# Corruption, Gender and Small-Scale Cross-Border Trade in East Africa



*Photo courtesy: Sauti East Africa*

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# Project Overview & Motivations

*Small-scale cross-border trade is important to livelihoods, regional integration and food security in East Africa and beyond-*

*Yet corruption and harassment are serious problems that need to be better understood for improved interventions.*

# Gaps



❖ Anti-corruption interventions and border service improvement programs tend to **focus on the predominantly male large-scale vs. women dominated small-scale trade**

❖ How **gender dynamics** work at borders need to be factored into policies *(most small-scale cross-border traders women; customs/police are men)*

❖ **Data are patchy**, small N surveys, interviews, not real time, continuous (tension with informalities)

❖ **Potential of mobile phones**

# Questions

1. How can we leverage mobile phones to acquire better data and hence insights from traders on experiences with corruption of small-scale traders crossing East African borders?

2. What new insights can we glean from observing the impacts of Covid border restrictions?

3. How might reporting using mobile phones work as an anti-corruption tool?

4. In which ways can we use this research to improve support for small-scale cross-border traders and advocate for improvements in border governance?

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# Customs vs Ungazetted Pathways…

*How do traders choose and how do these pathways interact?*
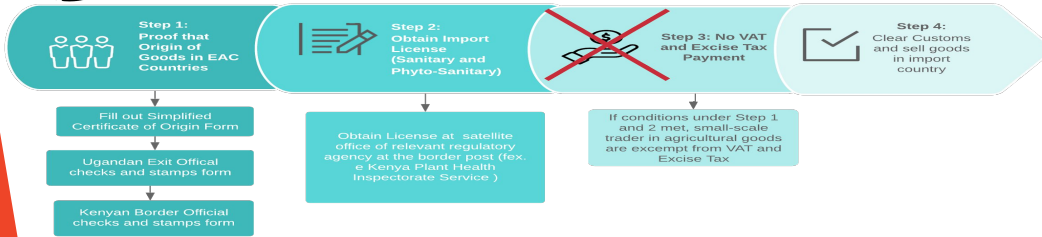*Covid restrictions (severe barrier at formal customs)*



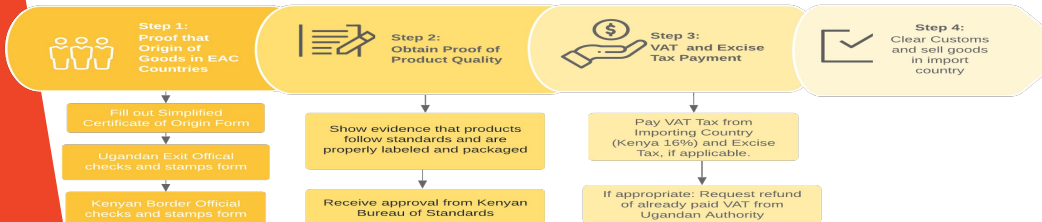**Border Process for small-scale traders (<2000 USD) in EAC Countries**
Example Ugandan Trader imports good into Kenya

**Unprocessed Agricultural Goods**

| Step 1: Proof that Origin of Goods in EAC Countries | Step 2: Obtain Import License (Sanitary and Phyto-Sanitary) | Step 3: No VAT and Excise Tax Payment | Step 4: Clear Customs and sell goods in import country |
|---|---|---|---|
| Fill out Simplified Certificate of Origin Form | Obtain License at satellite office of relevant regulatory agency at the border post (fex. e Kenya Plant Health Inspectorate Service ) | If conditions under Step 1 and 2 met, small-scale trader in agricultural goods are exempt from VAT and Excise Tax | |
| Ugandan Exit Offical checks and stamps form | | | |
| Kenyan Border Official checks and stamps form | | | |

**Manufactured Goods**

| Step 1: Proof that Origin of Goods in EAC Countries | Step 2: Obtain Proof of Product Quality | Step 3: VAT and Excise Tax Payment | Step 4: Clear Customs and sell goods in import country |
|---|---|---|---|
| Fill out Simplified Certificate of Origin Form | Show evidence that products follow standards and are properly labeled and packaged | Pay VAT Tax from Importing Country (Kenya 16%) and Excise Tax, if applicable. | |
| Ugandan Exit Offical checks and stamps form | Receive approval from Kenyan Bureau of Standards | If appropriate: Request refund of already paid VAT from Ugandan Authority | |
| Kenyan Border Official checks and stamps form | | | |



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# Multi-Methods + Trader Collaboration

Strong Partnerships
**Columbia University + Busara +Sauti East Africa + Traders +**

 Qualitative Research/Interviews with a Gender Focus
 Policy Report on How Corruption Border is Gendered
(SIPA)/Contextualization Study

 Literature Review (*Development Policy Review 2021*)
 Smaller N studies, surveys, interviews ethnographic work
(Tyson 2018, Hadley and Rowlatt 2019, Wiseman 2020)

**Development Policy Review** ⦿**DI**

ARTICLE | 🔓 Open Access

**Corruption, gender and small-scale cross-border trade in East Africa: A review**

Jacqueline M. Klopp ✉, Melissa Trimble, Eleanor Wiseman

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# Methods: Iterative Phone Surveys

2,280 traders from Busia, Malaba and Taveta with Kenyan phones (mostly Kenyan), 80% women, 20% men

Recruited pre-Covid February-March 18th 2020;

4 monthly surveys December 2020 -June 2021 (Diagnostic and three waves)



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# Methods: Reporting Experiment

Tested a Mobile Border Experience Reporting Tool on Sauti East Africa Platform: 199 traders from Busia reporting April-September 2021
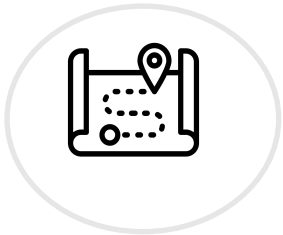
**ROUTE USED**

**AMOUNT PAID**

**VALUE OF GOODS**
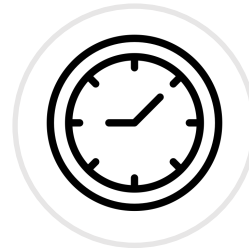
**TIME CONSUMPTION**

**COMFORT/ WELL BEING**

# Border Reporting on Sauti's USSD Platform
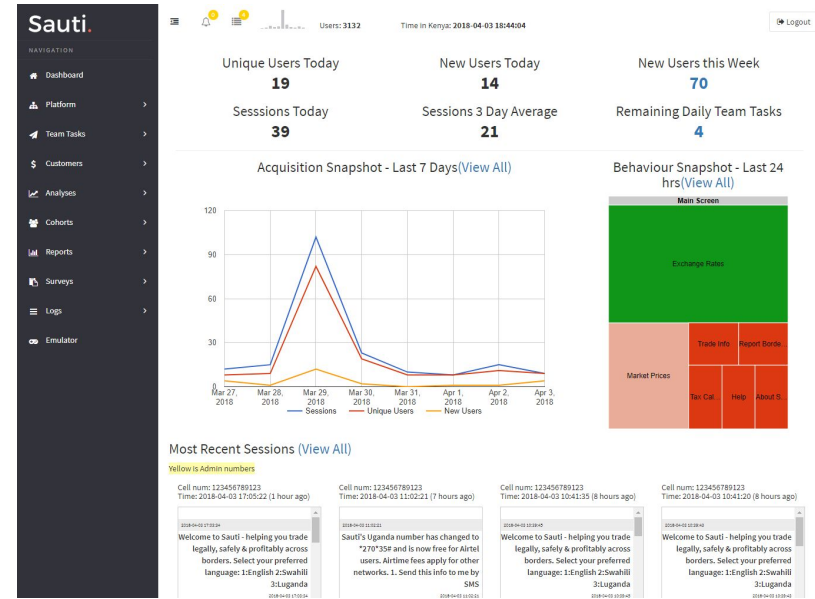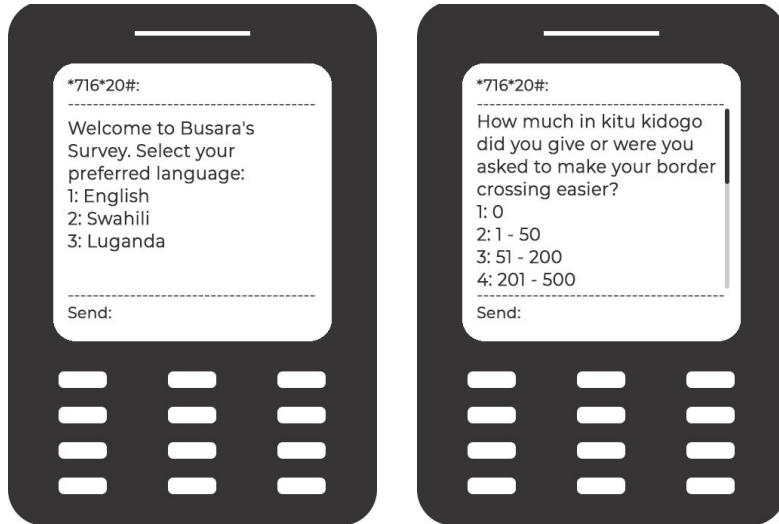


Exit Interviews of all participants

# Validation Workshop with Traders



Busia, Kenya November 2021

# Finding: Covid (Restrictions) a Big Shock

Covid had an enormous impact on small-scale cross-border traders; women disproportionately dropped out; majority hope to return
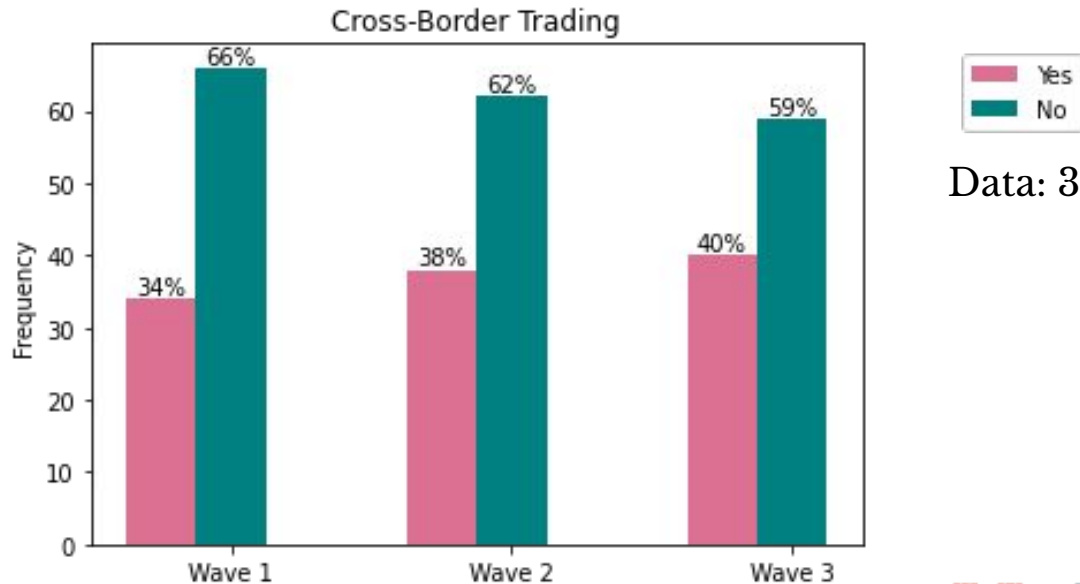


Cross-Border Trading

Legend: Yes, No

Data: 3 Waves of Survey Data

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# Finding: Corrupt Actors Adapt

A majority of traders reported corruption & harassment worsened with Covid; large percentages reporting paying "Kitu Kidogo" but not being asked for Covid documents (suggests mostly using ungazetted routes)

Cross-Border Traders: Did you pay kitu kidogo anytime during crossing the border this month?
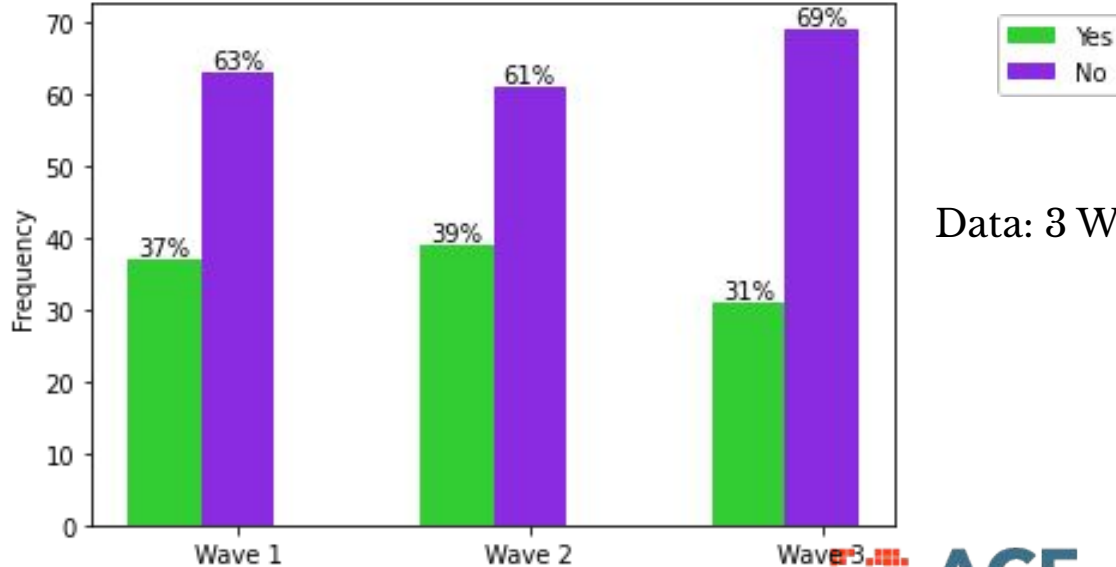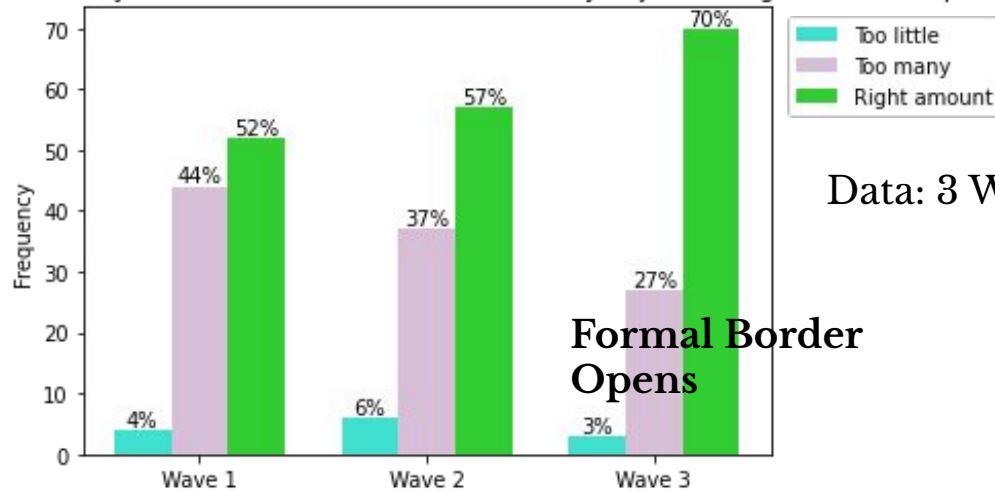


Data: 3 Waves of Survey Data

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# Finding: Corrupt Actors Adapt

Police are the most feared actor; with evidence of extraction on non-gazetted routes; kitu kidogo goes up on ungazetted routes when customs restricts movement

Taita Taveta Cross-Border Traders: In your view are there too little, too many or just the right amount of police at the border?



Data: 3 Waves of Survey Data

**Formal Border Opens**

*"One Ugandan police officer once shot dead my broker while crossing with goods via the alternative route 'panya route'."*

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# Finding: Gender Dynamics Shift

Men report higher than average "kitu kidogo" and more harassment compared to women. Young men using boda- bodas are at particular risk especially during times of COVID restrictions as women traders relied on them for help.
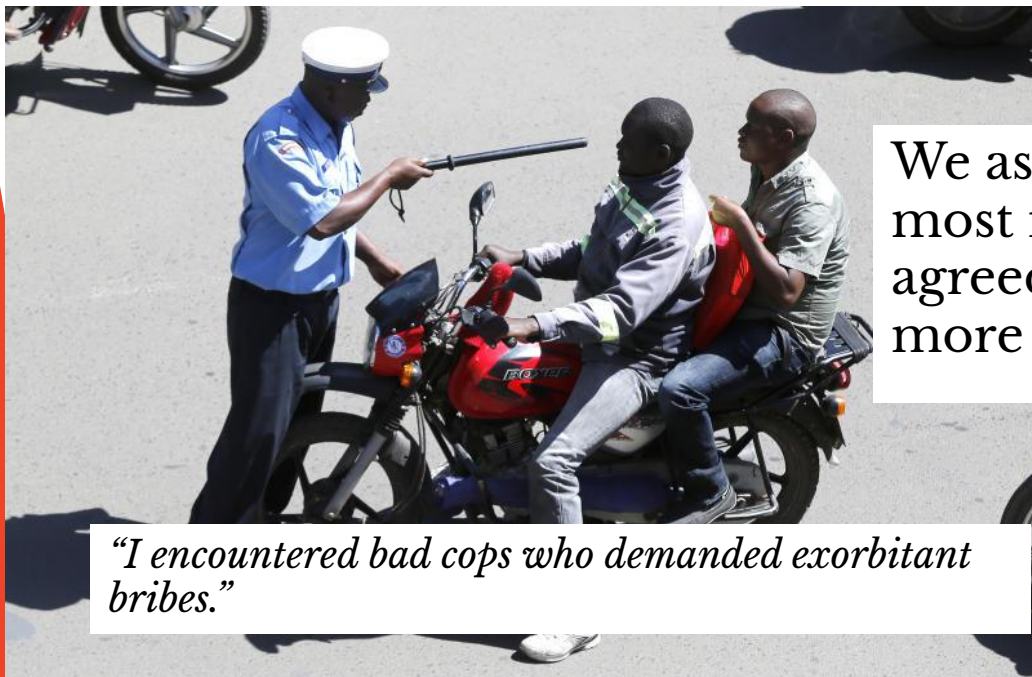


We asked traders their perception... most men and around half of women agreed that men paid more and faced more harassment at this time...

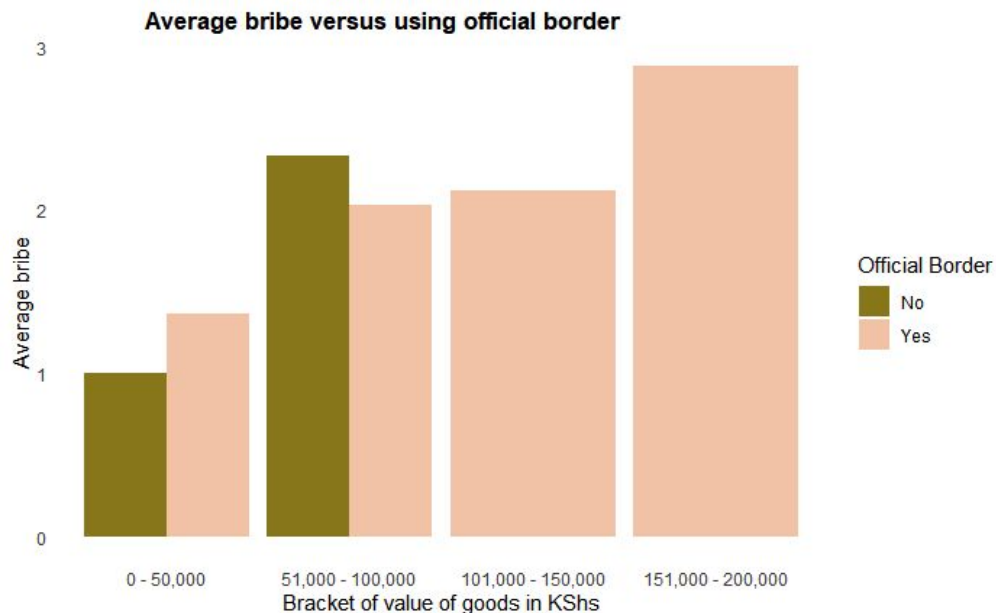*"I encountered bad cops who demanded exorbitant bribes."*

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# Finding: Ungazetted Routes Offer Advantages

Traders appear to prefer the ungazetted border if they have lower value goods, appears cheaper...extraction goes up with value of goods

**Average bribe versus using official border**

Data from reporting platform 2021

Official Border
- No
- Yes

Average bribe

3

2

1

0

0 - 50,000    51,000 - 100,000    101,000 - 150,000    151,000 - 200,000

Bracket of value of goods in KShs

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# Some Overall Insights

❖ Covid restrictions were a "natural experiment" in severe restrictions for small-scale traders at customs. It created great, gendered hardship: More women dropped out; men (including transporters used by women) disproportionately faced harassment and elevated extraction-lesson in unintended consequences of policies that ignore "ungazetted routes" & how they interact with customs

❖ Money paid by traders to police and others when taking ungazetted routes is seen as overwhelmingly unjust (extortion) even as it facilitates passage around customs yards- these ungazetted routes are seen as de facto legitimate by traders, money making for police who are mobile.

# Selected Policy Recommendations

❖ Strong evidence for making customs more friendly to small-scale traders in consultation with them, paying attention to gender and facilitating other modes of transportation besides trucks; this may help reduce extractive power of police

❖ Traders raised the desire for formalization of ungazetted routes since the lack of recognition facilitates extraction and harassment. How this would be done needs careful thought.

❖ Police reform must be explored at borders (not just customs). A large fraction of traders felt that there are too many police at the border.

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# Some Final Thoughts

❖ We can creatively leverage mobile phones to acquire better data from traders on experiences with corruption & how it works: More to explore on how to make that work (incentives) & move towards accountability

❖ Traders wanted more opportunities for transparent bottom up feedback mechanisms (they liked the idea of reporting via mobile phones on border service quality and sharing information on platforms and the public) whether this can be structured to deepen accountability dynamics is a next phase of research.



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# Thank You!!!

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