Informal cross-border trade for empowerment of women, economic development and regional integration in Eastern and Southern Africa

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# Project details

<table>
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<th>What?</th>
<th>Development Account project 1617J</th>
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| Why?         | To leverage cross-border trade for women empowerment:  
|              | ➢ Addressing gender-specific trade barriers; and  
|              | ➢ Tackling supply-side constraints |
| Where?       | ▪ Mwami/Mchinji (Zambia/Malawi)  
|              | ▪ Kasumulu/Songwe (Tanzania/Malawi)  
|              | ▪ Tunduma/Nakonde (Tanzania/Zambia) |
| How?         | ▪ Desk research  
|              | ▪ Field investigation  
|              | ▪ Piloting of micro-schemes    |
| When?        | 2016-2019                         |
Characteristics of ICBT

- Unrecorded business transactions undertaken across borders (includes under-invoicing, misclassification)
- Estimated 30 - 40% of total regional trade
- An estimated 70% of ICBTs in Sub-Saharan Africa are women
- Source of employment and livelihood for the poor in border areas, often the only option to generate income
- Contributes to food security: food items and livestock account for the bulk of informal exports
Why informality?

- **ICBT → small scale trade**
  - Small transactions, subsistence traders

- **Costly, rigid and burdensome customs procedures:**
  - Multiple fees and taxes at border posts, including informal taxes
  - NTB: customs documentation, immigration procedures, SPS, inspection requirements, duplication of functions among agencies

- **Harassment at the border:**
  - Female traders particularly vulnerable to GBV at border crossings (bribes / sexual favors demanded by customs officials to avoid arrest or confiscation of goods; lack of border infrastructure)

- **Lack of awareness of rights and responsibilities:**
  - e.g. regarding trade facilitation measures such as Simplified trade regimes (STR)
Reported frequency of risks from a survey of 181 traders at 4 border posts between DRC, Burundi, Rwanda and Uganda (World Bank, 2010)
Supply-side obstacles

Lack of organization - Only a minority of cross-border traders is organized through associations or cooperatives.

Poor transport for access to markets: majority use bus or shared taxis, a significant proportion on foot

Limited access to finance - 80% of traders use informal sources

Storage and market infrastructure: post-harvest facilities, lack of market infrastructure at borders (street selling as only option).

Lack of scale and low productivity: goods generating low profits; lack of value added; lack of diversification
What’s next?

**Fact-finding mission**  
11-28 October 2017  
Qualitative data collection: interviews & surveys at border crossings

**Finalization of desk research**

**Design & piloting of micro-level schemes to enhance female ICBT at the 3 borders**

**Generate concrete lessons and best practices that could be scaled-up**
Thank you for your attention