

# THE CROSSING

## Small-Scale Trade and Improving Cross-Border Relations between Goma (DR Congo) and Gisenyi (Rwanda)

Celestin Kimanuka and Maria Lange

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Cover: Traders crossing the border at the Petite Barrière, Goma, DRC, July 2008. © Maria Lange/International Alert.

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## About the authors

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# Table of Contents

Summary	4
List of abbreviations	6
<b>1. INTRODUCTION</b>	<b>7</b>
1.1 Context, justification and objectives	7
1.2 Methodology	8
<b>2. ANALYSIS OF RESEARCH FINDINGS</b>	<b>10</b>
2.1 General characteristics of small-scale cross-border traders	10
2.2 Types, origins and quantities of traded goods	15
2.3 Cross-border movements of small-scale traders	16
2.4 Analysis of the capital of small-scale cross-border traders	16
2.5 Taxation of small-scale cross-border trade in agricultural goods	19
2.6 Difficulties faced by traders and relationships between them	22
2.7 Courses of action according to women traders	29
<b>3. CONCLUSIONS AND RECOMMENDATIONS</b>	<b>31</b>
3.1 Discussion of courses of action	31
3.2 Recommendations	34
<b>List of tables</b>	
Table 1. Distribution of traders by nationality	11
Table 2. Distribution of traders by household composition	12
Table 3. Distribution of traders by principal means of subsistence	12
Table 4. Duration of practice of cross-border trade by nationality	13
Table 5. Distribution of traders by crossing point and proportion of women	14
Table 6. How do small-scale traders obtain traded goods?	15
Table 7. Estimate of capital at start of commercial activity	16
Table 8. Estimated capital of small-scale cross-border traders at time of survey	17
Table 9. Comparison of start-up capital and current capital	17
Table 10. Comparison of start-up and current capital by crossing point	18
Table 11. How small-scale traders obtain capital?	18
Table 12. Primary advantages generated by small-scale cross-border trade	19
Table 13. Cases of taxes paid in Goma and Gisenyi by crossing point	21
Table 14. Estimated monthly tax collections by border	22
Table 15. Main difficulties faced in small-scale cross-border trade	23
Table 16. Specific difficulties faced by women	27
Table 17. Traders' suggestions for improving cross-border trade	29
<b>List of diagrams</b>	
Diagram 1. Proportion of traders by household responsibility	11
Diagram 2. Proportion of those encountering difficult relations with traders from other country by nationality	28
<b>Glossary</b>	<b>36</b>

## Summary

Small-scale trade in agricultural goods (cereals, pulses, vegetables, fruit, cooking oil, etc.) between the province of North Kivu in the Democratic Republic of Congo (DRC) and Rwanda's West Province is very significant. 'Small-scale cross-border trade' is defined as commercial activity generating daily transactional revenues of less than US\$100 by trader.

This commerce provides at least 22,000 small-scale traders and their dependents on both sides of the border with a survival economy. It also provides opportunities for farmers, pastoralists, wholesalers and warehouse employees and – arguably – even border officials on the Congolese side of the border. Small-scale trade generates important revenues for both provinces and the individual states. It furnishes visible evidence of the economic interdependence between the cities of Goma and Gisenyi, and their surrounding regions. Reinforcing trust between small-scale traders in DRC and Rwanda, and promoting their economic activity would be important steps toward consolidating peace in the region.

This study is based on field research conducted in Goma in November 2009, and focus-group discussions with Congolese and Rwandan traders. The final report was informed by targeted interviews with Congolese and Rwandan authorities, customs officers and services, private sector actors and the Economic Community of the Great Lakes Countries in January and February 2010.

The global objective of the study is 'to analyse the dynamics of small-scale cross-border trade in agricultural goods as an economy of survival in order to understand what impact its improvement would have on neighbourly relations, peace and security between DRC and Rwanda'.

The objectives of the study are:

- To identify the goods traded between Rwanda and DRC, their volumes and economic importance in terms of tariffs collected, the number of people employed in the activity, their income, and its importance vis-à-vis other sources of income;
- To identify and analyse factors inhibiting the trade, such as access to capital, access to markets, insecurity, etc.;
- To identify and analyse traders' shared interests in order to ascertain the opportunities and risks of interventions that would promote dialogue and the re-establishment of trust between Congolese and Rwandan women traders and;
- To produce a document as a basis for joint advocacy by women traders for better collaboration at all levels, for peaceful cohabitation and economic development in the border region.

The following observations emerged from the research findings:

- **The small-scale cross-border trade in agricultural goods is the principal source of income for a large number of residents in Goma and Gisenyi.** For 48 percent of traders of both nationalities in the survey, small-scale trade is their principal means of subsistence. Taking the population of both border cities into account, at least 22,000 people live from the trade, the majority of them women.<sup>1</sup>
- **There is a strong commercial interdependence between the two cities.** This interdependence is demonstrated by the volume and variety of agricultural goods consumed in the two cities that

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<sup>1</sup> Total number of people practicing this trade every day, according to the survey undertaken for this study (3,640 people), multiplied by six members per household = 21,840; rounded up to 22,000.

come from across the border. In times of insecurity in Eastern DRC, the flow of goods from the North Kivu province in Rwanda is blocked and prices rise sharply.

- **The lack of systemic consistency in taxation in Rwanda and DRC creates serious difficulties for small-scale business.** In Rwanda, the ‘unique service’ system is in force. Export taxes are set at zero, but tariffs on imported agricultural goods are steep. In DRC, there are numerous custom services, only some of which are authorised to work at the border and/or collect taxes. At the Goma border crossing, 90 percent of traders pay ‘informal’ tariffs to several state actors, often accompanied by physical harassment.<sup>2</sup>
- **Rwandan traders have a weaker capital base than their Congolese counterparts.** The capital<sup>3</sup> used by traders originates mainly from household resources (69 percent) or money loaned by other family members or friends (22 percent). The Rwandan small-scale trader has an average start-up capital as low as US\$13.90, compared to the Congolese trader’s US\$19.50, irrespective of gender.
- **Competition and distrust characterise relations between women traders from both cities.** Congolese women traders are vexed by the competition created by the Rwandan women’s practice of itinerant trading. Rwandan women claim they are ‘chased from the market’ by their Congolese competitors, that they do not have their own markets, and that they are harassed by Congolese customs services when crossing the border and by other persons in Goma. However, the study shows that women traders from both countries have interests in common, including the creation of a one-stop border point, the reduction of harassment at the border and the establishment of dialogue to seek solutions to their mutual problems.

## SOME RECOMMENDATIONS

- The authorities of North Kivu and West provinces should establish a permanent, tax-free border market for agricultural produce sold by small-scale Rwandan and Congolese traders, and organise regular border fairs where goods from both sides can be displayed for sale.
- The DRC and Rwandan authorities should liberalise the small-scale trade in agricultural goods by implementing the Common Market for Eastern and Southern Africa (COMESA) ‘Simplified Commerce Regime’ (RECOS), and the Economic Community of the Great Lakes Community (ECGLC) ‘Protocol for the Liberalisation of the Trade in Basic Goods’.
- Goma and Gisenyi municipal authorities must reinforce the partnership between them through regular dialogues aimed at establishing strategies and agreements that facilitate cross-border transactions, including the small-scale trade in agricultural goods.
- Rwanda and DRC should standardise cross-border tariffs and open a one-stop border point on the Goma crossing, including associated improvements such as training and paying professional staff, computerising trans-border movements, and other streamlining measures, etc.
- Over the long term, DRC and Rwanda should establish a one-stop border post allowing for joint customs inspection by Congolese and Rwandan officials, reducing delays and informal levies on traders.<sup>4</sup>
- Goma authorities should enforce a zero-tolerance policy against the harassment of traders by state officials and semi-official actors, such as the ‘Maibobo’, ‘Rasta’ and ‘Kajoriti’.
- Associations of Congolese and Rwandan traders, linked by common lines of business, should be encouraged with a view to harmonising their activities, gaining joint access to credit and seeking solutions to existing problems.
- The re-establishment of partnerships between small-scale traders’ associations from Gisenyi and Goma in order to promote direct sales.

2 The term, ‘informal tax’, is used to describe the payment by traders of small amounts of money to state actors without legal basis in order to facilitate their crossing of the border.

3 The term, ‘capital’, is used to denote a collection of assets or cash before interest and profit are extracted. It also describes the valuation of inputs (primary materials, services carried out, fixed equipment, etc.) involved in the production of goods.

4 This system is currently in use on the Rwanda-Uganda border at Katuna.

## List of abbreviations

<b>ADEVEVI</b>	Association of Dealers and Sellers of Food
<b>ANR</b>	National Intelligence Agency
<b>APIBA</b>	Association of Support to Grassroots Initiatives
<b>AVEHUPA</b>	Association of Palm Oil Sellers
<b>CF</b>	Congolese Francs
<b>COFENOKI</b>	Women's Cooperative of North Kivu
<b>COOPEC</b>	Savings and Credit Cooperative
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>DFID</b>	Department for International Development
<b>DGM</b>	Offices of the Director-General of Migration
<b>DGRAD</b>	General Directorate for Administrative and Property Revenues
<b>DMIAP</b>	Department of Military Intelligence
<b>DRC</b>	Democratic Republic of Congo
<b>EAC</b>	East African Community
<b>ECGLC</b>	Economic Community of the Great Lakes Countries
<b>OCC</b>	Office de Contrôle Congolais
<b>OFIDA</b>	Customs and Excise Office
<b>RRA</b>	Rwanda Revenue Authority
<b>RWF</b>	Rwandan Francs



# 1. INTRODUCTION

## 1.1 Context, justification and objectives

The small-scale trade in agricultural goods (cereals, pulses, vegetables, fruit, cooking oil, etc.), formal and informal, between the province of North Kivu in the Democratic Republic of Congo (DRC) and West Province in Rwanda is very significant. For the purpose of the present study, ‘small-scale trade’ refers to daily commercial transactions not exceeding US\$100. Some Rwandan goods, notably tomatoes from Cyangugu, are sold as far off as the territory of Walikale.<sup>5</sup> Other goods from North Kivu are sold in Rwanda. On both sides of the border, thousands of people – the majority of them women, – practice the trade. However, there are few ties between them and commercial competition (occurring naturally to an extent) is reinforced by distrust based on recent conflicts.

Small-scale agricultural trade constitutes a survival economy that sustains thousands of people on both sides of the border – farmers and pastoralists, wholesalers, traders, carriers and warehouse workers, etc. – and both cities rely on it for their food supply. This trade is evidence of the acute interdependence between the cities of Gisenyi and Goma, and of the border areas beyond. Yet the social, economic and political importance of the trade is disregarded or misunderstood by the state and provincial authorities. Public attention is more focused on the ‘illicit trade’ in natural resources and its link to the conflict that has affected Eastern DRC for the last 15 years.

International Alert and APIBA share the opinion that the cross-border trade between DRC and Rwanda, including the informal sector, can contribute to regional stabilisation and the reduction of poverty through economic growth. The two agencies consider that a better dialogue between Congolese and Rwandan informal traders would reinforce trust between the larger border populations. This dialogue must be based on the experiences of women and target specific common-interest objectives.

During July and August 2009, International Alert and APIBA consulted Congolese and Rwandan women who practiced the informal trade in agricultural goods. These discussions led to recognition of the need to undertake further research aimed at identifying the dynamics behind the small-scale, informal cross-border trade.

The global objective of the study is ‘to analyse the dynamics of small-scale cross-border trade in agricultural goods as an “economy of survival” in order to understand what impact its improvement would have on neighbourly relations, peace and security between the DRC and Rwanda.’

The goals of the study are:

1. To identify the goods traded between Rwanda and DRC, their volumes and economic importance in terms of tariffs collected, the number of people employed in the activity, their income, and its importance vis-à-vis other sources of income;
2. To identify and analyse factors inhibiting the trade, such as access to capital, access to markets, insecurity, etc.;

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<sup>5</sup> According to one study, 20 tonnes of tomatoes are transported from Gisenyi to Goma every day. *Rules for Sale: Formal and informal cross-border trade in Eastern DRC*, Pole Institute, May 2007.

3. To identify and analyse traders' shared interests in order to ascertain the opportunities and risks of an intervention that would promote dialogue and the re-establishment of trust between Congolese and Rwandan women traders and;
4. To produce a document as a basis for joint advocacy by women traders for better collaboration at all levels for peaceful cohabitation and economic development of the border region.

## 1.2 Methodology

The research was conducted in three stages:

1. Collection of administrative data on the cross-border trade in agricultural goods, specifically from the Rwanda Revenue Authority (RRA).<sup>6</sup> APIBA asked the DRC's Department of External Commerce to share Congolese statistics on the cross-border trade, but was informed that the statistics do not exist.
2. Collection of quantitative data from individual traders as they crossed the border at one of three points: Petite Barrière, Grande Barrière and Gabiro Cemetery. The tool used for this phase of the research was a standard questionnaire (see annexes<sup>7</sup>) and by random sampling of an infinite population.<sup>8</sup> Traders were randomly selected on the basis of every fifth trader in line, by order of arrival. A workshop in theoretical and practical training was organised with researchers before the study.
3. Collection of qualitative data through focus-group discussions and interviews with key informants. Focused discussion sessions were held with women traders in Miken/Birere and Virunga markets, with those in charge of the agricultural-goods sellers' associations in Goma, in Goma's central market, at the border and at Mudugudu market in Gisenyi. The discussions were based on three themes:
  - The nature of traded goods and women traders' activities
  - The payment of formal or informal tariffs, and difficulties encountered
  - Relations between women traders from both countries

Interviews with key informants were conducted at the end of the quantitative study in order to verify that the statistics were not biased, and to take account of the preliminary statements made in the survey. The informants interviewed (see complete list in annex) included the provincial authorities, different operational service personnel at the border, and those involved formally or informally in the collection of tariffs from small-scale cross-border traders.

The quantitative data was encoded and analysed in SPSS (Statistical Package for Social Sciences) by Célestin Kimanuka and Maria Lange, International Alert's programme director in Goma, who contributed to the drafting of the final report. Jerry Shungu Kinyamba, director of APIBA, contributed commentaries to the report. Julia Weiner-Mercier, trainee at International Alert, edited the text. French-English translation was done by REIGA group and corrected by Julia Weiner-Mercier.

### Limitations in the methodology

Standard limitations exist in the methodology and should be taken into account to avoid the results being biased. These limitations are:

1. No response: some small-scale traders were in a hurry to sell their produce and were not surveyed despite being randomly selected. Although the interviewers were clearly designated, some interviewees were distrustful, believing them to be customs officials. Their suspicions slowly faded, allowing for greater openness by traders towards the research team.

<sup>6</sup> Data from the National Bank of Rwanda on cross-border trade since May 2009 had not yet been processed when this report was finalised.

<sup>7</sup> Annexes are available in French to download from International Alert's web site at: <http://www.international-alert.org/publications>

<sup>8</sup> A population under study is considered 'infinite' when it is impossible to count every element of that population. D. Anderson, D. J. Sweeney and T. Williams (2007), *Statistique pour l'économie et la gestion*. Ed. De Boeck et Larcier, Paris.

2. Translation: questions may vary in Kiswahili or Kinyarwanda translation, compared to the French original. During the interviewers' induction workshop, time was devoted to translating the questionnaire into Kiswahili and Kinyarwanda, and interviewers used these texts alongside the French version.
3. Interviewer: the personal opinions of interviewers and their supervisors may bias the results, such as when they signaled, verbally or otherwise, which answer was 'correct'.
4. Interviewee: interviewees may have provided false answers in an attempt to obtain certain benefits later. Researchers attempted to explain the purpose of the study to each interviewee.
5. Confidentiality: confidentiality and anonymity were assured during interviews. To ensure voluntary participation, interviewers explained the difference between their research and the many official and unofficial groups levying taxes at the border.
6. Assessing the weight of trade goods: during the study, interviewers had to assess the weight of traded food products. This was facilitated by several exercises during training.

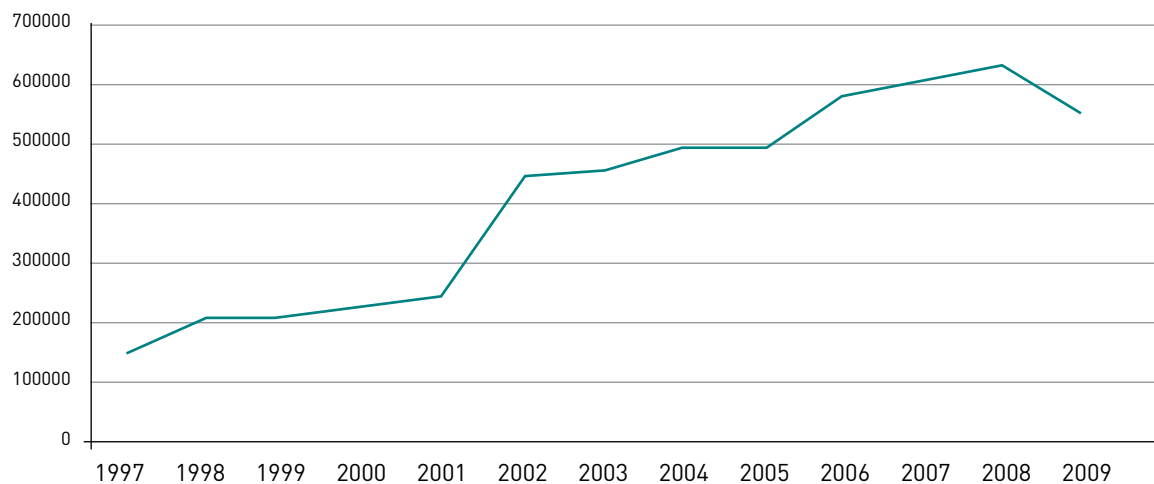
To reduce the risk of biased results in the study, the researchers:

- Dedicated time and effort to selecting experienced interviewers
- Planned a pre-study, as well as intensive supervision, during the duration of the study
- Rigorously verified the questionnaires on the same day they were filed and gave immediate feedback to interviewers before they returned to the field
- Ensured encoders sorted data the day after it was collected to eliminate possible errors.

## 2. ANALYSIS OF THE RESULTS

The war that has affected Eastern DRC for the past 15 years caused people to move en masse to the city of Goma, bringing about a demographic explosion. Reliable statistics do not exist, but the table below represents the approximate evolution of the population of Goma, according to available sources.

### Demographic evolution of the population of Goma from 1997 to 2009



Sources: 'Annual report from North Kivu' (2008) and 'Humanitarian Action Plan' (2009), Democratic Republic of Congo, OCHA.

According to other sources, the actual population may approach one million, which does not seem impossible given the new waves of migration that occurred up to 2009.

Like elsewhere in the Great Lakes region, the city of Gisenyi in Rwanda has also undergone demographic growth, rising to an estimated population of 80,000 people.<sup>9</sup>

The growth in population has generated increased demand for agricultural produce. Different players, both large and small-scale traders from the informal sector, have intervened to meet this new demand. The latter contribute significantly to the economies of their respective cities and the survival of their own families.

### 2.1. General characteristics of small-scale cross-border traders

This study focuses on small-scale traders in agricultural goods who cross the border in both directions at the three main crossing points in Goma: the two formal crossing points at Petite Barrière and Grande Barrière, and one 'formally informal' crossing opposite Gabiro Cemetery. The majority of small-scale traders in agricultural goods (62 percent, according to our study) cross at Petite Barrière.

The Gabiro crossing is 'informal', in that the Congolese and Rwandan immigration authorities are not present, but 'formal' in the sense that the authorities know of it. Rwandan military personnel

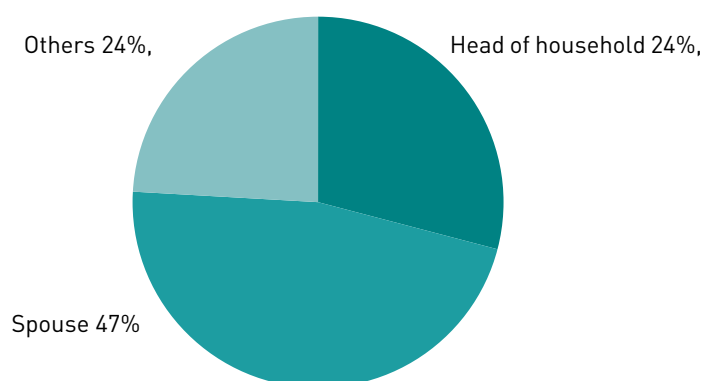
<sup>9</sup> Interview with the Vice-Mayor of Gisenyi, February 2010

monitor the crossing on the Gisenyi side, but the RRA collects no tariffs. On the Goma side, several authorities are present, notably the military intelligences services (DMIAP and T2), which both collect informal tariffs.

### 2.1.1 Socio-demographic and economic characteristics

The study shows that 35 percent of small-scale traders have not been to school at all and that 91 percent went no further than primary school. The low level of education is hardly surprising, given that the majority of small-scale traders are women (86 percent) who often have great difficulty in accessing education. The average age of cross-border traders is 27.6 years<sup>109</sup> and 10 percent are younger than 18 years.

**Diagram 1. Proportion of traders by household responsibility**



Among traders, 29 percent are heads of household, 47 percent are spouses and 24 percent are children or other household members. Thus, 76 percent of traders have household responsibility, either as main earner or spouse.

For the purpose of this study ‘head of household’ refers to the man or woman in charge of household resources. ‘Spouses’ are the wives of heads of household. A woman might also be head of the household (a widow living with her children, a separated woman, a single woman with responsibilities).

The majority (68 percent) of small-scale traders in agricultural goods who cross the Goma-Gisenyi border are Rwandan. At Gabiro cemetery, however, 58 percent of small-scale traders are Congolese because taxes are only levied on the DRC side and the Rwandan authorities do not recognise it as an official crossing point. Conversely, at Grande Barrière, the majority (83 percent) of small-scale traders are Rwandan.

**Table 1: Distribution of traders by nationality**

Crossing point	Number	Congolese nationality	%	Rwandan nationality	%
Petit Barrière	626	179	29	447	71
Grande Barrière	192	33	17	159	83
Gabiro	187	108	58	79	42
<b>Total</b>	<b>1,005</b>	<b>320</b>	<b>32</b>	<b>685</b>	<b>68</b>

The average number of people per household is 5.7 and 84 percent of traders’ households are composed of more than three.

<sup>10</sup> 9 ET = 8.9 years.

**Table 2: Distribution of traders by household composition**

Number of people per household	Number of households	%
1 to 3	159	16
4 to 9	779	78
>10	67	7
<b>Total</b>	<b>1,005</b>	<b>100</b>

The dependence index (DI) measures the number of dependents or inactive persons for each worker in the household. It is reached by the following formula:

$$DI = \frac{\text{Number of inactive members in the household}}{\text{Number of workers in the household}}$$

For the total of traders' households, the DI is around two inactive members for each worker in the household. The rate of dependence is slightly higher (2.3) for the households of Congolese traders than for Rwandan traders (1.7).

The primary means of subsistence for almost half (48 percent) of all traders is small-scale trade, followed by those whose primary means is salary (31 percent). For 44 percent of Rwandan traders, the primary means of subsistence is small-scale trade. For the Congolese, trade is crucial for the survival of households and six of every 10 households (58 percent) are dependant on it. These figures show that the Congolese familial economy is primarily one of survival. Reflecting the significant difference between the populations of Goma (around one million)<sup>11</sup> and Gisenyi (80,000), only 1 percent of Congolese in the survey live by farming, compared to 16 percent of Rwandans.

**Table 3: Distribution of traders by primary means of subsistence**

What is the primary means of subsistence for your household?	Number of Congolese	% Congolese	Number of Rwandans	% Rwandans	Total number	Total %
Small-scale trade	184	58	303	44	487	48
Salary	81	25	232	34	313	31
Farming	4	1	111	16	115	11
Self-reliance	50	16	38	6	88	9
Livestock	1	0	0	0	1	0
Fraud	0	0	1	0	1	0
<b>Total</b>	<b>320</b>	<b>100</b>	<b>685</b>	<b>100</b>	<b>1,005</b>	<b>100</b>

Despite the small income that trading generates, traders believe it is important because it ensures the survival of households that do not have other secure sources of income. For most interviewees, trading allows them to feed their families, but few traders manage to develop their business in a way that goes beyond survival.

According to the movement checks carried out during the study, an average of 3,640 people cross the border every day to trade in agricultural goods. Taking an average of six people per trader household, it is possible to estimate that around 22,000 people live directly from the proceeds of the trade.<sup>12</sup>

11 Reliable statistics for the population of Goma are not available, but estimates vary from 550,000 ('Humanitarian Action Plan for RDC', OCHA, 2009) and one million, according to the Vice-Mayor of Goma.

12  $3,640 \times 6 = 21,840$  people; rounded up to 22,000.

In addition to these 22,000 and the unknown number of officers working at the border posts (and their families), the small-scale, cross-border trade also provides an income to:

- Producers of traded goods and their families: vegetables, fruits, beans, maize, etc.
- Wholesalers and employees of commercial businesses, and their families, who supply cross-border traders
- Those who transport agricultural goods, and their families.

The actual number of people who entirely or partly depend on the trade to ensure their survival is undoubtedly much higher than 22,000.

A Congolese woman selling tomatoes in Virunga market said: *‘Informal cross-border trade is vitally important as our husbands do not work. They only do day work, which is often inconsistent, and it’s the small amount that we earn in our trade that keeps the family alive, helps us pay the children’s school fees, clothing and rent.’*

Another Congolese woman selling tomatoes in Virunga market said: *‘Agricultural goods get sold quickly. Even with US\$5 of capital, we can sell vegetables and that means we get hold of the “murongo” so that the children don’t spend the night starving.’*

For all traders, the time (represented as a monthly average) they have spent in the cross-border trade is 44 months, or nearly four years.<sup>13</sup> A typical trader has been practicing for 24 months. The distribution of traders by duration of activity differs significantly, depending on nationality, however. Indeed, 43 percent of Rwandans began the activity in the last 12 months, compared with 25 percent of Congolese. One possible explanation might be the impact of ‘green reform’ (agricultural reform) in Rwanda which, according to the Gisenyi city authorities, has had a significant effect on the output of agricultural production since the beginning of 2009.<sup>14</sup> Agricultural reform has also encouraged mono-production (a single crop is planted), enabling Rwandans to engage in cross-border trading to buy or trade for other products.

**Table 4: Duration of practice of cross-border trade by nationality**

For how many months have you been trading?	Congolese	%	Rwandan	%	Total	%
<3 months	21	7	87	13	108	11
4 to 12 months (1 year)	59	18	204	30	263	26
13 to 24 months (2 years)	66	21	104	15	170	17
25 to 60 months (5 years)	94	29	177	26	271	27
61 to 120 months (10 years)	55	17	75	11	130	13
>120 months (10 years)	25	8	38	6	63	6
<b>Total</b>	<b>320</b>	<b>100</b>	<b>685</b>	<b>100</b>	<b>1,005</b>	<b>100</b>

Only 13 percent of cross-border traders in farm produce are members of associations or cooperatives (see lists in annex). Among those who are not, 80 percent would like to join one. Therefore, the following question might be asked: if the majority of traders are interested in becoming members of an association or cooperative, why is the number of existing members so low? What inhibits or dissuades traders from joining these groups? The low rate of membership may be due to:

- High membership fees
- Lack of awareness regarding the benefits of belonging to an association

<sup>13</sup> With an ET = 59 months

<sup>14</sup> Interview on 5th February 2010

- Mistrust of the management of associations, based on previous bad experience (i.e. embezzlement).

### 2.1.2 Women's role in the small-scale cross-border trade in agricultural goods

Observation of the crossing points identified the important role played by women in cross-border commerce. Indeed, 86 percent of traders who cross from Goma to Gisenyi and 78 percent who cross from Gisenyi to Goma are women.

**Table 5: Distribution of traders by crossing point and proportion of women**

Movement	Goma to Gisenyi			Gisenyi to Goma		
	Men and women	Women	% women	Men and women	Women	% women
Petite Barrière	15,742	13,584	86	24,124	18,461	77
Grande Barrière	495	363	73	1,661	1,397	84
Gabiro	455	441	97	1,220	1,220	100
<b>Total</b>	<b>16,692</b>	<b>14,388</b>	<b>86</b>	<b>27,005</b>	<b>21,078</b>	<b>78</b>

Women make up the vast majority of those who work in the cross-border trade. Their primary role is to buy goods in bulk and to sell in small portions. Since Goma's population is much larger than Gisenyi's, it is the most important destination for traders. In addition to the city's large markets, women sell produce in small trading areas and door-to-door. Small-scale commerce in edible produce is crucial to women's economic survival.

Given that cross-border trade in food is mainly practiced by women, it can be assumed that income is used to cover the essential needs of all their family. Women have a proven tendency to use incomes to respond to household needs.

A married Rwandan woman, with five years experience selling flour in Gisenyi market, explained why men are less involved in the trade than women: *'Men disregard this small trade and prefer to trade with a large capital. With a capital of RWF5,000 (US\$8.55) a woman can get going, but not a man.'*

The female president of AVEHUPA (Association of Palm-oil Producers), who has sold oil for one year, explained: *'There is a higher proportion of women in this trade because there is little profit. Men devote themselves to more lucrative trades that allow them to get hold of beer, while women can go around all day with basins on their heads, without eating a thing, for a trade that generates minimal profit, in the interests of their family.'*

Men practice cross-border commerce in goods where profits are generally higher – i.e. goats, meat, chickens, milk, eggs, cabbages, bread and fritters. Male traders generally have access to more working capital than women.

### 2.1.3 Role of the disabled in small-scale cross-border trade

Disabled people play a significant role in the cross-border trade, primarily in transportation. Since the disabled enjoy a degree of exemption from regulation, particularly in cities, traders often use them in the practice of *chora chora*, whereby goods are divided into smaller quantities to avoid border taxes. Those disabled who are involved often own tricycles, which they use for transporting goods, often on their own account. The study did not count the number of disabled people crossing the border every day, but noted their frequency in the crowd. Disabled people also transport non-agricultural goods, categorised as 'various'.



## 2.2 Types, origins and quantities of goods traded

The products traded between Gisenyi and Goma vary by season and consumer demand, but also by production centre or origin. Some goods originating in Goma are transported to Gisenyi, and returned to Goma for sale, as in the case of dried maize. Often goods are exchanged for money, but a bartering system exists whereby traders bring in agricultural produce to exchange for ceremonial clothes.

### Information box 1: Goods exchanged between Goma and Gisenyi<sup>15</sup>

Among the goods originating from Goma and going to Gisenyi are vegetables, beans, maize, sorghum, manioc, plantains, peanuts and palm oil, salted and smoked fish, imported goods (sugar, tomato purée etc.) and drinks, notably the local maize brew, *mandale*, and banana wine.

Among the goods transported from Gisenyi to Goma are tomatoes, aubergines, onions, fresh beans and peas, potatoes and various fruits. Gisenyi supplies Goma with beef, pork, goat, chicken, fresh fish and sweet drinks.

Over three quarters of small-scale traders are supplied by livestock farmers or commercial businesses, and 25 percent by non-bulk sellers. A higher proportion of Congolese traders buy directly from producers (31 percent), compared with 18 percent of Rwandan traders. One conclusion that may be drawn is that a product's journey from field to market is often long, and the income of the producer consequently quite low.

**Table 6: How do small-scale traders obtain traded goods?**

From whom do you buy the products that you sell?*	Congolese traders (320)	Congolese traders %	Rwandan traders (685)	Rwandan traders %	Total traders (1,005)*	Total traders %
From livestock farmers/ commercial enterprises	254	79	509	74	763	76
From retail dealers	50	16	207	30	257	26
From growers	98	31	85	12	183	18
At an unofficial market	6	2	21	3	27	3
I produced them myself	6	2	17	2	23	2

\*Several responses possible

The total monthly value of the 18 main products traded from Goma to Gisenyi exceeds US\$1 million.<sup>16</sup> As far as statistics go, more than 840 tonnes of dried maize and/or *pâte jaune* (dough with egg yolk), and more than 700 tonnes of beans are exported monthly from Goma to Gisenyi within the small-scale, cross-border trade (see table in annex).

The total monthly value of the 18 main goods traded from Gisenyi to Goma is estimated at US\$980,000. According to the study, more than 320 tonnes of tomatoes, 340 tonnes of vegetables and 350,000 litres of milk are imported from Gisenyi every month (see annex).

<sup>15</sup> See complete list in annex.

<sup>16</sup> To estimate the quantity of traded products, we selected the 18 most common agricultural goods, and multiplied by the average quantity transported by our sample of traders, and the monthly estimates of the number of people participating in cross-border commercial transactions.

## 2.3 Cross-border movements by small-scale traders

As mentioned above, the main practitioners of the small-scale, cross-border trade in agricultural goods are women (86 percent).<sup>17</sup> Among the 10 most popular goods for Goma traders are dried maize, beans, plantains, palm oil, manioc and vegetables (green leaves and cabbage). According to the survey, the small-scale trade in maize sustains more than 3,000 people, and nearly 2,000 for beans. For Gisenyi traders, the most important goods are tomatoes, vegetables (green leaves and cabbage), milk, potatoes, aubergines, meat, onions and fish. Around 2,000 people survive from the small-scale trade in tomatoes and another 2,000 from vegetables.

The survey and crossing check undertaken for this survey showed that the majority of small-scale cross-border traders in agricultural goods are Rwandan women. The direction of flow is predominantly from Gisenyi to Goma.<sup>18</sup> This general tendency of trade is reinforced by the taxation regimes, which differ in Rwanda and DRC. Goods from Rwanda are exempt from tax with the aim of promoting exports, while the DRC applies export tariffs on all Congolese agricultural products.

## 2.4 Analysis of the capital of small-scale cross-border traders

The average start-up capital for all small-scale border traders surveyed for this study is estimated at US\$15.5.<sup>19</sup> There is a significant difference<sup>20</sup> between the average start-up capital of Congolese (US\$19.5) and Rwandan (US\$13.8) traders, with both sexes taken into account.

**Table 7: Estimated capital at start of commercial activity**

Sex	Nationality	No.	Average start-up capital in USD	ET in USD	Median start-up capital in USD	Minimum start-up capital in USD	Maximum start-up capital in USD
Female	Congolese	263	16.50	14.8	10	0.53	100
	Rwandan	597	13.00	12.9	9	0.50	100
	<i>Total</i>	<i>860</i>	<i>14.07</i>	<i>13.6</i>	<i>10</i>	<i>0.50</i>	<i>100</i>
Male	Congolese	57	33.57	29.9	23	5.00	200
	Rwandan	88	19.75	18.1	15	1.78	90
	<i>Total</i>	<i>145</i>	<i>25.19</i>	<i>24.3</i>	<i>20</i>	<i>1.78</i>	<i>200</i>
Together	Congolese	320	19.54	19.5	11	0.53	200
	Rwandan	685	13.87	13.8	9	0.50	100
	<b>Total</b>	<b>1005</b>	<b>15.68</b>	<b>16.1</b>	<b>10</b>	<b>0.50</b>	<b>200</b>

The current average capital of a small-scale trader for both nationalities is US\$27.43 (ET = 30.86) – see table 8 below. There is a significant difference between the average capital of Congolese (US\$35.17) and Rwandan traders (US\$23.81).

The most plausible explanation for this is that Rwandans who undertake the cross-border trade are simply less solvent than their Congolese counterparts.<sup>21</sup> One hypothesis is that a large number originate in Nyamyumba sector, a particularly poor and overpopulated neighbourhood

<sup>17</sup> Estimates of traders' movements are based on the crossings check conducted during the study. The details are presented in the tables in annexes 4 and 5.

<sup>18</sup> According to the crossing check conducted for this study, 1,391 traders crossed from Goma to Gisenyi during the period, compared with 2,250 from Gisenyi to Goma (see annexes 8 and 9)

<sup>19</sup> ET = US\$16.1

<sup>20</sup>  $p < 0.0001$

<sup>21</sup> Another explanation might be the more widespread existence of *tontines* in DRC, but micro-finance institutions are becoming more common in Rwanda, including some that specifically cater to women traders in the informal sector, such as the Urwego Banking Community in Gisenyi/. According to the study only 1-percent of traders had received external to set up their enterprises.

of Gisenyi.<sup>22</sup> A further reason, however, might be the size of the city of Goma, and the greater opportunities it offers.

The study revealed that, for the traders from both countries, men have a capital that is three times as large as that enjoyed by the women who practice the trade (see table 8 below).

**Table 8: Estimated capital of small-scale cross-border traders at time of survey**

Sex	Nationality	No.	Average current capital in USD	ET in USD	Median current capital in USD	Minimum current capital in USD	Maximum current capital in USD
F	Congolese	263	27.67	28.46	20	0.53	250
	Rwandan	597	20.13	18.53	13	1.00	150
	<i>Total</i>	<i>860</i>	<i>22.44</i>	<i>22.30</i>	<i>15</i>	<i>0.53</i>	<i>250</i>
M	Congolese	57	69.76	61.89	50	6.00	300
	Rwandan	88	48.81	41.59	40	3.00	300
	<i>Total</i>	<i>145</i>	<i>57.04</i>	<i>51.38</i>	<i>50</i>	<i>3.00</i>	<i>300</i>
T	Congolese	320	35.17	39.97	25	0.53	300
	Rwandan	685	23.81	24.73	15	1.00	300
	<b>Total</b>	<b>1,005</b>	<b>27.43</b>	<b>30.86</b>	<b>18</b>	<b>0.53</b>	<b>300</b>

The fact that women use less capital than men was confirmed by the focus group discussions organised with the female members of the COFENOKI (Women's Cooperative of North Kivu) and AVEHUPA. In one discussion, a female trader declared: *'Men don't like practicing this kind of commerce with low capital because it doesn't allow them to get hold of much beer, but women deal with this easily.'*<sup>23</sup>

A comparison of the difference between average current capital and average start-up capital for all traders shows a rise of 75 percent over an average 'business life' of two years,<sup>24</sup> an increase that is markedly higher for Congolese (133 percent) than Rwandan traders (67 percent). Moreover, men's average capital significantly increased by 150 percent, compared with women's capital (50 percent).

**Table 9: Comparison of start-up capital and current capital**

Sex	Nationality	No.	Average start-up capital in USD	Average current capital in USD	% change current/ start-up	Median start-up capital in USD	Median current capital in USD	% change current/ start-up
F	Congolese	263	16.50	27.67	68	10	20	100
	Rwandan	597	13.00	20.13	55	9	13	44
	<i>Total</i>	<i>860</i>	<i>14.07</i>	<i>22.44</i>	<i>59</i>	<i>10</i>	<i>15</i>	<i>50</i>
M	Congolese	57	33.57	69.76	108	23	50	115
	Rwandan	88	19.75	48.81	147	15	40	174
	<i>Total</i>	<i>145</i>	<i>25.19</i>	<i>57.04</i>	<i>126</i>	<i>20</i>	<i>50</i>	<i>150</i>
T	Congolese	320	19.54	35.17	80	11	25	133
	Rwandan	685	13.87	23.81	72	9	15	67
	<b>Total</b>	<b>1005</b>	<b>15.68</b>	<b>27.43</b>	<b>75</b>	<b>10</b>	<b>18</b>	<b>78</b>

<sup>22</sup> Interview with the Vice-Mayor of Gisenyi., 7th February 2010

<sup>23</sup> In the absence of accounts from male traders, this comment's validity cannot be verified.

<sup>24</sup> The average duration of traders' activity in the small-scale cross-border commerce is estimated at four years.

Comparison of changes in capital shows that traders who cross by Grande Barrière experienced an average 12 percent rise in capital over 36 months, while the traders who cross at Petite Barrière saw an average 100 percent rise in 12 months. As there is no significant difference in average start-up capital and the markets are identical, the change in capital growth must be attributable to the commercial environment at each crossing point. Because there is intensive traffic at Petit Barrière, there is a better prospect for evading tariffs. At Grande Barrière, the movements of small-scale traders are restricted in favour of larger traders. Nevertheless, whether out of familiarity, proximity to customers or commercial strategy, some small-scale traders prefer to cross at Grande Barrière.

**Table 10: Comparison of start-up and current capital by crossing point**

Crossing point	No.	Average start-up capital in USD	ET in USD	Average current capital in USD	ET in USD	Median start-up capital in USD	Median current capital in USD	% gap between current/start-up capital	Average number of months in business
Petite Barrière	626	14.76	16.16	32.65	35.22	10	20	100	12
Grande Barrière	192	16.82	15.50	18.45	20.43	9	10	12	36
Gabiro	187	17.56	16.14	19.18	17.33	10	13	30	48
<b>Total</b>	<b>1,005</b>	<b>15.68</b>	<b>16.06</b>	<b>27.43</b>	<b>30.86</b>	<b>10</b>	<b>18</b>	<b>78</b>	<b>24</b>

The capital that traders use comes in large part from household resources (69 percent) or money borrowed from family members or friends (22 percent). As the following table shows, the primary sources are generally the same for Rwandans and Congolese.

**Table 11: How small-scale traders obtain capital**

How do you get money for capital?*	Congolese traders (320)	% Congolese traders	Rwandan traders (685)	% Rwandan traders	Total traders (1005)	% total traders
I use my own money	223	70	468	68	691	69
Money borrowed from family/friends	78	24	147	21	225	22
I buy on credit from sellers	30	9	28	4	58	6
Money borrowed from sellers	23	7	46	7	69	7
I have not bought merchandise	5	2	12	2	17	2
I get a loan from the bank/COOPEC	4	1	29	4	33	3

\*Several possible answers

A trader with access to more capital can pay others to transport goods or hire *chikoudeurs* (wooden-bicycle riders), so transport capacity is not a constraint. Everything depends on the ability of the trader to develop his/her trade, which is linked to two factors: access to capital and access to market.

This study shows that small-scale traders – a category of poor people who are certainly not the most destitute – have little access to micro-credit, though they are economically active and for the most part women. Lack of access to credit is a major obstacle to the development of their

businesses and poses a challenge to the authorities and development NGOs. Facilitating access to micro-credit for this socio-economic class would be an effective way of fighting poverty.

As can be seen from the following table, the small-scale cross-border trade primarily covers subsistence needs (food, clothing, health care), children's education, the purchase of cleaning products and cosmetics, and rent.

**Table 12: Primary advantages generated by small-scale cross-border trade**

What are the main benefits your trade brings you?*	Congolese traders (320)	% Congolese traders	Rwandan traders (685)	% Rwandan traders	Total traders (1005)	% total traders
Help to get food	309	97	658	96	967	96
Contribution to clothing	72	23	363	53	453	43
Payment for medical care	87	27	91	13	178	18
Payment for school fees	79	25	86	13	165	16
Purchase of cosmetic products (soaps, ointments and beauty cream)	24	8	128	19	152	15
Rent payment	63	20	44	6	107	11
Collective household needs	7	2	10	1	17	2
Savings	2	1	4	1	6	1
Supporting members of the family	-	-	4	1	4	0
Other benefits	2	1	11	2	13	1

\*Several possible answers

## 2.5 Taxation of small-scale cross-border trade of agricultural goods

Systems for the collection of tariffs on imports and exports vary significantly in both countries.

In Rwanda, the RRA is the sole authority appointed to collect revenues, including taxes on traded goods, and to combat fraud. The advantages of this centralisation of functions are the facilitation of commercial transactions and ready control of taxes. A trader caught trying to avoid tax must pay double the standard rate. Until June 2009, the average tariff on imported goods varied between 5 percent for fruits and vegetables, and 15 percent for cereals.<sup>25</sup> Since then Rwanda has applied the common tariffs of the East African Community (EAC), which are set at 25 percent on fruits, vegetables, cereals and animal products.<sup>26</sup> Our study demonstrates that the increase in taxes has pushed more Congolese small-scale traders into using *chora chora*, or resorting to fraud by other means (see table 13). By contrast, Rwanda imposes no taxes on exports in line with its goal of promoting entrepreneurial activities and exports to nearby countries.

There are a number of authorised custom services on the DRC side of the border, and their respective primary functions are:<sup>27</sup>

1. General Direction of Migration (DGM): immigration and emigration regulations enforcement, document control.

<sup>25</sup> Commissioner General, Rules of 15th September 2007.

<sup>26</sup> EAC Common External Tariff 2007. Taxation is calculated on a basis of three-monthly valuations by Rwandan customs, but does not take into account the change in value of products between each three-month period.

<sup>27</sup> Ethical guide for migration sector officials, March 2008.

2. Office of Customs and Excise (OFIDA): collection of taxes and fees on imports, exports and transit goods; border surveillance; combating fraud and contraband.
3. Congolese Monitoring Office (OCC): control of quality, quantity and conformity on all merchandise; granting certificates of verification for exports of mined and other goods, notably coffee.
4. International Quarantine Office: vaccination, health document control and sanitary control of plants and animal products.
5. Border Police: surveillance of border routes other than designated crossing points; combating cross-border criminality; surveillance of movements of nationals and foreigners.

Of these five services, only OFIDA is legally authorised to collect tariffs from small-scale traders.<sup>28</sup> Other agencies are also present at the border:

1. Goma Commune and Town Hall: their agents collect ‘communal taxes’ from small-scale traders at Petite Barrière, but are not present at Grande Barrière.
2. National Information Agency (ANR) and military intelligence services (DMIAP and T2): agents from all three services collect informal taxes from small-scale traders at Grande Barrière, Petite Barrière and Gabiro Cemetery crossing points.

According to the taxation list effective since May 2009,<sup>29</sup> export taxes on essential commodities, such as beans, sorghum, maize and manioc, vary from CF1,512 (US\$1.65) per 100 kg (for beans) to CF2,925 (US\$3.20) per 100 kg for peanuts and soya. Palm oil, bananas, potatoes and local tobacco are also taxed on export. Import taxes on fruits, vegetables, cereals and animals do not appear in the province’s official list, but a sum of CF50–200 (US\$0.5–0.20) is levied on every trader at the Congolese border – although no receipt is given.

In Goma, other non-state organisations, including the Bas-Peuple, ‘Maibobo’, ‘Rastas’ and ‘Kajoriti’, participate informally in the city’s commercial transactions. See the box below on the Bas-Peuple Committee.

### Information box 2: Origins and function of the Bas-Peuple Committee cooperative

In 1993, before the creation of this cooperative, unemployed young men in Mikeno neighbourhood (otherwise known as Birere) sat in front of agricultural warehouses to look for customers and facilitate sales to traders from Rwanda, Kinshasa and Bukavu. The existence of these ‘brokers’ led to theft, fraud and disputes that brought the Bas-Peuple Committee into existence.

Starting with several objectives, including youth training and the development of agricultural opportunities,<sup>30</sup> the Bas-Peuple has slowly evolved into a network of brokers, carriers and information gatherers for the agricultural produce of both Congolese and Rwandan traders. The Bas-Peuple was supported and even explicitly mandated by the Provincial Governor at the time, Governor Serufuli, and by other state agencies, by way of Bas-Peuple paying informal taxes and other bribes to State officials.

Today the Bas-Peuple functions as a clearing house that deals with loading, payment of fees, and customs services for the transport of goods across the border to Rwanda. The Bas-Peuple has a group of young, unemployed men at its disposal who harass traders who do not use its services under the pretext they are fighting corruption and fraud for the provincial authorities. The Bas-Peuple Committee has evolved into a criminal cartel that hinders the small-scale cross-border trade due to:

28 According to the person in charge of OFIDA at Grande Barrière.

29 Edicts 004/2009 and 005/2009 of 25th May 2009, *List of taxes, charges and other rights and Means of recovery, supervision and collection of taxes and charges in North Kivu province.*

30 Statutes of the Cooperative of the Committee of the Bas-Peuple, August 1993.

1. The support it receives from the state, including the Division of Exterior Trade, in the collection of informal taxes with its agents appointed to the Committee's office;
2. The committee's lack of control over its members who sometimes substitute for national police in controlling traders;
3. Its use of force to steal traders' merchandise when they try to cross without passing through the Bas-Peuple, creating conflicts with both COFENOKI and the Association of Dealers and Sellers of Food (ADEVEVI);
4. Its monopoly forces traders to use *chora chora* to transport merchandise across the border;
5. Price-fixing transport costs through its monopoly power.

The perspectives for diminishing their influence are:

1. State agents and services allowing free competition in the transport, declaration and sale of agricultural goods;
2. State agents and services disassociating themselves from the Bas-Peuple Committee, which has become a monopolist cartel;
3. The governing body and town hall removing the *de facto* monopoly officially granted by Governor Serufuli in order to allow each trader and association to freely evolve with respect to the laws and regulations in force.

The study shows that 90 percent of all traders at the border crossing from Goma to Gisenyi paid tariffs (predominantly informal ones) to different state actors on the Congolese side.<sup>31</sup> Of all of them, only 5 percent (11 traders out of 206) paid formal tariffs, accompanied by a receipt. By contrast, the RRA only taxed 53 percent of traders on the Rwandan side of the border. Among these, eight paid informal taxes.<sup>32</sup> Of 780 traders at the border crossing from Gisenyi to Goma,<sup>33</sup> 95 percent paid tariffs (predominantly informal) to state actors at the Goma border and 17 percent paid formal tariffs. Generally, agricultural goods exported from Rwanda are not taxed. In 58 cases (7 percent) traders paid billing costs at the market for buying in bulk.

The payment of informal taxes in Goma generally takes place by the roadside where officials lie in wait, saying '*lipa apa*' ('pay here'). Few explanations are offered. The amount varies from CF50–500 (US\$0.05–50), but price is negotiable and depends on composite criteria (value, product, quantity) – and the mood of the official.

**Table 13: Cases of taxes paid in Goma and Gisenyi by crossing point**

Crossing point	Number of cases surveyed	Number of cases taxed in Goma	% cases taxed in Goma	Number of cases taxed in Gisenyi	% cases taxed in Gisenyi
Goma to Gisenyi	229	206	90	122	53
Gisenyi to Goma	790	742	94	58	7
<b>Total</b>	<b>1,019</b>	<b>948</b>	<b>93</b>	<b>180</b>	<b>18</b>

Taxes are higher at the Gisenyi border, where there is a single crossing, compared to those extracted from traders at Goma border by various state actors. At Gisenyi, the highest average taxes are on beans (US\$0.07 per kg), green bananas (US\$0.03 per kilo) and manioc flour (US\$0.08 per kg).

<sup>31</sup> The number and proportions of people who paid taxes during the crossing from Goma to Gisenyi are presented according to product in annex 10.

<sup>32</sup> Seven manioc-flour traders and one manioc trader.

<sup>33</sup> The number and proportions of people who paid taxes during the crossing from Gisenyi to Goma are presented according to product in annex 11.

As shown in annex 16, the unit value of taxes declared by small-scale traders corresponds roughly to those recorded by the RRA during the observation period from 2–21 November 2009.

The most highly taxed export goods at the Goma border are soya (US\$0.03 per kg), *mandale* (US\$0.03 per kg) and manioc (US\$0.01 per kilo). On imports, the highest taxes are levied on goats (US\$1.47), chickens (US\$1.39) and other meats (US\$0.99). Apart from sorghum – for which the average tax at Goma is higher than at Gisenyi – the formal import taxes in Gisenyi are higher than the informal ones paid in Goma, whether for export or import.<sup>34</sup>

A female Rwandan trader in beans, age 30 and married, reported: ‘...If we pay the taxes as they are on beans, we can’t earn anything. This is why we use the *chora chora* system.’<sup>35</sup>

A Rwandan woman who has been selling fish for 14 years said: ‘The RRA started making us pay taxes on green bananas and manioc flour only two months ago. Before, those goods weren’t taxed. What we see is that those two products are taxed highly and we don’t know why.’<sup>36</sup>

#### Estimation of monthly taxes recorded at each border

To estimate the monthly tax revenue at both crossing points, the study estimated the monthly quantity of each traded product, the average tax per unit of the product, and multiplied by the proportion of people taxed. The details are presented in annexes 17 and 18.

The estimated monthly value of import taxes on 11 agricultural products in Gisenyi is over US\$76,000, representing more than double the informal, monthly taxes collected on 14 exported and 25 imported products at Goma (a little over US\$33,000).

**Table 14: Estimated monthly tax collections by border**<sup>37</sup>

Border crossing	Number of products concerned	Taxes collected per month in Gisenyi	Number of products concerned	Taxes collected monthly in Goma
Goma to Gisenyi	11	US\$76,072.32	14	US\$14,314.60
Gisenyi to Goma	0	US\$0.00	25	US\$18,778.85
<b>Total</b>		<b>US\$76,072.32</b>		<b>US\$33,093.45</b>

## 2.6 Difficulties faced by traders and relations between them

According to traders’ statements from both countries, the six main difficulties they face are:

- Low capital (75 percent)
- Police and/or military harassment (70 percent)
- High number of taxes at Goma and high rate of taxation at Gisenyi (63 percent)
- Competition with traders from the other country (62 percent)
- Different state actors at border (55 percent);
- Harassment from others (Maibobo, Rasta, Bas-People and others) (49 percent).

Congolese and Rwandan traders encounter similar challenges, but differences exist between them.

1. A higher percentage of female Rwandan traders (77 percent against 54 percent of Congolese traders) have problems with police and/or military harassment. Similarly, female Rwandan traders face more problems than female Congolese traders with state actors at the border

<sup>34</sup> See tables in annexes 12 and 13.

<sup>35</sup> Focus-group interview, 23rd November 2009.

<sup>36</sup> Focus-group interview, 23rd November 2009.

<sup>37</sup> See detailed tables in annexes 17 and 18.



and the rate of taxes to be paid. This difference can be explained by the fact that the traffic in goods tends more in the direction of the market in Goma.

2. More significantly, a higher percentage of female Rwandan traders (62 percent) than Congolese (22 percent) complain of harassment by the population (Maibobo and others) in Goma. That may be explained by the fact that female Rwandan traders often practice an itinerant trade, while female Congolese traders sell at the market where they are better protected.
3. Reflecting this same difference, a higher percentage of female Congolese traders than Rwandan traders (23 percent compared with 7 percent) find that markets are too far away.

**Table 15: Main difficulties facing small-scale cross-border traders**

What are the main difficulties that you face in the practice of your trade?	Congolese traders (320)	% Congolese traders	Rwandan traders (685)	% Rwandan traders	Total traders (1005)	% total traders
Low capital	237	74%	519	76%	756	75%
Police/military harassment	174	54%	527	77%	701	70%
Many taxes/high level of taxation	190	59%	443	65%	633	63%
Competition problems with traders from other country	164	51%	462	67%	626	62%
Many state actors groups at Goma border	148	46%	406	59%	554	55%
Harassment by the population (Maibobo and others)	71	22%	422	62%	493	49%
Perishable or fragile products	110	34%	165	24%	275	27%
Remote markets	72	23%	45	7%	117	12%
High exchange rate between US\$ and CF	34	11%	5	1%	39	4%
Low sale prices	17	5%	9	1%	26	3%
No debt payments by our customers	3	1%	15	2%	18	2%
Harassment by T2 and DMIAP officers	5	2%	13	2%	18	2%
Harassment by Rwandan military (not allowing us to cross, confiscating merchandise)	6	2%	11	2%	17	2%
High transport costs	12	4%	3	0%	15	1%
Other difficulties	24	8%	42	6%	66	7%
No difficulties	6	2%	5	1%	11	1%

Focus-group discussions in the two cities confirmed and clarified the above assertions, and traders' complaints are examined in further detail and according to nationality below. This report also takes into account observations by the Congolese and Rwandan authorities in response to these claims.

## 2.6.1 Female Rwandan traders' complaints

### 1. Forms of harassment

- The police and Rasta steal merchandise, especially when *'the police have gone several months without being paid'*. The commander of the border police said efforts were made to pay police officers regularly and that complaints of this kind were rare. Nonetheless, acts of police harassment clearly do occur, and police officers may simply pretend not to have been paid in order to legitimize their action.
- Police officers steal merchandise to *'give to prisoners in Munzenze prison, justifying it with the fact that they have nothing to eat and that Rwandan women do not have the right to sell on the road.'*<sup>38</sup>
- *'In the Congo, there is no formal tax, we get bothered a lot. Often the tax collectors change and we cannot always know what the exact functions of the different tax collectors are. Apart from the police, others are not clearly identified. There are sometimes people rushing around making others pay taxes, and it is the one that arrives first who gets the money.'*
- There is no receipt: *'You pay and you go. Sometimes we are given small papers or they write on our hand to prove the tax payment was made. But other tax collectors might not consider these.'*
- *'We pay money and sometimes hand over a portion of the products we have for sale.'*
- There is complicity between police officers and civilian tax collectors.
- *'Several tax collectors say they come from the town hall. Some have receipts, but sometimes do not use them.'*

Female traders say they are now accustomed to harassment. What they seem to mean is that harassment has become routine, and they prepare psychologically and financially to minimise the time spent in crossing. Female Rwandan traders complain at the presence of multiple tax collectors on the Congolese border, but say that since the tax is not fixed but paid informally, they can easily negotiate lesser levies, depending on the mood of the official they encounter.

### 2. High Rwandan taxes

- *'Taxes in Rwanda are very high, which hinders our trade.'*
- *'In Rwanda, if they catch you avoiding tax, you pay double. So, for example, instead of paying US\$9 for a sack of beans, you are made to pay US\$18.'*
- *'When we come out of the neutral zone with our merchandise, we mix it with other people's merchandise to tax them together. Getting the items back and preserving the quality of our products becomes difficult.'*

### 3. No fixed market for Rwandan traders

- *'In Rwanda, we don't have the right to practice itinerant trade. We are asked to go to the market though we do not have sufficient capital to pay the RWF36,000 (US\$63) annual fee to trade in the market.'*
- *'Congolese women chase us from the markets in the Congo and we have to avoid going near there.'*

### 4. No protection of the interests of small-scale traders in DRC

- *'In the case where our merchandise is forcefully taken from us, we do not know who to turn to and thus we are completely abandoned.'*

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<sup>38</sup> This is probably an argument to justify the actions of the police officer, and therefore not true.

## 5. Other problems

- Cases of rape while itinerant trading have been reported, and cases of intimidation and fraud by dishonest customers.
- *'Itinerant trade is very tiring and you are obliged to sell everything on the same day. If not, we sell the surplus at a discounted price.'*

### Information box 3: Testimonies from female Rwandan traders

A woman who has been selling beans for 18 years reports: *'We pay taxes without knowing why or to whom we pay them. If I got the hang of it, even I could start demanding taxes...'*

A woman who sells tomatoes and onions says: *'We have a big problem with the Rasta [in Goma]. And there is a police vehicle that comes to take our buckets [away], and we don't know its destination.'*

Another tomato seller says: *'Women who make people pay tax ask for samples like tomatoes, onions, fritters, etc. Even with meat, we have to earmark a piece to give to the tax collectors.'*

A woman who used to sell milk and now sells tomatoes reports: *'In the Congo, there are also people that we call 'DEMOB' who steal our milk and even our cans.<sup>39</sup> There are also officers at Rond Point Birere who ask for our money and we don't know why we're paying.'*

A woman who sells beans declares: *'We do not sell freely in Goma due to the fact that we don't have a fixed place to sell and we don't have documents that allow us to circulate freely.'*

Speaking of the harassment of Rwandan women, a vendor of sugar, rice and tomato puree explains: *'In the Congo, a Rwandan woman has no value, they intimidate her, they insult her – she even has her body touched by anyone at any moment.'*

During the interview, a Rwandan woman who we met at Petite Barrière declares: *'We, the women, are the target of military officers, so there's a risk of adultery or rape.'*

During the workshop on the preliminary findings of the research, the Mayor of Goma and the commander of the border police agreed to post a notice to traders crossing the border, advising them to contact local service personnel for support if when they fell victim to harassment, illegal taxation, etc. The notice includes a telephone number and postal address. This suggestion was complemented by a second proposal to create an 'ombudsman' – a neutral, independent service – to deal with traders' complaints.

### 2.6.2 Female Congolese traders' complaints

Below is the synthesis of the complaints put forward by female Congolese traders during focus-group interviews in Goma in November 2009:

#### 1. Competition and conflict

- *'Female Rwandan traders steal our customers because they practice itinerant trade to sell their products while we are at fixed places in the market. We pay taxes and they do not pay anything. We are also harassed for a licence.'<sup>40</sup>*

<sup>39</sup> Probably demobilised soldiers or war veterans, known as 'Kajoriti' ['those wounded in the war'].

<sup>40</sup> The licence is issued by PMEIA in receipt of payment of tax, and gives the trader the right to practice in a market. The licence can only be issued to Congolese citizens, as foreigners do not have the right to trade in the DRC.

- *'The female Rwandan traders go to buy products from suppliers in the interior or in villages, instead of going to warehouses.'*
- *'When we sell products like beans or maize in Rwanda, we have to pay a high tax to the RRA and we have to sell our products more cheaply at Gisenyi warehouses as we find ourselves in competition with the traders who have committed fraud (chora chora) and not paid anything.'*
- *'There is a problem with the presence of small informal markets along the roads and in front of the shops in Goma.'*<sup>41</sup>

## 2. Harassment by Congolese customs

- *'For informal taxes, they forcibly rip the money out of our hands with a lot of intimidation.'*
- *'We pay money and "samples" at the Congolese border. Often the tax collectors themselves take three or four tomatoes from us if we do not have CF200 (US\$0.20) or CF300 to pay.'*
- Taxes vary daily.
- The number of government actors at Congolese customs is too high.

## 3. Discrimination against female Congolese traders by female Rwandan traders

- *'In the instance of a lack of products in Gisenyi, the female Rwandan traders discriminate against us. They buy all the merchandise in bulk, and sell it to Rwandan women at a low price and to the Congolese at a high price.'*
- In Gisenyi, Congolese traders can only buy or sell at a warehouse or at a market, itinerant trading being prohibited.

## 4. Other problems

- *'In Gisenyi, there are no problems unless we do not have tokens or our identity cards, then we are flogged.'*
- *'Kibabi market (in Goma) is not well built. When it rains, customers have no way to get in and they go to buy elsewhere.'*
- Instability of the Congolese currency, compared to the US dollar and Rwandan franc.
- Taxes are high [in Rwanda].
- *'Each person sets the price as he or she wishes; the administrative authorities do not control the prices.'*<sup>42</sup>
- Some Congolese traders in the warehouses use crooked weights to extort money from buyers, and there is poor administrative control.

### Information box 4: Testimonies from female Congolese traders

A woman who sells tomatoes with 12 years experience says: *'Those of us who are at the markets don't sell anymore because customers are buying products more cheaply at home from Rwandans, with their door-to-door system.'*

A woman who sells tomatoes with 30 years experience says: *'The taxation system at the Congolese border is badly organized. We pay through intimidation and each border officer puts the money in his pocket.'*

A woman who sells onions at Mikeno market reports: *'We're scared in Rwanda, as we do not want to wear the pink outfit.'*<sup>43</sup> *The police officers hit us if we don't have a card.'*

41 These informal markets become 'formal' when the 'heads' of neighbourhood are paid CF100 each day.

42 Clearly, state control of market prices would contravene the principles of trade liberalisation.

43 The uniform of Rwandan prisoners.

### 2.6.3 Specific difficulties faced by women traders

Just over half the female Congolese traders (51 percent) and a large proportion (66 percent) of female Rwandan traders say they face no particular difficulties when crossing the border for trade. Others say that the difficulties specific to women are:

- Harassment, by authorised or unauthorised state actors at the borders (DMIAP, T2, Rwandan military, police from both countries), the Maibobo and other civilian groups, and from the population of Goma (24 percent);
- Women often do not have identity cards and have more difficulties crossing the border (4 percent);
- Women are flogged while they wait for tokens, or when caught committing fraud (7 percent);
- To facilitate movement across the border, women are forced into prostitution, with all its consequences (3 percent).

**Table 16: Specific difficulties faced by women**

In your opinion, what is the main difficulty faced by women traders at the border point?	Congolese traders (320)	% Congolese traders	Rwandan traders (685)	% Rwandan traders	Total traders (1005)	% total traders
Harassment by state actors (DMIAP and T2)	40	13%	32	5%	72	7%
Harassment by Rwandan military	35	11%	35	5%	70	7%
Police harassment in both countries	24	8%	46	7%	70	7%
Problems when we do not have an identity card (paying money, delays, going through the bush, risking arrest, etc.)	23	7%	18	3%	41	4%
Jostling, risk of logging, being trampled at the border because of tokens or in instances of fraud	18	6%	53	8%	71	7%
Harassment by authorised and unauthorised state actors and by Maibobo in DRC	11	3%	16	2%	27	3%
Informal taxes in DRC	10	3%			10	1%
Border officers lack respect for women (they touch them everywhere)	8	3%			8	1%
Risk of prostitution or cohabitation with border officers	8	3%	19	3%	27	3%
Going through the bush if customs are closed or to avoid taxes	7	2%			7	1%
Women as victims of extortion	2	1%	13	2%	15	1%

Risk of losing merchandise when effects are seized by Rwandan customs	2	1%	3	0%	5	0%
Risk of rape by military, Rasta, police officers (in the city or when moving through the bush)			5	1%	5	0%
Multiplicity of taxes	3	0%			3	0%
Other	6	2%	5	1%	11	1%
No particular difficulties for women	163	51%	450	66%	613	61%

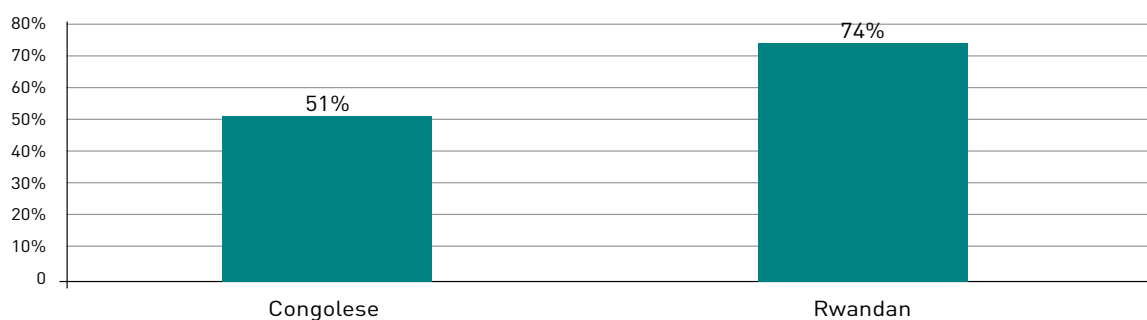
Other difficulties for women that are less reported are:

- Difficulties for Rwandan traders in speaking Kiswahili, making work in Goma difficult;
- Fatigue caused by moving around with a basin on the head;
- Physical contact by border officers;
- Need to travel through the bush when customs are closed or to avoid taxes.

#### 2.6.4 Relations between female Congolese and Rwandan traders

Asked whether they encountered difficulties in their relations with traders from the other country, half the Congolese traders reported that they had disputes with small-scale traders from Rwanda. However, the proportion is higher (nearly three quarters) for Rwandan traders with their DRC counterparts.

**Diagram 2: Proportion of those encountering difficult relations with traders from other country, by nationality**



Congolese female traders are bothered by competition from their female Rwandan counterparts, and the conviction that, when there is a lack of goods in Rwanda, Rwandan traders ‘favour their brothers’. Rwandan women feel that they are ‘chased from the market’ by their Congolese competitors; do not have a market of their own; and are subject to harassment from multiple agencies. Rwandan women have the same feeling of discrimination as their Congolese counterparts, complaining that sometimes Congolese women ‘refuse to sell them their merchandise’.

Given the strong interdependence of Goma and Gisenyi markets, female Congolese and Rwandan traders are, indeed, in competition. This explains their sense of discrimination or ‘unfair competition’. To this competition – a normal phenomenon in trade anywhere – is added a sense of distrust arising from the recurrent conflicts, which traders tend to express only indirectly. One female Rwandan trader says: *‘We don’t know how to stop the Congolese from hating us. We do everything to make them feel at ease on our side.’*

Relations between female Congolese and Rwandan traders are influenced by the prevailing political and security situations. After the rebel General Laurent Nkunda captured Bukavu in June 2004, the Rwandan authorities closed the border for a month, causing major problems for those dependant on cross-border activities and a spike in the price of foodstuffs. One female Rwandan trader said: *'We are less and less discriminated against, even by the Congolese population, since the Nkunda affair ended.'* Whenever North Kivu province is insecure, trade between Goma and Gisenyi is blocked, resulting in rising prices.<sup>44</sup>

## 2.7 Courses of action according to women traders

Women traders of both nationalities suggest the following as means of improving the cross-border trade:

- Reduction of poverty by the state
- Opening a one-stop border point on the Goma border
- Reducing the number of state officials at the Goma border
- Increasing traders' capital and access to credit
- Official commitment to tackling harassment.

**Table 17: Traders' suggestions for improving cross-border trade\***

What do you propose would improve your trade?	Congolese traders (320)	% Congolese traders	Rwandan traders (685)	% Rwandan traders	Total traders (1005)	% total traders
Reduce poverty	193	60%	464	68%	657	65%
Open a one-stop border point in Goma	162	51%	384	56%	546	54%
Reduce the number of service groups at the border	149	47%	425	62%	574	57%
Improve capital	94	29%	288	42%	382	38%
Give us access to credit	74	23%	97	14%	171	17%
Fight against the various forms of harassment	17	5%	95	14%	112	11%

\*Several responses possible

The traders' main suggestions concern the state's role in reducing poverty in both countries, particularly the improvement of the ability of small-scale traders to increase capital and gain access to credit. Rotating projects for the granting of credit would increase small-scale traders' capital and reduce the level of poverty over the long term.

Another common proposal is the standardisation of tariffs by opening a one-stop 'shop' at the Goma border post. Such an initiative would require rigorous administrative measures, including the recruitment of trained staff and computerisation of the collections system.

<sup>44</sup> See Pole Institute: *Les Frontières: Lieux de Division ou Passerelles d'Échange? Impact de la fermeture de la frontière entre Goma et Gisenyi*, Fissure No. 5, January 2007.

For Rwandan traders, the fight against harassment by police, Mabobo, Rasta and the population at large is important.

The following suggestions emerged from women participating in the focus-group discussions in Goma and Gisenyi.

#### Rwandan women traders' suggestions

- Creation of a recognisable office on the Congolese border where taxes can be paid and receipts issued to facilitate cross-border movement. One condition for the success of this proposal is the consolidation and reduction of existing taxes.
- Reduction of taxes by RRA to eliminate *chora chora*, which endangers small-scale traders' activities.
- Creation of a bureau in Goma to advocate for female Rwandan traders in the event of difficulties.
- Reduction of import/export taxes in both countries and differentiation between small and large-scale traders in terms of tax rates. Taking into account their reduced capital, small-scale traders are unable to pay the market entry fees.
- Construction of a market for Rwandans in Goma for the display and storage of their products.
- Enforcement by the Congolese government of security and the rule of law so that the Rwandan women feel as at ease as 'the Congolese do in Gisenyi'.
- Fostering a forum where small-scale traders of both countries can discuss tax issues, harassment, security, discrimination, etc.
- That Congolese traders see them as human beings, like them, and not as enemies. '*We are traders and not politicians.*'
- Rwandan and Congolese authorities work out how best to resolve the problem of small-scale cross-border trade in agricultural products.

#### Congolese women's traders' suggestions

- Creation of a static market for Rwandan traders to resolve the problems caused by itinerant trading.
- If this is not possible, Rwandan traders should be allocated places at Goma market where they can pay taxes and sell goods 'in the same way' as Congolese. Failing that, they should sell their products in Rwanda and Congolese can go there to buy them.
- Reduction of taxes because of narrow profit margins.
- Re-organisation by the government of state actors in charge of collecting taxes at the Goma border.
- Creation of a one-stop crossing point to reduce harassment.
- Establish dialogue between traders from the two countries;
- Removal by the Goma authorities of small markets in front of shops or at the edge of roads, particularly in the evening; prevention of their formalisation by heads of the neighbourhoods.
- Re-establishment of a partnership between associations of small-scale traders in Gisenyi and Goma.
- A study by the authorities of a grant/credit system for small-scale traders.
- Effective government strategies to stabilise the Congolese currency and make market prices consistent.
- Establish dialogue between the Bas-Peuple, COFENOKI and ADEVEVI so they do not hinder one another.



## 3. CONCLUSIONS AND RECOMMENDATIONS

This study has revealed some of the difficulties facing small-scale traders who, with their families, depend upon cross-border transactions in agricultural produce between Gisenyi and Goma. Small-scale cross-border trade is the primary source of income for at least 22,000 people, and perhaps many more. These traders, most of whom are women, work individually but are interested in working in associations.

A large range and quantity of traded agricultural goods of vegetable or animal origin are produced in the two neighbouring countries. There is a long history of commercial interdependence between Gisenyi and Goma. It is, therefore, necessary for both the Congolese and Rwandan authorities to establish and implement strategies that facilitate the existing border traffic and to enhance it.

The complaints of traders from both countries have been registered and they merit attention because the interests of both countries are at stake. Further research into methods of harmonising relations between them is important both for regional development, and to reinforce peace in the wider area. Female Rwandan traders complain of multiple forms of harassment by official and unofficial actors, and the seizure of their goods at the border and in the city of Goma. Female Congolese traders are angry about competition from migrant Rwandan traders who sell their produce from door-to-door, evading taxes and the other charges that they, as citizens, must pay.

### 3.1. Discussion of courses of action

The study proposes courses of action that would allow decision makers to assist traders from both cities, promote the interests of both parties, create a dialogue as a contribution to peaceful cohabitation, and contribute to regional development.

#### 3.1.1 Competition between female Congolese and Rwandan traders

The creation of associations for traders in the same foodstuff from both sides of the border would lessen competition problems. In this way, a tomato sellers' association in Gisenyi would sell its products to the tomato sellers' association in Goma. Another possible solution is the creation of a platform of agricultural traders' associations from Goma and Gisenyi, which would be responsible for instituting dialogues and offering mediation when needed.

The practice of itinerant trading in Goma by female Rwandan traders generates conflict with female Congolese traders whose sales are affected.<sup>45</sup> One solution is to attract Rwandan traders to fixed markets where they would be more protected against harassment, theft and sexual violence. According to the Mayor of Goma, new markets have been opened, but Rwandan traders refuse to use them because they are poorly maintained or too far from their customers. Solutions include significant reduction in taxes and entry fees, and better maintenance.

The establishment of a cross-border market, where products originating in Rwanda and the DRC could be sold free of taxes, is also interesting.<sup>46</sup> Such a market, established in a central area, should receive the political commitment of the mayors of both cities, before progressive financing and management are introduced. Periodic 'border fairs', where Rwandan and Congolese products

<sup>45</sup> Small-scale Congolese traders, who do not have access to the formal market due to difficulties paying membership fees, sell in front of their homes and large streets in the evenings, but very few sell door-to-door.

<sup>46</sup> The creation of cross-border markets has been proposed by Simon Kazungu, member of the provincial assembly of North Kivu.

could be displayed side by side and sold, would contribute to increasing trust between female traders from both countries.<sup>47</sup>

### 3.1.2 Different tax regimes and socio-political contexts

Cross-border traders carry out their activities between two very different socio-political contexts and economic systems. As one participant said during the workshop on the preliminary report: *'Not only is trade informal [in the DRC], everything around it is informal too!'*

In Rwanda, there is:

- Centralisation in collection of tax with the aim of financing the national budget and facilitating commercial transactions with rigorous control and collection methods, notably through the automation of certain tasks.
- Maximisation of revenues, implying the prohibition of itinerant trading.
- Promotion of agricultural exports and protection of local production (and of other EAC members) through liberalisation of exports whose value does not exceed RWF100,000 (US\$1,720) and application of the EAC's universal classification of taxation on imports.

In DRC, there are:

- Multiple state actors at customs, some of which have clear and justified roles, while others are predatory and unregulated.
- Collection of taxes that is not rigorous.<sup>48</sup>
- Poorly applied regulation in terms of management of small-scale trade, including the liberty to practice itinerant trading and the existence of informal markets where taxes are collected by local officials.
- Variable taxes on agricultural goods are collected on entry and exit, only dependent in a small way on value and quantity.

A 'special relationship' has long existed between Goma and Gisenyi, characterised by strong, informal cooperation in spite of recurring security threats. Common decision making between those in charge of the cities is crucial to facilitating the cross-border trade, thereby strengthening both incomes and food security. A more formalised collaboration should be built between the Goma and Gisenyi authorities, with the goal of fostering the small-scale cross-border trade, in line with the DRC Constitution which grants provincial governors the right to sign agreements with authorities of neighboring country provinces, as far as small-scale cross-border trade is concerned. Although the Rwandan Constitution does not provide the same powers to provincial governors, the Kigali government could launch similar initiatives.

Regular meetings occur between the governors of border provinces in other states of the ECGLC. In the first of these,<sup>49</sup> governors recommended the standardisation and modernisation of customs' processing formalities between border provinces. Such meetings can facilitate the creation and adoption of inter-provincial agreements in economic cooperation.

With regard to the ECGLC, the list of products subject to the Protocol for the Liberalisation of the Trade in Basic Goods is being revised to improve its implementation (see annex 20).<sup>50</sup> Goods appearing on the list would circulate within the Community free of import taxes. In the long term,

<sup>47</sup> On the model of the 'Cross-border Fair', organised by the Pole Institute with support from DFID and COMESA in July 2008.

<sup>48</sup> The major problem is not the collection of taxes, but the way in which they are collected. They are often accompanied by violence and no receipt is issued. The survey indicates that such taxes are collected in more than 90 percent of cases, and do not go into the treasury coffers.

<sup>49</sup> The meeting was held on 6-7th May 2009 in Bukavu with the participation of representatives of the 14 border provinces in the ECGLC member countries.

<sup>50</sup> From its signing in 1985-1994, this agreement (adopted by the three members countries of the ECGLC) has been fully applied.

after the revision and adoption of the Protocol for the Free movement of People, Goods, Services and Capital, the establishment of a free trade zone is envisaged.

COMESA has established a Simplified Commerce Regime (RECOS) to facilitate cross-border trade. The regime allows small-scale traders to import or export without paying merchandise customs dues (appearing on a list of eligible merchandise, and by filling in a simplified Certificate of Origin) on goods with a value equal to, or less than, US\$500.<sup>51</sup> During a Nairobi meeting in October 2009, delegates from Burundi, DRC, Kenya, Rwanda, Sudan, Uganda and Zambia developed a calendar for the application of RECOS, according to which the deadline for implementation between Rwanda and the DRC was 15th January 2010. According to the representative for DRC at the 27th Inter-governmental Committee of COMESA in December 2009, the DRC pledged to apply the RECOS and finalise a list of eligible goods. The Rwandan government declared that it had also finalised and adopted a list of eligible goods for the RECOS. However, the RECOS has still not been implemented on the border between Rwanda and DRC.<sup>52</sup>

### 3.1.3 Small-scale traders' low capital

Traders in agricultural goods generally have very low capital, around US\$10.<sup>53</sup> Few traders are members of associations or cooperatives, and they have no resources other than their household incomes, or loans from family and friends. The low percentage of traders who take their capital from micro-finance agencies poses a challenge to development NGOs and donors. Allowing easier access to micro-credit for this group of economically active people (of whom the majority are women) could have an important impact on the reduction of poverty.

The support and supervision of small-scale female Congolese and Rwandan traders, organised in associations by authorities and NGOs, is particularly important for this collaboration. It would empower them to defend their interests and seek solutions to their problems, with the support of local authorities if necessary; and give them access to micro-credit on the basis of a united guarantee.

### 3.1.4 Persistence of different forms of harassment and informal taxation

The cross-border trade faces certain inevitable challenges given the different regulatory contexts in the two countries. On one hand, Rwanda centralises taxation and applies rigorous control measures. To avoid this, traders resort to *chora chora*. On the other, unclear and variable regulations on tax collection exist in DRC. Small-scale traders in agricultural goods mostly pay informal taxes to the semi-official agencies represented at the border, most of which are unauthorised.

The degrees of harassment and taxation depend on the crossing point. Most traders cross at Petite Barrière, where delays are frequent due to immigration formalities and the payment of informal fees to the many Congolese authorities. It is at Petite Barrière that the *chora chora* strategy is most commonly used.

The Gabiro Cemetery crossing is informal – a ‘passage of rats’, in the phrase of the Rwandan authorities.<sup>54</sup> The presence of military intelligence on the Congolese side, and military on the Rwandan side, mean female Rwandan traders are particularly at risk when crossing. Taxes are only collected on the Goma side and it is through Gabiro that the local drink, *mandale*, is transported, although its import is banned in Rwanda. According to the researchers, there is a degree of collaboration between the military personnel on both sides of the border when it comes to collection of informal taxes.

51 *Facilitation du commerce transfrontalier: Régime commercial simplifié du COMESA* (Facilitation of cross-border trade: Simplified commercial regime of COMESA).

52 The RECOS was implemented between Rwanda and Uganda in the framework of the East African Community.

53 Lower capital is observed among Rwandan traders compared with their Congolese counterparts. Here the median value is considered due to the wide dispersion around the observed average.

54 According to the Rwanda Revenue Authority, at the working group for the project, Gisenyi, January 2010.

## 3.2 Recommendations

In the light of this analysis of the predicament of small-scale cross-border traders in agricultural goods, International Alert and APIBA propose that particular attention be paid to the following actions.

### To Congolese and Rwandan national and provincial authorities

- The state should introduce strategies to help small-scale traders increase their capital by facilitating access to credit through micro-finance institutions; by providing easier access to markets; and (for the DRC) by stabilising the currency.
- The creation of a cross-border market in Goma or between Goma and Gisenyi, where Rwandan and Congolese small-scale traders can sell goods free of tax in a secure environment, while meeting both states' immigration requirements.
- Introduce regular cross-border fairs where Congolese and Rwandan traders can display and sell their goods;
- Reduce taxes in both countries by differentiating small-scale traders from medium and large-scale ones in assessment terms. This can be achieved by implementing the RECOS that Rwanda and DRC, as members of COMESA, have pledged – but neglected – to implement.
- Establish permanent dialogue between the local authorities of the two countries with a view to reinforcing the partnership between the neighbouring cities, establishing strategies and agreements aimed at facilitating small-scale traders' cross-border transactions.
- Regularise the Gabiro Cemetery border post so that traders can cross without harassment.
- In the long term, establish a one-stop border post at the Goma-Gisenyi border, allowing a combined inspection of goods by Congolese and Rwandan border services, thereby minimising traders' crossing times.<sup>55</sup>
- Conduct research on measures to standardise tariffs for goods not covered by the RECOS, and streamline international crossings by:
  - Retraining customs and immigration officials
  - Computerising the service to facilitate the collection of taxes, data archiving and analysis
  - Regular payment of salaries to government employees.
- The Mayor of Goma should regulate the 'pirate' street markets set up in the evening by building and maintaining formal markets where Rwandan and Congolese women can sell their merchandise.
- Implement a zero-tolerance policy towards the harassment of traders by government officials, Maibobo, Rasta and Kajoriti (war veterans).
- Legalise the practice of small-scale trade by foreigners in North Kivu in order to: a) better protect foreign traders working in DRC; and b) improve state and provincial regulation of the trade through taxation and management.
- Establish a neutral and independent ombudsman service responsible for traders' complaints, with the power and resources required to implement its mission.

### To Congolese and Rwandan traders

- Organise in associations, according to specialisation, and work to find solutions to their problems;
- Revive partnerships between small-scale traders' associations in Gisenyi and Goma.

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<sup>55</sup> As has been done at the Rwanda-Uganda border at Katuna since 2010.

### To regional integration organisations, including COMESA and ECGLC

- Take into account the challenges and economic potential of the small-scale cross-border trade in the creation, revision and implementation of regional economic integration agreements, including the ECGLC's Protocol on the Free Movement of People, Goods and Capital.
- Creation by COMESA of a strategy for regular monitoring of problems faced by small-scale traders, and help member states find concerted solutions.
- Establish Trade Information Desks at the DRC-Rwanda border where traders can obtain precise and reliable information on their rights and responsibilities, notably concerning the taxation regimes in place.<sup>56</sup>
- Encourage the member states of ECGLC and COMESA to implement the Protocol for the Liberalisation of the Trade in Basic Goods and the Simplified Commerce Regime, respectively.

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<sup>56</sup> Since the publication of the French language research report, Trade Information Desks have indeed been established by COMESA and the local authorities in Goma and Gisenyi, at the Petite Barrière.

## GLOSSARY

**Chikoudeurs:** wooden bicycles riders.

**Chora chora:** fraudulent strategy practised by small-scale traders in agricultural goods at the Goma-Gisenyi border. To avoid paying tariff, goods are divided into small quantities which can then be hidden.

**Kajoriti:** disabled military personnel, war-wounded. The term comes from the English *casualty*.

**Maibobo:** child living on the street

**Mandale:** local, maize-based drink

**Murongo:** bowl used as a unit of measurement for flour or beans, slightly exceeding 1 kg.

**Small-scale trader:** in this study this term represents any person who practices agricultural trade between the DRC and Rwanda at the Goma border, and whose daily transactional value does not exceed US\$100.<sup>57</sup>

**Bas-Peuple:** member of the Bas-Peuple association; an association whose initial mission was to bring together ‘low-wage earners’ in the cross-border trade and to serve as broker in transactions.

**Rasta:** member of the ‘Rastafari’ movement, or fan of the musician Bob Marley. In Goma, and specifically in the field of cross-border trade, the word refers to cannabis smokers who prevent Rwandan traders from practicing their itinerant trade.

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<sup>57</sup> The limit of US\$100 was decided on because this amount is high in regard to the average capital of small-scale cross-border traders in food between Goma and Gisenyi.



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