



Vol. 8 | Social and development concerns in Africa (c)

Vol. 8 Article 8/10 | October 2019

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(An International Publisher for Academic and Scientific Resources)

COPING STRATEGIES, ASSET ANALYSIS AND OUTCOMES OF INFORMAL SMALL-SCALE TRADERS AT NAMANGA BORDER POINT: A CASE OF THE EAST AFRICAN COMMON MARKET PROTOCOL

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Editing Oversight

Impericals Consultants
International Limited

Abstract: *The EAC Common Market Protocol which calls for free movement of the labor market, capital market and services market was signed in 2009 and operationalized in 2010. The main objective of the Common Market Protocol is to accelerate economic development and foster social ties of the East African citizenry through the elimination of barriers to regional trade and movement of East African nationals. Free movement of East African citizens and labour as per the Protocol in which member states agreed to ease movement of EAC nationals within East Africa. One of the major unifying factors in the region is the trade that has existed between border communities and the region for a very long time. Formal and informal small scale cross-border trade is a phenomenal that is thriving in almost all the Africa borders, East Africa and its community being part of. Despite this form of trade and its practices being identified by a number of researchers and scholars as an effective intervention in mitigating the prevailing poverty levels in the region and the border communities, informal small scale traders continue to face unfair competition from the already established enterprises as well as unending conflict with border security personnel, authorities and some prolonged custom procedures. It is in that regard that this study sought to explain and interrogate on the effects of the protocol: especially the experiences of the small scale cross border traders, the regulations that come with its implementation and the coping mechanisms that they have adopted to be able to do their business and day to day activities.*

Keywords: *East African Community (EAC), One Stop Border Point (OSBP), Informal Cross Border Trade (ICBT), County Governments, Vulnerability, Coping Strategies and Livelihood.*

1.1 Background of the study

Most of the informal cross border entrepreneurship research to date has been on economic development, focusing on regional trade statistics and local economic development. There have been several studies which focused on the impacts of cross border trade on food security and women participation on its survival nature hence dwelling more on income and consumption levels of the trade. Little has therefore, been done on the impacts of informal cross border trade on livelihoods strategies and outcomes other than income (Malecki 1993, USAID 1997, Ackello-Ogutu 1998, Little 2010, Awang et al. 2013, Ndlela 2006). Although there are studies that have tried to focus on marginality of cross border trade (e.g., Peberdy 2000), limited research has been conducted towards 'informality' of cross border trade policies to reduce vulnerability of the traders involved in this trade and to mitigate the threats on the livelihood of any informal cross border traders: be it stationary street traders, moving traders and any small scale traders that are involved in the trade practices across the border points.

Peberdy (2002:36-37) argues that the characterization of Informal Cross border Trade (ICBT) as 'informal' has negative impacts on the trade. This has made ICBT to be viewed as a lesser form of trading activity with little to offer than most well established forms of cross border trading activity. This kind of thought, especially when it comes to regional integration and the trade aspect of it, has made the governments as well as policy makers not to take keen interest in this Small Scale Informal Cross Border trade sector. Ignoring it seems to constrain a lot of livelihoods, the local growth and development of these border areas and the economy of the country in general. Many people in the borderlands have their livelihood activities in this sub-sector as they are unable to find formal employment.

The vulnerability of informal cross-border traders can be partly attributed to the institutionalized definition of informality (unregistered, unregulated and unrecognized by the government). The impact of the structures put in place hinders and constricts livelihood options of a people (Lowe and Schilderman 2001:8). The perception that these entrepreneurs work outside the formal economy and are hence illegal, which most of the time is taken that they do not pay taxes, is misleading. This viewpoint has therefore led to the neglect of people in this sector not only by the policy makers but also by the government. This has led it to be seen as a social problem with no policies specifically directed to the informal traders. The lack of specific policies has led to the marginality of these entrepreneurs and to development and adaptation of livelihood strategies in order to overcome these challenges that they face while conducting their business.

A study carried out by Sikder & Sarkar (2010) between the Bangladesh and India border found out that it is mostly the less empowered, poor or marginalized people that engage in ICBT. It established that this is mainly because they lack assets and thus, are forced to engage in entrepreneurship for sustenance. This, however, contradicts the fact that some of these entrepreneurs or traders engage in ICBT because they have seen a business opportunity and not because they are poor and marginalised. Different entrepreneurs at the borderlands have varying reasons for choosing to engage in ICBT and may experience different challenges when carrying out their daily activities.

Ongoing economic crisis in developing countries since the introduction of Structural Adjustment Programmes (SAPs) in the 1990s has continued to cause reduction of formal employment in these

countries. Rampant unemployment has therefore forced many people to look for other ways or activities in order to provide them with a means of livelihood. Unemployment coupled with the ever-rising cost of living has pushed people to carry out entrepreneurial activities as a form of self-employment. Most communities in the borderlands have therefore engaged in cross border trade in order to provide for their household needs. Many of the businesses at the border can be classified as totally micro, small and enterprises (MSEs) which act as the backbone of the local economy and promoting both economic and social development. According to Pelham (2000) as cited by Kiraka et al. (2013) Small Scale traders, and in our case ICBT, should continuously be praised for their crucial importance of promoting local economic growth and at the same time ensuring and acting as livelihood activities to those who engage in them.

Traders in Namanga can be classified into four categories: Mobile street vendors, who are the majority one could observe around the border areas; Service providers such as barbers, tailors and food kiosks; Traders who travel to Tanzania only to purchase goods for their stores; Traders who travel to Tanzania and further for prolonged periods and take goods with them to sell and come back with others.

1.2 Statement of the Problem

East Africa partner states economies have been inextricably linked for centuries. Traders, often belonging to the same ethnic groups, clans and even families, have been regularly crossing what are now being considered as state borders to exchange goods and services, and giving rise to intense flows that account for a significant part of the continent's total trade. Small and Medium Business Enterprises (SMEs) offer an opportunity for thousands in terms of employment within the region. Part of the reason for growth and survival of these enterprises is their ability to explore opportunities that large-scale traders or investors do not consider as providing an avenue for profit maximization. These enterprises at the same time offer unique services depending on the demand of the area where they are located. In the process they end up developing these areas of operation and influence, in this case border areas and the local trading centers around. Income derived from Informal small-scale cross border trading activities is key to reducing poverty in the community and within the communities in the border areas, yet its impact on long-term developmental outcomes needs to be investigated further. Traders make little profit from informal small-scale trade, with most of the revenue covering basic household needs such as food and schooling; as a result, re-investment in their businesses is difficult.

Informal small-scale cross border trade has continued to exist alongside the implementation of the Common Market Protocol whose enforcement is mostly targeted and tailored towards addressing issues of formal cross border trade and fails to address all the concerns including those of informal cross border trading. In some cases, however, traders at some border points have complained about the effects of some of the strategies for easing trade such as construction of one stop border points. A case in point is the case of the traders at the Busia Border who lodged a formal complaint to the East African Court of Justice to the effect that their local economy had been destroyed by the fact that there was faster clearance of goods at the one stop border points. Nyambega, Gisesa was cited with a disturbing headline, "EAC One Stop Border Point, not all rosy for Busia Border Traders" (Business Daily [Daily Nation], 17 November 2018, p. 22). Although a case like this highlights some of the effects of formal trade facilitation that operationalizes the provisions of the EAC

Common Market Protocol, little is understood about the experiences of informal small-scale cross border traders with other aspects of the enforcement of the EAC Common Market Protocol. More so, less is known about whether the experiences of small-scale cross border traders are the same for all such traders in the different EAC borders since there are different contextual dynamics at each border. In this study therefore, the researchers sought to explore the experiences of the informal small-scale cross border traders at Namanga border, with the implementation of the Common Market Protocol there. The researchers sought to explain and understand the main vulnerabilities and the coping mechanisms and strategies that these Informal cross border traders face since the implementation of the East African Common Market Protocol at the border point especially now with the One Stop Border Point in place. They also endeavoured to find out how the informal small-scale traders reduced the challenges that they faced and the coping strategies and mechanisms they had employed to survive and thrive; co-exist with the existence of the East African Common Market Protocol.

1.3 Objective of the study

The study sought to analyse the coping strategies and outcomes faced by the Small Scale informal Cross Border Traders at the Namanga border point.

1.4 Research Design and Methodology

The study focused on Informal Small Scale Cross Boarder traders operating in Namanga Border Point, with the help of local government authorities and border authorities that operate at this particular border point. Cross sectional design in form of the survey was used for the purpose of this study. The method was used to make inferences about possible relationships and to gather preliminary data to support further research and experimentation.

It also allowed the researchers to look at numerous characteristics at once; in this case we get to look at the different informal small scale traders at the border, the trade practices they are involved in and even bits of their income while on the trade. The method as well is often used to look at prevailing characteristics in a given population which in this case is the coping mechanisms that Informal small scale traders have come up with, how the border authorities and the local governments are trying to adjust, facilitate or cope up with the EACMP and with the existing by-laws that are in place and operate in the border areas and have to be readjusted or defined in this relation.

The method as well helps to determine whether there is any significant relationship among the variables at some point in time. This significant relationship is clearly there between the implementation of the East Africa Common Market Protocol and the informal small scale cross border trade: The purpose of study was to collect information from respondents on their opinion in relation to effects of East African Community Common Market protocol promulgation on Informal Cross Border Traders at Namanga Border point especially now with the completion and functioning of the One Stop Border point in place which is a requisite of the EACMP.

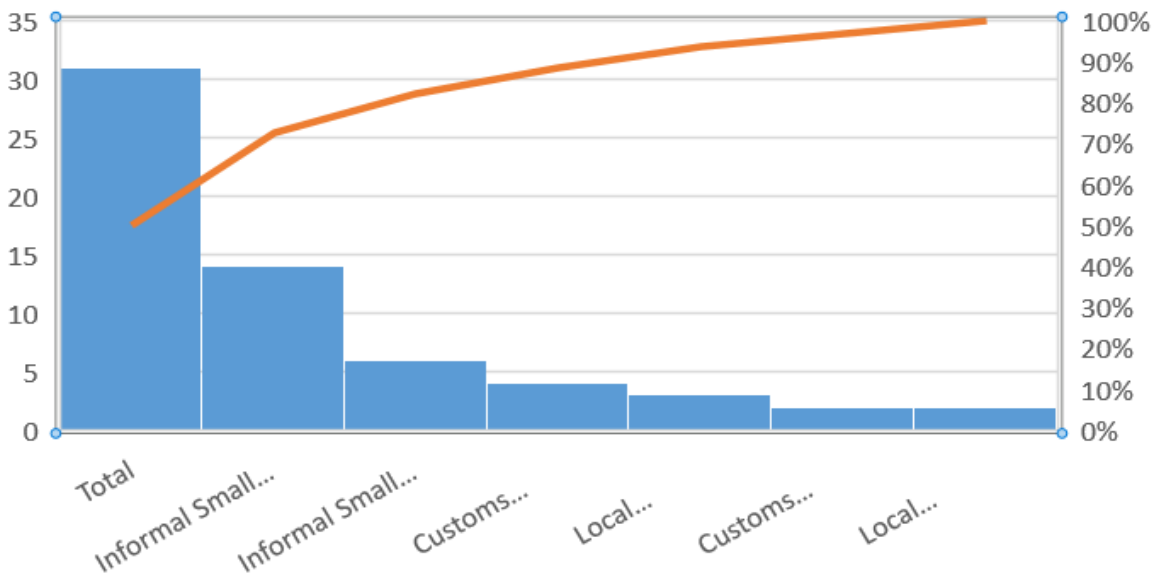
The study used purposive sampling technique which allowed the researcher to use the cases that possess the required information with respect to the information of the study. In the case of Namanga Border, Customs officials and Traders formed the cluster who were sampled using this technique. At least 10 percent of the target populations were sampled to represent the target

population (Mugenda, 1999). The study therefore selected a sample of 20% representing 32 respondents. It sampled and classified the traders in 4 categories of traders: mobile street vendors, service providers such as barbers, tailors and food kiosks, traders who travel to Tanzania only to purchase goods for their store and finally the traders who travel to Tanzania and further for prolonged periods and take goods with them to sell and come back with others.

Snowball sampling was also used. In this case, telephone interviews from border authorities and brokers and three informal small scale cross border led to them referring the researcher to others that gave more information, insights and knowledge to specific questions that were addressed to them while conducting the study.

Finally, the study made use of qualitative research data collection methods of in-depth interview that was applied to key informants and review of documents and materials from other sources. The interviews took a form of face-to-face for respondents easily accessible while telephone interviews were administered to respondents from far places and those referred to by fellow colleagues and those not available for face-to-face interviews. The interviews were guided by the interview schedule as the main research tool used to collect data that outlined structured questions that addressed each of the research objectives. Recording of interview data took place by means of note taking. Figure 1 gives a summary of respondents that participated in this study totaling to thirty one.

Figure 1: Number of respondents interviewed



Qualitative data analysis techniques were used to generate findings on data collected. Content Data analysis was analyzed based on the questions asked and identical answers to the same question were grouped together and formed sub-themes for presentation of results. The study made use of strategies for analyzing interviews provided by Patton and involved three steps. The first step involved writing a case analysis for each person/unit interviewed using all the data for each interview session. Cross-case analysis followed as the second step where all answers to a common

question from those interviewed were grouped together and analyzed different perspectives on central issues (Patton,1996:376-377), and the third step involved data analysis and interpretation.

1.5 Findings and Discussions

Improved income has always been acknowledged by many researchers as the most important livelihood outcome, with little concentration on the asset base which enables a person to engage in economic activities in the first place and eventually earn that income. Research results in this case revealed that productive assets such as ownership or availability of business structures and premises other than being a basic need for traders also determines the goods that a trader sells. This is therefore a determinant of income a trader gets and the ability to respond to future vulnerability. From the study, ownership of business structures and premises was assessed by asking one specific question of whether traders owned trading or business license. Most of those traders interviewed did not own any of the two as their businesses were not registered with either the national government or County government. This lack of formal documentation automatically categorises them as Informal Small Scale traders.

Existence of Patron-Client Relationship

Even though most of the necessity driven entrepreneurs confessed of not owning a trading license, they however confirmed that they have paid operating fees to the different local governments that exist there. It was found out that the amount of operating fees depended on the kind of place or structure that a trader owns or operates from. From the study, this group of traders paid operating fees depending on daily sales that they made. During an informal conversation with two of the respondents, they revealed that they did not pay trading fees or have a business permit. When asked their reasons they were easy to point out about the nature of goods they traded with and the little amount of profit they made, a status which could not allow them to buy a business license or permit and still enable them to make profits to sustain their livelihood and even the business itself. When later asked on how they dealt with the challenge of their goods being confiscated, one of the respondent said:

“If you are not able to pay for trading fees and the council askaris confiscate your goods, you can get your goods at their offices but they have to charge you according to the number of days. Asked how much they are meant to pay in case of an arrest, he said that the County Government does not have a standard charge but one pays whatever amount the askari will ask you to...”

To prevent their goods from being confiscated or paying for a fine, the traders had developed client-patronage as a coping mechanism to prevent the vulnerability. The traders interviewed said that when they lack money to pay for trading fees and the local government officers confiscate their goods they have to make a trade-off between giving petty rents or losing their goods and a day's income. These traders have therefore turned to giving informal payments (Offering bribes) to the local government officers in order to avoid confiscation of goods or eviction from their business premises should they fail to pay.

Diversification of Livelihood Activities

Diversification of livelihood activities is an important coping or livelihood strategy mostly considered by the vulnerable. The ability of an entrepreneur to diversify their livelihood activities

depends on their asset base. Ellis (1998:1) defines livelihood diversification as, “process by which families construct a diverse portfolio of activities and social support capabilities in order to survive and to improve their standards of living”. According to Ellis (2007), the causes and consequences of diversification depend on an array of factors; in the case of informal cross border trade it can be as a result of asset and social relations held by the traders.

In the survey carried out, one question on livelihood activities concerned the main source of income of the informal cross-border traders. From the interviews, 11 traders affirmed that they had more than one business to act as a source of income while 8 traders confirmed that the business they were operating was their main and only source of income. The follow up question regarding the reason for starting the businesses that they operated was to find how different entrepreneurs diversified their livelihood activities and it was clear that some of the entrepreneurs had resorted to starting other businesses and sell of various commodities in order to prevent them from slipping back to point of not having any source of livelihood; in other cases the businesses that they carried out were not adequate to meet the needs of their households which prompted them to engage in other activities or conduct other businesses.

From the analysis provided by the traders, it is evident that having varied businesses is a resilience means that the traders adopted to enable them to respond to new vulnerabilities.

Having diverse livelihood activities not only helped traders from accumulation of funds for business expansion but also supplemented income when other businesses were not doing as well.

Human Capital

Investment in human capital has been recognized in the development arena as an important poverty alleviation measure (Klugman, 2010). Human capital investment is a long term measure taken to ensure that the capacity of individuals is built to enable them to undertake their livelihood activities and pursuits. This helps not only to raise the living standards of the people but also spurs the country to economic growth as more people are able to get into employment or engage in employment creation. This in return fosters regional development through the practice and facilitation of efficient cross-border trade.

In the current study, human capital was focused on entrepreneurial knowledge and skills that the informal small scale cross border traders had. This was mainly assessed by asking entrepreneurs of knowledge concerning the custom procedures with now the existence of the EACMP.

From the findings the entrepreneurs were found to be aware of the Common Market protocol but had a very shallow understanding of what it stipulates and the impact it should have on them. They however, recorded that most of the knowledge and skills they acquired were through seminars and semi-formal meetings (Barazas) held by KRA, TRA, East Africa Community (EAC) Customs officials and ambassadors among other organizations. This was done through the traders' association (CBTA).

As much as these traders indicated that they had acquired skills on trading across the borders, this has however not stop them from engaging in 'informal trade'. They attributed their continued engagement in the trade to the strict and not so flexible border regulations and local government policies that were not well outlined to suit their growth and development as they wanted despite the implementation of the EACMP and the existence of OSBP in this area.

Exhaustion of Household Labour

Labour according to Kaztman 1999 as cited by De la Rocha (2001) is the most important asset in any low-income household and the only asset that they may have amply. This is due to the necessity that households have to combine resources in order to enable them to engage in income generating activities. However, De la Rocha (2001:8) argues that resources can only become assets if and only when they can minimize vulnerability and as real tools for well-being improvement. Engagement of labour to other activities for income generating helps households to resist or even recover from negative effects of the changing economic situation such as employment or even increasing the income base of the household.

The demographic characteristics of a household such as age, composition and gender of informal traders' household plays an important part when considering or making choices of income-generating activities. Having room to make choices on the type of activities to engage in, might also determine the coping strategy that traders may consider should there be a failure. Moser (1998:6) suggests that during deteriorating economic times and decreasing income, the first response is usually mobilizing additional labour. As much as households can have reserve labour or a good number of people who are able to work, De la Rocha (2001:8) emphasizes that the labour can only become an asset when they are able to get wages or income. One of the traders went ahead to reveal that, the current rising standards of living in the country (Kenya) forced the husband to start a small business for her so that they can share the burden of providing for the family.

Informal small-scale cross-border traders with larger households with low number of dependents (i.e. children and old people) are able to engage into a number of businesses to supplement income. This means that more people in the household can be able to take part in income generating activities. However, in some household with high number of children, they can only help in operating family business during the weekend and sometimes in the evening after school. Most of the traders interviewed said that they did not engage the labour of children in their businesses as it was against the law. Some parents who were traders, however confessed that they sometimes sent their children across the borders to help them buy new stock 'as they were agile and could go quickly to bring goods unlike the parents.

The statements above from the traders contradict the observation made by De la Rocha (2001) that labour can only become a resource when it is able to bring wages. This is not the case as the parents are able to engage into other activities which increase household income. This is supported by the example of one female trader who said that getting help from her children and grandchildren to make ornaments means that she has enough goods to sell during the week which assumes that she sells all the ornaments hence an increase of income.

Social Capital

The ever-increasing economic crisis in Kenya and Tanzania as well has led to the continuous migration of people to urban areas, borderlands and has also seen the increase of the informal economy. This movement of people has therefore brought about separation in the traditional and long-term social and kinship network patterns. The degree of considering a community as an asset to reduce vulnerabilities and increase opportunities depends on the "stock of social capital" (Moser

1998:13). Putnam (1998) as cited by Moser (1998:4) defines “stocks of social capital” as the informal and organized reciprocal networks of trust and norms embedded in the organization of communities - with social institutions both hierarchical and horizontal in structure

The interview in this case focused on the knowledge of any business association or groups (formal and informal) that existed in Namanga Town that the traders knew or in which they were enlisted as members. The support and mutual networks in Namanga were found to be of various types: membership into formal or informal organisations. Majority of those interviewed were aware of such and even volunteered that they were members. One trader who was more conversant with other groups and associations that traders in the area belonged to said:

“I belong to Cross Border Traders Association – Namanga Branch, that is the most famous as most traders are members. The other ones that I may know in this area is Malimali Savings and Credit Cooperative Society (SACCO) and many small small chamas...”

In order to identify the entrepreneur’s social network, the interview focused on the role of social networks in overcoming vulnerability suffered by survivalist and opportunity driven informal small scale traders at this Border area especially from the Kenyan side. One of the questions asked concerned membership into a social organization which helped to identify the category of the entrepreneur. The responses revealed that different entrepreneurs were members of different associations. The indicators for identifying the different entrepreneurs were based on the monthly contribution into these organisations formed among the cross border trading community.

The growth-oriented entrepreneurs were recorded to be members of Malimali Savings and Co-operative Society (SACCO). Malimali SACCO started in 2006 with 201 members giving monthly contribution of Kshs. 1000 per month but has currently increased their monthly contribution to Kshs. 1,500 per month. Members of this organization can get loans at 12% interest rate and members range from traders to those in formal employment. The SACCO has been successful and they have been able to start investments, example buying land and operating a shop that sells telephone handsets and phone accessories. They also supply gas and gas cylinders in the Namanga border Kenyan area and deal with mobile money and have two employees. The members meet once a year during the annual general meeting where they discuss the progress of the SACCO and what to do with the profits they have made, whether to plough back into the business or share as dividends. The association or organization is strictly financial in nature and does not offer business skills to its members.

On the other hand, majority of the survivalist entrepreneurs were members of Cross-border Traders Association (CBTA) – Namanga Branch. The formation of this group has brought about savings and borrowing mechanisms which have not only been able to empower members financially but also with business skills. CBTA has 150 registered members but only 70 are active members. They have a monthly contribution of Kshs. 100 per month and have weekly contributions that they invest in Merry-Go- Round (MGR) or revolving funds. They have recently started table banking, where a trader for example can begin with saving Kshs. 500 and accumulate it to Kshs. 3000 and repay after a month with 10% interest.

'Chama' is a local name for Rotating Savings and Credit Association, a form of self-help groups that are informal and unregistered. Table banking is a resource mobilization initiative to enable members build a financial base for starting or improving small enterprises. It is a strategy used for group capacity building while also topping up to the usually revolving funds.

Interestingly, the interview conducted with the traders revealed that some entrepreneurs located in the growth-oriented are also members of CBTA. This can be as a result of the benefits that the association enjoys for example empowerment of access to information and business skills provided to them by different organisations.

Collective Action as Means to Outcome

Formation of a trader's association in Namanga has facilitated traders and even residents to access information through seminars and workshops organized by government agencies and other institutions. CBTA has been able to invite traders in Namanga to many seminars organized by different organizations such as United States Agency for International Development (USAID), Trade Mark East Africa (TMEA), Kenya Revenue Authorities (KRA), Ministry of East Africa Affairs, Commerce and Tourism and Ministry of Industrialization and Enterprise Development.

There have been various trainings concerning trade activities at the borderland which are designed specifically for the micro and small-scale entrepreneurs who operate on these spaces. One of the key informants asserted that through these seminars the knowledge base of the traders has been enhanced regarding customs procedures on documentation, rule of origin of products, tariffs, sanitary and phytosanitary measures (SPS) among others.

Linking with other CBTA branches in the country and The East Africa Community has enabled the traders to engage in platforms and policy proposals. This is exemplified in the simplified Trade Regime (STR) of COMESA, Joint Border Committee (JBC) that have been able to capacity build and create awareness among the traders.

Representation by Traders' Associations

During the study, the respondents were asked if they were consulted before the start of the project. It was found that they were only notified by the East African Community Custom Office in Namanga on the planned construction. There were grievances on how the whole issue was handled especially by the government. They accused the government of making big promises of compensation to both property owners and business owners but only the former were compensated. Asked how they dealt with the issue, they said that they channeled their grievances through the Cross Border Traders Association.

The incumbent chairperson of the association said that they had been able to curb the situation, through the traders becoming watchdogs of any unfamiliar business people in the area or vehicles with Tanzanian car plates selling goods on the Kenyan side. If a case is noted, the information is relayed to CBTA who informs the police or custom officers. Traders have however, complained on the laxity of the Kenyan government in dealing with the issue which has led to the continued suffering of the Kenyan Informal Small Scale traders in the area. They therefore asked the Government of Kenya to act swiftly by reciprocating the measures to prohibit Tanzanian traders

from selling their goods in Kenya. This appeal however contravenes the East African Community policies for any East African Citizen and people after the facilitation and implementation and now full operation of the Common Market Protocol and the free movement of people, goods and trade.

The point here is that access to information and target information specifically ensures that the recipients are aware of what takes place in their environment. This has enabled entrepreneurs to exercise their rights, demand and take advantage of opportunities. This has not only helped in service accessibility but also holding those at the top accountable for continued proper service delivery from all the stakeholders involved.

1.6 Conclusion

The support to informal small-scale cross-border traders has been limited, although this has began to change and there has been remarkable growth of the trade in the area and these traders attested to that as much as the researchers observed it. There has been increasing recognition at the local, national and regional levels of the importance of this kind of trade and regional institutions and ministries are currently engaging them and trying to implement some and more initiatives to support the informal small-scale traders. For example, EAC in particular has adopted and is supporting the implementation of regulations which define the rights and obligations of 'informal' small-scale traders and is funding Trade Information Desks which assist traders in swift crossing across the borders. It is also developing a Simplified Trade Regime (STR), which introduces customs duty exemption and simplified clearance procedures for low-value transactions typically conducted by these informal small-scale traders as required and stipulated in the protocol. Although it has taken a long time to fully follow the protocol and implement every tiny detail in it to empower all these traders, the regimes are clearly a step in the right direction and are reading from the same script. All that is required is recognition of efforts from all the stakeholders and ensuring the East African Common Market Protocol is implemented fully to the benefit of these traders and East African Citizens.

1.7 Recommendation

Clearly, information is very valuable in facilitating informal small-scale cross border trade in the region. The governments of EAC should promote the establishment of information centers for people involved in informal small-scale cross border trade, to enable them access information on what is available, what is going on, pricing systems, markets, where to access finance and so on. The policies must be reviewed within the framework of EAC policies and what they stipulate. The information would be disseminated through some literature written in various languages that the border speaking communities in this case traders understand since most border areas use diverse languages and most of the people involved in this sector aren't well empowered and fully literate.

Secondly, Informal small-scale cross border traders cited access to capital and financial services as a critical problem. The shortage of ready and accessible finances and financing hinders the expansion and growth of informal small-scale cross border activities. Therefore, it is necessary and important to explore alternative lending ways that are responsive to the unique demands of the informal small-scale trade. Furthermore, experience from the interviews and discussions here proved that microfinance institutions and the 'chamas' are not really reaching out to the neediest and covering the interests of everyone in this sector. Their interest rates and loan restrictions and

policies are out of reach for the poor and ordinary traders involved in the trade. The demand for weekly payments prohibits their movements and adventures to freely practice the trade in their capacity. Hence, the government should explore the viability of establishing a fund primarily to benefit the small-scale commodity producers, traders, exporters, artisans and artists engaged in this pursuit for sustainable livelihood initiatives. In this way, Informal traders would tremendously contribute to the achievement of regional integration and development and the Millennium Development Goals (MDGs).

Finally, EAC countries and especially these two countries sharing this particular border area should commission studies to create a database of informal small-scale cross border traders to guide policy on planning process for easy access of government resources and facilitation. Lastly, the governments should enhance management of people's expectations through increased household awareness of alternative livelihood systems and pro-poor coping mechanisms to enhance their preparedness for any future scarcity of goods of trade, the shocks and trends that affect their businesses. This would encourage households to take advantage of existing opportunities, programmes and projects aimed at improving their production, trading activities, welfare and prosperity. More so, they should put in more effort in ensuring the EACMP is fully implemented and all its provisions followed to the letter by both the Customs authorities and the local government authorities operating at Namanga Border Point.

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