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**Borderline: Women in Informal Cross-border
Trade in Malawi, the United Republic of
Tanzania and Zambia**

Presentation by

Mariangela Linoci
Economic Affairs Officer
UNCTAD

Borderline: Women in Informal Cross-border Trade in Malawi, the United Republic of Tanzania and Zambia

Mariangela Linoci
Trade, Gender and Development Programme, DITC



Project details

- Study
 - Field investigation
- Capacity-building component



Source: UNCTAD secretariat based on Adobe Stock.

Note: Lake Malawi is also known as Lake Nyasa in the United Republic of Tanzania, and as Lago Niassa in Mozambique.



Characteristics of ICBT



Unrecorded business transactions undertaken across borders (under-declaring, misclassifying or under-invoicing)



ICBT → small scale trade: Small transactions, subsistence traders with limited possibilities to scale up their business



Estimated 30 - 40 % of total regional trade



An estimated 70% of ICBTs in Sub-Saharan Africa are women



Food items and livestock account for the bulk of informal exports: ICBT key for food security



Source of employment and livelihood for the poor in border areas: often the only option to generate income

Why informality? -1-



Costly, rigid and burdensome customs procedures:

- Multiple fees and taxes at border posts, undue tariffs even when trade is duty free, low transparency
- customs documentation, SPS, inspection requirements, duplication of functions among agencies, immigration procedures

→ **Lack of trade facilitation** - COMESA, EAC, and SADC some of the lowest indicators compared to other regions (fig.); lack of harmonization of standards; overlapping operations at the border

Country or region	Documents to export (number)	Time to export (hours)	Cost to export (US\$)	Documents to import (number)	Time to import (hours)	Cost to import (US\$)
Malawi	11	153	585	12	110	305
United Republic of Tanzania	7	192	1,435	11	642	1,725
Zambia	7	216	570	8	192	555
COMESA	7	213	781	9	255	1,076
EAC	8	137	542	10	338	1,066
SADC	7	220	938	8	215	836
Sub-Saharan Africa	8	197	812	9	253	991
South Asia	8	137	559	10	222	993
East Asia and the Pacific	6	130	534	7	142	564
Middle East and North Africa	6	141	721	8	222	860
Latin America and the Caribbean	6	119	638	7	148	805
OECD	4	15	186	4	13	141

Source: UNCTAD calculations based on the World Bank's 2018 Doing Business indicators (World Bank 2018a).

Why informality? -2-

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• **Lack of awareness of rights and responsibilities:** e.g. regarding trade facilitation measures such as STR, or regarding applicable duties etc.
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• **Lack of storage, market infrastructure or other facilities at borders:** post-harvest facilities; sleeping facilities; street selling as only option etc.
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• **Small start-up capital** is usually not sufficient to register a business and sustain a formal activity
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• **Corruption and insecurity:** Female traders vulnerable to GBV - bribes / sexual favors demanded by customs officials to avoid arrest or confiscation of goods

Supply-side obstacles of female informal traders

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Lack of organization - Only a minority of cross-border traders is organized through associations or cooperatives
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Poor levels of education: traders often have poor reading, writing, and counting skills
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Limited access to ICT can hamper access to valuable price and product information
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Limited access to finance 80% of traders use informal sources
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Poor transport for access to markets: majority use bus or shared taxis, a significant proportion on foot
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Access to land and productive resources determines women's productivity and the chances to transition into higher-value tasks
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Lack of scale and low productivity: goods generating low profits; lack of value added; lack of diversification
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Time poverty and the domestic burden

The Simplified Trade Regime

- Mechanism to support small-scale traders → STR simplifies trade procedures and reduces the costs of trading across borders
- **Where:**
 - COMESA
 - EAC
 - SADC under negotiation
 - At some borders between RECs negotiated on bilateral basis by countries
- **How:**
 - Trade duty free
 - Threshold of 2,000 US\$
 - Common List of eligible products
 - Simplified Certificate of Origin + Simplified Customs Form (declaration form)
- **Reasons for low uptake of STR:**
 - Awareness & capacity
 - Common lists limited/updated
 - Documentary requirements still heavy: SPS, import/export permits, licenses...
 - Processing fee: \$1 and higher
 - Low threshold
 - Arbitrary enforcement
 - Limited presence of TIDOs (STR transactions went down when TIDOs remained underfunded)



Policy recommendations

- Coordinated policies at the national and regional levels
 - Strengthening mutual recognition of standards and harmonizing STRs across regions
 - Tailoring positive experience of OSBP to CBT (one-stop window; fast-track clearance systems; pedestrian lane..)
- NTFC: mainstreaming gender & trade issues and ensure gender balance (36% of members are female – UNCTAD, 2017)
- Improving transparency at the border
- Improving border infrastructure and access to basic facilities
- Better tailoring of STR to the needs of small-scale traders
- Improving access to finance and reduce interest rates
- Training and awareness-raising interventions (to traders & border authorities, and facilitating their interaction)

Way forward: UNCTAD capacity-building

- Training programme focusing on:
 - Personal entrepreneurial competencies to run more successful businesses (Empretec)
 - ICBT: trade/customs rules and procedures, documentation requirements, rights and obligations
- A trader's guide to trade rules and procedures
 - Why formalization is important: risks and costs faced by unregistered trade operators
 - Trader's rights and obligations
 - How to use the Simplified Trade Regime

Thank you for your attention

