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Capitalisation note

Insuring for better trade: an integrated innovation to secure livestock transport and facilitate trade along West African corridors



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Project : Pilot project for livestock transport insurance with contractual compensation

Country : Corridor central Burkina Faso - Côte d'Ivoire - Ghana - Togo - Benin

Implementing institutions : Centre d'Appui à l'Entreprenariat Agricole et Services Afférents (CAEASA), Confédération des Fédérations Nationales de la filière Bétail-Viande pour l'Afrique de l'Ouest (COFE-NABVI-AO) and Coris Assurances Burkina

Executive summary

To address the economic losses associated with transport accidents and road harassment on export corridors, an innovative livestock transport insurance scheme with contractual compensation was co-developed with traders, accompanied by institutional advocacy. This scheme has been rolled out in seven livestock markets in Burkina Faso, enabling 4,120 animals to be insured for export to Côte d'Ivoire.

One of the main lessons learned from the experience is that the direct involvement of traders, insurers and public authorities was crucial in lending credibility to the scheme, strengthening its ownership and stimulating access to credit through proof of subscription.

To ensure the scaling up of this good practice, it is recommended that the mechanisms be adapted to the local context, that institutional anchoring be consolidated through formal partnerships, and that the distribution and awareness-raising network among field actors be further professionalised

Key messages

- The project was implemented to address two major challenges hindering regional livestock trade: economic losses related to uninsured transport accidents and recurring road hassles on export corridors.
- To address these issues, livestock transport insurance with contractual compensation was co-developed with traders and rolled out in several markets, alongside institutional advocacy work that led to the signing of an agreement with the Ministry of Security and the introduction of an official visa and a toll-free number to streamline controls.
- The project has insured 4,120 animals for export, made the product available in seven livestock markets, and reduced complaints related to road harassment on the central corridor by at least 85%.
- It has helped to boost the credibility of insured traders with financial institutions, facilitating their credit applications and stimulating the interest of financial partners in supporting the sector.
- The active involvement of traders, insurers and public authorities has promoted ownership of the scheme, but scaling it up requires careful adaptation to the context, strengthening institutional anchoring mechanisms and professionalising the distribution and awareness-raising network.

Challenge

A context marked by insecurity, economic losses and the precarious nature of livestock transport

Livestock trade is a major economic activity in the ECOWAS region, particularly for countries such as Burkina Faso, where the export of live cattle to Côte d'Ivoire, Ghana, Benin and Togo is well established. However, this trade faces many structural and cyclical challenges, including transport accidents, road harassment and limited access to financing for stakeholders.

The losses suffered by traders as a result of transport accidents are often considerable. The accident that occurred in August 2019 in the village of Wolsama, on the Ouagadougou-Ivory Coast border, illustrates the scale of the problem: two people died and 160 sheep were lost, resulting in an estimated economic loss of 24 million CFA francs. In the absence of cargo insurance, it was the traders themselves who had to bear the entire loss, sometimes compromising several years of effort and investment.

At the same time, road harassment on trade corridors hinders the flow of trade. Although the amounts levied illegally may seem minimal individually, the delays caused at checkpoints have significant economic consequences. Animals weakened by long hours of travel lose weight, affecting their market value. According to a report by Swiss Cooperation (2017), these practices – fuelled by control agents' lack of knowledge or ignorance of the law – are one of the main factors contributing to losses for livestock traders in Burkina Faso and Mali. The lack of coordination between the police, customs, gendarmerie and veterinary services exacerbates these blockages.

Added to this is the problem of access to finance. Most players in the sector operate informally, without bankable guarantees, which limits their eligibility for credit. However, in a context where the mobilisation of capital is essential to secure and modernise commercial activities, this structural obstacle compromises the sustainability of many operators.

Needs clearly identified by stakeholders in the field

In light of these findings, several recurring needs have emerged from assessments conducted with traders and their professional organisations :

- A need for economic and legal security: Traders have expressed the need to protect themselves against transport-related risks, in particular accidents causing the loss of animals or transporters. Insurance covering both goods and people is an appropriate and expected response.
- A need for recognition and legitimacy among institutions: Access to credit remains difficult for traders, who are often considered insolvent. Taking out insurance has been seen as a potential lever for credibility with financial institutions.
- A need to clean up trade corridors: Road harassment, often arbitrary, remains a major concern. Traders want to benefit from a more favourable regulatory environment, in particular through the official recognition of insurance documents and better coordination between control services.
- A need to structure relations with the authorities: The lack of an institutionalised framework for dialogue between trade stakeholders and security forces prevents any significant progress. Traders want to be better represented and heard in the design of sustainable solutions.

An experimental response based on co-construction

It is in this context that the pilot project for livestock transport insurance with contractual compensation was designed, implemented by CAEASA in partnership with COFENABVI-AO and Coris Assurances. The project was conceived as an innovative response to the challenges of livestock transport, combining several levers: the development of a tailored insurance product, strengthened cooperation with security forces to reduce road harassment, and easier access to financing through mutual guarantee mechanisms.

The participatory approach adopted – involving traders in product design, tariff negotiations and distribution arrangements – has helped to promote strong ownership of the solution by the beneficiaries. The project is thus part of a broader drive to modernise the livestock trade and improve the working conditions and incomes of those involved in the sector.



In practice

Activities

The project took a gradual approach, structured around the co-construction of an innovative insurance product that meets the specific needs of livestock traders. This approach began with the establishment of solid partnerships, notably with Coris Assurances Burkina, through the development of collaboration protocols, the organisation of technical meetings and field trips to the target markets.

The insurance product was designed in a participatory manner, with the active involvement of export traders. They were consulted through consultation frameworks to propose premium levels, discuss types of cover and adjust the product to the reality on the ground. This iterative process made it possible to define an acceptable price scale (1,000 CFA francs per ox, 250 CFA francs per sheep, 3,000 CFA francs per herdsman), with clearly established compensation amounts.

Particular attention was paid to raising awareness and providing information to stakeholders. Campaigns were conducted in livestock markets in several cities, including Ouahigouya, Ouagadougou, Koudougou, Kaya, Fada, Pouytenga, Bobo, Banfora, Yako, Arbollé and Dori. These actions helped to raise awareness of the insurance product, address traders' concerns and encourage subscriptions.

To ensure effective distribution of the product, a system was set up through focal points in the markets. These agents, trained in subscription management, were equipped with telephones and dedicated commercial SIM cards. Payments were digitised via Orange Money, which limited the handling of cash and ensured financial traceability.

All of these activities were coordinated by CAEASA, with support from COFENABVI-AO and Coris Assurances. The total cost of implementing the insurance product was estimated at just over 21.6 million CFA francs.

Results achieved

The project enabled the effective roll-out of the livestock transport insurance product in seven livestock markets: Pouytenga, Kaya, Fada, Ouahigouya, Dori, Kossodo/Ouagadougou, Bobo and Banfora. As of 31 December 2022, 4,120 animals for export, including 3,320 cattle and 800 sheep, had been insured, mainly for shipment to Côte d'Ivoire. Approximately 51% of the main traders insured all or part of their shipments.

In terms of organisation, the partnership with Coris Assurances has made it possible to establish shared risk management and remuneration for stakeholders. An agreement was signed providing for a 10% rebate on net premiums collected and a 12% profit share on the anniversary date of the contract. The system put in place also stood out for the flexibility it gave traders in choosing whether or not to subscribe to the product, which strengthened their sense of trust and commitment.

Indirect economic benefits were also felt. According to beneficiaries, the availability of insurance facilitated access to credit. Financial institutions such as Caisse Populaire and Coris Meso Finance agreed to include proof of subscription as an eligibility criterion. This helped to boost the credibility of traders and stimulate new financial dynamics.

The perception of traders has gradually changed. Many say they feel more at ease when transporting their livestock, knowing that they will receive compensation in the event of a loss. In addition, some exporters have noted an increase in the number of animals transported per trip, reflecting renewed confidence in the security of their investments.

Testimonial 1: DIALLO Abdou, livestock exporter in Fada N'Gourma, says : *« I am a livestock market trader and I export animals to Côte d'Ivoire. Insurance has helped us in our work. Before, we used to suffer a lot of losses in livestock transport due to accidents, but we didn't know what to do about it. When we shipped our animals to Côte d'Ivoire, we suffered a lot on the road because there were many checks at the various checkpoints and we had to spend a lot of time there. It could take us three days to reach our destination. In addition, we incurred a lot of expenses at these checkpoints in order to pass through. By the time we arrived at our destination, the animals had lost a lot of weight due to the time spent on the road, and we couldn't make ends meet. Now, when we arrive at the checkpoints, we no longer waste time because, with the insurance, we have all our papers in order, and it takes about 24 hours to reach our destination. We also need to continue to raise awareness among other traders because many people still don't fully understand. This insurance has made my work easier and it brings me a lot of profit. It*

also makes the journey easier and relieves me of worry when my animals are on the road because I know that they are insured and that they will arrive in good condition and sell well. »

Challenges encountered

Despite the positive results achieved, several constraints have hampered the optimal deployment of the project. Persistent insecurity in certain areas of Burkina Faso has severely limited access to the markets initially planned, reducing effective coverage from ten to five markets and affecting distribution dynamics. This situation has also led to a decline in livestock exports, estimated at 4,800 lorries per year, compared to more than 10,000 lorries five years ago.

Subscription performance remained below expectations. Out of an annual target of 1,680 contracts, only 614 were registered, or about 37%. Similarly, the rate of insured loads reached 27%, and that of insured herders only 36%, due in particular to the non-mandatory nature of the insurance and a persistent lack of knowledge about the product among certain stakeholders.

The mobilisation of focal points proved uneven. As they were not remunerated, some of them lacked the motivation to ensure regular and proactive local awareness-raising. In addition, misunderstandings circulated about the product, with some traders believing that it guaranteed automatic access to credit or the total elimination of red tape, which created unrealistic expectations.

Finally, although no accidents were recorded during the implementation period – which may be due to luck or caution – this did not demonstrate the actual effectiveness of the compensation mechanism to beneficiaries. Questions therefore remain about the responsiveness and transparency of the system in the event of an actual accident.

Lessons learned and recommendations

- ⊙ **The active involvement of stakeholders from the design stage of the insurance product promotes its acceptance and deployment.** The participatory process used to develop the insurance product led to greater acceptance among traders. Their involvement in setting premiums, defining coverage terms and identifying priority needs strengthened their confidence in the scheme. This initial dialogue also made it possible to adapt the product to local realities, in particular by taking into account the commercial practices and financial capacities of exporters. To sustain this momentum, it is essential to maintain these forums for consultation throughout the product's life cycle and to systematically incorporate user feedback into any product revisions. It is also recommended that the capacities of those involved in distribution and monitoring be strengthened to ensure the effective and continuous dissemination of the product.
- ⊙ **The interconnection between insurance and access to finance is a powerful lever for boosting the sector.** Partnerships established with financial institutions such as Caisse Populaire and Coris Meso Finance have opened up new opportunities for insured

merchants. The latter have been perceived as more credible customers, benefiting from a form of guarantee thanks to their insurance coverage. This virtuous relationship between insurance and credit has encouraged structured financing demand and helped to formalise exchanges. However, to amplify this effect, these bridges between insurers and microfinance institutions should be institutionalised through clear multi-party agreements. It is also recommended that communication with traders be strengthened so that they better understand the tangible benefits of this link.

- ⊙ **The replicability of the scheme in other areas depends heavily on security stability and the organisation of stakeholders.** The project suffered from a significant reduction in its scope of action due to insecurity in certain regions. The decline in the number of markets covered and the drop in export volume affected the overall performance of the product. Furthermore, in areas where traders were poorly organised or lacked awareness, adoption of the scheme was slower. Therefore, in order to consider scaling up in other contexts, it is recommended that a precise territorial assessment be carried out in advance, taking into account security risks, the level of organisation of the stakeholders, and commercial dynamics. Deployment should be based on solid cores of already aware stakeholders and accompanied by a mobile capacity-building mechanism.
- ⊙ **Institutional anchoring and consistency with public policies are key to the product's sustainability.** Livestock transport insurance with contractual compensation is now perceived by stakeholders as a credible tool, but its survival will depend on its integration into existing institutional frameworks. Support from the Ministry of Security, recognition by local authorities, and complementarity with national or regional trade modernisation projects are all key factors. The desire expressed by some stakeholders to make this insurance compulsory or to strengthen control mechanisms through digitisation represents a strategic opportunity. It is therefore recommended that efforts be made to include the product in national trade and livestock development strategies, while monitoring regulations to ensure that it complies with current standards.
- ⊙ **The financial viability of the product will depend on a balance between attractive pricing, effective coverage and policyholder loyalty.** Even though premiums have been adjusted to encourage uptake, the profitability of the scheme remains fragile, particularly in the absence of any compensation to date. In the medium term, this could lead some traders to question its usefulness. To ensure the economic viability of the product, it is essential to maintain affordable pricing while guaranteeing effective and rapid coverage in the event of a claim. A loyalty strategy based on transparency, responsiveness and quality of service will be crucial to consolidating trust and ensuring long-term subscriptions.

About this capitalisation note

This note is the result of a participatory capitalisation process conducted as part of the Programme to Support Livestock Marketing in West Africa (PACBAO). The aim of capitalisation is to document and promote experiences in the field in order to encourage learning, accountability and the scaling up of promising approaches. The information was gathered through interviews, field visits, document analysis and stakeholder consultations.

About the PACBAO programme

The Regional Programme to Support Livestock Marketing in West Africa (PACBAO) is an ECOWAS initiative with financial support from Swiss Cooperation (SDC). It is part of the implementation of the Regional Agricultural Policy, ECOWAP. It aims to create conditions conducive to increasing livestock farmers' incomes by leveraging the private sector in regional livestock trade and regional public institutions. During its first phase (2018–2023), the programme contributed to strengthening the institutional and operational capacities of ECOWAS and financed 16 pilot projects in 11 countries in West Africa and the Sahel, which generated around ten good practices and innovations. The pilot projects mainly aimed to increase livestock productivity, improve the competitiveness of meat produced in the region in the face of competition from extra-community imports, facilitate and modernise intra-regional livestock trade, and improve relations between value chain actors, facilities and means for processing and transporting red meat.

The second phase of the programme (2024–2028) is in line with this approach and will focus on scaling up existing innovative practices while creating favourable conditions for promoting the livestock and meat sector. Its overall objective is to help meet the red meat and meat product needs of the populations of West Africa and the Sahel through the development of intraregional trade in livestock and meat and the control of extraregional imports of meat products. Specifically, the second phase of the programme aims to increase the supply of livestock and meat in terminal markets by at least 2.6% and reach approximately 500,000 direct beneficiaries, 40% of whom are young people and women..

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Confédération suisse
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Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC

Regional Agency for Agriculture and Food
4th and 5th floors, CRBC Building
Reconciliation Square, OUA City, Atchanté District
01 BP4817, Lomé 01, Togo
Email : araa@araa.org
Website : www.araa.org