



Report

Effect of Sub-Saharan African trade corridors on vulnerable groups

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Abbreviations

Abbreviation	Description
AfDB	African Development Bank
COMESA	Common Market for East and Southern Africa
DFID	Department for International Development
DRC	Democratic Republic of Congo
EAC	East African Community
EASSI	Eastern African Sub-regional Support Initiative for the Advancement of Women
FEWSNET	Famine Early Warning System Network
JICA	Japan International Cooperation Agency
OECD	Organisation for Economic Co-operation and Development
OSBP	One-stop Border Post
STR	Simplified Trade Regime
TMEA	TradeMark East Africa
UK	United Kingdom
US	United States
USAID	US Agency for International Development
WFP	World Food Programme

1 Introduction

Trade is at the core of economic growth and structural transformation. Growth in trade has become a focus of development policy in Sub-Saharan Africa and significant progress has been made in recent years, for example through building infrastructure and trade-related policies. Hard infrastructure has improved, including through the building of road and railway networks linking landlocked regions to ports and airports and through harmonising and simplifying soft infrastructure such as customs and excise procedures and duties. There has also been the establishment of free trade zones, including the East African Community (EAC).

In East Africa, improvements have included the establishment of transcontinental trade corridors to international ports at Mombasa and Dar es Salam and of ‘one-stop border posts’ (OSBP) that allow customs pre-clearance at borders and rapid inspections of traded goods. Although more remains to be done, progress has been made, including significant reductions in the cost and time of transportation and of border crossings.¹

Most of these initiatives are directed at large-scale cross-border trade. Less is known about small-scale cross-border trade. In particular, it is not known if the policy changes being made affect poor households – whose economic livelihoods are often dependent on informal trade and who are highly vulnerable to economic shocks – in the vicinity of the OSBP. This issue is the focus of this case study. We do not look at the dynamic effects or the effects on poor households further away.

The case study examines a number of key questions. It studies the economic and non-economic (such as conducting community and family relationships and accessing health care and education) value of the border for small traders and informal workers. It seeks to examine a specific example of policy – an OSBP in East Africa – and how the policy changes have affected these groups. The case study’s goal relates to consideration of the need for policy that specifically addresses issues relevant to vulnerable poor households.

This paper begins, in this section, with an overview of the current literature relating to the informal sector and border-related activities. We then present a case study using a survey of an OSBP on the Kenya–Uganda transcontinental trucking route at Busia. Section 2 discusses the survey methodology and Sections 3-5 the results. This includes findings in relation to the economic and non-economic value to and policy effects of the OSBP in relation to economic livelihoods, access to health care, finance and education and incidents of harassment and bribery.

As we discuss, the key findings are that economic livelihoods have not been negatively affected for the majority of informal traders and workers – and may, in fact, have been enhanced. Other aspects of the value of border crossings, in relation to access to health care, finance and education, are largely unchanged.

However, there are two major exceptions. First, bribery of border officials is a significant problem at the OSBP. Informal traders, in particular, are routinely forced

¹ Remarks based on TradeMark East Africa at <http://www.trademarka.com/>

to pay petty bribes to customs officials, decreasing their already low incomes and making the conduct of their businesses more difficult. The findings indicate that the OSBP has not affected levels of corruption at the border and that it continues at a high level. These issues need to be tackled through proactive policy.

Second, the poorest of the poor are vulnerable to the policy changes. These are most commonly day labourers or casual workers without any forms of capital or self-employment whose livelihoods are dependent on manual work at the border such as portage and transportation of goods and people. As the new forms of trade are reducing this type of manual work, they are vulnerable to losing their livelihoods. Special consideration should be given to policy initiatives for these groups.

In addition, there should be consideration of broadening policy to include community relations in areas surrounding the OSBP.

We also note in the final section areas for further research. In particular, this study does not allow conclusions on the long-term or indirect effects of the OSBP. These issues – including important ones such as the effects on employment and earning opportunities and on commodity prices – would benefit from a more extended and longitudinal research programme.

1.1 Characteristics of informal cross-border trade

Research – and especially data – relating to informal cross-border trade in Sub-Saharan Africa is limited by nature because it is informal and largely unrecorded. However, some research has been completed and this is reviewed in this section to give context to the case study and to the research questions.

The Organisation for Economic Co-operation and Development (OECD) conducted a survey in 2009 of Sub-Saharan African informal cross-border trade. It commented on the difficulty of measuring informal trade, including the lack of consistent measurement tools and reliable estimates and the dominance of single time period surveys of specific borders but an absence of systematic and time series data collection. Other issues include the focus on land crossings compared with air or sea crossings, differing definitions of informal cross-border trade and diverse monitoring methodologies that lead to data discrepancies and difficulties in comparing and aggregating data.

However, the general characteristics of informal cross-border trade in Sub-Saharan Africa can be summarised as follows, with examples from country- or site-specific surveys;

1. A substantial proportion of informal cross-border trade in the region concerns staple food commodities (e.g. maize, rice and cattle) and low-quality consumer goods (e.g. clothes, shoes and electronic appliances) (OECD, 2009). For example, the Ugandan Bureau of Statistics conducts periodic household surveys. Data it collected in 2012 indicate that informal cross-border exports from Uganda to the rest of the EAC amounted to \$165 million, corresponding to 29% of official export flows to these countries in the same year. Uganda was also the region's largest informal staple food exporter in 2013, accounting for 72% of informal exports (FEWSNET, 2014).

Similarly, the East African Cross-border Trade Bulletin estimates that, in 2013, 3 million tonnes of food staples were traded informally in the wider Eastern Africa region, including South Sudan and Ethiopia. Food exports dominate with maize, rice, beans and sorghum accounting for 64% of informal staple food trade flows in 2013. South Sudan was the region's most important informal staple food importer in 2013,

accounting for 57% of total informal imports, followed by Kenya and Rwanda, which accounted for 15% and 11%, respectively (FEWSNET, 2014; Saana, 2015). Rwanda, in its National Cross-border Trade Strategy, points out that, in fact, in 2011, informal (or small-scale) exports were higher than formal exports (RWF 33.2 billion informal versus RWF 21.9 billion formal) (World Bank, 2015).

As well as direct employment opportunities, informal trade also affects the poor through commodity prices (OECD, 2009). A number of papers raise the importance of trade in contributing to food prices, including that vulnerable and chronically food-insecure groups are 'most likely to be affected by increasing food and transport costs' (WFP, 2008).

There is also significant informal cross-border trade in services. This includes in education, health, construction, housekeeping, entertainment and hairdressing (World Bank, 2015).

2. It is mainly conducted by individual traders and service providers. A large proportion of traders are from vulnerable groups, including women, whose income is derived primarily from small, informal enterprises (Masinjila, 2009; OECD, 2009; World Bank, 2015).

All surveys reported that the majority of traders are women conducting small informal businesses. For example, a recent survey of traders at four border posts in the border areas of the Democratic Republic of Congo (DRC), Rwanda and western areas of Uganda found 85% of traders were women, of whom 77% reported that cross-border trade was their main source of income (World Bank, 2015).

Of these traders, 80% reported having to pay a bribe to cross the border and 50% reported physical harassment and abuse, including 'beatings, verbal insults, stripping, sexual harassment, and even rape' (Brenton et al., 2013: 7). Women are among the most vulnerable groups to such abuse especially, because the majority of border officials are men and because much of the abuse goes unreported (World Bank, 2015).

3. Vulnerability is exacerbated by the characteristics of trader populations. As noted, this includes the dominance of women. It is also increased because informal cross-border trade is often illegal in whole or part (Masinjila, 2009; Saana, 2015; World Bank, 2015). This includes offering bribes to avoid customs control, participating in organised smuggling and using alternative routes to border crossings by walking through the bush (World Bank, 2015).

4. Traders are not from the poorest of the poor because the income they derive from trading provides them with earning and employment opportunities. Informal trade is often their most important source of earnings.

However, traders – although often vulnerable owing to their gender – are not necessarily the poorest of the poor because of the earning and employment opportunities informal trading and services offer. For example, 20% of the Kenya–Uganda traders interviewed for Masinjila (2009) had other sources of income and access to finance. The paper comments that 'most were emphatic that they were not poor because one needed money to engage in trade or at least a certain level of creditworthiness that could be verified by the lender' (p.14).

Similar findings arise from a World Bank study of informal trade in the Great Lakes region. This looked at a number of indicators of the welfare of traders' households and concluded that 'the households of cross-border traders are just as well off as the average urban household that is used as a comparator' (Brenton et al., 2013: 6). A

total of 77% reported that cross-border trade was their main source of income (World Bank, 2015).

This has also been supported by a recent longitudinal study by the World Bank, which found that increased local cross-border trade coincides with poverty reduction in the border areas. In the study, in Rwanda, the areas where poverty levels fell most between 2001 and 2011 were those with land borders with Uganda, DRC and Burundi, where poverty levels by headcount fell 23% compared with 8% in comparative areas. The study assigned this to the income opportunities offered by cross-border trade of agricultural goods (World Bank, 2015).

5. Some characteristics of cross-border trade also actively exclude the poorest of the poor. For example, the Eastern African Sub-regional Support Initiative for the Advancement of Women (EASSI) also confirms the need to self-finance informal cross-border trade and services, which excludes some very poor people.

6. Cross-border trade also allows local cross-border populations to realise the benefits of trade. This is because the small-scale trade 'value chain' exists largely within the borderland area itself, unlike for larger commercial trade, for which the border is merely a stopping point between population centres (such as between country capitals) (World Bank, 2015).

7. Informal trade presents a number of economic opportunities and incentives (Saana, 2015; World Bank, 2015). This includes the ability to exploit economic opportunities. For example, informal traders are able to exploit price differences across borders, the informal border trade or opportunities for informal work. For example, it was found that trade between Burundi and Rwanda 'thrives on economic and currency imbalances' (Masinjila, 2009: 24; also Africa and Ajumbo, 2012; OECD, 2009).

There are also incentives to avoid formal border processes, costs or problems. By successfully evading border controls altogether or by bribing border officials, traders were able to undercut the prices of even competitive formal traders. Further, informality acts to facilitate avoidance of trade-related regulations and duties. For example, traders may avoid official border posts or pass through such posts using illegal practices such as under-invoicing, misclassification of goods and misdeclaration of country of origin (OECD, 2009). Similarly, traders were found to use informal trade to circumnavigate obstructed entry or exit of certain commodities, caused by import quotas or export bans or foreign exchange controls (ibid.).

Finally, informal trade allows for avoidance of the time and costs of complex, non-transparent or divergent regulatory requirements such as customs formalities, technical regulations and sanitary standards that either add to cost or are inoperable by informal traders (OECD, 2009). Africa and Ajumbo (2012) found that 'stringent documentary requirements [...] further exacerbate the situation' (p.7). They also found that frequent inspections at roadblocks delay traders, adding costs to an already costly transport system. Many of the female informal cross-border traders interviewed by EASSI were stopped at least once for checking before reaching their markets (EASSI, 2012.).

8. Constraints to informal trade are multiple and interrelated. They include at some border posts poor infrastructure, lack of transparency and knowledge of trade regimes and procedures and weak control over cross-border movements and trade.

1.2 Theory of change: effects on the poor of OSBP

This case study examines the impact of the OSBP on households participating in cross-border trade and services. These households are typically those living at or near the border posts although – as the case study found – there is also significant longer-distance, cross-border trade including intercontinental trade that is conducted by informal traders.

There are a number of ways the OSBP can have impacts on households. First, delays at border posts and costs add to the ‘costs’ in terms of time and money of trade. Delays on the northern and central corridors in Eastern Africa are long, resulting in low utilisation of assets and high costs, which translate into high food prices (TMEA, n.d.). Speeding up the processing of goods crossing intraregional borders should reduce trade costs and thus reduce the prices of goods crossing the border posts.

Opportunities for trade and work may be affected by the ease and cost of border crossings. Some studies have found that these problems are minimal. For example, EASSI (2012) found that ‘many of the women usually spent less than an hour thus saving precious time’ – suggesting less time is spent in border crossings for these groups. However, this study excluded consideration of the “opportunity cost” of time spent at the border on other work opportunities. Other studies have found problems with border crossing that negatively affect livelihoods, increasing costs or the opportunities for income.

Harassment and bribery are problems adding to the ‘costs’ of trade. Brenton et al (2014), for example, reported that,

‘Among the challenges faced by cross-border traders, hostility by border officials deserves special attention. Despite policy-makers’ growing interest in facilitating transactions and some progress made at certain border points, crossing some of Zambia’s borders remains a challenge due to officials’ attitude towards small traders.

Similarly, the Cross-Border Traders Association of Malawi maintains that the majority of informal traders actively avoid the formal border crossing as many members complain of harassment and humiliation, ranging from goods over-valuation to delays, bad language and physical violence. Women, who in Malawi account for approximately 80% of cross-border traders, are especially vulnerable to such abuses – these sometimes also take the form of sexual harassment, including rape and cited cases of women providing “favours” to officials in exchange for a smooth border crossing. In turn, this also facilitates the spreading of HIV/AIDS and other sexually-transmitted diseases (p.6).

Warr et al. (2010) also found interesting results, in this case relating to the short- and long-term effects on poverty of a new bridge crossing between Thailand and the Lao People’s Democratic Republic on the Mekong River. They found infrastructure improvements reduced the costs of interregional trade modestly, which created modest increases in cross-border trade volumes and increased consumption in the short run. However, the long-term effects were much greater because of the opportunity for workers to find higher-productivity work. For the purposes of this study, it should be noted that this crossing was for a new physical crossing over a river that had previously been a barrier to any substantial trade between the two sides. This may mean the effects are greater than they would be from an OSBP where there were significant levels of informal trade prior to the OSBP being established. However, the study still highlights the importance of a longitudinal approach to

examining effects on poverty and this is considered in the recommendations in Section 6.

In addition, recent research suggests there are important effects on vulnerable groups using cross-border posts in relation to non-financial effects. For example, the World Bank (Brenton et al., 2014; Njie Ndumbe, 2014) examines the issue of formal borders dividing ethnic regions with single commodities on both sides of the border.

There are also ongoing efforts to develop policy to support the effects on vulnerable groups at border crossings. The Common Market for East and Southern Africa (COMESA) Simplified Trade Regime (STR) system was specifically designed ‘to overcome problems associated with small traders’ by providing for small consignments (under \$1,000): ‘a simplified customs document can be filled out by traders, which is accepted by customs instead of the full document that must be filled out by a customs clearance agent’. (Brenton et al., 2013; World Bank, 2013). However, Africa and Ajumbo (2012) argue that, ‘unfortunately, small-scale traders are generally unable to access STR benefits because of processing fees, low awareness on STR and its functioning and corruption’ (p.7).

Equally, informal traders may not be able to access improved processes. Masinjila (2009) found that, for traders on the Burundi–Rwanda border, ‘the main fear is that more government involvement would place a double burden on them as they stood the risk of continuing to support the old informal structures of corruption that currently facilitates the trade as well as pay government formal taxes without requisite services’ (p.29). Based on interviews with 215 informal traders across the Kenya–Uganda and Burundi–Rwanda border Masinjila concludes that, while the EAC Protocol certainly ‘may have effect on formal trade [it will do] [...] little or nothing to informal small scale trade conducted by women and largely poor male traders’ (p.48).

2 Methodology

The case study was conducted through a survey of people in the area surrounding the OSBP in Busia on the transcontinental trucking route on the border of Kenya and Uganda.

This section describes in detail the methodology relating to the site selection, the questionnaire (which is included in the Appendix) and the sampling technique.

2.1 Research questions

This case study examines the effect of the OSBP on households participating in informal trade and services in close proximity to the border.

The research questions are based in the theory of change discussed earlier relating to how an OSBP might affect these households. The research questions are as follows:

- The characteristics of the providers of informal trader and service, including age, nationality, residency, educational levels;
- The types of economic activities being undertaken that are impacted by the OSBP, including types, origin and scale of goods being traded and types and types of services being provided;
- How the OSBP has impacted times of crossing the border;
- How the OSBP has impacted costs of crossing the border;
- How the OSBP has impacted opportunities for trade and work;
- How the OSBP has impacted incidents and compliance with bribery and corruption;
- How the OSBP has impacted harassment including sexual and physical harassment;
- Whether the OSBP has impacted access to health care, education, financial services;
- Whether the OSBP has caused any impact on community of family relations.

In addition, the case study aimed to solicit views on current processes and procedures at the OSBP and how they could be improved.

2.2 Site selection

The site to be selected needed to meet the following criteria;

- High levels of informal cross-border trade;
- Local satellite towns for the border with service providers;
- Recent policy interventions for OSBP;
- Practical.

A shortlist of sites was compiled based on available research and discussion with reviewers at the UK Department for International Development (DFID) and other

bodies (see separate document) and with TradeMark East Africa (TMEA) and the World Bank.

Busia on the border of Kenya and Uganda was selected as the site for the study. A number of factors made it a suitable site offering advantages over other possible sites. Table 1 details the short-listed comparative sites.

Table 1: Short-listed sites

Site	Level of informal livelihoods in border area	High population density	Recent policy intervention	Practical	Source
Busia, Kenya–Uganda	High	High	High (2014/15)	High	TMEA; Fitzmaurice and Hartmann (2013); Hetherington (2012); reviewers
Chirundu or Malaba, Zambia	Medium	Low	High	Medium (safety concerns)	TMEA; USAID; reviewers
Burundi–Rwanda	High	High	Low (Not fully enacted)	High	TMEA; African Trade Policy Centre; AfDB
Cinkanse, Togo-Burkina Faso	High	High	High	Medium (Ebola concerns)	Reviewers

Source: Author.

First, there was a need for a border crossing where high levels of informal cross-border trade were expected. The literature review suggested a number of possible sites, including Busia. High levels of informal trade need to be driven by the presence of established local satellite towns and by a surrounding area with the expected presence of goods traded by the poor, especially staple foods.

Busia meets all these criteria. Busia is 430 km from Nairobi and 200 km from Kampala and has become a major trading centre on the route between the two capital cities. The majority of trade between Mombasa port and Uganda as well as adjacent countries (Burundi, DRC, Rwanda and South Sudan) is routed through the border at Busia. An average of 894 vehicles cross per day (TMEA, 2011). However, it has a poor reputation for border processing, with issues including slowness, smuggling and corruption. There have also been strikes by workers and other unrest (Crown Agent, 2010; Ndunda, 2013).

Busia is a medium-sized town with settlements on both sides of the border. Both sides have a well-established resident population with local markets and shops and a wide variety of goods and services. This includes regular goods and services found in non-border towns such as food and clothing markets as well as those that are border-specific. The latter includes, for example, traveller hostels and restaurants, vehicle parts and processing agents. It also has a significant number of people in low-skill border-related services such as taxis and portage. Busia is also in the centre of the farm lands of western Kenya, where there is rich, but largely subsistence, farming.

In addition – and of particular relevance for this study – Busia has been the location for the development of an OSBP. It is part of the establishment of the EAC free trade zone, within which there has been significant development of hard infrastructure and harmonisation of soft infrastructure for trade. TMEA manages the project and it is co-funded by DFID and the Japan International Cooperation Agency (JICA). Improvements have included single inspections by the countries’ authorities and in customs processing.

Processing times have fallen significantly and, at time of the study (2015), the project was nearing completion. This site is under use by both formal and informal traders, with site construction still in progress (TMEA website, n.d.). This that it was suitable to interview informal traders about the importance of the border to them and allow for accurate recall of the effect of the OSBP on them.

It should also be noted that Busia was studied at a time when the OSBP was being implemented but had not yet been completed. Some of our findings may not be valid once the OSBP is complete and fully operational. For example, there are issues relating to construction that are likely to be temporary. This could be ameliorated by a further survey once the OSBP is fully operational with a comparison with the findings in this survey.

2.3 Questionnaire

The questionnaire was designed to examine the research questions noted earlier in this section. The full questionnaire is provided in the Appendix. The overall areas examined were as follows;

- The nature of informal economic activity related to the border area and the role of it in their economic lives;
- The role of the border area in their non-financial lives, including family and community and access to health, education and financial services;
- Interviewees’ experiences of the border crossings;
- Perceptions on whether there had been positive or negative changes in these factors since the OSBP began to become operational.

In relation to the nature of informal economic activity relating to the border, interviewees were asked basic personal information (sex, age, educational level attained, daily earnings, residence) and about their livelihoods. This included asking whether they bought or sold goods across the border and, if so, details of goods and trading patterns, who their customers were and frequency, mode and purpose of border crossings and whether they used formal or informal crossing points. They were asked why crossing the border was attractive and what economic value it offered.

In relation to their experiences of crossing the border, they were asked about the work and trade opportunities it offered, the time it took and what formal cost and formal procedures were incurred. They were asked if they experienced bribery and corruption or any form of harassment by border officials. They were then asked to compare 2013 with 2015 to provide a before-and-after OSBP comparison. They were asked for an overall rating of the ease of border crossing and asked for their views on any issues that required improvement.

In relation to non-financial lives, they were asked which side of the border they lived and if they had family members on the other side of the border and whether they accessed education, health care or financial services there. They were also asked where they sourced capital for their livelihoods. Where they had such circumstances,

they were again asked for a comparison of the ease of these activities between 2013 and 2015.

As is typical for questionnaires relating to the informal sector, there were some methodological shortcomings. Answers were not verified by third-party data. For example, there was no proof of earnings. Some questions – such as those relating to earnings or illegal activities – may not be accurately reported. Responses were also subjective. However, responses generally seemed credible, including because of consistency between interviewees on issues such as corruption and informal border crossings. The exception to this related to responses to changes over time when the specificity of interview responses was generally vague and there was a lack of concrete comparisons, such as in terms of changes in levels of earnings.

This is a typical outcome of using a single time period methodology rather than a longitudinal study and of using subjective recall by respondents. A more ideal method would have been to have a longitudinal study with a baseline survey taken before the OSBP started and then further surveys completed as the OSBP was established and matured. However, the study logistics did not allow for a longitudinal study so these issues were not avoidable.

Nevertheless, these methodological shortcomings should be noted in relation to a lack of a baseline survey and the consequential reliance on interviewee recall.

2.4 Sample selection

Sample selection in the informal sector is constrained by the lack of demographic data relating to the population under study. This study used an approach of using estimated numbers of different population segments to create representative sample frames and then informal randomised selection within these sampling frames.

The sample frames were determined by surveying – with the assistance of a local research assistant from Busia – the town centres on both sides of the border and visiting the local markets to determine the different types of economic activity and then estimating the numbers of people in each activity.

Three sample frames and the relative numbers of people employed in each were estimated as follows. Details of the definitions of the sample frames are given in the next section.

- 55% informal traders;
- 25% informal workers;
- 20% formal small traders and service providers.

The estimated percentages of each occupation were then reflected in the sample used. In addition, the sample was balanced between male and female interviewees and between Kenyan and Ugandan interviewees (with interviews being conducted on both sides of the border) to reflect the estimated proportions.

As will be discussed, because informal trading was the most common activity and was a predominantly female occupation, 60% of interviewees were female and 40% male.

Both Kenyans and Ugandans were found to be crossing the border for economic activity and so the balance for the sample was 50% Kenyans and 50% Ugandans.

Within these sample frames, interviewees were then randomly selected throughout the town centre and market areas on both sides of the border. The random selection

was made by asking each person at appropriate intervals (such as every 10th person in the market and bus areas and every 10th premises through the town centres). Some selected interviewees declined to be interviewed; if this occurred the next the person or premises was used.

It should be noted that this type of informal identification of sample frames and interviewees may have selection bias. For example, it possible that certain areas of the towns were missed. However, given the lack of democratic or other formal data and the time constraints of the study, it is thought that the probability of significant selection bias was minimised.

3 Findings: economic livelihoods and their relation to the border

The fieldwork revealed a very dense and complex network of economic reliance on the border.² This network involved numerous informal workers and traders as well as small formal businesses. Its core was trade of both local goods and goods within national distribution networks.

This section analyses more closely this network and the vulnerable people employed within it. It examines the reported effect of the OSBP on these people's livelihoods. Three main types of economic groups were identified at the border. These are each in discussed in detail. There is qualitative discussions of the findings followed by the survey results. Quotes from interviewees are included to illustrate the findings and to highlight specific points. These were translated by local research assistants. Photos are used to further illustrate the findings.

3.1 Informal traders

3.1.1 Types of border-related economic activity

Informal traders were the majority group that was economically active at the border. Their trading activities indicate a rich and complex pattern of trade across the border that was the source of their livelihoods.

Their businesses were run from outdoor markets and stalls including in designated market areas and in non-designated areas such as on the road side, in alley ways in the town centre, in parking areas for buses and trucks and in the immediate vicinity of the border area.

Goods being traded include numerous types of cereals, grains, fruit and vegetables and other food stuffs. There was also a number of traders in used clothing, shoes and household cloths. Other less frequently traded items included *khat* and sundry consumer goods such as sunglasses, wallets or mobile phone accessories.

The foods being traded were both for retail and for wholesale. The traders were part of a multi-part chain of wholesale distribution. Only a few traders reported being the farmers of the goods – which was surprising, as Nyasa district is a predominantly farming district with intensive, subsistence farming common along with farming of other cash crops such as sugar cane – with others buying mainly from wholesalers and then transporting goods across the border for sale. Some traders were only trading in a value chain in the local district. This mainly related to food products and simple manufactured goods such as handicrafts. Other foods were sold to wholesalers

with national distribution, with goods destined for Nairobi, Kampala and other regional cities such as Kisumu and Eldoret.

Traders of non-food goods also reported having long-distance wholesale relationships in cities including Nairobi and Kampala. Some travelled themselves to these places to buy and sell wholesale goods. For others, wholesalers visited them in Busia. Some were part of a wholesale-to-wholesale trading network. The goods being traded over long distances were predominantly non-perishable goods such as second-hand clothing and electronics. These were also imported goods.

Second-hand clothing, shoes and bags are widely sold in Busia, as they are elsewhere in Kenya and Uganda. The traders brought these in large bales from importers. This included in Nairobi and Kampala. Traders preferred to buy in Kampala because the price was lower and because the bales were imported without having been tampered with as it was believed that bales from Nairobi regularly had the best goods removed. Goods were either sold for retail in Busia or sold on to other wholesalers.

Other goods were reported as being bought from wholesalers for retail. In the bus and truck stations, traders sourced goods from wholesalers who brought trucks from Nairobi, which they hawked to passengers in cardboard displays.

Khat was sourced from traders and was traded by (self-reported) ethnic Somalians to truckers and to local people. They reported *khat* as being popular with long-distance drivers because of its stimulant properties.

The informal trading in food was predominantly a female occupation. *Khat* was sold exclusively by men. However, other goods were mixed-sex traded.

Education level was predominantly primary, with 16% not having completed primary education, 71% having completed primary education and a further 7% having had some level of secondary education.³

The traders were not typically among the poorest of the interviewees. Average daily gross income was around KSh 1,700 (\$17). Indeed, traders reported that their incomes were reasonable and stated that they saw themselves as making a sufficient income to support their families. They reported self-funding or micro-borrowing to finance their businesses but not having outstanding debts.

Overall, this group was considered a moderately vulnerable group with livelihoods above the poverty line but low or no net assets.

³ Educational levels were scored as (1) Primary education not completed; (2) Primary education completed; and (3) Secondary school or above started.

Table 2: Informal traders' characteristics

		No.	%
Sex	Men	20	32%
	Women	42	68%
Age	Average (years)	36	n/a
Income	Average (KSh)	KSh 1,709	n/a
Education	Secondary or above	6	10%
	Primary	44	71%
	Less than primary	10	16%
Residency	Kenya	32	52%
	Uganda	30	48%

Note: Two informal traders did not give their educational level.

3.1.2 Economic value

Informal traders were frequently engaging in cross-border activity because it offered economic value. Key was access to the rich and complex cross-border trading networks for buying and selling from wholesalers and price differentials.

The most commonly cited value was in price differentials between the two countries. A wide variety of goods were cited as having price differentials that could be exploited by buying on the cheaper side – predominantly Uganda – and selling on the other – mainly in Kenya. These included food products and clothing. The price differential was largely assigned to the foreign exchange rate between the two countries. The volatility of foreign exchange rates was reported as being disruptive to trade.

Food price differentials were also noted as varying by season and by location. So, for example, when mangos are in season in Kenya, they are brought for resale in Uganda; oranges are brought from Uganda to Kenya because they are not grown in this area of Kenya.

Informal traders also cited access as underpinning economic value from cross-border trade. Several cited greater market access including more market days and a greater pool of customers. This is because the Ugandan and Kenyan sides of Busia both have bi-weekly markets but on different days, allowing traders to increase their days at market and hence their total sales.

More Kenyans reported going to Uganda than vice versa. Kenyans crossed predominantly for business reasons. Ugandans predominantly reported crossing the border only for personal reasons, such as for travel to Nairobi or for personal consumption goods from local market.

Overall, the informal traders are reliant on the border for their livelihoods because, although very similar trade in such goods would be conducted in non-border areas, they are able to increase their incomes through expanded markets and the ability to exploit price differentials through border crossings.

‘Selling in both nations makes me busy daily as there is plenty of custom.’
‘There is a ready market in Kenya with higher profits than in Uganda.’
‘The price is higher in Kenya hence the profits are also higher.’
‘In order to have more working days I use both Kenyan and Ugandan markets.’
‘The price is lower when the goods are in season.’
‘Onions are in surplus in Uganda at a cheap price. Many Kenyans buy for resale.’
‘I cross the border when mangoes are in season in Kenya and sell to retail customers in Uganda.’
‘Too many people sell the fruits so the competition is high.’

3.1.3 Effect on livelihoods of the OSBP

Informal traders reported a neutral (36%) or positive affect (53%) in their economic lives as a result of the OSBP. Various reasons were given but the most common was that it had increased access and hence expanded the available markets and the number of customers.

As the next section discusses, there are positives and negatives in relation to their experiences of the border crossing that also effect the economic value of the crossing.

‘It has changed because I am now able to make sales and meet our daily needs.’
‘It has changed because we are able to trade from one country to another.’
‘Life has changed because we are able to get what we want and can’t get in Kenya and sell it at a good profit.’
‘The market is now larger.’

The exception to this was the temporary disruption to their business from the construction project and from the congestion caused by the heavy volume of trucks. This was reported as worsening because of the OSBP owing to increasing volumes of trucks before the construction phase was completed. As Section 4 discusses, the OSBP includes planning for a more organised truck park but at the time of the survey this was still under construction and not in use.

Disruption to businesses and to market places was widely reported. It was also easily observable because in the centre of the Kenyan side of town there are large numbers of trucks parked in a chaotic fashion on the main road. Traffic fumes and noise are very heavy. Congestion – including gridlock – is frequent.

The traders conduct business in many of the areas where trucks are parked or passing through, including in the town centre market place, the bus and truck station and the surrounding buildings.

On the Ugandan side, the trucks are organised into a single line but block access to the town’s main street.

This had been reported to the local government but no action had been taken. This is discussed further in the conclusion.

“The traders have been displaced from the market area because the trucks are occupying the spaces, forcing them to go back home. We have complained to the county officials but they tell them that the trucks give better taxes than the traders”

‘The road interferes with our trade.’

3.2 Informal workers

3.2.1 Types of border-related economic activity

Informal workers are taxi drivers and porters using handcarts, bicycles and motorbikes. Both people and goods are transported. Goods could include large bales and sacks of goods. Workers also include loaders who load and unload trucks by hand, typically working in informal teams in parking areas adjacent to the border post. Workers also cluster in areas around the border post to wait for customers to hire their services each day.

These are exclusively male occupations. The average age of respondents was 29 years, although there were also older men up to the age of 67 years. Their education level was the lowest of any group, with 21% not having completed primary education, 72% having completed primary education and a further 7% having had some level of secondary education.

Informal workers were the poorest of all people engaged in economic activity at the border. Their average daily income was KSh 400 (\$4). Those using motorbikes had an average gross income of KSh 525 (\$5.25). Those using bicycles and handcarts reported an average income of KSh 280 (\$2.80).

Some also reported having debts used to purchase vehicles, or hiring them instead of owning them and paying rental fees on a daily basis from their income.

This group was considered the most vulnerable group, with livelihoods below the poverty line and little, no or negative net assets.

Table 3: Informal workers' characteristics

		No.	%
Sex	Men	29	100%
	Women	0	0%
Age	Average (years)	29	n/a
Income	Average (KSh)	400 Kh	n/a
Education	Secondary or above	2	7%
	Primary	21	72%
	Less than primary	6	21%
Residency	Kenya	14	48%
	Uganda	15	52%

3.2.2 Economic value

Informal workers found economic value in the border from the services they provide that relate to transporting goods and passengers across it. Goods predominate and fees increase with the size and weight of the goods. Passengers pay lower fees.

Customers include those dealing in wholesale goods – predominantly food staples. These are unpacked, transported by handcart, bicycle or motorbike across the border post and then reloaded. The reloading is part of the dealing between wholesalers in

the two countries who meet and conduct their transactions at the border. Goods are brought a considerable distance, with wide distribution to towns and cities across both countries, including to Nairobi, Mombasa and Kampala.⁴.

Local customers were also reported and included informal traders transporting goods and local people going shopping or on other personal business.

The informal traders are heavily dependent on the border for their livelihoods because their work is dominated by carrying and packing services for the goods crossing it.

3.2.3 Effect on livelihoods of the OSBP

Informal workers reported that the OSBP had had a positive (41%) or neutral (38%) effect on their livelihoods. However, the percentage reporting a positive effect was the lowest of any group and that of those reporting a negative effect the highest (21%).

Those reporting a negative affect reported that the volume of hand-sorted trade had declined and made finding day labouring difficult.

‘Life becomes difficult when there is no work especially in the low season or when goods don’t come across the border.’
‘Many people cross the border on motorbikes, leaving the bicycle transport to suffer.’

3.3 Formal small trading and service providers

3.3.1 Types of border-related economic activity

This group was identified as being ‘formal’ small traders or service providers operating through them from permanent premises, typically brick or adobe buildings in the town centres both sides of the border crossing. Most of the interviewees’ premises are in the immediate areas to the border crossing. The businesses include shops, bars, restaurant and lodgings. The shops sell a wide variety of goods, including new clothing and household goods such as electronics, furniture, Tupperware, cooking equipment and basketry. They are run by both men and women and are often family businesses.

Education level is mixed, with 36% not having completed primary education – the highest of any group, 56% having completed primary education and a further 8% having had some level of secondary education.

The incomes of these businesses are the highest of any group, with an average daily gross income of KSh 5,820 per day (\$58).

This group is considered the least vulnerable group with livelihoods above the poverty line and significant assets and family support.

⁴ This was ascertained because the bales are labelled by destination as part of the reloading processes.

Table 4: Formal workers and service providers' characteristics

		No.	%
Sex	Men	11	44%
	Women	14	56%
Age	Average (years)	38	n/a
Income	Average (KSh)	5,820	n/a
Literacy	Secondary or above	2	8%
	Primary	14	56%
	Less than primary	9	36%
Residency	Kenya	12	48%
	Uganda	13	52%

3.3.2 Economic value

Formal traders reported that the majority of their customers were local residents from both sides of the borders.

Ugandans reported that they had many Kenyan customer but Kenyans did not report many Ugandan customers. This appeared to be related to the price differential between the two ,countries which made goods cheaper in Uganda with customers crossing to buy them.

They also reported custom from border traffic – such as drivers and passengers – but that these were not as important as local people.

This was consistent with conversations with drivers who reported sleeping in their cabs and cooking outside their vehicles rather than using local services.

Some businesses also had wholesale relationships on a cross-border basis with either their retail businesses being supplied by cross-border wholesalers or they themselves trading in wholesale markets.

However, overall these formal businesses derived less direct economic value from the border than other groups. Those that did were mainly Ugandan businesses, which derived value from customers from the opposite side of the border based on price differentials or those involved with cross-border wholesale businesses.

‘Favourable prices are available on a variety of goods.’
‘Customers prefer clothes from Uganda than from Nairobi [...] they get them at fairer prices.’
‘Buy some special things to sell that are not available in Kenya.’
‘The problem faced is the exchange rate. Sometimes it’s very high and sometimes very low.’

3.3.3 Effect on livelihoods of the OSBP

These were similar to effects on informal traders, with formal traders and service providers reporting a neutral (24%) or positive (48%) effect on their economic lives

as a result of the OSBP. However, they also had a higher percentage (28%) reporting a negative effect on their business.

Some reported that the economic value of border crossing had been increased by the OSBP, such as more customers or no change, as their customers are predominantly in the local town. There were reports of decreased numbers of passengers from long-distance buses.

As for informal traders, they reported disruption to their business from the construction project and the heavy volume of trucks that blocked access to their shops and other premises.

‘It’s better because I can get income from both sides.’
 ‘The truck should park far from our place to avoid blocking our shops.’
 ‘The trucks put off our customers.’
 ‘The trucks are blocking our shops.’

Question 1: Since the OSBP began in 2013, has it made your opportunities for work or trade better, worse or had no effect?

By occupational category

	Informal traders		Informal workers		Formal traders and service providers		All	
	No.	%	No.	%	No.	%	No.	%
Better	33	53%	12	41%	11	44%	56	48%
Worse	22	11%	6	21%	4	16%	32	28%
No change	7	36%	11	38%	6	24%	24	21%
No response	0	0%	0	0%	4	16%	4	3%
Total	62	100%	29	100%	25	100%	116	100%

By sex

	Male		Female		All	
	No.	%	No.	%	No.	%
Better	29	48%	27	48%	56	48%
Worse	10	17%	7	13%	17	15%
No change	20	33%	19	34%	39	34%
No response	1	2%	3	5%	4	3%
Total	60	100	56	100	116	100%

By residency

	Kenya		Uganda		All	
	No.	%	No.	%	No.	%
Better	32	55%	24	41%	56	48%
Worse	9	16%	8	14%	17	15%
No change	13	22%	26	45%	39	34%
No response	4	7%	0	0%	4	3%
Total	58	100%	58	100%	116	100%

4 Findings: experiences of the border crossing

In this section, we discuss the interviewees' experiences of border crossing, including its effect on their economic livelihoods and their non-economic welfare. This includes in relation to the ease and speed of crossing the border, formal processes and compliance with them and experiences of corruption and harassment.

4.1 Border processes

There was widespread satisfaction with the ease, speed and procedures of border crossing. A total of 90% of respondents reported shorter crossing times since the OSBP had been initiated, 84% now used no formal identification or other procedures and 92% said crossing was easier than before. These results were consistent by occupation, sex and residency.

And 84% reported not requiring ID documents and 8% reported using IDs when crossing without goods. Need for an ID was linked to travelling beyond the local area, such as to Nairobi or Kampala. The lack of the need for an ID was also linked to the fact that border officials know the interviewees personally because they all live within Busia.

When crossing with goods, goods are subject to informal inspection. Customs duties are applicable but are not always applied. There is no formal paperwork, although some reported receiving a receipt. This issue is linked to corruption and is discussed in Section 4.3.

There was also widespread reporting of use of unofficial crossing points. These appear well known in the town and we visited them, including a local market on one such route. They are dirt tracks between the Kenyan and Ugandan sides of the border. Various reasons were reported for using them. This included that they were more convenient – such as more direct between different points in the town. It also was reported that they enabled avoidance of customs charges and smuggling of illegal goods (such as alcohol and tobacco). Police know these routes and can stop people using them but bribes are then given. Again, this is discussed in Section 4.3.

<p>'Crossing the border is so normal that I know I am working in one nation.'</p> <p>'Crossing the border is extremely free and easy for those who live around.'</p> <p>'I have not used my travel documents since working in Kenya.'</p> <p>'All you need is just to pass. That is all.'</p> <p>'Even before the changes I could easily cross the border.'</p> <p>'Sometimes it takes a long time owing to the numbers of people at the border.'</p> <p>'We go through the nearest route because the border post is far.'</p>
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Question 2: Since the OSBP began in 2013, is the time needed to cross the border shorter, longer or the same?

By occupational category

	Informal traders		Informal workers		Formal traders and service providers		All	
	No.	%	No.	%	No.	%	No.	%
Shorter	58	93%	28	97%	19	76%	105	90%
Longer	1	2%	0	0%	1	4%	2	2%
The same	0	0%	1	3%	0	0%	1	1%
No response	3	5%	0	0%	5	20%	8	7%
Total	62	100%	29	100%	25	100%	116	100%

By sex

	Male		Female		All	
	No.	%	No.	%	No.	%
Shorter	55	91%	50	89%	105	90%
Longer	1	2%	1	2%	2	2%
The same	1	2%	0	0%	1	1%
No response	3	5%	5	9%	8	7%
Total	60	100%	56	100%	116	100%

By residency

	Kenya		Uganda		All	
	No.	%	No.	%	No.	%
Shorter	50	86%	55	95%	105	90%
Longer	2	3%	0	0%	2	2%
The same	1	2%	0	0%	1	1%
No response	5	9%	3	5%	8	7%
Total	58	100%	58	100%	116	100%

Question 3: Since the OSBP began in 2013, do you use formal processes when crossing the border?

By occupational category

	Informal traders		Informal workers		Formal traders and service providers		All	
	No.	%	No.	%	No.	%	No.	%
No formal process	54	87%	28	97%	16	64%	98	84%
ID or passport	5	8%	1	3%	3	12%	9	8%
No response	3	5%	0	0%	6	24%	9	8%
Total	62	100%	29	100%	25	100%	116	100%

By sex

	Male		Female		All	
	No.	%	No.	%	No.	%
No formal process	52	87%	46	82%	98	84%
ID or passport	5	8%	4	7%	9	8%
No response	3	5%	6	11%	9	8%
Total	60	100%	56	100%	116	100%

By residency

	Kenya		Uganda		All	
	No.	%	No.	%	No.	%
No formal process	46	80%	52	90%	98	84%
ID or passport	6	10%	3	5%	9	8%
No response	6	10%	3	%	9	8%
Total	58	100%	58	100%	116	100%

Question 4: Since the OSBP began in 2013, do you consider the overall ease of crossing the border to be easier, more difficult or the same?

By occupational category

	Informal traders		Informal workers		Formal traders and service providers		All	
	No.	%	No.	%	No.	%	No.	%
Easier	58	92%	29	100%	20	80%	107	92%
Harder	0	0%	0	0%	0	0%	0	0%
The same	2	3%	0	0%	0	0%	2	2%
No response	2	3%	0	0%	5	20%	7	6%
Total	62	100%	29	100%	25	100%	116	100%

By sex

	Male		Female		All	
	No.	%	No.	%	No.	%
Easier	58	97%	49	88%	107	92%
Harder	0	0%	0	0%	0	0%
The same	0	0%	2	3%	2	2%
No response	2	3%	5	9%	7	6%
Total	60	100%	56	100%	116	100%

By residency

	Kenya		Uganda		All	
	No.	%	No.	%	No.	%
Easier	53	91%	54	93%	107	92%
Harder	0	0%	0	0%	0	0%
The same	1	2%	1	2%	2	2%
No response	4	7%	3	5%	7	6%
Total	58	100%	58	100%	118	100%

4.2 Official border costs

People passing the border reported no official costs were incurred.

Goods are subject to official customs charges based on percentages of the value of goods. This is in the region of 25% for most goods. In addition, there are local district charges for market places. These charges are common to both formal and informal traders who have not used pre-crossing custom procedures.

There were a number of complaints about this multiple taxation of goods and trading, with customs duty being paid on both sides of the border crossing and for the local charge. This makes the total tax burden on traders high. This is of particular concern to informal traders.

‘The cost is too much because you pay on the Kenyan side and the Ugandan side.’
 ‘It is too much because I pay on both sides and also the market fee.’

Question 5: Do you incur any official costs when crossing the border?

By occupational category

	Informal traders		Informal workers		Formal traders and service providers		All	
	No.	%	No.	%	No.	%	No.	%
No cost	57	92%	28	97%	18	72%	103	89%
Paid	3	5%	1	3%	1	4%	5	4%
No response	2	3%	0	0%	6	24%	8	7%
Total	62	100%	29	100%	25	100%	116	100%

By sex

	Male		Female		All	
	No.	%	No.	%	No.	%
No cost	56	93.33%	47	84%	103	89%
Paid	2	3.33%	3	5%	5	4%
No response	2	3.33%	6	11%	8	7%
Total	60	100%	56	100%	116	100%

By residency

	Kenya		Uganda		All	
	No.	%	No.	%	No.	%
No cost	51	88%	52	90%	103	89%
Paid	2	3%	3	5%	5	4%
No response	5	9%	3	5%	8	7%
Total	58	100%	58	100%	116	100%

4.3 Corruption

Corruption and bribery were widely reported for transport of goods across the border and seemed a chronic and deeply entrenched problem. Passenger traffic across the border generally did not report bribery (this accounted for the 44% reporting not paying bribes).

A total of 48% reported being asked to pay bribes and all who reported this reported complying. This was related to the transportation of goods across the border for trade. Interviewees always comply with the request for bribes because otherwise they have goods confiscated or are held for long periods at the border preventing them from conducting their livelihoods.

Interviewees reported that bribes were not expected to be paid by passengers travelling without goods. However, when passengers are carrying goods, they are typically requested to pay a bribe to the officials. Thus, this is a problem mainly for informal and formal traders conducting cross-border trade. An informal amount that relates to the value of the goods seems to be an accepted amount to be paid as a bribe to the border officials. Some stated amounts they typically paid, although they also said that they negotiated with officials to agree an amount. Amounts were generally small – from KSh 20 to KSh 200 was typical – although larger amounts were also reported on larger or more valuable goods.

It was also reported that bribes were demanded to be allowed to avoid any official action relating to minor misdemeanours. These included crossing on non-official crossings, not having ID and carrying illegal goods such as alcohol and tobacco.

There were also a number of reports of corruption at the weighing stations for trucks on the Kenyan border, with officials making false accusations of overloading and then demanding bribes in the region of KSh 5,000 in order for court summons not to be made.

These were also numerous reports of collaboration among local ‘brokers’ – who have informal roles at the border – with custom officials to extract bribes and intimidate traders into paying them.

There was both widespread resentment of and resignation to this corruption. There seemed to be an acceptance of it as inevitable and interviewees complied with requests in order to avoid problems.

It would also appear that formal requirements – such as ID, official custom charges or trading licences – facilitate corruption because they provide a rationale and an official punitive measure that can be threatened to ensure that the demanded bribe is paid.

‘Bribery is a tradition especially for the traders.’
 ‘Bribes are common and we comply in order to trade.’
 ‘For quick service at the border you have to bribe them.’
 ‘Officers harass the traders who have large goods – they are expected to pay more.’
 ‘There are some formalities that should be done away with as they promote bribery.’
 ‘Corruption is rampant.’
 ‘Customs officers take bribes from those without legal travel documents.’
 ‘Bribery is an obvious thing.’
 ‘Bribery will never end. It is in every nation and continent. It is a worldwide custom.’
 ‘Bribery is routine, especially when carrying large loads.’
 ‘Bribery is a usual thing. A country can do without it.’
 ‘If the money is not given they take your goods.’
 ‘It just has to be paid because life and trade have to carry on.’
 ‘I don’t have a Kenyan ID so have to part with some money.’
 ‘Bribes are common and we comply in order to trade.’
 ‘Goods are held hostage at the weighbridge with false claims of overweight.’
 ‘If the luggage is not paid for you can be beaten up or goods can be held hostage.’

Question 6: Since the OSBP began in 2013, have you been asked for bribes when crossing the border?

By occupational category

	Informal traders		Informal workers		Formal traders and service providers		All	
	No.	%	No.	%	No.	%	No.	%
Yes	28	45%	16	55%	12	48%	56	48%
No	31	50%	13	45%	7	28%	51	44%
No response	3	5%	0	0%	6	24%	9	8%
Total	62	100%	29	100%	25	100%	116	100%

By sex

	Male		Female		All	
	No.	%	No.	%	No.	%
Yes	33	55%	23	41%	56	48%
No	25	42%	26	46%	51	44%
No response	2	3%	7	13%	9	8%
Total	60	100%	56	100%	116	100%

By residency

	Kenya		Uganda		All	
	No.	%	No.	%	No.	%
Yes	27	47%	29	50%	56	48%
No	25	43%	26	45%	51	44%
No response	6	10%	3	5%	9	8%
Total	58	100%	58	100%	116	100%

Question 7: Do you comply with any requests for bribes?**(Only showing results of those who were bribed)****By occupational category**

	Informal traders		Informal workers		Formal traders and service providers		All	
	No	%	No.	%	No.	%	No.	%
Yes	28	100%	16	100%	12	100%	56	100%
No	0	0%	0	0%	0	0%	0	0%
No response	0	0%	0	0%	0	0%	0	0%
Total	28	100%	16	100%	12	100%	56	100%

By sex

	Male		Female		All	
	No.	%	No.	%	No.	%
Yes	33	100%	23	100%	56	100%
No	0	0%	0	0%	0	0%
No response	0	0%	0	0%	0	0%
Total	33	100%	23	100%	56	100%

By residency

	Kenya		Uganda		All	
	No.	%	No.	%	No.	%
Yes	27	100%	29	100%	56	100%
No	0	0%	0	0%	0	0%
No response	0	0%	0	0%	0	0%
Total	27	100%	29	100%	56	100%

4.4 Harassment

There was only one report of physical harassment, with no reports of sexual harassment and very limited reports of other forms of harassment such as verbal insults or other inappropriate behaviour.

There were a few reports of racial prejudice, with interviewees feeling they were harassed by the customs officials from the opposite border in a prejudiced manner. However, others reported that this had declined or was not a problem.

Overall, harassment by border officials did not seem to be a problem.

‘It’s easier to cross because I am not asked for my tribe unlike in the past.’
 ‘They harass us because they don’t want us trading in Kenya.’

Question 8: Since the OSBP began in 2013, have you experienced physical, verbal or sexual harassment when crossing the border?

By occupational category

	Informal traders		Informal workers		Formal traders and service providers		All	
	No.	%	No.	%	No.	%	No.	%
Yes	2	3%	1	3%	0	0%	3	2%
No	57	92%	28	97%	19	76%	104	90%
No response	3	5%	0	0%	6	24%	9	8%
Total	62	100%	29	100%	25	100%	116	100%

By sex

	Male		Female		All	
	No.	%	No.	%	No.	%
Yes	1	2%	2	4%	3	2%
No	57	95%	47	84%	104	90%
No response	2	3%	7	12%	9	8%
Total	60	100%	56	100%	116	100%

By residency

	Kenya		Uganda		All	
	No.	%	No.	%	No.	%
Yes	3	5%	0	0%	3	2%
No	49	95%	55	95%	104	90%
No response	6	10%	3	5%	9	8%
Total	58	100%	58	100%	116	100%

5 Findings: the border and its role in family life and access to services

Although Busia is effectively a single urban area, the level of non-economic crossing of the border is relatively limited. Only 15% of interviewees reported having family members on both sides of the border – mainly through marriage – and only 4% reported using health care, education and financial services on the opposite side of the border from their residency. This may relate to difference in quality and access to public services.

Health care in Busia included both public and private health care, with government health care being provided at the district hospital on the Kenyan side of the border. However, interviewees reported widespread use of private health care when they can afford it, because the government hospital has very inadequate resources. This included inadequate supplies of medicines, which were also reported as being subject to corruption, with hospital staff taking supplies to sell privately. Some interviewees stated that Ugandans came to the Kenyan hospital and were allowed to use its services. However, no interviewee reported doing this personally.

Overall, there seemed to be little cross-border use of health care, education or financial services both before and after the OSBP had been established. Therefore, it had little impact in terms of either increasing or decreasing access to these services.

There was widespread complaint about the effect of the OSBP on the local environment, including noise and air pollution and disruption to the community within the town. In addition, few interviewees had information relating to the OSBP development or the purposes behind it. This included the construction site. There does not appear to have been any local consultation with residents regarding issues such as the parking or land that will be used for the new premises.

Question 9: Do you have family members on one or both sides of the border?

By occupational category

	Informal traders		Informal workers		Formal traders and service providers		All	
	No.	%	No.	%	No.	%	No.	%
One side	53	85%	25	86%	20	80%	98	85%
Both sides	9	15%	4	14%	5	20%	18	15%
Total	62	100%	29	100%	25	100%	116	100%

By sex

	Male		Female		All	
	No.	%	No.	%	No.	%
One side	49	82%	49	87%	98	85%
Both sides	11	18%	7	13%	18	15%
Total	60	100%	56	100%	116	100%

By residency

	Kenya		Uganda		All	
	No.	%	No.	%	No.	%
One side	52	90%	46	79%	98	85%
Both sides	6	10%	12	21%	18	15%
Total	58	100%	58	100%	116	100%

Question 10: Since the OSBP began in 2013, do you cross the border in order to use education, health services or financial services?**By occupational category**

	Informal traders		Informal workers		Formal traders and service providers		All	
	No.	%	No.	%	No.	%	No.	%
Yes	4	7%	0	0%	1	4%	5	4%
No	33	53%	10	35%	9	36%	52	45%
No response	25	40%	19	65%	15	60%	59	51%
Total	62	100%	29	100%	25	100%	116	100%

By sex

	Male		Female		All	
	No.	%	No.	%	No.	%
Yes	3	5%	2	4%	5	4%
No	24	40%	28	50%	52	45%
No response	33	55%	26	46%	59	51%
Total	60	100%	56	100%	116	100%

By residency

	Kenya		Uganda		All	
	No.	%	No.	%	No.	%
Yes	2	3%	3	5%	5	4%
No	17	29%	35	51%	52	45%
No response	39	68%	20	34%	59	51%
Total	58	100%	58	100%	116	100%

6 Conclusion and policy recommendations

6.1 Summary of key findings

As discussed in the introduction, the OSBP has a number of potential effects on the poor, including through commodity prices, opportunities for trade and work, costs and delays at border crossings and non-financial effects, including harassment and access to family and services.

Overall, the case study can conclude that the effect of the OSBP has been to make crossing the border easier and increased livelihood opportunities for the poor. Although there was a lack of an empirical baseline (as discussed in the methodology), the widespread consistency of recall suggests this can be reasonably concluded.

Another important finding is the almost universal presence of bribery and corruption but not harassment. However, although the results allow us to conclude corruption is present, it is not possible to conclude if the level has been impacted by the OSBP because there was an insufficient consistency of responses.

Further details of our key draft findings in relation to the effect of the OSBP are as follows.

6.1.1 Positive direct effects on the poor

- **The OSBP has predominantly improved the economic livelihoods of the informal traders** by increasing their opportunities for cross-border trade and enlarging the markets in which they are able to trade and seek employment opportunities.
- This includes through having **simple and informal or no border processes**, which – from the perspective of the poor – are effective. However, this owes partially to non-enforcement of formal crossing processes and points, raising concerns about loss of public revenues and security.
- Physical, verbal or sexual **harassment is not occurring**.

6.1.2 Negative direct effects on the poor

- There are **multiple costs associated with trading in goods** (although not other employment). These include customs charges, bribes and market fees so the effective ‘tax burden’ is high among vulnerable groups.
- **Bribery for passage of goods is pervasive** amongst the Busia border officials and is a significant drain on the incomes of the poor.
- There was evidence among **the most vulnerable group – low-skill casual workers – of declining livelihoods** related to reduced cross-border trade because of reduced volumes of manual transportation and handling of goods and people.
- The ongoing construction work and traffic congestion have **disrupted local businesses** and caused loss of livelihood opportunities.

6.1.3 Neutral or induced effects on the poor

- The OSBP has **not positively created any new livelihood opportunities**.
- There has been **little or no effect on non-financial issues** such as family and community lives and access to health, education and financial services. However, this is mainly because people access services in their country of nationality only.
- No conclusion can be reached from the study relating to changes in commodity prices.

Saana Consulting conducted a similar survey of informal cross-border trading in 2015 at approximately the same time as this survey, looking at a number of sites, including Busia. It is informative to compare its findings and recommendations with those in this survey. Many were similar. Saana also found among informal traders a majority with primary or secondary education, similar goods being traded (fresh agricultural produce, textiles, motorcycle parts and various smuggled goods), frequent crossings, including informal crossings, and widespread corruption.

However, Saana also had some different findings. For example, it reported sexual harassment and reduced trade in restaurant and hotel services at some sites, neither of which was replicated in our findings. These differences may be explained by the greater number and variation of sites they surveyed as compared with our one-site study. However, Saana also reported sexual harassment at Busia, whereas our survey found no instances of this. It is not known why this discrepancy in result has occurred but this could be an area for further research.

6.2 Policy implications

Given these findings, we suggest policy consider the following. Most important is the need to tackle corruption in relation to the STR.

6.2.1 Border processes and procedures

Vulnerable groups gain significant economic value from being able to cross the border to access opportunities for trade and employment.

Our study found that this value was enhanced by limited or no border processes. It is also enhanced by non-enforcement of formal procedures – although this raises concerns about loss of tax revenues and security.

Based on our study, formal – but low-cost or costless – procedures are optimal for vulnerable groups that trade low-value goods while addressing tax and security concerns.

COMESA's STR is directed at these goals and it is an important and valuable initiative. It operates in Kenya, Malawi, Rwanda, Uganda, Zambia and Zimbabwe. The process is that goods are imported under the Simplified Certificate of Origin, which exempts goods under a value threshold from customs duty. This certificate is issued at the border by the customs officer and is for consignments of \$1,000 or less. It is applicable for selected goods, with a reasonably comprehensive list compared with those our study found were being traded.

However, there appears to be a cross-over between the implementation of this regime and the occurrence of bribery and corruption – that is to say, the OSBP may have increased opportunities for corruption.

In addition, traders interviewed had little or no knowledge of the STR or any effective manner to access it without attracting compensating bribery requests.

Similar problems were found in the recent World Bank survey at the borders of DRC, Rwanda and Uganda (World Bank, 2015). Policy has included a structured approach to training and enforcement of procedures, including for the STR. Technology platforms are being used to provide technical assistance and segregate payment of tariffs, completion of documentation and physical border crossings. Training to develop the capacity of border officials and traders has been used, including on the key principles and mechanisms of the regulations and procedures. This includes through on-site help desks.

There is also a need to develop improved policy approaches to address access and compliance with the STR in Busia. Public information and access is needed. Licences for exemption might replace one-off certification. Innovative approaches could be considered such as the use of mobile technology. We recommend a review of the STR to consider these issues, further including leveraging successful ideas from the recent World Bank project.

However, caution needs to be taken to ensure any formal procedures do not increase the opportunity for bribery among customs officials. This is of particular relevance where procedures are under the control of on-site personnel. Some current policy discussion is proposing such processes – for example on-site help desks for informal traders. We suggest a more rigorous approach to processes, which segregates these into on- and off-site personnel, including approval processes and tax collection. This is discussed further in the next section.

6.2.2 Corruption

Corruption was the biggest problem faced by traders engaging in economic activities at the border. It is a significant ‘tax’ on those already existing on low and volatile incomes from informal occupations, with ‘the negative affect it is having on the poor needs to be addressed as a priority’ (World Bank, 2015). Policy needs to tackle corruption robustly, although the form of response needs to be examined further.

The issue and action needed were discussed with TMEA and the SGS Group (which is responsible for the management of weighbridges). The below incorporates their comments.

In Kenya, there are currently ongoing policy initiatives to tackle other forms of corruption, including at border posts. Similar approaches – such as audits and automation and segregation of processing – could be adapted to tackle corruption in relation to informal trade.

This includes corruption at weighbridges, which has been a chronic problem in Kenya. The approach to tackling this seems to have been rigorous. SGS Group said the most common problem was bribery to avoid compliance with load weight regulations. Recent operations have been carried out by the Ethics and Anti-corruption Commission. SGS Group rotates officials to prevent collusion. In 2014, 28 police officers were arrested. Other disciplinary action has included mass transfers of officers from weighbridges.

The Kenya National Highways Authority and SGS Group consider that the solution lies in automation of systems to remove the officials’ discretion in dealing with overloading; this is due for completion by January 2016. The system will include use of number plate recognition cameras, weighbridge management software, high-speed weighing-in-motion, multi-deck weigh scales, single axle-ware and traffic control.

The World Bank (2015) faced similar problems of corruption in informal trade in the border crossings of DRC, Rwanda and Uganda. Policy the Bank is enacting includes developing incentive mechanisms for staff to tackle what is seen as the root cause of

corruption: the extremely low level of remuneration among officials. Technology is also being used to automate border processing and to file complaints and report abuses. This is accompanied by an committee to investigate complaints and reports that is independent of local officials. Finally, there are training programmes for border officials, including on conflict resolution and gender awareness.

We recommend further policy work to develop an appropriate approach to this issue as a matter of urgency and that can be incorporated into other ongoing anti-corruption frameworks in Kenya and Uganda. For example, the use of segregating customs payments and processes through automation should be considered. This should leverage the current project by the World Bank once the effectiveness of the interventions it is enacting (and discussed above) is known.

6.2.3 Community relations

There seems to have been little or no attention to proactive communication and engagement with the local community affected by the OSBP. Issues raised about the effects on the community – especially congestion disrupting livelihoods – have clearly been of importance to local people.

Traders also reported that they had taken their complaints to the local government office. However, local officials have dismissed their complaints without any action and without explaining the long-term plan.

TMEA commented that there were long-term plans to tackle congestion problems. For example, a formal lorry park outside of the town centre is being constructed and will alleviate the disruptive construction and resolve the problems in the medium term. The lorry park is about 500 yards from the current border and is close to the current market area immediately outside the border entrance, which has been disrupted by trucks. Overall, the long-term plan seemed adequate and unlikely to cause the informal traders long-term problems.

However, although this is a lower-priority policy goal, a more proactive approach could be considered to community relations. For example, even simple measures such as noticeboards giving long-term plans or information about the STR would be helpful to build respect and relations with local communities.

The World Bank (2015) has enacted a number of approaches to building community engagement, including communication campaigns using toll-free phones, local radio and TV announcements, billboards, brochures, posters and videos. It has also engaged with local trader associations and community groups. It has established help desks at border posts that offer information and support in the clearance process (e.g. by helping them fill the required forms). Again, these examples could be replicated if they prove effective.

6.2.4 Long-term and indirect effects

The study identified two potentially damaging long-term effects for vulnerable groups that need further examination.

First, the study found a high level of vulnerability among informal workers because they are at risk of losing informal work opportunities. This is because of increasing modernisation and automation of border processing for freight, which is eliminating manual work. Their vulnerability is already high because of low wages, erratic work, debt and harsh working conditions. The redundancy of their current source of work would push them further into poverty. However, it is also possible that they will be able to find compensatory work, possibly at higher wage levels, in the long term (see Warr et al., 2010).

If these short-term effects on work opportunities persist, compensatory policy for these groups is needed. Direct help could be given to enable them to develop new livelihoods or to move more rapidly into new work opportunities. This could include education or work-based training, subsidised microfinance loans for occupational endeavours or school fee assistance.

Another – more radical but potentially more effective – option would be to consider if the trade policy for corridors, and especially for OSBP, could be adapted to create higher volumes of new low-skill employment. The OSBP has adopted capital-intensive processing and services. This has many advantages. However, it would be possible to combine it with additional low-skill jobs, such as in services.

Second, much of the economic value of the border to traders is dependent on price and foreign exchange differentials. If trade development erodes these differentials – as might be expected where trade is efficient and productive – this could be the most important and long-lasting effect of the OSBP for vulnerable groups.

However, a conclusion relating to both wage and price differentials requires further longitudinal study of the long-term effects of the OSBP. We recommend that, once the OSBP has been completed, further surveys be completed to assess these effects. Long-term policy options also need to be considered further in light of findings from these studies.

Finally, we note that Saana (2015) finds formal processes are positive for informal traders. They argue that greater formality results in an opportunity for informal traders to expand their businesses, including trade volumes. However, our survey suggests that greater formality is not beneficial for informal traders because it acts as an additional ‘cost’ in terms of the time taken and because of the opportunity it presents for corruption. This issue needs to be further researched.

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Appendix: Questionnaire

Part A: Personal information

Q1	Sex	Male	1
		Female	2
Q2	Age	Years:	
Q3	Literacy and education	Secondary school or above	1
		Primary school	2
		Not completed primary school	3
Q5	Economic activity (include all)	1. Trading (no formal premises) – specify goods 2. Porter – handcart/hand 3. Transport – taxi/motorbike/bicycle 4. Formal hotel / restaurant/ bar 5. Shop (with formal premises) 6. Other – specify	
Q6	Typical daily earnings	With currency	
Q7	Area where they live	Busia, Kenya	1
		Busia, Uganda	2
		Other (Specify)	
Q8	Family members on one or both sides of border	One	1
		Both	2

Part B: Economic border-related activity

Q1. Do you sell or buy goods across the border, or both?

Sell / Buy / Both (circle as relevant)

Q3. What do you sell across the border?

Q4. What do you buy across the border?

Q5. How often do you trade across the border?

Never/ Daily / Weekly / Monthly / Bi-annually / Other (specify) (circle as relevant)

Q6. Where do you get capital required for trading?

Own savings / Informal loans / Formal bank loans / Other (specify) (circle as appropriate)

Q7. Who are your customers?

Probe: Do you trade with wholesalers, retailers, directly from other people's farms, or produce from own farm? Do you sell your goods to the same people/businesses as formal traders sell to? What volumes? Where are they from – local area, major cities or areas?

Q8. How do you travel to the border and beyond and how far is your journey?

Bus / Motorbike / Bicycle / Foot / Other (specify) (circle as appropriate)

Q9. Do you go through the border post, or is there another way to cross with your goods? Please elaborate

Q10. What attracts you to trade across the border instead of locally?

Probe: If the answer is price, why are prices higher across the border? If not price, what is the reason?

Part C: Experiences at the border

Please tick box and ask for detail of comments

Work and trade opportunities Compared with 2013	Same	
	Better	
	Worse	

Time taken to cross border Compared with 2013	Same	
	Shorter	
	Longer	

Border costs Compared with 2013	None	
	More	
	Same	
	Less	

Do you complete any formal processes? Specify	No	
	ID/passport	
	Documentation	

Bribery by border officials Are you asked for bribes? How much is asked for? Do you comply with request for bribes?	None	
	Yes – requested	
	Yes – comply	

Harassment by border officials Have you experienced harassment? What form does it take?	No	
	Yes	

Overall ease of border crossing Compared with 2013	Same	
	Easier	
	More difficult	

Q2. What in your view can be done to improve any problems?

D: Effect on access

Do you have access to informal or formal banking services, health care or education from across the border from where you live? If so, compared with 2013, is this easier, harder or the same?

Financial services	Same	
	Easier	
	Harder	
Health care	Same	
	Easier	
	Harder	
Education	Same	
	Easier	
	Harder	



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