

Tips and tools for Aid for Trade, inclusive growth and poverty reduction

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Integrating poverty and social analysis into Aid for Trade programmes: trade facilitation and trade-related infrastructure

1. Introduction

Aid for Trade supports developing countries to expand trade and to promote growth, development and poverty reduction. A key part of this lies in promoting trade expansion at the aggregate level. But to maximise outcomes, the way different social and economic groups, such as informal traders, small and medium enterprises, migrant workers and female traders, engage with trade also requires attention.

Poverty and social analysis provides disaggregated insights into the trade-related opportunities, barriers and risks facing different groups of people. It informs and strengthens trade policies and programmes in ways which contribute to trade expansion, inclusive growth and poverty reduction.

This brief provides advice on how to use poverty and social analysis in the formulation and implementation of trade facilitation and trade-related infrastructure initiatives. It is accompanied by two other briefs in the 'Tips and Tools for Aid for Trade, Inclusive Growth and Poverty Reduction' series. Brief 1 presents an overview on integrating poverty and social analysis into Aid for Trade programmes and Brief 2 addresses trade policy and regulation.



Photo credit: Mohamed Somji / twocentworth

Shipping containers in Zanzibar, Tanzania.

2. Trade facilitation and trade-related infrastructure: the context

The high cost of trading in many developing countries (particularly in landlocked countries) is a major obstacle to trade expansion and the benefits it can bring. These costs are the result of long distances to markets, poor quality infrastructure and transport services, slow and cumbersome procedures (e.g. at border posts) and poor quality and availability of information and



communications technology (ICT). Aid for Trade support to trade facilitation and trade-related infrastructure seeks to address these binding constraints. Examples of such initiatives are highlighted in Box 1.

Supporting the development of good quality and appropriate infrastructure, coupled with better trade facilitation, is effective in improving trade performance and competitiveness. For example, Cali and te Velde (2009) found that a \$1 million increase in Aid for Trade funding directed towards trade-related infrastructure leads to a 6% reduction in the cost of packing, loading and transporting goods. However, the focus of most initiatives is on how to expand trade at the aggregate level. How different economic and social groups use and benefit from trade facilitation and trade-related infrastructure is an issue that rarely receives attention in programme design and implementation.

Box 1: Aid for Trade support to trade facilitation and trade-related infrastructure

Trade facilitation typically refers to the development, harmonisation and implementation of rules and procedures that govern how goods cross borders. This includes support to institutions that implement trade rules and regulations, such as customs authorities, standards accreditation bodies, port management authorities and others. Programmes supporting trade facilitation include:

- The World Bank Trade Facilitation Facility, which aims to reduce the cost of trading through trade facilitation interventions, including improving the performance of transport corridors (e.g. roads, border posts, border management systems, logistics, etc).
- TradeMark East Africa, which also provides support to improve the performance of transport corridors, including streamlining customs procedures through, for instance, implementing integrated border management systems and training of customs officials.

Trade-related infrastructure typically covers support to trade-enhancing infrastructure, e.g. ports, rail, roads, storage facilities, energy, ICT infrastructure. Programmes supporting trade-related infrastructure include:

- World Bank support to Mozambique to rehabilitate key roads, bridges and ports to increase the capacity of the trucking and coastal shipping industries.
- Support by the UK Department for International Development (DFID) and other development partners (e.g. the US Agency for International Development, USAID, and the Japan International Cooperation Agency, JICA) to improve trade-related infrastructure along the North–South Corridor, one of Africa’s busiest trading routes.

This has implications for the effectiveness of initiatives in supporting trade expansion. For instance, women play an important role in cross-border trade, often accounting for the vast majority of informal cross-border traders (Box 2). We also know that women, informal traders and people in rural and remote regions experience the most significant obstacles to accessing and benefiting from trade facilitation services and trade-related infrastructure. As such, failing to understand and address these particular constraints undermines the effectiveness of initiatives seeking to support trade expansion, inclusive growth and poverty reduction.

Box 2: Women, cross-border trade and access to trade facilitation services

In the Southern African Development Community (SADC) region, 70% of informal traders are women, with informal cross-border trade accounting for 30% to 40% of intra-SADC trade (the average value of informal cross-border trade in the SADC region is \$17.6 billion per year). Meanwhile, trade accounts for 60% of non-agricultural self-employment in sub-Saharan Africa. Other statistics show that women transport up to five times as much in volume compared with men in Burkina Faso, Uganda and Zambia.

Evidence indicates that the experiences of women and men in accessing trade facilitation services differ, with women facing particular constraints. For instance, at border crossings, women:

- Face higher levels of harassment (linked to discrimination and the lower status of women). A study on West Africa found that the rights of women are regularly violated at border crossings, where they are subject to corruption, sexual harassment and other abuses.
- Wait longer and are more likely to be forced to pay bribes. Surveys in India found that women wait 37% longer than men to see the same customs official.
- Are more prone to the imposition of arbitrary taxes owing to, for instance, a lack of information and access to technology.

Consequently, women are more likely than men to avoid formal border crossings altogether and to engage in informal cross-border trade. But this can put female traders and their perishable goods at greater risk.

For example, in East Africa, many women rely on smugglers or intermediaries to get their goods across borders. Such illegal methods can have serious consequences for women’s safety, as they can be fined, imprisoned or otherwise coerced by both smugglers and border officials.

Source: Barwell (1996); IFC (2009); ITC et al (2008); Shaw (2010); UNIFEM (2009).

3. Programme diagnostics, design and implementation: integrating poverty and social analysis

Opportunities and constraints to trade are influenced by a range of social and economic characteristics, including sex, age, ethnicity, location and type of livelihood or business (see Brief 1 for more on this). To maximise trade expansion, inclusive growth and poverty reduction, trade facilitation and trade-related infrastructure programmes need to take into account within the programme diagnostic, design and implementation process how these characteristics affect people's roles, position and needs.

3.1 Take a disaggregated approach to trade diagnostics

Beyond generic trade diagnostic tools, such as Diagnostic Trade Integration Studies (DTISs) (see Brief 2), a range of diagnostic tools can inform the design of trade facilitation and trade-related infrastructure initiatives. Examples include:

- **Corridor diagnostic studies and border audits.** These typically identify and analyse corridor transit and transport costs and delays, including physical impediments, process constraints and non-tariff barriers such as institutional and regulatory constraints. They assess current and forecast trade and traffic volumes and recommend and prioritise potential options for removing barriers. Examples include the Corridor Diagnostic of the Northern and Central Corridors of East Africa and the Northern Corridor Baseline Border Assessment.
- **The World Bank's Transit and Trade Facilitation Audit.** This provides an interview-based approach to assessing and diagnosing problems encountered by exporters and importers. The focus of the TTFA is on transit costs associated with the movement of products and the procedural and documentary requirements needed to move goods through borders. It assesses the quality and range of logistics services and infrastructure and encourages information exchange and coordination between private and public participants.

These diagnostic studies and needs assessments often focus on the flow of goods and containerised trade. Non-containerised forms of transporting goods are sidelined in the analysis. This approach risks ignoring the specific barriers that SMEs, informal and female traders face as they seek to transport and trade their goods.

Using disaggregated analysis to inform diagnostics will involve a number of elements:

- Identify and include a range of relevant stakeholder groups in the diagnostic process, including poor and excluded women and men. Stakeholders should represent different positions, roles (e.g. along transport corridors), types of activities (e.g. informal traders, small-scale formal traders, small and medium enterprises, large businesses) and forms of trading (e.g. containers, head loading).
- Gather data from these stakeholders on trade-related opportunities and constraints. Data collection methods need to recognise and address barriers to participation, such as those of language, literacy, time and culture.
- Analyse data in a disaggregated way to determine how social and economic characteristics influence access to services, how regulations and taxes are imposed, levels of harassment and quality of and access to information.
- Identify the needs of different social and economic groups and draw on this to inform programme design.

Box 3 outlines key questions to consider when taking a disaggregated approach to trade diagnostics focussed on trade facilitation and trade-related infrastructure.

Box 3: Key questions for disaggregated trade diagnostics

- Who are the actual and potential users of trade facilitation services and trade-related infrastructure? How are women, informal traders, SMEs represented?
- Who are the providers and regulators of trade facilitation services and trade-related infrastructure (i.e. border crossings, port or transit authorities, customs authorities, standards compliance bodies)? What relationship do they have with typically marginalized traders (i.e. women and informal traders)? To what extent do they respond to their needs?
- What are the particular constraints that different types of traders (i.e. informal/formal, female/male), different types of businesses (i.e. micro-entrepreneurs, SMEs, large businesses) and different forms of trading (i.e. containers, head-loading, non-motorised) face?
- Are signs, information brochures, manuals, and official forms and documents sensitive to social, ethnic and gender differences?
- How do trade facilitation services and trade-related infrastructure respond to the specific needs of pedestrian and non-motorised traders?

3.2 Support inclusive consultation and participation in design and implementation

It is crucial to support inclusive processes of consultation and participation in the design and implementation of trade facilitation and trade-related infrastructure

programmes. Consultation and participation processes need to:

- Involve a wide range of stakeholders, including
 - Those typically involved in trade consultation processes, such as ministries of infrastructure, planning and trade, revenue authorities and private sector umbrella bodies (which tend to represent the interests of medium- to large-scale firms).
 - Ministries responsible for social development and gender, as well as organisations that represent groups that are typically marginalised in policy and planning processes, such as women’s business associations and informal trade associations.
 - Different types of traders (e.g. informal traders), using different methods of transporting.
- Build the capacity of stakeholder groups
 - Design and implementation may sideline some stakeholder groups, because of their inadequate resources and/or capacity. For example, civil society organisations are typically characterised by low voice, weak capacity and a lack of resources to adequately engage and, as a result, programmers tend to consult them less than the private sector.
 - Capacity development efforts can strengthen the research, analysis and advocacy capacity of organisations to enhance the diversity of voices represented in the development and implementation of trade facilitation and trade-related infrastructure programmes.
- Ensure that key groups are not missed
 - Some people may not identify or associate with the representative groups included in the stakeholder consultation process. But their views are still important. Consultations in places where these people are engaging in trading activities (for example border posts and trading markets) can help ensure that their views are captured and inform programme design and implementation.

3.3 Identify and address social risks

Poverty and social analysis reveals how social risks associated with trade – such as employment, food security and health risks (see Brief 1) – affect different social and economic groups in different ways. This differentiated analysis can inform the priorities of policies and programmes and reveal where mitigating measures need to be in place.

In the case of trade facilitation and trade-related infrastructure programmes, health risks are a key concern. In particular, the transport sector is a significant

vector in the spread of HIV/AIDS. For instance, mapping of the Mombasa–Kampala corridor found extensive co-mingling among transporters, traders, sex workers and local residents at transport hubs (e.g. border crossings), which were often hotspots for HIV infection. Programmes can respond to this in a range of ways, including:

- Reducing processing time at border crossings. This may reduce the spread of HIV/AIDS, as people spend less time waiting to cross the border.
- Prevention and treatment of HIV/AIDS: Programmes may take steps to prevent and treat HIV/AIDS at transport hubs. For instance, along the Central Corridor in East Africa, initiatives are underway to develop integrated wellness centres providing health education and HIV/AIDS treatment facilities.

But, as Box 4 outlines, initiatives to reduce delays at border crossings – while helping manage health risks – may in fact increase vulnerability through other social risks such as unemployment or loss of income.

Other trade facilitation and trade-related infrastructure initiatives may result in both positive and negative outcomes. Poverty and social analysis helps reveal and respond to this. For example:

- **Moving from paper to electronic processes to improve customs clearance can reduce the costs and time associated with trading.** This makes customs clearance more efficient and may promote trade expansion. But the shift to electronic processes may disadvantage those who do not have access to the necessary technology, information and capabilities (i.e. literacy) they need to participate. Programme design and implementation should respond to this, by making necessary technology widely available and providing educational support to enable use.

Box 4: Poverty and social analysis reveals a complex story at border posts

Although macro-level economic analysis frequently demonstrates that reduced delays lower the cost of trading and increase competitiveness overall, disaggregated analysis exploring impacts on different groups may reveal both negative and positive effects when it comes to social risks. Improving access to information (e.g. on tariffs), streamlining procedures and reducing waiting times may:

- Increase the number of women trading through ‘formal’ processes. This can result in increased income and improved safety for female traders (positive).
- Reduce HIV/AIDS transmission rates (positive).
- Reduce economic activities at border posts (e.g. reduced income for local population selling food and other goods to traders) (negative).



Photo credit: Felix Krohn / flickr.com

Campaigns against HIV/AIDS at Ghana-Ivory Coast border post.

- **Introducing risk management systems to border inspections** may involve pre-identifying users as high, medium or low risk and screening accordingly (i.e. 100% screening for high risk users and random screening for low risk users). This may benefit particular groups. For instance, women, who tend to be more compliant than men at borders, tend to gain from such a system as they are more likely to be labelled low risk. Migrant traders, on the other hand, may be considered high risk and face slow inspection processes (IFC, 2009).
- **Improving efficiency at border crossings may be faced with resistance.** Cross-border trade often functions as a substantial source of rent-seeking for border officials, who use the frequent lack of formal procedures to collect bribes, and to facilitate the smuggling of drugs, arms and people. It is therefore important to take account of likely sources of resistance when designing programmes to improve border efficiency.

3.4 Design inclusive solutions

Trade facilitation and trade-related infrastructure programmes typically focus on reducing trade costs and increasing trade. This often involves significant reform of institutional processes (e.g. improving border management systems in order to raise efficiency). At the same time as supporting trade expansion at the aggregate level, these types of initiatives can also offer opportunities to typically poorer trading groups to increase the value and volume of their participation in trade. For instance, where poverty and social analysis reveals that processes actively discriminate against particular groups, it is possible to provide support to:

- **Improve operations at border crossings to reduce harassment and improve safety.** This may involve:

revising the customer charters of border agencies to protect rights; awareness raising and training for border officials; and better lighting, open offices and police presence at border crossings (IFC, 2009).

- **Tackle information constraints.** Lack of access to information about trading regulations and requirements may be obstacles for particular groups. Targeted support, through public education initiatives about trading regulations, requirements and rights, especially at border crossings, can be vital in this regard.

Gender is a particular consideration in the design of trade facilitation and trade-related infrastructure programmes. Table 1 (overleaf) outlines questions to consider during design, as well as potential programme responses and activities.

3.5 Use disaggregated indicators in monitoring and evaluation

Indicators allow for the monitoring and evaluation of programme progress – on both implementation (by tracking input, activity and output) and results (by tracking outcomes and impact).

Monitoring and evaluation indicators for trade facilitation and trade-related infrastructure programmes often draw on existing indicators, such as the Logistics Performance Index and the World Bank's Doing Business indicators. But these indicators monitor and evaluate aggregate progress. They do not assess how this aggregate progress is distributed to different economic and social groups.

To ensure that it is possible to monitor and evaluate the inclusive growth and poverty reduction impact of trade policies and programmes, it will be necessary to **collect disaggregated data and/or incorporate additional indicators into monitoring and evaluation frameworks.**

For example, poverty and social analysis may reveal that, to maximise trade expansion and poverty reduction impact, it is important increase women's participation in formal cross-border trade. Specific programme components to address this might include gender awareness raising for border officials and activities to improve women's knowledge of the benefits of engaging in formal cross-border trade. To monitor the effectiveness of the programme, it will be necessary to collect gender-disaggregated data. It may also be necessary to include specific indicators that reflect programmatic components (e.g. indicators on gender awareness of border officials).

Box 5 outlines questions to reflect on when selecting indicators for monitoring and evaluation frameworks.

Box 6 suggests indicators to monitor the inclusive growth and poverty reduction impact of trade facilitation initiatives.



Photo credit: Michel Herve / flickr.com

Bridge construction, Cambodia.

Box 5: Key questions to consider when designing monitoring and evaluation frameworks

- How can the monitoring and evaluation framework capture increases in trade volumes in a disaggregated way? Which social and economic groups need to be captured (e.g. disaggregated by sex, location, type of business, form of trading)?
- How can the monitoring and evaluation framework capture changes in trade participation in a disaggregated way? Which social and economic groups need to be captured (e.g. disaggregated by sex, location, type of business, form of trading)?
- How can the monitoring and evaluation framework assess the participation of different trading groups in the governance and implementation of the initiative?
- How can the monitoring and evaluation framework assess the sustainability of inclusive growth and poverty reduction impact?

Table 1: Key questions on gender and potential programme responses

Key questions	Potential programme responses and activities
Do government agencies embarking on policy or reform understand the gender implications of the policy or reform?	<ul style="list-style-type: none"> • Training for government line ministries on bias or on gender-differentiated effects of policy or reform. • Training of ministry staff on how reforms can be implemented to benefit the poor and women.
Do women face particular barriers to exporting products? Do they face particular constraints at border crossings?	<ul style="list-style-type: none"> • Ensure women can access and use the technology to process goods for export. This may require, for instance, outreach activities and training. • Targeted activities to build knowledge and understanding among women about their rights, obligations and safety at border crossings (e.g. delivered through associations representing women and small traders; communication campaigns developed in partnership with relevant associations; developing user guides, radio programmes). • Safety initiatives such as lighting, open offices and police presence at border crossings. • Gender awareness training for border officials to decrease the likelihood of harassment at border crossings.
Do women have entrepreneurial associations that serve their needs?	<ul style="list-style-type: none"> • Survey of women entrepreneurs regarding what support they need from business associations. • Strengthening of women’s business associations.
Are there policies that may constrain women’s participation in opening and running small and medium enterprises?	<ul style="list-style-type: none"> • Implement policy advocacy to reform taxes, licensing, zoning requirements, access to credit, government procurement, etc. • Fund mechanisms to assist successful micro-entrepreneurs in scaling up their business.
Do women face particular constraints in relation to transporting goods to domestic and international markets?	<ul style="list-style-type: none"> • Link rural roads to transport corridors. • Ensure that forms of transport used by women (e.g. bicycles, walking, public buses) are available and affordable.
Are women and men both involved in selecting and designing infrastructure (transport, energy, telecoms) projects?	<ul style="list-style-type: none"> • Use participatory methods to interview women and men together and separately during the design phase of the project. • Develop community councils to be involved in projects (e.g. separate women’s and men’s councils or a set percentage of seats on the council for women and men).

Source: Shaw (2010).

Box 6: Indicators for monitoring and evaluating inclusive growth and poverty reduction impacts of trade facilitation initiatives

Policy measures

- No. of policy measures implemented to address the costs of customs procedures and the constraints for typically marginalised trading groups (e.g. women, informal traders, migrant traders).
- No. of women's groups and associations, and informal traders associations, engaged in advocacy for inclusive customs policy.

Agency operation and accessibility

- Opening hours of customs, ports and other trade logistics agencies.
- The female/male ratio of managers and staff in the agency.
- No. of users of online customs forms, disaggregated by social and economic groups (e.g. women, informal traders, non-motorised traders, SMEs).
- No. of customs forms processed online, disaggregated by social and economic groups (e.g. women, informal traders, non-motorised traders, SMEs).

Operational manuals, training and outreach

- Level and quality of, for example, gender focus (e.g. customer service charters).

Knowledge of trade logistics requirements and procedures

- Knowledge and understanding of the trade requirements and procedures by difference social and economic groups (e.g. women, informal traders, non-motorised traders, SMEs).

Physical inspections

- Number/percentage of containers, disaggregated by social and economic groups.

Mobility and other restrictions

- Whether women, for example, have to obtain husband/male permission to engage in trade.
- Restrictions on women's travel (e.g. requiring husband/male permission).

Compliance with trade logistics requirements

- No. of procedures and documents required by customs and technical agencies (e.g. port, health, standards bureau), disaggregated by social and economic groups (e.g. women, informal traders, non-motorised traders, SMEs).
- No. of hours/days to clear goods, disaggregated by social and economic groups (e.g. women, informal traders, non-motorised traders, SMEs).
- Cost of complying with trade logistics requirements, disaggregated by social and economic groups (e.g. women, informal traders, non-motorised traders, SMEs).

Agency operation and accessibility

- Opening hours of customs, ports and other trade logistics agencies.
- The female/male ratio of managers and staff in the agency.
- No. of users of online customs forms, disaggregated by social and economic groups (e.g. women, informal traders, non-motorised traders, SMEs).
- No. of customs forms processed online, disaggregated by social and economic groups (e.g. women, informal traders, non-motorised traders, SMEs).

Source: Adapted from IFC (2009) and USAID (2007b).

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Project outputs

'Trade, Growth and Poverty: Making Aid for Trade Work for Inclusive Growth and Poverty Reduction,' ODI Working Paper

Higgins, K. and S. Prowse (2010) 'Trade, Growth and Poverty: Making Aid for Trade Work for Inclusive Growth and Poverty Reduction,' Working Paper 313, ODI, London.

Case Studies on Aid for Trade, Inclusive Growth and Poverty Reduction

- Removing Constraints to Trade, Enabling Inclusive Growth and Supporting Poverty Reduction: Lessons for Policy and Programming from Five Case Studies
- Cambodia's Trade Sector Wide Approach
- The Regional Trade Facilitation Programme
- ComMark's Textile and Apparel Sector Programme in Lesotho
- The Ethiopia Trademarking and Licensing Initiative
- A Comparative Review of Three Cotton Sector Projects

Tips and Tools for Aid for Trade, Inclusive Growth and Poverty Reduction

- Brief 1. Integrating poverty and social analysis into Aid for Trade programmes: an overview
- Brief 2. Integrating poverty and social analysis into Aid for Trade programmes: trade policy and regulation
- Brief 3. Integrating poverty and social analysis into Aid for Trade programmes: trade facilitation and trade-related infrastructure

All project outputs are available on the project webpage at: www.odi.org.uk/work/projects/details.asp?id=1055&title=aid-trade-promoting-inclusive-growthpoverty-reduction-phase-2.

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