



# CROSS-BORDER TRADE IN THE LAKE CHAD BASIN REGION



GIST for UNDP



*In Support of the Implementation of the Lake Chad Basin  
Regional Strategy for Stabilisation, Recovery and Resilience*



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# Acronyms

**AFDB** >>> **A**FRICAN **D**EVELOPMENT **B**ANK

**AU** >>> **A**FRICAN **U**NION

**ECOWAS** >>> **E**CONOMIC **C**OMMUNITY **O**F WEST **A**FRICAN **S**TATES

**EU** >>> **E**UROPEAN **U**NION

**EUR** >>> **E**URO

**FDS** >>> **D**EFENSE AND **S**ECURITY **F**ORCES

**IDP** >>> **I**NTERNALLY **D**ISPLACED **P**ERSON

**KII** >>> **K**EY **I**NFORMANT **I**NTERVIEW

**LCBC** >>> **L**AKE **C**HAD **B**ASIN **C**OMMISSION

**MSME** >>> **M**ICRO, **S**MALL AND **M**EDIUM **E**NTERPRISE

**RSF** >>> **R**EGIONAL **S**TABILIZATION **F**ACILITY

**RS-SRR** >>> **R**EGIONAL **S**TRATEGY FOR THE **S**TABILIZATION, **R**ECOVERY & **R**ESILIENCE

**TSH** >>> **T**RANS-**S**AHARAN **H**IGHWAY

**UK** >>> **U**NITED **K**INGDOM

**UNDP** >>> **U**NITED **N**ATIONS **D**EVELOPMENT **P**ROGRAMME

**UNHCR** >>> **U**NITED **N**ATIONS **H**IGH **R**OMMISSIONER FOR **R**EFUGEES

**USD** >>> **U**NITED **S**TATED **D**OLLAR

**XAF** >>> **C**ENTRAL **A**FRICAN **C**FA **F**RANC

**XOF** >>> **W**EST **A**FRICAN **C**FA **F**RANC



# EXECUTIVE



# SUMMARY





This research report aims at getting a better understanding of the cross-border trade and the private sector investment opportunities in two neighboring regions along Lake Chad: the Diffa region in Niger and the Lac province in Chad. Both Sahelian regions are considered fragile – largely affected by the Boko Haram insurgency and a rampant insecurity. The insights of the report should nourish the reflection and discussions about future interventions and projects as part of the Regional Strategy for the Stabilization, Recovery & Resilience of the Boko Haram-affected areas of the Lake Chad Basin (RS-SRR), led by the Lake Chad Basin Commission and the African Union. The RS-SRR and its activities encompass different fields, including: governance and social contract, socio-economic recovery and environmental sustainability, prevention of violent extremism and building peace and Empowerment and inclusion of women & youth.

The study is based on desk research and 21 Key Informant Interviews with private sector players operating in these regions, local public sector stakeholders, and experts knowledgeable about the area.



The following key findings emerged from the study:

Most private sector players in the two regions are mainly MSMEs (micro, small and medium enterprises), operating informally.

Agriculture (cereals and horticulture), livestock (cattle, sheep, camels), fisheries, mining (natron in Chad and oil in Niger), as well as the trade of manufactured goods represent key sectors with the highest potential for cross-border trade in the area.

According to official figures, cross-border trade between Niger and Chad is limited. Yet, significant volumes are traded informally in the area, including between Nigeria and Chad with Niger acting as an interface between the two.

Insecurity remains the main barrier for both cross-border trade (closure of transportation ways and borders) and investment opportunities. Inadequate governance, poor access to inputs and raw products and limited access to markets, land and finance also constitute significant barriers for cross-border trade and private sector development in the Lake Chad region. Inadequate support from public institutions and development partners, climate change and local mentalities are further hampering growth prospect in the area.

Some efforts have been made to create an enabling environment both from the State and development partners, but the large potential of the area remains untapped. Despite the fragile context and rampant insecurity, the Lake Chad region still shows great potential for private sector development and cross-border trade, with a few large exporting zones, in close interdependence with vulnerable agropastoral zones, ensuring a large part of the supply of cities and the two regional hubs (Maiduguri and N'Djamena). The region also offers original forms of development and has also shown the ability to absorb innovations in the agricultural sector relatively quickly, despite the conflict.

Tackling the main challenges affecting the area would enable the region to fully leverage its potential for cross-border trade. The last Chapter of this report provides a list of recommendations for policy makers in national and local administration and their development partners to (i) restore security and building resilience, (ii) provide good governance & an enabling environment, (iii) develop adequate transport, water and energy infrastructure, and (iv) support private sector development & create decent jobs.



# INTRODUCTION



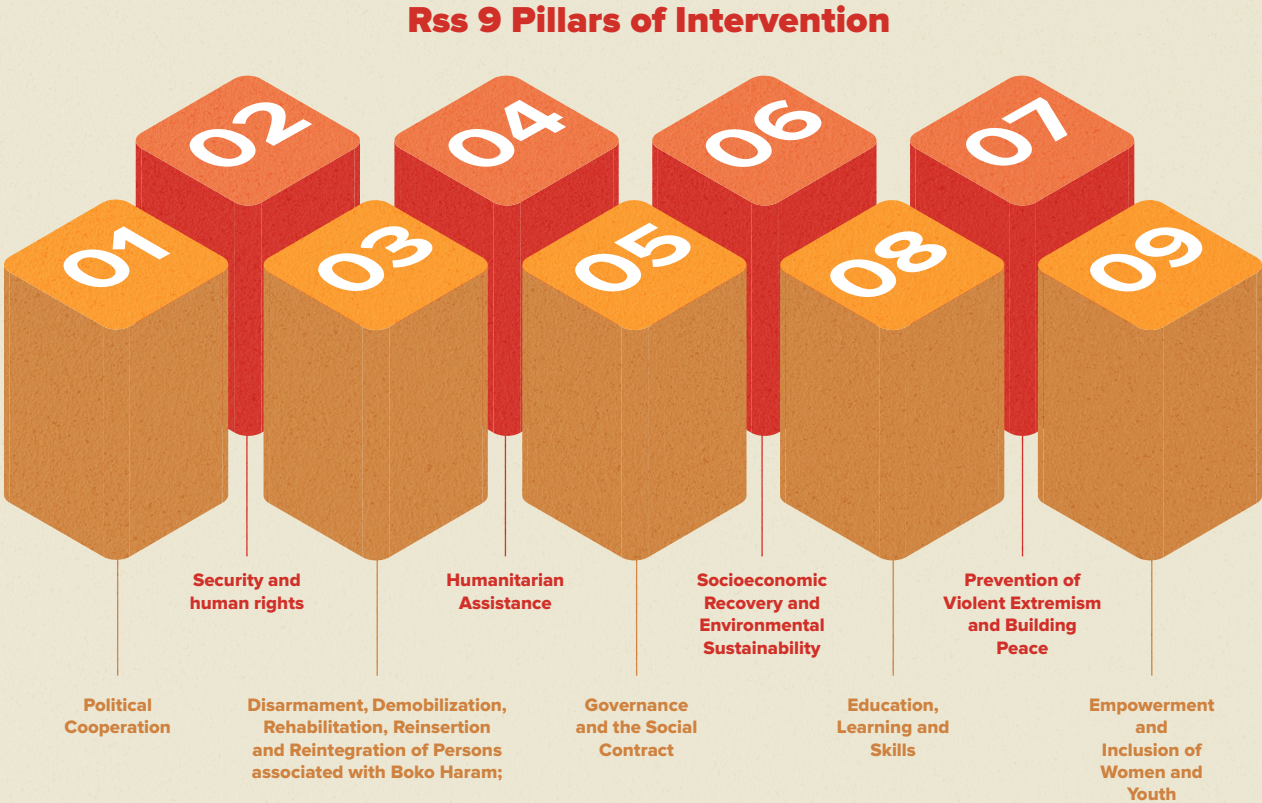


# 2.1 BACKGROUND

In 2018, with the support of the African Union and the United Nations Development Programme (UNDP), the Lake Chad Basin Commission (LCBC) developed a five-year strategy — “Regional Strategy for the Stabilization, Recovery & Resilience of the Boko Haram-affected areas of the Lake Chad Basin (RS-SRR).” The RS-SRR provides a comprehensive, integrated, and multi-level framework for overall stabilization, recovery and

resilience and is composed of nine inter-related pillars, which include support to the Multinational Joint Task Force (MNJTF), provision of humanitarian assistance and key interventions to secure early recovery and longer-term resilience.

Figure 1: RS-SRR 9 Pillars of intervention - Source: LCBC



A more comprehensive understanding of the private sector and its evolution with the rising insecurity in the Lake Chad Basin is critical to nourish future, adapted initiatives to support the RS-SRR objectives. A particular focus on investment opportunities and cross-border trade is put as such and using an evidence-based approach.

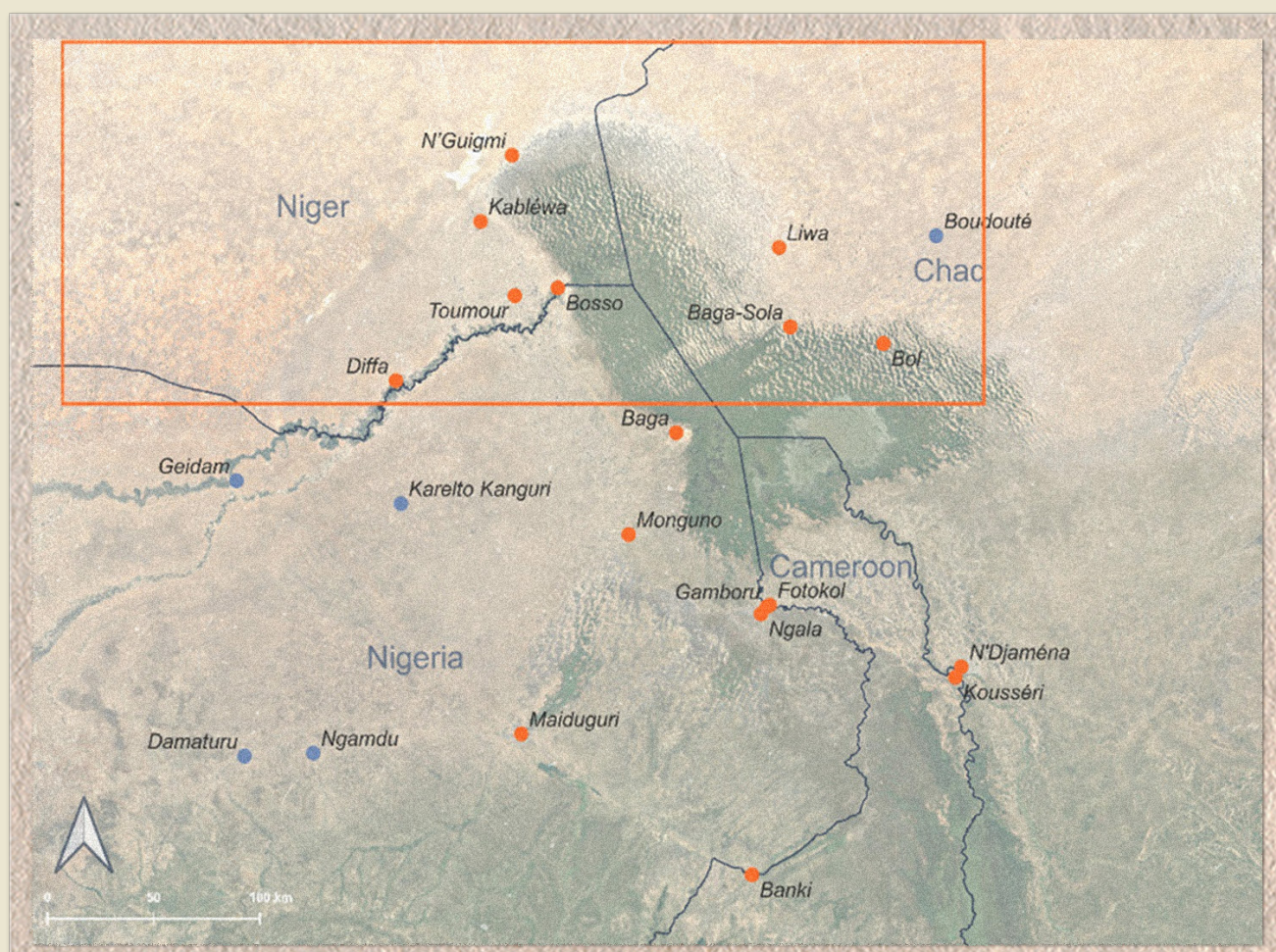


## 2.2 OBJECTIVES

The objective of this report is to provide an overview of the cross-border trade between Niger and Chad, its role in the lake Chad Basin area, as well as to identify key challenges and opportunities for private investment in these areas. A particular focus is particularly put on Diffa (Niger) and Lac (Chad) regions in the Lake Chad Basin area.

This study analyses the regional context for the Lake Chad Basin, summarizes key findings from the data (primary and secondary), and draws recommendations to support private sector development and cross-border trade in these fragile areas in Niger and Chad. The report will also tackle the interface role played by Niger for the trade between Chad and Nigeria with the insecurity preventing direct trade via the river.

*Figure 2: Map of the Diffa and Lac Regions, focus areas of the study<sup>1</sup>*



<sup>1</sup><https://shoring-up-stability.org/maps-infographics/>, visited on 11 September 2023



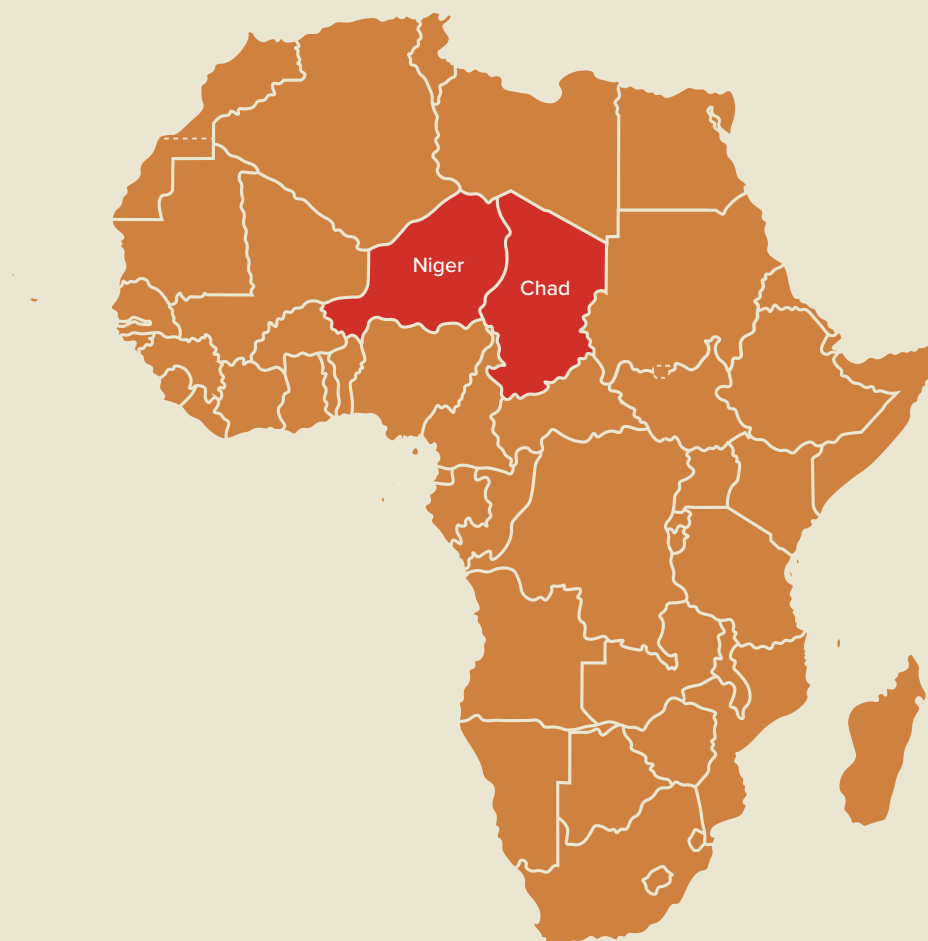
## 2.3 METHODOLOGY

The Team relied on a mixed-method research strategy based on:

- **Secondary research:** Regional, national and sub-national reports produced by multilateral and bilateral Development Finance Institutions (DFIs) and other development partners, as well as policies, laws and regulations from national institutions. The complete list of references and reports used for this study is included in Annex 1.
- **Key Informant Interviews:** 21 Key Informant Interviews (KIIs) with relevant private sector actors (top management representatives of agribusinesses or import/export traders), public sector stakeholders (local authorities, decentralized services, customs officers), and researchers/experts operating in the areas of interest.

Table 1: Breakdown of KIIs by country and type

COUNTRY	PRIVATE SECTOR	PUBLIC SECTOR
Chad	7 KIIs	3 KIIs
Niger	7 KIIs	4 KIIs





## 2.4 CHALLENGES, LIMITATIONS, AND MITIGATION MEASURES

Challenges encountered during the research and mitigation strategies implemented are provided in the following table:

Table 2: Challenges encountered during the research

ACTIVITY	CHALLENGES / RISKS	MITIGATION MEASURES
<b>Secondary data collection</b>	Limited cross-border trade records and information	▶ Additional information found via KII and some studies focusing on informal trade activities and their evolution
	Limited information on the two focus areas namely the Diffa region (Niger) and the Lac Province (Chad)	▶ Extrapolation based on these regions' activities/sectors Additional information found via KII
<b>Primary data collection</b>	Identification of KII in the two focus areas	▶ Support from partner TIRAC Sahel to get a list of KIIs in these two regions ▶ Additional KIIs over GIST's network ▶ Snow-balling approach
	Reachability of KIIs over WhatsApp and videoconferencing as some KIIs do not use these tools	▶ Support from partner TIRAC Sahel to get a list of KIIs in these two regions ▶ Additional KIIs over GIST's network ▶ Snow-balling approach
	Willingness to be interviewed	▶ Additional explanations provided on the purpose of the study, and re-emphasis that this is not an interview focusing on insecurity
	Language barrier	▶ Some interviews conducted by TIRAC colleagues in Hausa and Kanuri
<b>Timeline</b>	Project conducted during the summer time	▶ Planning of KIIs at different stages of the project



## 2.5 REPORT STRUCTURE

The report is organized as such - focusing on the cross-border area between Niger and Chad, and on cross-border trade and private sector investment:

### **General Background:**

Presentation of context information covering geographical, ethnical, historical aspects as well as the hub role of the Lake Chad

### **Barriers:**

Identification of key sector-level constraints

### **Potential:**

Identification of high potential sectors and rapid sizing exercise

### **Opportunities:**

Cross-cutting and sector-level opportunities for access to finance, public-private partnerships, and value chain development

### **Pathways:**

Strategic and action-oriented recommendations for short, medium and long-term impact



# OVERVIEW OF THE NIGER-CHAD BORDER AREA



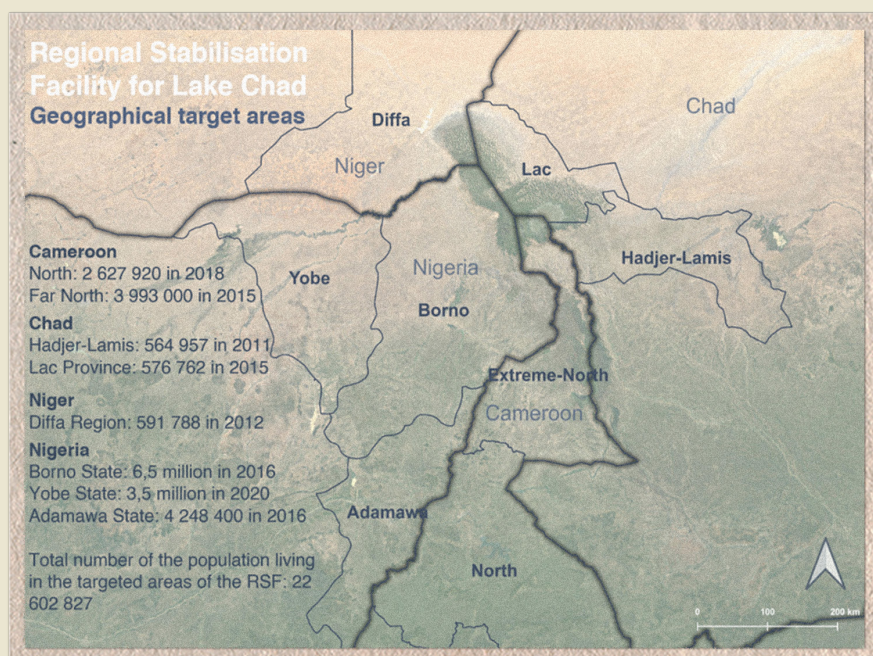


# 3.1 GEOGRAPHY AND CLIMATE

## 3.1.1 GEOGRAPHY

The Diffa Region and the Lac Province are neighboring regions located in the semi-arid Sahel, spanning the two heavily landlocked countries of Niger and Chad, respectively (see below Figure 2). Geographically, the regions are characterized by their proximity to Lake Chad, a vast freshwater source that has historically sustained local livelihoods.

*Figure 3: Geographical target areas of the Regional Stabilization Facility for Lake Chad<sup>2</sup>*



The context of Lake Chad and its peripheries is characterized by a wide variety of ecosystems and resources:



**Multi-use areas**  
(agriculture, fishing, livestock)



**Floodplains**



**Rain-fed farming areas**



**Wet and dry pastures,**  
with an additional distinction between lowlands and uplands



**Specific localized configurations**  
(particularly peri-urban and developments)<sup>3</sup>

Thanks to the variety of environments, there are long-standing regional trade relations taking advantage of regional complementarities.<sup>4</sup>

In terms of major cities:

**Diffa city** is the regional capital city (chef-lieu) of the Diffa region. Other notable towns in the region include N'Guigmi and Bosso. Diffa city, in particular, serves as a central hub for trade and administration.

**Bol** is the capital (chef-lieu) of the Lac province. It's located on the eastern side of Lake Chad and has historically been a significant center for trade and fishing.

<sup>2</sup> Lake Chad Basin Commission LCBC

<sup>3</sup> INSUCO/RESILA/AFD/EU, Étude régionale de recherche: Impacts contrastés de la crise sécuritaire sur les situations foncières dans la région du Lac Tchad, 2020

<sup>4</sup> La région du Lac Chad à l'épreuve de Boko Haram (2018), Agence Française de Développement



# 3.1 GEOGRAPHY AND CLIMATE

## 3.1.2 CLIMATE

Due to their geographical location in the Sahelian strip, these two regions experience a similar climate marked by:



### 1 - Erratic rainfalls

- ▶ The Sahel experiences a short rainy season and a longer dry season.
- ▶ Rainfall is typically concentrated between June and September, though the exact timing can vary. Precipitation levels are variable and can be unpredictable from year to year.
- ▶ Both regions, especially around Lake Chad, rely on this seasonal rainfall for agriculture, including the cultivation of staple crops like millet and sorghum as well as horticulture.
- ▶ However, one of the farming and food processing company interviewed mentioned that around the Lake Chad they could do up to 3 cultivation campaigns a year including in counter-season.



### 2 - High temperatures

- ▶ The regions generally experience high temperatures throughout the year.
- ▶ The hottest months tend to be April and May, right before the onset of the rainy season, with temperatures often exceeding 40°C (104°F).
- ▶ Cooler temperatures, relatively speaking, can be expected during the dry season, especially between November and February.



### 3 - Harmattan

- ▶ From November to January, these regions can experience the Harmattan – a dry, dusty wind that blows from the Sahara Desert. This wind brings with it a significant amount of dust and can reduce visibility and air quality.



### 4 - Increased climate challenges

- ▶ **Desertification:** The encroachment of the desert is due to a combination of overgrazing, deforestation, and potentially changing climate patterns.
- ▶ **Lake Chad's water level:** The level of water of the Lake Chad has always fluctuated along decades, years and seasonal cycles,<sup>5</sup> thus driving the development of adaptive mechanisms, making that region especially resilient. Only 10 percent of its size remains compared with the 1960s, impacting fishing, agriculture, and local livelihoods.
- ▶ **Variable Rainfall:** Unpredictable rains lead to more frequent droughts as well as floods, both of which can have devastating effects on local communities, especially when they disrupt farming and food supplies.

<sup>5</sup> Trade Patterns and Trade Networks in the Lake Chad Region (2021), Lake Chad Regional Economic Memorandum – Technical Paper n°7, P. Walkenhorst



## 3.2 POPULATION & CULTURE

The Lake Chad area is a very diversified area of around 70 ethnic groups of Christian, Muslim and Animist confession with different languages, cultures, economic activities and commercial networks.<sup>6</sup> The population in both regions is a blend of ethnic groups, including Kanuri, Buduma (mostly fishermen), and Fulani (mostly herders), among others, with languages spoken reflecting this diversity; Hausa, Kanuri, and Arabic are commonly spoken; and mostly Moslems.

In terms of population:

*The Diffa region in Chad is composed of 691,351 inhabitants according to the National Statistics Institute of Niger in 2017<sup>7</sup>. However, the population figures may have changed, especially due to high population growth and displacements caused by Boko Haram activity.*

- **Displacement:** The Diffa region has witnessed significant internal displacement. Thousands of Nigeriens have been forced to flee their homes because of attacks by Boko Haram and subsequent military operations since the 2010s and the Boko Haram insurgency.
- **Refugees:** In addition to internally displaced persons (IDPs), Diffa has also hosted refugees from Nigeria, who crossed the border to escape the violence in their own country.
- **Camps and Sites:** Several camps and spontaneous sites had been established in the region to shelter the displaced, including the Sayam Forage refugee camp created in December 2014. According to UNHCR, there were 29,675 people registered in the camp in March 2021<sup>8</sup> (mostly refugees from Nigeria). However, conditions in these camps have sometimes been challenging, with concerns about access to basic services, food, water, and security.

*The Lac region has a population of around 500,000 inhabitants. As with Diffa, displacement due to insurgent activity can cause fluctuations in population numbers.*

- **Displacement:** As with Diffa, the Lac region has seen significant displacement due to Boko Haram. Villages near the lake have been particularly affected, with inhabitants frequently moving to avoid attacks.
- **Refugees:** The region has not only dealt with IDPs but also with Nigerian refugees escaping violence from Borno state, Boko Haram's stronghold.
- **Camps and Sites:** There are several displacement sites and camps in the Lac province, including the Dar-es-Salam (house of peace in Arabic) camp created back in 2015. The camp, located in the Baga Sola area close to the Nigerian border, is hosting 18,239 refugees as of August 2023, in shelters made of tarpaulin and fenced with kaye, an aquatic plant from Lake Chad<sup>9</sup>. As in Diffa, the challenges here include meeting the basic needs of inhabitants, ensuring their security, and providing opportunities for livelihoods.

<sup>6</sup> Lake Chad Basin Commission/African Union Commission, Regional Strategy for the Stabilization, Recovery & Resilience of the Boko Haram-affected Areas of the Lake Chad Basin Region, 2018

<sup>7</sup> <http://www.initiative3n.ne/diffa.php>, visited on 12 September 2023

<sup>8</sup> <https://data.unhcr.org/en/documents/details/86117>, visited on 12 September 2023

<sup>9</sup> American Journal of Environment and Climate, Deterioration of Plant Resources in Contact with Nigerian Refugees, Returnees and Internal Displaced Chadians in Kaya, Lake Region, Western Chad, August 2023



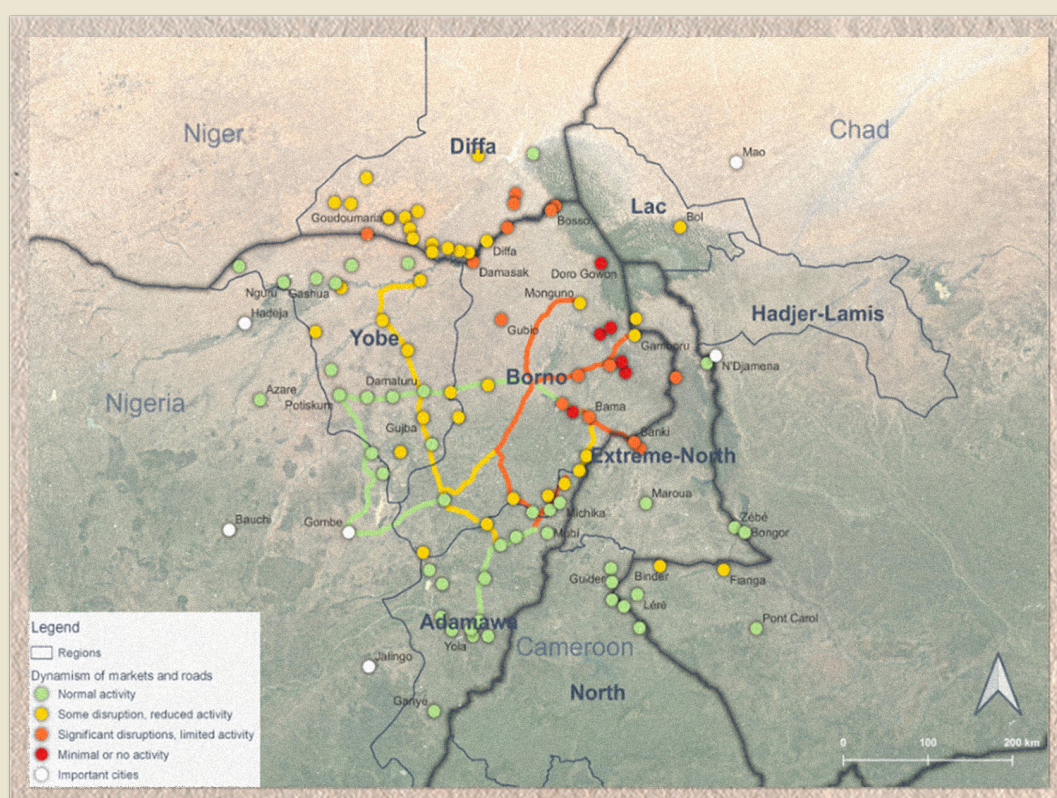
## 3.3 RECENT HISTORY

Recent history has been marred by the insurgency of Boko Haram, a jihadist group originating from Nigeria, which has had destabilizing effects on both regions, causing displacement, insecurity, and humanitarian crises. This has affected trade and local economies profoundly (as described in the following chapters).

## 3.4 ECONOMY AND TRADE

As depicted earlier, the neighboring regions of Diffa in Niger and Lac in Chad are somehow challenged by their geographical and climate situation on the one hand, as well as a low population density despite the vast lands. This situation led to a relative isolation of most vulnerable communities from external and internal markets. In addition, the Boko Haram insurgency has further contributed to nourishing small, isolated economies with limited markets, subsistence agriculture and low purchasing power.

Figure 4: Markets and trade networks in the Lake Chad region<sup>10</sup>



The economy on both sides of the border highly relies on agriculture at large: cereals and horticulture, livestock (cattle and small ruminants), and fisheries as all KII confirmed. Natron<sup>11</sup> is also produced in an artisanal manner in Chad from the Lake (and especially around the city of Liwa). On the Niger side, the construction industry is also a relatively booming sector.

The business ecosystem largely encompasses micro, small and medium enterprises – mostly in the informal sector – as well as a few larger private companies for instance in the rice value chain or in the construction sector.<sup>12</sup>

<sup>10</sup> Trade Patterns and Trade Networks in the Lake Chad Region (2021), Lake Chad Regional Economic Memorandum – Technical Paper n°7, P. Walkenhorst

<sup>11</sup> Natron includes baking soda hence used for its therapeutic and culinary properties

<sup>12</sup> More details on the high-potential industries in the focus area are dealt with in the next chapter.



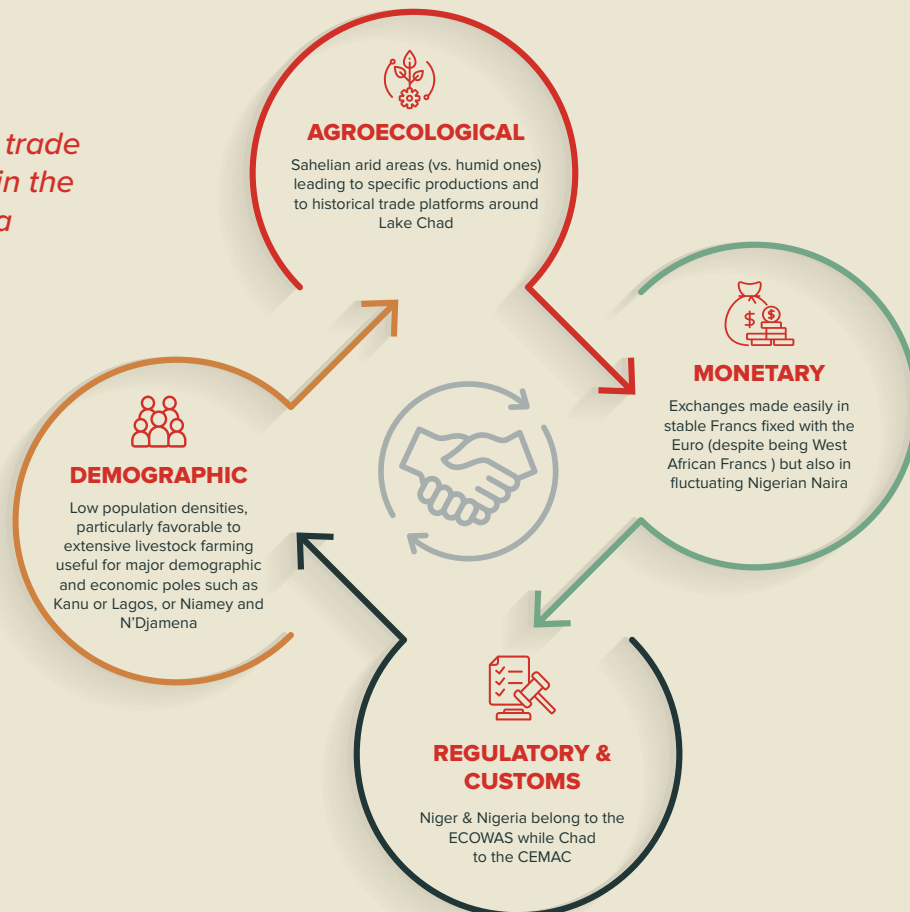
The two regions represent a rural production hub for agricultural, fishery and pastoral products that are consumed locally, transported to larger cities or exported to neighboring Nigeria (via Maiduguri) or to nearby N'Djamena, as they are consumption and redistribution hubs. These trade flows have reduced since the Boko Haram insurgency but grew a little again with the increased presence of defense & security forces in the Diffa region since June 2021.

The trade in this area is polarized around Nigeria, with access to the Ocean and ports, and with a relatively vibrant economy. A large share of imports of goods for Chad and Niger come from Nigeria, including Nigerian products (e.g. soap, sugar, oil, cement, smuggled fuel) or international products (e.g., electronics, vehicles, etc.). On the other hand, Niger and the Diffa region became an interface for Chadian exports to Nigeria (livestock, smoked and fried fish, crops, etc.) as the water routes became too insecure, forcing traders to take the roads. It also became an interface for used vehicles for Chad coming from the ports of Benin or Togo. Products from Nigeria also transit via Chad to reach Sudan and other East African countries.

The trade is nourished and supported by the two large regional hubs of Maiduguri in Nigeria and N'Djamena in Chad. Markets located over the two sides of the borders are vibrant social and economic hubs, where locals exchange goods. Common ethnical origins across borders, as indicated in Section 3.2, highly support mutual trust in trade relationships in the region and help develop sustainable business networks.<sup>13</sup> From these areas of trade, products are disseminated across the different regions/provinces of the country. Markets are either permanent in border towns and larger cities, along with warehouses to store products and reexporting to other localities (including Nigerians), or weekly markets in smaller hubs. Weekly markets are often specialized (e.g., into fish and smoked fish) and ranked based on production proximity, outlets and especially on accessibility (infrastructure). However, these markets have sometimes been targets or affected by the ongoing insecurity which led the respective States to close a few of them to limit the risks of attacks against the population.<sup>14</sup>

Main trade determinants in the Lake Chad Basin area are linked to complementarities and differences in four mains areas:

*Figure 5: Main trade determinants in the focus area*



<sup>13</sup> Lake Chad Basin Commission/African Union Commission, Regional Strategy for the Stabilization, Recovery & Resilience of the Boko Haram-affected Areas of the Lake Chad Basin Region, 2018

<sup>14</sup> Building Rural Development in the Lake Chad Region (2021), Lake Chad Regional Economic Memorandum – Technical Paper n°6, B. Blankespoor



Cross-border trade between Niger and Chad is also largely characterized by informal activities (see below).

## INFORMALITY ON THE NIGER-CHAD BORDER

Micro and small enterprises in the area remain for the large part informal. The informal sector represents close to 50% of GDP and employs almost 90% of the labour force in the Lake Chad region. In Chad and Niger, around 80% of enterprises report competing against unregistered firms, which is perceived as a major obstacle by formal firms.<sup>15</sup> Most informal firms are capital-poor and underperforming. Informal businesses are particularly dominant in the agribusiness and livestock sectors, as well as in the production of natron (in Chad). Larger agribusinesses and livestock traders between Niger and Chad, as well as Nigeria, also operate informally.

“

*“Inhabitants do not know the utility of taxes and are often analphabets.”*

Tax Controller, Lac Province, Chad

”

Despite border controls, cross-border trade between Niger and Chad is characterised by a high level of informality. Given the high insecurity in the area, there are several control barriers between Niger and Chad, including police, military, as well as active tax and customs officers. Yet, corruption is widely used by informal traders to bypass the controls. Larger businesses partially rely on informal activities as well to overcome security challenges and expand their reach across the border. In addition, small vehicles (cars and small vans) transporting goods between Nigeria and Diffa enter Niger fraudulently after 8pm when circulation is not allowed.





## 3.5 TRANSPORT INFRASTRUCTURE



### Roads

Infrastructure, such as roads and bridges, is limited but crucial for facilitating regional trade. Indeed, the central corridor of the Trans-Sahara Highway (TSH) should have, inter alia, connected the Ngouri-Daboua axis in Chad at least to Diffa in Niger. However, while the road has been built up to the border on the Niger side, it is not the case on the Chadian side, hampering the trade in the region. Moreover, the rainy season with some sporadic heavy rainfalls each year are further damaging the tracks on the Chadian side.



### Waterways

Some permanent piers on the Northern shore of the lake do exist on the Chadian side (e.g., the Lac Province capital city Bol and Baga Sola)<sup>16</sup> to reach Nigeria but are prone to attacks by armed groups so the road is largely favored by traders. Only temporary piers during high water times are operational on the Niger side.

<sup>15</sup> World Bank enterprise surveys in Niger (2017) and Chad (2018)

<sup>16</sup> Lemoalle J., Magrin G. (dir.), 2014 – Le développement du lac Tchad : situation actuelle et futurs possibles



# HIGH POTENTIAL SECTORS





While both focus regions are challenged in many ways as stated above to do business and trade, exacerbated by the rampant insecurity and fragility, they represent, at the same time, a fertile ground for business activities and private sector investments in specific value chains considered as high potential. High potential sectors identified through KIIs and literature review are provided in the following table:

Table 3: High Potential Sectors

SECTOR	DESCRIPTION
<p><b>Agriculture</b></p>	<ul style="list-style-type: none"> <li>▶ Cereals &amp; staple crops: maize, rice and sesame</li> <li>▶ Horticulture: pepper, watermelon and beans</li> <li>▶ Regions suitable for farming before insecurity as relatively easy access to water and suitable for irrigation</li> <li>▶ Ready-to-eat seasonings</li> </ul> <div style="border: 1px dashed black; padding: 10px; text-align: center; margin: 10px 0;"> <p>“<i>...that can be used for cooking instantly as women don't have much time to spare and offering a certain quality (not mixing them with other things)</i>”</p> <p><small>Seasoning company, Nigeria</small></p> </div> <ul style="list-style-type: none"> <li>▶ Some niche markets such as spirulina in Chad</li> <li>▶ The growing urban demand has enabled agricultural innovation and intensification in the Lake Chad, which is connected both to less favorable agricultural areas that provide labor, and to larger regional hubs (Maiduguri and N'Djamena).<sup>17</sup> In addition, studies report that land use has not yet reached an overexploitation level of the environment, and there is still room for improving productivity.<sup>18</sup></li> </ul> <p><i>Figure 6: Women cooperative in Chad producing, packaging and selling spirulina - Source: KII</i></p> <div style="display: flex; justify-content: space-around;">   </div>

<sup>17</sup> La région du Lac Chad à l'épreuve de Boko Haram (2018), Agence Française de Développement

<sup>18</sup> Lake Chad Development and Climate Resilience Action Plan (2015), Lake Chad Basin Commission (LCBC)



## Livestock

- ▶ Cows
- ▶ Sheep and ewes (called balami sheep in the area)
- ▶ Camels (with a potential for exports to Libya)
- ▶ In Niger, some animal vaccines are provided for free by the authorities



***“Agriculture and livestock are the two mammals of the economy of my region”***

Seasoning company, Nigeria



## Fishing

- ▶ Tilapia, carp, Nile perch (capitaine)
- ▶ Smoked or fried fish
- ▶ In Niger:
  - On the northern bank of Diffa where some Defense and Security Forces (FDS) are located and securing the area.
  - Around N’Guigmi, caught fish is sold on the Diffa market. Nile perches, for example, are transported to the Niamey market as fresh fish, but sometimes also smoked or fried.
  - With the receding of the Komadougou river in 2022, a large quantity of fish has however disappeared.


***Figure 7: Nile perch fished in Lake Chad around N’Guigmi and sold on a market in Diffa - Source: KII***



## Trade of Goods

- ▶ From Nigeria via the transit zone of N’Guigmi or else in Niger, towards Chad: sugar, tea, rice, pasta, tomato sauce, cola, palm oil, textile, electrical goods, construction materials, vehicles (used cars especially) etc.
  - There used to be since 2019 a by-law banning the marketing of imported sugar to support the local sugar producing company CST against lower priced sugar imported from Nigeria, Niger and Sudan for instance.
  - According to KIIs, there is a high demand for sugar in Chad.
- ▶ From Chad and Niger to Nigeria: live animals, animal skins, smoked and dried fish.
- ▶ From Togo or Benin to Niger or via Niger to Chad: used vehicles.
- ▶ KIIs also highlighted the potential for the trade of medical products and construction materials between Niger and Chad.



<p><b>Mining</b></p>	<p>▶ Natron at the shore of Lake Chad on the Chadian side. Natron is used to produce baking soda for detergents, dental care, fabric softeners, deodorizers, and bath additives, as well as cooking.</p>
<p><b>Oil</b></p>	<p>▶ Located in the Diffa region (around Agadem in the department of N’Guigmi), but due to insecurity, most of the staff of oil companies were relocated to Zinder, 600km away from Diffa. However, there are environmental damages caused by oil exploitation, which destroys pastoral wells, as well as certain plants, and represent challenges for camel grazing. Populations affected do not receive any compensation, which triggers grievances and protests.</p> <p><i>Figure 8: Gas flaring at a China National Petroleum CNPC-Niger SA oil facility on the Agadem block, two kilometers north of the hamlet of Melek (N’Gourti rural commune, N’Guigmi department, Diffa region), Credit: WIKIMEDIA COMMONS</i></p> 

High potential trading flows between Chad and Niger are further summarized in the following diagram:

*Figure 9: Main exportation flows between Chad and Niger*





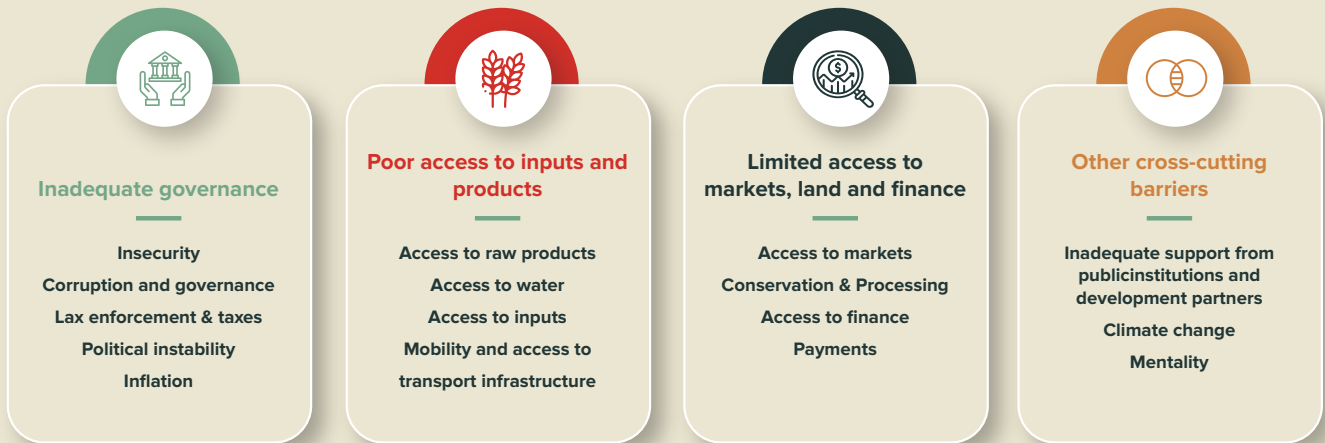
# MAIN BARRIERS IDENTIFIED





A total of 17 key barriers have been identified, summarized in the figure below and detailed in the following paragraphs:

*Figure 10: Main barriers identified for cross-border trade and private sector investment in the Diffa region and Lac province*



## 5.1 INADEQUATE GOVERNANCE



### Insecurity

- ▶ A large area of the Lac Province in Chad is under severe insecurity, which led to a significant reduction of production.
- ▶ Traders are often forced to regularly change their itinerary, as chances to be intercepted by armed groups are high. Interception can lead to the payment of informal taxes, as well as the theft of goods, kidnapping, and killing.



***“In the city of N’Guigmi in Niger larger businesses have left as they got often kidnapped and had to pay a ransom of XOF 150M or more (≈EUR 230k and more).”***

Trader in Niger



- ▶ Two-wheeled vehicles have reportedly been banned of some municipalities in Lake Chad region as this is the modus operandi of attacks. This is negatively impacting some entrepreneurs and the youth in particular – for instance for transporting spare parts, fuel in bottles, but also as moto-taxis. As such, the State allowed to have tricycles instead, but they are only allowed to circulate from 6 am to 7 pm, as are any other motorized vehicles. The state of emergency and curfew does not encompass camels, which as such remains an alternative transportation mean in the area.

Cattle, instead of being exported from Chad, can be stolen by Boko Haram and resold in Niger at lower price.

Sometimes borders are closed due to insecurity jeopardizing cross-border trade activities and their frequency.





## Corruption & Governance

- ▶ Alternative governance mechanisms and customs have been imposed by armed groups where the State is not present. Armed groups request “taxes” to grant access to pastoral resources for herders (i.e., water, green pasture, fodder) as often these areas are not accessible due to insecurity and the emergency state instituted by the governments. Taxes are also requested to operate economic activities such as the production and distribution of fisheries. Taxes are reportedly high.<sup>19</sup>
- ▶ Armed groups also leverage tensions and conflicts between communities/ethnic groups, between, farmers and herders, or among large groups of herders (Fulani vs. Arabs) to collect revenues via regulating access to land and natural resources.
- ▶ Corruption of customs and other State agents is common. Corruption is used by businesses to avoid some regulations and procedures that are costly and time-consuming.



***“Corruption became a very dangerous virus for doing business and trade in the region as, at the end of the day, these customs agents earn more than companies producing these goods!”***

Agrobusiness owner, Niger



***“Corruption has become widespread, it’s like the international currency (the dollar), everybody’s profiting from it. So, we have to deal with it every day.”***

Large food producer, Niger



***“The regulations in force are flouted by powerful State agents who are accountable to no one because they belong to the government. The only way to get around this situation is to come to an agreement with these agents to facilitate the circuit.”***

Large trader, Chad



***“The Government knows they have leverage when your goods are stuck at custom. Very recently, a senior customs officer requested a significant bribe from us to secure the release of our cargo at the border.”***

Solar power company, Chad



- ▶ The behaviour of State actors is perceived as unpredictable by large businesses willing to invest significantly in the area.



***“If you are not backed up by a large international donor, you are at the mercy of the Chadian government. They make you feel welcome at first, but after a few years they nationalize your business if you are successful.”***

Solar power company, Chad



<sup>19</sup> INSUCO/RESILAC/AFD/EU, Étude régionale de recherche – Impacts contrastés de la crise sécuritaire sur les situations foncières dans la région du lac Tchad, 2020





## Law enforcement & taxes

- ▶ Multiple checkpoints exist on the road between Chad and Niger, which are used to collect a multitude of taxes, and which not always enforce the latest regulations.

***“To enter Chadian territory, we need to pass at least 8 barriers (police, waters and forests, nomadic guard, gendarmerie). Everything is taxed even people in addition to goods even if you have all the regulatory papers. So, at each barrier you pay 500-1000F (EUR 0.8-1.6). And in Nigeria it’s the same.”***

Economic operator, Niger

- ▶ High level of taxes are levied by local authorities, which is harming traders and businesses.
  - Costs to create a company and get a NIF (company registration number in Niger) amounts to XOF 90,000 (=EUR 137) whether a business generates money or not, leading many small businesses especially to remain in informality. Yearly taxes have to be paid on top whether the business makes a profit or not.
  - “Certified invoice” were introduced in Niger in 2022 for any commercial transaction, for the State to collect the 19% VAT, which is negatively impacting small traders

***“The appointment of customs and other control officials is based on nepotism, with no regard for competence.”***

Solar power company, Chad

***“There is no better word than “fiscal harassment” to describe the behaviour of the authorities towards us. We are subject to four tax audits per year, and we have a whole budget dedicated to lawyers to protect us from extortion.”***

Solar power company, Chad

- ▶ State agents who enforce laws and collect taxes seem to be often selected based on cronyism.

- ▶ There are also challenges to implement customs and trade cooperation between ECOWAS (Niger) and CEMAC (Chad) regions.<sup>20</sup>

<sup>20</sup> Trade Patterns and Trade Networks in the Lake Chad Region (2021), Lake Chad Regional Economic Memorandum – Technical Paper n°7, P. Walkenhorst





## Political instability

- ▶ In Chad, General Mahamat Déby proclaimed himself President of the Republic of Chad the day after this father's death on 20 April 2021. Businesses are invited to support the party during election times or any other political event. Those that do not support the political party in power can face issues when dealing with registration processes, trading across borders or paying taxes.



***“If you're not a militant of the ruling party or a sympathizer of the regime, you're faced with all kinds of problems. Our goods are blocked for no reason, and we're asked to pay extra money at the risk of having our products seized.”***

Import-export trader, Daboua, Chad



- ▶ In Niger, the Coup d'Etat on 26 July 2023 forced out the democratically elected president Mohamed Bazoum. General Abdourahamane Tchiani proclaimed himself President of the National Council for the Safeguard of the Homeland. The Coup led to a series of sanctions from the ECOWAS, WAEMU - West African Economic and Monetary Union and other bilateral and multilateral partners. Sanctions are targeted, such as travel bans and asset freezes applied to individuals, and collective, such as the closure of land and air borders and the suspension of regional trade and banking relations, which impact the country's economy and its population.



## Inflation

- ▶ In Chad, the inflation rate reached 12.5% in April 2023, up to 18.8% for food products. In Niger, inflation was slightly above 3% in July 2023.<sup>21</sup> However, KIIs report higher increases in prices:
  - In Niger, a 100kg rice bag not sieved used to cost XOF 8,000F (≈EUR 12) and now doubled reaching XOF 16,000 (≈EUR 24).
  - In Chad, the price of an imported paddy rice bag of 50kg increased, within a period of 2-3 years, from XAF 23,000 (≈EUR 35) to XAF 30,000XAF (≈EUR 46) and the price of a local paddy rice bag of 100kg more than doubled, from XAF 15-17,500 (≈EUR 23-27) to XAF 35,000 (≈EUR 53).
- ▶ Some inflation is imported from neighboring Nigeria especially since the end of the fuel subsidies by the Nigerian State.

<sup>21</sup> <https://tradingeconomics.com/chad/inflation-cpi>, visited on 14 September 2023



## 5.2 POOR ACCESS TO INPUTS AND PRODUCTS



### Access to raw products

- ▶ There is very limited access to some production areas (crops and livestock) due to insecurity largely impacting the business environment. Operating processing activities is particularly challenging, further hampering the potential for developing value addition activities in the region.
- ▶ The Lake Chad itself is unsafe to access for fishermen who had to find new opportunities. There used to be fishermen coming from Senegal or Mali in the past but they left with the Boko Haram insurgency.



***“Many fishermen active on the Lake were threatened and had to seek refuge; they looked for some other activities, became internally displaced persons while waiting for humanitarian aid in other parts of Chad, others became small traders, including in markets, and also farmers, or some remained fishermen, but in areas where security prevailed.”***

Representative of the Bol townhall, Chad



- ▶ Some products, notably agricultural crops, are seasonal, hence their production depends on the limited access to water.
- ▶ The region exhibits a rarefaction of grazing land, due to river sedimentation, over-exploitation, and climate change.<sup>22</sup>



### Access to water

- ▶ Access to water from the Lake or some rivers (Chari, El Beid, Komadougou) is limited due to insecurity.
- ▶ Urbanization, inadequate use of pesticides, and the exploration of hydrocarbons have increased water pollution in the Lake. The level of surface water has also reduced over the past decade.<sup>23</sup>



### Access to inputs

- ▶ Access to key inputs is limited in the region, particularly:
  - Fertilizers, whose use is banned in some areas around the Lake to prevent armed groups to use it for making bombs.
  - Animal vaccines.
  - Packaging solutions.
  - Agricultural and processing equipment: access requires travelling to the capital city, and rental of such equipment is very expensive.
- ▶ Klls report increasing prices of animal feed in some areas for cows, and limited access to animal feed for chicken, which is imported from Kano in Nigeria to the Diffa region.

<sup>22</sup> Projet d'analyse diagnostique transfrontalier du bassin du Lac Tchad (2018), German Cooperation (GIZ).

<sup>23</sup> Ibid





## Mobility and access to transportation infrastructure

- ▶ While the Lake Chad used to provide traders useful routes for cross-border trade from Chad to Nigeria, river transportation is now quasi inexistant due to high security risks.
- ▶ The quality of road infrastructure is poor:
  - The Trans-Sahara highway is only built on the Niger side up to the border, while the Chadian side still needs to be built.
  - Other roads are in a relative bad shape with a lot of dirt tracks that are further damaged during the rainy season.
- ▶ Mobility is limited with a curfew in Niger from 10pm to 6am, extended to 12 pm in cities. Motorcycles are not allowed for security reasons which are highly impacting the youth especially for selling spare parts or fuel.
- ▶ Prices of transportation from production to processing or then to the market have dramatically increased. In the Bol area, prices of renting a motorcycle went from XOF 5,000 (≈EUR 8) in 2021 to XOF 10-15,000 (EUR 16-24) in 2023. Fuel prices have also increased significantly.
- ▶ Traders are subject to road harassment, including several control points, illegal payments, delays, bribes,<sup>24</sup> as well as embuscades from coupeurs de routes.<sup>25</sup>
- ▶ The domestic transportation market in Niger and Chad is unorganized and fragmented, characterised with an aged and poorly maintained fleet.<sup>26</sup>

## 5.3 LIMITED ACCESS TO MARKETS, LAND AND FINANCE



### Access to markets

- ▶ The Boko Haram insurgency led to the closing of several markets along the border, which further limits business opportunities as firms cannot fully leverage the demand from the rest of the country.
- ▶ Despite facing an increase of production costs, firms are constrained to keep prices low given the weak purchasing power in the area, hence reducing their margins significantly.
- ▶ Klls further report a lack of training on marketing and negotiation skills, which impacts their ability to operate their businesses sustainably.



### Conservation & Processing

- ▶ The is limited infrastructure enabling conservation and processing of agricultural produce.

<sup>24</sup> Trade Policy to Catalyze Export Diversification – What Should Landlocked Fragile Countries Do (2019), Policy Research Working Paper, World Bank Group

<sup>25</sup> La région du Lac Chad à l'épreuve de Boko Haram (2018), Agence Française de Développement

<sup>26</sup> Trade Policy to Catalyze Export Diversification – What Should Landlocked Fragile Countries Do (2019), Policy Research Working Paper, World Bank Group





## Land disputes

- ▶ Around Lake Chad, tensions around access to land occur frequently, sometimes leading to conflict, notably due to uncertainties about water movements and to the differences between customary and private property laws. These are reinforced with the decentralization in Niger and the politico-administrative redistribution in Chad.<sup>27</sup>
- ▶ By challenging former customary agreements and offering opportunities to exploit resources to certain actors rather than others, armed groups further increase the level of uncertainty with regards to land tenure.<sup>28</sup> They also play on inter-community conflicts, between groups of breeders (Arabs / Fulani), groups of breeders and farmers or between indigenous groups (Boudouma / Kanembou) to capture income from access to land resources.



## Access to finance

- ▶ Opportunities to access finance through financial institutions are rare in the area, notably in the agriculture, livestock and fishery sectors. Formal banks do not trust the business operators, and don't really understand their realities. While microfinance institutions operate in the other rural areas of Niger and Chad, the armed insurgency has prevented their expansion in the Lake area.



## Payment

- ▶ Payment is possible in different currencies – Francs from West Africa (Niger), Francs from Central Africa and Naira from Nigeria. However, the volatility of the Naira increases the foreign exchange risk for traders in the area.

Fluctuations in exchange rates can lead to disputes. While they are often solved informally, this generates uncertainty and potential additional costs for foreign investors, exporters, and importers.



***“Currency rates are often settled out informally, out of court, through consensus”***

Middle-sized rice producer & processor, Niger



- ▶ Due to insecurity on the roads, traders do not travel with money. Points of sales are available, where traders can deposit some money and withdraw it in a neighboring country at relatively low cost and in the currency they wish (Naira, XOF, XAF, USD) – an informal but practical and efficient manner to transfer money.

<sup>27</sup> La région du Lac Chad à l'épreuve de Boko Haram (2018), Agence Française de Développement

<sup>28</sup> Ibid



## 5.4 OTHER CROSS-CUTTING BARRIERS



### Inadequate support & assistance from public institutions and development partners

- ▶ Cooperation between States or economic unions exists but impacts on the ground are barely perceived.



***“The partnership between States and economic institutions such as ECOWAS and CEMAC is always mentioned, but there is no real impact on the ground.”***

Consulting company supporting States and development partners, Chad



- ▶ Limited support or assistance is provided by the governments or development partners, hence entrepreneurs and traders often need to rely on their family and friends networks.
  - Some initiatives were perceived as helpful by KIs, notably with capacity building and facilitation to access finance, but remained limited. Some examples mentioned included the HC3N in Niger – the High Commission for the 3N Initiative “Nigeriens nourishing Nigeriens” or the Maison de l’Entreprise.
- ▶ The majority of support & assistance remains focused on humanitarian activities rather than development. Projects focusing on private-sector development and cross-border trade promotion in the area are rare and remain at a small scale.

Access to the rare available support is constrained to formal registration, hence the support does not reach the large majority of firms which remain informal.

Some KIs indicated that they received some technical assistance via a national or an international NGO, but the support was perceived as inadequate.



***“I had applied to receive a packaging machine but the one that arrived had the wrong specifications and is worthless for me. The project did not even ask me what I really needed so no wonder. I was very upset and since then I don’t apply to such calls anymore.”***

Food processor located in Diffa, Niger



- ▶ Capacity building activities are also perceived as inadequate with respect to local needs. One KI mentioned, for instance, that young fishermen are strongly encouraged to participate in welding training sessions despite a lack of local interest and opportunities, leading training participants to resell the tools provided soon after the training is completed.



***“On a large project led by an international NGO focused on children and youth in Niger, the final evaluation showed that out of 2,400 trained youth only a couple of dozens work in the sector they have been trained on.”***

M&E consultant located in Diffa, Niger





- ▶ Some KIIs complained about the lack of feedback from applications they made to request for advertised assistance. Among KIIs, the perception that support is allocated to a subgroup of businesses/people based on personal networks and corruption was widely shared.

The lack of continuity and sustainability of the support provided was also mentioned. Support is often short-term, with no exit strategy in place. KIIs also indicated that some NGOs in the Lake Chad area have left to support the emergency situation in Sudan leading to some dramatic consequences especially for refugees and IDPs.



***“It’s been 4 months since displaced persons received food at the Dar-es-Salam camp.”***

Tax controller, Chad



- ▶ Administrative delays in the implementation of activities also hamper the sustainability of the businesses supported through these activities.



***“We had obtained some support from a UN organization to deliver solar-powered water pumps for 300 local entrepreneurs. We invested a significant amount to import the required material and design the product. Then, the project got delayed for years. This almost killed our business.”***

Solar power company, Chad



- ▶ Regional institutions such as regional chambers of Commerce, Mining and Agriculture in both countries critically lack capacity to support businesses operating in the area.



## Climate change

- ▶ The literature further highlights the role of climate variability in enhancing constraints for businesses operating in the area.<sup>29</sup> The increased pluviometry variability (with more recurrent floodings), the rise in temperature levels, the multiplication of natural catastrophes and environmental degradation constitute significant challenges farmers and pastoralists, and hence for other actors on these two value chains.



## Mentality

- ▶ KIIs mentioned mentality as a relevant, although less important, factor hampering private sector development in the area. Several indicated that the youth is generally risk averse and therefore not willing to take the risks associated with entrepreneurship. Entrepreneurship is also perceived as less table by parents who tend to discourage their children from engaging in entrepreneurial activities. The mentality around gender inequality was also mentioned, so some men are not comfortable with being supervised by women, which constitutes a challenge for female entrepreneurs in finding adequate human capital to operate their businesses.

<sup>29</sup> INSUCO/RESILAC/AFD/EU, Étude régionale de recherche – Impacts contrastés de la crise sécuritaire sur les situations foncières dans la région du lac Tchad, 2020



# ENABLING ENVIRONMENT





A few efforts have been made to support an enabling environment at government level:

## 6.1 GOVERNMENT



### Security

- ▶ Creation of security checkpoints to mitigate the Boko Haram insurgency, although some of the fighters are from the region hence know how to avoid them and to hide easily.
- ▶ Installation of some military camps in the area.
- ▶ Initiating collaboration with local communities to improve security in a more efficient manner.
- ▶ Certain improvements have been observed since 2021, especially with the recruitment of elements of the National Guards/Niger Defense and Security Forces (FDS) placed on the stretch as far as N'Guigmi, but also with the pooling of FDS from the two regions to secure the border and facilitate the transit of traders.



### Entrepreneurship & employability

- ▶ Some policies to support youth entrepreneurship have been implemented.



***“The notion of entrepreneurship is not well understood by the State, e.g. they consider having a hair salon is being an entrepreneur why often it is someone who gets by.”***

Researcher/Professor located in Diffa, Niger



- ▶ Some incubators are present in universities across Niger.
- ▶ Centres to support deradicalization of former Boko Haram terrorists and help them to shift to becoming employable or entrepreneurs in Niger.



### Tax alleviation for local investment

- ▶ In Chad, a 3-year tax exemption/relief for investment in the Lac province was passed. However, Klls indicate that the exemption is not enforced in the field by local agents.



***“Chad in an expert in writing the most beautiful texts but a dunce in their application.”***

Consultant for the G5 Sahel and other organizations, Chad



- ▶ Tax alleviation policies are sometimes implemented on a temporary basis to respond to economic shocks, such as during the COVID-19 pandemics.





## Inter-States cooperation

- ▶ There are initiatives to increase the cooperation between States, governors and local authorities between the two regions, for instance the Forum of Governors held lastly in July 2023 in N'Djamena. The Forum aims at promoting peace and development in the Lake Chad Basin, gathering the governors of the eight regions along Lake Chad that are affected by the Boko Haram insurgency as well as the LCBC, the AU Commission, UNDP and hundreds of participants.
- ▶ Discussions with the governors respectively of the Diffa region and the Lac province occurred during the latest forum around cross-border security issues as well as movement of people and goods.



***“Based on a recommendation of the 4th edition of the Forum of Governors, a unit was created in Diffa made up of the relevant government departments, representatives of the employers, trade representatives, etc. Its main mission is to ensure the fluidity of commercial transactions between the Diffa and Lac regions. However, I’m not sure that this exists at the Lac level. A mission to Bol had been planned in August but got aborted with the coup d’état in Niger.”***

Representative of the Governor of Diffa, Niger



## 6.1 GOVERNMENT

Various development partners – international and national – are active on the two sides of Lake Chad offering various types of support:



### Humanitarian

- ▶ Supporting IDPs and refugees in camps or elsewhere.



### Development

- ▶ Offering technical assistance, including:
  - Capacity building around management and technical skills.
  - Promoting income generating activities especially for women producing and processing agricultural produce.
- ▶ Facilitating access to market, notably via the construction of a market in Chad with ex-Boko Haram fighters.



### **The Regional Stabilization Facility (RSF) is a multi-donor financing facility developed by UNDP to facilitate support immediate and long-term Stabilization in the Lake Chad Basin,**

- ▶ It is financed by Germany, Sweden, the United Kingdom, the Netherlands, the European Union (EU), Japan, as well as the African Development Bank (AfDB). The facility covers the four affected countries (Cameroon, Chad, Niger, and Nigeria),



- ▶ The facility focuses on establishing community security, construct or rehabilitate social services infrastructure (school, housing, markets, police stations, hospitals etc.) and provide targeted household with livelihood opportunities. Those activities directly contribute to the implementation of the RS SRR.
- ▶ The RSF has also provided support to the LCBC to operationalize the RS SRR Secretariat and to establish the structures necessary for the broader implementation of the RS SRR.





# PRIVATE SECTOR OPPORTUNITIES





Despite the fragile context and rampant insecurity, the Lake Chad region still shows great potential for private sector development and cross-border trade. As the literature highlights,<sup>30</sup> a few large exporting zones, in close interdependence with vulnerable agropastoral zones, ensure a large part of the supply of cities and the two regional hubs (Maiduguri and N'Djamena). The region also offers original forms of development, including, among others, the “green revolution” of transplanted sorghum; anti-erosion terraces and fine management of agrobiodiversity in the Mandara Mountains; and close overlapping of agro-haliopastoral uses on the shores of Lake Chad. Tackling the barriers mentioned in Chapter 5 would enable the region’s human capital to fully leverage these resources and developments.

Interviews with private sector operators specifically highlighted the following opportunities:

- ▶ The presence of an attractive business hub between four countries: Niger, Chad, Nigeria and Cameroun, with a variety of sectors and activities, and the possibility to combine different activities.

***“There are a lot of opportunities that can be leveraged by combining different activities in the area. Look at us – we produce and sell agricultural goods, but we also import food, car spare parts, and other goods from Niger and Nigeria. This allows us to be more resilient.”***

Large import-export operator, Chad

- ▶ Opportunities in facilitating imports of manufactured goods, given that the current capacity to produce manufactured goods in the two countries is weak.

***“Imports make up the bulk of our business. We have set up representative offices in Niger and Nigeria. This facilitates our business.”***

Large import-export operator, Chad

- ▶ The area is exhibiting a growing urbanization associated to a general increase in purchasing power and the youth moving to the cities.
- ▶ Cross-border trade generates revenues for producers, traders and households, including specifically for vulnerable groups such as women and youth.
- ▶ Populations in the area are culturally similar and share common languages, which facilitates business and trade.
- ▶ Business operators can relatively easily seal partnership with local players on both sides of the borders to facilitate cross-border trade and sales locally.
- ▶ The arable land in the area remains largely uncultivated and exhibits rich endowments in potentially high-value products (cereals and horticulture). The agricultural sector in the Lake Chad Basin has also shown the ability to absorb innovations relatively quickly, despite the conflict.
- ▶ Despite constraints in payments related to currency fluctuations and insecurity, there are options to conduct cross-border trade cashless via a network of local traders with representation in various countries, enabling traders to withdraw money in the needed currency at low cost.

<sup>30</sup> La région du Lac Chad à l'épreuve de Boko Haram (2018), Agence Française de Développement



- ▶ The presence of many NGOs in the area, due to the fragile context, generates specific needs that businesses can address, and provides local businesses with potential partners to meet the demand in hard-to-reach markets.
- ▶ The area exhibits a multiplication of transportation means, with a rising number of large trucks, compared to the predominance of small cars or small pirogues in the past.<sup>31</sup> Despite transportation constraints due to poor infrastructure and insecurity in the region, actors have shown remarkable resilience, with, for instance, the (re-)development of camel transportation which has allowed to circumvent security mobility restrictions.
- ▶ Customs and taxes on both sides of Lake Chad are relatively similar, which means that there generally is no need for additional papers to trade in the other country.

These cross-cutting opportunities, along with the high potential sectors identified in Chapter 4, constitute strategic elements to shape a compelling narrative to support cross-border trade in the region. Leveraging these opportunities will however require actions from local authorities and tailored support from development partners to address the critical challenges that private sector companies and cross-border traders face in the Lake Chad region.

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<sup>31</sup> WFP-0000022435.pdf : Genre et Marchés dans la Région du Bassin du Lac Tchad







# PATHWAYS AND RECOMMENDATIONS





Given the challenges in the fragile context of the Lake Chad region, a holistic approach adapted to the local realities needs to be taken. The following recommendations can be drawn from the previous chapters:

## 1. Restoring security and building resilience

- ▶ Securing key trade corridors across the border and maintaining secure transhumance corridors to prevent herders-farmers conflicts.
- ▶ Leveraging digital innovations in animal tracing to reduce the risk of livestock theft.
- ▶ Facilitating the re-integration of ex-Boko Haram fighters through the delivery of training programmes.
- ▶ Promoting civil-military dialogue, which will also facilitate the reporting of incidents.
- ▶ Supporting concrete collaboration between the Defense and Security Forces (FDS) on both sides of the border.
- ▶ Providing support to local communities whose livelihoods have been negatively affected by measures in place to counter Boko Haram's insurgency.
- ▶ Enhancing IDPs' access to services in their current location.



***“Guaranteeing access to the production basin as well as water especially riverbeds”***  
***“Building the resilience of the population as if no peace, no development.”***

Large import-export operator, Chad



- ▶ Facilitating further the return of IDPs in their localities of origin and deliver programmes to support economic activities in these locations, such as agriculture, livestock and fishing.

## 2. Providing good governance & an enabling business environment

- ▶ State & local authorities
  - Promoting a win-win, open economic partnership between Niger and Chad, with concrete actions to reduce cross-border trade and investment challenges.
  - Enhancing local governance structures in place in the Lake Chad area, through capacity building and community-based programming.
  - Enhancing cooperation between border agencies to coordinate on security challenges and trade requirements.
  - Reinforcing the role of the Chamber of Commerce, Agriculture and Mining as an intermediary and facilitator role between the State / local authorities and private sector on the ground.
  - Ensuring efficient law enforcement and dis-incentivising corruption mechanisms, particularly at the customs.



- Promoting and supporting the digitization of administrative procedures required for cross-border trade, as well as the digitization of trade data to provide policy makers with a better information base.
  - Reducing the tax & customs burden exerted by the State on businesses via a better coordination between the different checkpoints between Niger, Chad, and Nigeria, and the relevant local authorities (police, customs, gendarmerie, forestry agents, etc.).
  - Reducing the administrative burden for small-scale traders, for example through the exemption of the requirement to provide a certificate of origin in agricultural and livestock products.
  - Assisting businesses in their commercial activities through the provision of technical assistance.
  - Offering suitable and attractive incentives for private sector investors to change the current benefits-risks balance, through tax exemption/relief for certain products in high potential sectors.
  - Facilitating partnership with large foreign companies to enter the local market, especially in the agribusiness sector.
- ▶ Development partners
- Providing technical assistance and sharing expertise on cross-border trade, through capacity building activities.
  - Supporting the organization of businesses or individuals into cooperatives and other types of groups, as well as reinforcing the capacities of these organizations.
  - Providing assistance to regional institutions promoting private sector development, such as regional chambers of commerce or local employers associations (Maison de l'Entreprise, etc.).
  - Promoting collaboration between entities such as the Regional Council of Diffa with its counterpart in Chad to better meet the challenges of cross-border trade.
  - Supporting the development of sub-regional banks or microfinance institutions in the Lake Chad region to guarantee and facilitate transactions, and to provide access to finance to a larger share of businesses.

### 3. Developing adequate infrastructure and securing access and maintenance

- ▶ Supporting the construction and rehabilitation of road infrastructure, notably on the Chadian side of the border, and ensure roads remain operational and regularly maintained.

“*Where the road goes, development goes.*”

Representative of the Bol townhall, Chad

- ▶ Re-enabling and securing transportation routes via the Lake, through which Chadian traders could reach Nigeria in only 2 hours in pirogues.
- ▶ Enabling a safe access between production and consumption areas.



- ▶ Leveraging public-private partnerships (PPP) for the construction and rehabilitation of critical transportation infrastructure.
- ▶ Promoting access to unused arable land and supporting its development.
- ▶ Improving access to electricity in the area, possibly leveraging the private sector for power generation and distribution (e.g. off-grid renewable energy or hybrid minigrids).

Improving access to irrigation for smallholder farmers, leveraging for example solar-powered irrigation pumps.

Supporting the construction and rehabilitation of schools and technical education facilities.

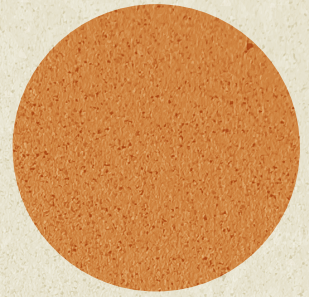
***“I also propose that the State lifts the suspension on certain polders that have remained unexploited for years, so that they can be developed or leased to large companies that will develop and exploit them for the production and marketing of products.”***

Consulting company supporting States and development partners, Chad

#### **4. Supporting private sector development & creating decent jobs**

- ▶ Supporting the modernization and mechanization of agriculture, through the provision of equipment and capacity building activities.
- ▶ Promoting the development of the high-potential value chains identified, with a focus on the processing segment.
- ▶ Identifying the specific skills required for the development of high-potential sectors and supporting adequate capacity building, specifically for the youth and vulnerable groups.
- ▶ Facilitating access to market, notably through the creation of sales counters in larger cities in the region and the re-opening of small markets along the border.
- ▶ Facilitating access to inputs, including equipment, fertilizers, and vaccination packs for animals.
- ▶ Encouraging the dissemination of access to finance mechanisms tailored to fragile areas, by supporting microfinance institutions.
- ▶ Further promoting cashless payment options (e.g. mobile money).
- ▶ Building trust between the public authorities and the private sector, through the organization of local public-private dialogue forums, where private sector actors are given the chance to raise concerns on regulations or developments that affect their operations.





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