

### ADDRESSING GENDER ISSUES IN REGIONAL INTEGRATION

#### How to improve women's participation in cross-border trade activities in Africa?

*Sheka Bangura*

*From the African Community of Practice on Managing for Development  
Results at the African Capacity Building Foundation*



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#### SYNOPSIS

Women's participation in cross-border trade presents an opportunity to multiply strategies for sustainable poverty reduction and economic growth in Africa. Although most of the cross-border trade activities are informal and feminine, they constitute substantial share of livelihood for a cross-section of low-income Africans. Supporting them does not only increase chances for numbers to break free of poverty, but could also lead to transformation of these businesses into formal operations with positive macroeconomic implication in terms of state revenue generation and increased aggregate employment and economic growth. It is in this context that AfCoP has initiated discussion on the abovementioned topic with the overall objective of identifying ways to improve the welfare of women in cross-border trade activities, and to inform AfCoP's role in supporting their livelihoods. Among the recommendations put forward during the discussion are the need (i) to support women informal cross-border traders' organizations to enhance their collective position and voice in national and regional trade policy discourses, and (ii) support production and dissemination of knowledge products to ensure visibility of the contribution of women cross border traders in wealth creation, poverty reduction, employment generation, and regional integration.

#### Introduction

Under the auspices of the Africa for Results Initiative (Afrik4R), the African Community of Practice (AfCoP) on Managing for Development Results (MfDR) has held from July 14<sup>th</sup> to August 7<sup>th</sup> 2014 an online discussion on "Addressing Gender Issues in Regional Integration: How to Improve Women's Participation in Cross-Border Trade Activities in Africa?"

About 43 percent of Africa's population derives their main income from informal cross-border trade (ICBT) activities.<sup>1</sup> This presents enormous opportunities for poverty reduction and

economic growth, despite the fact that ICBT could be regarded as illegal commercial undertaking.<sup>2</sup> It presents great opportunities for women in particular, as most of the reported cross-border trading is feminine. In the Southern African Development Community (SADC), women constitute about 70 percent of ICBT, and the share is 60 percent in Western and Central Africa.<sup>3</sup>

Africa has a range of Regional Economic Communities (RECs), involving all fifty-four

<sup>1</sup> See Afrika and Ajumbo (2012, p.1).

<sup>2</sup> See Afrika and Ajumbo (2012, p.1).

<sup>3</sup> See Afrika and Ajumbo (2012, p.2).

countries.<sup>4</sup> The RECs could therefore seize the opportunity of having many low-income participants in cross-border trade towards effective reduction of regional poverty, especially given the fact that the majority are women.

There are indeed legitimate and enormous challenges facing ICBT in regard to the informal transactions characterizing this economic activity and to the extent that it is dominated by women. AfCoP has therefore initiated this discussion to inform its role in supporting the livelihoods of women involved in cross-border economic activities in the region, focusing on:

- identifying opportunities for regional poverty reduction associated with ICBT;
- identifying and addressing key challenges that inhibit women participation and benefit from cross-border trade;
- identifying ways to facilitate women and girls' participation in trade and service sectors;
- building capacities of women's business associations and individuals (formal and informal) engaging in cross-border trade in the areas of trade rules, tariff regimes and standards, and communication technologies;
- enhancing women's trade potential to generate positive multiplier effect for employment creation, poverty reduction, and economic growth; and
- identifying and documenting success stories on the participation of women in cross-border activities.

The following sections present results of the discussion, summarized around the issues/ideas identified during the process.

### Key attributes of cross-border trade in Africa and participation of Women

Most African cross-border trading is informal, and has a wide definitional range. The focus of our discussion pertains to trade in legal import and export of goods and services for commercial purposes that is undertaken by individuals with unregistered businesses, which are mostly small scale. While some informal traders subject themselves to custom clearances, others evade them largely owing to the size of returns on their capital relative to cost of border clearance formalities. There are formal (registered) businesses which also operate informally across borders by evading custom clearances, many of whom also run small businesses with small returns on capital relative to cost of border formalities. Different products are traded across borders: processed, non-processed, re-exports, and so on. Most studies estimate that the value of goods traded informally generally ranges from US\$50 to US\$1000.<sup>5</sup> Women dominate cross border trade in Africa, and they largely run unregistered businesses. As noted in the introduction, in the SADC region, they constitute about 70 percent of ICBT, and the share is 60 percent in the Western and Central parts of Africa.

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<sup>4</sup> Eight of the existing RECs are recognized by the Africa Union (AU): Arab Maghreb Union (UMA); Common Market for Eastern and Southern Africa (COMESA); Community of Sahel-Saharan States (CEN-SAD); East African Community (EAC); Economic Community of Central African States (ECCAS); Economic Community of West African States (ECOWAS); Intergovernmental Authority on Development (IGAD); and Southern African Development Community (SADC). Seven existing RECs are

yet to be recognized by AU: Economic and Monetary Community of Central Africa (CEMAC); West African Economic and Monetary Union (UEMOA/WAEMU); Economic Community of the Great Lakes Countries (CEPGL); Indian Ocean Commission (IOC); Mano River Union (MRU); Southern African Customs Union (SACU); and Senegal River Basin Development Authority (OMVS).

<sup>5</sup> See Afrika and Ajumbo (2012, p.3).

## Opportunities for women empowerment through cross-border trade

While cross-border trading in Africa is mostly informal, it constitutes a major source of livelihood for the poorest class of society. Evidence shows that although this type of trade is generally regarded as illegal commercialization of cross border activities it is “a source of income to about 43 percent of Africa’s population. ICBT can have positive macroeconomic and social ramifications such as food security and income creation particularly for rural populations who would otherwise suffer from social exclusion....If properly harnessed, ICBT has the potential to support Africa’s on-going efforts at poverty alleviation.”<sup>6</sup> David Takawira noted: “Currently the Zimbabwean economy is mainly anchored by our sisters, mothers and some of our brothers who undertake cross-border trading, doing fantastic job to feed families and pay utility bills.”<sup>7</sup> Thus, it is an opportunity for national and regional authorities to reduce regional poverty through focusing active policies in this area. This is all the more important that the vast majority of informal cross-border trade participants are women.

Africa hosts a range of regional economic communities, which if fashioned well will provide great opportunities for poverty reduction through policy and support toward improving and transforming women dominated cross-border trading. Currently, the continent runs fifteen RECs, from West and East Africa, to North and South Africa, and eight of these are recognized by the African Union.<sup>8</sup> In addition to these opportunities for women empowerment is the existence of non-governmental and women

organizations such as the East African Sub-regional Support Initiative for the Advancement of Women (EASSI), and African Women in Business Initiative (AWIB). These groups could continuously engage RECs and relevant international organizations to provide support for ICBT women; international organizations such as Organization for Women in International Trade (OWIT) can be leveraged for support. The African Development Bank has also been active in the promotion of gender initiatives across the region. It could be engaged in the ICBT area taking advantage of its 2014-2018 gender strategy, “Investing in Gender Equality for Africa’s transformation.”

## Challenges to women participation in cross-border economic activities

**Limited finance.** Their businesses are of small scale capital investment. With little or no access to formal loans due to lack of collateral and bankable economic activities, they often rely on own savings, friends and relatives, thereby restricting business expansion and capability to take advantage of cross-border trade opportunities. Extortion at border posts places further burden on their already meager returns.

**Limited business organizational social capital.** According to an International Alert study by Titeca and Kimanuka on four border-crossing sites in four countries in the Great Lakes, only 18 percent of small traders belonged to business associations in that bloc.<sup>9</sup> Thus, there is a narrow business organizational social capital which formal financial institutions could bank on to advance substantial credit to women and other small scale traders. However, another study within the Lakes by EASSI shows that about 70 percent of women informal cross border traders

(each consisting of two settlements at a crossing point on either side of two countries) are Bukavu-Cyangugu, between DRC and Rwanda; Uvira-Gatumba, between DRC and Burundi; Aru-Arua, between DRC and Uganda; and Cibitoke-Bugarama, between Burundi and Rwanda. Related evidence can be found in UN Women (2012, pp.11-12).

<sup>6</sup> See Afrika and Ajumbo (2012, p.1).

<sup>7</sup> David Takawira is an AfCoP member that participated in this online discussion.

<sup>8</sup> See footnote 3.

<sup>9</sup> See Titeca and Kimanuka (2012, pp. 9; 17). The countries of study are the Democratic Republic of Congo (DRC); Rwanda; Uganda; and Burundi. The four sites studied

belonged to women organizations.<sup>10</sup> Therefore, while we currently have limited number of specific women business associations, the existence of large number of general women organizations could be leveraged and mobilized into forming women business groups to take advantage of any policies geared to promoting small scale cross-border trade in Africa.

**Literacy and ignorance.** Some women do not know what is *certificate of origin*, yet they engage in cross-border trade. They neither have knowledge about where to obtain it, nor about procedures or processes involved in obtaining it. In this context, many ICBT women have had to discontinue trade following loss of products resulting from lack of certificate of origin.<sup>11</sup>

**Mistreatment at border posts.** As aforementioned, most women undertaking ICBT have little or no education. As a result, they suffer mistreatment at border posts. As Beatrice N. Mugambe put it, since some women are ignorant of their rights and yet pursue the objective of maximizing profit from their little businesses, they often have to bow to harassment at border posts. "I have witnessed women cross border traders with their children sleeping at border posts without any special arrangement from government institutions, such as having their own queues like airlines are doing, ensuring that women with children have their own queue and board first," Beatrice noted.<sup>12</sup>

**Data and research.** It is argued that the contribution of cross-border trading to regional development is little known due to lack of data, research and information dissemination. Mafing Kone has noted: "The importance of informal cross-border trade is no doubt crucial to regional development and poverty reduction, but the

contribution of this remains poorly understood. This situation is largely due to the lack of rigorous methodology to collect reliable data on the benefits of informal cross-border trade, and sharing of available information."<sup>13</sup>

### Overcoming challenges to women cross-border traders and businesses in general

**Capacity building.** The Goldman Sachs 10,000 Women Entrepreneurship Initiative is reported to have benefited a lot of women around the world, including those in Africa. This presents an opportunity and could be further explored for Africa's women entrepreneurs. Goldman Sachs "is a global initiative that fosters economic growth by providing women entrepreneurs around the world with a business and management education, mentoring and networking, and access to capital. To date, the initiative has reached over 10,000 women from across 43 countries through a network of 90 academic and non-profit partners."<sup>14</sup> It was further mentioned by Rotimi Olawale that this initiative has been implemented in Nigeria in partnership with the Lagos Business School.<sup>15</sup> The school runs certificate course in entrepreneurship that costs around US\$5000 by partnering with Goldman Sachs, and women who run businesses pay only 10 percent of the costs and join a women-only class. Training is focused on mentorship, access to finance, legal aid and support, and related issues. Thus, cross-border women traders could be organized into business associations and provided opportunities to access capacity training such as offered by Goldman Sachs through the Lagos Business School.

<sup>10</sup> EASSI (2012, p.24).

<sup>11</sup> For details on this challenge, see EASSI (2012) and Titeca and Kimanuka (2012).

<sup>12</sup> Beatrice M. Mugambe is an AfCoP member that participated in this online discussion.

<sup>13</sup> Mafing Kone is an AfCoP member that participated in this online discussion.

<sup>14</sup> This opportunity was highlighted by [Rotimi Olawale](#), an AfCoP member that participated in this online discussion; see also <http://www.goldmansachs.com/> (visited during the discussion).

<sup>15</sup> [Rotimi Olawale](#) is an AfCoP member that participated in this online discussion.

Furthermore, it is of immense importance to introduce trade issues in school curricula. Uganda has pursued entrepreneurship studies at high school, “although students take it as one of the subjects to be done to accumulate credits, rather than one that is critical for lifecycle investment,” as noted by Beatrice.<sup>16</sup> At least there is an entry point there; what is needed next is counselling of students, especially girl pupils, on the importance of the subject as a decisive lifecycle investment. Mafing Kone from Mali re-echoed this importance, calling for political will to support development of school and university curricula in this area. Lessons can be drawn from other countries in raising its awareness as cornerstone for sustainable regional economic growth and poverty reduction, so that, as noted by Beatrice, “young girls could grow up knowing and keen to participate in trade and business.”

Moreover, there is need to distinguish between women organizations and women business associations, as well as organizations/associations where women are just members, so that strategies can be anchored better in promoting women business interests. Those that are not members in any business associations should be encouraged to secure membership to take advantage of interventions where the basis of capacity building support is membership in existing associations.

And, as suggested by Grace Okonji, “women business associations must not be viewed as a stand-alone phenomenon but instead be the subject of comprehensive national policies which involve the coordination of national institutions and ministries (such as the ministry of trade; that of gender equality; and finance ministry) as part of efforts to promote cross-border trade and combat poverty.”<sup>17</sup>

**Information dissemination on trade policies, regional protocols, and human rights.** There is need to develop documentaries for the attention of women business associations and all cross-border traders in the areas of trade rules, and tariff regimes and standards. Partnerships should be entered into with border posts and transport operators to screen these educational materials for women traders. Use could be made of ICT products and gadgets such as mobile phones to share information on trade rules and tariffs. Small scale businesswomen should be introduced to ICT and related information technology. It will be a great add-on to partner with technologically experienced young people to develop relevant applications that can disseminate appropriate information. Set up country resource centers to facilitate access by women entrepreneurs to economic information on market opportunities, financing, capacity building, partnership, business climate, and so on. Setting up trade information offices at all border points is critical to building capacity of traders, providing cross border businesswomen and public officials with reliable information about traders’ rights and duties, especially in relation to trade regimes. Information centers are crucially importance in overcoming deficiency such as lack of knowledge about *certificate of origin* and where they can be obtained. Cooperation can be forged between government, chambers of commerce and social media in developing and disseminating relevant trade information to informal and other cross-border business operators, and the general business community.

**Attitudinal change at border posts, women organizations and general public.** Mistreatment of businesswomen at border posts can be stemmed through sensitization and education of border officials about women’s role in trade and economic development, strengthening understanding of basic gender concepts, human

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<sup>16</sup> Beatrice M. Mugambe is an AfCoP member that participated in this online discussion.

<sup>17</sup> Grace Okonji is an AfCoP member that participated in this online discussion.



rights and regional trade protocols aimed at promoting small scale business development. This should be accompanied by monitoring mechanism to ensure compliance with code of ethics and conduct for officials at border posts.

It was argued during discussion that most successful Women Movements on the continent hardly countenance certain women groups, such as informal cross-border women traders. Thus the general public needs to be part of the sensitization on the role of various trades in economic development. Institutions, laws and policies should be promulgated and strengthened to counter negative attitude against cross-border women traders.

**Finance and insurance.** Customized and innovative banking and insurance products are necessary for women cross-border traders. Banks, insurance companies, and related institutions should be engaged and educated about the role of cross-border trading in economic growth, highlighting the risks facing their activities to develop customised credit and risk management models to support them. Traders should also be educated about the importance of insuring their businesses regardless of size. Collective insurance schemes should be explored to spread cost and risk. Provide enabling conditions for access to credit by women, and support creation of banks that specialize in financing businesswomen, like the ENAT Commercial Bank for Women in Ethiopia.<sup>18</sup>

**Enhance infrastructure at border posts.** Strengthening social infrastructure at border posts is crucial to ensuring continued participation of women in cross-border trade, factoring their special needs since many have to carry children with them during trading. In

particular, services such as basic healthcare, housing, water and sanitation, and storage facilities should be adequately available at border posts.

**Promote and identify cross-border trade and other business success stories.** This can be done through surveying existing business associations, focusing on women's, and closely working with these associations, giving them tools for documenting stories of change. In the process, it will be crucial to organize annual events to recognize successful initiatives. Develop criteria for identifying success stories, and put them out in the public domain for nomination of successful businesses. Successful national and regional policies and strategies are also important to be identified for replication elsewhere.

A good success story over promoting the interest of women ICBT relates to the effort of Women Cross Border Trade Association of Liberia. It "provides advocacy for women traders that focuses on the inconsistent treatment of women by immigration officials and lack of recognition of women's Laissez-Passer travel documents or ECOWAS passport."<sup>19</sup> And in response to strengthening security and reducing violence against women cross border traders, the governments of South African and Bangladesh have ensured that bus-stops and transit points are well-lit.<sup>20</sup>

## Conclusion and recommendations

Cross-border trade activities are opportunities and fundamental building blocks for sustainable poverty reduction and economic growth in Africa. Although the vast majority of such businesses are informal and feminine, they can be supported and transformed into formal operators. They

<sup>18</sup> ENAT is Africa's first commercial bank run by women in Ethiopia, reported by Nigest Haile, an AfCoP member that participated in a previous AfCoP's online discussion on "Women Entrepreneurship: Strategies for Developing Women Own Business," held during June 16 to July 6; see also [www.enatbanksc.com/about-us/history.html](http://www.enatbanksc.com/about-us/history.html).

<sup>19</sup> See USAID (United States Assistance for International Development) and EAT (Enabling Agriculture Trade) (2012, p.5).

<sup>20</sup> USAID and EAT (2012, p.4); this study can be visited for more success stories in policy, strategy, and organisational response to promoting women cross border traders' interest.

constitute huge *shared and inclusive* economic growth potential and multiplier effects that are consistent with sustainable poverty reduction and long term prosperity in Africa. The following summarizes recommendations for RECs and AfCoP.

**Regional Economic Communities:**

- Support women informal cross-border traders' organizations to enhance their collective position and voice. Among the strategies is staging of regional and sub-regional trade foras by RECs, to serve as strategic advocacy platforms for recognition of the huge economic contribution of ICBT and their potential to transform into big businesses so that favorable tax regimes can be encouraged and promoted toward their ventures.
  - Support credit schemes for ICBT women, including transport and storage facilities especially for agricultural commodities at border crossing points. Grace Okonji noted concerns raised by women and men fish traders at mainstreaming gender in Sierra Leone's Poverty Reduction Strategy about lack of refrigeration and cold storage for them to tap into the huge fish market. And there is need to promote access to insurance for goods traded by women cross-border traders.
  - RECs should make efforts to harmonize their trade and gender policies, and strengthen trade protocols in general. East African Community is noted to have made laudable strides at freeing movement of people—rationalizing and simplifying immigration procedures, and trying to institute 'one visa system.' The existence of an ECOWAS Passport could also be built upon in West Africa. These efforts are worthy of replication in other blocs across the region.
- Rationalize regional trade protocols and policies along the lines of identified responses to cross-border challenges in the previous section, especially as relates to women participation in these businesses.

**For AfCoP and partners:**

- Africa Knowledge for Results (AfriK4R) initiative can support production and dissemination of cutting edge knowledge products to (i) ensure visibility of the contribution of women cross border traders in wealth creation, poverty reduction, employment creation and regional integration; and (ii) disseminate best practices in supporting women informal cross border traders.
- AfCoP should link up with National CoPs to advocate for inclusion of the priorities of women cross-border traders in national development plans and trade policies.
- AfCoP should work with COMESA, WAEMU and other RECs in simplifying and popularizing the provisions of regional protocols and agreements from a gender perspective, advocating for gender sensitive border control procedures and taxation systems.
- AfCoP and Gender for Results (G4R) Network members should enhance their advocacy toward leveraging regional policy making, implementation and monitoring in relation to women cross-border traders, and mobilize the requisite funding in this direction.
- Organize Africa fora on 'women driven MfDR and cross border traders' to instill a results culture in Africa and regional integration in this aspect.
- Facilitate the conduct of comprehensive surveys/studies on existing women organizations at all levels (macro, meso and micro) to identify opportunities to encourage

formation of women business associations for strategic targeting of support; and on existing women business associations with whom to partner in supporting ICBT women and securing their membership in these associations to transform and formalize their operations.

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