TOPIC: WOMEN AND INFORMAL CROSS BORDER TRADE IN TANZANIA

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Abstract

As Regional integration continues to grow in Africa, trade is one of the factors that contribute to regional integration. In trade, mainly informal trade contributes to a large extent to regional integration in the cross-border areas. This study focused on the contributions of Tanzanian women in the form of informal trade to regional integration in the East Africa region. In spite of widely conceived variables promoting trade across Africa, women’s contributions have been rather neglected or undermined. Therefore, this study aimed to elicit various contributions of women to informal trade in Tanzania. It also analyzed different bottlenecks impending trade facilitations across trans-borders of Tanzania: security issues, financial challenges and payment of customs duties. Primary and Secondary data was be collected and analyzed from secondary sources through descriptive statistics (simple percentage).

Key Words: Regional Integration, Border, Cross Border Trade, Informal Trade

1. INTRODUCTION

Background of the study

The East African community is an intergovernmental organization of Republics of Burundi, Kenya, Rwanda, South Sudan (which recently joined) Uganda and united Republic of Tanzania, with its Headquarters in Arusha, Tanzania. Protocol for establishment of the EAC was signed in 1999 and came into force in July 2000. In Article 5 (2) of the Treaty stated that; “the partner states undertake to establish among themselves a Customs Union; a Common Market; subsequently a Monetary Union & ultimately a political federation. Common market was
established in 2010. Meanwhile the Monetary union-protocol presently ratified by Rwanda, Burundi & Tanzania (Kasanja, 2006).

It is estimated that over 30% of the gross domestic product of 37 African economies comes from the informal economy, apart from South Africa where it constitutes about 28% of GDP (Schneider, 2006). In Tanzania, this informal economy constitutes about 40% of GDP (Mbilinyi & Mutalemwa, 2010). In comparison to East African regions, Tanzania is on top of Kenya 36% and Burundi 39% while it lags behind of Rwanda and Uganda by 41% and 45% respectively. It corresponds largely with the Micro, Small and Medium Enterprise that are seen as semi-organized and unregulated (Ogolo, 2010).

The informality refers to the status of the trader (unregistered), not necessarily to the trade itself (captured or unrecorded by the official customs system). Informal cross-border trade has discrete gender impacts: in major cross-border posts within East Africa, women account for a high percentage of informal traders. This female-intensive sector has broad poverty and development ramifications. It constitutes a vital source of employment and livelihood for the poor, in particular for low-income and low-skilled women, in border districts.

Informal trade has played a great role in region integration between these countries especially in cross-border areas in which are mostly done by women. According to Women Informal cross Border Traders: Opportunities and Challenges in the East African Community state that Since 1999, almost twelve years of the EAC integration process, little attention has been paid to gender and development, despite the fact that women in the EAC region have been at the forefront of cross border trade. Informal cross-border trade (ICBT) has been estimated at up to 60% of all intra-regional trade and women are said to compose up to 80% of all informal cross-border
traders. Most of Informal trade includes agriculture products, food stuffs such as vegetables, fruits, maize, and milk, also textile, cloths, and medicine (EASSIA, 2012).

Furthermore, if properly supported, it can generate significant rural non-farm income and become a catalyst for value chain creation and support in rural areas. If these benefit and other gender-specific constraints are effectively tackled, informal cross-border trade can turn into a vibrant micro-entrepreneurial reality with significant potential to help alleviate poverty, contribute to food security and empower women. In turn, it can lower rural unemployment and slow rural-urban migration, while empowering women (United Nations Conference on Trade and Development, 2013).

1.2 Problem Statement

Women informal cross border traders (WICBT) are key economic actors and their activities should be viewed as a range of the formal sector, because they pay taxes, create wealth and employment, reduce poverty and contribute to regional integration. Unfortunately, women informal cross border traders still suffer from invisibility, stigmatization, violence, harassment, poor working conditions and lack of recognition of their economic contribution. By ignoring women’s informal trading activities, Tanzania and African countries in general are neglecting a significant proportion of their trade. There is need to address the issue of informality in mainstream trade policy making and to strengthen the notion that women informal traders are also an important client of trade and regional economic communities (Ghils, 2013). It is about time for women to be recognized and these challenges to be addressed. In that respect the study attempts to investigate the contribution, the challenges faced and propose a way forward.
1.3 Objectives

General Objective
The main Objective is to analyze the contribution of women in informal cross border trade in the EAC

Specific Objectives
i. To examine the role of women in informal cross border trade in EAC
ii. To analyze the challenges facing women in informal trade
iii. To propose recommendations on how to better integrate women through inclusive Regional Integration policies and processes.

Research Questions
i. What is the role of informal cross trade in EAC?
ii. What is the role of women in informal trade in the EAC?
iii. How to better integrate women through inclusive policies and processes so as to maximize the benefits of Regional Integration in the EAC?

1.4 Scope
The study will be limited within the entire geographical zone of East Africa mainly in Tanzania across the border areas. Tanzania has been chosen mainly because of their geographical closeness and the fact that it is one among the countries that originally started and formed the East African Community, whereby with this study we can highly examine the role and contribution of women’s informal trade in the integration processes.

1.5 Justification
The Primary aim of the study is to examine the role of women in informal trade and their contribution to the integration process. Therefore this study will assist the policy makers in formulating the effective policies on trade, informal trade and gender in order to develop
economically and to strengthen the integration process. Moreover this study will contribute knowledge in the field of regional Integration.

1.6 Definition of Key terms

**Cross Border Trade** is the buying and selling of goods and services between businesses in neighboring countries with the seller being in one country and the buyer in the other country (Business Dictionary online, 2011).

**Informal trade** can be defined as the sector of the economy that does not comply with the labor market legislation and does not provide worker’s benefits. Informal trade here means trade that is not recorded officially by customs at the border and does not necessarily mean illegal trade (Pavenik, 2003)

**Regional Integration** can be described as both a process and an end point state, whereby countries pool their resources together with a view to creating a larger and more open economic expected to benefit member countries. Basically, the process of economic integration may take any of the following forms, each of which will represent a different stage of the integration to its logical conclusion: Preferential Trade Arrangement (PTA), Free Trade Area (FTA), Custom Union (CU), Common Market (CM) Economic Union (EU), Monetary Union (MU) and Political Union (PU).The process of integration should be voluntary and consensual. (Biswaro, 2012).

**Border** is the line that separates a countries, state, or which is between two countries or regions is the dividing line between them. Sometimes the border also refers to the land close to this line. (Collins English Dictionary online, 2011).
2. LITERATURE REVIEW

2.1 The role of women in informal cross border trade in EAC

According to ILO report in 2004, 70% of informal cross border traders are women in the SADC region. In some African countries informal regional trade flows represent up to 90 percent of official flows. The contribution of women informal traders to national GDP amounts to 64 percent of value added in trade in Benin, 46 percent in Mali and 41 percent in Chad. Trade is the most important source of employment among self-employed women of Sub-Saharan Africa providing 60% of non-agricultural self-employment (Charmers, 2000). The theory suggests that emphasizing cooperation in order to find solutions according to a specific need or function creates the basis for a thickening web of structures and procedures in the form of institutions. These institutions would include the pillars such the Customs Union, the Common Market Protocol which is aimed at benefiting the local citizenry of the EAC. Successful cooperation is when one functional setting enhances the incentive for collaboration in other fields. That is to say, when tasks in specific functional areas are successfully completed for example if the Customs Union is successful; attitudes favorable to cooperation in other sectors such as the Monetary Union may be developed. International integration, the collective governance and interdependence between states develops its own internal dynamics as states integrate in limited functional, technical, or economic areas under the functionalism theory. In the EAC integration, the states came together with an aim of widening markets and enhancing the lives of their people.

2.4 Challenges facing women in informal trade

Women in cross border faces a lot of challenges, despite their substantive economic contribution, small scale trade women are invisible in trade statistics, policies and regulations and in the GDP of their countries. There is only scarce and reliable data about the Informal cross trade because of
this lack of recognition. The vicious cycle of invisibility, informality and violation of rules and regulations will only be interrupted when more data become available and when governments, border police officers and agencies involved in trade recognize that women cross border traders create wealth, contribute to poverty reduction, employment creation and regional integration in a considerable way (Laub et al., 2016).

Some of challenges facing women in Cross borderer includes Lack of knowledge of trade regulations, procedures and their rights hence they face a lot of mistreatment from some of custom officials who to take advantage of the women’s ignorance and exploit them in various ways. Vulnerability during travels and at the borders whereby they safe security issues compare to men whereby many women report cases of sexual harassment and violence such as rape, imprisonment and confiscation of goods.

2.3 Ways to better integrate women through inclusive Regional Integration policies and processes.

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 trader. Challenges to free and profitable participation in trade have to be identified and documented (Yusuff, 2014)

Article by UN Women suggests that, they should draw up coordinated national policies which favor cross-border traders, including women: as we have already emphasized, small cross-border trade 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 industry and trade, fiscal services, the ministry responsible for gender equality and the finance ministry, etc.) as part of efforts to promote this type of trade and combat poverty. One possibility would be to set up inter-ministerial working committees to address these issues. Greater coordination and collaboration between national institutions from the different countries is also important (Titeca & Kimanuka, 2012).

According to the Article Women and Trade in Africa: Realizing the Potential, argues that, Strong legal and institutional reforms are needed to improve the experience of women in cross-border trade. One key problem is inadequate implementation and enforcement of the law. In this regard, government institutions must be capable of carrying out the law and willing to do so and to work with supporting organizations that can effectively advocate for better conditions. Eliminating a culture of discrimination or violence against women within a border agency requires training and a zero-tolerance policy for violations. In addition, women traders must be equipped with a rigorous understanding of their rights and of legal processes (Ityavyar, 2013).

Easing those constraints could increase opportunities for formal cross-border agricultural trade by women and has the potential to generate economic growth and promote food security as well as reduce poverty among vulnerable households (USAID 2012a).

EAC should facilitated a mechanism across the region by which member states may address rampant corruption, theft, intimidation, harassment and general disruption of trade by women traders by illegal means but using state power (even though without authority). There should be put in place a uniform mechanism of posting and identifying state agents and traders empowered to ask for identification. States should investigate allegations of shadowy figures who appear to act with the full force of the state even allegedly 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 officers not behaving (Masinjila, 2009)

2.4 Theoretical Framework

In this study Theory of Functionalism will be used, this theory was the original work from Emile Durkheim, which talks about social orders and also interprets how each part of the society contributes to stability and wholesome of the society, that is each part of the society has a role to play (Garza, 2006). According to David Mitrany there is also another the key figure associated with this theory. Unlike the self-interest of nation states that realist see as a motivating factor, functionalists focus not only on common interests and needs shared by states but also by non-state actors in a process of global integration. The theory proposes that human society is like an organism and is made up of structures called social institutions that are the survival of the society is dependent and interdependent. The theory suggests that emphasizing cooperation in order to find solutions according to a specific need or function creates the basis for a thickening web of structures and procedures in the form of institutions.

Therefore in relation to this study on Women and Cross Border Trade, women in cross border trade have a great role on the integration process and citizens are important part of regional integration as it was explained in the functionalism theory that society is like an organism and is made up of structures called social institutions that are the survival of the society is dependent and interdependent. It further explains that theory suggests that emphasizing cooperation in order to find solutions according to a specific need or function creates the basis for a thickening web of structures and procedures in the form of institutions. That is, Government and the regional block,
East African Community should find ways of dealing with challenges facing women in cross border trade so as to maximum the integration processes.

2.5 Conceptual Framework

Conceptual Framework is a research tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny and to communicate this. When clearly articulated a conceptual framework has potential usefulness as a tool to assist a researcher to make meaning of subsequent finding. It forms part of the agenda of negotiation to be scrutinized and tested reviewed and reformed as a result of investigation (Guba, 1989). In this study the conceptual framework will represent different variable concerning the topic.

**Figure 2.1: Conceptual Framework**

- **Women’s Contribution**
  - Job creation
  - Trade development
  - Poverty alleviation
  - Contribution to integration

- **Challenges Facing Women**
  - Travelling risks, insecurities
  - Sexually Harassment
  - High Cost of transport
  - Bribery

- **Ways to Address the Challenges**
  - Awareness, sensitization
  - Gender Equity
  - Taxation policies to be harmonized

Cross Border trade

Source: Researcher’s Own Construct (2018)
3. **METHODOLOGY**

Study entirely based on secondary sources of data collected and analyzed using a combination of interpretation and constructivism to guide the qualitative method of research. Analytical part of the study was presented by using graphs and charts.

### 3.1 Study Area

In this study the area focused on the border areas, Arusha-Namanga on the border of Tanzania and Kenya, also Mutukula on the Boarders of Tanzania and Uganda and Kanyaru on the borders of Tanzania and Rwanda.

### 3.2 Research Design

The research design used in this study is descriptive design. A descriptive research design is describes of the state of affairs as it exists and the researcher reports the findings as described or discovered from the field with interest of providing more insights on the focused area of study (Kerlinger, 1986).

This study also includes both qualitative and quantitative approach. This design is suitable for this study because it involve a systematic collection and presentation of data to give a clear picture of a particular situation.

### 3.3 Target Population

The target population of this this study will be small business owners across border areas especial women, custom officers, and trade unions, as well key informants, officials from the East Africa communities.
4. DATA PRESENTATION AND ANALYSIS

4.1 Frequency of cross border trade

Most women conduct cross border trade - bringing in or taking out commodities across borders - on (roughly) monthly basis followed closely by those who do so, on a weekly basis. This is an indication that there is frequent travel for trade purposes by women across the borders. 7.2% cross the border on a daily basis (EASSI, 2012).

The frequency is determined by need for more goods and also seasonal availability of say agricultural produce. Traders who buy and re-sell to other traders with retail outlets were said to be the most frequent travelers since they act as suppliers and their income depends on how frequently they can keep up with demand and supply. This shows that women contribute to trade and integration due to frequent involvement.

Graph 4.1 Frequency of trade done by women in cross border trade

![Graph 4.1 Frequency of trade done by women in cross border trade](image)

Source: Author

According to the information in graph 4.1 it shows that there is a lot of frequent trade movement especially on the weekly and monthly bases, which shows that the movements pays a great role in the integration process as well as revenue due to taxes and custom duties.
4.2 Challenges facing women in informal cross border trade

Studies in East Africa have shown that female cross-border traders are forced to pay larger bribes than their male counterparts or must provide sexual favors to avoid detention by the border guards or confiscation of their goods (Higgins and Turner 2010). Graph 4.1 shows different challenges women face in Tanzania across borders with different countries in East Africa.

The biggest challenge faced by women informal cross traders is lack of adequate funds to support businesses. It is affecting 70% of the women. Other key challenges include high taxes (44%), high transportation costs (41%), high competition from big companies (36%) and lack of information on markets (35%) respectively (Graph 4.2) (EASSI, 2012).

However, there is some variation among border posts. For instance at Kanyaru border post the biggest challenge faced by the women informal cross border traders is high taxes while at Katuma it is high transportation costs.

Graph 4.2: A Chart showing the challenges facing women in informal Trade

![Graph showing challenges facing women in informal trade](image)

Source: (EASSI 2012)
Note: Horizontal area is the different borders in East Africa that is Tanzania border with other East African countries such as Uganda, Kenya, Burundi and Rwanda, and in Vertical are areas is the percentage of the challenges.

According to the study made by Eastern African Sub-regional Support Initiative for the Advancement of Women in Graph 4.2, it shows that the most women in most boarders face challenges of Lack of sufficient funds, high taxes which influence corruption, competition as well as lack of stable market and delays due to long processes at the customs office.

4.3 Ways to solve the challenges

Moreover according to the study done by Lisa Mwakisale and Petro Magai, the study further addresses ways to solve challenges women faces across the borders. The findings revealed that 72% of the respondents admitted to pay bribes for confiscated/impounded goods especially women; 14% defend themselves by fighting back. Other traders constituting 8% are paying taxes to avoid disturbances while forwarding cases of robbery and fighting is 6%. Table 2 show methods used to solve problems encountered by these traders (Mwakisale & Magai, 2015).

Table 4.1: Table showing factors affecting women in informal cross border trade

<table>
<thead>
<tr>
<th>Methods used to solve problem</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paying Bribes for confiscated/Imported goods</td>
<td>66</td>
<td>72.0</td>
</tr>
<tr>
<td>Paying Taxes to Avoid Disturbances</td>
<td>11</td>
<td>8.0</td>
</tr>
<tr>
<td>Defending oneself by fighting back</td>
<td>19</td>
<td>14.0</td>
</tr>
<tr>
<td>Forwarding cases of Robbery and Fight</td>
<td>4</td>
<td>6.0</td>
</tr>
</tbody>
</table>

Source: (Mwakisale & Magai, 2015)
According to the data in Table 4.1 it shows that there some initiative done by women to solves some of the challenges they face especially by paying bribe which is up to 72 percent and Defending oneself which is 14 percent, even though the initiatives may not be idea especially for paying bribes, but some ways are the first step to address the challenge.

On the policy efforts made, the study further explained that Tanzania has committed itself to the global policy objective of promoting gender equality and the empowerment of women, as shown by the ratification of various international and regional declarations and the establishment of a policy and institutional framework. Subsequently, Tanzania prepared a National Gender Policy in 1999 that was revised in 2002. This national policy aims to provide guidelines for developing gender-sensitive plans and strategies in all sectors and institutions, while emphasizing equal opportunity for men and women.

In the specific case of trade policy, gender is reflected as one of the critical aspects and is recognized as a cross-cutting issue. However, the policy does not identify specific programs or interventions that reflect that emphasis.

5. Conclusion and Policy Recommendations

5.1 Conclusion

Women in cross border trade plays an important role in trade and regional integration, it’s also important for the government and policy makers and officials to recognize their role and ensure that rule and regulations governing trade are clear, predictable and widely available at the border. Prioritize the harmonization of trade documents and regulatory requirements, since it will benefit women in trade given the time and mobility constraints that arise from household responsibilities. It’s also important to provide awareness about regional integration to women.
traders across border areas so that they can get to understand how one can benefit from East African Community and Regional Integration. As well as to design intervention to develop trade in ways that ensure that women benefit, help women to address the risks that they face in their trade related activities.

5.2 Recommendations
Moving forward with recognized women contributions through informal trade, and well-integrated EAC, also ways to deal with challenges facing women in informal cross border trade. Following are some of the recommendations which can help in the future functioning and relevance of cross border trade together with well-being of its women trades, so as to contribute positively to the integration process.

i. There should be gender equity consideration in EAC Custom union protocol and EAC custom market protocol and relevant laws.

ii. There should be women awareness creation on trade policies and opportunities in East African Community (EAC). This can be done through sensitization, local meetings or workshops to educate and inform these women in the importance of cross border trade.

iii. Taxation policies should be harmonized to enhance networking, organization, knowledge and information sharing among women in informal cross border trade in EAC.

iv. Tanzanian Government and East African Community (EAC) should also provide fund and financial assistance to women in informal cross border trade.

v. Tanzanian Government and EAC should fight against violence and harassment of women in cross border trade through awareness, rising campaigns and providing a legal service and counseling.
vi. Participation of women in informal trade should be recognized and challenges that impede them from their effective participation in cross border trade.

vii. Women trades should be empowered since they play a great role in integration. Women are still disadvantaged compared to men and due to lack of knowledge on custom union policies put these women on challenging position.

viii. Policy makers should not overlook women's contribution to trade and integration and the challenges facing them. Trade related policies should be gender sensitive and inclusive.

ix. There should be gender sensitive and empowerment especially on social welfare issues which includes women safety and security.

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