

## The COVID-19 Crisis and East African Trade: Implications for Women Cross-Border Traders

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### INTRODUCTION

This policy brief synthesizes the results of a study that assesses the impact of the COVID-19 crisis on women cross-border traders in Eastern Africa, conducted jointly by the Eastern African Sub-Regional Support Initiative (EASSI) for the Advancement of Women and TradeMark East Africa's (TMEA) Women in Trade (WiT) programme. The baseline study covered the period between April and July 2020 and involved a survey of 260<sup>[4]</sup> Women Cross Border Traders (WCBT) in East Africa.

### KEY MESSAGES



The trading environment for cross-border women traders is challenging and the COVID-19 pandemic has exacerbated these challenges. Respondents reported up to 97.3 per cent decline in weekly profit which led to total closure of 64.2 per cent of their businesses.



The pandemic's restrictions -- such as border closure, lockdown and curfews -- are responsible for the interference of the business supply chains which led to a 76.9 per cent decline of clientele, which ultimately affected the ability of 57.7 per cent of traders to repay their business loans.



Radio and TV are the most used channels of accessing COVID-19 information by women traders at 82.6 and 50.4 per cent respectively. This means that these channels could be valuable for sensitization on COVID-19 or other trade information. Further, the channels can go a long way in training WCBT on various aspects of their trade e.g., simplified trade regimes, record keeping, financial literacy etc. as they have a wide reach.



To address the social and economic impacts of the pandemic on cross-border trade, the study recommends:

- 💡 Establishing COVID-19 cushioning measures specifically targeted at women traders e.g. soft loan, grants, extended loan repayment periods, loan interest waivers etc. to ease their operation costs and boost the chances of their business survival;
- 💡 Enhance provision of cold storage facilities and proper handling of perishable merchandise to mitigate against spoilage and revenue losses;
- 💡 Governments to ease cross-border restriction measures on trucks carrying perishable goods specifically for WCBT who trade in perishable agricultural commodities to ensure efficient supplies of stocks; and
- 💡 Provide training on financial literacy and diversification of income-generating activities to cushion the women traders from shocks.

#### 1. Women in Informal Cross-Border Trade

In Africa, trade has been a catalyst for economic empowerment, especially among women. Specifically, Informal Cross-Border Trade (ICBT) is a significant part of the African economy with an estimated 43 per cent of Africans relying on ICBT for income (Afrika & Ajumbo, 2012; Bouet, Pace, & Glauber, 2018).

Cross-Border Trade (CBT) also constitutes 35-40 per cent of Gross Domestic Product (GDP), and forms a sizable part of overall inter- and intra-African trade by 50 per cent (World Bank, 2016).

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[4] With percentage distribution across country borders as follows Uganda (68.1), followed by Kenya (24.2), Tanzania and Burundi (3.1 each), the DRC (1.2) and South Sudan (0.4).

ICBT trade comprises vulnerable, small, unregistered, and undocumented trade of agricultural and non-consumable commodities and services between neighbouring countries through border cities and towns. The informality results from non-compliance with cross-border standards and regulations. Since it requires little capital, ICBT offers employment for women who obtain resources for their business from their friends and family (Afrika & Ajumbo, 2012). Women near the borders participate in CBT to secure economic independence (EASSI, 2012) and often, working in this sector is the only employment opportunity that these women have (CCGD, 2006). Women make up most of cross-border traders at an estimated 60 to 70 percent of informal cross-border traders in East Africa. Women are thus most susceptible to the health and safety risks of working in the cross-border trade environment (Brenton et al, 2011).

## 2. TMEA's 'Women in Trade' (WiT) Programme



The WiT programme operates in several borders in East Africa and DRC and targets to benefit at least 150,000 women traders with the long-term objective of contributing to greater inclusion of women in trade in Eastern Africa. The programme addresses these objectives through a three-pronged approach that responds to the constraints at policy, sectoral and enterprise level. The key focus areas of the program are (i) improving the trading environment for women in trade; (ii) building trade capacity of women traders/Small Medium Enterprises and institutional capacity for trader associations/cooperatives for increased market access and trade value; and (iii) increasing transparency of and access to trading and market information through Information Communication Technology (ICT) based solutions.

To assess the impacts of the COVID-19 crisis on WCBT, EASSI in partnership with TMEA commissioned a study to assess the impact of the pandemic on women traders, their business and other social and economic aspects.

## 3. Main findings

The study reveals the following challenges for women cross-border traders in Eastern Africa in the light of the COVID-19 pandemic:



**Types of Goods:** Women in ICBT trade in a variety of goods ranging from clothing farm produce, construction materials, office furniture, utensils, and services. The findings revealed that 64.6 per cent trade in agricultural products, 11.2 per cent in the service industry, 10.4 per cent in consumables, 9.2 per cent in textiles, 1.9 per cent in electronics, and 1.2 per cent in hardware. Given this breakdown, much CBT trade involves low value primary products that are perishable, and therefore prone to spoilage if not refrigerated, hence revenue losses to the traders.



**Access to Information on COVID-19:** The findings show that 86.2 per cent rely on the radio for access to information on the COVID-19 pandemic, 50.4 per cent on television and 40.8 per cent through fellow traders and friends. Other sources—include mobile phones; social media platforms like WhatsApp and Facebook; the Internet; health centers; roadshows; billboards, Red Cross sensitization campaigns; health workers. It is essential for the women traders to access to the right information about the COVID-19 pandemic as it would be crucial in making appropriate decisions about their trade and benefit from any assistance programmes put in place by their governments. The findings mean that many ICBT use radio and television as the main source of information compared to social media. For effective dissemination of the COVID-19 information targeted at border areas, the authorities could make use of radio and TV to enable wider reach.



**Business operations:** On average the weekly profit declined by 97.3 per cent from \$2,161 before the COVID-19 to just \$59 during the pandemic for the 260 traders sampled. About 81.5 per cent of women traders stated that restriction of movement was a challenge while 56.2% complained about border closures which reduced clientele by 76.9 per cent. This business interruption impeded the ability of 57.7 per cent women to repay their loans. Regionally, a recent report by UNECA, TMEA and AERC (2021) found that broadly there has been an overall decline in informal cross border trade with Uganda, for example, recording a decline in cross border trade from an estimated USD 44 million in the first quarter of 2020 to just USD 1 million by April 2020. In Rwanda the requirement to trade in cooperatives excluded small scale traders, mostly women, because of a requirement that goods traded must be worth between USD 300 and USD 1000 unlike before COVID-19 when they could trade in goods worth even USD 100.



**Supply chain disruptions:** About 53.5 per cent of traders reported lack of products due to supply chain disruption, attributable to border closures and lockdowns that restricted movement of people and goods. This in turn led to an increase of transport costs and business transaction time. The traders were forced to use expensive taxis or walk long distances and furthermore, those who trade perishable goods often counted losses as there was rampant spoilage of goods.

## Box 1: WCBT Testimonials

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"I don't have anywhere to sell my goods because the border is closed, caused by this disease. We can't move but just stay at home and the little selling one can make is done within this limited area." – **56-year-old Kenyan at Taveta border**

"....it's very frustrating for both wives and husbands to cope and so they fight a lot because of sitting idle at home and picking fights with their wives over things like salt and food" – **54-year-old Ugandan at Congo-Uganda Shibale border**

2

3

"We are no longer saving like we used to do before. We are focusing on food, we are like birds— we don't store anything away." – **35 year old Ugandan at Busia border**

4

"There are many cases of teenage pregnancies. The teenage girls have not been educated on family planning and are looking for money from men and boys, that is why the cases are ... many.." – **30-year-old Ugandan at Uganda-Sudan Elegu border**

"You see, here in Busia border there are so many truck drivers and these drivers can stay here for close to even three weeks. So, these women are lured into a simple lifestyle of accommodating these drivers in exchange for rent payment and other supplies, and this is risky because they can be infected with this coronavirus." – **42-year-old Kenyan at Busia border**

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## 3. Policy Implications

The findings reveal several key policy implications for governments, donors, private sector agencies and Civil Society Organizations (CSOs) to consider:



**1. Enhance provision of cold storage facilities and proper handling of perishable merchandise.** Since majority of women traders, 64.6 per cent, trade in agricultural products that are seasonal, highly perishable and fetch lower price compared to manufactured products, there is therefore need for authorities to strengthen food handling training and skills and facilitate provision of cold storage to enable traders preserve their commodities during times of high supply and be able to sell at reasonable prices when the goods are demanded during low supply.



**2. Communication channels:** As the finding revealed that 86.2 per cent relied on the radio while 50.4 per cent on television to access information on the COVID-19 pandemic, there is need for government and other actors who target women to consider using these channels more for sensitization, mobilization, and training of women traders to reach majority of them.



**3. Establishing COVID-19 cushioning measures specifically targeted at women traders.** Specific support measures could include soft loans, grants, extended loan repayment periods, loan interest waivers etc. which could go a long way towards supporting women entrepreneurs to stay afloat and meet some of their fixed operating costs.



**4. Governments to ease cross-border restriction measures targeted at trucks carrying perishable goods to support and ensure trade flows for WCBT who trade in perishable agricultural commodities.** This will ensure that some of the 53.5 per cent of traders who reported lack of products due to supply chain disruption are able to get supplies and ensure continuity of their business. Further, transit time is also likely to decrease as borders resume to normal functioning, thereby reducing transport costs for WCBT.



**5. Sensitize and train women in ICBT to be able to adapt to changing trading and market environments.** Training on financial literacy, use of innovative strategies like digital platforms to transact business, diversifying their sources of income for example in farming and other business.

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