

Cross-Border Women Traders' Businesses in Eastern Africa: Status and Recommendations for Improving Trade Capacity

Kevin Rombo¹, Gloria Atuheirwe² and Anthony Mveyange³

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Women in Trade Programme

This brief synthesizes the results of the baseline study on women cross-border traders in Eastern Africa, conducted for the TradeMark East Africa's (TMEA) 'Women in Trade' (WiT) programme. The WiT programme strives to contribute to greater inclusion of women in trade in Eastern Africa. This brief focuses on the status and options for improving trade capacity of women cross-border traders' businesses in Eastern Africa.

Key messages

- Cross-border women traders' businesses are still characterised by low trade capacity. This is reflected in the observed limited access to formal credit, the small size of businesses both in terms of capital and capacity to employ, the restricted portfolio of products traded, and low levels of formal business registration as well as business management skills, among others.
- To improve trade capacity of cross-border women traders, it is imperative to: enhance the formalisation of their businesses, facilitate access to formal finance, scale-up interventions aimed at improving trade facilitation, and facilitate access to crucial information as well as tailor-made training on essential knowledge and skills.
- The role of Cross-border Traders Associations (CBTAs) is crucial. Institutional strengthening is therefore critical so as to be able to support their members in improving trade values and trade capacity.

1. Why focus on Women Cross-border Trade?

Over the years, trading activities have been an essential source of livelihoods – and consequently a catalyst for economic empowerment – for the majority of women in African countries. Pro-poor and gender sensitive trade is considered an integral pathway towards women empowerment (UNDESA, 2015). Among other forms of trade, cross-border trade (CBT) is a vital facet of African countries' economies. Estimates show that CBT contributes to the income of about 43 per cent of the entire population, constitute 35-40 per cent of Gross Domestic Product (GDP), and forms a sizable part of overall inter African trade by 50 per cent (World Bank, 2016; IMF, 2017).

For most women near borders, participation in CBT is an essential strategy for securing decent livelihood outcomes. Women participate in both formal and informal cross-border trade (ICBT). Essentially, ICBT is primarily dominated by vulnerable, and often unregistered traders. Of these, women constitute a sizable proportion (UNCTAD, 2019). Specifically, women make about 70 per cent of informal cross-border traders in Africa (Koroma et al., 2017). Overall, ICBT accounts for between 50 per cent and 60 per cent of total intra-African trade (Fundira, 2018), and supports up to 60 per cent of non-agricultural self-employment of women within the SSA and thus provides vital

¹ Manager, Research and Learning, TMEA

² Director, Women in Trade, TMEA

³ Director, Research and Learning, TMEA

income to sustain their households (Benton and Soprano, 2018).

Despite women constituting a sizable proportion of players in cross-border trading activities, as well as persistent challenges related to their active, equitable and sustainable participation, women in trade is a policy area that has so far not received requisite attention.

2. The TMEA's 'Women in Trade' Programme

The TMEA's Corporate Strategy 2017-2023 is anchored on two strategic objectives: reduced barriers to trade; and improved business competitiveness. Anchored within the second objective of improving business competitiveness is the 'Women in Trade' Programme (WiT). The programme aims at contributing to the greater inclusion of women in trade as one of the pathways to increased business competitiveness and increased trade in the East African Community (EAC) and the Democratic Republic of Congo (DRC). To achieve its aims, the programme pursues two objectives: (i) increasing trade value and incomes of women traders by addressing the constraints faced by women as they gradually transition to formal trade and ensure that they trade gainfully; and (ii) increasing women traders through the elimination of trade entry barriers for women across the EAC.

Box 1: TMEA's Work on Women (Corporate Strategy I)

- Since its establishment in 2010, TMEA work has focused on reducing barriers to trade and increased business competitiveness. The organization combines a regional approach with national-level interventions and works closely with East Africa institutions, national governments, private sector and civil society organizations.
- Responding to prevailing challenges faced by women in trade in EAC, and in line with its practices, TMEA, over the years, has joined forces with a wide range of stakeholders to implement interventions that address some of the specific challenges faced by women traders.
- In its Corporate Strategy I (S1, 2010-2017), over 27,000 women traders in Uganda, Kenya, Rwanda, Burundi, Tanzania and South Sudan (consisting of women entrepreneurs, exporters, urban traders, processors and informal cross border traders) have benefitted from these interventions, as envisioned in TMEA Corporate Strategy I.

The programme addresses these objectives through a three-pronged approach that responds to the constraints at policy, sectoral and enterprise level. The key focus areas of the program are (i) improving the trading environment for women in trade; (ii) building trade capacity of women traders/Small Medium Enterprises and institutional capacity for trader associations/cooperatives for increased market access and trade value; and (iii) increasing transparency of and access to trading and market information through Information Communication Technology (ICT) based solutions. The WiT programme operates in several borders in East Africa and DRC and targets to benefit at least 300,000 women traders.

Box 2: Baseline Study Data and Methodology

- The baseline study covered ten border posts covering six (6) countries: Kenya, Tanzania, Uganda, Burundi, Rwanda, and the Democratic Republic of Congo (DRC). The borders include: Bugarama /Kamanyola (Rwanda/DRC); Busia (Kenya/Uganda); Elegu/Nimule (Uganda/South Sudan); Gatumba/Kavimvira (Burundi/DRC); Goli/Mahagi (Uganda/DRC); Malaba (Kenya/Uganda); Mutukula (Uganda/Tanzania); Namanga (Kenya/Tanzania); Rubavu/Goma (Rwanda/DRC); Rusumo (Rwanda/Tanzania). These border points represent the major trading points in CBT among the EAC countries and the DRC.
- Of the estimated 27,953 cross-border women traders operating in the targeted border points, the study used a systematic random sampling technique to draw a sample of 871. Using questionnaires, semi-structured interviews as well as Focus Group Discussions (FGDs), the study collected quantitative and qualitative data from the selected cross-border women traders as well as from leaders of Women Cross-border Associations (WCBTAs), Government/ Border officials and NGOs.
- In terms of data analysis, the study employed content analysis and the narrative analysis for qualitative data, and descriptive and regression techniques for the analysis of quantitative data.

The Status of Women Cross-Border Trader's Businesses

The baseline study offers several vital insights, concerning the status and trade capacity of cross-borderwomen traders' businesses in eastern Africa:



Most cross-border women traders' businesses are not formally registered, and the majority are under sole proprietorship. Only 12 per cent of the surveyed businesses are registered. For those that are registered, education, household resource capacity and membership in CBTAs appear to play a contributing role. On the nature of ownership an overwhelming majority of the businesses (94 per cent) are under sole proprietorship with very little family ownership (only about 5 per cent) and group ownership (only 1 per cent).



Sources of capital are still limited and dominated by internal sources (family and friends) and, to some extent, semi-formal financial sources. Family and friends are the dominant sources of capital, used by 58 per cent of cross-border women traders, followed by Savings Groups. Findings suggest that more years of conducting CBT as well as membership in CBTAs are central in enhancing access to capital from Saving Groups, Micro-finance Institutions (MFIs), Savings and Credit Cooperative Societies (SACCO).



Business record keeping by cross-border women traders is still inadequate, and cash is the dominant means of transactions. Only about 45 per cent of the cross-border women traders report to undertake record-keeping for their businesses. Most of these are those with more years of education and registered businesses. Inadequate business record-keeping adversely affects not only access to credit from formal sources but also performance and sustainability of businesses. Further, there is minimal use of banks and other mobile money services as majority of cross-border women traders (above 80 per cent) use cash for both making and receiving payments.



The size of women cross-border trader's businesses is still relatively small, both in terms of capital and capacity to employ. The level of current capital for most businesses is, on average, small. In addition, the capacity to employ is low evidenced by a considerable proportion of the businesses (about 86 per cent) which do not hire any staff. Nonetheless, there are on average terms, positive indications for capital growth in all the borders surveyed, when comparing initial income and current income of the cross-border women traders.



The portfolio of products traded by cross-border women traders is substantially dominated by agricultural products. Over half of the cross-border women traders (about 60 per cent) buy and sell agricultural products. Livestock goods and manufactured products are also part of the portfolio but traded by a smaller proportion of women traders. Importantly, except for Charcoal which accounts for a negligible proportion of traders, the involvement of women traders in such goods as wildlife products and minerals is marginal.



Although the majority of cross-border women traders indicate to use formal trade routes, the use of informal ("Panya") routes still exists. About 87 per cent of cross-border women traders use formal trade routes. However, 8 per cent of the women traders use both, formal and informal trade routes. ("Panya") routes are inherently risky and unsafe, and therefore their use significantly exposes women traders to extortion, harassment and even sexual abuse.

3. Key lessons and recommendations for policy

The baseline study generated several key lessons for the TMEA's work on women in trade:

1. **Enhance the formalisation of women cross-border traders' businesses.** Findings show that informality characterises majority of cross-border women traders' businesses. Addressing informality is therefore crucial. The WiT 1st programming area specifies the thrust towards improving the trading environment for women in trade through the creation of enabling policy, regulatory and institutional frameworks. Towards enabling increased formalisation of women cross-border traders' businesses, concerted efforts ought to be intensified by all relevant stakeholders. For TMEA, in collaboration with other regional partners and stakeholders, enhanced advocacy and lobbying for the formulation of new or review of trading regulations is essential. It is imperative to focus not only on the relaxation of registration requirements (especially for small women cross-border traders) but also on enhancing predictability and transparency of trading requirements and associated fees.
2. **Facilitate access to formal finance.** Most cross-border women traders have limited access to capital and mainly utilize informal sources of finance. Increased access to formal credit is integral to enhancing transitioning of cross-border women traders from informal and low-value trade to more formal and profitable and self-sustaining CBT. Scaling up interventions related to the enhancement of essential services and opportunities such as access to formal finance for cross-border women traders are important. Efforts by TMEA and other stakeholders to leverage potential of Information and Communication Technology (ICT)-related platforms (such as mobile money technologies) to hasten access to credit through quick and effective means are critical. Further, effective operationalization of tailored credit lines for women traders by national Ministries of trade within the region is vital.
3. **Scale-up interventions aimed at improving trade facilitation for cross-border women traders.** Findings reveal that women incur considerable costs on transport, local levies, customs duties and taxes, and illicit payments, as they participate in CBT. Reducing these costs is crucial for enhancing cross-border women traders' capacity as well as profitability from their trading activities. Policy efforts should aim at further enhancing trade facilitation through effective and trader-friendly border procedures and trading regulations. Further enhancements and effective implementation of the rules such as the Simplified Trade Regime (STR) are vital.

Improve access to crucial information as well as tailor-made training on essential knowledge and skills. Effective participation in trade requires sufficient skills and knowledge. Findings show that cross-border women traders have limited skills related to business management, and also engage in a restricted set of products, with their portfolio still being substantially dominated by agricultural products, often with low value. It is thus imperative for the WiT programme, in partnership with relevant stakeholders to enhance the provision of knowledge and skills through, among other modes, tailor-made training to Cross-border Traders Associations (CBTAs) leaders and their members. It is also crucial to design interventions that will not only promote market access and increased trade values by women traders but also promote diversification into other lucrative products.

4. **Facilitate increased role of CBTAs.** CBTAs are an integral instrument for achieving increased trade capacity of cross-border women traders. Policy efforts should aim at institutional strengthening of CBTAs and other platforms so as to be able to support their members in increasing trade value and trade capacity. The WiT programme should put in place mechanisms for collaborating with women CBTAs in undertaking interventions that aim at increasing the trade capacity of women traders.

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