



Trade for poverty alleviation: Women and small traders

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This brief summarises and sets in context the results of the UK Department for International Development (DFID) commissioned independent evaluation of TradeMark East Africa (TMEA) programmes, which included support for lifting barriers to trade specifically for women and small traders. With a focus on the East African Community states (Kenya, Uganda, Tanzania, Rwanda, Burundi and South Sudan), TMEA's programme aims to support poverty alleviation for all, through a range of interventions implemented at national and regional level.

Key messages

- TMEA's interventions on trade facilitation in the corridors (Northern and Southern) reached at least 30,000 women and supported small scale traders over the period 2011-2017. More efforts need to be dedicated to monitoring the distributional impacts of trade facilitation measures on women and small traders in order to assess the indirect effects.
- TMEA supports the development of trade corridors. Over the period 2011-2017, exposure to trade was correlated with reduced poverty incidence for households in Kenya and Rwanda's trade corridors, especially for women led households. Wealthier households benefited more than poorer ones, indicating the need to target the provision of complementary measures so that the bottom poor small traders and women benefit from reduced poverty and inequality from their participation in trade.
- Sustained prioritisation of pro-poor government funding requires political commitment. If benefits of increased government revenues from trade do not translate into inequality reduction, support by countries' population for this political agenda could be lost. Donors could leverage information on how TMEA programmes are increasing government revenues, for instance, in direct advocacy with governments on pro-poor spending.

1 Ensuring trade works for poverty alleviation: focus on women and small traders

Trade is a strategic driver of growth for the EAC countries. Increasing trade volumes and value addition are central aspects of countries' national planning strategies, especially as the objective of the EAC is to ultimately form a fully integrated common economic market.

TMEA's work advocates that trade can contribute to poverty alleviation via three mechanisms: (i). Prices. Increased trade can align local prices to world prices and, in case of increased local prices, benefit net producer households (but negatively impact net consumer households and vice versa in case of decreased local prices); (ii). Employment and wages. As reduced trade barriers open new markets and lower import costs, producers using

imported inputs can benefit and hence employment and wages; (iii). Public spending. Increased trade and associated growth across the economy generates increased tax revenues for the state that can be reinvested into pro-poor public spending – but this is a political decision (Winters et al., 2004)

Attention to who benefits from trade growth and who is included in new economic development opportunities is crucial to achieving the Sustainable Development Goals (SDGs) agreed at the United Nations in 2015. Trade growth can contribute to poverty alleviation and women empowerment if designed to be pro-poor and gender sensitive (UNDESA, 2015). Furthermore, increased earnings made by women are often dedicated to improving nutrition and access to education for children and health services, highlighting the onward benefits increased women participation in trade can make for wider social gains (SDGF, 2015).

In this context, women and small-scale traders (of which particularly women owned traders) represent a group more vulnerable to potential shifts in trade (Otter et al., 2019). Women consistently face structural barriers to access resources and markets and engage in trade in the same way men do, even though they are present at all levels of trade from the informal cross border trader to the formally established owner of a firm engaging in trade. Gender gaps are observed in education, economic opportunities, financial access and in decision-making within the household (UNCTAD, 2018).

2 TMEA interventions for women traders

TMEA's mandate is to increase trade with the objective of reducing poverty, with a specific focus on ensuring that small scale traders – and in particular women - benefit from its work programme. TMEA considers indirect and direct poverty reduction effects from trade, either via increased economic activity (indirect) or via enhanced business competitiveness (direct). Over the 2010-2017 period, trade in the EAC region is estimated to have contributed USD 582 million in welfare gains, of which USD 16.8 million were estimated to be attributable to TMEA's work (Baker et al. 2019).

TMEAs' interventions were guided by principles of greater efficiency. Non-tariff barriers to trade were identified as inadequate capacity and resource constraints as well as high trade costs and transport time. All projects were aligned with the EAC strategic priorities for hard and soft infrastructures to improve integrated border and corridor management.

Within two years of TMEA's establishment, more than 200 interventions were implemented in Kenya, Rwanda, Uganda, Tanzania and South Sudan along geographic trade corridors. The interventions aim at increasing access to physical markets, enhancing the trade environment and improving business competitiveness. They range from supporting the set-up of One Stop Border Post (OSBP) which improve transit and custom clearance time, port improvements, electronic certification, reducing the number of weigh stations along trading routes to training for improved knowledge of taxation and rights for small traders (Smith et al., 2019).

While all TMEA's interventions strive to include gender considerations and ensure participation of small traders, some projects explicitly focus on small scale women traders. These include direct support to women traders at borders as well as to export-ready women entrepreneurs dealing in key sectors. The Box below details TMEA's programmes most directly supporting women to date.

Box 1: Programmes with direct support to women

The Women and Trade (WAT) programme (Allison et al., 2019; Culver et al., 2019 and TMEA, 2018a; 2019)

The WAT programme started as a USD 6 million investment to improve women’s participation in cross border trade in Tanzania, Kenya, South Sudan, Burundi, Uganda and Rwanda. Thanks to renewed funding in 2019 (USD 11 million) by the Canadian government, by 2024, the WAT programme aims to have reached 150,000 women in all EAC countries and in Democratic Republic of Congo.

At the macro system-level, the programme supported increased women representation across levels at decision instances such as border committees and at the EAC secretariat. It also supported women-to-women peer support through the creation of women’s trader associations and the establishment of cooperatives for women to join up and sell competitively at high volumes.

At the micro-level, informal cross-border women traders as well as established women entrepreneurs in cooperatives were targeted for training on key trade processes and procedures such as capacity building on exports requirements, improved understanding on market access and post harvesting technologies. Overall, more than 30,000 women have so far received training on Simplified Trade Regime, which empowered them with knowledge of their rights, increasing self-confidence and ability to do trade. For example, in Uganda, the Manyakabi Area Cooperative formed at 90% of women registered an increase in revenue by a factor of 83 after receiving and implementing the training to export to Rwanda and Kenya.

The Export Growth for Export Ready Firms for Women (TMEA, 2018b; TMEA, 2018c)

TMEA partnered with the International Trade Centre (ITC) on a project to support women SMEs increase their export competitiveness in Rwanda, Kenya, and Uganda. The project had 0.5 million USD in funding and lasted a year and a half in 2017.

The support included business generation opportunities and training women entrepreneurs to increase the value of their international business. Over the year 2017, 23% more full time equivalent jobs were created in the SMEs that received the support across the three countries and about 20% of firms attributed their increased income to the training or B2B mentoring.

3 Key points from the independent evaluation

To assess TMEA’s contribution to direct and indirect poverty alleviation for women and small traders, the DFID commissioned independent evaluation used a mix of qualitative research methods such as interviews, site visits, and focus group discussions, and of quantitative analysis based on national datasets for the period of TMEA’s interventions¹ (Allison et al., 2019).

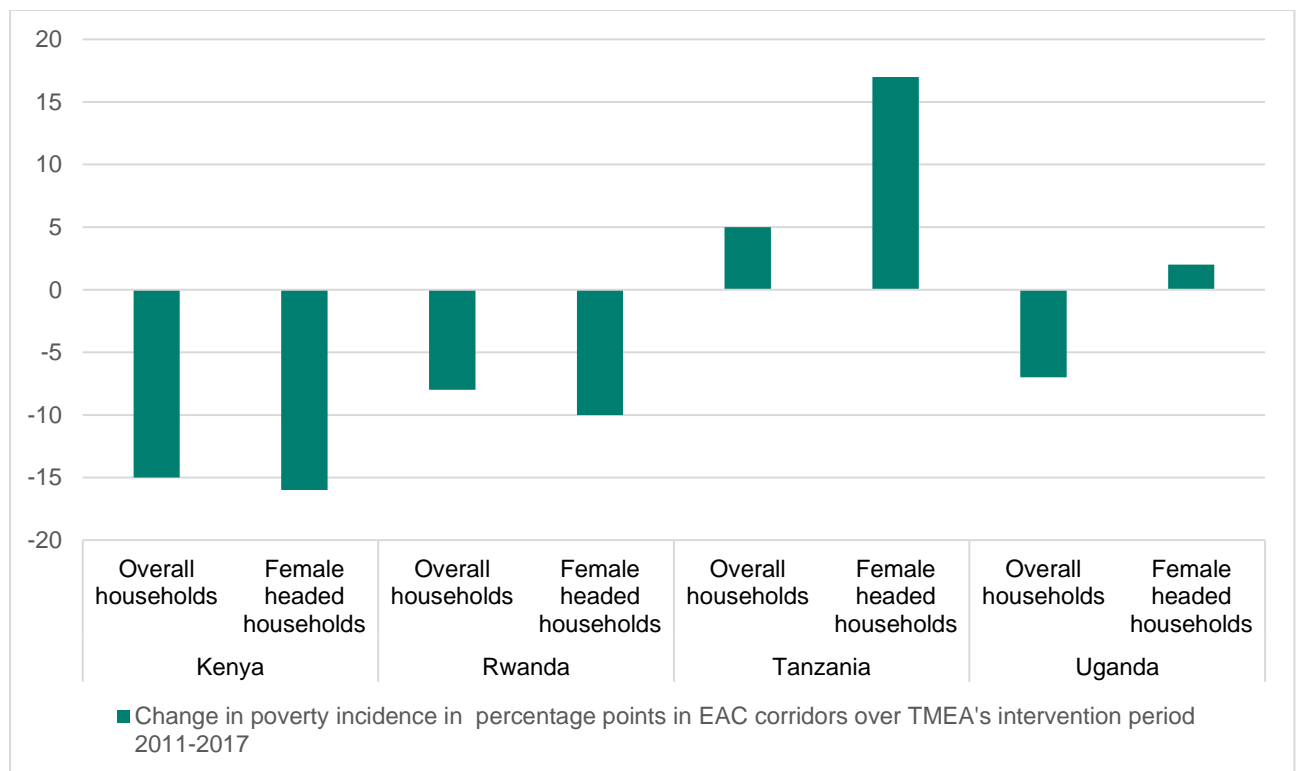
However, the evaluation highlights that, both in the case of the quantitative and qualitative analyses, attribution of effects is not possible. In other words, TMEA might have participated in the observed (in the statistical analysis, attribution was not possible, a common issue in statistics) or claimed (reliance on respondents’ perception in the qualitative analysis) poverty reduction effects. Hence, the evaluation focused on how trade contributed to changes identified in the data (both qualitative and quantitative), rather than ascertaining attribution of these changes solely to trade and TMEA’s programme.

¹ A difference-in-difference estimation model with treatment and control household groups was used. It relied on the assumption that the treatment effect is ‘being exposed to trade’ either because the households are located in the trade corridor, or because the households worked in the tradable sectors.

This said, the independent evaluation found indications that TMEA’s work may have contributed to observed changes in well-being for small scale traders and women. The figure below tracks observed changes in poverty incidence overall for small scale traders and for female headed households in trade corridors as per national datasets over TMEA’s intervention time period.

In most countries, households exposed to trade i.e. located in trade corridors experienced a reduction in poverty incidence overall. Kenya and Rwanda registered, respectively, a 16 and 10 percentage point reduction for female headed households located in trade corridors. However, Tanzania and Uganda incurred an increase in poverty incidence in corridors of 17 and 2 percentage point, respectively. By comparison, poverty incidence reduced, but more slowly, outside of corridors for female headed households in all countries.

Figure 1: Changes in poverty incidence in corridors



Source: Author’s calculations based on Allison et al., 2019.

Detailed findings on changes in well-being observed during TMEA’s intervention period are summarised as (Allison et al., 2019):

Positive changes for whom? – For households whose primary income comes from tradable sectors such as the agricultural, mining, manufacturing, wholesale and retail sectors. In Kenya, employment in the tradable sector was correlated with improved consumption for all households across the different tradable sectors, this held true in Uganda and Rwanda only when the agricultural sector was excluded (see recommendations). In terms of distributional impact, for all countries, it seems that exposure to trade improved income and consumption for relatively wealthier households more so than for poorer households.

Positive changes where? – For households located in trade corridors as location in the corridor was correlated with poverty reduction. Households located in the trade corridors – compared to those outside – had improved opportunities for income

generation in Kenya, Rwanda and Uganda ². Poverty reduction was found to be greater among female headed households than male ones for those located within trade corridors in Kenya. But the reverse held true in Uganda, while Rwanda registered equal incidence on poverty reduction for both types of households located in the corridor. In Uganda, employment structure started to change as households located in the corridor moved from employment in agriculture to services and manufacturing, while outside the corridor employment structure remained unchanged.

Given this mixed picture, it seems that exposure to trade alone cannot solely account for the observed poverty reduction – especially for female headed households - but that patterns of employment and income generation (via wages or non-agricultural sales) were at play as well as exposure to trade.

4. The lessons learned

East Africa's trade potential is undermined by barriers women and small traders face (UNCTAD, 2018). These barriers often push these groups into the informal economy where lack of access to financial services, information and government supported networks further impinge their successes. This situation is compounded by the lack of data and underrepresentation of women and small traders in policy discussions (Brenton et al., 2014). Behavioural changes from policy makers and within the household when it comes to the contribution women make to international trade will be key for their recognition as valuable economic actor (WB and WTO, 2018).

TMEA's approach to trade facilitation for women and small traders relies on the conception that hard and soft cross border infrastructures can support livelihoods out of poverty. While supported in theory, evidence from aid and research programmes has been unclear (Jouanjean et al., 2016; Brühlhart, 2011). Hence the importance of pro-women and small traders design and monitoring of TMEA's projects to better understand the transmission pathways of trade facilitation impacts for these more vulnerable groups.

Since funding from UK Aid and other donors was extended for the period 2018-2023, the evaluation recommendations could be used to improve TMEA's on-going work. Recommendations from the evaluation can be categorised in three domains as summarised below (Allison et al., 2019):

Enhanced project planning

- Appropriate monitoring - Consistent and systematic monitoring and data gathering of TMEA programmes' impacts on women. Embedding a gender focus at the project design stage is key for monitoring of gender disaggregated indicators further down the project's life. Indeed, this is key to evaluate success and compare outcomes for women vs outcome for men traders. At present most gender focused projects only collect data on women, making comparison with men and measurement of any progress towards equality and closing the gender gap impossible.
- Anticipate ripple effects – OSBPs resulted in reduced economic activity for some marginalised informal traders who depend on long lag times and other inefficiencies for their businesses. Anticipation of such effects to prevent further economic marginalisation means that TMEA should engage with local and national government and non-governmental agencies who can offer information about social transfers,

² But this correlation was not found in Tanzania and further research would be necessary to explain such finding.

mentoring for new businesses, training etc. This type of action links to the literature on mitigating risks of changes in trade for the poor (WB and WTO, 2018).

- Post completion monitoring – Tracking effects of projects post-completion allows evaluating long term effects, legacies and sustainability of projects. Again, collecting gender-disaggregated data is necessary to monitor distributional impact.

Strategic sectors

- Focus support on inclusion of small agricultural producers within value chains – Small agricultural producers still represent most of EAC's workforce, but they mostly remain excluded from trade and opportunities for value added production. TMEA could improve on the inclusion of these producers so that trade benefits all tradable sectors.
- Target sectors with high level of women – TMEA could strategically focus on sectors with a high concentration of women in the workforce, which aligns with the recommendation above as women represent the majority of the workforce in the agricultural sector in the EAC.

TMEA Planned programming for the next phase (2018-2023) will support women organisations and business involved in agri-trade to build their capacity and capability to leverage on the established structured trade framework in the region. Agro-logistics connectivity will also support enabling these MSMEs access markets and deepen the formalisation of their enterprises. TMEA also targets firms and support them to upscale their operations or move up the value chain into value addition.

Advocacy

- Representation of women's voices – Ensuring TMEA continues to support women representation in official bodies such as border committees and traders' associations is essential. Representation is a first step for marginalised groups' needs to be addressed.

The lessons learned from TMEA's programme are important to further gender equality in trade, especially given the key role TMEA plays in achieving regional economic integration in the EAC and hence in fulfilling the EAC's Gender Equality, Equity and Development Bill adopted in 2017. This matters for the EAC as from a political perspective, support for a trade liberalisation agenda by populations is critical for political stability but can only be accepted if benefits from trade barriers reduction are perceived to benefit all, and especially the poorest households (Allison et al. 2019).

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