A cross-border trader at the AGIFOP training at the Mirama border.

USAID HUB WOMEN CROSS-BORDER TRADERS COMPENDIUM

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OVERVIEW OF SUPPORT TO WOMEN CROSS-BORDER TRADERS

The USAID East Africa Trade and Investment Hub (the Hub) contributes to increased intra-regional trade of staple foods within the East African Community (EAC) by improving the access to, availability of and utilization of African-grown commodities through regionally integrated markets. Women dominate the EAC’s cross-border trade in staple foods, yet most operate informally and face many challenges. To achieve greater intra-regional trade and improve the livelihoods of women traders, interventions must therefore address women’s participation in informal trade.

There are several challenges that push women cross-border traders to informal trade, chief among them being the lack of information on cross-border trade procedures and regulations. This knowledge gap leads women to be generally distrustful of border officials and apprehensive of burdensome taxation and bureaucratic processes at the borders.

By equipping women cross-border traders with a greater knowledge of structured trade regulations across the EAC, women traders will be empowered to use formal trade channels, which will strengthen the region’s agricultural markets and food security outlook.

The USAID Hub trained 391 women cross-border traders on trade regulations, business management and entrepreneurship. This effort led to improved policy advocacy and increased formal trade in the form of trade commitments for 17,509 metric tons (MT) of staple foods valued at $5,651,285, laying a foundation for future trade.

This was achieved through two grants, one to the Agricultural Market Development Trust (AGMARK) which focused on building the capacity of traders at the Eastern border points of Busia, Malaba, Isebania, Namanga, Taveta, Mutukula and Gatuna, and one to the Agribusiness Focused Partnership (AGRIFOP) which focused on the Western border points of Gisenyi, Kagitumba, Rusumo and Nemba.

Border towns benefitting from the USAID Hub’s interventions.
BACKGROUND

The EAC has enormous potential not only to feed itself and eliminate hunger and food insecurity, but also to be a major player in global food markets. There is a significant opportunity for thriving inter- and intra-regional trade in staple foods, grains and related products.

The United Republic of Tanzania, the Republic of Burundi, the Republic of Rwanda and the Republic of Kenya and the Republic of Uganda are parties to the Treaty for the Establishment of the East African Community. The enthusiasm of the EAC to facilitate trade among its members is enshrined in Article 5 (2) of the treaty which states that the first stage of EAC integration will be the formation of a Customs Union. The EAC Customs Union Protocol came into force in January 2005 with the primary objective to provide “Four Freedoms,” i.e. the free movement of goods, labor, services and capital.

Despite this commitment to the free movement of goods, cross-border trade, particularly in staple foods, remains largely informal due to barriers. Informal trade is not synonymous with illegal trade. Informal trade is trade which is not officially recorded because formal regulatory and tax policies are not being applied correctly by border officials or the traders are intentionally avoiding established and regulated trade channels. This has led to a trading system characterized by inefficiencies, high transaction costs and low competitiveness.

The EAC has attempted to address barriers to trade through tax exemptions on products from the EAC region, the Single Electronic Window System, One Stop Border Points (OSBPs) and harmonized staple food standards. In addition, the Simplified Trade Regime (STR) rolled out by the Common Market for East and Southern Africa (COMESA) provides a nine-step process for cross-border trade to make the trade of goods across countries even easier.

Yet, challenges remain. Studies have shown that the main impediment to cross-border traders transitioning to formal trade is their lack business management skills and knowledge of cross-border trade requirements. Traders’ exclusion from the formal sector limits their ability to access financing, to meet grain standards, to access price information and, ultimately, to trade greater volumes. With women comprising 80 percent of all informal traders, (EASSI)¹ and staple foods constituting the highest volume of goods traded across East Africa, this issue becomes a gender and food security challenge.

Nonetheless, reports indicate that informal trade in staple foods in the EAC has grown by 400 percent (Cross Border Trade Bulletin, July 2016). This impressive growth rate was registered despite informal traders facing a range of oppressive conditions that continue to keep them small and informal. This growth is therefore a testament to East Africa’s trade potential if the barriers facing cross-border traders are addressed.

CHALLENGES FACED BY WOMEN CROSS-BORDER TRADERS IN THE EAC

Women cross-border traders face several barriers to participating in formal trade channels. These include:

- Lack of awareness of cross-border trade regulations and procedures such as the COMESA STR and EAC harmonized grain standards as well as cross-border trade procedures and documentation needed to clear goods.
- Limited knowledge of entrepreneurship and business management skills such as accounting, record-keeping and price determination.
- Barriers in access to working capital and other financing needed to grow their businesses due to the informal nature of their operations.
- Insufficient support from associations. Many traders are not members of cross-border associations. Where associations are active, they often do not have the institutional capacity to effectively support their members through lobbying border officials or facilitating access to financing.
- Lack of facilities at the borders. While the establishment of OSBPs at most borders was a significant step towards improving trade, traders still lack facilities such as a permanent market and cold storage for their perishable goods.

The USAID Hub designed an intervention to address the first four challenges at 11 major border posts across the region. The border posts were chosen based on the volumes of staple foods that are traded in an effort to target the main channels through which staples flow in the region. The commodities addressed under this activity are grains, legumes and horticulture (fruits and vegetables).
INTERVENTION APPROACH AND OUTCOMES

The USAID Hub employed a four-step approach to address the challenges faced by women cross-border traders in the region and to support them to take up structured trade. The activities were completed by two Hub grantees: the Agricultural Market Development Trust (AGMARK) which focused on the Eastern border posts of Busia, Malaba, Isebania, Namanga, Taveta, Mutukula and Gatuna, and the Agribusiness Focused Partnership (AGRIFOP) which focused on the Western border posts of Gisenyi, Kagitumba, Rusumo and Nemba.

FIGURE 1. FOUR-STEP APPROACH

I. TRAININGS

Between FY2017 and FY2019, 391 women cross-border traders built their knowledge of trade regulations and support institutions’ services to strengthen their ability to participate in formal trade.

The trainings took place over two-days using a curriculum designed to address the major information gaps AGRIFOP identified in its baseline assessment. This included enterprise development, structured trading systems in the EAC, EAC grain standards, business management skills, financial literacy and cross-border trade guidelines. The trainings were largely similar from location to location, but contained contextual nuances. AGRIFOP used the same model following the positive response from traders trained under AGMARK.

Qualified facilitators led the trainings and incorporated input from relevant government officials, such as border managers, customs officers, regulatory bodies, plant and food safety regulators and security officers. The officials’ presence was important to the trainings’ success; traders could ask them questions and raise issues and get immediate feedback from the relevant authorities. In addition, several of the trainings took place at OSBPs, which encouraged even greater interaction. These venues, originally a solution to inadequate hotel facilities in the more remote border areas, helped reduce the perceived power gap between the traders and officials.

To ensure sustainability and expand the reach of the trainings, AGMARK and AGRIFOP disseminated handbooks on cross-border trade, EAC standards and business management at the events, allowing traders to continue to reference the information and share it with other traders who did not attend the seminars. The USAID Hub and AGRIFOP also began developing posters for the four Western border posts that outline the nine steps of the Simplified Trade Regime (STR), providing information on the provisions and requirements at the point when it is most needed.

II. B2B LINKAGES

AGMARK and AGRIFOP also brought together traders, large aggregators and processors at B2B forums to build trade ties that will last even after the USAID Hub’s intervention. Using a speed dating format, the B2Bs yielded trade linkages for 17,509 MT of maize, rice, sorghum, various legumes and vegetables valued at $5,651,285. This was an impressive outcome and further demonstrates the significant volumes of food that the women trade in.
During the B2B workshops, the traders also interacted with financial institutions who outlined how to access trade financing. Trade financing allows women to grow their businesses; the traders are no longer constrained by their initial capital. The financial institutions offered potential solutions to the challenge of securing collateral including warehouse receipting, which will enable the women to obtain advance cash against grains stored in accredited warehouses, and table banking, which entails women jointly saving and advancing loans to one another.

### III. STRENGTHENING ASSOCIATIONS

Most of the traders participating in the USAID Hub activities were part of Women Cross Border Trader (WCBT) Associations. The associations provide a forum for traders to collaborate, share lessons and articulate the challenges they face. Yet, they have limited organizational capacity and are at varying stages of formality; some are not even officially registered. The USAID Hub strengthened the WCBT Associations through a training and Joint Border Committee meeting, reinforcing a sustainable mechanism that can engage with border officials, advocate for members’ interests and apply for financing for members.

The USAID Hub, through AGRIFOP, led a two-day seminar for 29 executive committee members from various associations. The women enhanced their knowledge and skills on registering the association, managing the association, both administratively and financially, building the sustainability of WCBT Associations and growing the associations.

The USAID Hub also enhanced collaboration between women cross-border traders and border officials by having AGRIFOP arrange for the traders to participate in a Joint Border Committee meeting at the Rusumo border. The meetings are held regularly to address issues arising at the borders, but WCBT associations in the targeted borders are not recognized and therefore are not invited, losing an important opportunity for them to participate in discussions on issues that affect their members. This was the first meeting of its kind, and it is expected that executive committee members will join subsequent Joint Border Committee meetings, enabling them to engage the government representatives on issues that inhibit them from trading successfully.
IV. FORMATION OF THE EACBTA

The USAID Hub, through the grant to AGMARK, supported the launch of a regional association, the East Africa Cross Border Traders Association (EACBTA), which unites cross-border traders associations from across the EAC. This apex association will give the cross-border traders a stronger voice in the EAC by providing them with a platform to participate in the formulation of trade policies.

While the association is not exclusively for women, its leadership and membership maintain strong female representation, led by Chairperson Miria Akankwasa, to ensure that concerns that apply exclusively or disproportionately to women reach the ears of policy decision makers. Through the grant to AGRIFOP, the USAID Hub advanced the EACBTA’s formalization by drumming up support for associations to join the EACBTA.

More recently, the USAID Hub introduced AGMARK to the Alliance for a Green Revolution in Africa (AGRA) who is interested in facilitating incubation support to the EACBTA. This encompasses 1) helping EACBTA establish an office location and finalize any regulatory compliance matters, 2) supporting the recruitment of an executive director and board of directors, 3) creating awareness about the association to relevant stakeholders, 4) conducting a membership drive and membership database, and 5) facilitating fundraising and donor support coordination. Once the association becomes fully operational, it will contribute to trade policy discussions and the enforcement of EAC trade documents, such as harmonized EAC grades and standards, and the use of the STR.
LESSONS LEARNED

- **Arrange for childcare facilities at training seminars:** A number of the women cross-border traders brought children to the training sessions or failed to attend because they did not have people who could watch their young children. Childcare facilities during seminars will allow more women with children to attend and stay for the duration of the training.

- **Involve relevant government officials:** Government officials at the borders and in rural districts play a key role in the community. By involving them in planning the activities from the early stages, the USAID Hub secured their buy-in and goodwill. This was seen, for example, with officials availing the OSBP conference rooms. Their participation in the seminars and B2B forums was instrumental in bridging the perceived power gap between the traders and the officials as well.

- **Understand the impact of culture on gender issues:** Gender issues are intertwined with cultural beliefs which leads to unique challenges. It is therefore crucial to understand the cultural gender dynamics in an area before proposing interventions. For example, for many women cross-border traders in Rwanda, culture dictates that the husband has custody over all matrimonial property. Since the women are not deemed as owners, they cannot access financing against assets. As a result, in Rwanda, interventions may be more effective if they focus on facilitating access to working capital without collateral and look into risk sharing mechanisms to access loans without collateral.