the Ministers of Agriculture of West and Central Africa (CAM/WCA), new orientations that would lead to strategies of agricultural recovery and growth in the frame of their respective Structural Adjustment Programs.

Among the numerous recommendations made by that conference, it should be noted the necessity to integrate the various markets, develop regional trade and improve communication infrastructures.

3 2 SIGNIFICANCE AND EVOLUTION OF REGIONAL TRADE

3 2 1 The products

Senegal imports from neighboring countries a large variety of agricultural products: cattle, kola nuts, coffee, fruits etc.

It exports mainly vegetables and fishing products. But these exports are mainly for the European market. Exports to the countries of the sub-region are still marginal.

In this study, we have targetted the trade of three main products:

- kola nuts
- cattle
- bananas

3 2 2 Imports

Years	Cattle		Kola nuts		Bananas	
	Val	Q (tons)	Val	Q (t)	Val	Q (t)
1987	21.1	10.1	1628.2	8142	464.1	2706
1988	0.6	1.4	1451.2	7280	727.1	4145
1989	522.2	585.0	1250.8	6215	688.0	3939
1990	78.7	56.7	1315.4	6306	308.8	1794
1991	44.4	45.9	1651.0	4851.5	307.1	1761
1992	24.0	29.4			266.1	1611

Sources: Ministry of Economy, Finance and Planning (MEFP)

Direction of Statistics and Prevision

Q = quantities (in metric tons)

Val = value (in millions of CFA)

Officially recorded imports have regularly decreased in the last years.

3 2 3 Exports

Years	Cattle		Kola nuts		Bananas	
	V	Q (tons)	V	Q (t)	V	Q (t)
1987	65 9	75	1 23	2 8	25 4	181
1988	0 9	0 6	9	-	42 5	258
1989	2 8	12 51	-	-	3 9	18
1990	1 44	1	3 74	204 5	-	-
1991	0 81	1	1	-	-	-
1992	0 19	0 36 5	-	-	-	-

Source MEFD / Direction of Statistics and Prevision

3 3 TRADE PARTNERS AND COUNTRIES INVOLVED

Imports Countries of origin

Products	Countries of origin
cattle	Mali, Burkina Faso, Niger (sheep) Mauritania, France (selected species)
kola nuts	Ivory Coast (more than 90 %), others Guinea, Sierra Lean
bananas	Ivory Coast, Guinea

Exports

Products	Importing countries
cattle	Mali (selected spicies), Gabon
bananas	Mauritania (supplies for planes, ships)
kola nuts	negligible quantities to France

3 4 MARKET SEGMENTS AND PARTICIPANTS

Kola nuts wholesale importers Mandings (Dioulas) average traders, retailers Wolofs, Peuhls, Mandings

cattle Moors, Northern Peuhls for transactions with Mauritania , Mandings and Peuhls for transactions with Mali

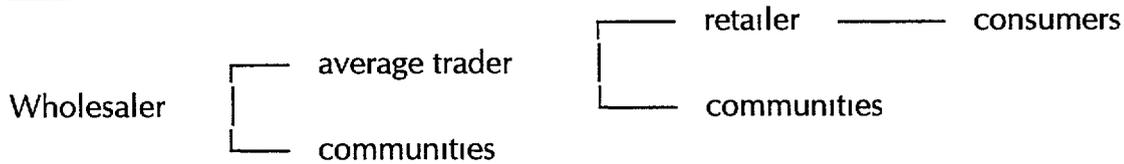
bananas Southern Peuhls and others

3 5 MAIN TRANSACTION FLOWS

Kola

Wholesaler - Average Trader - Retailer - Consumer

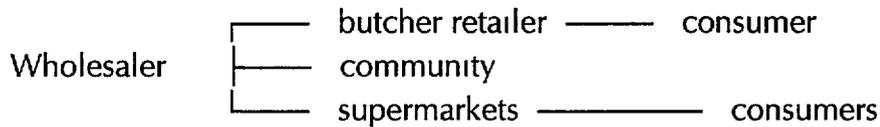
Bananas



Cattle

The market is mainly for collecting live animals

- Live animals (cattle) circuits
 Producer - Dioulas² - Tefankes - butchers
- Circuit for carcasses (meat)



² The Dioula specialized in cattle is a trader who supplies weekly markets

3 6 LEVEL OF TREATMENT (Value Added)

Kola nuts imported kola nuts are already packaged and no significant treatment is performed except repackaging operations

Bananas bananas are ripe when they reach Dakar In addition, importers have means of refrigeration to preserve their product

Cattle no treatment (except slaughtering)

3 7 DYNAMISM OF NETWORKS (Reasons for changes)

Kola the volume of kola imported via official circuits has decreased in recent years unlike the volume imported through fraudulent circuits which is always increasing

Bananas banana imports decrease regularly because of the growth of local production Indeed, sizable banana projects have been implemented in various regions of Senegal Kolda (South), Tambacounda (Eastern Senegal) with the dams on the Senegal river) However, customs protections are being lifted and the market will be very competitive

Cattle three reasons may explain the decrease of cattle imports in Senegal

- Reduction of quantities to be exported in countries that traditionally supplied the Senegalese market (Mali and Mauritania) Indeed, these countries, as Senegal, have experienced a long drought
- More competitive prices offered for cattle in other countries (Nigeria, Gabon)
- Deterioration of the political and economic relations between Senegal and Mauritania since the 1989 riots The Moors have thus lost a large part of their marketshare for the benefit of the Mandings who trade cattle from Mali

3 8 PROJECTIONS

The gradual liberalization of the economies of the countries involved will have a significant impact on the trade between these different countries especially for cattle and bananas where imports may increase Senegal is far from achieving self-sufficiency in meat The current consumption of about 10 KG per inhabitant per year can be improved, it was 21 kg per inhabitant in 1960 Imports from Mali may increase especially with the project of connecting the road networks of the two countries However, liberalization may favor the trade of meat over that of live cattle The evolution of banana imports will depend on the competitiveness of local production in the context of liberalization policies dropping of customs tariffs and import authorizations that protected national producers during the time when local productions were available on the market

Chapter IV

INDIGENOUS TRADE NETWORKS

4 1 HISTORY

Three historic zones can be identified on the basis of migration patterns and exchange flows

a) *The Northern Zone Between Senegal and Mauritania*

- The Moorish network has been very active in the trade of cattle, tea leaves, silverware, tobacco. Their dominant role in the regional trade has stopped after the deterioration of the relationships between Senegal and Mauritania which resulted in reciprocal repatriation of immigrants between the two countries in 1989. It is a very old network that goes back to the period of the penetration of Islam.
- The Network of Peuhls cattle breeders, of the North has superseded the Moors in the cattle trade since the above-mentioned events using their position as producers and the presence of the same ethnic group on the two sides of the border.

b) *The Eastern and South-Eastern Zone*

The dominating network is that of the Mandings

- It is the oldest, it dates back from the Mali Empires (XIth-XVth century), the Sanghaï Empire, Samory Toure's Empire, these empires allowed them to control the exchanges between the forest and soudano-sahelian areas.
- It is the strongest and the most solid indigenous network, it covers areas from Senegal to Nigeria, including Mali, Guinea, Sierra Leone, Ivory Coast, Burkina, Niger etc.
- The main products involved in this trade are kola nuts, karite (shea butter) or salt, fabrics, arabics gum etc.

c) *The Southern, South-Western Zone, between Senegal and Guinea*

Here, the ethnic network of the Peuhls-Fouta which is recent (beginning of the 60s characterized by a strong immigration of the Peuhls-Fouta persecuted by the local political regime) They dominate the indigenous trade of fruit by creating a control of the production in Guinea.

4 2 COMPARISON OF THE INDIGENOUS NETWORKS AND THE OTHER NETWORKS IN THE COLONIAL PERIODS

(The Lebanese-Syrian Network and that of the Colonial Trading Houses)

Indigenous trade networks enable production and consumption areas to complement each other. The

surpluses derived from the exchanges come entirely from the circuit and therefore increases the economic and social stability in the areas composing the region

On the other hand, the other networks were focused on the export and import of products with the colonizer

This trade is characterized by one major economic discrepancy imported products are mainly consumed by urban people

These indigenous networks operated in the informal sector of distribution

4 3 STRENGTHS AND WEAKNESSES OF INDIGENOUS NETWORKS THEIR STRENGTH COMES MAINLY FROM

- ethnic solidarity
- the experience of circuits and the knowledge of markets
- organizational flexibility, etc

However, the weaknesses noticed are mainly at the following levels

- Organizational (too many intermediaries)
- Commercial and financial

4 4 THE MOST IMPORTANT IRTN ABLE TO PLAY A ROLE IN REGIONAL INTEGRATION IS THE MANDING NETWORK

Indeed, it is the operational network that covers the maximum of countries in the West African region

The economic and financial power of these traders (Dioulas) is an important asset The strategy of alliance with local inhabitants facilitate the pursuit of their activities

CHAPTER V

REGIONAL ANIMAL TRADE BY IRTNS

5 1 DESCRIPTION OF IRTNS

The main traders in animal trade (cattle, sheep, goats) are the Northern Peuhls and the Wolofs. The business has been dominated for a long time by the Peuhls. The market shares of the various ethnic groups are

Ethnic	Dioulas	Tefankes	Butchers
Northern Peuhls	42	45	45
Moors	16	6	10
Wolofs	15	20	25
Mandingos	18	7	10
Other Ethnic Groups	9	22	15

Local production Peuhls, Wolofs networks

Mauritanian animals Moorish and Peuhls network

Malian animals Manding network

5 2 ROUTES UTILIZED

a) *Local production*

Because of the important distance that separates them from consumption centers, producers collaborate with the itinerant "Dioulas" or bush collectors. These Dioulas operate in villages, small animal markets which are generally close to where weekly markets are held.

After the gathering them, animals are conducted on foot to the markets, trains and trucks are very rarely used because of high transportation costs.

The arrival of animals in the markets and especially at the terminal market of Dakar is the moment when the "Tefankes" start to play, they know best the situation of the market. They are often unwanted intermediaries, with multiple functions, whose preferred area of activity is the animal market. They are almost unavoidable intermediaries between buyers and animal sellers. Sometimes, they act as sellers and landlords of the Dioulas or animal producers whose animals they sell on the markets. They collect

debt payments and receive a commission of 5 to 13% on the value of sales. Sometimes, they are just asked to facilitate the transactions by tactfully orienting the bargainings. They receive two commissions from the Dioulas and the meat wholesalers.

Meat wholesalers buy animals live, and slaughter them to sell carcasses. They are the starting point of the trade of meat.

b) *Regional trade*

The Formal Circuit

Animals from Mauritania

Animals are transported to Senegal mainly through the border town of Rosso in the Northern Region of the country by the Dioulas, Moors and Peuhls.

They are subsequently transported to Dakar, to the market. Animals are also often transported to Mali before being convoyed to Senegal.

Animals from Mali

The trade is dominated by the Mandings, and are mainly about sheep which are transported by the Dakar-Bamako train. These Mandings sell sometimes sheep from Burkina Faso or Mauritania. The sheep trade is getting more and more significant.

The Informal circuit

All along the borders between Senegal and its neighboring countries (Mauritania, Mali, Guinea-Bissau) there is an important informal trade of animals. It is practiced by local populations: Peuhls and Mandings.

5.3 OPERATION AND ORGANIZATION OF THE NETWORKS

Collecting

Animals are collected by the Mauritanian or Malian Dioulas from producers. They convey them to the border to sell them to other Senegalese Dioulas or to Dakar where they collaborate with the Tefankes (who put them up) in order to sell their animals.

Stocking

Animals that arrive at the market are stocked prior to the sales. They are in the hands of the Tefankes (wholesalers) who hire herdsmen to look after them.

Transportation

Transportation costs to Dakar are borne by the buyer if the transaction is done in rural areas or by the seller if he brings himself his animals up to Dakar to look for a buyer

Transactions

Credit is one of the pillars of animal trade. The Dioulas, who are known as the specialists of the sale of animals, are entrusted with several heads of animals by their relatives who are the producers. Payment is often by credit, only partial payment is made to the owner of the animals. The Dioulas takes all the risks of the trading.

The Tefanke is, vis-a-vis the Dioulas, the guarantor of the debt of the wholesale meat buyer. Payment depends on the rotations made by the butchers-retailers who also, very often, are supplied on a credit basis. Social relationships guarantee the continuity of the business because the only guarantee used is trust.

5.4 STRUCTURES AND NETWORKS UTILIZED

The most important networks in the region trade are the Moorish and Peuhls networks for animals from Mauritania and the Manding network for animals from Mali. Alliances with other ethnic groups are made in the market of Dakar.

5.5 RELATIONSHIPS BETWEEN MEMBERS OF THE NETWORK

Members of a network are generally linked by belonging to the same ethnic group.

5.6 FACTORS OF SUCCESS IN THE DOMINATING NETWORK

Belonging to a given ethnic group can be a key factor of success in animal trading.

The main elements that explain the success of the Northern Peuhls in the trade of animals are the following:

- historic links with the product because the Peuhls have a long pastoral tradition
- geographic advantages: they live in the sylvo-pastoral area (animal breeding zone) of the country and they are also along the Northern border of the country
- group solidarity
- the constant presence of the Peuhls in the circuit, from production to retail trade
- knowledge of love of animals

Following the results of the survey, the main elements which are vital for succeeding in animal trade are as follows

- knowledge of animals (expertise)
- financial means
- business sense
- notoriety (trust is the only guarantee for the existing credit system)
- knowledge of Pulaar and Wolof languages

5 7 OBSTACLES

The obstacles met are often

financial difficulty of having access to credits through the banking system

technical lack of communication infrastructures, deterioration of refrigeration systems, slaughter houses

organizational difficulty to master the situation of the market

5 8 COMMERCIAL ORGANIZATION OF THE DOMINATING TRADE GROUP

The dominating ethnic group, as well as the other ethnic groups, do not generally have an organizational structure supporting them in their trade activities. Traders do not also have financial support through the formal sector, but only from friends or family members

However, a National Association of the Professionals of the Meat Business and Animals (ANPROV) was created in 1989. It includes the Dioulas, the Tefankes, the Meat wholesalers and the butchers (retailers). Membership is granted without ethnic discrimination.

5 9 EVOLUTION OF THE MARKET

Several changes occurred in recent years

- the decrease in the quantities sold because of the devaluation of the CFA franc which caused a change in the selling methods because of the difficulties to obtain credit. Indeed, producers refuse more and more to sell by credit
- the lowering of profit margins because of the economic crisis and the weakening of the purchasing power of consumers

The difficulties to get supplies cause the disappearing of specializations, (the Tefanke acts sometimes as a Dioula, the producer may come himself to sell his animals to the market, especially when there is a high demand in holidays etc)

5 10 DESIRABLE CHANGES

Changes desired by the traders are the following

- a better organization and equipement of markets
- a reduction of taxes
- a simplification of administrative paperworks
- total liberalization of the sector

5 11 PERSPECTIVES AND TRENDS

In years to come, the Northern Peuhls will continue to dominate the trading of animals. They still keep their vocation of animal farmers.

The Moors who dominated the regional trade with Mauritania have lost a good part of their market share since the deterioration of the relations between the two countries. They work in association with the Peuhl network to make easier the sale of their production.

However, they are recuperating their market share with the improvement of the relations between the two countries.

The market share of the Manding has kept increasing these last years thanks to the success of the "bali-bali" sheep which originated from Mali and Burkina Faso.

**Matrix of Estimated Market Volume Shares by Ethnicity
in Senegal's Livestock Import Trade**

A BEEF

MARKET SEGMENTS	Peul North	Wolof	Serere	Manding	Others
Formal importers	C 45% v	C 18% î	W 8% x	W 17% î	W 12% î
Informal importers	C 45% î	W 9% x	W 7% x	W 19% î	W 15% î
Tefankes (Brokers)	C 45% v	C 20% î	M 5% x	W 7% x	C 23% v
Slaughterers and wholesale Butchers	C 45% î	C 25% î	M 5% x	W 10% î	W 15% v

B SHEEP

MARKET SEGMENTS	Peul North	Wolof	Moors	Manding	Others
Formal importers	C 35% v	W 15% î	C 25% v	W 15% î	W 10% î
Informal importers	C 40% î	W 5% x	C 30% v	W 20% î	M 5% î
Tefankes (Brokers)	C 45% v	C 20% î	W 10% x	W 7% x	W 18% v
Slaughterers and wholesale Butchers	C 45% î	C 25% î	W 10% x	W 10% î	W 10% v

For competitive position For share shifts

D = dominant (+ de 75%) î = Strong growth
 S = strong (50 - 74%) î = Growth
 C = competitive (20 - 49%) x = No change
 W = weak (6 - 19%) v = Small share loss
 M = minimal (0 - 5%) vv = Strong share loss

CHAPTER VI

REGIONAL TRADE OF KOLA NUTS BY IRTNS

6 1 THE MARKET

According to available statistics, the kola market is evaluated at 8 000 tons per year for a (CIF) value of 1 5 billion CFA

The turnover after sales is 7 5 billion, in other words, 6 billion CFA of value added to remunerate the various intermediaries in the commercial circuit. These data do not take into account smuggling which professionals in the sector estimate at 50% of the market at least

Kola nuts come mainly from Ivory Coast (more than 98% of imports), a very small amount come from other countries of the Atlantic Western Coast, such as Guinea, Benin, and Nigeria

On the other hand, smuggled kola (the informal circuit) come mainly from The Gambia. The port of its capital city, Banjul, receives large quantities of kola from Sierra Leone to be sold on the Senegalese market

In Senegal, kola is a product of large consumption. It is demanded because of its drug virtues (diuretic and tonic). However, the main cause for purchasing the product is the various social, religious, and mystical³ functions played by kola nuts in the muslim society that form 95% of the country's population

kola nuts are indeed consumed in marriages, naming ceremonies, religious ceremonies, collective field works, mystical sacrificial ceremonies etc

It is also used in the traditional dying of fabrics and costumes

6 2 DESCRIPTION OF THE CIRCUIT OF THE KOLA

6 2 1 The formal circuit

Kola is produced in Sub-equatorial areas, especially South of Ivory Coast and of Sierra Leone

Kola from Ivory Coast is bought to the plantations by traders who make the selection, the packing in bags, and the storage in rooms located in areas of production and collection such as Anayma, Adzope, Gagnoa, Divo, Daloua, and Sikenze in Ivory Coast

Traders consolidate their purchases and sell their kola nuts by 25 to 100 bags of 50 kilograms each

³kola must be used to celebrate weddings and naming ceremonies, to make prayers. It plays a strategic role in the socio-cultural representation system of the Africans in general and muslims in particular

Other traders who are intermediaries, from the North of Ivory Coast, buy the product and transport it by trucks to Ivorian areas of consumption or to Bamako, the capital city of Mali, which is an important point of the circuit of distribution of kola nuts. It is from there and after selection and repackaging that the product is conveyed to Mali or Senegal.

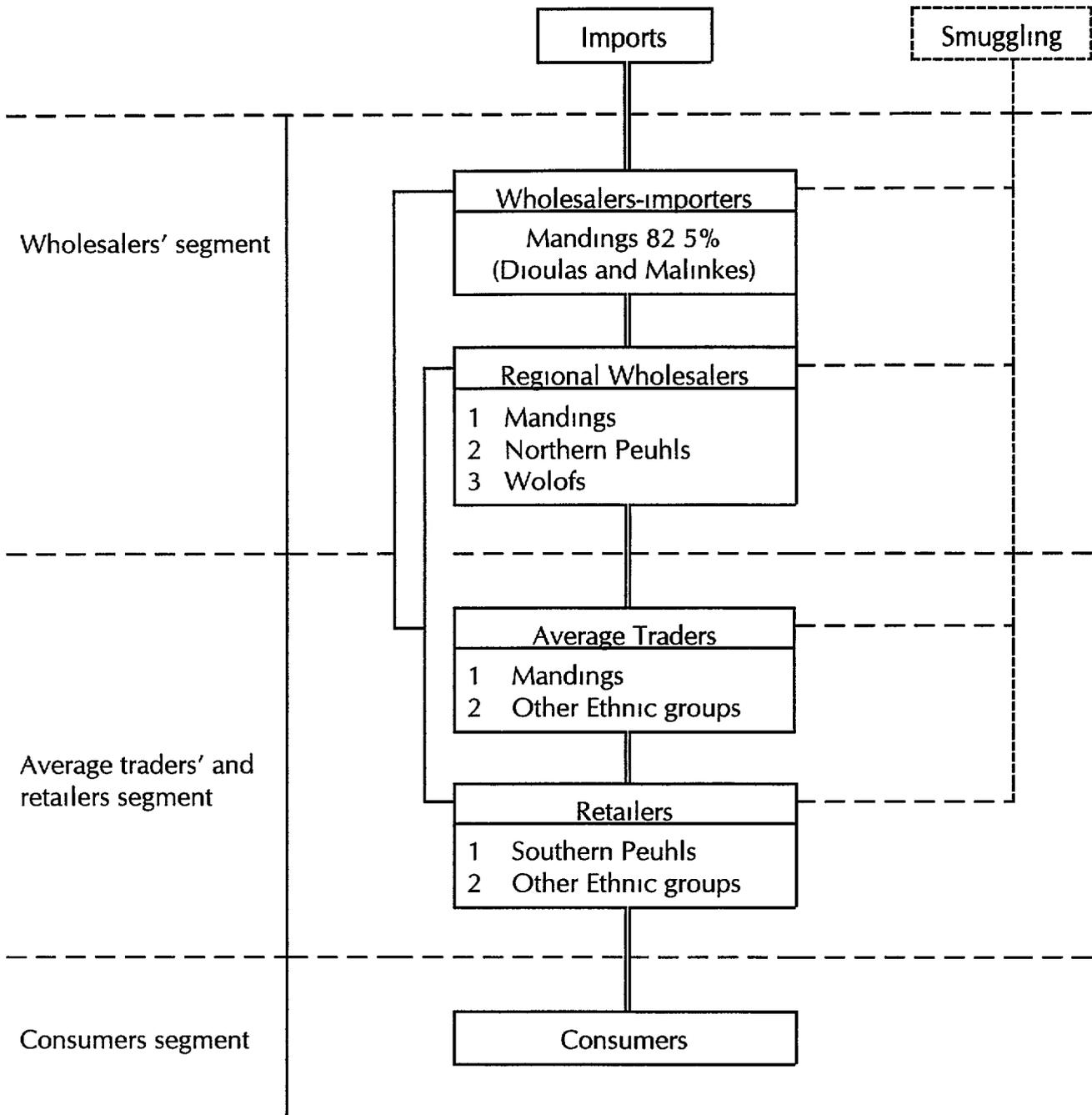
The kola nuts come to Senegal by the train Bamako-Dakar. Dakar, Kaolack and Tambacounda are the main ports of entry.

6.2.2 THE INFORMAL CIRCUIT

It is becoming increasingly important and is organized along the borders with The Gambia and Mali. Kola nuts are smuggled into Senegal in small quantities and traded in neighboring rural markets held once a week. Other traders collect these quantities and sell them in cities.

The size of this circuit escapes official statistics, however, it is estimated to control about half of the kola market in Senegal. Its development is linked to the various taxes considered too high by some traders.

Trade Circuit of Kola Nuts



6 3 DISTRIBUTION CIRCUIT OF KOLA NUTS IN SENEGAL

The diagram above shows the various actors involved in the distribution of kola nuts in Senegal

a) *The wholesalers*

a 1 *Wholesale importers*

This segment is largely dominated by the Bambaras or Dioulas who are among the large family of the Mandings. These traders come from Mali or Ivory Coast and have been living in Senegal for several decades.

The Dioulas come from Ivory Coast where they control the production of kola, they have also settled in other countries producing kola (Guinea, Sierra Leone). They control the whole circuit: production-collection-transport by road up to countries of consumption.

In these countries they collaborate with local Mandings (Sarakholes, and Bambaras from the Eastern part of the country, Soces from the Gambia and the South, Soninkes from Guinea) to control the wholesale trade of kola nuts.

The overall volume traded by the wholesaler is generally over 100 tons per year.

a 2 *Regional wholesalers*

These are less important wholesale distributors. They are based in regional cities and sell quantities inferior to 100 tons per year.

In this chain, there is more ethnic diversity. The Peuhls and the Wolofs enjoy a significant⁴ position here.

The link between the Mandings and the other ethnic groups is their belonging to societies with old Islamic traditions.

Regional wholesalers are officially supplied by wholesale importers, however, according to our sources, some traders based on the regions bordering The Gambia benefit from the smuggled kola which is 50% cheaper in the circuit of weekly markets of the villages (Loumas).

b) *Average traders*

At this level, the Mandings are strongly represented but less than in the wholesale trade. The Southern Peuhls, the Northern Peuhls and the Wolofs are competitively represented in this chain.

c) *The retailers*

⁴ The Toucouleurs belong to the ethnic group of the Northern Peuhl and they are differentiated by their ancient Islamic orthodoxy.

This segment is dominated by the Southern Peuhls because of their large presence in the retail trade points⁵ in large cities, as well as in the itinerant trade, especially in Dakar

This segment is particularly active in the trade of smuggled kola in border regions. The product is conveyed in small quantities through the borders (10 to 20 kilos) to the lomas where the kola is traded

The smuggling circuit, by its nature, seems to explain the importance of the ethnic diversity that is noted in average and retail trade

Ethnic origin is not very important as far as transactions are concerned

It is also noted that women are active in this circuit and this is new in comparison to the traditional circuit

6.4 ETHNIC DISTRIBUTION IN THE NETWORK

WHOLESALE

Mandings	82.5 %
Northern Peuhls	3.5 %
Southern peuhls	2.5 %
Wolofs	3.5 %
Others	2.0 %

AVERAGE TRADERS

Mandings	31 %
Southern Peuhls	23 %
Northern Peuhls	17 %
Wolofs	15 %
Sereres	7 %
Moors	6 %
Diolas	1 %

6.5 CONDITIONS OF SUCCESS OF THE DOMINATING ETHNIC GROUP

The domination of the Mandings in the trade of kola nuts can be explained by advantages accumulated during several centuries

6.5.1 Historical advantages

Since the Mali Empire (XIth century after Christ), the Mandings have settled in areas of kola production. This has allowed the group to acquire deep knowledge of the product, jealously kept, to perpetuate their domination of the trade

6.5.2 Technical advantages

One expertise that is crucial to have to succeed in the trade of kola nuts is to know how to preserve the product which is very fragile and yet one should be able to preserve it for months

⁵ retail trading points are neighborhood corner shops where staple food products are sold and on street stands

The Mandings use the process of repackaging as a way of preserving

It is this preservation technique that explains the abundant labor found in storage rooms. Kola nuts are unpackaged spread in the open air hours and then repackaged, the process is regularly repeated (about once every 5 days)

6.5.3 Socio-cultural advantages

The strong ethnic solidarity is also one of the reasons of the success of the Mandings in the kola trade. They have control of production and are present in all the countries of the sub-region. They rely on the strong relations among members of the group to develop a regional network of distribution of the product.

Traditional values and the important role of kola in the beliefs of the Manding ethnic group explains the fact that they are attached to the practice of this trade. Even the traders who become involved in new activities never leave completely the distribution of kola.

6.5.4 ECONOMIC AND FINANCIAL ADVANTAGES

Financial solidarity expressed through an informal financial system (supplier's credit, interest-free loans) reinforces the domination of the group. No guarantee is required for obtaining a supplier's credit. Only relationships based on trust are important to benefit from this system of credit.

6.6 EVOLUTION OF THE TRADE AND EXPECTATIONS

The recent devaluation of the CFA franc, the currency used to conduct trade, has certainly contributed to the decrease of kola sales, but the increase of smuggling is perceived by traders as a serious threat to their activities. As a result, they wish to see the taxes and customs tariffs be decreased to annihilate smuggling.

Import of kola have been liberalized since January 1995, but this is not enough to control smuggling.

6.7 PERSPECTIVES AND TRENDS

In years to come, the Mandings will continue to dominate the trade of kola because of their massive presence in the circuit and their expertise.

Nevertheless, the development of the informal circuit has contributed to the strengthening of the multi-ethnicity of circuit and can become a threat to the domination by the Mandings.

However, some sources believe that it is the powerful wholesale traders who organize the smuggling of kola (the main Gambian importer belongs to the Soce ethnic group which is a sub-ethnic group of the Mandings).

Matrix of Estimated Market Shares by Ethnicity
in Senegal's Kola nuts Import Trade

MARKET SEGMENTS	Mandingos	Southern Peuls	Northern Peuls	Wolofs	Others
Formal importers	D 90% v				W 10% î
Informal importers	D 75% î	M5% x	W7% v	W7% î	M6% î
Average traders and Retailers	C 31% v	C 23% î	W 17% x	W 15% x	W 14% v

For competitive position For share shifts

D = dominant (+ de 75%) îî = Strong growth

S = strong (50 - 74%) î = Growth

C = competitive (20 - 49%) x = No change

W = weak (6 - 19%) v = Small share loss

M = minimal (0 - 5%) vv = Strong share loss

CHAPTER VII

REGIONAL TRADE OF BANANA BY IRTNS

7 1 ORIGIN OF THE BANANAS CONSUMED IN SENEGAL

a) *Local production*

In Senegal, banana production has increased regularly thanks to the large projects launched in several regions of the country Ziguinchor, Tambacounda, Saint-Louis Bananas produced are small-size bananas which are difficult to preserve but they are sweeter than imported bananas

b) *Imports*

They come mainly from Southern Ivory Coast but also from Guinea, especially the areas of Pita and Serekore Bananas from Ivory Coast are of great quality because they are produced in large plantations using modern means of production

7 2 REGIONAL INDIGENOUS NETWORKS OF BANANA TRADE

7 2 1 Market segments

The following 3 segments can be distinguished

a) *Wholesale importers*

Bananas are imported from Ivory Coast by wholesale traders based in Dakar Today there are only 4 of them They all operate in the formal sector They import the product from their Ivorian partners and preserve it in the refrigeration facilities of Dakar's harbor Their customers are the wholesale traders, supermarkets, communities Sometimes, they re-export bananas to Mauritania

b) *Average traders*

They operate in the large markets of Dakar and the other large cities of Senegal They sell ripe bananas in quantities ranging from 5 to 50 kilos to retailers

c) *Retailers*

They are generally small traders who are either itinerant or owners of small stands near markets, hospitals or road intersections

7 2 2 Ethnic groups involved

The main banana traders are Southern Peuhls, originating from Guinea , and the Wolofs This sector has long been dominated by Southern Peuhls But the sector has started to attract other ethnic groups because of the increase in local production

- Importers are Guinean Peuhls and Wolofs
- Average trading is dominated by the Guinean Peuhls who are the majority , but the Wolofs and the Northern Peuhls are also involved in it
- In retail trading, almost all ethnic groups are represented, however, the Guinean Peuhls still dominate this segment of the market

The market shares of the various ethnic groups in the various segments are as follows

Market segments Ethnic group	Wholesale Importers	Average traders	Retailers
Southern Peuhls (Guinea)	50	67	43
Wolofs	25	13	24
Northern Peuhls	25	11	12
Mandingos		3	5
Sereres		-	8
Diolas		3	4
Other ethnic groups		3	4

7 3 DISTRIBUTION ROUTES

Bananas produced in Southern Ivory Coast are transported by trucks to the Harbor of Abidjan from where it is shipped to Dakar in containers or refrigerated holds. Bananas ripen in the refrigerated chambers of Dakar's harbor. Transportation to other cities of Senegal and re-exportations to Mauritania are done by road.

The Guinean production is transported from the North of Guinea to the South of Senegal (Kolda, Tambacounda) by road. Shipping is seldom used nowadays. The imports are done through the informal sector and in small quantities.

7 4 RELATIONSHIPS BETWEEN NETWORK MEMBERS

Members of a network are often linked by their belonging to the same ethnic group. However, importers have only professional relationships with their Ivorian partners which are often large private companies.

7 5 FACTORS OF SUCCESS IN THE DOMINANT NETWORK

Being member of a given ethnic group seems to be a factor of success in the banana trade, especially in average trading, largely dominated by the Guinean Peuhls who have strong solidarity links

The particular factors that justify the success of the Southern Peuhls in the banana trade are as follows

- historic links with the product (tradition, customs)
- geographic advantages Southern Peuhls are from areas of fruit production in Guinea
- group solidarity
- business experience
- massive presence of the Peuhls in the circuit from production to retail trade
- knowledge of the product
- notoriety

7 6 OBSTACLES

Obstacles generally faced by traders are of the following nature

financial difficulties of having access to credit, insufficiency of working capital)

technical lack of efficient refrigeration systems

organizational difficulties of mastering market information, small markets (weak purchasing power of consumers)

7 7 COMMERCIAL ORGANIZATION OF THE DOMINANT ETHNIC GROUP

The dominant ethnic group and the other ethnic groups do not have yet a form of organization likely to support efficiently their trade activities For instance, traders do not have a formal financial support (bank credits, for example) All support obtained is through friends, or family members Supplier's credit can sometimes be obtained but generally they involve small quantities

7 8 EVOLUTION OF THE MARKET AND DESIRED CHANGES

In recent years, the trade of bananas has gone through some changes among which

- decrease of sale volumes due to the devaluation of the CFA franc and the lack of credit,
- decrease of profit margins due to the economic crisis and the deterioration of the consumer's purchasing power,

- gradual liberalization of imports (import authorization no longer required),
- the increase of local production

Traders that we have interviewed wish to see some changes that will improve the distribution of bananas in Senegal

- support of the Senegalese Government and of donors to have access to credit,
- reduction of taxes
- appropriate refrigeration facilities
- total liberalization of the sector

7 9 PERSPECTIVES AND TRENDS

In years to come, Southern Peuhls will continue to dominate the trade of bananas because of the long experience they have had with this product

The Wolofs and the Northern Peuhls are starting to have a significant part of the market because of the irrigation projects in the North of Senegal

The evolution of imports will largely depend on how competitive the local banana will be after the dismantling of tariff and non-tariff protections

Bananas from Guinea may also become more competitive with the modernization of their production and the implementation of the linking of the road networks of Senegal and Guinea

Reexportations to Mauritania may also increase with the abandoning of nomadic life by local populations, urbanization, the increase of expatriates, etc

Matrix of Estimated Market Shares by Ethnicity in Senegal's Banana Import Trade

MARKET SEGMENTS	South peuls	Wolofs	North peuls	Mandingas	Others
Formal importers	S 50% v	C 25% v	C 25% v	M 0% x	M 0% x
Informal importers	C 49% î	W 14% x	W 11% v	W 10% î	W 16% î
Average traders and Retailers	C 43% v	C 28% î	W 12% x	M 5% x	W 12% v

For competitive position For share shifts

D = dominant (+ de 75%) îî = Strong growth

S = strong (50 - 74%) î = Growth

C = competitive (20 - 49%) x = No change

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Chapter VIII

GENERAL OBSERVATIONS REGARDINGS IRTNS CONTRAINTS - CHALLENGES AND OPPORTUNITIES

8 1 INDIGENIOUS NETWORKS OF REGIONAL TRADE (IRTNS)

8 1 1 Networks studied

Ethnic groups play an important role in the distribution of agricultural products targetted by the study, kola, bananas, cattle

The analysis has shown that ethnic networks dominate clearly the trade of cattle, kola and bananas, the share of non-ethnic networks is insignificant

KOLA Wholesale trade is largely dominated by the Mandings However, at the level of distribution in retail trade, they have allies such the Southern Peuhls (Peuhls of Guinean origin)

BANANAS This sector is dominated by the Southern Peuhls becausebananas were so far imported from Ivory Coast and Guinea

Currently, the Senegalese production of bananas is increasing quickly and it is noted the arrival of newnetworks in the trade of bananas

CATTLE Northern Peuhls dominate this sector and they are present at all levels in the circuit from production to retailtrade

The domination of these networks by the various ethnic groups is very old Generally, the ethnic group that dominate the distribution of a given product has its origins on family relations in the country that supplies the product

8 1 2 Success factors

The fact of belonging to a given ethnic group can be a success factor in the trade of these products because family relations play an important role The languages used are those of the dominating ethnic group and Wolof which is the primary local language

The main factors explaining the success of these networks are

- historic and geographic links in relation to the product or in relation to the area of imports
- the knowledge of products, expertise
- business experience (these ethnic groups generally succed in the distribution of other products)
- group solidarity, etc

There is no open rivalry between ethnic groups or members of the same ethnic group

8 1 3 Obstacles

Obstacles met by traders are generally of the following nature

- financial lack of credit and liquidity difficulties,
- technical preservation of kola, bananas, means of communication, etc ,
- commercial lack of information about the market, lack of organization on the part of traders,
- intellectual training in management techniques, etc

With the current economic difficulties which make the environment unfavorable, turnovers made by traders have generally decreased in the recent years

8 1 4 Trade organizations

- The system of credit granted by the supplier is practiced and the only guarantee provided is trust (which explains the importance of family and ethnic links)
- Transactions with neighboring countries are conducted in CFA francs This is also the case with Mauritania which is not a member of the CFA monetary zone
- These ethnic networks are not well structured and do not have organizations that can support them in their profession
- The cattle circuit is the most archaic

8 1 5 Perspectives

In the past years, the market has been troubled by economic crises that created a lot of difficulties

- Selling at a loss
- Difficulties to get supplies
- Decrease of profit margin
- Decrease of consumption

Changes desired by the traders are as follows

- Access to credit
- Support of the Government and of Donors (funding, regulation, creation appropriate infrastructures)

- Organization of the market
- Reduction of taxes, etc

8 1 6 Trends

However, despite the difficulties mentioned, most of the traders are not ready for another job

The dominant ethnic groups in these sectors will maintain their positions for a long time

The trade of Kola and above all, that of cattle are likely to develop in years to come, whereas, the import of bananas will depend on the competitiveness of the local production after total liberalization of trade as requested by donors and international funds (World Bank and International Monetary Fund)

Reexportation of bananas to Mauritania should increase thanks to the changes in the lifestyle of local populations (sedentary, modern way of life) and increase of expatriate in the population

8 2 GENERAL RECOMMENDATIONS

8 2 1 Transport infrastructures

- Improve railway transportation to ensure a good circulation of persons and goods
- Connect the various railways and roads in the sub-region
- Development of maritime transportation the experience of the ferry boat CARABANE II that linked various cities on the West African Coast demonstrated the interest of traders for this form of transportation

8 2 2 Reduction of costs

Governments and traders should take necessary measures to reduce the cost of products so that consumption can be boosted

- tax reduction,
- reduction of intermediaries,
- development of infrastructures to preserve products to avoid losses,
- reduction of costs of transportation

8 2 3 Better organization

The aim is to adopt common regulations for the region to facilitate the circulation of products and the economic integration of West African Countries. An efficient information system needs to be developed to help traders make decisions. A better organization of traders would allow them to promote themselves and increase their businesses.

STUDY OF THE INDIGENOUS REGIONAL TRADING NETWORKS IN SENEGAL

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CHAPTER I

SUMMARY

The study has allowed to identify the organization of Indigenous Trade Networks of cattle, kola nuts and bananas. It has also allowed to determine the market share of each ethnic group for a given product.

Various ethnic groups play important roles at various stages of the distribution of products:

- the distribution of kola nuts is dominated by the Mandings especially the wholesale trade of kola nuts
- the trade of bananas is dominated by the Southern Peuhls. However, with the increase in local banana production, they are losing their dominant position
- the cattle business is dominated by the Northern Peuhls who are very well represented in the circuit, from production to retail trade

The domination of these networks by the various ethnic groups is very old and generally the ethnic group that dominates the distribution of the product comes from or has relatives in the exporting countries.

Generally, the languages used in commercial transactions are Wolof (the most widespread language in Senegal) and the language of the group that dominates the trade.

In addition, the fact of belonging to the dominant group is from the beginning a cause of success. The other factors explaining the success of the networks are:

- historic and geographic links with the products
- familiarity with the product
- business experience
- group solidarity

The main obstacles faced by the traders are mainly:

- financial: lack of credit
- technical: infrastructure, means of preservation, etc.
- commercial: lack of knowledge about the market, lack of organization in distribution circuits

With the current economic difficulties, the turnovers of traders have generally decreased.

Transactions are conducted in CFA francs and the system of credit granted by the supplier is often practiced. In this case, guarantee is generally based on nothing but confidence.

In the recent years, the market has been troubled by an economic crisis that had the following results:

- a decrease in sales
- difficulties to get supplies
- decrease of profit margins
- decrease of consumption
- increase of fraud

Given all these difficulties, the changes desired by traders are the following:

- access to credit
- Governmental support through a better organization of markets
- tax reductions
- etc

CHAPTER II

INTRODUCTION

2 1 JUSTIFICATION OF THE STUDY

In Senegal, the regional trade of some products, especially agricultural ones, is generally dominated by an ethnic group. These dominant ethnic groups have often relatives or ethnic links in the countries where the target products are from (kola nuts, cattle, bananas)

For instance

- the wholesale trade of kola is dominated by the Mandings (Bambara, Dioulas, Soninkes, Soces) and the retail trade by the Southern Peuhls (Peuhl Fouta originally from Guinea Conakry)
- the cattle trade is mainly dominated by the Northern Peuhls (Pulaar, Peuhl Djeri). The Moors have lost a large part of the market since the deterioration of the relations between Senegal and Mauritania in 1989,
- the wholesale and retail trade of bananas is essentially dominated by the Peuhls Sud

This specialization has existed since the French Colonial period. Indeed, the most important Senegalese and African traders succeed better in the trade of food products special based on ethnic specialization and less dependant on large colonial businesses or multinational companies

The transactions may be as follows

formal involving big traders with import-export licences or companies ,

informal they are generally performed by small or average traders who cross the borders with neighboring countries illegally and with their products (these neighboring countries are the Gambia, Mauritania, Mali, Guinea). This practice is particularly common in the imports of cattle and kola nuts

2 2 OBJECTIVES OF THE STUDY

2 2 1 Identification

- Of important trade centers
- Of the agents on market (traders, middlemen)
- Of the types of circuit distribution
 - formal and informal circuits
 - supply methods
 - means of transportation
 - places of transaction
- Of ethnic groups involved in trade and their organizations

- Flow of products

2 2 2 Evaluation of Market Shares

For each product, evaluate market Shares per ethnic group, per category (wholesalers, retailers) and per sector (formal, informal)

- Evolution and trends for these market shares

2 2 3 Evaluation of the Policies and the Constraints in the sector

a) Organization of distribution

- Organization of the market distribution circuits, methods of payment (cash, credit, barter, etc), transportation
- Market segmentation
- Relationship's between the main Dealers
- Aspects of the regulations of the sector

b) Constraints

- Technical constraints
 - ◆ related to means of transportation used (ship, railway, road)
 - ◆ availability and reliability
 - ◆ related to routes (state of roads, availability of supplies, bureaucratic nightmares by administrative authorities)
 - ◆ preservation facilities
- Constraints related to the financing of the sector
 - ◆ access to banking credits
 - ◆ time of payment
 - ◆ currency of payment
 - ◆ financial solidarity
- Administrative constraints
 - ◆ regulations, quotas, prices, permits taxes
 - ◆ administrative papers required

2 3 METHODOLOGY

The study focussed on

- the analysis of primary and secondary statistical data with the aim of creating a catalogue of identification including trade centers, important traders, middlemen, and the significance of trade flows

- a segmentation based on ethnic and economic criteria allowing to have a descriptive chart of the various segments and their position on the market (evolution of market shares)

The study has led to the creation of competitiveness matrices per products, per market segment and per ethnic group

2 3 1 Survey Techniques and Identification

2 3 1 1 Document search

It allowed to gather the information available on the statistics concerning the products studied as well as the general organization of their distribution

The main sources of information are

- the central services of ministries involved the Direction of statistics, the Direction of Agriculture, the Direction of Animal Husbandry, the Direction of Commerce
- the technical services in the boroughs where development services of the region are concentrated
- chambers of commerce, Industry and Agriculture
- professional Associations
- the results of studies and research conducted in the field

2 3 1 2 Survey by questionnaire

The survey was done in the form of interviews with a questionnaire as guide, it targetted wholesalers, average traders and retailers

Selection of the areas of the survey 5 regions

- Northern Region Saint-Louis, Rosso, Dara
- Dakar Region Dakar
- Central Region Touba-Toul, Thies, Mboro
- South-Eastern Region Kolda, Diaobe, Tambacounda
- South-Western Region Ziguinchor, Keur Pathe, kaolack, Banjul (The Gambia)¹

Selection criteria of zones and cities

¹ In the Gambia, for administrative reasons, we were only able to interview the main kola nut wholesale traders

The zones and towns selected are the following

- place of entry of the products
- stocking points
- trading points (markets)
- the routes used
- regional markets

Sampling

Distribution according to size

	Wholesalers	Retailers	Total
Target	60	180	240
Accomplished	73	128	201

Distribution according to geographic area

Zone Number interviewed	
1 North	22
2 South-West	29
3 South-East	31
4 Dakar-West	98
5 Center	20
TOTAL	201

Distribution according to products

Products	Number interviewed
Kola nuts	58
Bananas	57
Cattle	86
TOTAL	201

CHAPTER III

GENERAL INFORMATION ON THE REGIONAL TRADE OF AGRICULTURAL PRODUCTS

3 1 INTRODUCTION

Agriculture is the most important sector of the economies of the countries covered in this study. It is therefore difficult to envision rapid economic growth without significant and lasting development in the agricultural sector. Despite the heavy investments in this sector by donors and local authorities, the results are mixed. The strategies and the approaches used in the past should be reconsidered. Aware of these problems, African experts in the field of agricultural development have recently proposed to the decision-makers of the Member-States of Conference of the Ministers of Agriculture of West and Central Africa (CAM/WCA), new orientations that would lead to strategies of agricultural recovery and growth in the frame of their respective Structural Adjustment Programs.

Among the numerous recommendations made by that conference, it should be noted the necessity to integrate the various markets, develop regional trade and improve communication infrastructures.

3 2 SIGNIFICANCE AND EVOLUTION OF REGIONAL TRADE

3 2 1 The products

Senegal imports from neighboring countries a large variety of agricultural products: cattle, kola nuts, coffee, fruits, etc.

It exports mainly vegetables and fishing products. But these exports are mainly for the European market. Exports to the countries of the sub-region are still marginal.

In this study, we have targetted the trade of three main products:

- kola nuts
- cattle
- bananas

3 2 2 Imports

Years	Cattle		Kola nuts		Bananas	
	Val	Q (tons)	Val	Q (t)	Val	Q (t)
1987	21 1	10 1	1628 2	8142	464 1	2706
1988	0 6	1 4	1451 2	7280	727 1	4145
1989	522 2	585 0	1250 8	6215	688 0	3939
1990	78 7	56 7	1315 4	6306	308 8	1794
1991	44 4	45 9	1651 0	4851 5	307 1	1761
1992	24 0	29 4			266 1	1611

Sources: Ministry of Economy, Finance and Planning (MEFP)

Direction of Statistics and Prevision

Q = quantities (in metric tons)

Val = value (in millions of CFA)

Officially recorded imports have regularly decreased in the last years

3 2 3 Exports

Years	Cattle		Kola nuts		Bananas	
	V	Q (tons)	V	Q (t)	V	Q (t)
1987	65 9	75	1 23	2 8	25 4	181
1988	0 9	0 6	9	-	42 5	258
1989	2 8	12 51	-	-	3 9	18
1990	1 44	1	3 74	204 5	-	-
1991	0 81	1	1	-	-	-
1992	0 19	0 36	-	-	-	-
		5	-	-		

Source MEFD / Direction of Statistics and Prevision

3 3 TRADE PARTNERS AND COUNTRIES INVOLVED

Imports Countries of origin

Products	Countries of origin
cattle	Mali, Burkina Faso, Niger (sheep) Mauritania, France (selected species)
kola nuts	Ivory Coast (more than 90 %), others Guinea, Sierra Lean
bananas	Ivory Coast, Guinea

Exports

Products	Importing countries
cattle	Mali (selected species), Gabon
bananas	Mauritania (supplies for planes, ships)
kola nuts	negligible quantities to France

3 4 MARKET SEGMENTS AND PARTICIPANTS

Kola nuts wholesale importers Mandings (Dioulas) average traders, retailers Wolofs, Peuhls, Mandings

cattle Moors, Northern Peuhls for transactions with Mauritania , Mandings and Peuhls for transactions with Mali

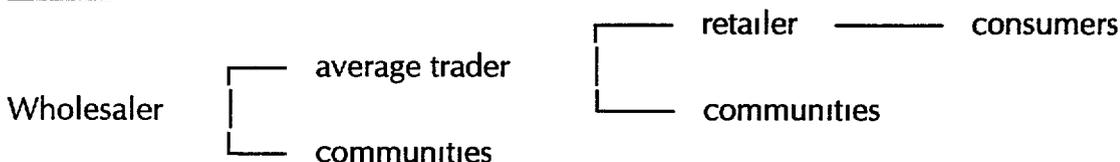
bananas Southern Peuhls and others

3 5 MAIN TRANSACTION FLOWS

Kola

Wholesaler - Average Trader - Retailer - Consumer

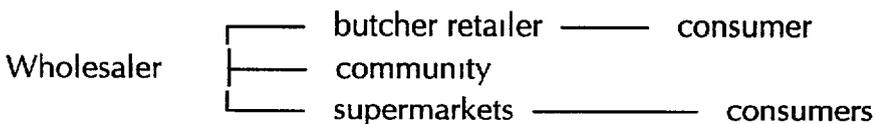
Bananas



Cattle

The market is mainly for collecting live animals

- Live animals (cattle) circuits
 Producer - Dioulas² - Tefankes - butchers
- Circuit for carcasses (meat)



² The Dioula specialized in cattle is a trader who supplies weekly markets

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3 6 LEVEL OF TREATMENT (Value Added)

- Kola nuts imported kola nuts are already packaged and no significant treatment is performed except repackaging operations
- Bananas bananas are ripe when they reach Dakar In addition, importers have means of refrigeration to preserve their product
- Cattle no treatment (except slaughtering)

3 7 DYNAMISM OF NETWORKS (Reasons for changes)

- Kola the volume of kola imported via official circuits has decreased in recent years unlike the volume imported through fraudulent circuits which is always increasing
- Bananas banana imports decrease regularly because of the growth of local production Indeed, sizable banana projects have been implemented in various regions of Senegal Kolda (South), Tambacounda (Eastern Senegal) with the dams on the Senegal river) However, customs protections are being lifted and the market will be very competitive
- Cattle three reasons may explain the decrease of cattle imports in Senegal
- Reduction of quantities to be exported in countries that traditionally supplied the Senegalese market (Mali and Mauritania) Indeed, these countries, as Senegal, have experienced a long drought
 - More competitive prices offered for cattle in other countries (Nigeria, Gabon)
 - Deterioration of the political and economic relations between Senegal and Mauritania since the 1989 riots The Moors have thus lost a large part of their marketshare for the benefit of the Mandings who trade cattle from Mali

3 8 PROJECTIONS

The gradual liberalization of the economies of the countries involved will have a significant impact on the trade between these different countries especially for cattle and bananas where imports may increase Senegal is far from achieving self-sufficiency in meat The current consumption of about 10 KG per inhabitant per year can be improved, it was 21 kg per inhabitant in 1960 Imports from Mali may increase especially with the project of connecting the road networks of the two countries However, liberalization may favor the trade of meat over that of live cattle The evolution of banana imports will depend on the competitiveness of local production in the context of liberalization policies dropping of customs tariffs and import authorizations that protected national producers during the time when local productions were available on the market

Chapter IV

INDIGENOUS TRADE NETWORKS

4 1 HISTORY

Three historic zones can be identified on the basis of migration patterns and exchange flows

a) *The Northern Zone Between Senegal and Mauritania*

- The Moorish network has been very active in the trade of cattle, tea leaves, silverware, tobacco. Their dominant role in the regional trade has stopped after the deterioration of the relationships between Senegal and Mauritania which resulted in reciprocal repatriation of immigrants between the two countries in 1989. It is a very old network that goes back to the period of the penetration of Islam.
- The Network of Peuhls cattle breeders, of the North has superseded the Moors in the cattle trade since the above-mentioned events using their position as producers and the presence of the same ethnic group on the two sides of the border.

b) *The Eastern and South-Eastern Zone*

The dominating network is that of the Mandings

- It is the oldest, it dates back from the Mali Empires (XIth-XVth century), the Songhai Empire, Samory Toure's Empire, these empires allowed them to control the exchanges between the forest and soudano-sahelian areas.
- It is the strongest and the most solid indigenous network, it covers areas from Senegal to Nigeria, including Mali, Guinea, Sierra Leone, Ivory Coast, Burkina, Niger etc.
- The main products involved in this trade are kola nuts, karite (shea butter) or salt, fabrics, arabic gum etc.

c) *The Southern, South-Western Zone, between Senegal and Guinea*

Here, the ethnic network of the Peuhls-Fouta which is recent (beginning of the 60s characterized by a strong immigration of the Peuhls-Fouta persecuted by the local political regime) They dominate the indigenous trade of fruit by creating a control of the production in Guinea.

4 2 COMPARISON OF THE INDIGENOUS NETWORKS AND THE OTHER NETWORKS IN THE COLONIAL PERIODS

(The Lebanese-Syrian Network and that of the Colonial Trading Houses)

Indigenous trade networks enable production and consumption areas to complement each other. The

surpluses derived from the exchanges come entirely from the circuit and therefore increases the economic and social stability in the areas composing the region

On the other hand, the other networks were focused on the export and import of products with the colonizer

This trade is characterized by one major economic discrepancy imported products are mainly consumed by urban people

These indigenous networks operated in the informal sector of distribution

4 3 STRENGTHS AND WEAKNESSES OF INDIGENOUS NETWORKS THEIR STRENGTH COMES MAINLY FROM

- ethnic solidarity
- the experience of circuits and the knowledge of markets
- organizational flexibility, etc

However, the weaknesses noticed are mainly at the following levels

- Organizational (too many intermediaries)
- Commercial and financial

4 4 THE MOST IMPORTANT IRTN ABLE TO PLAY A ROLE IN REGIONAL INTEGRATION IS THE MANDING NETWORK

Indeed, it is the operational network that covers the maximum of countries in the West African region

The economic and financial power of these traders (Dioulas) is an important asset The strategy of alliance with local inhabitants facilitate the pursuit of their activities

CHAPTER V

REGIONAL ANIMAL TRADE BY IRTNS

5 1 DESCRIPTION OF IRTNS

The main traders in animal trade (cattle, sheep, goats) are the Northern Peuhls and the Wolofs. The business has been dominated for a long time by the Peuhls. The market shares of the various ethnic groups are

Ethnic	Dioulas	Tefankes	Butchers
Northern Peuhls	42	45	45
Moors	16	6	10
Wolofs	15	20	25
Manding	18	7	10
Other Ethnic Groups	9	22	15

Local production Peuhls, Wolofs networks

Mauritanian animals Moorish and Peuhls network

Malian animals Manding network

5 2 ROUTES UTILIZED

a) *Local production*

Because of the important distance that separates them from consumption centers, producers collaborate with the itinerant "Dioulas" or bush collectors. These Dioulas operate in villages, small animal markets which are generally close to where weekly markets are held.

After the gathering, animals are conducted on foot to the markets, trains and trucks are very rarely used because of high transportation costs.

The arrival of animals in the markets and especially at the terminal market of Dakar is the moment when the "Tefankes" start to play, they know best the situation of the market. They are often unwanted intermediaries, with multiple functions, whose preferred area of activity is the animal market. They are almost unavoidable intermediaries between buyers and animal sellers. Sometimes, they act as sellers and landlords of the Dioulas or animal producers whose animals they sell on the markets. They collect

debt payments and receive a commission of 5 to 13% on the value of sales. Sometimes, they are just asked to facilitate the transactions by tactfully orienting the bargainings. They receive two commissions from the Dioulas and the meat wholesalers.

Meat wholesalers buy animals live, and slaughter them to sell carcasses. They are the starting point of the trade of meat.

b) *Regional trade*

The Formal Circuit

Animals from Mauritania

Animals are transported to Senegal mainly through the border town of Rosso in the Northern Region of the country by the Dioulas, Moors and Peuhls.

They are subsequently transported to Dakar, to the market. Animals are also often transported to Mali before being conveyed to Senegal.

Animals from Mali

The trade is dominated by the Mandings, and are mainly about sheep which are transported by the Dakar-Bamako train. These Mandings sell sometimes sheep from Burkina Faso or Mauritania. The sheep trade is getting more and more significant.

The Informal circuit

All along the borders between Senegal and its neighboring countries (Mauritania, Mali, Guinea-Bissau) there is an important informal trade of animals. It is practiced by local populations: Peuhls and Mandings.

5.3 OPERATION AND ORGANIZATION OF THE NETWORKS

Collecting

Animals are collected by the Mauritanian or Malian Dioulas from producers. They convey them to the border to sell them to other Senegalese Dioulas or to Dakar where they collaborate with the Tefankés (who put them up) in order to sell their animals.

Stocking

Animals that arrive at the market are stocked prior to the sales. They are in the hands of the Tefankés (wholesalers) who hire herdsmen to look after them.

Transportation

Transportation costs to Dakar are borne by the buyer if the transaction is done in rural areas or by the seller if he brings himself his animals up to Dakar to look for a buyer

Transactions

Credit is one of the pillars of animal trade. The Dioulas, who are known as the specialists of the sale of animals, are entrusted with several heads of animals by their relatives who are the producers. Payment is often by credit, only partial payment is made to the owner of the animals. The Dioulas takes all the risks of the trading.

The Tefanke is, vis-a-vis the Dioulas, the guarantor of the debt of the wholesale meat buyer. Payment depends on the rotations made by the butchers-retailers who also, very often, are supplied on a credit basis. Social relationships guarantee the continuity of the business because the only guarantee used is trust.

5.4 STRUCTURES AND NETWORKS UTILIZED

The most important networks in the region trade are the Moorish and Peuhls networks for animals from Mauritania and the Manding network for animals from Mali. Alliances with other ethnic groups are made in the market of Dakar.

5.5 RELATIONSHIPS BETWEEN MEMBERS OF THE NETWORK

Members of a network are generally linked by belonging to the same ethnic group.

5.6 FACTORS OF SUCCESS IN THE DOMINATING NETWORK

Belonging to a given ethnic group can be a key factor of success in animal trading.

The main elements that explain the success of the Northern Peuhls in the trade of animals are the following:

- historic links with the product because the Peuhls have a long pastoral tradition
- geographic advantages: they live in the sylvo-pastoral area (animal breeding zone) of the country and they are also along the Northern border of the country
- group solidarity
- the constant presence of the Peuhls in the circuit, from production to retail trade
- knowledge of love of animals

Following the results of the survey, the main elements which are vital for succeeding in animal trade are as follows

- knowledge of animals (expertise)
- financial means
- business sense
- notoriety (trust is the only guarantee for the existing credit system)
- knowledge of Pulaar and Wolof languages

5 7 OBSTACLES

The obstacles met are often

financial difficulty of having access to credits through the banking system

technical lack of communication infrastructures, deterioration of refrigeration systems,slaughter houses

organizational difficulty to master the situation of the market

5 8 COMMERCIAL ORGANIZATION OF THE DOMINATING TRADE GROUP

The dominating ethnic group, as well as the other ethnic groups, do not generally have an organizational structure supporting them in their trade activities. Traders do not also have financial support through the formal sector, but only from friends or family members

However, a National Association of the Professionals of the Meat Business and Animals (ANPROV) was created in 1989. It includes the Dioulas, the Tefankes, the Meat wholesalers and the butchers (retailers). Membership is granted without ethnic discrimination

5 9 EVOLUTION OF THE MARKET

Several changes occurred in recent years

- the decrease in the quantities sold because of the devaluation of the CFA franc which caused a change in the selling methods because of the difficulties to obtain credit. Indeed, producers refuse more and more to sell by credit
- the lowering of profit margins because of the economic crisis and the weakening of the purchasing power of consumers

The difficulties to get supplies cause the disappearing of specializations, (the Tefanke acts sometimes as a Dioula, the producer may come himself to sell his animals to the market, especially when there is a high demand in holidays etc)

5 10 DESIRABLE CHANGES

Changes desired by the traders are the following

- a better organization and equipment of markets
- a reduction of taxes
- a simplification of administrative paperworks
- total liberalization of the sector

5 11 PERSPECTIVES AND TRENDS

In years to come, the Northern Peuhls will continue to dominate the trading of animals. They still keep their vocation of animal farmers.

The Moors who dominated the regional trade with Mauritania have lost a good part of their market share since the deterioration of the relations between the two countries. They work in association with the Peuhl network to make easier the sale of their production.

However, they are recuperating their market share with the improvement of the relations between the two countries.

The market share of the Manding has kept increasing these last years thanks to the success of the "bali-bali" sheep which originated from Mali and Burkina Faso.

**Matrix of Estimated Market Volume Shares by Ethnicity
in Senegal's Livestock Import Trade**

A BEEF

MARKET SEGMENTS	Peul North	Wolof	Serere	Manding	Others
Formal importers	C 45% v	C 18% î	W 8% x	W 17% î	W 12% î
Informal importers	C 45% î	W 9% x	W 7% x	W 19% î	W 15% î
Tefankes (Brokers)	C 45% v	C 20% î	M 5% x	W 7% x	C 23% v
Slaughterers and wholesale Butchers	C 45% î	C 25% î	M 5% x	W 10% î	W 15% v

B SHEEP

MARKET SEGMENTS	Peul North	Wolof	Moors	Manding	Others
Formal importers	C 35% v	W 15% î	C 25% v	W 15% î	W 10% î
Informal importers	C 40% î	W 5% x	C 30% v	W 20% î	M 5% î
Tefankes (Brokers)	C 45% v	C 20% î	W 10% x	W 7% x	W 18% v
Slaughterers and wholesale Butchers	C 45% î	C 25% î	W 10% x	W 10% î	W 10% v

For competitive position For share shifts

D = dominant (+ de 75%) îî = Strong growth

S = strong (50 - 74%) î = Growth

C = competitive (20 - 49%) x = No change

W = weak (6 - 19%) v = Small share loss

M = minimal (0 - 5%) vv = Strong share loss

CHAPTER VI

REGIONAL TRADE OF KOLA NUTS BY IRTNS

6 1 THE MARKET

According to available statistics, the kola market is evaluated at 8 000 tons per year for a (CIF) value of 1 5 billion CFA

The turnover after sales is 7 5 billion, in other words, 6 billion CFA of value added to remunerate the various intermediaries in the commercial circuit. These data do not take into account smuggling which professionals in the sector estimate at 50% of the market at least

Kola nuts come mainly from Ivory Coast (more than 98% of imports), a very small amount come from other countries of the Atlantic Western Coast, such as Guinea, Benin, and Nigeria

On the other hand, smuggled kola (the informal circuit) come mainly from The Gambia. The port of its capital city, Banjul, receives large quantities of kola from Sierra Leone to be sold on the Senegalese market

In Senegal, kola is a product of large consumption. It is demanded because of its drug virtues (diuretic and tonic). However, the main cause for purchasing the product is the various social, religious, and mystical³ functions played by kola nuts in the muslim society that form 95% of the country's population

kola nuts are indeed consumed in marriages, naming ceremonies, religious ceremonies, collective field works, mystical sacrificial ceremonies etc

It is also used in the traditional dying of fabrics and costumes

6 2 DESCRIPTION OF THE CIRCUIT OF THE KOLA

6 2 1 The formal circuit

Kola is produced in Sub-equatorial areas, especially South of Ivory Coast and of Sierra Leone

Kola from Ivory Coast is bought to the plantations by traders who make the selection, the packing in bags, and the storage in rooms located in areas of production and collection such as Anayma, Adzope, Gagnoa, Divo, Daloua, and Sikenze in Ivory Coast

Traders consolidate their purchases and sell their kola nuts by 25 to 100 bags of 50 kilograms each

³kola must be used to celebrate weddings and naming ceremonies, to make prayers. It plays a strategic role in the socio-cultural representation system of the Africans in general and muslims in particular

Other traders who are intermediaries, from the North of Ivory Coast, buy the product and transport it by trucks to Ivorian areas of consumption or to Bamako, the capital city of Mali, which is an important point of the circuit of distribution of kola nuts. It is from there and after selection and repackaging that the product is conveyed to Mali or Senegal.

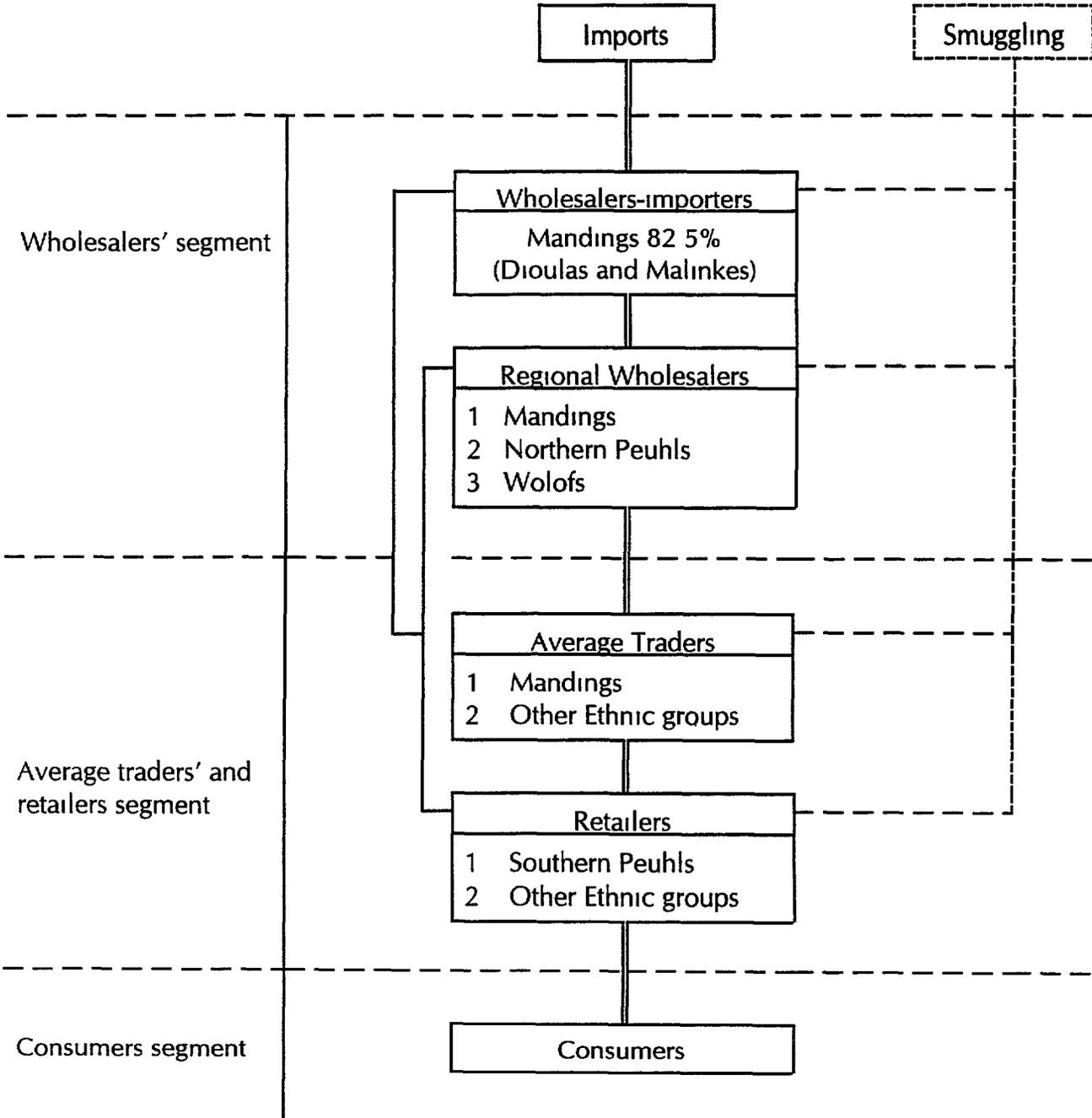
The kola nuts come to Senegal by the train Bamako-Dakar. Dakar, Kaolack and Tambacounda are the main ports of entry.

6.2.2 THE INFORMAL CIRCUIT

It is becoming increasingly important and is organized along the borders with The Gambia and Mali. Kola nuts are smuggled into Senegal in small quantities and traded in neighboring rural markets held once a week. Other traders collect these quantities and sell them in cities.

The size of this circuit escapes official statistics, however, it is estimated to control about half of the kola market in Senegal. Its development is linked to the various taxes considered too high by some traders.

Trade Circuit of Kola Nuts



6 3 DISTRIBUTION CIRCUIT OF KOLA NUTS IN SENEGAL

The diagram above shows the various actors involved in the distribution of kola nuts in Senegal

a) *The wholesalers*

a 1 *Wholesale importers*

This segment is largely dominated by the Bambaras or Dioulas who are among the large family of the Mandings. These traders come from Mali or Ivory Coast and have been living in Senegal for several decades.

The Dioulas come from Ivory Coast where they control the production of kola, they have also settled in other countries producing kola (Guinea, Sierra Leone). They control the whole circuit: production-collection-transport by road up to countries of consumption.

In these countries they collaborate with local Mandings (Sarakholes, and Bambaras from the Eastern part of the country, Soces from the Gambia and the South, Soninkes from Guinea) to control the wholesale trade of kola nuts.

The overall volume traded by the wholesaler is generally over 100 tons per year.

a 2 *Regional wholesalers*

These are less important wholesale distributors. They are based in regional cities and sell quantities inferior to 100 tons per year.

In this chain, there is more ethnic diversity. The Peuhls and the Wolofs enjoy a significant⁴ position here.

The link between the Mandings and the other ethnic groups is their belonging to societies with old Islamic traditions.

Regional wholesalers are officially supplied by wholesale importers, however, according to our sources, some traders based on the regions bordering The Gambia benefit from the smuggled kola which is 50% cheaper in the circuit of weekly markets of the villages (Loumas).

b) *Average traders*

At this level, the Mandings are strongly represented but less than in the wholesale trade. The Southern Peuhls, the Northern Peuhls and the Wolofs are competitively represented in this chain.

c) *The retailers*

⁴ The Toucouleurs belong to the ethnic group of the Northern Peuhl and they are differentiated by their ancient Islamic orthodoxy.

This segment is dominated by the Southern Peuhls because of their large presence in the retail trade points⁵ in large cities, as well as in the itinerant trade, especially in Dakar

This segment is particularly active in the trade of smuggled kola in border regions. The product is conveyed in small quantities through the borders (10 to 20 kilos) to the loumas where the kola is traded

The smuggling circuit, by its nature, seems to explain the importance of the ethnic diversity that is noted in average and retail trade

Ethnic origin is not very important as far as transactions are concerned

It is also noted that women are active in this circuit and this is new in comparison to the traditional circuit

6.4 ETHNIC DISTRIBUTION IN THE NETWORK

WHOLESALERS

Mandings	82.5 %
Northern Peuhls	3.5 %
Southern peuhls	2.5 %
Wolofs	3.5 %
Others	2.0 %

AVERAGE TRADERS

Mandings	31 %
Southern Peuhls	23 %
Northern Peuhls	17 %
Wolofs	15 %
Sereres	7 %
Moors	6 %
Diolas	1 %

6.5 CONDITIONS OF SUCCESS OF THE DOMINATING ETHNIC GROUP

The domination of the Mandings in the trade of kola nuts can be explained by advantages accumulated during several centuries

6.5.1 Historical advantages

Since the Mali Empire (XIth century after Christ), the Mandings have settled in areas of kola production. This has allowed the group to acquire deep knowledge of the product, jealously kept, to perpetuate their domination of the trade

6.5.2 Technical advantages

One expertise that is crucial to have to succeed in the trade of kola nuts is to know how to preserve the product which is very fragile and yet one should be able to preserve it for months

⁵ retail trading points are neighborhood corner shops where staple food products are sold and on street stands

The Mandings use the process of repackaging as a way of preserving

It is this preservation technique that explains the abundant labor found in storage rooms. Kola nuts are unpackaged, spread in the open air for hours and then repackaged, the process is regularly repeated (about once every 5 days)

6.5.3 Socio-cultural advantages

The strong ethnic solidarity is also one of the reasons for the success of the Mandings in the kola trade. They have control of production and are present in all the countries of the sub-region. They rely on the strong relations among members of the group to develop a regional network of distribution of the product.

Traditional values and the important role of kola in the beliefs of the Manding ethnic group explain the fact that they are attached to the practice of this trade. Even the traders who become involved in new activities never leave completely the distribution of kola.

6.5.4 ECONOMIC AND FINANCIAL ADVANTAGES

Financial solidarity expressed through an informal financial system (supplier's credit, interest-free loans) reinforces the domination of the group. No guarantee is required for obtaining a supplier's credit. Only relationships based on trust are important to benefit from this system of credit.

6.6 EVOLUTION OF THE TRADE AND EXPECTATIONS

The recent devaluation of the CFA franc, the currency used to conduct trade, has certainly contributed to the decrease of kola sales, but the increase of smuggling is perceived by traders as a serious threat to their activities. As a result, they wish to see the taxes and customs tariffs be decreased to annihilate smuggling.

Imports of kola have been liberalized since January 1995, but this is not enough to control smuggling.

6.7 PERSPECTIVES AND TRENDS

In years to come, the Mandings will continue to dominate the trade of kola because of their massive presence in the circuit and their expertise.

Nevertheless, the development of the informal circuit has contributed to the strengthening of the multi-ethnicity of the circuit and can become a threat to the domination by the Mandings.

However, some sources believe that it is the powerful wholesale traders who organize the smuggling of kola (the main Gambian importer belongs to the Soce ethnic group which is a sub-ethnic group of the Mandings).

Matrix of Estimated Market Shares by Ethnicity
in Senegal's Kola nuts Import Trade

MARKET SEGMENTS	Mandingos	Southern Peuls	Northern Peuls	Wolofs	Others
Formal importers	D 90% v				W 10% î
Informal importers	D 75% î	M5% x	W7% v	W7% î	M6% î
Average traders and Retailers	C 31% v	C 23% î	W 17% x	W 15% x	W 14% v

For competitive position For share shifts

D = dominant (+ de 75%)îî = Strong growth
 S = strong (50 - 74%) î = Growth
 C = competitive (20 - 49%)x = No change
 W = weak (6 - 19%)v = Small share loss
 M = minimal (0 - 5%) vv = Strong share loss

CHAPTER VII

REGIONAL TRADE OF BANANA BY IRTNS

7 1 ORIGIN OF THE BANANAS CONSUMED IN SENEGAL

a) *Local production*

In Senegal, banana production has increased regularly thanks to the large projects launched in several regions of the country Ziguinchor, Tambacounda, Saint-Louis Bananas produced are small-size bananas which are difficult to preserve but they are sweeter than imported bananas

b) *Imports*

They come mainly from Southern Ivory Coast but also from Guinea, especially the areas of Pita and Serekore Bananas from Ivory Coast are of great quality because they are produced in large plantations using modern means of production

7 2 REGIONAL INDIGENOUS NETWORKS OF BANANA TRADE

7 2 1 Market segments

The following 3 segments can be distinguished

a) *Wholesale importers*

Bananas are imported from Ivory Coast by wholesale traders based in Dakar Today there are only 4 of them They all operate in the formal sector They import the product from their Ivorian partners and preserve it in the refrigeration facilities of Dakar's harbor Their customers are the wholesale traders, supermarkets, communities Sometimes, they re-export bananas to Mauritania

b) *Average traders*

They operate in the large markets of Dakar and the other large cities of Senegal They sell ripe bananas in quantities ranging from 5 to 50 kilos to retailers

c) *Retailers*

They are generally small traders who are either itinerant or owners of small stands near markets, hospitals or road intersections

7 2 2 Ethnic groups involved

The main banana traders are Southern Peuhls, originating from Guinea , and the Wolofs This sector has long been dominated by Southern Peuhls But the sector has started to attract other ethnic groups because of the increase in local production

- Importers are Guinean Peuhls and Wolofs
- Average trading is dominated by the Guinean Peuhls who are the majority , but the Wolofs and the Northern Peuhls are also involved in it
- In retail trading, almost all ethnic groups are represented, however, the Guinean Peuhls still dominate this segment of the market

The market shares of the various ethnic groups in the various segments are as follows

Market segments Ethnic group	Wholesale Importers	Average traders	Retailers
Southern Peuhls (Guinea)	50	67	43
Wolofs	25	13	24
Northern Peuhls	25	11	12
Mandings		3	5
Sereres		-	8
Diolas		3	4
Other ethnic groups		3	4

7 3 DISTRIBUTION ROUTES

Bananas produced in Southern Ivory Coast are transported by trucks to the Harbor of Abidjan from where it is shipped to Dakar in containers or refrigerated holds. Bananas ripen in the refrigerated chambers of Dakar's harbor. Transportation to other cities of Senegal and re-exportations to Mauritania are done by road.

The Guinean production is transported from the North of Guinea to the South of Senegal (Kolda, Tambacounda) by road. Shipping is seldom used nowadays. The imports are done through the informal sector and in small quantities.

7 4 RELATIONSHIPS BETWEEN NETWORK MEMBERS

Members of a network are often linked by their belonging to the same ethnic group. However, importers have only professional relationships with their Ivorian partners which are often large private companies.

7 5 FACTORS OF SUCCESS IN THE DOMINANT NETWORK

Being member of a given ethnic group seems to be a factor of success in the banana trade, especially in average trading, largely dominated by the Guinean Peuhls who have strong solidarity links

The particular factors that justify the success of the Southern Peuhls in the banana trade are as follows

- historic links with the product (tradition, customs)
- geographic advantages Southern Peuhls are from areas of fruit production in Guinea
- group solidarity
- business experience
- massive presence of the Peuhls in the circuit from production to retail trade
- knowledge of the product
- notoriety

7 6 OBSTACLES

Obstacles generally faced by traders are of the following nature

financial	difficulties of having access to credit, insufficiency of working capital)
technical	lack of efficient refrigeration systems
organizational	difficulties of mastering market information, small markets (weak purchasing power of consumers)

7 7 COMMERCIAL ORGANIZATION OF THE DOMINANT ETHNIC GROUP

The dominant ethnic group and the other ethnic groups do not have yet a form of organization likely to support efficiently their trade activities. For instance, traders do not have a formal financial support (bank credits, for example). All support obtained is through friends, or family members. Supplier's credit can sometimes be obtained but generally they involve small quantities.

7 8 EVOLUTION OF THE MARKET AND DESIRED CHANGES

In recent years, the trade of bananas has gone through some changes among which

- decrease of sale volumes due to the devaluation of the CFA franc and the lack of credit,
- decrease of profit margins due to the economic crisis and the deterioration of the consumer's purchasing power,

- gradual liberalization of imports (import authorization no longer required),
- the increase of local production

Traders that we have interviewed wish to see some changes that will improve the distribution of bananas in Senegal

- support of the Senegalese Government and of donors to have access to credit,
- reduction of taxes
- appropriate refrigeration facilities
- total liberalization of the sector

7 9 PERSPECTIVES AND TRENDS

In years to come, Southern Peuhls will continue to dominate the trade of bananas because of the long experience they have had with this product

The Wolofs and the Northern Peuhls are starting to have a significant part of the market because of the irrigation projects in the North of Senegal

The evolution of imports will largely depend on how competitive the local banana will be after the dismantling of tariff and non-tariff protections

Bananas from Guinea may also become more competitive with the modernization of their production and the implementation of the linking of the road networks of Senegal and Guinea

Reexportations to Mauritania may also increase with the abandoning of nomadic life by local populations, urbanization, the increase of expatriates, etc

**Matrix of Estimated Market Shares by Ethnicity
in Senegal's Banana Import Trade**

MARKET SEGMENTS	South peuls	Wolofs	North peuls	Mandings	Others
Formal importers	S 50% v	C 25% v	C 25% v	M0% x	M0% x
Informal importers	C 49% î	W 14% x	W 11% v	W 10% î	W 16% î
Average traders and Retailers	C 43% v	C 28% î	W 12% x	M5% x	W 12% v

For competitive position For share shifts

D = dominant (+ de 75%) î = Strong growth

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Chapter VIII

GENERAL OBSERVATIONS REGARDINGS IRTNS CONTRAINTS - CHALLENGES AND OPPORTUNITIES

8 1 INDIGENIOUS NETWORKS OF REGIONAL TRADE (IRTNS)

8 1 1 Networks studied

Ethnic groups play an important role in the distribution of agricultural products targetted by the study, kola, bananas, cattle

The analysis has shown that ethnic networks dominate clearly the trade of cattle, kola and bananas, the share of non-ethnic networks is insignificant

KOLA Wholesale trade is largely dominated by the Mandings However, at the level of distribution in retail trade, they have allies such the Southern Peulhs (Peulhs of Guinean origin)

BANANAS This sector is dominated by the Southern Peulhs becausebananas were so far imported from Ivory Coast and Guinea

Currently, the Senegalese production of bananas is increasing quickly and it is noted the arrival of newnetworks in the trade of bananas

CATTLE Northern Peulhs dominate this sector and they are present at all levels in the circuit from production to retailtrade

The domination of these networks by the various ethnic groups is very old Generally, the ethnic group that dominate the distribution of a given product has its origins on family relations in the country that supplies the product

8 1 2 Success factors

The fact of belonging to a given ethnic group can be a success factor in the trade of these products because family relations play an important role The languages used are those of the dominating ethnic group and Wolof which is the primary local language

The main factors explaining the success of these networks are

- historic and geographic links in relation to the product or in relation to the area of imports
- the knowledge of products, expertise
- business experience (these ethnic groups generally succed in the distribution of other products)
- group solidarity, etc

There is no open rivalry between ethnic groups or members of the same ethnic group

8 1 3 Obstacles

Obstacles met by traders are generally of the following nature

- financial lack of credit and liquidity difficulties,
- technical preservation of kola, bananas, means of communication, etc ,
- commercial lack of information about the market, lack of organization on the part of traders,
- intellectual training in management techniques, etc

With the current economic difficulties which make the environment unfavorable, turnovers made by traders have generally decreased in the recent years

8 1 4 Trade organizations

- The system of credit granted by the supplier is practiced and the only guarantee provided is trust (which explains the importance of family and ethnic links)
- Transactions with neighboring countries are conducted in CFA francs This is also the case with Mauritania which is not a member of the CFA monetary zone
- These ethnic networks are not well structured and do not have organizations that can support them in their profession
- The cattle circuit is the most archaic

8 1 5 Perspectives

In the past years, the market has been troubled by economic crises that created a lot of difficulties

- Selling at a loss
- Difficulties to get supplies
- Decrease of profit margin
- Decrease of consumption

Changes desired by the traders are as follows

- Access to credit
- Support of the Government and of Donors (funding, regulation, creation appropriate infrastructures)

- Organization of the market
- Reduction of taxes, etc

8 1 6 Trends

However, despite the difficulties mentioned, most of the traders are not ready for another job

The dominant ethnic groups in these sectors will maintain their positions for a long time

The trade of Kola and above all, that of cattle are likely to develop in years to come, whereas, the import of bananas will depend on the competitiveness of the local production after total liberalization of trade as requested by donors and international funds (World Bank and International Monetary Fund)

Reexportation of bananas to Mauritania should increase thanks to the changes in the lifestyle of local populations (sedentary, modern way of life) and increase of expatriate in the population

8 2 GENERAL RECOMMENDATIONS

8 2 1 Transport infrastructures

- Improve railway transportation to ensure a good circulation of persons and goods
- Connect the various railways and roads in the sub-region
- Development of maritime transportation the experience of the ferry boat CARABANE II that linked various cities on the West African Coast demonstrated the interest of traders for this form of transportation

8 2 2 Reduction of costs

Governments and traders should take necessary measures to reduce the cost of products so that consumption can be boosted

- tax reduction,
- reduction of intermediaries,
- development of infrastructures to preserve products to avoid losses,
- reduction of costs of transportation

8 2 3 Better organization

The aim is to adopt common regulations for the region to facilitate the circulation of products and the economic integration of West African Countries. An efficient information system needs to be developed to help traders make decisions. A better organization of traders would allow them to promote themselves and increase their businesses

ANNEXES

ANNEXE I AREAS OF THE SURVEY

DAKAR-WEST REGION

- 1 CATTLE
 - Park of sheeps
 - Park of beefs

- 2 KOLA NUT
 - Gransland street
 - Paul Holle street
 - Escarfait street
 - Sergent Malamine street
 - Valmy street
 - Tilene market, Castors market, Zinc market,

- 3 BANANA
 - Albert Sarraut avenue
 - Jean Jaures avenue
 - Sandiniery street
 - Fleurus street
 - Paul-Holl street
 - Gransland street
 - Tilene market, Castors market, Zinc market,

CENTRAL REGION

- 1 CATTLE Touba Toul market
- 2 KOLA NUT Thies central market
- 3 BANANA Thies central market

NORTHERN REGION

- 1 CATTLE Cattle park at Rosso Senegal
- 2 KOLA NUT Ndar Toute market (Saint-Louis)
Sor market (Saint-Louis)
- 3 BANANA Ndar Toute market (Saint-Louis)
Sor market (Saint-Louis)

SOUTH-WESTERN REGION

- 1 CATTLE
 - Dalifort park at Ziguinchor
 - Abattoir de Ziguinchor
 - Cattle park at Kaolack
- 2 KOLA NUT
 - Ernest Renaud street at Kaolack market
 - Ababacar Sy avenue at Kaolack
 - Loi street at Kaolack

3 BANANA

- Paul Senge street at Kaolack
- Saint-Maure market at Ziguinchor
- Albert market at Banjul (The Gambia)
- Saint-Maure market at Ziguinchor
- Serecounda market at Ziguinchor
- Peyrissac-Ziguinchor
- Kaolack central market

SOUTH-EASTERN REGION

1 CATTLE

- Cattle park at Tambacounda
- Bantagnol cattle park at Kolda
- Diaobe market

2 KOLA NUT

- Aynina FALL street at Tambacounda
- Diaobe market

3 BANANA

- Kolda central market
- Around the regional hospital of Tambacounda
- Leopold Senghor avenue at Tambacounda
- Syndicat market at Tambacounda

ANNEXE II LIST OF WHOLESALERS INTERVIEWED

1) KOLA NUT

Names	Address/ Ph	Ethnic	Zone	
Amadou Omar Ba		Ndar toute market	Northern Peul	North
*Abdoulaye Niang		Sor market St-Louis	Northern Peul	North
Mouhamet Diakhaby		Ziguinchor	Diakanke	South
*Mamadou Cissokho		E Renaud 41 29 92	Soninke	South
*Abdoulaye Kone		41 27 43	Malinke	South
EL H I Ndiaye		Kaolack market	Wolof	South
Abdoulaye Diouf		Paul Senge Kaolack	Wolof	South
Sonkoum Badio		Ziguinchor	Diakanke	South
Mamadou Camara		81 14 29	Bambara	South
Issakha Diawara		Bouma	Bambara	South
Adama Toure		22 31 82	Malinke	DKR
*Lamine Coulibaly		21 17 18	Dioula	DKR
*Moussa Kone		50, Escarfait	Bambara	Dkr
*Bella Koita		Mole 3 22 45 15	Peuhl	Dkr
*Adama Koita		Grasland 21 73 81	Malinke	Dkr
*Abdoulaye Sylla		Grasland 21 35 61	Bambara	Dkr
*Mozo Camara		Grasland 21 79 82	Dioula	Dkr
*Salif Sakho		Escarfait 21 46 59	Bambara	Dkr
*Cheikh Baal		Central market	Thies Toucouleur	Center
Badara Ndiaye		Touba toul	Wolof	Center

* Important persons to interview

2) CATTLE

Names	Address/ Ph	Ethnic	Zone	
* Samba Ba		Rosso Senegal	Northern-Peuhl	North
* Oumar Djiby Sow		Rosso Sen 63 61 59	Northern-Peuhl	North
Abdoulaye Sow		Park Dalifort Zig	Northern-Peuhl	South
Moussa Diallo		" " "	Northern-peuhl	South
Alioune Ware		""	Northern-Peuhl	South
Oumar Thiam		Kaolack	Toucouleur	South
Arouna Wele		Kaolack	Toucouleur	South
Birome Wagne		Kaolack	Northern-Peuhl	South
Ifra Dia		Kaolack	Northern-Peuhl	South
Demba Dia		Kaolack	Northern-Peuhl	South
Abdoulaye Ba		Beef park	Northern-Peuhl	South
* Ameh S B Wagne		Beef park	Northern-Peuhl	South
Dioulde Ndongo		Beef park	Northern-Peuhl	South
Hamidou Mballo		benlagnel	Northern-Peuhl	South
Mansaly Faty		bentagnel	Northern-Peuhl	South
Abdoul Thiam		bentagnel	Northern-Peuhl	South
Djiby Sow		Park Mbaou	Northern-Peuhl	Dkr
* Ibrahima Ndiaye		Park Mbaou	Northern-Peuhl	Dkr

* Mamadou Dieng	Seras Yarakh	Wolof	Dkr
Abdou Ndiaye	Seras "	Wolof	Dkr
Yero Baddiel Sy	Seras yarakh	Pulaar	Dkr
* Ndiaga Fall	Seras yarakh	Wolof	Dkr
Cheikh Ndiaye	Seras yarakh	Wolof	Dkr
Bayal Sow	Park Mbaou	Peuhl	Dkr
* Samba D Diallo	Park	Pulaar	Dkr
Assane Niang	Park yarakh	Wolof	Dkr
Mbaye Ndiaye	yarakh	Wolof	Dkr
Seyni Gadio Diop	Seras	Wolof	Dkr
Assane Ndiaye	Seras	Wolof	Dkr
* Demba Awa Sow	Park Seras	Northern-Peuhl	Dkr
* Arona Sow	Park Mbaou 26 61 63	Peuhl	Dkr
Amadou Sall	Park Sotiba	Pulaar	Dkr
Demba Diop	Seras yarakh	Peuhl	Dkr
* Mamadou Sow	Seras	Northern-Peuhl	Dkr
Mamadou Pathe Ba	Seras	Northern-Peul	Dkr
Oumar Demba Wone	Touba Toul	Toucouleur	Center
Abou Cire Ly	Touba toul	Peuhl	Center
Abdou Ngom	Touba Toul	Serere	Center
* Baidy Ba	65 HLM Gibraltar	Pulaar	North
22 44 71			

* Important persons to interview

3) BANANA

Names	Address/ Ph	Ethnic	Zone
EL Thierno Diallo		51, Paul Holle	st Northern-Peuhl
Badara Fall		55, Sarraut BP 3667	Wolof
Mamadou Yaya Diallo		Avenue Jean Jaures	Southern-Peuhl
El H Omar Sylla		57, Sandiniery	st Northern-Peuhl
Ibrahima Sory		57, Sandiniery	st Peuhl Fouta
* Ismaila Mbengue		Aprovac 22 21 78	Lebou
Abdoulaye Cisse		25, Fleurus st	Lebou
* Mamadou L Keita		1, Grasland st	Soussou
* Kadialy Cisse		Ndar Toute market	Soce
* Babagale Sow		Sor market	Southern-P
Daouda Fall		Sor market	Wolof
Salimata Ba		Peyrissac Zig	Southern-P
Alpha Diallo		Central market 160	Southern-P
Mamadou Ibrahima Ba		161 central market	Southern-P
Fatoumata Diedhiou		St-Maure market	Diola
Diarais Diallo		Serecounda market	Southern-P
Ibrahima Balde		Tambacounda	Southern-P
Djibril Dia		Syndicat 81 19 69	Southern-P
* Bassirou Diallo		Cinema Tamba	Southern-P
Daouda Diallo		Medina coura 811781	Southern-P

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Assane Niang	Park yarakh	Wolof	Dkr
Mbaye Ndiaye	yarakh	Wolof	Dkr
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Demba Diop	Seras yarakh	Peuhl	Dkr
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Abdou Ngom	Touba Toul	Serere	Center
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22 44 71

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El H Omar Sylla		57, Sandiniery	st Northern-Peuhl	Dkr
Ibrahima Sory		57, Sandiniery	st Peuhl Fouta	Dkr
* Ismaila Mbengue		Aprovac 22 21 78	Lebou	Dkr
Abdoulaye Cisse		25, Fleurus st	Lebou	Dkr
* Mamadou L Keita		1, Grasland st	Soussou	Dkr
* Kadialy Cisse		Ndar Toute market	Soce	North
* Babagale Sow		Sor market	Southern-P	North
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Alpha Diallo		Central market 160	Southern-P	South
Mamadou Ibrahima Ba		161 central market	Southern-P	South
Fatoumata Diedhiou		St-Maure market	Diola	South
Diarais Diallo		Serecounda market	Southern-P	South
Ibrahima Balde		Tambacounda	Southern-P	South
Djibril Dia		Syndicat 81 19 69	Southern-P	South
* Bassirou Diallo		Cinema Tamba	Southern-P	South
Daouda Diallo		Medina coura 811781	Southern-P	South

* Important persons to interview

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