



Cross border Trade; the Paradox pof Women Cross border traders in East Africa

Poverty Eradication and Economic Empowerment

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Background on the issue/issues being tracked.

Cross border trade as an avenue for poverty eradication and economic empowerment in East African Community Countries

Experiences of a woman cross border trader

BENUZA JANE was one of the beneficiaries of EASSI's capacity building training of informal cross border traders in Namanga in June 2011. Jane is an informal cross border trader selling maize and rice and has been in this trade for the last six years.

Jane's challenges are not any different from those of her counterparts on the other EAC border points. These include: exorbitant taxes; absence of information on how to enhance her trade and on the types of businesses; sexual harassment; and lack of information on where to find trade documents such as certificates of origin.

She had a number of recommendations after the training. She asked that we help the women to influence reforms in the area of taxation because prevalence of high taxes is the root cause of using panya (smugglers) routes (illegal border crossings); help to promote women's businesses by providing them with information on access to credit; talk to customs officers about the need to consider women first and not delay them (affirmative action) in order to avoid delays which usually result into sexual harassment at the border points.

Gender equality has multiple implications in the economic, social and cultural spheres because of women's roles both as economic agents and caretakers of families and communities. Trade, while an essentially economic phenomenon, also has significant consequences for social, and particularly gender, equality. For example, trade can positively influence the distribution of income between men and women by creating new employment and business opportunities. It can be said that international/cross border trade has in a number of cases contributed to the redistribution of income in favor of women. This is generally due to the numerous employment and business opportunities created in trade. As a result, not only is the status of women in society and within their

household enhanced by their capacity to earn income, but also countries as a whole benefit from women's work.

Cross border trade in the East African Community is primarily informal, that is, the trade consists of “imports and exports of legitimately produced goods and services (i.e., legal), which directly or indirectly escape from the regulatory framework for taxation and other procedures set by the government, and often go unrecorded or incorrectly recorded into official national statistics of the trading countries

Some reports place Informal Cross Border Trade (ICBT) at approximately 40% of the Gross Domestic Product (GDP) in African countries and consider that it comprises the majority of the trade in the EAC. Its exclusion from national statistics is certainly problematic. For instance, a study by CUTS International notes that in 2006, Uganda reported a positive trade balance with Kenya. However when informal trade is included, the statistics indicate that Uganda has an increasing trade deficit.

Not surprisingly, the problems in cross border trade, and especially ICBT, reflect the broader trends in trade that disproportionately place women at a disadvantage. Within the East African Community, the majority of cross border trade, and indeed ICBT, is conducted by women running small scale businesses in informal cross-border trade, many of the enterprises run by women operate entirely outside of the formal economy. Indeed, the main beneficiaries of this activity are “female traders for whom profits from informal trade often constitute the sole source of earnings and economic empowerment.” For these traders, this choice is driven as much by tradition (sticking to traditional methods and routes of trade) as it is by necessity, economic vulnerability and the avoidance of the risk of new methods.

The challenges of securing a livelihood for women traders include travel security risks, poor infrastructure that increases costs of transporting goods across borders, discrimination and harassment by border officials, complexities of cross border trade regulations, lack of market information, inadequate access to finance and credit that would facilitate larger volumes of trade and high quality of products, lack of

access to currency exchange facilities, among others. Even so, trade provides one of the pathways to empowerment for women as it elevates the woman from position of mere producer and consumer to investor with better horizons for gain. If women were to have access to accurate and timely information on cross border protocols, the ability to participate in trade through provisions of regional agreements would increase access to markets. Resolving other challenges related to finance and financial markets would facilitate deeper trading links and more meaningful income prospects.

The *objective* of the advocacy for implementation being recorded as good practice.

- 1) To identify women cross border traders in the EAC region;
- 2) Establish the capacity of women cross border traders in terms of trade, constraints and needs;
- 3) Establish the capacity of women cross border traders in terms of trade, constraints and needs;
- 4) To identify Gender focused trade organizations and document their capacity, needs and constraints;
- 5) To establish the scope and level of support offered to women cross border traders by Gender focused trade organizations in the EAC region;
- 6) Provide action oriented recommendations for advocacy purposes.

**How has this been done
The *methods* used to advocate.**

- EASSI conducted and published a study whose purpose was to identify women engaged in cross-border trade to inform its gender and trade project as well as women-led/gender-focused trade and business organizations in the region. This consisted of an initial mapping exercise of small scale business/ trade related women's organizations across the East African Community to understand their capacity constraints and needs.
- **Establishment of resource centers at the EAC border points:**

EASSI opened up pilot resource centers at **Namanga**, Kenya/Tanzania border, **Busia**, Kenya/Uganda border, and **Mutukula**, Uganda/Tanzania border as one of the initiatives under the Project on engendering wealth in the region.

- Registration of five hundred individual women traders (100 per country) based in localities around 5 border posts within the EAC.
- *A baseline panel survey of the 500 women traders.*
- Gender analysis of the EAC instruments to inform advocacy for alternative policy options and implementation mechanisms.
- One exchange visit among women cross border traders in the EAC at a specifically selected border post for knowledge and information-sharing.
- Capacity-building of women traders on the EAC trade policy instruments and their implementation.
- Establishment of five pilot resource and information centers at five selected border posts to provide women with information on markets and customs issues. **The resource centers are to:** Provide information on rights and obligations, safety and accountability at borders; simplify the border processes to the women ICBT's in a language they understand and appreciate; and provide the women traders with an easily accessible and user friendly environment.

The results or data obtained.

The challenges include:

1. language barriers,
2. sexual harassment,
3. prohibitive' taxes,
4. exploitation that results from limited knowledge of trade procedures among others
5. Lack of written (or non-transparency in) rules, meaning difficulty for trader to know their rights.
6. Payment of customs duties on goods that are not supposed to attract duties because of lack of knowledge.

7. Some traders lack proper documents to enable them benefit from paying little or no customs duty.
8. Payment of bribes (in the name of ‘facilitation payments’) to some corrupt customs and border officials.
9. High transaction and compliance costs
10. Hard to acquire certificates of origin issued away from border stations
11. Complicated documents that have to be filled in and complicated processes of filling them.

Majority of the women were surprised to learn about goods that are subject to taxes and those that are duty free, provided the traders possess the certificates of origin of the goods. For instance, goods such as second hand clothes do not originate from East Africa and are therefore subject to duties. However, agricultural produce such as maize, beans, onions, tomatoes etc are goods originating from the EAC, meaning that if the trader has a certificate of origin and is carrying not more than 20 sacks of 100kg each, no duty is charged, but the trader must pass through customs and not “panya” routes.

How the findings were *used*- process or the advocacy undertaken? Were there specific changes that came about as a result of the monitoring?

EAC Carried out a gender audit and found it lacks gender mainstreaming at all levels. Used this information to fundraise to conduct a gender week at the EAC for officials of EAC in partnership with the EAC itself and the GIZ as a Development partner. This run from 5th to 9th March, 2012. We worked with the Municipal Council of Arusha during the gender week. We are also running two exhibitions to show case our work. At one of the exhibitions at the Arusha International Conference Center, we brought 5 five women (Enjipai Artists) to sell handicrafts at the exhibition.

Results so far

1. Increased awareness of the Common Market and Custom Unions Protocols by trade related women's organizations and women traders;
2. Enhanced networking, organization, knowledge and information sharing among women in informal cross border trade in the 5 EAC Partner States;
3. Special programmes for women in small, medium and large scale enterprises with readily available market information
4. Skills development in business and trade by women;
5. Proposal for incorporation of a Gender Protocol by the East African Community and increased gender mainstreaming in the Common Market processes and institutions; and
6. Improved social services for trade across borders

How the findings were used

- Campaigning for a Gender Protocol for East Africa which is at an advanced stage
- Signing a Memorandum of Understanding between EASSI and the East African Community.
- Signing an MOU between EASSI, Uganda Chamber of Commerce and Uganda Export Promotion Board.
- Establishment of a Gender and Trade Platform that brings together women informal cross border traders and women entrepreneurs. The Gender and Trade Platforms role is to bridge the divide between the EAC and the women cross border traders by advocating for the Articles on women and trade in the EAC Treaty to be implemented. The Gender and Trade Platform is strategically hosted by the East African Business Council that has an observer status with the EAC. It recently got a three year funding from Trade Mark East Africa.
- Successfully lobbying for a framework document on dialogue between the private sector and civil society in East Africa which is t soon to be discussed by the Sectoral council of the Trade Ministers and approved/adopted.
- Promoting cross border associations to enable the traders access various services

- Conducting a gender analysis of the East African community and attendant instruments

The factors contributing to and/or hindering the success of monitoring or advocacy.

- involvement of all stakeholders in the dialogue and discussions. These stakeholders include ministries of trade, ministries of East African cooperation women traders, civil society and the private sector.
- Hindering factors include the lack of gender sensitivity of the East African Customs Union Protocol.
- Officials not sensitive to ICBT women traders and don't document the process.

Cross border trade is still considered informal trade and is not well documented. This makes it difficult to use evidence based research to lobby for specific changes that would ease trade for women cross border traders.

Ways in which the good practice in monitoring or advocacy could have been improved.

Involving financial institutions as partners in financing cross border trade in East Africa.

Any other lessons learned

Involving governments and policy makers provides high stake ownership that is likely to result in policy decisions.

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