POLICY BRIEF

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Supporting formalisation of businesses through cooperatives makes trade work for women in Eastern Africa

Executive summary

This policy brief presents lessons from the Making Trade Work for Women in Eastern Africa programme that aimed at maximising cross-border opportunities for women traders across Eastern Africa. The programme, implemented by TradeMark Africa between 2018 and 2024 and funded by Global Affairs Canada, demonstrated that targeted systemic interventions make trade safer, higher-value and resilient for informal cross-border women traders.

The programme realised significant impact from formalising businesses, unlocking new opportunities for women traders through 35 new cooperatives and associations. The cooperatives directly unlocked 33% higher average cross-border trade value and led to 23% average growth in the women traders' sales, besides boosting compliance with trading requirements across borders. The cooperatives also enhanced access to market and trading information, as well as trade support services for the traders through physical resource centres at 16 border-points and iSOKO digital platform with about 95,000 registered users in five countries.

The programme contributed towards a fairer, safer and more supportive business environment for 300,000 women traders directly and indirectly by tackling systemic gender-specific barriers. By strengthening women traders' voice and collaboration with border authorities and national agencies, it successfully advocated for 33

gender-responsive policy, institutional and regulatory reforms to address structural and logistical challenges, improve access to formal markets, and foster a secure business environment. This included 34 gender-responsive reforms across Burundi, Kenya, South Sudan, Tanzania, and Uganda such as appointment of gender champions, allocation of office space for women traders and space for sanitary facilities and nursing rooms, and transfer of errant officials.

During the COVID-19 pandemic, the programme enhanced resilience of women in trade by minimising disruptions to businesses and income losses. Safe trade zones were set up in Moyale (Kenya-Ethiopia), Tog Wajaale (Somaliland-Ethiopia) and Busia (Kenya-Uganda), providing more than 1000 women traders with stalls, breastfeeding centres, ablution blocks, reliable water and solar power for cold rooms.

Gaps still remain in inconsistent policy enforcement across borders and limited inclusion of youth and differently abled individuals. Fears of increased costs and delays led to reluctance to formalise businesses, whereas persistent digital access barriers, including language, and device and data costs slowed adoption. This brief recommends strengthening and scaling up women traders' cooperatives through training, financing, securing long term strategic partnerships to ensure sustainability, and incentivising formalisation of businesses.

Introduction

Women constitute about 70% of informal cross-border traders in Africa[1], according to UN Women. The informal nature of the businesses limits ability to maximise benefits, and tackle unique challenges such as gender-based violence, limited amenities, and under-representation in decision-making platforms.

As demonstrated by the Making Trade Work for Women in Eastern Africa programme, formalising businesses can help women traders to realise multiple benefits, including greater bargaining power, enhanced access to markets, information, training and financing. They can also pool their efforts to collectively advocate against challenges such as gender-based violence, and improved amenities. This policy brief highlights the programme's impact, distils emerging lessons for effective support to trade formalisation of women traders and outlines policy recommendations. Considering the proportion of women in informal trade, formalisation has the potential to radically transform Africa's trade and make it more inclusive.

1 UN Women. Empowering Women in Trade. https://africa.unwomen.org/en/what-we-do/womens-economic-empowerment/empowering-women-in-trade

Overview of the programme's impact

The Making Trade Work for Women in Eastern Africa programme transformed cross-border trade for 300,000 women across the Eastern Africa region. It catalysed women traders' economic transformation by boosting incomes, increasing participation in formal trade and tackling existing gender-specific systemic barriers such as access to amenities and limited voice in decision-making platforms, while reducing vulnerability to violence.

The programme's interventions implemented at over 20 border points within the region, focused on increasing formalisation and trade value, improving the policy environment and reducing gender-based violence and harassment. The following are highlights of the programme's impact:

Economic gains: Drove 23% growth in women traders' sales, increasing the average monthly sales value from $308 to $380.

Women empowerment: Achieved 78% improvement in economic and social empowerment, as tracked by the Women in Trade Empowerment Index, with empowerment correlating to higher trade sales.

Formalisation through cooperatives: Supported about 30,000 women traders to join trading cooperatives, increasing access to markets, business finance, training, and bargaining power. This saw establishment of 35 new cooperatives to improve women traders' business confidence, access to information and finance; increased bargaining power and reduced operational costs through pooling and common purchases. Business skills training in organisational and financial management, conflict, governance, negotiations, quality and standards for women traders provided through cooperatives. Members of cooperatives recorded 33% higher average trade value.

Compliance: Enhanced compliance with trading requirements across borders, leading to 30% reduction in the rejection of trading commodities at targeted borders, particularly grain and horticulture.

Access to knowledge: Established 14 resource centres serving more than 4,200 traders with information and other trade support services and the iSOKO digital platform with about 95,000 registered users in five countries, helping 81% of users to increase market access.

Policy reforms: Through 33 successful institutional and regulatory changes, the programme improved access to formal markets and fostered safer business environment.

Safety: Boosted prevention and response to gender-based violence and harassment through sensitisation, awareness creation and partnership with officials.

Enhanced resilience: During the COVID-19 pandemic, women traders were supported to minimise disruptions to their businesses and loss of income, with safe trade zones set up in Moyale (Kenya-Ethiopia), Tog Wajaale (Somaliland-Ethiopia) and Busia (Kenya-Uganda) serving more than 1000 women traders with stalls, breastfeeding centres, ablution blocks, reliable water and solar power for cold rooms.

Discussion

Cooperatives directly benefit their members by increasing their bargaining power, and access to markets and complementary services such as training and credit facilities. This power was demonstrated by the programme's impact, contributing towards increased formalisation of the women traders' businesses. Participation in formalised trade grew the value of goods traded from the increased access to markets, information, credit and trade networks. This ultimately boosted the women's social and economic empowerment. It also helped champion reforms, promote women's rights and protect them against violence. The cooperatives provide a channel for delivering on priorities of the African Continental Free Trade Area[2] (African Union, 2024) to support small cross-border enterprises owned by women and youth, simplify trade procedures and enhance knowledge of export requirements.

However, there is need to tackle obstacles slowing down formalisation of cross-border women traders' businesses through cooperatives. In addition to tackling reluctance to formalise for fear of increased costs, barriers impeding digital inclusion including language, and device and data costs need to be addressed to facilitate access to information. All these benefits to the cross-border women traders are also dependent on strong, sustainable, value-adding cooperatives.

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2 African Union. (2024). Protocol on women and youth in trade. African Continental Free Trade Area (AfCFTA). https://au-afcfta.org/wp-content/uploads/2024/11/EN-PROTOCOL-ON-WOMEN-AND-YOUTH-IN-TRADE-clean.pdf

Conclusion

Through Making Trade Work for Women programme, TradeMark Africa and partners supported governments and regional blocs to make intra-African trade more inclusive, pro-poor and environmentally sustainable. The cooperatives offered a platform for taking systemic interventions, working collaboratively to drive increased, sustainable, and inclusive trade flows in Africa. This contributed towards creating inclusive prosperity through trade by improving participation of women and addressing existing barriers. In this way, trade will work for all by empowering marginalised and vulnerable groups such as women, youth and differently abled individuals who run informal businesses with limited access to growth-driving services. With appropriate policy measures, cooperatives can be strengthened to ensure that the value that comes from formalising businesses is sustainable and can be scaled to the rest of the continent.

Policy recommendations

Strengthen cooperatives: Providing training in skills such as bargaining and negotiation techniques and advocacy to enhance impact in making trade work for women. The cooperatives can also be made more sustainable by securing long term partnerships to sustain resource centres, partnering with private sector for services such as tailored financing solutions and logistics support to own initiatives and scale up.

Encourage formalisation: Creating value-adding incentives to formalised businesses such as exemption from taxes and levies exemption, access to government support and subsidised training. This also includes opportunities that bolster direct access to regional and international markets by facilitating connections, particularly for high-value products such as grains and horticulture.

Focus on youth and other underrepresented groups: Deliberate measures to formalise businesses owned and run by youth by overcoming unique barriers to gaining legal recognition and securing benefits that come with formalisation such as access to finance, markets, resources, training and networking opportunities as well as a platform to advocate for better trade policies.