

UNIVERSITY OF RWANDA
SCHOOL OF BUSINESS AND ECONOMICS
FACULTY OF ECONOMICS AND MANAGEMENT
DEPARTMENT OF ECONOMICS
POST GRADUATE PROGRAM
ACADEMIC YEAR 2014

**IMPACT OF INFORMAL CROSS BORDER TRADE ON THE
SOCIO-ECONOMIC DEVELOPMENT OF SMALL SCALE
TRADERS IN RWANDA.**

**CASE OF WOMEN INFORMAL CROSS BORDER TRADERS IN RUBAVU
DISTRICT**

A thesis submitted in partial fulfillment of the
requirements for the Masters' degree in
Economics

By: MANIRAMPA Patrick

Supervisor: Dr. Emmanuel HAFASHIMANA

Kigali, June 2014

DECLARATION

I, **MANIRAMPA Patrick** do hereby declare that, this dissertation is my original work. It has never been presented for any academic award in any institution. Where it appears to be not my original work has been cited and quoted in the bibliography.

Signature...



Date: 25th June 2014

Place: Kigali, Rwanda

ACKNOWLEDGEMENT

I would like to thank the Lord for Grace, Mercy and Love. My special thanks and foremost appreciation also goes to my supervisor Dr. Emmanuel Hafashimana whose valuable contribution helped build and improve the thesis. I acknowledge his contribution and guidance throughout the research project.

Last but not least, I also acknowledge the participation and cooperation of all informal cross-border traders who provided valuable information which made this study a success.

DEDICATION

To the Almighty GOD,

For your mercy, grace and love.

To my parents

For your immeasurable love, care, I respect.

To my brothers, sisters and relatives,

To all friends and colleagues,

I dedicate this dissertation.

TABLE OF CONTENTS

DECLARATION	i
DEDICATION	iii
TABLE OF CONTENTS.....	iv
ABSTRACT.....	viii
LIST OF ABBREVIATIONS AND ACCRONYMS.....	ix
LIST OF TABLES	x
LIST OF FIGURES	xi
CHAPTER ONE: GENERAL INTRODUCTION	1
1.1. Introduction.....	1
1.2 Problem statement.....	2
1.3 Main research questions.....	3
1.4 Hypotheses	3
1.5 Objectives	3
1.5.1 General objectives	3
1.6. Significance of the research	4
1.7 Delimitation of the study	4
1.8 Organization of the report.....	4
CHAPTER TWO: LITERATURE REVIEW	5
2.1 Introduction.....	5
2.2 Definitions.....	5
2.2.1 Cross border trade	5
2.2.2 Socio-Economic development	7

2.3 Informal Cross border Trade Operations	8
2.4 Who are the cross-border informal traders?.....	8
2.5 Benefits accrued from informal cross border trade.....	9
2.6 Global context of Informal Cross Border Trade	10
2.7 Women informal cross-border trade (WICBT) in East African Community.....	11
2.8 Characteristics of Women Informal Cross Border Traders.....	11
2.9 Trade and Human Development	12
2.10 Empirical Review: The role and impact of ICBT on poverty	16
2.10.1 Impact of ICBT on Employment and Household Income in Poland	16
2.10.2 Impact of Informal Cross Border Trade on Employment and Household Income in SADC region	16
2.10.3 Impact of ICBT on Food Security in the SADC region.....	18
2.11 Contribution of ICBT in EAC: Evidence from the literature.....	18
2.12 Conclusion	19
CHAPTER THREE: METHODOLOGY	20
3.1 Introduction.....	20
3.2 Type of Research design.....	20
3.3 Sources of data.....	21
3.4 Methods and tools of data collection	21
3.4.1 Questionnaires.....	22
3.4.2 Interview schedule.....	22
3.4.3 Observation.....	23
3.4.4 Documentation	23
3.5 Sample size and sampling techniques.....	23
3.5.1 Sampling Methods	23
3.5.2 Purposive sampling.....	24

3.6 Population	24
3.7 Sample size	24
3.8 Data analysis and interpretation.....	25
CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION	27
4.1 Introduction.....	27
4.3 Characteristics of the Sample.....	28
4.3.1 Characteristics of the respondents by age.....	29
4.3.2 Classification of Respondents by Marital status	29
4.3.3 Head of household.....	30
4.3.4 Classification of respondents by education	31
4.4 Analysis of ICBT activities.....	31
4.4.1 Reasons for trading	31
4.5 Food Security	32
4.6 Social Welfare	33
4.6 .1 Education	33
4.6.2 Health care	34
4.7 Asset Ownership	35
4.7.1 Acquirement of assets using ICBT incomes	35
4.8 The basic source of income.....	36
4.8.1 Use of income obtained.....	36
4.8.2 Saving	37
4.9 Impact analysis of ICBT on the employment	38
Source: Primary data 2014.....	38
4.10 Conclusion	Error! Bookmark not defined.
CHAPTER FIVE: SUMMARY CONCLUSIONS AND RECOMMENDATIONS	40

5.1 Summary of the Study	40
5.2 Major findings of the study	41
5.3 Conclusions.....	42
5.4 Recommendations.....	42
References.....	44
APPENDICES	I

ABSTRACT

This study seeks to explore the impact of informal cross border trade on the socio-economic development of small scale traders. The Objectives were to evaluate the contribution of informal cross border trade on the creation of jobs, income generation, education and health, evaluate the impact of informal cross border trade on wealth creation. The research questions used to accomplish the purpose of this study focused on finding out the impact of informal cross border trade on socio-economic development. The following hypotheses were adopted to guide the analysis. : **“Informal Cross Border Trade contributes to socio-economic development”**, this was tested by assessing the impact of informal cross border trade on socio-economic indicators such income, employment, food security, education and health. This study was qualitative and quantitative in design. The stratified randomly sampling technique, purposive samplings were both employed to draw the study sample, which comprised sixty eighty women informal cross border traders operating along Rwanda’s border with DRC in Rubavu district. Major findings of the study are: informal cross border trade has enabled people to increase their income; to get employment opportunities and achieve different socio-economic achievement therefore we concluded that informal cross border trade is one of the tools which can help to attain socio-economic development in Rwanda especially for an educated people .The policy implication is that the Government of Rwanda should continue for advocating for improved treatment of Rwandan informal cross border traders while they are in DRC.

LIST OF ABBREVIATIONS AND ACCRONYMS

ACP	Africa Caribbean – Pacific
ADB	African Development Bank
AGOA	Africa Growth Opportunity Act
BITs	Bilateral Investment Treaties
CUTS	Consumer Unit and Trust Society
EAC	East African Community
EASSI	East African Sub-regional support Initiatives
EICV	Enquete Integrale sur la Condition de Vie des ménages
EPAs	Economic Partnership Agreements
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FMCG	Food, Fast Moving Consumable Goods
GATS	General Agreement on Trade in Services
ICBT	Informal Cross Border Trade
IMF	International Monetary Fund
IOM	International Office of Migration
LDCs	Least Developed Countries
MDG	Millennium Development Goals
MINICOM	Ministry of Trade and Industry
OECD	Organization for Economic cooperation and Development
SADC	Southern African Development Community
SMEs	Small and Medium Enterprises
UNDFW	United Nations Development Fund for Women
UNDP	United Nations Development Program
UNWOMEN	United Nations Entity for Gender Equality and Empowerment of Women
US	United States
WB	World Bank
WICBT's	Women Informal Cross Border Traders
WTO	World Trade Organization

LIST OF TABLES

Table 2.1 :Conceptualization of ICBT - Types of informal cross border trade	6
Table 2.2: Interactions between trade and development.....	13
Table 4.3: Marital status of the respondents	29
Table 4.4: Education of the respondent	31
Table 4.5: Source of income	36

LIST OF FIGURES

Figure 2.1: Interaction between trade and development.....	15
Figure 3.2: Framework of impact assessment.....	21
Figure 4.3: Age of the respondents.....	29
Figure 4.4: Head of the household.....	30
Figure 4.5: Reasons for participation in Informal cross border trade.....	31
Figure 4.6: Impact of ICBT on food security.....	33
Figure 4.7: Number of meals taken.....	Error! Bookmark not defined.
Figure 4.8: Funding for children’s education needs.....	34
Figure 4.9: Assets acquired using ICBT income.....	35
Figure 4.10: Use of inform from ICBT activities.....	36
Figure 4.11: Level of Saving.....	37
Figure 4.12: Main employment.....	38

CHAPTER ONE: GENERAL INTRODUCTION

1.1. Introduction

Despite being a source of income to about 43 percent of Africa's population, informal cross border trade (ICBT) is generally regarded as illegal commercialization of cross border activities. ICBT can have positive macroeconomic and social ramifications such as food security and income creation particularly for rural populations who would otherwise suffer from social exclusion. If properly harnessed, Informal Cross Border Trade has the potential to support Africa's on-going efforts at poverty alleviation. (ADB, 2010).

Informal Cross-border Trade (ICBT) has been instrumental in forging the process of regional integration in Africa as populations find it easier to trade informally. In the Great Lakes (Burundi, DRC, Rwanda), Women in Informal Cross-border Trade have contributed significantly to the regional integration process, developing networks established over the years, despite the various crises that have engulfed the region. In Sub-Saharan Africa and in Rwanda in particular informal cross border trade features prominently among women's individual strategies for self-employment, poverty reduction and wealth creation.

Moreover, Cross-border trade through the informal sector is a strong component of intra -regional trade and an important aspect in the EAC integration process. Women constitute the largest proportion in this sector practicing small scale business transactions in a range of products. (UNECA, 2009)

Informal Cross Border Trade (ICBT) is an economic activity that engages a high percentage of women in the region. Women in the East African Community (EAC) region have been at the forefront of cross – border trade both as a source of income and employment yet their experiences have not been adequately documented to advocate for improved trade conditions. Informal Cross Border Trade contributes to the socio-economic development in various ways. It enables small-scale entrepreneurs to escape poverty and to meet the education, housing and other basic needs; ICBT traders employ people in their home countries and in the countries where they source their goods; and, it is also a supplementary source of family income to people who are under-employed and a source of employment to some people who are economically vulnerable.

Cross-border trade plays an important role in poverty reduction as it provides trading opportunities for many of poorest and most marginalized members of our society, particularly women, who are the most active traders along Rwanda's borders.

Women constitute the largest proportion of informal cross border traders representing between 70% - 80% in Southern and West Africa (African Trade Policy Center, 2009:4). In Rwanda, as much as 74% of informal cross border traders are women (UNWOMEN 2012). It is estimated that 90% of these women traders rely on ICBT for sole source of income.

Currently, ICBT has implications for Rwanda's balance of trade. In 2013 Rwanda ran a trade surplus of \$ 95 million for informal trade. Informally Rwanda's CBT exports are dominated by local agricultural produce (40%) and livestock (26%). Manufacturing goods such as processed food, fast moving consumable goods (FMCG) and re-exports of paraffin are also significant. The composition of exports in the formal sector is similar to the informal sector; however there are some important exceptions. Livestock and petroleum exports both significant informal exports are much lower in the formal sector. Beverages, clothing and construction material tend to be exported more often through formal channels as opposed to informal. (MINICOM , Cross border trade strategy 2012)

The DRC is Rwanda's largest informal export destination, accounting for 83% of informal cross border exports. Over 80% of the informal cross border trade takes place in the western province (Rusizi and Rubavu) where the percentage of population identified as poor is 48.4% (EICV3), the second highest in the country.

1.2 Problem statement

Informal Cross Border Trade, as an economic activity, has received mixed views both in the literature and in the various policy discourses. One view is that Informal Cross Border Trade is socially and economically undesirable. It is argued that Informal Cross Border Trade has the potential to undermine established industries as they distort producers' price incentives. Informal Cross Border Trade has also been viewed as having the potential to undermine the efficiency and returns of intra-regional trade. In addition, the possible negative impact of Informal Cross Border Trade on foreign exchange earnings cannot be ignored.

On the other hand, speculation abounds that Informal Cross Border Trade has the potential of pushing back the frontiers of poverty. Engagement of women to informal cross-border trade has the potential to improve food security and reduce poverty among vulnerable populations. Women play a significant role in Informal Cross Border Trade in Rwanda as they represent 70% of informal cross border traders.

Given the controversial arguments among the existing literature about the role of Informal Cross Border Trade in socio-economic development especially among women in developing countries; this study seeks to establish any role of Informal Cross Border Trade in socio-economic development.

1.3 Main research questions

To fulfill research objectives, this research has to find answers for the following questions:

1. How informal cross border trade improves the socio-economic situations?
2. To what extent informal cross border have impacted the socio-economic development of economically vulnerable women cross border traders?

1.4 Hypotheses

In order to answer to the above questions the following working hypothesis was framed to guide the analysis: **“Informal Cross Border Trade contributes to socio-economic development”**.

1.5 Objectives

1.5.1 General objectives

The overall objective of this study is to establish the major contribution of Informal Cross Border Trade on socio-economic development of small scale traders.

1.5.1.1 Specific objectives

- Investigate the of Informal Cross Border Trade on employment ,income generation and wealth creation
- Analyze the extent and impact of Informal Cross Border Trade on education ,health care and food security

- Suggest policy recommendations on Informal Cross Border Trade and intra- regional trade.

1.6. Significance of the research

The outcome of the study provided detailed information from the informal cross border traders that will help cross border districts to re-strategize on how to raise the awareness of traders specifically smallholder traders and how it benefits them. Additionally, the study provided information on how ICB traders operate, the benefits accrued from ICBT and the challenges faced by ICB traders. The recommendations was made to address the challenges which was identified from analysis of the information given by the informal traders and help for evidence based policy making.

1.7 Delimitation of the study

The scope of this study in terms of coverage area was confined to Rubavu district of Western province. This was so because; Rubavu is the most important Informal Cross Border Trade market along the Rwandan borders (MINICOM cross border trade strategy, 2012)

1.8 Organization of the report

For the purpose of scientific presentation, this study was divided into five chapters: Chapter **one** tackles the introductory part, statement of the problem, objectives, and the research hypothesis, the significance of the study and delimitation of the study.

Chapter two covers the review of relevant literature highlights the different theories backing the topic under study from different authors.

Chapter three is made up of methodology applied in the research findings, it describes the type of data collected, why it was collected, from where, how it was collected and it ought to be analyzed.

Chapter four take into account the presentation, analysis and interpretation of the research findings.

Chapter five presents the overview of the research, summarizes the research findings and draws conclusions and recommendations

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews key issues in the existing literature on the topic under study. The research looked at the findings of other scholars on the relationship between informal cross border trade and socio- economic development. Most aspects to be look at in this part are: definitions of key concepts which are informal cross border trader and socio-economic development.

The chapter also undertakes an empirical review of the role and impact of cross border trading on socio-economic development. An empirical review of Informal Cross Border Trade as practiced in developing countries is given. The empirical review focuses on informal trade and poverty in Europe, Asia, the West African region SADC and EAC.

2.2 Definitions

They are two definitions necessary for the purpose of this study: Informal cross border trade and socio-economic development.

2.2.1 Cross border trade

Cross border trade (CBT) refers to formal and informal trade in legitimately produced goods and services between neighbouring countries. The formal cross border trade is registered trade which is practiced in relation to government rules and regulation. On the other hand, informal cross border trade is defined as imports and exports of legitimately produced goods and services which directly or indirectly escape from the regulatory framework and procedures set by government, and often go unrecorded or incorrectly recorded into official national statistics of trading countries (Ogalo, 2010).

Informal Cross Border Trade is known to play an important role in poverty eradication such as creating an environment for redistribution of income through employment and business opportunities created by the trade. East African Sub-regional support Initiatives (EASSI, 2012), argued that through CBT male and female traders improve their access to income which can help them increase food security. Their involvement in trade also helps to develop self-esteem and additional skills such as negotiations skills in trade and also enhances capacity of the household to earn income.

There is a serious conceptual misunderstanding in professional circles on what constitutes ICBT. The problem emanates basically from whether one is looking at the recording of trade or at the agent of trade/trader. The 2009 OECD study defines informal cross-border trade as “trade in legitimately produced goods and services, which escapes the regulatory framework set by the government, as such avoiding certain tax and regulatory burdens”. This includes both big and small traders who are under-recording, wrong classification, or concealing goods in order to avoid duties and taxes. It also includes goods smuggled over borders outside of the border posts, see Table 2.1 below:

Table 2.1 : Conceptualization of ICBT - Types of informal cross border trade

Basic conceptualization of ICBT - Types of informal cross border trade		
Category A	Category B	Category C
Informal (unregistered), traders or firms operating entirely outside the formal economy.	Formal (registered) firms Totally disregarding trade regulations and evading duties (e.g., voiding official border-crossing posts)	Formal (registered) firms Partly disregarding trade regulations and evading duties by resorting to illegal practices (e.g., under-invoicing, wrong classification, wrong declaration of country of origin and/or bribery of border officials).

Source: Organization for Economic cooperation and Development (OECD) 2009

Moreover, Victor Ogalo (2010) of CUTS African Resource Centre 2010 defines "informal cross-border trade" as imports and exports of legitimately produced goods and services (that is, legal goods and services), which directly or indirectly escape the regulatory framework for taxation and other procedures set by the government, and often go unrecorded or incorrectly recorded into official national statistics of the trading countries.

Additionally, the International Art (2012) has described the smallholder informal trade as a survival strategy and a tool for income generation mostly for people who has suffered from the conflicts and thus poses limited access to economic opportunities particularly in East African Community. Argued that, through ICBT most women are assured of economic independency and it contribute to economic growth for the neighbouring countries. Informal cross border traders sometimes perceive as if they are not important traders to be registered due to small volumes per transaction. ICBT are in three categories, unregistered operating entirely outside the formalities, registered but fully evade trade related regulations and duties and registered but partially evade regulations by resorting to illegal practices or smuggling. In this study, informal smallholder cross-border trade referred the first category which stands for individuals who operating entirely outside the formalities; government rules and regulations. This is because this category of informal cross border can easily be identified because of their mobility. Secondary, this category does not follow government rules at all. Most literature indicate that majority of informal cross border traders are mostly female involved in agricultural products.

The researcher sought to tackle informal cross border trade between Rwanda and DRC by taking Rubavu border as a reference point as it is the most busiest cross border market along Rwandan borders.

2.2.2 Socio-Economic development

In its ultimate sense, development encompasses more than material and financial aspect of people. Tayebwa (1998, p.235) indicates that development in general includes improvements in economic social and political aspects of the whole society.

Professor Dudley cited by Todor (1981, p.67-72) posed three basic questions about the meaning of development as:

- i. What has been happening to poverty?
- ii. What has been happening to unemployment?
- iii. What has been happening to inequality?

If all have been declined from high levels, then, beyond doubt, this has been a period of development for the country concerned .He further identified three basic objectives of development that at least all societies must have:

- i. To increase the availability and widen the distribution of basic life sustaining goods such as food, shelter, health and protection.
- ii. To rise levels of life including; in addition to higher incomes, provision of more jobs ,better education and greater attention to cultural and humanistic values, all of which serve not to enhance material wellbeing but also to generate greater individual and national self esteem
- iii. To expand the range of economic and social choice to individuals and nations by freeing them from servitude and dependence not only in relation to other people and nation states but also to forces of ignorance and human misery.

Trade and Human development

2.3 Informal Cross border Trade Operations

International organization for migration (IOM, 2010), detailed the Informal Cross border traders operation thus they move small amount of goods from a country to another, often trading in informal sector markets and operate outside the regulations. They often use shortcuts and hidden roads. Most of the traders use bicycles, while others carry on head. Titeca et al (2012) argued that female informal traders in great region are moving in darker seeking for survival by transporting commodities from one country to another for sale or buy. In this study, the researcher focused on ICBT between Rwanda and DRC using the case study of Rubavu.

2.4 Who are the cross-border informal traders?

Most baseline surveys indicate that the majority of informal cross border traders are women. According to the United Nations Development Fund for Women (UNDFW in the Southern Africa Development Community (SADC) region, 70% percent of women are informal cross border traders and in the Western and Central parts of Africa, almost 60% of female are involved in informal cross border trade (Makombe, 2011). Additionally, Informal cross border trade in EAC is largely dominated by the female with an estimate of 74% percent (International Art, 2012). in the SADC region, women constitute about 70 percent of the informal cross border traders. In the Western and Central parts of Africa, women constitute nearly 60 percent of informal traders

Traders engage in ICBT as a source of income and economic activity. Most traders have no education and raise capital from their own resources or through loans from friends and relatives. Traders are generally not bankable nor do they have assets that Banks would accept as collateral. They can also be formally registered firms evading regulations and taxes or aiming to avoid border crossing posts.

2.5 Benefits accrued from informal cross border trade

Njikam (2011), gave the detailed description of the opportunities offered through ICBT by informal traders in Cameroon and argued that it contributes to living conditions of its actors in different ways. Most female and male ICB trade perceives it as an employment; income generating activity, female perceives it as changing roles and decision making initiatives. More to this, the opportunity delivered from ICBT varies according to the actors such as existing business people expands their business through ICBT, diversification opportunity from farming to non -farming acting or off-farming and learning new ideas, knowledge and skills from interaction with other regional traders (EASSI,2012).

Traders will always look at the local marketability of goods obtainable in the neighbouring countries and those that can be fetched from far countries. Moreover, Informer cross-border trade has the following positive gains:

- Enhancing household incomes and foreign currency reserves
- Respond to food security

Arguments For The informal sector

The important role that the informal sector plays in providing income opportunities for the poor is clear (Todaro, 2006, 331). The informal sector has demonstrated its ability to generate employment and income for the urban labor force. Some studies have demonstrated the informal sector is generating almost one-third of urban income. It is in this informal sector where informal cross-border exists. The study by Mupedziswa (2005) indicates that informal cross-border trade is a dynamic sector in which small traders or small exporters and importers make a profit. He also argues that informal cross-border trade is not only a means of survival, a source of income and employment, but plays a key role in household poverty reduction which complements the objectives sought under regional integration.

2.6 Global context of Informal Cross Border Trade

ICBT is not taking place in a vacuum. There is a global context within which all trade takes place, namely the new international trade complex which centers around the World Trade Organization's (WTO) establishment in 1995 after the Uruguay Round. WTO sets parameters for International trade and works closely with International Financial Institutions (IFIs) such as the World Bank (WB) and International Monetary Fund (IMF) to promote trade liberalization.

Common trade agreements include Free Trade Areas (FTAs) and Bilateral Investment Treaties (BITs) designed to encourage foreign direct investment (FDI) and protect investors. Issues of migration, social policy and gender are not yet covered by WTO. International trade just like neo-liberal macroeconomics has goods and services focus, not people focus. Informal Cross Border Trade in the meantime is about women and men crossing "artificial" country borders to trade in goods and services in search of improved welfare.

According to the General Agreement on Trade in Services (GATS) classification, there is a distributive/retail trade services sector. Distribution is the end of international production networks. Although GATS does not officially recognize ICBT, ideally ICBTs should fall under Mode 4 on movement of natural persons. Since ICBT is not the usual form of migration, there are conceptual problems, which arise because of the overlap between usual migration and ICBT. Migration covers temporary movement, performance of a service (not part of the labour market), *etcetera*. GATS has no specification of skill levels or professions but implies preference for licensed professionals. Some countries in southern Africa have enjoyed benefits provided under the United States of America's African Growth and Opportunity Act (AGOA) giving the countries unrestricted access, (without paying tariffs), to access US markets for the export of textiles and clothes. Similar preferential access has been extended to most southern African countries within the framework of successive Lomé agreements and later the Cotonou agreement between the European Union and African, Caribbean and Pacific (ACP) group of states.

Negotiations are currently underway between ACP regions such as EAC and the EU for Economic Partnership Agreements (EPAs) to replace the Cotonou preferences. The behavior of trade emanates from the fundamentals of the neoclassical macroeconomic paradigm, which emphasizes efficient resource allocation to maximize output. However, in reality, the purpose of macroeconomics should be about provisioning to benefit human lives, i.e. human development

which puts people at the center of the development agenda. In the human development agenda three spheres of socio-economic activity are important namely: the production, finance and social reproduction. The first two spheres govern property and assets while social reproduction provides the critical component of labor. Social reproduction remains a challenge to contemporary macroeconomics, which should recognize that social reproduction is valuable and not conditional on growth and it does not limit productive success but rather enhances it. This would in turn entail collective responsibility for reproductive roles especially care work by the state (publicly provided services). There are three substitute modes of social reproduction namely; internalized (extended family, kinship systems), socialized (gender sensitive government budget, infrastructure, social services, high taxation for care, welfare/socialist state) and marketed (voucher systems, user fees, fast food chains, nannies, domestic workers etc). Sometimes these are combined. If this understanding were to happen at this high level of macroeconomics and trade, it would help women as they engage in ICBT, where the same behavior notions are required (UNIFEM, 2007).

2.7 Women informal cross-border trade (WICBT) in East African Community

As cross border trade grows among the East African Community (EAC) economies, a significant proportion of it is conducted informally which has made it impossible to capture related data by official national statistics. The players, a majority of whom are women running survivalist enterprises, benefit from this kind of trade and contribute to the economies immensely.

Informal cross-border trade has been ignored by East African States and yet it remains a vital part of rural economic activity and invisible regional integration. Cross border trade as an avenue for poverty eradication and economic empowerment in East African Community Countries. Within the East African Community, the majority trades players are women running small scale survivalist type of businesses in informal cross-border trade operate entirely outside of the formal economy.

2.8 Characteristics of Women Informal Cross Border Traders

In East Africa, women constitute a significant percentage of informal cross border traders mainly selling foodstuffs, particularly cereals, milk, vegetables and fruits. The quantities involved are small and are typically carried by head. These actually have a direct impact on regional food security. This trade is an important income earning opportunity for small enterprise which

women are the majority. The trade also provides specific empowerment opportunities for women; it contributes to the development of informal and formal sector retail markets; it provides employment opportunities to traders and their employees; for those with access to some capital it provides a significant opportunity for poverty alleviation.

Women traders face specific difficulties: they have the lowest levels of startup capital, they generally trade goods which generate the lowest levels of profit, and they face harassment at the border, as well as a negative perception of their activities. Furthermore, their commercial activities do not free them from their family responsibilities: their work means they return home late in the evening and where they find their household chores waiting.

Women traders' lack of awareness of their rights and responsibilities is a major problem. They are generally unaware of tax rates, different national and regional treaties and regulations in force, and the specific roles and responsibilities of the various border agencies.

Relations between traders are sometimes strained due to discrimination and harassment from fellow counterparts in other countries. These difficulties reflect a climate of human rights abuse, and also a history of regional violence now rooted in the populations reflected in the prejudices, stereotypes and rumors used by one group against another.

2.9 Trade and Human Development

Trade and human development are interlinked. Trade can play an important role in providing better livelihoods and well-being and in opening societies to socioeconomic and political change. However, the links between trade and human development are not automatic; they are complex and can even be opaque.

But it is possible to understand the impacts of trade policy on human development outcomes in relation to four criteria or pillars of human development: (1) equity and equality; (2) sustainability; (3) empowerment and (4) productivity. Table 2.2 illustrates interactions between trade and these human development pillars as well as relevance to specific MDGs.

Country specific situations and circumstances influence the interaction between trade and human development. These include situations that are difficult or very slow to change, such as initial factor endowments (e.g., land, labour, capital), geography (e.g., landlocked) and climate. Other

factors are amenable to intervention, including through trade policy reforms and actions by trading partners. Figure 2.1 illustrates these situational factors and how they are dynamically related to development. (www.unpd.org, consulted on 5th April 2014)

Table 2.2: Interactions between trade and development

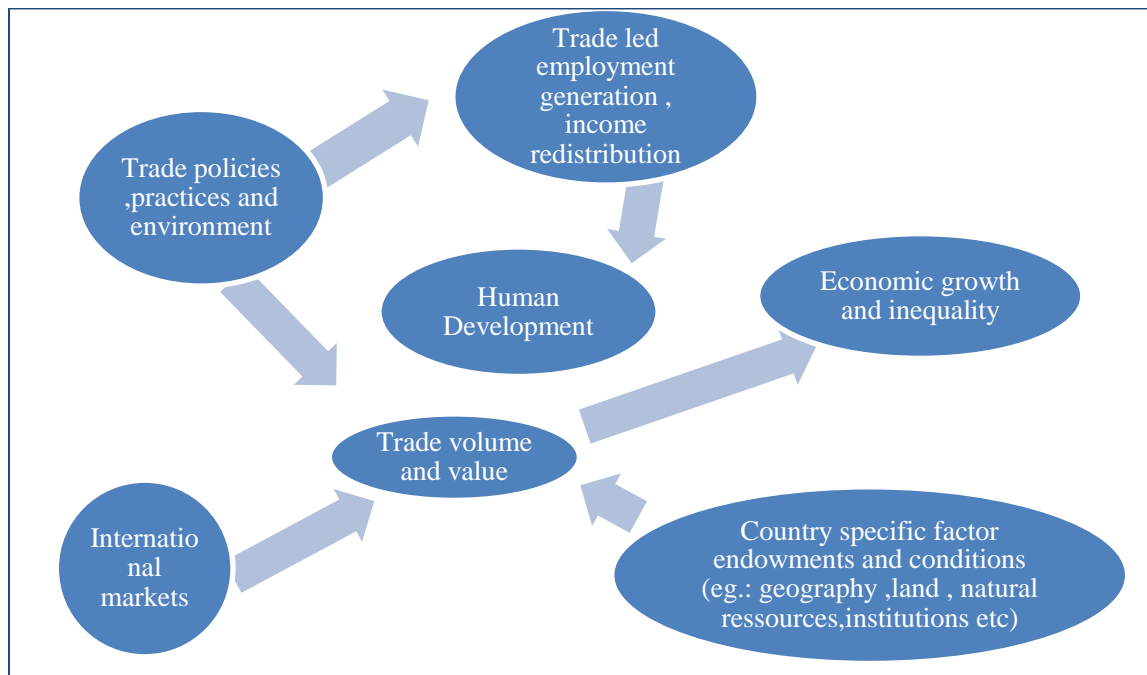
Human Development Pillars	Related MDGs	Link to trade
<p>Equity And Equality</p> <p>Equity concerns impartiality and fairness; it relates to the principles of natural justice and fair conduct. Equality concerns equal opportunity, rights, Privileges and status.</p>	<p>MDG 1 ,2,3 and 8</p>	<p>The initial conditions in terms of access to incomes, assets, etc will have implications for the distribution of costs and benefits of trade reforms. These can enhance equity or deepen inequality. On the other hand, enhanced equity and equality can help all groups benefit from trade opportunities. In many countries, women are the backbone of small and medium enterprises (SMEs) and micro-trade activities, yet they face many obstacles. MDG 3 focuses on gender equality and empowering women in economic and political activities to address these disparities.</p> <p>Similarly, in many instances, people are not ‘equal before the law;’ vested interests can exert influence. Trade-related policies (particularly those embodying the principles of transparency, non-discrimination and fair competition) and their effective enforcement can address many of these obstacles.</p>
<p>Sustainability</p> <p>Human development gains can be fragile and Vulnerable to reversal. It is important to ensure that they endure—that</p>	<p>MDG 1 ,2,3,5,6 and 8</p>	<p>Sustainability means preserving developmental achievements and institutionalizing positive change and gains. Trade can contribute to this by offering outlets for productive activities and ideas, employment opportunities and access to technology, goods and services provided</p>

<p>they are sustainable. Because future generations must also benefit, special efforts are needed to ensure that gains are not attained at their expense.</p>		<p>complementary and supporting policies are in place. But trade-led growth may, for instance, degrade the environment and deplete resources in the absence of adequate regulatory frameworks.</p> <p>MDG 8 focuses on issues related to trade development and sustainable growth. Target 8A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system, includes a commitment to good governance, development and poverty reduction, both nationally and internationally. Targets 8b-D seeks easier trading and debt conditions for developing countries, especially LDCs, landlocked developing countries (LLDCs) and small island states.</p>
<p>Empowerment This concerns enabling people to exercise individual choice, and to participate in, shape and benefit from action at the household, community and other levels</p>	<p>MDG 1 ,2,3,5 and 8</p>	<p>This refers to people's ability to influence the processes and events that affect their lives. If trade policies lead to increased incomes, better working conditions and enhanced access to technology and healthcare, they will give people more control over their lives. If trade policies leads to reversals and degradation, empowerment is reduced.</p> <p>Most of the MDGs help institutionalize empowerment as a development tool through such targets as 1b: Achieve full and productive employment and decent work for all, including women and young people; target 8f: In cooperation with the private sector, make available the benefits of new technologies, especially information and communication technologies.</p>

<p>Productivity</p> <p>This concerns the fundamental role that human capabilities play in the utilization of productive assets as the basis of economic growth and human progress.</p>	<p>MDG 1 ,2,3,4,5 and 6</p>	<p>Increased productivity (achieved partly through better education and healthcare) enhances human capabilities and allows people to participate in economic growth and share in its benefits. MDGs 1-6 and targets such as target 8e:(In cooperation with pharmaceutical companies, provide access to affordable essential drugs) seek improvements in health, gender equality, education and incomes, all of which can enhance productivity. Moreover, well-aligned trade and related policies can underpin productivity through greater efficiencies, quality, technology, etc.</p>
---	-----------------------------	--

Source: UNDP 2014

Figure 2.1: Interaction between trade and development



Source: UNDP 2014

One of the most important elements of the human development approach is gender equality and empowerment. MDG 3 calls for action on gender equality and empowerment of women in economic and political activities.

2.10 Empirical Review: The role and impact of ICBT on poverty

There has been a lack of adequate and comprehensive information on the role of Informal Cross Border Trade in economic activity and its potential in reducing poverty. However, this section tries to review the literature on Informal cross border trade as practiced in some developing countries. Evidence from the literature on Informal Cross Border Trade reviewed, was from experiences in some developing countries outside the region which include Europe, SADC, and experiences in the EAC region.

2.10.1 Impact of ICBT on Employment and Household Income in Poland

The results of the GEMINI study in Poland (Metcalf *et al*, 1992: 2-3) indicated that during the period, in the Polish economy, the potential of this trade as a way of expanding into more serious business, declined. Due to the decrease in profitability, the role of cross border trading in reducing unemployment was diminishing. Though trade satisfied immediate consumption needs, it was seen only as a reaction to a depressed labor market. The traders considered Informal Cross Border Trade occupation as a way of supplementing unemployment benefits or saving up some money for consumption expenditures.

The study found that the possibility of accumulating capital for investment in one's own business was almost nil. However, a study by Bracking & Sachikonye (2006:36-39), established that cross border trading may contribute to the productive accumulation and acquisition of assets which can promote economic development. These differences in the roles of Informal Cross Border Trade may bring in the issue of levels of development of the trading countries, in that, the causes and the size of impact of informal cross border trading are different, between countries of different levels of development.

2.10.2 Impact of Informal Cross Border Trade on Employment and Household Income in SADC region

Muzvidziwa (2005: 31) also reiterated that "informal cross border trade is not only a source of livelihood; it is also a source of employment, making up for the shortfall as a result of the

reduction in formal employment under Structural Adjustment Programmes (SAPs). As a result, informal cross border trade plays a key role in poverty alleviation, complementing objectives sought under regional integration. For many of the economic poor, informal cross border trade has become a means of survival, a source of income and employment.

Bracking and Sachikonye (2006) explored the extent to which migrant remittances transfers affect poverty with particular reference to the medium of the informal economy. A household survey method was employed to provide data and 300 households were questioned from a number of suburbs of Bulawayo and Harare. The study established that, household receipt of remittances does reduce poverty. Some evidence that remittances accomplished more for some households than mere reduction of poverty was found. They contribute to productive accumulation and the acquisition of consumption assets (Bracking & Sachikonye, 2006: 36-39). The research revealed that a complex web of money and goods transactions within the informal sector supports the Zimbabwean economy in an unrecorded myriad of ways, thus mitigating the economic crisis of the late 1990s to some degree. However, the study could not establish the issue of sustainability of this support.

Tekere *et al* (2002), in their study on informal cross-border trade between Zimbabwe on one hand and South Africa and Zambia on the other, concluded that Informal Cross Border Trade provides an opportunity for a large number of unemployed people to earn an income considerably higher than the minimum salary in the formal sector. It also concluded that, by engaging in Informal Cross Border Trade, people who otherwise have no jobs become gainfully employed and in turn a chain of other service providers such as transport and commuter operators get jobs where otherwise these operators would be unemployed. The study also established that some families depend on Informal Cross Border Trade source of income even for school fees and other expenses, and that cross-border trading contributes positively to the empowerment of women and food security. This was supported by Bracking & Sachikonye (2006), Mwaniki (1998), Muzvidziwa (1998) & Meagher (2003). However, Tekere *et al* study might have been limited, since it merely concentrated on household traders who use commuter buses. Informal traders use other means of transport including small couriers (using small cars/pick-ups and wagons).

Mwaniki (1998: 1) supported the view that several people in the region were shifting to the informal sector where they hope to earn a living and among such groups are the cross border

traders who travel frequently to neighboring countries to sell their products and return home with more goods for resale and some foreign currency. Mwaniki (1998: 42) also noted that all the cross border traders interviewed managed to raise incomes that took their households out of poverty, as the incomes accruing to them were above the prevailing official poverty threshold.

2.10.3 Impact of ICBT on Food Security in the SADC region

Policy restrictions in the region have hampered smooth food flows necessary for food security. An assessment by the United Nations World Food Programme (2004) revealed that trade barriers between Zimbabwe and her neighbours were the major constraint to informal food trade. Zimbabwe appears to have been relying on an official maize import programme, executed through the Grain Marketing Board (GMB), which has the monopoly on grain trade to cover deficits. The rising retail maize prices in Zimbabwe in 2004 implied that the official import programme became slower than anticipated, such that if restrictions were relaxed, Zimbabwe could tap some surplus from neighboring countries through informal cross border trade.

Although informal cross border trade has been shown to mitigate food supply gaps, by informally trading in food products, it was observed that such trade was mostly in sugar, cooking oil, wheat flour and less on maize

2.11 Contribution of ICBT in EAC: Evidence from the literature

A recent study by Victor Ogalo (2010) stated that Informal Cross Border Trade contributes to the economies of EAC countries in various ways. It enables small-scale entrepreneurs to escape poverty and to meet the education, housing and other basic needs; Informal Cross Border Trade traders employ people in their home countries and in the countries where they source their goods; and, it is also a supplementary source of family income to people who are under employed and a source of employment to some people who were retrenched following economic restructuring that was occasioned by structural adjustment programmes (SAPs).

The number of people indulging in Informal Cross Border Trade having degree -level education is rising. On the one hand, this is a pointer that that cross border trade is increasingly becoming more sophisticated, requiring better education for one to be able to interact and trade smoothly across the borders; however, it also confirms that most university graduates these days are

without jobs or starting capital to pursue formal business. Thus, an increasing number of them resort to informal businesses including Informal Cross Border Trade as a form of employment and means of income generation

A majority of the Informal Cross Border Trade participants are between the age of 30 and 40 years. This is the age at which many people in EAC have married and have more responsibilities to take care of, but lack of formal sources income pushes them to look for other informal ways, including engaging in Informal Cross Border Trade, in order to meet their family responsibilities, given the realities of our shrinking economies.

From a consumer's perspective, Informal Cross Border Trade brings the benefit of lower prices of the informally imported products since they evade a lot of transaction costs. Some of the ICBT traders have establishments in the Cities (in Nairobi, for example, they can be located in Eastleigh residential estate) where they sell their products at more competitive prices compared to same products purchased through formal channels and sold in supermarkets. The low prices they offer have sometimes increased competitive pressure on firms operating in the formal sector; in some cases, this has promoted price efficiency, especially, where the formal sector were initially raking in supernormal profits.

2.12 Conclusion

Given the above scenario, there is therefore, need to investigate the developmental role of informal cross-border trade, and analyze the impact of informal cross-border trade on employment, incomes, health care and education. This helped the researcher to explore the relationship between informal cross-border trade and socio-economic development among women and vulnerable groups, and finally to draw appropriate social policy recommendations about the effects of informal cross-border trade intra-regional trade.

CHAPTER THREE: METHODOLOGY

3.1 Introduction

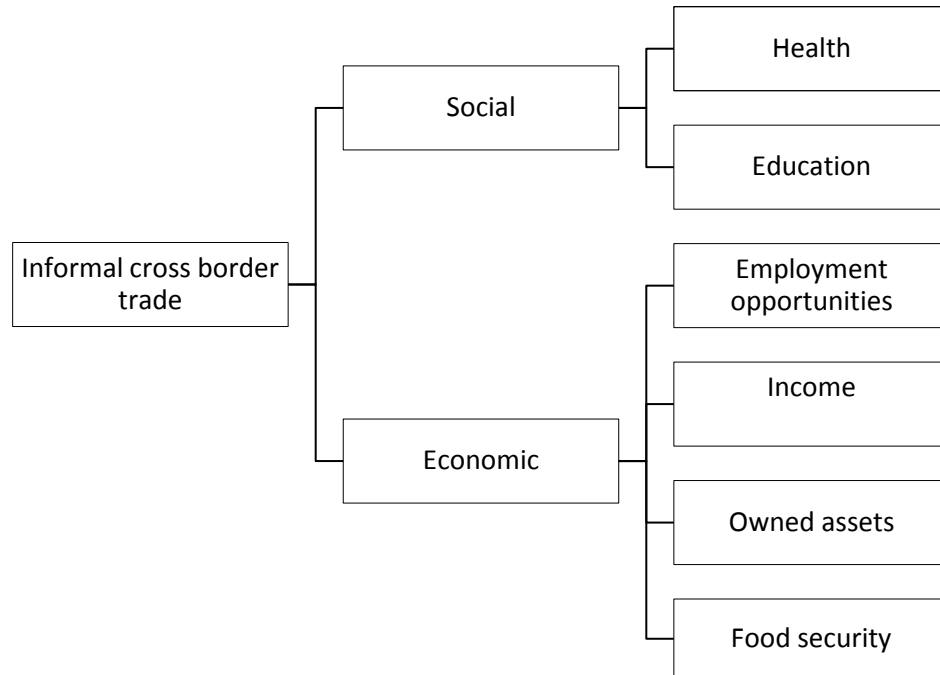
This chapter outlines a set of logical procedures that were followed to enable the researcher to obtain the evidence to determine the degree to which the researcher is right or wrong. Thus, it lays out the methodology for the study, detailing the procedures and techniques of research, data collection and analysis. Hagedon and Labovitz (1992), contend that the purpose of the research design is to ensure that the relation between the dependent and independent variables is not subject to alternative interpretations. Hence, it entails a plan of what is going to be done, how, when and where. In order to come up with a valid insight of the impact of informal cross-border trade on household socio-economic development, both the qualitative and quantitative approaches to data collection was used.

3.2 Type of Research design

A case study was used to collect information. The case study has been chosen because the researcher needed to collect in-depth information on the characteristics of female ICBT between Republic of Rwanda and Democratic Republic of Congo. The researcher used a set of questions for interviews and observation with informal discussions.

To better understand informal cross-border trade in Rwanda, an empirical study that was mostly qualitative in nature was carried out. Thus both qualitative and quantitative primary and secondary data was collected from the sample of respondents and statistics respectively. Primary data collection involved the researcher going into the field to collect the necessary data from respondents, whereas on secondary data the researcher consulted relevant statistical documents.

The combination of the two research approaches which is called triangulation, added value to the data collection process. The need to triangulate comes in that no research method can exclusively disregard the other (Leedy, 1993, 143).

Figure 3.2: Framework of impact assessment

The above figure is a framework for understanding how informal cross border trade is likely to influence some basic indicators of socio-economic development such as income, employment, owned assets, education, and health and food security.

3.3 Sources of data

Data was collected from 2 major sources: primary sources which comprised of source documents within the premises of the organization under study.

Secondary sources were comprised of:

- Books and journals related to the subject under study in libraries
- Literature related to the subject matter of interest
- Online journals and articles

3.4 Methods and tools of data collection

In collecting data we used questionnaires, interviews, and observation for the first hand information, and documentary for secondary data.

3.4.1 Questionnaires

Grinnell and Williams (1990:228), defines a questionnaire as a set of predetermined, written questions, which calls for responses on the part of the client. This technique was largely used to respondents who could read and write thus able to fill questionnaires themselves.

A questionnaire was found to be an essential instrument in collecting data for this study. Webster, (2008) defined a questionnaire as a written or printed form used for gathering information on some subject or subjects, consisting of a set of questions. A questionnaire is also defined as a list of survey questions asked to respondents and designed to extract specific information. Although survey data can be obtained with other methods, the structured questionnaire remains the most common method of obtaining a structured set of survey data (Greenfield *et al*, 2002).

The questionnaire was designed to capture both statistical and non-statistical information on activities of ICBTs. The questions were framed in such a way that information obtained could help understand how the ICBT system works, the people involved, the nature of the businesses conducted, earnings and main obstacles. A subsequent analysis enables the research to evaluate and estimate the impact of activities on poverty reduction, i.e. to validate the hypotheses of the study.

The questionnaire and the interview guide contain the following types of household information as social indicators, which are the measures of standards of living, both qualitative and quantitative:

Household demographic information: including age, sex, status of parents (orphans), and school enrolment status.

Livelihood activities/occupation: what household members are engaged in and what was their source of income before they engaged themselves in informal cross-border trade.

Socio-economic impact of the activities (ICBT): including any improvements in education for children, property, improvements in health, food security.

3.4.2 Interview schedule

According to Manheim and C. Rich (1995:444), an interview schedule is the questionnaires to be used in the personnel interviews. The researcher used interviews to collect information from targeted groups.

This was due to fact that some of respondents do not know to read and write, and others could not manage to fill questionnaires themselves without assistance and the researcher asked questions from the questionnaires and recorded their answers at the same time.

3.4.3 Observation

According to bailey, as cited by Rwigamba (2001:46), an observation is the primary technique for collecting data on the non-verbal behavior. In my study observation commonly involved sight or visual data collection; it was used especially to categories of those respondents who did not want to reveal their personal status with regard to what they own. Personal observation enabled the researcher to see by himself some aspects of reality on ground which enriched the research findings.

The researcher adopted selective observation to complement the collected information from the in-depth and probing conversation interviews. The reasons of selecting a selective observation as research technique in this study, is because researcher was focused on specific areas, such as observing the types of commodities traded informally, the ICBT operations and challenges faced in this type of cross border trade .

3.4.4 Documentation

With this technique, the researcher accessed to the existing documents containing the data related to the topic. We consulted the textbooks, online journals and articles, reports, and other documents related to the role of agro-industries in the socio-economic development of country especially in rural areas. This helped us to compare and finally verify the validity of the information from interview and questionnaire.

3.5 Sample size and sampling techniques

It would be ideal to consider the whole women cross border traders the study. However due to financial and time constraints, a sample was selected .A sample refers to any subgroup of the population of cases that was identified for analysis.

3.5.1 Sampling Methods

Due to limited resources in terms of money and time and the need for precision of results, it was not be possible to study the whole population .That is why there was a need of selecting a sample

3.5.2 Purposive sampling

Purposive sampling is a type of non-probability sampling technique in which people with particular characteristics are purposefully selected for inclusion in the sample. The researcher deliberately decided people who must be include in sample basing on his own observation on the ground.

This study relied on random purposive sampling. This was adopted taking into consideration that the research needed to reach a targeted sample. Random purposive sampling involves taking a random sample of units in the purposefully selected target population. Random purposive sampling is non-probability sampling and hence can be subjected to bias and error (Peter in Greenfield, 2002). However, the sampling method is most suitable since a sampling frame for informal traders is not available.

Interviews was conducted on a random but purposive sample in towns and rural business centres of Rubavu.

3.6 Population

Grinnel Jr, M.Richard and William Margaret define population as the totality of persons or objects with which the study is concerned.

The population from which a representative sample was drawn is that of informal women cross border traders operating in Rubavu district. The reason why the researcher chose Rubavu over cross border post is that it is the most active cross border market in terms of value and volumes along the Rwandan borders

3.7 Sample size

Grinnel JR, M Richard and William Margaret (1990:310) define sample size as a number of people or objects in the sample.

Here the problem is to find out how to choose a sample size Therefore to obtain a good sample size and ensure that there was no bias in the data collection, the research used the formula of Cochran (1977:75) for proportion

$$No = \frac{t^2 \alpha p(1-p)}{d^2}$$

And the formula for finite population collection for proportion

$$n = \frac{No}{1 + \frac{(no-1)}{N}}$$

Where n is the sample size ,N is the size of the population ,No is the sample of a defined population is the error term that is estimate at 10%,p is the estimated frequency of the sample size n while t_{α} is the figure obtained from the t-student's table or the student's table.

Therefore basing on the above formula, the researcher decided to use 90% as the confidence level of which Alain Bouchard say is more reliable.

Thus; $\alpha=0.5$, $N=275$, $d=10\%$, $t_{\alpha}=1.65$

$$no = \frac{(1.65)^2 \cdot 0.5 \cdot 0.5}{(0.1)^2} = 68.06 ; \quad n = \frac{68.06}{1 + \frac{68.06-1}{275}} = 68 \text{ respondents}$$

The cooperatives of women cross border traders in Rubavu district have 275 members (MINICOM, 2013), by making the above calculations 68 women cross border traders were taken as the sample size.

3.8 Data analysis and interpretation

This part has the objective of measuring and providing the hypothesis as either valid or invalid. The purpose of this study is to assess the contribution of Informal Cross Border Trade to the socio-economic development of women traders; this part will therefore involve the presentation and discussion of findings of the study and their interpretation

Quantitative data will be analyzed using frequency distributions, pie-charts and bar graphs which reveals variables under the study. These will be complemented with qualitative data analysis aimed at giving explanations to the quantified pieces of data using the survey data.

Data analysis is an integral part of research. It involves reducing accumulated data to a manageable size and applying statistical techniques. In this study, data analysis was performed using the Microsoft Excel Package. The process began by coding responses. Data were captured from various questionnaires onto an excel spreadsheet which resulted into compilation of the dataset. The data were captured from both open-ended and closed questions. Thereafter, the data

will be processed using the Excel Package and SPSS (Statistical Package for Social Sciences). Responses from interviews and open-ended questions were summarized and were used to explain the responses in the closed ended questions or as justification for some questions or concepts. Cross tabulations of variables were done, so as to establish the relationships between variables.

The analysis of data closely will follow the survey objectives, highlighting earnings from ICBT activities, assets acquired, ability to pay for services and food security. Descriptive statistics and analysis were used to estimate the extent of ICBT and implications of ICBT activities on livelihoods of ICBTs' households.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

Trade in general is widely believed to be an important tool for socio-economic development. As a country's economic gains from international trade increase, resources tend to be allocated efficiently, thus leading to an improvement in the welfare of the people (Tekere et al, 2000: 1). However, this assertion is believed to be true only for formal trade. The question still remains as to whether informal cross border trade, which does not conform to the international trading agreements, has the potential of pushing backwards the frontiers of poverty.

The policy dialogue in many developing countries is driven by the perception that Informal Cross border trade is not only welfare reducing and economically non-viable, but socially undesirable (Tekere et al, 2000: 1). It has been argued that Informal Cross Border Trade undermines local industries, distorts price incentives to producers, misguides domestic trade policies, negatively impacts on foreign exchange earnings, reduces tax revenues and distorts the correct picture of intra-regional trade (Ibid)

However, on the other hand research has found that many people make a living from Informal Cross Border Trade. Traders engaged in Informal Cross Border Trade have been able to raise income that enabled their households to escape poverty (Muzvidziwa, 1998 & 2006; Tekere et al, 2000; & Bracking & Sachikonye, 2006).

This apparent divergence of opinion regarding the impact of Informal Cross Border Trade on the welfare of traders warrants some thorough and rigorous empirical investigation. This chapter presents such evidence. The investigation of the impact of Informal Cross Border Trade on traders and their households' welfare is based on a survey of 68 women informal cross border traders. This chapter starts examining the characteristics of this sample. This is followed by an analysis of the research findings.

4.2 Characteristics of goods traded

Official trade data indicate that informal exports to neighboring countries represent a significant share of exports to neighbouring countries. (BNR Trade data 2013).

The DRC is by far Rwanda's largest informal export market with US\$90.3 million informal exports in 2013, or 82% of Rwanda's informal exports. In 2013 the informal cross border exports to DRC through Rubavu amounted to US\$ 27 million which represented 30% of the total informal exports revenues to DRC. The main categories of products exported include: agricultural products (fresh products) (29%), livestock and livestock products (28%), agro-processed food (13%), manufactured goods (6%).

Table: Type of product exported

Product categories	Value 2013 (USD)	% Share
Agricultural products	8,150,954	29%
Livestock & livestock products	7,759,487	28%
Agro-processed products	3,577,116	13%
Manufactured products	2,311,344	8%
Fish	1,651,277	6%
Construction materials	1,108,681	4%
Petroleum products	1,037,598	4%
Beverages	572,967	2%
Textiles	511,740	2%
Forestry products	406,410	1%
Products of leather	235,690	1%
office supplies	145,171	1%
Fertilizers	92,042	0%
Electronics' products	89,858	0%
Wooden products	83,370	0%
Cooking oil	59,662	0%
Other	50,727	0%
Gas	10,104	0%
Pharmaceutical products	6,901	0%
Total	27,861,104	100

Source: BNR ICBT data 2013

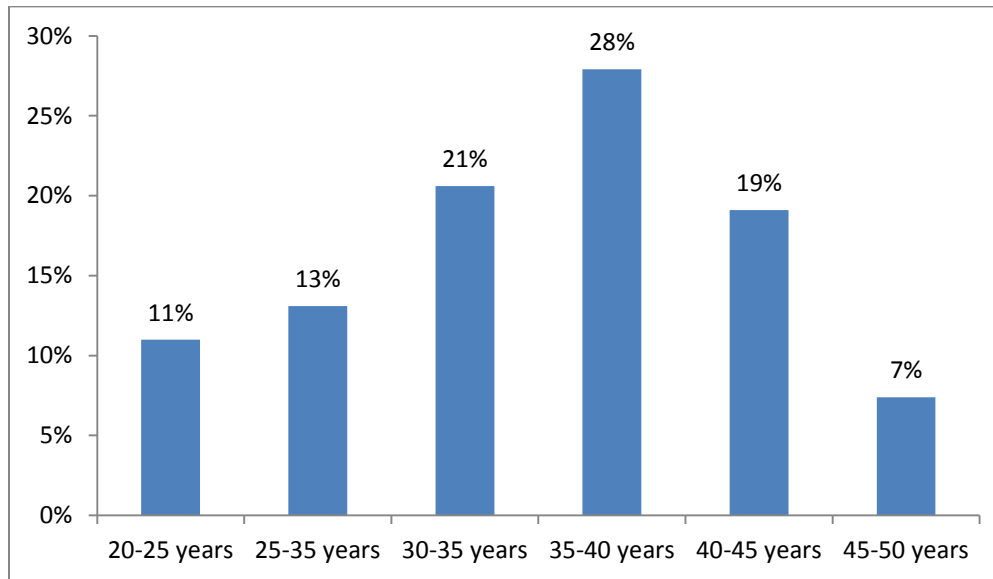
4.3 Characteristics of the Sample

The sample characteristics under review include demographic and socio-economic attributes of the survey units. Characteristics which include marital status, age, level of education, and head of

household were examined to find out whether there was any correlation between them and the respondents' trading activities.

4.3.1 Characteristics of the respondents by age

Figure 4.3: Age of the respondents



Source: Primary data 2014

Most of the women traders (28 % of interviewees) are between the ages of 35 and 40 years followed by women aged between 30 and 40 years (representing 21% of the interviewees). Reasons given for this are that this is the time when women really need the money for their growing families.

4.3.2 Classification of Respondents by Marital status

The researcher was also interested in understanding how different categories in marital status have been considered in assessing the socio-economic development. Below, the table shows investigation carried out to establish marital status of respondents.

Table 4.3: Marital status of the respondents

Marital status	Frequency	Percent
Married	36	52.9%
Single	9	13.2%
Divorced	4	5.9%
Window	19	27.9%

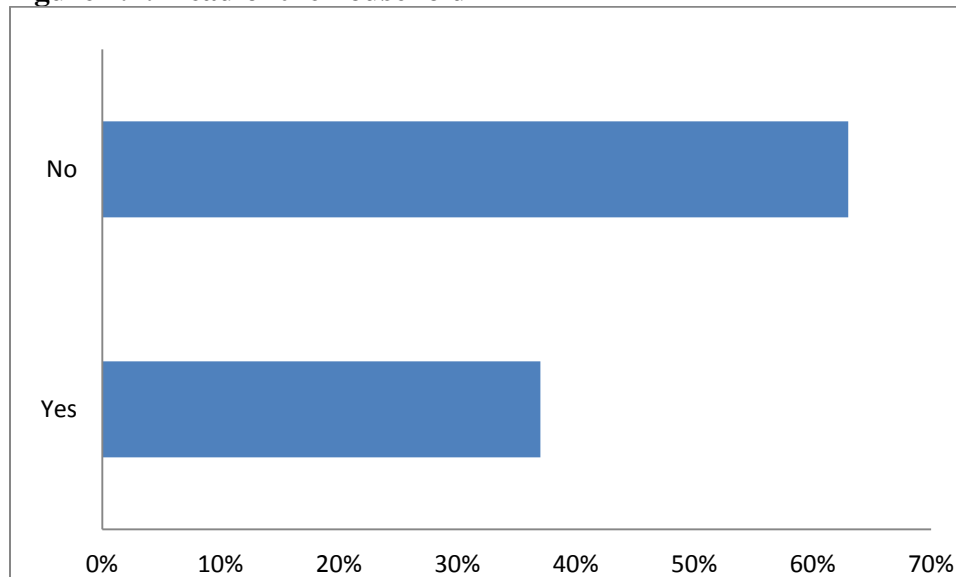
Source: Primary data 2014

The table 4.3 illustrates the classification of respondents by marital status. As the table indicates a large number of the respondents 36 (52.9%) were married, 19 (27.9%) respondents were widows, 9 (13.2%) respondents were single and 4 (5.9%) respondents were divorced. The logic behind describing marital status was to find out if vulnerable groups such as widows are using Informal cross border trade as means for survival because widows are considered as economical vulnerable set of the population.

4.3.3 Head of household

The researcher looked at characteristics of the respondents with regard to the head of household to find out any link between social responsibilities and the participation in informal cross border trade. The figure below provides the insight on this

Figure 4.4: Head of the household



Source: Primary data 2014

The overwhelming majority of the respondents (63%) reported that they are not the head of their household (they are either women looking to complement the revenue of their husband or simply to have a social self-esteem in the society); while 37% revealed that they are the head of their household. Those heading their household stated that they use the income generated from informal cross border trade to meet their basic needs as most of them are widows.

4.3.4 Classification of respondents by education

Here, the researcher was so interested in investigating educational level of respondents. As a matter of fact, education categories of respondents include; primary, vocational, secondary, university/institution and uneducated group were included.

Table 4.4: Education of the respondent

Education level	Frequency	Percent
Primary	52	76.5
No formal education	6	8.8
Vocational training	6	8.8
Secondary	4	5.9

Source: Primary data 2014

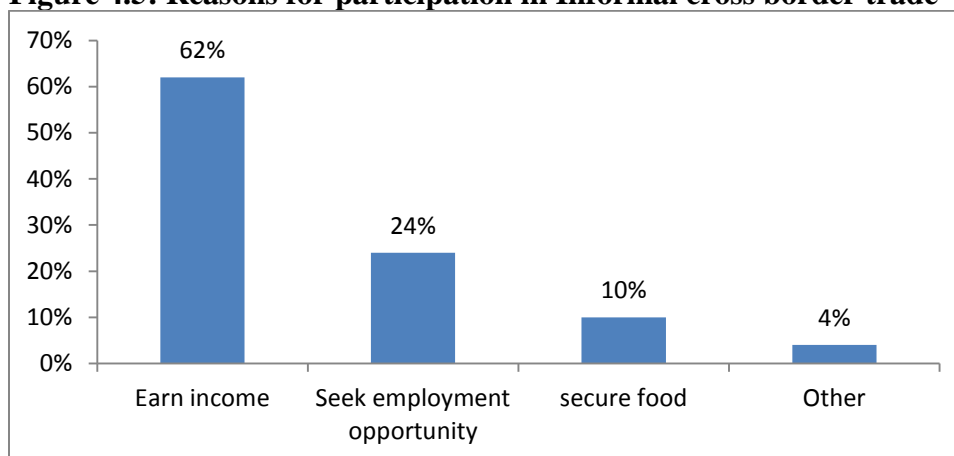
The table above gives the classification of respondents by level of education. A large number of respondents 52 (76.5%) had completed primary education, 6(8.8%) respondents had vocational trainings, only 6 (9%) respondents no formal education while only 4 (5.9) had completed secondary school.

4.4 Analysis of ICBT activities

4.4.1 Reasons for trading

Reasons cited for participating in informal cross border trade include the need to earn income and, need to secure food and looking for employment.

Figure 4.5: Reasons for participation in Informal cross border trade



Source: Primary data 2014

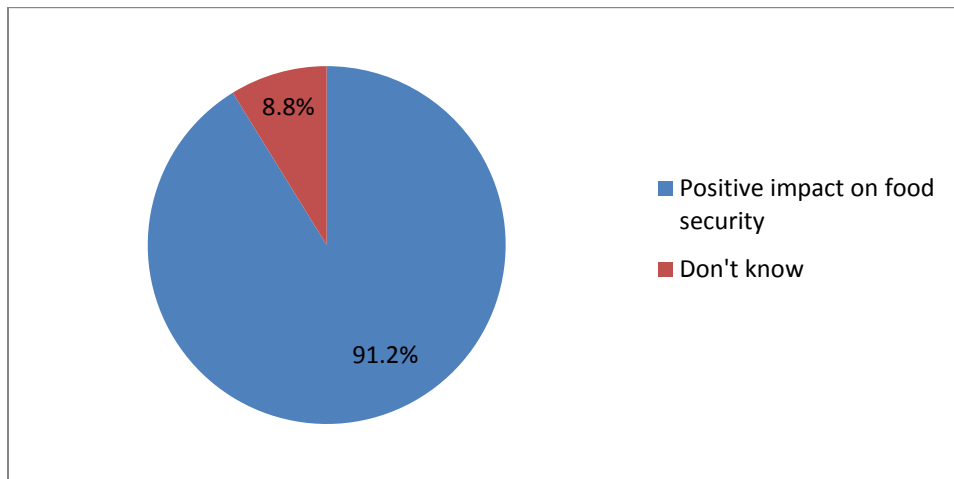
Traders were asked why they were involved in Informal Cross Border Trade . As shown in Figure (4.5) the majority, (62%) joined Informal Cross Border Trade for survival or as an income earning activity to sustain their livelihoods. Informal Cross Border Trade was the only source of income. Another 24% noted that they joined Informal Cross Border Trade for seeking an opportunity to escape the unemployment ,10% practice Informal Cross Border Trade for food security reasons while 4% mentioned other reasons such self-esteem ,dignity in family and in society etc.

4.5 Food Security

According to FAO, Food security exists when all people, at all times, have physical and economic access to sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life.

Informal cross border trade can help alleviate poverty and enhance regional food-security. In Southern Africa, Informal Cross Border Trade has proven to have a positive impact on the economy, especially with regard to its potential to cushion the impacts of food crises as was the case in the 2005-2006 periods.

In this study, data which enable an assessment of the impact of informal cross border trade on food security or availability of food in the area of study were gathered. Respondents were asked to give their views on whether Informal Cross Border Trade activities had an impact on food security in their households. An analysis of the findings revealed that respondents felt that Informal Cross Border Trade activities significantly improved food security, (Fig.4.6 below). 91.2 % of the respondents had a view that Informal Cross Border Trade had a positive impact on food security in their area and in their household in particular, through affordability and availability of scarce food in their households. Only 8.8% of the respondents indicated that they did not know if ICBT business had any impact on food security.

Figure 4.6: Impact of ICBT on food security

Source: Primary data 2014

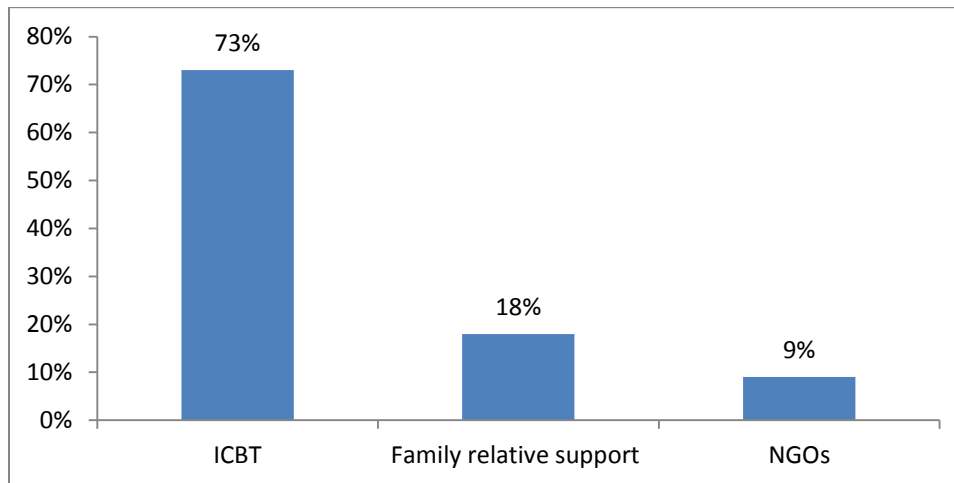
Respondents revealed that Informal cross border trade contributes to food security through increased incomes and importation of some foods. Instead of attempting to be food self-sufficient by relying on own harvest which in turn depends on whether rains are good or not, some families are focusing on generating income from informal cross-border trade. The respondents acknowledged that they could have been facing difficulties in affording food if they had not engaged themselves in informal cross border trade.

4.6 Social Welfare

Informal cross border trade can enhance income revenues and provide employment opportunities for poorer households to meet their basic needs related to social welfare such education and health care (CUTS, 2010). An assessment of respondents views indicated that informal cross border trade impacted positively social development aspects such education and health care.

4.6 .1 Education

All the respondents having children with school going age revealed that they manage to pay for school fees and all education needs for their children in primary and secondary schools.

Figure 4.7: Funding for children’s education needs

Source: Primary data

According to the information contained in the figure above ,73% of women informal cross border traders cover education needs of their children themselves by using the income generated from informal cross border trade activities,18% are supported by their relatives to meet the education requirements of their children ,while 9% get support from NGOs for education purposes.

4.6.2 Health care

The vast majority of the world’s poor rely on agriculture for their livelihoods, and in many developing countries ; agriculture is mainly made for home consumption and some farmers are struggling to get money to pay for social services such schools and health services.(http://www.fao.org/AG/Ags/index_en.html.) Within this context, informal cross border trade emerges as a way forward for economically vulnerable set of population to improve their lives as it has the potential of enabling them to get means for paying social services and basic necessities.

The findings of the study revealed that ICBT has the potential to help women informal cross border traders to have access to the basic health care needs; all the women informal cross border traders reported that they are able to get access healthcare services because they managed to buy medical insurance and can afford to buy medicines by using the income generated from Informal cross border trade activities.

4.7 Asset Ownership

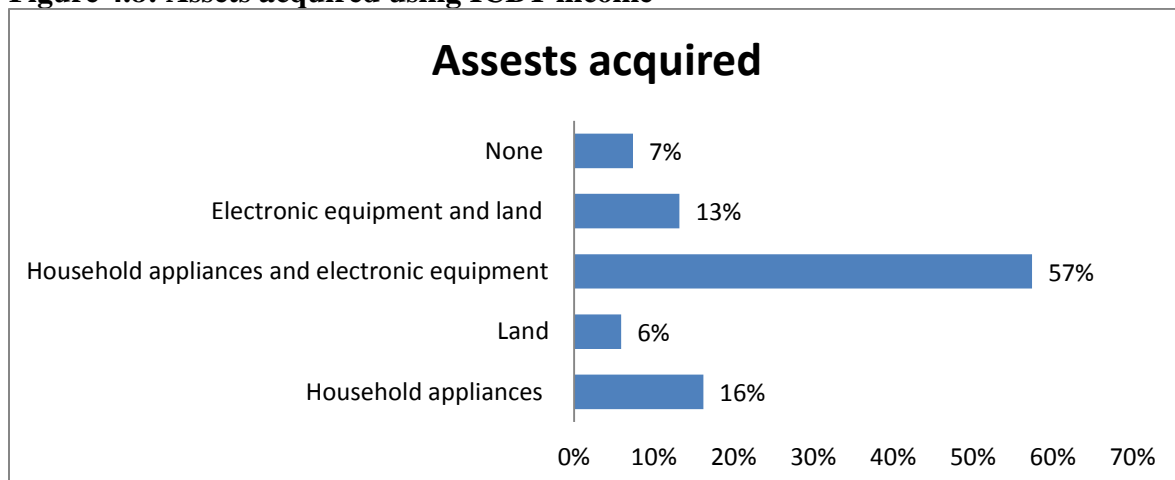
Wealth is a money metric indicator of wellbeing and asset ownership is considered a form of wealth. It is considered an indicator of wellbeing, since it is a resource which can be transformed for consumption purposes. The more assets people have, the less vulnerable they are to falling into poverty and the greater the depletion of peoples' assets, the greater their economic insecurity (Moser & Kalton, 1997).

4.7.1 Acquirement of assets using ICBT incomes

Asset ownership is a measure of social status. The well off members in society is shown the ownership of assets. Investment in property is also another indicator of poverty reduction. Property is a luxury rather than a basic necessity hence, when people can manage to serve and invest in properties; it means they have satisfied their basic needs first.

This survey covered assets acquired by the respondents' households using income from trading. The majority, 57% of the respondents indicated that they managed to buy household appliances and electronic equipment (radio, television and mobile phones), 16% bought household appliances 13% managed to buy electronic equipment and land, 6% purchased land while 7% did not manage to buy any asset as they stated that their income from ICBT is just for covering the basic needs only.

Figure 4.8: Assets acquired using ICBT income



Source: Field survey 2014

Informal Cross Border Trade incomes enabled the majority of traders to acquire assets. While a significant proportion of these acquired consumption assets, a substantial proportion acquired productive assets. This implies an improvement in their economic welfare.

4.8 The basic source of income

One of the objectives of this study is to find out the impact of Informal cross border trade on income generation. Therefore, respondents were asked to mention their main source of income and the responses are summarized in the table 4.5 below.

Table 4.5: Source of income

Source of income	Frequency	Percentage
ICBT	53	78
Crop farming	9	13
Odd jobs	6	9

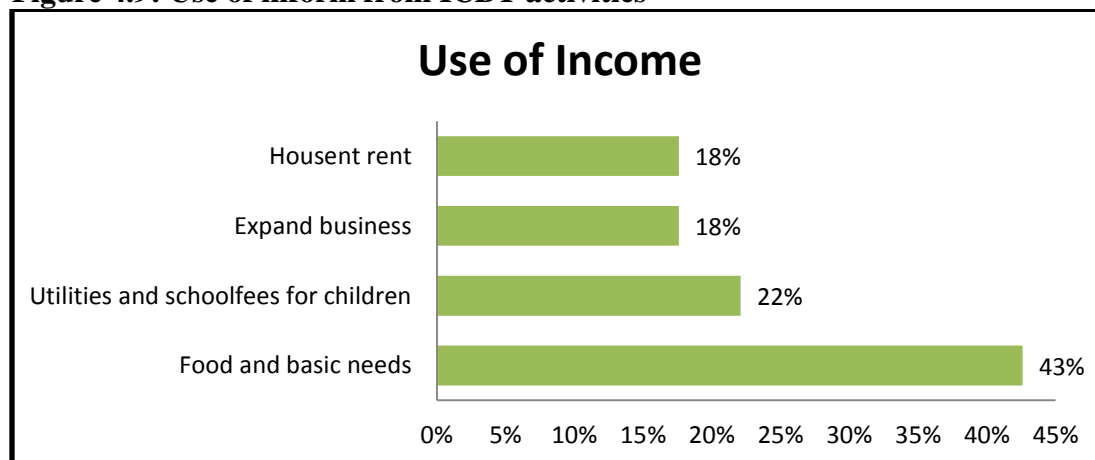
Source: Primary data 2014

As it is indicated by the table above, the majority of respondents equaling to 78% recognizes Informal cross border trade as their main source of income in their households, followed by those who categorize farming as their basic source of income equaling 13%, 6% of the respondents reported that their main source of income is from other casual work that they are involved in.

In fact it was important to consider the main source of income of respondents due to the fact that most of the time it becomes harder to determine which activity gives more income to practionner especially in rural areas where agriculture is predominant activity. Thus this part gives a clear difference on what women informal cross border traders see as their main source of income.

4.8.1 Use of income obtained

Figure 4.9: Use of inform from ICBT activities



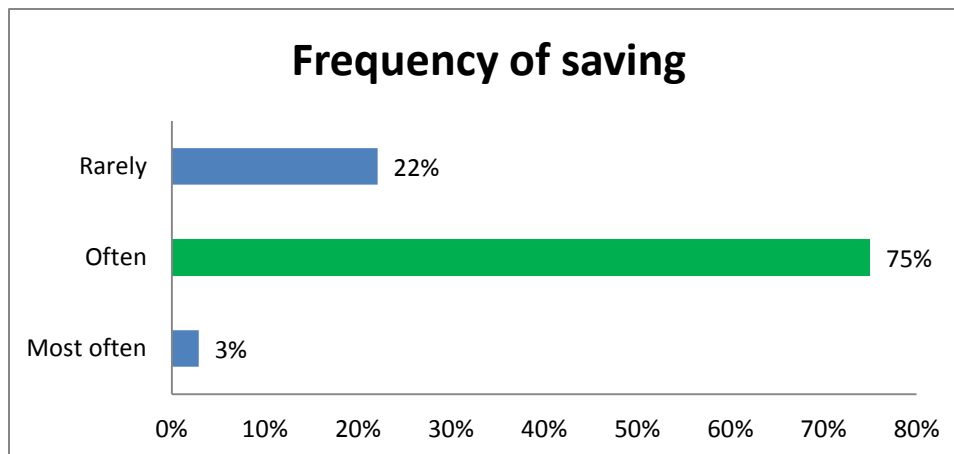
Source: Primary data 2014

The majority of the respondents representing 43% revealed that they use their income for meeting the food and basic needs, 22% use their income for utilities and school fees for children while 18% use ICBT income for expanding business and 18% also use their income for house rent. Despite the conscious reinvestment of profit, the size of these businesses is generally small due to low income from sales, high expenditure on living costs, lack of credit, and high costs of conducting business

4.8.2 Saving

One benefit from an increase in current income is that, in addition to enjoying more consumption, an individual can also plan for greater future consumption by saving a part of the current income. The figure below shows the frequency of saving among the women informal cross border traders in the area of study.

Figure 4.10: Level of Saving



Source: Primary data 2014

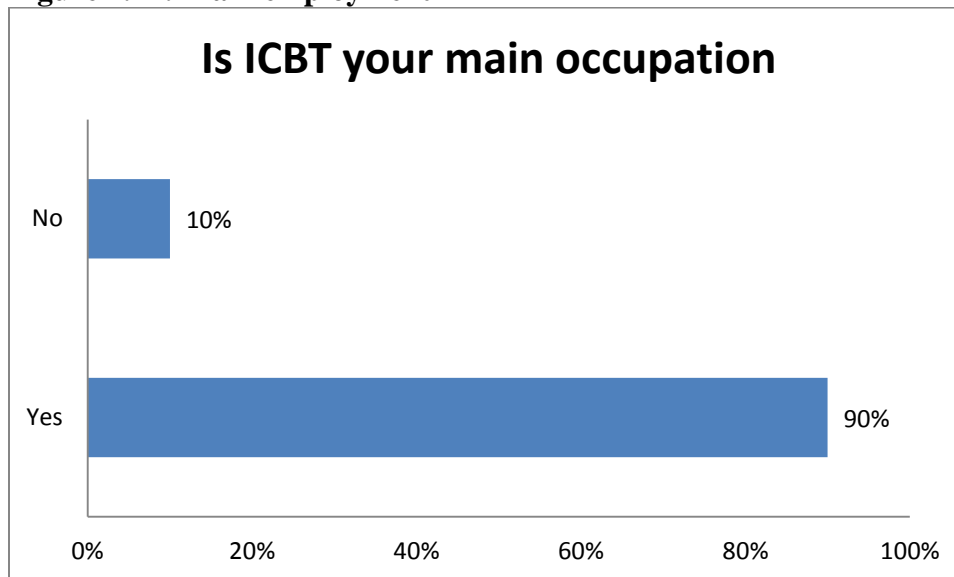
From the above figure, it is obvious that women informal cross border traders do not consume the totality of their income, though their frequency of saving differs. 75% of the respondents do save most often while 22% of the respondents save rarely as they mostly allocate their income for their daily subsistence needs and only 3% save most often a portion of their income. The fact that some people do make savings means that they do have money accounts, this facilitates them in facing the uncertainty of the future and solve their daily problems.

4.9 Impact analysis of ICBT on the employment

Informal Cross Border Trade plays a vital role in poverty reduction, employment and income opportunities (Jackson, 1996, Cagatay and Ozler, 1995). It is a vital source of livelihood for the poor and an important component of Africa's economy contributing immensely to the economy of Africa. It is also a source of employment for the traders and their relatives (Mijere, 2006).

A significant proportion, 89% of the respondents were of the view that Informal Cross Border Trade is a good practice and should be promoted because it has helped them to come out of the unemployment and recognize it as their main occupation. Contrariwise, 10% of the responded reported that informal cross border is their second main occupation and do not see ICBT as economically worthwhile.

Figure 4.11: Main employment



Source: Primary data 2014

4.10 Conclusion

This section attempts to check whether the research findings confirm or reject the hypotheses as per objective of the study. In conformity with the hypothesis of the study stated in chapter one, as the first hypothesis it was tested. " Informal Cross Border Trade contributes to socio-economic development"

Findings of this study showed that informal cross border trade is perceived as economically and socially profitable: Informal cross border trade led to the creation of employment opportunities particularly for women, this has greatly helped them to earn income which necessary for their

socio-economic wellbeing. With income obtained from informal cross border trade, the respondents we are able to purchase assets such as land, house hold appliances, electronic equipment (radios, TVs and fridges). In addition to this, women cross border traders managed to save a proportion of their income. This is good for facing the uncertainty of future and expanding their businesses.

Moreover women involved in informal cross border trade managed to have access to socio basic needs like securing food security, paying school fees for children, and pay for medical health care.

CHAPTER FIVE: SUMMARY CONCLUSIONS AND RECOMMENDATIONS

This last chapter is a summation of the whole study which endeavors to highlight the contribution of informal cross border trade in socio-economic development of small scale traders in Rwanda. Its main focus is to indicate and align the most significant findings with the research questions and research objectives. Thus it aims to assess whether the findings answered or measured the variables under the study.

5.1 Summary of the Study

The study dealt with issues related to the impact of informal cross border trade on the socio-economic development in Rwanda taking the women cross border traders of Rubavu district as reference point. The specific objectives of the study were:

- i. Investigate the of Informal Cross Border Trade on employment ,income generation and wealth creation
- ii. Analyze the extent and impact of Informal Cross Border Trade on education ,health care and food security
- iii. Suggest policy recommendations on Informal Cross Border Trade and intra- regional trade.

Chapter two of this study reviews the available information from the work of other researchers regarding how informal cross border trade contributed towards socio-economic development in in different countries. The information was collected from books, reports, journals.

During the data collection a questionnaire was prepared and administered to women informal cross border trade of Rubavu district. Both face to face and self-administered interviews were employed in primary data collection. Secondary data were collected by reading books, reports, journals.

During the research we used purposive sampling to select respondents from the population.

The type of research methodology used during this study was survey research. The nature of data collected is both quantitative and qualitative.

5.2 Major findings of the study

Major findings of the study are summarized in the underlying subsections organized according to the objectives of the study. According to the analysis made in this study, the impact of informal cross border trade on the socio-economic development was assessed as follows:

Improved income to women informal cross border traders: respondents have revealed that they constantly receive income from their participation in informal cross border trade. Informal Cross Border Trade incomes enabled the majority of traders to acquire assets. While a significant proportion of these acquired consumption assets, a substantial proportion acquired productive assets. This implies an improvement in their economic welfare.

Employment opportunities, women informal cross border trade grouped in different cooperatives are assured of permanent employment but also employ some youth for carrying some of their products. The majority of the respondents viewed informal activities as an alternative means of providing employment. This implies that informal activities are always an alternative means of providing employment opportunities. Informal cross border trade is regarded by many respondents as one of the tool used to face the problem of unemployment in the area of the study.

Informal cross border trade improved food security for most of the households. Findings of this study show that Informal Cross Border Trade enhanced the availability of a variety of foodstuffs and other commodities in the respondents 'household. Women informal cross border traders are now able to meet the food requirements of their families as a result of their involvement in informal cross border trade.

The study also found that Informal Cross Border Trade has positive impacts with regard to social welfare. Traders revealed that families of Informal Cross Border Trade participants, who were deprived of necessities before involvement in Informal Cross Border Trade activities, are now able to afford to pay school fees and other education needs for their children, and can easily have access to health care services.

This study tested the hypothesis that, Informal Cross Border Trade contributes to socio-economic development. The evidence supports this hypothesis. The results shows that there exists sufficient statistical evidence in the data to support that informal cross border trading greatly contribute in socio-economic development of the women informal cross border traders. The

empirical results obtained from the study showed that informal cross border trade plays an important role in reducing poverty and enhancing welfare in Rwanda among the women informal cross border traders. The study found that Informal Cross Border Trade has both positive impacts on some of the indicators of socio-economic development such income, employment, wealth creation, education, health care and self-esteem.

5.3 Conclusions

The findings confirmed that informal cross border trade has significant impact on the socio-economic development of small scale trade participating in informal cross border. This is supported by the anecdotal evidence of the contribution of informal cross border trade in employment creation, income generation, and acquisition of wealth, affordability of education and health care services.

Based on the research findings of this study , we confirm that informal cross border trade contributes to the socio-economic development through generation of employment opportunities , income generation and access to necessary and basic human services such education and health care , improvement in social self-esteem etc. Therefore we confirm that informal cross border trade contributes to socio-economic development.

5.4 Recommendations

The business households proposed numerous actions to be undertaken by both government and private sector to address the problems faced by traders involved in Informal Cross Border Trade including:

- Facilitate the total free movement of persons through use of traders' identity cards, and the removal of visa requirements, among others to promote Informal Cross Border Trade. This can help in improvement of trade practice.
- Advocate against the general violation of human rights and women's rights in particular in Informal Cross Border Trade, through harassment by customs and security officials on the DRC side which impacts negatively on the free movement of people, especially women.

- Social and economic development should be promoted, particularly in remote and isolated border areas, and the distribution and marketing of locally produced goods to border areas facilitated to enable them compete at border areas.
- More research should be conducted to document experiences of women traders at all border points and within their business premises in Rwanda.

References

- Ogalo, V., 2010. Informal cross border trade in EAC: Implications for regional Integration and Development. CUTS International Research paper, GIZ
- Makombe, 2010. Informal cross border trade in SADC: The search FOR Greater recognition. Open society initiative for Africa
- MINICOM, 2012. National cross border trade strategy
- EASSI, 2012. Women Informal Cross Border Traders: Opportunities and Challenges in the East African Community.
- Metcalf G *et al*, 1992. *Study of Informal Cross-border Trade Poland: GEMINI Technical Report No.40*, GEMINI Publication, Warsaw, Poland.
- Mijere J. N, 2006. Informal Cross-Border Trade in the Southern African Development Community (SADC). OSSREA Publications. Addis Ababa, Ethiopia.
- Muzvidziwa V, 2005. *Women without Borders: Informal Cross Border Trade among Women in the Southern African Development Community Region (SADC)*". Organisation for Social Science Research in Eastern and Southern Africa (OSSREA)
- International Alert (2010). *The crossing: Small-scale trade and improving cross-border relations between Goma (DR Congo) and Gisenyi (Rwanda)*. London.
- African Development Bank, United Nations Economic Commission for Africa. 2009. Assessing Regional Integration in Africa IV: Gender and Intra-African Trade, The case of West Africa". Tunis, Tunisia.
- EAC (East African Community Secretariat). 2011. "Study on Informal Cross Border Trade in East Africa". Arusha, Tanzania
- UNDP (2011), "Trade and Human Development, A practical guide to mainstreaming trade" Geneva, Switzerland.

APPENDICES

QUESTIONNAIRE

General instructions

Tick or Circle the relevant code(s) and fill in the blank spaces where indicated

Section 1: Identification

Form Identification particulars

1.1.1. Name of Interviewee _____

1.1.2. Border site _____ and Border Town _____

1.1.3. District _____

1.2. a) Are you a resident of this border area?

Yes No

b) If no, where do you live? (*Interviewer to indicate 'rural' or 'urban' area as appropriate*)

1.4. Are you the household head?

Yes No

1.5. Age of the respondent (**In complete years**)

1.6 What is your highest Level of education?

- 01 Primary
- 02 Secondary
- 03 College/Higher Institution
- 04 None

Section II: Socio-development related Questions

2.1 Can you read or write in any language?

Yes No

2.2 If yes how have you learned that language?

- 01 Formal education
- 02 Trainings by ICBT Cooperatives

2.3 Number of persons living in the household

2.4 Of these, how many are children?

2.5 Do you have children of school going age? (6-18 years)

Yes No (if no go to 2.8)

2.6 If yes (Qn 2.7), are they **all** going to school?

Yes No

2.7 Where do you get money to satisfy their education requirements (School fees, school uniforms, notebooks etc)?

01 Informal cross border trade activities

02 Support from a family relative

03 NGOs (Compassion, etc.)

2.8 If No, what are the reasons for not being in school? (Tick those that apply)

01 Involved in Business activities

02 No schools

03 Long distances to/from schools

04 No money to take them to school

05 Others (Specify).....

2.9 Do you have health insurance?

Yes No

2.10 If yes , does your participation in ICBT help you in any way to get the insurance?

Yes No Explain

2.11 What are the **four most preferred** foods in your household? (In order of importance)

Most preferred food
1.
2.
3.
4.

2.13 Do you think informal cross border trade has any impact on the food availability in the area?

Yes No

2.14 If yes , give reasons why you think ICBT has an impact on food availability in your area.

.....
.....
.....
.....

2.15 How many meals are eaten in a day in your household?

- 1. 1 meal
- 2. 2 meals
- 3. 3 meals
- 4. 4 meals
- 5. More than4

2.16 How many meals are eaten in a day in your household before starting ICBT operations?

- 1. 1 meal
- 2. 2 meals
- 3. 3 meals
- 4. 4 meals
- 5. More than4

2.17 What do you do with the money you get from ICBTactivities?

- 1. Re-invest in Business
- 2. Pay rent
- 3. Health care
- 4. Pay school fees for children
- 5. Can we safely say that your welfare has greatly improved because of your engagement in informal cross-border trade?

Yes No

Please explain.....

Section 3: The economic position of persons engaged in ICBT

3.1 Rather than ICBT activities, are you involved in any other economic activity?

Yes No

3.2 Do you have livestock ?

Yes No

3.3 If ,yes how did you get your livestock?

- 01 Bought it myself
- 02 Girinka program
- 03 Donation
- 04 Others

3.4 Do you have the problem of employment in your area?

Yes No

3.5 Is ICBT your **main** source of employment?

Yes No

3.6 If No, what is your **main** employment where you earn a living?

.....

3.7 Give reasons why you participate in informal cross border trade? (tick those that apply)

- 01 To earn income
- 02 To have a source of employment
- 03 To be able to join other women and share income earning ideas
- 04 others (please specify).....

3.8 Where do you get most of your income?

- a) Land cultivation
- b) ICBT activities
- c) Informal jobs
- d) Others

3.9 How do you use the income obtained?

I totally consume it I make some savings

3.10 Please indicate your achievement realized as a result of your participation in Informal cross border trade activities

- a. Built a house
- b. Rehabilitated a house
- c. Bought livestock
-

- d. Able to pay school fees for children

Section 4: Challenges faced in cross border trade activities

4.1 What are the challenges faced by women informal cross border traders in their activities?

4.2 What are your suggestions for improving the practice of informal cross border trade?

