



Gender dimensions of cross-border trade in the East African Community: Kenya/Uganda and Rwanda/Burundi borders*

Background

Trade provides women with 60 per cent of non-agricultural self-employment in sub-Saharan Africa, and women constitute the bulk of informal traders - between 70 and 80 per cent in Southern and West Africa. Informal cross-border traders make up a significant part of this group, and they play a key role in addressing vital livelihood issues such as food and income security. It is estimated that cross-border women traders in West Africa employ one or two people and support an average of 3.2 children, in addition to 3.1 dependants who are not children or spouses.¹ The majority of women traders in the East African region are small-scale traders who depend on the modest profits generated from their trade to make ends meet. Most of the residents in the region rely on agriculture, and hence most trade involves agricultural products. The second category of small business activities includes consumables such as sanitary and beauty products, medicines, footwear and textiles. Women are involved in trade within the region, but lack the wherewithal to take advantage of trade opportunities to improve their economic and social status in society. This is so despite studies indicating that informal cross-border trade contributes immensely to the process of regional integration by building on the informal networks that have been developed by people over many years. Yet women clearly have fewer trade opportunities than men.

The Protocol establishing the East African Customs Union mentions the special role of women in trade in its Preamble and under its Objectives, which mandate the Union to mainstream gender in its programmes. But women have not been well catered for in the legal arena to enable them to take advantage of policy opportunities. Generally laws have tended to recognize and favour the large-scale trade sector, which is dominated by men as individual traders or in corporations.

Informal cross-border trade is coming under the spotlight in connection with the need to alleviate poverty in general and feminized poverty in particular. For this to happen effectively and efficiently, policy and institutional reforms should create an enabling environment for cross-border women traders. Challenges to free and profitable participation in trade have to

¹ UNIFEM Baseline studies on women in informal cross-border trade in Africa, 2008.

be identified and documented. This study draws attention to the true circumstances of women traders within the context of the evolving Protocol, recognizing that genuine efforts towards the creation of a functional customs union must take full cognizance of the situation of women and their small-scale cross-border trade activities. Its findings lay the basis for efforts by individual countries to offer concessionary facilities to women traders so that they can realize their full potential, ultimately enabling them to take advantage of the opportunities created by the Customs Union.

Trading activities across the Kenya/Uganda and Rwanda/Burundi borders

The main finding of the study is that informal cross-border women traders across the region do not use available formal systems and structures for most of their transactions, making it difficult for regional trade policy initiatives such as the East African Community (EAC) and the Customs Union Protocol to have any significant impact. Women show little evidence of knowledge regarding the Customs Union Protocol, and even less motivation to use it to facilitate trading activities. Women traders largely continue to trade in the same way as they have done for many decades. The preference for the old way of conducting informal cross-border trade was evident in the manner in which women traders who had been operating in Kenya for a considerable period of time expressed their doubts or discomfort at the opening up of trade under the evolving Protocol. Their reasons are simple enough - opening up trade will attract more traders eager to take advantage of available opportunities, at the expense of current traders. This is so despite the many misgivings they have about the current conditions prevailing in cross-border trade: they still feel comfortable with the current status of traders because they know how to handle it. Traders on the Rwanda/Burundi border were generally open to the idea of regional integration, but showed the least knowledge of the Protocol and the EAC partnership.

Women traders gave several reasons for not being confident that the Protocol will assist them. The main

reason given is fear of taxation, with the common argument that traders are unlikely to be able to afford formal taxes, which will eat into their profits. There is a common belief that the new tax regime, like the old one, will favour big traders and may have been introduced for punitive purposes to seal loopholes through which the small traders conduct their largely illegal trade. Women traders, who are familiar with the behaviour of customs officials towards them, expressed strong doubts that the stated official rate of taxation will actually be applied. They said they knew from experience that customs and security agents would still find reasons to demand more money in their individual capacities. It was their view that any system that appears to make it difficult for customs, immigration and security officials to receive bribes from women traders was bound to fail because the officials would not allow it to operate smoothly.

Perceived benefits of the EAC and the Customs Union Protocol

Top of the list of advantages thought to accrue from the establishment of the East African Community is the idea of free movement without harassment across borders. Most women traders felt that the current lack of clarity concerning the use of national identity cards caused them great expense, since they had to bribe security officials in order to be able to stay and trade in countries other than their own. Kenya, and Nairobi in particular, was cited as having very harsh and uncooperative security officials, who impose exorbitant bribes to arrange release from arrest. Traders along the Rwanda/Burundi border said they experienced few problems because they pass their goods mainly through unofficial border routes, in addition to the fact that the people from the two countries are indistinguishable in appearance and language. Kenyan traders complained that security officials in the United Republic of Tanzania were not very welcoming to Kenyans since they feared them. However, they acknowledged that their experiences were nothing compared to those faced in Kenya by their sisters from other countries. They said they had assisted many traders from EAC countries to secure release from Kenyan detention centres.

Free movement was seen as the most effective way to minimize or eliminate trade-related paperwork within the region. Traders were of the view that paperwork related to immigration, for example, led only to expensive delays and increased opportunities for corruption. Traders from non-coastal countries strongly felt that they should be guaranteed safe passage to ports because of their countries' landlocked status. The prospect of free movement was therefore most welcome.

What would women like to be done to improve cross-border trade?

Women traders made many suggestions to improve trade, notably concerning lower and equitable tariffs, and the creation of awareness of transport networks and infrastructure and their improvement. Ironically, most of the recommendations made in the policy and legal areas have already been addressed under the Customs Union, but the women traders are unfamiliar with it and the steps already taken. It may be that this is an indicator of the big gap between policy formulation by the organs of the EAC and implementation. The intended beneficiaries of policies are not well informed and are still waiting for such policies to be enacted and implemented. Moreover, some of the recommendations contradict others: for example, while most are directed towards greater integration and the free flow of goods, at least one recommends the independence or continued separation of the EAC countries. The main reason for this is that small-scale cross-border traders have in the past reaped benefits from differences in economic policy among the EAC States. Where some set higher taxes for goods that can easily be accessed from across the border, an illicit market immediately arises to provide cheaper goods to the side that has higher taxes. The same happens when one country bans the import of second-hand clothes, as happened in Kenya in the 1980s. A very lucrative trade arose where clothes were smuggled from the United Republic of Tanzania and sold at a profit in Kenya. The lifting of the ban by the Kenyan authorities may have been welcomed by consumers, but certainly not by traders, who made money out of the illegal trade.

Recommendations

1. Every effort should be made to enable women to build trust in formal cross-border trading structures, rather than continuing with the old practice of conducting what may be regarded as costly illegal trade. Apart from the fact that the illegality of trade imposes unpredictable costs that makes planning difficult, it prevents them from securing recognition from formal government structures as important traders, which leaves their contribution unrecorded and therefore not recognized or documented. The first step is for the EAC to provide better information about the Protocol and agreements on immigration and the movement of people between States, by means of clear and simple documents in national languages targeting the women traders of member States. Such documents should explain the significance of the Protocol and show how it can help small traders enhance their participation in trade. It may also be necessary to identify official focal points at border crossings and elsewhere, where such information may be accessed. It would be better if this function of dissemination was performed by and at the initiative of the EAC secretariat, rather than leaving it to member States.
2. In the context of the implementation of the Customs Union Protocol in all member States, the EAC should put in place a practical research-based monitoring mechanism that captures the performance and ongoing experiences of small-scale cross-border women traders. Official border crossing points should be the main monitoring locus, but reports of goods passing through unofficial border points should also be captured.
3. Enforcement of local council by-laws as understood by implementing officers was perceived as a major problem by small traders, and one whose scope is difficult to determine because of the indeterminacy of specific laws. The EAC should enable member States to revise local by-laws in border towns to bring them into line with the Customs Union Protocol and the spirit of other EAC agreements. A starting point would be to train local authorities in the application of the Protocol and its implications and set in place a mechanism for internal monitoring of implementation as well as oversight by

ministries or departments. The training should also clearly define the role of local authorities in cross-border trade, since they appear to be working at cross-purposes with central government agencies. Local authority organs should be required to include women representing trade organizations to assist in reporting violations and putting in place measures to deal with errant officers.

4. The EAC should institute a mechanism by which member States can address rampant corruption, theft, intimidation, harassment and general disruption of the activities of women traders conducted by illegal means but using State power (even without authority). A standard mechanism should be put in place to regulate the posting and identification of State agents, and traders should be empowered to ask for identification. States should investigate allegations regarding shadowy figures who appear to act with the full force of the State, even in the presence of uniformed State security and other agents, but whose identity and purpose remains unclear to traders. The best strategy is to combine awareness, education and training with enforceable punitive measures for errant officers.

5. The apparent weak organizational base of most women's organizations, particularly with regard to trade facilitation, will continue to impact negatively on women's performance in trade unless State organs and trade and development agencies devote serious efforts to funding trade-focused institutional capacity development. A number of problems faced by women, such as harassment from local council officials, can be dealt with easily at the local level if women are well organized to confront or lobby municipal authorities. The EAC should implement a pilot project for

capacity-building in trade-related women's organizations in selected countries and monitor its progress with a view to eventual scaling up to all countries. Training should aim to move such organizations from a welfare orientation to embrace and enable serious trade facilitation.

6. More research should be conducted to document the experiences of women traders at all border points and within their business premises. While it will be important to find ways of quantifying their participation, it would be better from a strategic viewpoint to use qualitative methods to assess their experiences and learn from them about the possible implications of opening up regional trade for women traders in order to forestall the possible negative impacts they already fear.

7. The EAC should seek to learn from experience with measures taken in regional trade blocks in Southern and West Africa aimed at mainstreaming gender in cross-border trade, some of which have been acclaimed for their success in improving the situation of women traders. Such measures include selective and targeted affirmative action, particularly relating to small-scale trade in food items. A specific desk as well as field collection of data and visits may be a good starting point.

8. The United Nations Economic Commission for Africa, and the African Trade Policy Centre in particular, should continue supporting the efforts of the EAC Gender Department to set up capacity to influence policies on mainstreaming gender internally, but also externally in the State organs of member States.

* This policy brief is based on a paper prepared by Masheti Masinjila, lead researcher, with support from the Collaborative Centre for Gender and Development, Kenya. It was written under the auspices of the African Trade Policy Centre in the Regional Integration, Infrastructure and Trade Division of the United Nations Economic Commission for Africa.