

1. CASE STUDY – Women Informal Cross-Border Traders

Name of Project:	Empowering women informal traders in the East African Common Market
Country, Region:	Uganda and East Africa
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Implementer:	Eastern African sub-Regional Support Initiative for the Advancement of Women
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1.1. Context

Informal Cross-Border Trade (ICBT) throughout the EAC makes up a significant part of the trade conducted within the region and neighbouring countries. ICBT can either refer to traders operating entirely outside of the formal economy, or registered traders partially or completely evading trade-related regulations and duties. It has been recorded that in 2010, up to 32% of Ugandan exports to its neighbours had been conducted through ICBT, totalling more than \$US520 million. Key export partners included Sudan and DRC, whose combined imports from Uganda was nearly 65% for the same period. Products commonly traded by Ugandan ICBTs includes shoes, clothes, fish, beans, maize grain, sandals, flour, beer, medicines and alcohol spirits. In Uganda, ICBT has had a positive impact on employment creation and increasing incomes. Furthermore, the significant demand for agricultural goods has had a knock-on effect for agricultural development and enhances food security within the region.¹

For the most part, women constitutes the majority of ICBTs. Across the EAC, it is estimated that Women constitutes up to 80% of traders engaging in CBT. While various EAC treaties make specific provision to ensure that women equally participate and benefit from various EAC instruments (such as the Customs Union and Common Market), the full benefit of these have not been exploited by the majority of women CBTs because the majority of women do not operate within the formal systems and structures for trade.

1.2. Issues

Some of the key reasons why women have not managed to fully benefit from the process of regional integration in Eastern Africa is simply due to a lack of knowledge on formal trading procedures and processes. Subsequently, they are either exploited by clearing agents who charge them undue fees,

¹ African Development Bank, 2012. *Informal Cross-Border Trade in Africa: Implication and Policy Recommendations*. Available online via

<http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Economic%20Brief%20-%20Informal%20Cross%20Border%20Trade%20in%20Africa%20Implications%20and%20Policy%20Recommendations%20-%20Volume%203.pdf>

or they continuously rely on *panyas* (as illegal trade routes are commonly referred to). Other challenges include travel security risks, discrimination and harassment, lack of market information as well as a lack of access to finance. In a study conducted by EASSI in 2012, it was suggested that up to 75% of responding WICBT noted that access to finance is a significant issue, most often because they do not have the collateral requirements for credit.²

1.3. Method

EASSI, with support from TMEA, looked to address these respective challenges through the following interventions:

- Increasing the knowledge of CBTs, by:
 - Conducting training workshops for women CBTs. These workshops did not focus only on formal trading procedures, but also on business development skills;
 - Providing gender sensitisation workshops for Customs and Migration officers, to sensitise them towards the issues faced by WICBTs;
 - Undertaking media programmes on Customs Union (CU) and Common Market (CM) protocols in order to reach a wider audience; and
 - Simplifying the information available on the EAC Customs Union and Common Market Protocol (and specifically about how these related to the trading circumstances of CBTs) and distributing this information among CBTs; and
- Improving CBT's Access to Finance, by:
 - Identifying financial institutions that were willing to provide services to WICBT;
 - Facilitating women CBTs to form associations and networks; and
 - Creating dialogue between financial institutions and CBT networks.

Women CBTs remained unorganised or loosely organised at best, thus being unable to act collectively to address business-related issues or lobbying for change. For the most part, creating networks and bonds between these women through establishing co-operatives or CBT associations would allow to successfully address a number of these challenges. A significant component of EASSI's support to WICBT centred on the creation of such networks amongst these women in Uganda, as well as the other EAC countries.

Another key method in which EASSI has delivered a great deal of these services in Uganda is by having a physical presence, in the form of a Resource Centre (RC) at each of the main border crossings (of which there are 10 in total). These RCs are small offices that disseminate information (simplified knowledge on CU and CM), provide legal support to women CBTs, act as a forum for discussing CBT issues (including between border officials and CBTs), conduct training workshops (for officials and CBTs), intervene on behalf of women CBTs when issues at the borders arise, and provide translation services.

1.4. Results

Respondents from the EASSI programme noted that one of the key benefits that they have received has been their empowerment through the knowledge of how the CBT process works, which documents are required, which taxes should be paid, and which legal channels to follow to address issues at customs. This ultimately led to more women becoming traders, and more importantly, engaging in legal CBT. As noted, illegal trade often posed a number of risks, including harassment, gender-based violence (GBV) and bribery, amongst others. While traders previously only knew that

² EASSI, 2012. *Women Informal Cross-Border Traders: Opportunities and Challenges in the EAC*. Available online via: http://www.eassi.org/publications/doc_download/121-opportunities-and-challenges-for-women-informal-cross-border-traders-in-the-eac

the legal route involved costs, they did not know how much or why, and would choose the illegal route as a knee-jerk reaction despite its very high risks. Once this knowledge gap had been bridged and traders knew which charges would be applied (and why), they saw that the risks of illegal trading far outweighed the costs of formal trade, and chose to cross the border legally. Border officials in Uganda have reported that there has been an increase in formal women CBTs. Capacity building in this regard was undertaken through a number of workshops, both with CBTs as well as customs officials. Training workshops offered and attendees included:

Training Offered	Attendees
WICBT Associations trained to access skills, information and create credit for improved quality and higher level competitiveness (Train as Trainers)	72
Capacity of 100 government officials enhanced how to provide an enabling environment for WICBT at 5 border posts	88

As one of the beneficiary of this intervention noted “The project empowered me to know my rights as a trader. I now have access to business information which was very limited before EASSI started the project to support women traders at Busia border. I now cross with my goods freely and no longer use panya routes (short cuts).”

EASSI also worked with the Uganda Revenue Authority (URA) to improve the business environment for CBTs. Previously, CBTs often faced undue taxes from customs clearing agents (private operators). In order to address this, EASSI co-operated with the URA and worked towards having one of the operators within EASSI’s Resource Centres to become a registered customs clearing agent (for example, at the Matukula border post). This operator is a trusted colleague of most of the women CBTs, and so there is an established relationship, and he can offer services at a reduced cost and without the fear of being exploited. Through dialogue between EASSI and URA, they have also now established customs officers dedicated to dealing with smaller traders – previously there was a US\$2,000 threshold customs imposed on traders to prevent delays at customs and ensure they have enough capital to trade – however, now with the dedicated customs officials, smaller traders can also be processed.

One of the key successes for EASSI (with TMEA’s support) has been assisting individual CBTs to establish co-operatives and to link these co-operatives to financial institutions. Previously CBTs engaged at individual level, but now they are engaging as co-operatives – this makes it a great deal easier for them to get access to financing. Co-operatives provide greater security, thus making financial institutions more willing to provide loans. Some co-operatives have memberships of up to 100 women. With savings of roughly UGX3-million (US\$1,030), a co-operative could get a loan of up to UGX30-million (US\$10,300), controlled by the co-operative themselves. By having these structures in place, CBTs can continue to benefit from easier access to finance, while banks have increased security on the loans they give out.

1.5. Impact

The most significant impact of EASSI’s work has been in empowering women. It is evident that WICBTs see that the risks of illegal trade far outweigh the costs of formal trade and chose to cross the border legally. As one women trader noted “I used to fear police and used short



cuts (panya routes) to cross my goods from Uganda to Kenya. However, with EASSI support on the project on Empowering women Informal Cross Border Traders in the East African Community, my fears are no more and I no longer use the “panya” routes. We now know our rights as women traders. The trainings helped us so much that I even support and encourage other women to use the main gate to avoid being arrested by police or harassed and cheated by the middlemen. This has helped us to reduce on daily expenses and led to increased profits”. By having the knowledge of formal procedures and processes, the sense is that CBTs will continue to operate within these confines to avoid the risks faced through illegal trade.

EASSI’s efforts in linking WCBTs across the EAC has also yielded very positive impacts. As one WCBT noted “EASSI linked me to Women Cross border traders at other border points like Mutukula and Busia. I have been able to network and trade with Mariam Babu in Afia juice which is a favorite in Rwanda. She sends me 30 cartons by bus which are sold within two days and I make a net profit of UGX 60,000 after paying her off through mobile money. This partnership has not only brought in extra income but also diversified my business. I am in the process of increasing the volume of trade in Afia juice but also explore other tradable goods at both border points.”

EASSI’s activities also did a great deal to bring women together and encourage them to be organised together, which ultimately leads to better support groups, more rights, better advocacy, and ultimately gender empowerment. For example, the fact that finance is easier to access through co-operatives (which also provide the above-mentioned benefits), women CBTs increasingly have the opportunity to increase the scope of their operations.

Some evidence suggests that as women started trading more and earning higher incomes, they increasingly gained the respect of their families and the community, saw their social standing grow, and were no longer expected to merely engage in housekeeping. As one WICBT noted “Since the trainings, my capital has increased from UGX20 000 (US\$8) to UGX 600,000 (US\$250) to-date. As a woman trader, the project has enabled me to stand on my own and budget for my small business in general merchandize”.

1.6. Innovations

While the method EASSI employed to ensure that CBTs have greater access to finance is not new, the significance of this method is that it has successfully been applied here. As noted earlier, access to finance remains one of the key challenges that CBTs face. By working with local financial institutions across the EAC, as well as the co-operatives and facilitating the dialogue between the different stakeholders, EASSI has managed to address this challenge in a sustainable manner. The financial institutions identified, together with EASSI, provided various trainings to WICBT in areas such as book keeping, loan management and facilitated special borrowing schemes for women offering flexible collateral, provided that they were part of a co-operative or association.

A core part of EASSI’s approach in providing support to CBTs has been establishment and management of their Resource Centres. In order to ensure these RCs are sustainable beyond support from TMEA, they established Resource Centre management committees. These comprise of members from various WCBT associations who alternate in voluntarily running the Resource Centers in the absence of the Project Assistants. Their role includes; welcoming and registering visitors, disseminating relevant trade information for example regarding the simplified trade regime and making the necessary referrals to other relevant offices like Revenue officials and Immigration Offices for further technical assistance. The strategy is to continuously empower the association leaders to operate the Resource Centers which will go a long way in ensuring their sustainability beyond the project lifetime.

As noted earlier, another key challenge CBTs often face is the unfair taxes often imposed by customs clearing agents upon CBTs. In response, EASSI's innovative approach to addressing this particular issue, by working closely with the Uganda Revenue Authority (URA) have yielded very positive results. The solution they have devised is to leverage the relationship CBTs have with EASSI's Resource Centres and have a trusted colleague become a registered clearing agent who can process goods for the CBTs. This eliminates the need to outsource this activity to third parties, ensuring access to this services is more affordable than previously and eliminating the risk of being overcharged by external clearing agents.

Similarly, by working closely with the URA, EASSI has also ensured that an arrangement with the URA is made to provide services specifically catering for small traders. While imposing a minimum threshold (\$2000 in the case of Uganda) for trading is common practice amongst customs operations to prevent delays at customs and ensure that traders have enough capital to trade, this practice was a barrier to trade for small traders whose trade was considerably smaller than this. However, due to intervention from EASSI, the URA now have customs officers dedicated to dealing with smaller traders, allowing for easier trading and ultimately an environment more conducive for smaller traders.

1.7. Challenges

EASSI's key role in the success of increasing the finance options available to CBTs was due to their understanding of the needs of both relevant parties: CBTs and financial institutions. Previously, there was a disconnect between CBTs and financial institutions, which made this working relationship challenging. As one trader noted "From the project I acquired knowledge about the advantage of working as a group. We formed groups whereby in case of any problem or anything developmental, I can easily access money from the group and pay back with interest depending on the period given and interest is kept back in the group after which we share it. I refer to this as a very big achievement through the project". By understanding the needs and requirements of both CBTs and financial institutions, EASSI managed to address this challenge by finding a workable solution for all parties.

1.8. Who Benefits

While financial institutions benefited through expanding their operations, the most significant beneficiaries of this intervention has been CBTs, and specifically women – more than 72 WICBTs from across the EAC were trained as trainers, with the scope for them to then to return to their respective border posts and share their knowledge with other traders within their networks. Not only has the increased access to finance allowed them to grow their operations and thereby increase their incomes, they have also managed to increase their social standing. One beneficiary of EASSI support commented that "the project has improved my standard of living as I earn good income which has enabled me to cater for the family basic needs like food, clothing and others in addition to what my husband provides to the family". Another WICBT noted that through the knowledge and information she received through EASSI, her "stock has increased and [she] makes a lot of profits which has enabled [her] to pay school fees for [her] children at the university". While increased incomes has in certain cases allowed women to send their children to school without incurring debt, provide better diets for their families, and be able to afford health care, in other cases the women employed the additional funds to expand into other business ventures, employing additional people and multiplying the effects of the intervention. At the same time, increasing their profits has allowed some women to increase their social standing within societies, and trading has come to be seen as a successful venture.

1.9. Long-term Effects

Working with CBTs, and especially women, has done a great deal to empower women, which has long term effects that last beyond the support provided by TMEA. All of these interventions brought women together and organised them effectively, which ultimately led to better support groups, more rights, better advocacy, and ultimately gender empowerment.

In addition, co-operatives provide greater security against which loans can be accessed. Some co-operatives have memberships of up to 100 women. With savings of UGX3-million (US\$1,030), they could get a loan of up to UGX30-million (US\$10,300). Having put these structures in place, CBTs can continue to benefit through easier access to finance, while banks have increased security on the loans they give out.

Furthermore, EASSI's support has contributed to building a better business environment through:

- Improving the knowledge of women CBTs (with regards to rights and responsibilities);
- Improving their business operations (access to finance, financial management workshops);
- Ensuring people are held accountable (border officials);
- Registering businesses – ensuring women CBTs engage in legal CBT, rather than illegal – and thus ensuring a more secured, protecting environment for women CBTs (since illegal CBTs have no legal rights); and
- Supporting women in gaining access to legal documents (e.g. passports), which allow them to legally cross the border.

