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# CASE STORY ON GENDER DIMENSION OF AID FOR TRADE

**Women Informal Traders Transcending African Borders: Myths,  
Facts and Ways Forward**



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## 1. Issues Addressed

Informal cross border trade (ICBT), also referred to as parallel trade is informal but with implications for the larger national and global economy. In Africa the parallel/informal economy seems much larger than the formal economy in terms of share and impact (GDP, employment etc). It is argued that the real integration process of Africa is taking place in ICBT more than in formal trade and populations of Africa are much more at ease in informal trade. There is often suggestion in the literature that the informal/parallel economy, including ICBT is Africa's **'Real'** Economy. Recent research has shown that informal cross border trading activities have cushioned the effects of the financial crisis and the food crisis on African countries. A 'Rapid Impact Assessment of the Global Economic Crisis on Uganda' conducted by ILO in 2009 has shown a dramatic increase in informal exports from Uganda to neighbouring countries (DRC, Kenya and Sudan) while official exports declined from US\$ 854 million to US\$ 714 million between the first half of 2008 and the first half of 2009, a reduction of 16%. The report notes that informal exports of industrial products rose from US\$ 475 million to US\$ 963 million between the first half of 2008 and the first half of 2009, and that agricultural exports including beans, maize, sugar, and other grains also expanded across the board.

In Africa, informal cross border trade features prominently among women's individual strategies for self employment, poverty reduction and wealth creation:

- A 2004 ILO study showed that trade is the most important source of employment among self-employed women of Sub-Saharan Africa providing 60% of non-agricultural self-employment.
- Official sources report an average value of informal cross border trade in the SADC Region of US\$ 17.6 billion per year<sup>1</sup>. Informal Cross Border Trade contributes for 30-40% to intra-SADC Trade. Seventy percents of informal cross border traders are women.
- In West and Central Africa, women informal cross border traders "employ 1.2 people in their home businesses; support on average 3.2 children as well as 3.1 dependants who were not children or spouses." (Oculi n.d.: 8).

○ The UNIFEM baseline studies on WICBT carried out in 2006-2009 have evidenced that women's trading activities contribute to poverty reduction, employment and wealth creation in Africa as shown in the tables below:

**Percentage of traders by major/main source of income for family**

	Zimbabwe		Liberia		Swaziland		Tanzania	
	Male	Fem	Male	Fem	Male	Fem	Male	Fem
ICBT	64	83	96	91	85	48	24	60
Spouse formal employment	25	0	1	3	0	20		
Spouse informal employment	6	0	0	0	0	8		
Salaried employee							2	8
Farming	0	0	3	4	0	5	64	28
Remittances	0	0	0	0	0	3		
Other	6	17	0	2	15	18	10	2
Total	101	100	100	100	85	68	100	100

<sup>1</sup> Southern Africa Trust, August 2008

**Percentage of traders by reason for engaging in ICBT and sex**

	Zimbabwe		Liberia		Cameroon		Swaziland		Tanzania	
	Male	Fem	Male	Fem	Male	Fem	Male	Fem	Male	Fem
Income	63	61	65	70	33	86	64	75	71	81
Employment	29	53	40	33			70	50	69	79
Food security	37	25					12	33		
HIV/Aids	3	0					0	0		
Share ideas	9	3	3	3	10	47	3	8	5	8
Other					15	36	6	3	2	8

**Percentage of traders by use of income from cross-border trading and sex**

	Male	Fem	Male	Fem	Male	Fem	Male	Fem	Male	Fem
Reinvest in business	77	69	79	79	18	17	67	75	52	26
Food for household	89	78	68	69	20	20	73	76	88	87
Personal effects	51	64			11	12	73	55	76	66
Rent	51	67	68	69	13	14	30	20	33	38
School fees	51	53	36	36	15	16	30	60	76	81
Household gadgets	46	44			4	2	27	18		
Health care services	29	22	72	70	17	18	33	30	71	72
Build a house			70	64					40	23
Save in susu club			33	30						
Save in bank			41	42						
Other					2	1	15	3	18	9

Despite their evident contribution in African economies, WICBT suffer from various forms of violence such as verbal abuse, sexual harassment, rape, imprisonment, confiscation of goods, corruption, stigmatization and invisibility. Their operating environment is characterized by a lack of adequate services such as banking services tailored to their needs, currency exchange bureaus, storage, affordable accommodation, adequate transport and shipping, etc. Their realities are not adequately captured by mainstream trade institutions and policies.

## **2. Objectives Pursued**

The objective of the programme is to unleash the potential of WICBT to transform African economies. It is geared at securing access of WICBT to relevant information on regional trading agreements and protocols, key services and adequate working conditions, making their contribution more visible and increasing the profitability of their activities.

## **3. (For projects and programmes: Design and Implementation)**

The programme was designed and implemented in two phases:

- 2006-2009: Phase 1 focused on research on WICBT to better understand their socio-demographic characteristics, their operating environment, the constraints that they face, their strategies to overcome them, etc.
- 2010-2013: Phase 2 is action oriented, based on the findings of the baseline studies. It is articulated around three pillars: (i) Direct support to WICBT; (ii) Policy work with RECs and Government institutions to strengthen their accountability to deliver better services to WICBT; (iii) Knowledge sharing on WICBT to make their contribution visible and fight stigmatisation.

#### **4. Problems Encountered**

- The data collection process was at times challenging due to the reluctance of WICBT to talk openly about their activities and to denounce corruption in front of customs officials.
- Given the lack of formal registration of WICBT, support to their activities is difficult to channel. Therefore UNIFEM is encouraging them to join associations of WICBT that can safeguard their rights and increase their voices in trade processes.
- It is challenging to address the numerous risks faced by WICBT such as:
  - Health risk which includes staying in overcrowded, unhealthy and cheap accommodations, poor nutrition practices in an effort to minimize costs in the country of destination etc;
  - Time poverty due tight work schedules in both the country of origin and that of destination. This is addition to their usual social and economic activities in the family and community at large;
  - Security risk in the country of destination due to thieves, harassment by both the public and authorities, xenophobia, etc;
  - Risk of accident as they resort to cheaper forms of transport;
  - Social reproduction risk which includes reduced care of family particularly young children;
  - HIV and AIDS risk due to VAW and prostitution.

#### **5. Factors for Success/Failure**

Given the complexity of the ICBT operating environment, any meaningful initiative should adopt a multidimensional and multi-stakeholder approach involving all relevant actors. For instance, addressing issues facing WICBT in Zimbabwe requires engaging numerous actors situated at different levels of accountability: Ministry of Industry and International Trade (MIIT); Ministry of Finance (MOF); Ministry of Women Affairs, Gender & Community Development (MOWAGCD); Ministry of Economic Development (MOED); Ministry of Public Service, Labour and Social Welfare (MPSL&SW); Ministry of Small and Medium Enterprise (SME) Development; Central Statistical Office (CSO); Reserve Bank of Zimbabwe (RBZ); Zimbabwe Trading Cooperation (ZIMTRADE); Zimbabwe Revenue Authority (ZIMRA); Zimbabwe Immigration Department; Zimbabwe Association of Microfinance Institutions (ZAMFI) and Small Enterprise Development Corporation (SEDCO); Small Enterprise Development Corporation (SEDCO); Zimbabwe Cross Border Traders Association (ZCBTA); Zimbabwe Chamber of Informal Economy Associations (ZCIEA); Confederation of Zimbabwe Industries (CZI). Other key actors include COMESA, SADC, UN agencies working on ICBT (IOM, ILO, etc.), NGOs, etc.

#### **6. Results Achieved**

The baseline studies have brought conceptual clarity on the ICBT sector, with a clear identification of demands from WICBT to various actors. Key results of the programme include:

- Greater visibility on the contribution of WICBT to wealth and employment creation, poverty reduction and regional integration;
- The establishment of a WICBT association in Liberia;
- Strengthened linkages between research, capacity building and policy advocacy on ICBT;
- Multi-stakeholder consultations led to the elaboration of action plans tailored to each sub-region or country: For instance the action plan for Central Africa focused on ICBT and Peace and Security and the secretariat of the initiative is hosted by the International Conference on the Great Lakes Region and the Economic Community of the Great Lakes Region; In Mali, the focus is on ICBT and HIV Aids as a UNAIDS study has shown greater prevalence among street vendors; South Africa is implementing the programme from the perspective of a green pasture economy attracting WICBT from neighbouring countries, etc.

## 7. Lessons Learned

### ***There is need to do away with the dual categorization of trade between formal and informal trade***

ICBT does not take place in a vacuum, but rather within a broader trade and development context at international, regional and national levels. It is evident that International Production Networks (IPNs) and Global Value Chains (GVCs) firms seek to minimise production costs by dividing the entire production process into a number of sub-processes and by locating each sub-process in a country where that particular sub-process may be performed most efficiently or inexpensively (Lee, 2002 cited in UNIFEM baseline study on WICBT in Southern Africa, 2009). Thus there is dispersed production across a long chain of suppliers, contractors and industrial outworkers in *global value chains* (UNIFEM 2005). In reality ICBT is part and parcel of these IPNs and GVCs in the sense that production and distribution may actually be taking place under highly informal conditions by dispersed informal producers and traders. For example, Chinese products are now being traded by WICBT across Africa. Handcrafts produced informally by women in Africa are sold in trendy boutiques in Northern countries (e.g. baskets from Rwanda are sold by Macys, one of the biggest department stores in the United States). During the economic downturn in Zimbabwe where grocery shops faced challenges in getting their regular supplies, WICBT went to purchase the needed items from South Africa which they sold to the grocery stores who availed them to their customers. These examples demonstrate that formal and informal trade should be viewed as a continuum from small traders to large traders, and that WICBT should also be viewed as an important constituency of Regional Economic Communities, Ministries of trade and other government institutions. Because they create wealth and employment, ***WICBT deserve the same tax reduction incentives as those given to multinationals.***

### ***What are the demands of women informal cross border traders and who should respond to them?***

WICBT made specific demands to Governments, Regional Economic Communities, NGO, the Private sector and development partners during the UNIFEM baseline studies. These are as follows:

- **Governments** should recognize ICBT and put in place supportive government policies and regulations in relation to this sector; facilitate the provision of financial assistance to ICBTs and access to credit; **support the establishment and consolidation of efficient ICBT Associations as a way of formalizing/semi-formalizing ICBT**; set up offices in government specifically handling ICBT; improve trading places and accommodation for ICBTs; **recognize the contribution of ICBT to economic development**; speed up the effective implementation of regional trading agreements; **do away with the passport requirement** in a free trade area (FTA) (however, in the meantime there is need for an efficient passport issuing system); provide a **formal business identification documentation for ICBTs**; **provide a conducive environment at border posts** by establishing banking, storage and adequate water and sanitation and food catering facilities; **establish a favourable import and export duty regime** in which licensed small traders are charged less duty compared to established businesses; guarantee security at border level; facilitate **business linkages** between ICBTs and established companies; and **improving data collection on ICBT** in the region in order to capture the contribution of ICBTs to economic development as well as to inform policy makers on the activities and challenges of this sub-sector.
- **RECs should promote continuous regional dialogue on ICBT** by governments in the region to address identified problems and constraints especially in the areas of safe trading places, accommodation and ware houses among others; **work with Government and development partners to provide affordable regional warehouses and cloak rooms** at border posts in order to provide goods security and trade convenience to ICBTs.
- **The private sector** should provide financial assistance to ICBTs; provide affordable and reliable transport; facilitate the formation of women's ICBT associations; empower women in business skills through training; and provide trading places and affordable accommodation, among others.

- **The civil society, NGOs and donors** should: provide **Empowerment through skills development** of WICBTs in product value addition, business management including record keeping and procedures required at the border posts; **Eliminate violence and harassment** of traders through awareness campaigns, encouraging traders to exercise more responsible social behaviour and to discourage xenophobia as well as to tighten law enforcement; support the construction of decent accommodation, trading places and provision of safe transport for traders; and support women's ICBT associations to campaign against harassment and provide counseling, among others.

#### **8. Conclusion (applicability to other programs)**

The programme should be upscaled to cover all African countries. UNIFEM is engaging various actors for building synergies with other initiatives targeting WICBT.