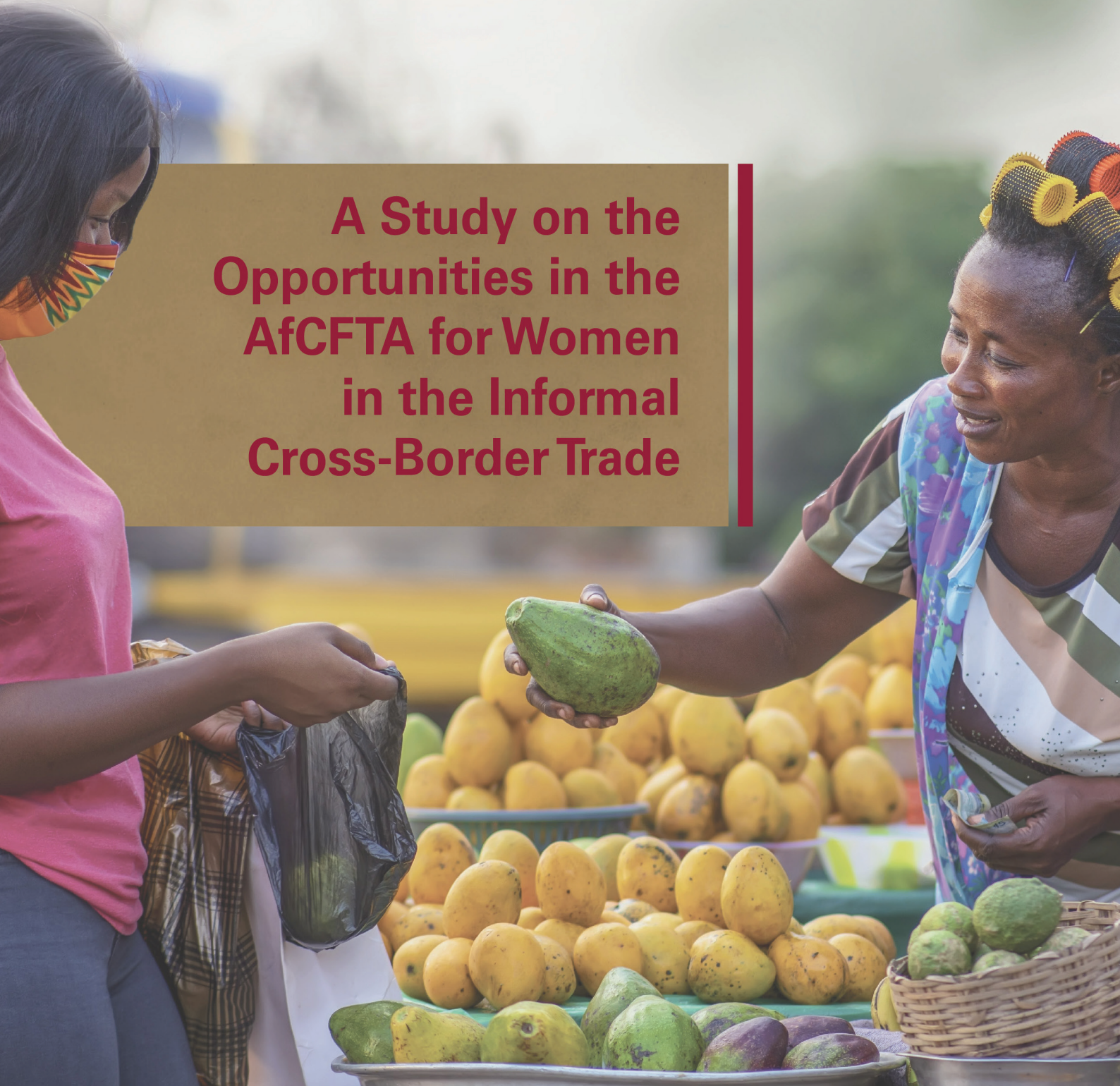




# A Study on the Opportunities in the AfCFTA for Women in the Informal Cross-Border Trade





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## ACRONYMS

AfCFTA	African Continental Free Trade Area
APRM	African Peer Review Mechanism
AU	African Union
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ECOWAS	Economic Community of West African States
FAO	Food and Agriculture Organization
ICBT	Informal Cross Border Trade
ITC	International Trade Centre
IFPRI	International Food Policy Research Institute
OSBP	One stop border posts
RECs	Regional Economic Communities
SADC	Southern African Development Community
STR	Single Tax Regime
SCO	Single Certificate of Origin
TIDO	Trade information desk officials
UN	United Nations
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa

# 1.

## Introduction

The 18th Ordinary Session of the Assembly of Heads of State and Government of the African Union (AU), held in Addis Ababa, Ethiopia in January 2012, adopted a decision to establish a Continental Free Trade Area (CFTA). The agreement establishing the African Continental Free Trade Area (AfCFTA) was signed by the AU Heads of State and Government in Kigali, Rwanda on March 2018, as one of the flagship projects of the AU Agenda 2063 identified as central to accelerating Africa's economic growth and development. The establishment of AfCFTA has the potential to be a game changer for the continent at all levels. It is envisaged as a catalyst for economic growth and an initiative that will benefit entrepreneurs, including medium-to-small businesses. By facilitating the movement of goods and services among African countries, AfCFTA will create opportunities to accelerate intra-Africa trade, grow local businesses, create jobs, and increase infrastructure development on the continent, in addition to boosting informal cross-border trade.

Through the African Peer Review Mechanism (APRM) country and targeted reviews, it has been observed over the years that majority of African women are in vulnerable self-employment, almost exclusively in the informal sector. It has further been noted that self-employment is the main form of employment, largely driven by necessity and not opportunity, as it focuses on sectors with low barriers to entry, and also low profits and productivity. As such, empowering African women within the context of the AfCFTA and making AfCFTA a reality for them will address issues faced by women-led businesses, especially those operating in the informal cross border trade, within the evolving trading environment. Business opportunities created by an enlarged market and the creation of a conducive policy and legal environment are crucial condition for the economic empowerment of women.

### 1.1 Objectives of the African Continental Free Trade Area:

The African Continental Free Trade Area, (AfCFTA) is an important step in realizing the continent's economic aspirations contained in the 1980 Lagos Plan of Action and the 1991 Abuja Treaty that established the African Economic Community. The objectives of the AfCFTA are contained in Article 3 of the Agreement Establishing the African Continental Free Trade Area (Agreement) (AU, 2018a) which are to:

- a. create a single market for goods, services, facilitated by movement of persons in order to deepen the economic integration of the African continent and in accordance with the Pan African Vision of "An integrated, prosperous and peaceful Africa" enshrined in Agenda 2063;
- b. create a liberalised market for goods and services through successive rounds of negotiations;
- c. contribute to the movement of capital and natural persons and facilitate investments building on the initiatives and developments in the State Parties and RECs;
- d. lay the foundation for the establishment of a Continental Customs Union at a later stage;
- e. promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation of the State Parties;
- f. enhance the competitiveness of the economies of State Parties within the continent and the global market;
- g. promote industrial development through diversification and regional value chain development, agricultural development and food security; and
- h. resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.

To give effect to the AfCFTA, member states are required to:

- progressively eliminate tariffs and non-tariff barriers to trade in goods;
- progressively liberalise trade in services;
- cooperate on investment, intellectual property rights and competition policy;
- cooperate on all trade-related areas;
- cooperate on customs matters and the implementation of trade facilitation measures;
- establish a mechanism for the settlement of disputes concerning their rights and obligations; and
- establish and maintain an institutional framework for the implementation and administration of the AfCFTA.

Creating a liberalized single market in Africa calls for the inclusion, representation and participation of all sectors in the economy of member states. While requirements for the formal sectors of trade are catered for in global, continental and regional platforms<sup>1</sup>, provisions to cater for Informal Cross Border Trade remain largely marginalized. The AfCFTA Agreement has been signed and ratified by a majority of the AU member states and the second phase of negotiations are currently underway. Although the AfCFTA does not explicitly mention or cater for ICBT, the opportunity to escalate regional and national efforts to integrate ICBT into intra regional trade could serve as an avenue for the inclusion of ICBT during the implementation of the AfCFTA which is an important mechanism for economic integration of the continent.

### 1.2 Purpose of the study

The study was commissioned by the APRM Secretariat to examine informal cross border trade in Africa from a gendered lens. The study looked specifically at the opportunities in the AfCFTA for women in the ICBT and was guided by the following objectives:

- Identify the challenges that women in informal cross border trade within the context of AfCFTA,
- Identify the opportunities presented by the AfCFTA for women operating in the informal cross border trade in Africa,
- Propose possible policy and practical recommendations that can be considered in

this regard.

- Reflect on ways to improve regional and continental integration frameworks from a gender perspective.

Ultimately, the study should inform ongoing actions by negotiators at all levels, the AfCFTA Secretariat and AU Member States for purposes of making the AfCFTA Agreement a gender responsive trade agreement.

### 1.3 Methodology

This study adopted a qualitative research approach. The objective was to explore how the AfCFTA could expand benefits of intra-Africa trade to women informal cross border traders. The methodology allowed for a holistic approach with a specific emphasis on gaining an in-depth understanding and detail on how women informal cross border traders are affected by national and regional trade policies within the AfCFTA. The research design was collaborative and allowed the study subjects to be co-researchers. Collaborative research design facilitates dialogue with those involved in informal cross-border trade at different levels. Due to the COVID 19 pandemic, the dialogue took the form of virtual consultations which are discussed in the next section.

At the inception of the study, consensus on the research objectives and research questions with the APRM Secretariat was obtained. The study was preceded by the desktop review of the AfCFTA Agreement and its accompanying annexes in light of country and regional policies on trade and ICBT in particular. Thereafter an analysis of relevant studies and reports on informal cross-border trade in terms of the gendered impact on women traders was done and then drafted into study findings. The draft findings were shared with identified ICBT stakeholders for discussion through virtual consultations to validate and contribute any further missing information.

### 1.4 Virtual Consultations

The final phase of the study involved virtual consultations through targeted focus group discussions with key stakeholders in ICBT. The country examples drawn from the desktop review were used to facilitate the dialogues. Participants that attended the virtual consultations were from

<sup>1</sup> Examples of these include the WTO Agreements and the customs unions in Africa: Southern African Customs Union (SACU); Economic Community of West African States (ECOWAS); East African Community (EAC); West African Economic and Monetary Union (WAEMU); Economic and Monetary Community of Central Africa (CEMAC); Common Market for Eastern and Southern Africa (COMESA)

the RECs, the AfCFTA Secretariat and several ICBT associations. ICBT associations comprise a significant majority of the women traders in ICBT and would be able to provide current lived experiences of women informal cross border traders. The respondents lauded the implementation of the AfCFTA as an opportunity to make inroads in recognising ICBT through regional trade. There is an imperative to direct resources to women entrepreneurs in ICBT in terms of training, capacity building and trade related information so that the women traders understand the benefit of the AfCFTA and more importantly be equipped to actively participate as entrepreneurs.

## 2.

## Informal Cross Border Trade in Africa

Informal cross border trade, ICBT is historically rooted in African communities as a pattern of trade that predates colonial and post-colonial state boundaries across the continent. ICBT is important because this form of trade accounts for a significant portion of intra-African trade but varies in size and proportion by region and country; strengthens solidarity among border communities in enhancing peace, stability and a deeper sense of integration; supports nutrition and food security as ICBT is more responsive to local food shocks and crisis; and finally, generates income and employment for vulnerable people, particularly women who dominate ICBT (Afrika & Ajumbo, 2012; Afrexim Bank, 2020; Bensassi, et.al, 2017). Furthermore, ICBT has been shown to support women’s role in decision making in the household (Njikam & Tchouassi, 2011). There are difference perspectives that inform how ICBT is defined. According to Fundira (2018: 2), ICBT may occur when:

- the formal entry or exit of certain goods is obstructed;
- the transaction costs arising from compliance with regulatory requirements are significant;
- important price disparities exist between formally and informally traded goods in importing countries;
- low law enforcement, a high degree of compliance, and the requirement of facilitation payments prevail along official border posts;
- availability of certain goods, quality of road and transport infrastructure and the existence of trust-based networks among traders.

As a result, three definitions have been proposed for ICBT as shown in Table 1 (ICG, 2018; Lesser & Moisé-Leeman 2009). This study will use Type A definition as it normally applies to traders who deal with smaller consignments of goods and who find themselves excluded from opportunities and benefits of formal trade.

**Table 1: Types of Informal Cross Border Trade**

Type A	Informal (unregistered) traders or firms operating entirely outside the formal economy
Type B	Formal (registered) firms fully evading trade related regulations and duties (avoiding official border crossing posts)
Type C	Formal (registered) firms partially evading trade related regulations and duties by resorting to illegal practices (for instance under invoicing)

*Source: ICG: 2018: 2*

## 2.1 ICBT and formalisation

Literature shows a disconcerting trend in the way ICBT has been isolated from national trade policies, national development plans and budgets. As a result, women who comprise the majority of informal cross border traders tend to be excluded from resources that are available to actors in formal trade (AfCFTA, 2020; Afrexim Bank, 2020; Southern Africa Trust, 2014; UNCTAD, 2019). Various measures have been initiated to encourage ICBT actors to be formalised. Koroma et. al, (2017) proposes four approaches to support ICBT to transition to formalisation:

- Policy and legislative approaches to formalisation for instance, single tax regimes implemented by COMESA and ECOWAS to encourage registration of ICBT through simplified processes. In addition, countries like Uganda have been periodically collecting data on ICBT through surveys which could be used inform trade policies;
- Partnership based approaches with private sector, development partners and civil society to assist ICBT to formalise. An example is the Charter for Cross-Border Traders in Malawi and Zambia, a joint initiative to address issues faced in ICBT;
- Rights based approach to formalisation support formal measures to realise basic human rights and freedoms for informal workers in ICBT. This is particularly important for women traders who have gendered needs normally not catered for in cross-border trade policies;
- Incentive and compliance measures for formalisation have been implemented in some African states to enable access to markets and credit facilities. Some respondents noted that in Rwanda women traders have been able to form co-operatives to access credit.

## 2.2 Composition and Dimensions of ICBT in Africa

Africa’s informal economy comprises a significant portion of GDP as shown on Table 2. It must be noted that ICBT varies across the regions in Africa. This means that the contribution of ICBT is significant and should start being considered in trade policy (Afrexim Bank, 2020; AfCFTA Secretariat, 2020).

**Table 2: The average size of the informal economy as a % of GDP in different economies**

Development stage	Country group	Size as % of GDP
Developed economies	Europe	12
Transition economies	Former Soviet union	25
	Middle and Eastern Europe	20
Developing economies	Africa	42
	Latin America	40
	Asia	35

*Source: Koroma, et.al, (2017:7)*

ICBT thrives through local demand and enables women traders in cross border communities to supply the goods (Gashayija, 2016). In North Africa, the trade is plied across historical routes, remains largely male dominated with a variety of goods as shown in Table 3 below (Bensassi et. Al, 2017, Timmis, 2017; Meddeb, 2021). In Sub-Saharan Africa, ICBT is operated mainly by women informal cross border traders as a source of income and employment (Koroma, et.al, 2017; Brenton, et.al, 2014; UNCTAD, 2019). The types of merchandise that are traded in ICBT in Africa are classified as: non-processed goods; manufactured goods; and re-export goods as shown in Table 3 below.

Table 3: ICBT Product portfolio

Regions	Non-processed goods	Manufactured goods	Re-export goods	Estimated value of goods
Eastern Africa	Food and non-food stuff, livestock	Low quality manufactured and processed goods	Low quality goods from Asia, contrabands, counterfeits, and substandard goods	US \$ 50 – US \$ 1000
Western Africa	Food and non-food stuff, livestock			
Central Africa	Minerals, Jewellery, Forest products, Food, and non-food stuff			
Southern Africa	Handicrafts, Food, and non-food stuff,			
North Africa	Food, Oil	Household appliances, clothing, equipment, electronic devices		

Source: Author<sup>2</sup>

# 3.

## Challenges facing women informal cross border traders

Women informal cross border traders still suffer from invisibility, stigmatisation, violence, harassment, poor working conditions, and a lack of recognition for their economic contribution (UN Women, 2010). Women traders point to a variety of reasons that discourage formalization. These challenges that women involved in informal cross border trader may be categorized broadly into three and comprise of the: limited access to resources, limited information on IBCT and gendered data in particular, as well as barriers that relate to available information, customs and border regulations.

### 3.1 Limited resources to trade and gendered discrimination of women in ICBT

Although regional arrangement to enhance intra African trade are already underway through the

RECs, the gendered constraints that women in ICBT face means that women traders often do not access or benefit from the regional and national initiatives to enhance trade among states. These constraints are evident in the limited access to markets, finance, credit and gendered discrimination in the face of ICBT. It is a struggle for cross-border traders, and especially women, to find profitable markets beyond occasional street selling in border areas.

Weak technical skills, such as in packaging and marketing, also negatively affect traders' ability to sell non-agricultural goods (Brenton, et al, 2014; UNCTAD, 2019). Some respondents indicated that although countries have set up a dedicated and resourced national empowerment fund to benefit women entrepreneurs, it is unfortunate that women in ICBT have no way of accessing available resources such as these to enhance or improve their entrepreneurial activities.

<sup>2</sup> Compiled from Southern Africa Trust (2014); Meddeb (2021); and Bensassi et.al. (2017)



Access to credit and finance is one of the biggest challenges for traders, especially for women. Institutional discrimination pushes women out of the market because financial legislation remains rooted in a patriarchal system that considers women as subordinates (Mayisela, 2015; UN Women, 2010; UNCTAD, 2019). Moreover, the fluctuation of the national currency and the lack of foreign exchange services renders traders vulnerable to abuse by black market operators (UNCTAD, 2019; UN women, 2010). In addition, the cost of goods entering neighbouring countries becomes expensive and returns to investment are reduced significantly. Profit margins remain small leaving limited funds for reinvestment.

### 3.2 Limited information on ICBT for policy makers:

To date there is limited data that has been collected by state institutions to document ICBT and specifically the experience of women involved in ICBT. Data related challenges compound the issue on how to adequately reflect on the issues that affect women in ICBT in national accounting systems and statistical databases (UN Women, 2010). Furthermore, all the economic transactions taking place at the borders are not systematically documented in terms of data and statistics, making it difficult to capture and understand the different dynamics at play that could inform the development and implementation of gender sensitive trade policies and processes (UN Women, 2010).

Uganda has been collecting data on ICBT since 2012 (Siu, 2019; Koroma et.al, 2017). However, this data does not reflect in trade policies which inform how customs official engage women in ICBT at the borders. Organisations such as the International Food Policy Research Institute, IFPRI and the Food and Agricultural Organization, FAO also collect ICBT data as part of their research on food security in Africa (Afrexim Bank, 2020; Bouet et.al, 2018; Koroma, et.al, 2017). Going forward it is imperative that countries and RECs collect gender disaggregated data on ICBT which in turn paves the way for the development of gender sensitive trade policies.

There are regional efforts in ECOWAS to robustly

collect data on ICBT. ECOWAS with support from UNECA and Afrexim Bank collected gender disaggregated data on ICBT along the Western Abidjan corridor in 2019 (Afrexim Bank, 2020). Respondents noted that although ICBT is a vibrant sector, the experience of women entrepreneurs remain largely invisible to policy makers. A remarkable example that stands out as a measure of success of women in ICBT are the Mama Benz female entrepreneurs of Benin (UNECA, 2016: 55).

### 3.3 Barriers related to access to information on trade, customs, and border regulations:

#### 3.3.1 Information on regional trade agreements and benefits

Deficiencies in implementing regional trading agreements and protocols have the potential to cause conflicts between national and regional trading policies. For example, Guinea's policy on restricted agricultural food trade for national food security purposes hinders the free flow of agricultural food products from Guinea Conakry to neighbouring countries such as Liberia. Furthermore, misinformation about customs procedures and regulations prevents women informal traders from benefiting (IGC, 2018).

STRs aim to encourage small-scale traders to switch from informal to formal trade by lowering the costs of formal import and export procedures and easing the official trade rules. Both the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC) have in place an STR, whereas the Southern African Development Community (SADC) Secretariat have also considered implementing the mechanism in 2017. While STRs are a much-needed development, several factors impede their full uptake. These include the high cost of complying with legal requirements of STRs, the lack of exemption from a number of domestic taxes, and the high administrative burden (i.e. non-tariff barriers), which are cumbersome especially for those who carry out transactions of low value. The list of products that are eligible for the simplified treatment is also quite limited, for example, country lists between Zambia and Malawi do not cater for local demand for goods



among cross border communities (Republic of Rwanda, 2012; UN Women, 2010; UNCTAD, 2019)

Furthermore, most women traders report that they are not clear about the requirements of trading within the law, available schemes to make their trade easier, or applicable duties. Therefore, some continue to pay tariffs even when intra-regional trade is duty-free. Most of the entrepreneurs have a limited knowledge on value-added tax (VAT), excise duties, customs processing fees. Finally, there are very limited opportunities for higher value addition, diversification, or capital accumulation, leaving most female traders trapped in small-scale and low value-added activities (UN Women, 2020; UNCTAD, 2019; Economic Justice Network, n.d.). Respondents noted that women traders are also wary of the registration process for the STR and persist in avoiding the STR.

### 3.3.2 Border and customs procedures

Corruption and insecurity are another border obstacle that disproportionately affects female cross-border traders, who are more vulnerable to verbal and physical harassment than male traders. The uncertainty about border procedures, the role of the competent authorities, harassment and personal safety, confiscation of goods at the border, restrictions on trade of certain goods, and payment of undue fees is often reported. The lack of trade facilitation also encumbers time and costs associated with logistics as well as the number of documents required for each transaction. Such costs and delays create further disincentives for formalization of informal traders (UNCTAD, 2019; Olusula & Lere, 2020).

Moreover, women face several gender-specific risks and challenges in border areas, which include verbal violence, harassment, and sexual abuse (Bugingo, 2018; Bausinger, 2017). An option to mitigate this is to have gender desks as well as dedicated

champions like in Tanzania to assist women traders who find themselves in this predicament.

### 3.3.3 Immigration requirements

Immigration processes create an additional barrier to the formalization of cross-border traders. A valid passport is often required to enter most African countries, which should sometimes be accompanied with vaccination certificates. These travel documents are not always easily accessible to women informal traders residing close to border towns because the documents are often issued in cities far from preferred business locations and residence. There are several instances where a national ID is also accepted, and border passes are sufficient when the border scheme is in place. On a more positive note there are countries where there is no need for any documentation if cross-border traders are trading within a perimeter of 10 km from the border as in the East Africa and COMESA regional blocks.

### 3.3.4 Inadequate infrastructure at borders

Inadequate border infrastructure for instance, public and private transportation systems, proper warehousing facilities, functional and sufficiently staffed border institutions and agencies affects cross-border traders, especially women. The centralization of certain procedures, notably the issuance of export/import permit and SPS certification for agricultural products, represents an additional challenge increases costs for all traders, particularly women. Furthermore, the lack of childcare facilities in cross border markets negatively impacts how women traders can work. Respondents emphasised the need for governments to improve the infrastructure at the borders to facilitate the import of goods. The use of scanners for instance could help reduce the harassment and violations that women traders face for goods being imported at borders.

## 4.

## Regional Arrangements to Facilitate ICBT

Some of the RECs have established processes to promote trade for ICBT within their respective regional communities which have had a positive impact in ICBT. Respondents confirmed that measures by the COMESA, EAC and ECOWAS have enabled women involved in ICBT to import more goods.

### 4.1 Simplified Tax Regime

COMESA, EAC, and ECOWAS have each implemented regional tools that support formalisation of ICBT, the STR and certificate of origin should enable women involved in ICBT trade better. The East African Community (EAC) introduced arrangement to facilitate free trade which has positive impact on ICBT allow traders to clear their consignments more expediently (Fukira, 2018). It is important that these regional efforts are escalated through the AfCFTA (NEPAD, 2020). Examples of the regional measures include:

- A Simplified Certificate of Origin (SCO) for Africa that will enable goods originating from member countries of the regional countries to be issued at the border posts allowing women traders in remote areas to benefit.
- Goods that are eligible for the SCO are available through the EAC List of Originating Goods Commonly Traded by Small Scale Cross-Border Traders. Access to this information ensures that women traders are better informed in making decisions on goods to import for trade (Ogalo, 2010).
- Increasing the value of duty exemptions to \$ 2, 000 in the EAC encourages more traders to register and in turn allows women traders to import larger consignments than they previously did which in turn has a positive impact on their returns.
- The establishment of trade information desks (TIDOs) at some borders to provide trade related information makes trade information more accessible to women traders. COMESA has spearheaded the establishment of COMESA TIDOs at the border posts in several

African countries to avail information on the STR to actors of ICBT particularly women (Fundira, 2018; Republic of Rwanda, 2012). One respondent noted that having dedicated gender desks and champions as Tanzania has done offers an avenue for women in ICBT to report cases of harassment and assault.

- One stop border posts, (OSBPs) to combine activities of two countries at a single location extends working hours with some borders operating 24 hours. This reduces time spent customs processing and on travel for women informal cross border traders. Besides, the danger of safety and security is largely reduced at these 24hr border posts because women traders no longer need to spend nights in the open with their merchandise waiting for borders to open.

### 4.2 Informal Trade Regulation Support Programme for ECOWAS

The ECOWAS Informal Trade Regulation Support Programme (ITRSP abbreviated as PARCI in French) is implemented by the ECOWAS Trade and Customs Department and CILSS through a joint Technical Secretariat, aims to help increase intra-regional trade as part of the construction of the common market and poverty reduction in the ECOWAS region. ITRSP is structured to provide:

- i. reliable and up-to-date information on informal trade is available,
- ii. the institutional capacity of stakeholders involved in informal trade and their involvement in the formulation, implementation and monitoring of policies relating to the development of intra-regional trade is strengthened,
- iii. reforms which are essential to the elimination of barriers to the development of formal trade are initiated,
- iv. incentives are put in place to facilitate the migration of informal sector actors to the formal sector.



# 5.

## Opportunities presented by AfCFTA for women in ICBT

Two clauses explicitly recognize the inclusion of women in the AfCFTA Agreement and accompanying Protocols. Firstly, as a general objective (3(e)) which looks to promote “gender equality and structural transformation” of the African states. Secondly, as per Article 27 (2) (d) of the Protocol on Trade in Services, State Parties are mandated to: “improve the export capacity of both formal and informal service suppliers, with particular attention to micro, small and medium size; women and youth service suppliers”. These two clauses underscore the value of involving and representing the diverse economic needs of the various categories of women in society.

The AfCFTA Protocol on Trade in Services aims to create a liberalized single market for trade in services which includes enhancing the competitiveness of services through economies of scale, reduced business costs, enhanced continental market access; promoting sustainable development; as well as progressing trade in services across the African continent on the basis of equity, balance and mutual benefit, by eliminating barriers to trade in services. This Protocol also requires that the needs of informal service suppliers to be included (AU, n.d.). The acknowledgement in the Protocol on Trade in Services to include the marginalized voices of women and youth offers an opportunity for negotiation which should be explored further. The AfCFTA Secretariat (2020) confirms that Negotiations on the protocols on investment, intellectual property rights, competition policy and e-commerce are underway.

The study identifies several opportunities in the AfCFTA and its accompanying Protocol on Trade in Goods and Protocol on Trade in Services that can be used to enhance the trading and financial capacities for women informal cross border traders. These opportunities are the free movement of people and goods; a unitary tax regime that will ease the movement of goods and reduce the costs of trade as pertains to customs and import duties, and finally that the AfCFTA presents a continent-wide opportunity to engage ICBT in a manner that promotes the empowerment of women traders in ICBT.

### 5.1 Free Movement of People and Goods:

The benefit of free movement is twofold: in the first instance will be seen through the seamless mobility of women traders across borders and secondly the movement of goods and services. Early adopters have already taken advantage of eased border conditions. An example is in the southern region of the continent where women informal cross border traders opt to operate by identifying countries that have removed visa requirements within the SADC region and then proceeded to trade in those countries or with those that issue visas at the port of entry (Macheng, 2021).

Opening up the continent will facilitate access to a larger market for women involved ICBT once visa restrictions across the African continent will be removed. It must be noted that the AU has a separate ‘Protocol on Free Movement of Persons, Right of Residence and Right of Establishment’ which was opened for signature in January 2018<sup>3</sup>, once adopted by the majority of AU member states, will give the impetus for the free movement of people in Africa.

### 5.2 Intra-Africa Trade – a larger marketplace

The acceleration towards the unitary objective of a single economy in Africa will assure the free movement of goods and services which has positive implications for ICBT. The opportunity for women informal traders to move freely across border broadens the diversity of goods to be traded as well as the markets that will be accessible to ICBT. The larger trading bloc will enlarge the scale in which cross border trade occurs. In the case of informal cross border trade particularly agricultural products where opportunities for agro-processing and packaging; establishment of trade facilities for storage in readiness for export will improve the productive capacities of ICBT. Respondents noted the expansion to a larger trading bloc meant that women involved in ICBT needed skills and capacity to trade

<sup>3</sup> The AU Protocol on free movement of people has registered only 32 signatures and a mere 4 ratifications as opposed to the AfCFTA which has 36 ratifications as of April 2021 (AU, 2018b)

competitively and these were competencies that the women entrepreneurs still needed to develop.

Regional efforts at ECOWAS and CEPGL (DRC, Burundi, and Rwanda) have implemented protocols in trade that eliminate tariff and non-tariff barriers (NEPAD, 2017; Olusola & Lere, 2020; World Bank, 2011). The CEPGL Protocol exempts non processed (animal products, mineral or vegetable) from member countries in this region. The CEPGL countries also work together to ensure that small traders are informed on the Protocol (Republic of Rwanda, 2012; World Bank, 2011). Upscaling and integrating these initiatives into domestic tax and border regulations in other countries will enhance the way women in ICBT can trade.

### 5.3 Proposed unitary tax regime

Women informal cross border traders are often at the mercy of customs and border officials implementing diverse tariffs and regulations while importing goods. The Agreement recommends the adoption of a STR that will reduce the bureaucratic processes at the customs and border ports of entry. The proposed AfCFTA certificate of origin for example will assist in reducing the amount of customs paperwork required and encourage ICBT to be compliant and encourage women in ICBT to increase the size of consignment they import for trade. Olusola & Lere (2020) provide a noteworthy example of STR in ECOWAS whereby trade facilitation is:

*“implemented at the Idiroko and Seme borders, South-western Nigeria, are the Informal Trade Regulation Support Programme (ITRSP) and the Automated Custom Management System (ACMS). The ITRSP is a policy program designed and recommended by the Economic Community of West African States (ECOWAS) for all her members. It identifies informal cross border traders as vital players in the CBT exercise, allowing traders to trade on a commercial basis with the use of a simplified method for the declaration of goods.”*

### 5.4 Reduce burdensome costs of trade borne by ICBT

Through the AfCFTA, the movement of goods in particular will be made easier by the elimination of tariffs and non-tariff barriers which have often been identified as significant challenges to ICBT. States are working progressively towards the elimination of tariffs for intra-Africa trade. Tariff concessions should be implemented through the AfCFTA. Each state should have a Schedule of Tariff Concessions in accordance with the approved modalities for tariff liberalization.

These Schedules are adopted by the Assembly, and thereafter used to applied between countries as they trade with each other accordance with Article 23 of the Agreement. To date there are 41 of the 54 member states have also submitted tariff reduction schedules. It is important that there are flexible mechanisms to produce the lists of goods that will cater for periodic changes in demand for the types of goods to be accommodated within the intra regional trade. There are non-tariff and technical barriers that also constraint ICBT. The goods traded in ICBT are shown in Table 2. As an example, during import, some of these goods are required to undergo sanitary and Phyto-sanitary (SPS) conditions. This process could be used by customs officials to deter women informal traders from importing certain consignments. Respondents confirmed that non-tariff barriers limit the types of goods that can be important, and this also affects women traders who import smaller consignments of goods.

Informal traders also need technical support in this area to improve the quality of their products and packaging adhere to required standards. Furthermore, given that the majority of the ICBTs involved in trading food products are engaged in small-scale agricultural production, informal traders tend not to not receive sufficient technical support from their governments. Reducing the application of these barriers will profoundly impact how women can trade in ICBT. Through AfCFTA, states have also committed to remove non-tariff barriers to promote regional trade. These barriers often discriminate against ICBT because they tend to be quite cumbersome and discourage informal traders from compliance. Examples of these barriers that are proposed to be removed to facilitate intra-Africa trade which includes ICBT as shown in Table 4.

**Table 4: Appendix 1 General Categorization of Potential Sources of Non-Tariff Barriers**

<p><b>Government Participation in Trade and Restrictive Practices Tolerated by Governments</b></p> <ul style="list-style-type: none"> <li>• Government aids, including subsidies and tax benefits</li> <li>• Restrictive practices tolerated by government</li> </ul>
<p><b>Customs and Administrative Entry Procedures</b></p> <ul style="list-style-type: none"> <li>• Customs valuation</li> <li>• Customs classification</li> <li>• Consular formalities and documentation</li> <li>• Samples</li> <li>• Rules of origin</li> <li>• Customs formalities</li> <li>• Import licensing</li> <li>• Pre-shipment inspection and other formalities related to pre-shipment inspection.</li> </ul>
<p><b>Technical Barriers to Trade</b></p> <ul style="list-style-type: none"> <li>• Technical regulations, and standards including packaging, labelling and marking requirements</li> <li>• Conformity assessments</li> <li>• Certificate of Free Sale</li> </ul>
<p><b>Sanitary and Phytosanitary Measures</b></p> <ul style="list-style-type: none"> <li>• SPS measures including chemical residue limits, disease freedom, specified product treatment</li> <li>• Conformity assessments</li> </ul>
<p><b>Charges on Imports</b></p> <ul style="list-style-type: none"> <li>• Prior import deposits</li> <li>• Surcharges, port taxes, statistical taxes</li> <li>• Credit restrictions</li> <li>• Border tax adjustments</li> </ul>
<p><b>Specific Limitations</b></p> <ul style="list-style-type: none"> <li>• Embargoes and other restrictions of similar effect</li> <li>• Quantitative imports and export restrictions or prohibitions</li> <li>• Tariff quotas</li> </ul>

*Source: Annexes to the AfCFTA (2018)*

## 5.5 An opportunity for a continental engagement on ICBT

It is important to build on the regional and country efforts to formalize ICBT that have had a positive impact on women in ICBT. Going forward it may be useful to create a space for dialogue with relevant stakeholders such as women involved in ICBT should be initiated at state, regional and continental level. Respondents noted the AfCFTA is an opportunity to incorporate ICBT in the continent's process to harmonized regional trade should capitalize on the inclusion of all the actors in ICBT including women traders and ICBT associations.

# 6.

## Recommendations to mitigate challenges faced by women involved in ICBT within the context of the AfCFTA

### 6.1 Policy Recommendations

- At state level, it is recommended that relevant gender disaggregated data informs the formulation of trade policy particularly in the context of AfCFTA. Countries that have started collecting data on ICBT include Nigeria, Uganda, and Rwanda (Bouët, Cissé, & Traoré 2020; Koroma et. Al, 2017; Bouet, et.al 2018; NEPAD, 2017). This will require states to prioritize the collection and analysis of gender disaggregated data on ICBT. Some respondents noted the initial efforts to collect gender disaggregated data in ECOWAS by UNECA and Afrexim Bank as well as in Rwanda could be replicated in other countries and RECs.
- It is also recommended that ICBT associations be involved in the policy-making processes on trade within states to ensure that ICBT concerns including gender issues are included. There are ICBT associations that are active within ECOWAS, COMESA and the EAC as well as in their respective countries that continue to lobby governments, RECs and development partners in issues relating to ICBT. Given the significant number of women traders, the inclusion of these associations will bring the entrepreneurs closer to platforms for dialogue and capacity building and the missing female voices and experiences will be heard and considered in informing intra-trade policies in Africa.
- States should strengthen trade flows between informal and formal markets by improving linkages across the value chain and addressing bottlenecks to scale up by adopting relevant policies. Women involved in ICBT can benefit better if the linkages are more explicit are communicated in due course. Respondents reaffirmed the need for women traders to be trained and given information on AfCFTA including the benefits of regional trade so that they can trade smarter and receive better returns.

- In line with the regionalisation agenda, states need to accelerate the introduction of the visa free zone. Reducing immigration costs (passports and visa) will enhance the movement of women informal traders
- It is recommended that the needs of women traders in ICBT be included in the common lists of goods and requirements. The lists should be reviewed regularly to keep up with local demand and be made available at borders. Thereby, women informal traders will be informed and will make better decisions on the goods to import for trade.

#### Zimbabwe Cross Border Traders Association (ZCBTA)

Zimbabwe Cross Border Traders Association (ZCBTA) was formed in April 2000. ZCBTA has 7000 members of whom 76% are women.

ZCBTA also successfully lobbied for its members to access 12 months traders Visas from the South African government when the Visa regime was still in place. It was selected to host the Regional Secretariat of the Southern African Cross Border Traders Association (SACBTA) and is a key driver of the COMESA Simplified Trade Regime (STR) Project.

#### Additional services for women entrepreneurs provided by ZCBTA:

- Market intelligence to traders
- Assistance with permits and other regulatory requirements.
- Lobbying the government for conducive policies for cross border trader
- ZCBTA also takes groups of traders on selling missions to other countries. It also organizes workshops and awareness campaigns.

Source: *Wom enconnect.org*



## 6.2 Practical Recommendations

- To counter challenges of accessing trade information for women involved in ICBT who may not always be conversant in official languages (French, Portuguese, Arabic or English), it would be useful to provide the related trade information translated into local languages using simplified easy to understand pamphlets and shared at the border posts. For instance, making available an information manual for traders in Swahili which is a language commonly used across Eastern Africa.
- Awareness raising campaigns on regional trade regulations and the AfCFTA in local languages that target women informal traders should also be undertaken in areas closer to where ICBT occurs
- Women face several gender-specific risks and challenges in border areas, which include verbal violence, harassment, and sexual abuse. States should ensure that reporting mechanisms are made available within proximity to or at the border posts. It is crucial that they are encouraged to use formal channels and have access to harassment reporting mechanisms (Bugingo, 2018; Bausinger, 2017). States should also ensure that borders that provide appropriate sanitation and security facilities to cater for the needs of women traders.
- States should ensure that infrastructure is available to expedite the customs clearing process. Women traders often suffer harassment by customs processes when their consignments are constantly searched and mishandled, adopting the use of technology such as scanners could reduce this inconvenience.
- It is further recommended that incentives are made available to promote formalization which are aligned to the needs of trade associations such as the provision of technical support, for instance, incubation services, as well as financial support through initiatives such as establishing national/ regional business development funds for where women informal traders would benefit. All the respondents confirmed the need for resources to be

directed to training and capacity to support women in ICBT transition to formalisation.

- Finally, the uptake of digital technology through mobile money can be increased throughout the RECs to facilitate payments for goods and associated duties such as the M-Pesa that has been implemented in Tanzania, Uganda, and Kenya (Koroma, et.al, 2017). Digital financial solutions can reduce the incidence of fraud that women traders face with moneychangers at the borders (Zarilli & Lopez, 2020). Some respondents noted that technological advancements had resulted in the digitization of financial services which could be used to assist women in ICBT process and receive payments more expediently.

What is needed to ensure that the implementation of AfCFTA is a deliberate gender responsive instrument for women in ICBT is that the individual state commitments to the tenets of gender equality and to structural transformation in society are indeed integrated into national and regional policies to facilitate trade within Africa. It is important for states to share domestic experiences with each other in the continental community so that best practices are replicated or adapted to local conditions. For example, Rwanda's domestic cross border strategy as well as regional work with neighbouring countries places gender issues in ICBT at the fore. As a result, mechanisms and measures have been implemented to ensure women informal traders can trade in better conditions as highlighted in the country example below.



## Country strategies targeted for informal cross border trade:

Rwanda's Ministry of Trade and Industry prioritised three strategic interventions for informal cross-border trade.

### *Forging strong market links for cross-border trade:*

- Improving feeder roads in border towns to increase the supply of goods to cross border markets
- Organising rural producers into producer specific cooperatives through programs like the Sell More For More (SMFM). Cooperatives facilitate market access because resources are pooled for bulk buying storage and transport
- Market sharing information systems like the e-Soko, an electronic and phone-based market information service for small holder farmers and farmer associations used to share information between markets and farmers
- New facilities to boost cross border trade: Government building storage facilities and encouraging private sector to set up markets in Gisenyi and Kamembe enables traders buy goods closer to the borders; opening new border posts where the is demand from populations close to the border.

### *Access to finance:*

- Establish a special facility targeted at women informal cross border traders that is administered by local cooperatives.

### *Encourage women to form cooperatives:*

- Proactively inform and encourage women in ICBT on the benefit of joining cooperatives.

*Source: Republic of Rwanda, 2012*



## Conclusion:

The AfCFTA marks an important milestone in Africa's journey towards regional integration. The Agreement is being implemented at a time in the continent's history when intra-trade can facilitate the realization of the continent's economic aspirations contained in the Agenda 2063. Furthermore, the COVID-19 global pandemic has accelerated a rapid uptake of technology, by implication the AfCFTA will signal an interest in digital trade. Digitization of financial services can be used to enhance the inclusion of ICBT and in particular, the needs of women involved in ICBT. The regional work that has been undertaken by REC in supporting ICBT in the examples given above provides an impetus for states to accelerate the collection of gender disaggregated data, adopt gender sensitive common lists of goods, mechanisms for training and capacity building to enhance the skills of women informal cross border traders so that these entrepreneurs are able to compete in a larger regional market. It is, therefore, important for the needs of ICBT and particularly of women informal traders be included in the implementation of the AfCFTA.

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