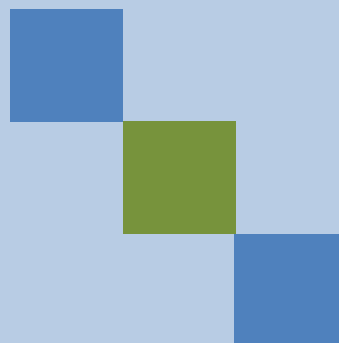




Africa Trade Policy Notes

Note #11



Risky Business: Poor Women Cross-Border Traders in the Great Lakes Region of Africa

Paul Brenton, Celestin Bashinge
Bucekuderhwa, Caroline Hossein, Shiho
Nagaki, and Jean Baptiste Ntagoma

January 2011

Introduction

There is enormous potential for international trade to drive economic growth and poverty reduction in the Great Lakes region of Africa. Much of the attention on eastern DRC has been focused on the minerals sector, yet there is substantial scope to expand output of other sectors, especially agriculture,¹ but also services. While an improvement in the security situation is necessary for agricultural output to recover, greater economic opportunities and rising living standards will contribute to greater stability. For example, increasing returns to agricultural activities can provide a genuine alternative occupation and source of income to artisanal mining and thus facilitate the shift to a more organized and less disruptive mining sector.

Harnessing the opportunities of regional and international markets will play a key role in delivering higher returns to farmers and contributing to food security by making food products more widely available and at lower prices to consumers throughout the region. Cross-border trade will become increasingly important in linking food surplus areas to food deficit areas, especially as development is accompanied, and driven, by the increasing concentration of people and activities in towns and cities. Rising incomes will lead to increasing

demands for a wider range of goods and services and enhance the scope for mutually beneficial cross-border exchanges between the DRC and the other countries of the Great Lakes region in agriculture, manufactures and services.

Currently it is informal cross-border trade that plays the main role in linking producers to markets in the Great Lakes region of Africa.² Cross-border exchange provides the main source of income for a large number of informal traders who are predominantly poor women carrying agricultural products and hence there is an important gender dimension to this issue. There is however, very little information on these traders and the conditions that they experience.³ This note summarises the results of a study that has looked at cross border trade between the DRC and Burundi, Rwanda and Uganda. The conclusions are stark: the livelihoods and activities of these women traders are currently being undermined by high levels of harassment and physical violence at the border and the prevalence of unofficial payments and bribes. As such cross-border trade is nothing more than a mode of survival for these women rather than an opportunity for growth and development.

Evidence from other regions suggests that informal cross-border trade is highly sensitive to the way that traders are treated and the conditions that they face in crossing the border (World Bank 2010). The success of such trade depends upon the ability of individuals to routinely cross the border without be subject to violence or harassment and without having to pay large unofficial payments or prohibitive tariffs or charges. Supporting these entrepreneurs in growing their business and moving to more organized and then formal modes of exchange will be crucial if the potential for cross-border trade in the region is to be realized. The first step must be to improve conditions at the border.

The Characteristics of Cross-Border Traders in the Great Lakes Region

Cross-border traders in the Great Lakes region play a vital role in bringing goods to consumers that would otherwise be unavailable and providing them at lower prices. If these poor entrepreneurs were not to ply their trade prices would be higher. Their activities also entail that farmers receive higher returns for their products than they would otherwise. Nevertheless, substantial differences in the prices of basic food products remain between markets on opposite sides of borders, reflecting that there are significant impediments to the movements of goods and people across borders in the Great Lakes region. Removing these constraints and supporting cross-border traders will support poverty reduction and higher incomes for farmers.

To investigate the constraints and conditions that cross-borders traders face we implemented a survey in mid-2010 at 4 key border crossings in the Great Lakes region: at Uvira-Bujumbura (between DRC and Burundi); Bukavu-Cyangugu (between DRC and Rwanda); Goma-Gisenyi (DRC and Rwanda) and Kasindi-Mpondwe (DRC and Uganda), see Figure 1.

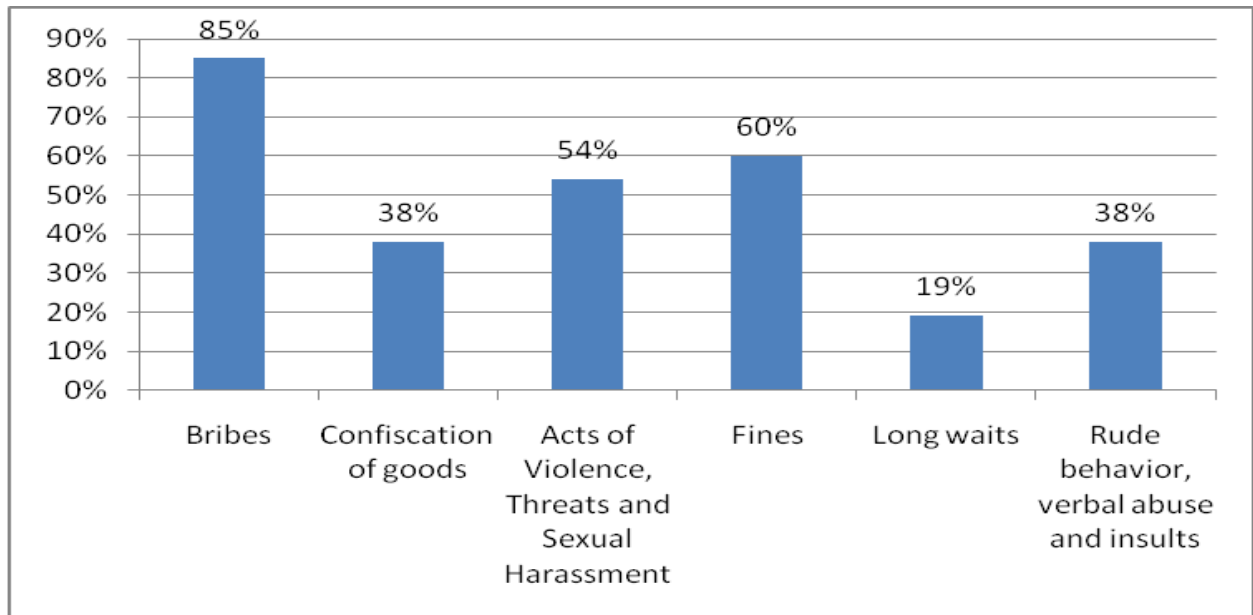
Figure 1: Key Border Crossings in the Great Lakes Region



The survey obtained information from 181 traders through in depth interviews (100) and focus groups (81). This was supplemented by 58 interviews with stakeholders at the border. The key features of cross-border trade that emerge from this investigation are:

- The majority of traders are young women (85% of respondents were female and the average age of a trader is 32) and experienced traders, with 44% having been traders for more than five years.
- Most of the officials who regulate the border are men (82%).
- Most traders sell foodstuffs, particularly cereals, pulses, vegetables and fruits. The quantities involved are small and are typically carried by head.
- Start-up capital is very small (less than \$50) and is typically obtained from within the family. Very few traders have received loans from a financial institutional. The vast majority (95%) wishes to invest and grow their business

Figure 2: Reported frequency of risks by cross border traders



but is constrained from doing so by the current environment at the border and lack of access to finance.

- For almost two-thirds of the respondents, income from cross-border trade is the main source of income and most (77%) report that household income is heavily dependent on their trading activity.
- Few are members of a traders association.

A crucial fact is that these poor women cross-border traders are undertaking informal activities, in the sense of not being part of a formal organized economic activity, but not illegal activities. The majority cross at formal border crossing points and report that they are willing to pay appropriate duties and wish to be treated as business people. A range of officials are present, in principle, to regulate the borders that they cross. However, many officials hold very negative views of poor traders based on their social class and often see them as mere “smugglers.”

Conditions at the border

The responses from the detailed interviews and focus groups paint a dark picture of the

conditions experienced by poor women cross-border traders in the Great Lakes region. They face serious risks and losses each time they cross the border. Figure 2 summarises the main findings.

It is striking that payments of bribes is a regular occurrence for the majority of traders. Respondents at all four border posts repeated a catch phrase used by officials: “sans argent, on ne passe pas” (no money, no passing). At the Goma-Gisenyi border 100% of respondents reported that they had to pay bribes to cross the border. A large number of traders also report having their goods confiscated and having to pay fines. An important feature of border crossings between the DRC and neighbouring countries in the Great Lakes region is that large number and range of officials at the border; which exacerbates the problem of poor governance with negative consequences for cross-border traders. Not only are there officials from customs at the border but also immigration officials, the police, the army and officials implementing health controls. This is compounded by a lack of transparency and awareness by both traders and officials of the rules and regulations that are supposed to govern cross-border movements of goods and people. A

typical account of every day conditions is provided by an egg and sugar trader from Goma: “I buy my eggs in Rwanda, as soon as I cross to Congo I give one egg to every official who asks me. Some days I give away more than 30 eggs!” Reducing the number of agencies and officials at the border and increasing the transparency and predictability of the policy regime is crucial to provide an environment in which traders flourish and expand their business.

A large number of traders report being subject to acts of violence, threats and sexual harassment. Traders are exposed to beatings, verbal insults, stripping, sexual harassment and even rape. Much of this abuse is unreported. While some borders are better organized, this gender-based violence, although more prevalent in the DRC, is being perpetrated on both sides of the border in Burundi, Rwanda and Uganda. Not only do officials harass traders but young men, called “les viseurs” (watchers) are hired by state officials and given carte blanche to apply force as needed to extract money and goods from traders, particularly those that move by foot with goods strapped on their backs or carried by head. A typical occurrence is that women traders are often encircled by a group of men after they cross the border. Vulnerability to theft and physical abuse is rampant in these borderlands.

Thus, cross-border traders face regular losses in the form of the almost mandatory payment of bribes and are regularly subject to harassment and physical abuse. This lack of economic and physical security and safety undermines the livelihoods of these traders and compounds their lack of access to finance, information and business knowledge. But it is clear that most traders perceive that there is no alternative – they are stuck in a survival economy. Addressing these issues by providing security at the border and implementing a transparent and predictable regime for those crossing the border would facilitate trade, improve incomes, contribute to regional food security and in turn provide for greater stability in the region.

Informal traders, especially poor women food traders, lack representation and organization. As result, they are vulnerable to powerful officials

who control the borders. At each border crossing many officials appear to have entrenched negative perceptions of these traders. Rude and hostile behavior towards traders is justified and money extorted because they are not formalized. But the very poor quality of the infrastructure of the border crossing used by informal traders is also important in allowing some of the worst types of harassment and violence. Most of the attention of the government and donors has been on improving conditions for formal trade and better infrastructure for trucks at the main border crossings. Informal cross-border traders have not been high on the agenda. The border crossings in Goma are a good example. Two crossings are regulated by customs: the “*petite barrière*”, for small informal traders, and the “*grande barrière*” for more formal traders. The differences between the two crossings are striking as is the stark contrast between the DRC side and the well-organized Rwandan side of the border. At the “*grande barrière*” the road is paved and buildings are in reasonable state and cross-border movements appear orderly. At the “*petite barrière*” (Goma side) it is chaos. Roads are very poor, and congested with vendors, and a number of storefronts tumble onto the busy roadside.⁴

Steps to Facilitate Cross-Border Trade in the Great Lakes Region

The immediate priority must be to improve the conditions at the border and the treatment of cross-border traders. This will have a significant impact on the livelihoods of a substantial number of women and the households who depend on their income from trading. It will also lead to more cross-border trade and more widely available and cheaper food products. The second imperative is to provide and implement a policy framework by which these traders can become increasingly organized backed up by support services that improve access to information, facilitate access to credit and ensure better representation of traders’ interests. This will provide a route by which these activities can gradually become more formalized and distribution channels become more efficient. This will require:

1. *Officials at all levels recognize the important role played by poor cross-border traders.* Poor women cross-border traders are currently viewed negatively by policy makers reflecting the misconception that they are an important source of revenue loss. This in turn means that there has been little effort to improve the condition of the infrastructure at the border crossings they use and a lack of effort to bring discipline and order to the officials who regulate these borders. The vast majority of these traders are entrepreneurs who would like to invest and grow their business and emerge from their current survival mode if stability and security could be provided and policies at the border were transparent and applied in a predictable and fair manner. These traders therefore offer an opportunity rather than a constraint for growth and poverty reduction.

2. *A reduction in the number of agencies at the border and an increase in transparency and predictability of the policy regime.* There is clearly a high degree of uncertainty and ambiguity about the legal rules that apply to cross-border trade and how they are applied in practice. Lack of transparency and consistency in the application of trade rules constrain trade across the borders. The application of simple and fair procedures and reasonable fees would support greater activity and a transition to more organized and formal modes of exchange. The results of the survey suggest a number of practical steps that could immediately be made: all payments made to an official should be recorded and an official receipt provided; payments should be made only at a single, clearly designated building. Agencies at the border that can legally charge fees for services that they provide, such as, the agencies responsible for quality and hygiene, should not be able to levy a charge unless a service is provided. In most cases the services of these agencies are not relevant for small scale traders carrying fruits and vegetables. This should be supported by a dialogue at the provincial and national level on simplification of custom procedures between DRC and

neighboring countries to facilitate trade. The benefits of joining the COMESA free trade agreement and enhancing cooperation through the CEPGL should be given careful consideration as a means of promoting further integration and simplifying the taxation of imports from neighbouring countries.

The government of the DRC has taken steps to address this situation, passing a law stating that only four agencies should be present at the border (customs, immigration, health and hygiene/quality control of goods). However, while there has been some success in implementation, at many borders more than 10 different agencies remain. The customs agency is also developing simplified procedures for the border but again implementation will need to be carefully monitored.

3. *Increased professionalism of officials and greater gender awareness.* Women are under-represented in official bodies at the border and so increasing the number of female border officials is an important step. Nevertheless, lessons show that what is needed are gender-aware officials who appreciate the issues confronting traders, poor women and men alike. More women at the borders may reduce sexual crimes, but that is not guaranteed if they do not have power. Lower-level female officials cannot stop higher placed males and their associates from carrying out gender-based violence. Obvious policies such as only female officers should be allowed to body search women traders should be made mandatory and widely publicized.

There is therefore a need for enhanced training of officials, including workshops to raise awareness of gender issues, not only at the main formal border crossings but especially at the border crossings used by informal traders. This could provide a base for the introduction of performance assessments of officials in which treatment of cross-border traders is a key indicator. It is important to educate and not to shame the

officials to change behavior, to define a clear code of practice and reward those officials who behave in manner consistent with higher standards. Experience from elsewhere, such as customs reform in Senegal, suggests that non-financial rewards, such as widespread recognition within the institution and the wider community through employee of the month schemes, with such awards being kept on the employees file and being a factor in promotion decisions and eligibility for enhanced training can be as effective as direct financial rewards. This would need to be supported but an independent office of complaints which can record and act upon complaints when violations occur.

More generally, as in all post-conflict countries there is a need to address the fundamental issues of governance in public administration and implement effective security sector reform (police, justice and military). The conditions that traders face at the border are in part a consequence of poor wages and often lack of payment and a culture of impunity due to the lack of functioning legal and justice system.

4. *Improve infrastructure at the border crossings used by informal traders.* Both the transport infrastructure and the (lack of) buildings used by officials need to be rehabilitated, including the provision of basic facilities for officials such as electricity and water. Work is required to minimise the risks to safety and security that arise from the dilapidated infrastructure and to provide an open and transparent area for officials and traders.
5. *A strategy for integrating poor entrepreneurs into the formal economy.* First and foremost is the need to increase the representation of these traders through traders associations to ensure that their interests are properly represented in public policy. It is also necessary to address key concerns of these traders regarding their lack of access to finance, lack of information on prices and business opportunities and

training in basic business practices. It would also be interesting to further investigate the potential beneficial impact of providing warehousing facilities close to the border and the development of cross-border markets building on the knowledge of the success of bazaars, for example, in central Asia (World Bank (2010))

References

International Alert (2010) “La Traversée: Petit commerce et amélioration des relations transfrontalières entre Goma (RD Congo) and Gisenyi (Rwanda),” report, June 2010.

Integrated Food Security Phase Classification (IPC), July 2009

Ugandan Bureau of Statistics and Bank of Uganda (various). “The Informal Cross Border Trade Survey Report.”

World Bank (2010) *Skeins of Silk: Borderless Bazaars and Border Trade in Central Asia*, Washington DC

About the Authors

Paul Brenton and Shiho Nagaki are from the World Bank, Celestin Bashinge Bucekuderhwa and Jean-Baptiste Ntagoma are from the Catholic University of Bukavu, Caroline Hossein is an independent consultant This work is funded by the Multi-Donor Trust Fund for Trade and Development supported by the governments of the United Kingdom, Finland, Sweden and Norway. The views expressed in this paper reflect solely those of the authors and not necessarily the views of the funders, the World Bank Group or its Executive Directors.

Notes

¹ It is estimated that current agricultural output in the DRC may be less than 50 percent of the level in 1997 (IPC(2009)). Thus there would be a large increase in output just in achieving previous levels of output in addition to the scope to increase productivity and output way beyond this level.

² A crude comparison of data on formal trade from COMESA's COMSTAT and estimates of informal trade by the Uganda Bureau of Statistics suggests that informal trade in agricultural products may be as much as 5 times higher than recorded trade for the DRCs trade with neighbours in the Great Lakes region. For Rwanda informal trade with the region is estimated to be in the region of 25% of formal trade while it is 55% for Uganda.

³ International Alert (2010) provides information on the border crossing between Goma and Gisenyi and is one of a few studies that have looked at cross-border trade with the DRC. The Government of Rwanda has recently supported a study of informal cross-border trade while the Uganda Bureau of Statistics has for a number of years been surveying informal cross-border exchange.

⁴ The situation has been transformed on the Rwandan side of the border where significant construction has delivered new customs and immigration buildings, improved roads and street lighting.