

# AID-FOR-TRADE: CASE STORY

THE INTERNATIONAL TRADE CENTRE

**Gender and trade mechanisms in East Africa: The Customs Union**

# CASE STORY ON GENDER DIMENSION OF AID FOR TRADE

**GENDER AND TRADE MECHANISMS IN EAST AFRICA:  
THE CUSTOMS UNION**

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## **EXECUTIVE SUMMARY**

The East African Community countries of Uganda, Tanzania, Kenya, Rwanda and Burundi are on course in implementing the move towards regional economic integration that encompasses; Customs Union - Joint administration of a Common External Tariff (CET) and elimination of all non-tariff barriers to cross-border trade that commenced on 1<sup>st</sup> January 2005 and set to be implemented by 2011, Common Market that guarantees free movement of goods and services and all factors of production a Monetary Union - Establishment of a single currency area and a Political Federation - This is the last stage of the regional integration process. Despite all the positive changes and recorded increase in cross border trade since the treaty, all indications are that benefits are tilted in favour of the formal trade sector. This is despite strong suggestions that the women dominated informal cross border trade sector contributes greatly to regional integration because of the large numbers of traders involved and goods and services exchanged as well as contributing to effort to reduce poverty within the region. Little effort (by respective governments) has been put understanding the ICBT sector, documenting its trends and contribution and making policy and procedures that also include them. Even less effort is evident in making women (traders) part of the process of developing the sector.

## **OBJECTIVES PURSUED:**

The main objective is to have all the trade facilitation institutions such as EAC, Ministries of Trade, Trade mark East Africa and the customs Union Protocol to include on an equal basis the interests of both women and men traders by purposively identifying and addressing their issues. The Collaborative Centre for Gender and Development seeks to walk the talk with the respective institutions to realize equal participation of women and men in trade and regional integration at large.

## **ISSUES ADDRESSED:**

The East African Community (EAC) set up a Gender and Community Development Department at the EAC Secretariat headed by a Principal Gender and Development officer, which among other things has to consider how women/gender concerns are mainstreamed into the implementation of the protocol. The Gender Department has working on a Regional Gender Policy to be adopted by end of 2010 that expounds on enhancing women's participation in trade. It has also formulated a Strategic Plan for the implementation of the EAC/GCDF and a sensitization-training manual on EAC Treaty in order to sensitize local governments, CSOs and Community-based Organizations.

## **DESIGN AND IMPLEMENTATION OF PROJECT**

### ***Addressing The East African Community Customs Protocol***

The EAC customs protocol provides a basis for mainstreaming the needs and enhancing participation of women informal cross border traders (ICBT) within the region. Its weakness lies in the fact that it is not gender specific or responsive to the participation of informal cross border traders- majority of who are women. The sections within the protocol that generally support or have potential to be used to advocate for and support participation of ICBT by women include:

- **Articles 2 and 10** envisage the elimination of both tariff and non-tariff barriers, customs duties and other charges of equivalent effect in order to create the most favourable environment for regional trade
- **Article 3** envisages trade liberalization, efficiency in production, enhanced domestic, cross-border and foreign investment and promotion of economic development and diversification
- **Article 6** addresses the need for trade facilitation through reducing the number and volume of documentation in respect to trade and the adoption of common standards of trade documentation and procedures
- **Article 7** obliges state parties to simplify, standardize and harmonize trade information and documentation.
- The Protocol at **Article 15** recognizes the National Treatment principle of non-discrimination

## **THE PROJECT**

Other measures augmenting official EAC efforts are being undertaken by gender focused Civil society Organizations such as Collaborative Centre for Gender and Development (CCGD). Such CSOs have sought to work with the EAC gender department to fast track measures at enhancing participation of small scale informal women traders in the community.

### **Measures taken (by CCGD) include:**

- Conducting an analysis of the EAC customs protocol to determine its responsiveness to gender in general and in particular to the needs of informal women cross border traders
- Conducting 2 surveys on the situation of informal cross border women traders on the Tanzania Kenya, Uganda Kenya and Rwanda Burundi Borders within the context of the customs protocol
- Sensitization and advocacy at regional trade meetings on the findings of the studies and measures to enhance women's participation in trade

### **CCGD further seeks to:**

- Contribute to how to identify and effect measures that will secure informal cross border trade for women so that they can trade legally and peacefully
- Contribute ideas and practical measures on how to gradually enhance formalization of women cross border traders policy/legal and by institutional affiliation
- Contribute to harnessing opportunities available to women under national constitutional/legal and policy frameworks and empowerment programs to benefit women in informal cross border trade
- In collaboration with EAC and respective trade ministries of EAC governments and local authorities, pilot relatively simple project initiatives to practically demonstrate the efficacy of enhancing women's participation in cross border trade
- Use pilot initiatives (above) to provide bridging mechanisms for increasing participation of women ICB Traders into formal trade and position them to benefit better from the protocol as well as opportunities accorded by respective governments for women's empowerment

## **PROBLEMS ENCOUNTERED BY ICBT**

Although Women ICBT involvement in trade is in significant numbers of (70%-80% in Southern & .W. Africa) they face many problems as below:

- They are not recognized since there is scarce reliable data- especially quantitative so traders are "invisible"
- Official sensitivity to informal trade because most is considered illegal and general mistrust from governments,
- Demonstrate little knowledge of enthusiasm for formal trade procedures/protocols
- Fear of official taxation/double taxation- as taxes favor the rich traders
- Knowledge/experience of harassment when dealing with state officials makes them skeptical of formal structures
- Limited knowledge and skills about trade and sources of credit/how to utilize credit
- Often "un-bankable" but also fail to organize in solidarity groups to benefit from micro-credit/mistrust credit
- Little effort by governments/stakeholders to educate them about trade
- Officially non existent- data on them-numbers, Who they are what they do, their contribution

## **FACTORS FOR SUCCESS OR FAILURE: RECOMMENDATIONS FOR THE WAY FORWARD**

### **Shorter term measures that can be undertaken in pilots**

- Mobilize informal cross border women traders and train them on the customs protocol, new trade regulations and how it may be used to improve their trade
- Put in place an outreach mechanism for trained traders to peer educate other traders in relatively informal ways
- Compile a directory of business associations/cooperative unions by/credit unions for women and open to women and disseminate the information to traders
- Put in place a mechanism by which peer educators are recruited to mobilize women to be reached by these associations to join/participate in their activities as members/clients
- Assist women to up-scale their welfare organizations to SACCOs and register them
- Train customs, immigration and other border officials such as security officers on the implications of the protocol to their services and in particular how they may help to realize the goals of the protocol by facilitating both the volume and efficiency of cross border trade-including ICBT. The training should include gender sensitization and awareness on gender based violence- and how to handle women traders in an acceptable manner.
- Develop simple IEC materials in local languages on trade and GBV to be used by women traders and customs officials
- Put in place a mechanism to; monitor the numbers of women traders crossing the border/trading without middlemen; behavior of border officials towards women and generally track changes in women's participation in cross border trade

### **In the Medium and Longer Term Period**

- Lobby local authorities across the borders to establish markets in the "no mans land" where goods from two sides of the border can be traded freely and work with them to make them operational
- Work with EAC and respective governments/trade ministries to develop explicit policy frameworks for enhancing women's participation in cross border trade
- Build capacity of women traders to come up with a regional small scale trade association that will have the official mandate to represent them and lobby and advocate for their rights as spelt out in policies and laws

## **RESULTS ACHIEVED**

### **Formal trade facilitation institutions should:**

- More investment in research on ICBT that are gender inclusive and updated frequently
- More involvement of women in the such institutions at all levels including planning and implementation
- Review of instruments of trade such as protocols and agreements to be more gender inclusive and monitoring/evaluation of implementation
- Address problems raised by corruption and impunity of officials In cross border trade
- Creation of special facilities (in the initial stages at least) to cater for the identified needs of women traders
- Concrete measures on how to encourage and support women traders to formalize their trade
- More willingness to work with CSOs and other NGOs on pilots and other measures that seek to include women traders

## **HOW WOULD YOU KNOW YOU HAVE BEEN SUCCESSFUL? INDICATORS TO WATCH FOR**

### **Indicators of integration of women into customs protocol**

#### **In the immediate short term output indicators:**

- % of women trained on new customs regulations
- No. /% of women traders organized in a business related organization

- No. of women business organizations represented in local authority as well as other business networks/forums
- %of training courses delivered to customs union staff on how to deal with women traders

### **Medium to Longer Term Outcome indicators**

- Measures (such as registration, reaching out to them, advice to border officials etc.) put in place by relevant trade offices to increase participation of women
- % of women crossing borders without middle men
- Perception of free movement with goods across the border
- Perception of reduction in harassment by customs, border officials- security, local authority personnel
- Reports of more predictability- systematizing trade (rather than being sporadic based on availability of money, season or perceptions of safety)
- Functioning legal markets in the “no man’s land”
- Registration/licensing of businesses conducted/managed by women traders
- Membership of credit organizations and business associations such as cooperatives
- Increase in number of traders regularly utilizing available credit facilities
- Explicit policy from EAC on increasing participation of IWCB Traders
- Advocacy activities related to participation by IWCBT

### **LESSONS LEARNED**

- Unless ICBT by women is targeted specifically as a sector from both an economic and social dimension- women will continue operating outside of margins of trade.
- All formal trade institution, private and CSO parties need to work together to tackle problems of women ICBT if there is to be a change
- Scarce formal funding and resource support to efforts at addressing issues of ICBT are a serious drawback to their inclusion
- There is little enthusiasm for ICBT in general and by women in particular in formal trade institutions

### **CONCLUSION: APPLICABILITY TO OTHERS**

The East African experience offers invaluable lessons on how to assist other regional efforts to address women traders and keep them in the picture- though largely by avoiding the mistakes of omission outlined above. On the positive side is the attempt to include women in protocols as well as seek joint state action in doing that. On the negative side is the little practical measures taken at realizing objectives.