

# DERIVING MAXIMUM BENEFIT FROM SMALL-SCALE CROSS-BORDER TRADE BETWEEN DRC AND RWANDA



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# TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b>	<b>7</b>
<b>1. INTRODUCTION</b>	<b>11</b>
1.1 Background	11
1.2 Objectives of the study	12
1.3 Methodological approach	12
1.3.1 Data collection instruments	13
1.3.2 Data analysis	14
<b>2. PROFILE OF SMALL-SCALE CROSS-BORDER TRADERS</b>	<b>15</b>
<b>3. ROLE OF COOPERATIVES AND INFORMAL TRADERS' ASSOCIATIONS IN SMALL-SCALE CROSS-BORDER TRADE</b>	<b>20</b>
<b>4. IMPLEMENTATION OF EXISTING POLICIES AND LEGAL INSTRUMENTS REGULATING SCBT BETWEEN DRC AND RWANDA</b>	<b>22</b>
4.1 COMESA protocol on Small Trader Simplified Trade Regime (STR)	22
4.2 COMESA Trade Information Desk	23
4.3 CEPGL protocol on the exports and imports of raw agricultural products	24
4.4 The CEPGL travel documents	24
<b>5. OBSTACLES TO SMALL-SCALE CROSS-BORDER TRADE</b>	<b>28</b>
5.1 Informal Taxation	28
5.2 Lack of appropriate infrastructures	31
5.3 Complicated administration	32
5.4 Small traders' assessment of the quality of services delivered at the border	35
<b>6. SOCIO-ECONOMIC IMPACT OF SMALL-SCALE CROSS-BORDER TRADE</b>	<b>37</b>
<b>7. TRADER RELATIONS</b>	<b>40</b>
<b>8. CURRENT INITIATIVES IN CROSS-BORDER TRADE AT THE DRC/RWANDA BORDER CROSSINGS</b>	<b>42</b>
<b>9. CONCLUSIONS AND RECOMMENDATIONS</b>	<b>44</b>
9.1 Conclusions	44
9.2 Recommendations	45
<b>10. REFERENCES</b>	<b>48</b>

# ABBREVIATIONS

<b>CEPGL</b>	Communauté Economique de Pays de Grands Lacs (Economic Community of Great Lakes Countries)
<b>CFR</b>	Congolese Franc
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>DGDA</b>	Direction Générale des Douanes et Accises (DRC Customs Agency)
<b>DGM</b>	Direction Générale de Migration (Congolese Immigration Agency)
<b>DRC</b>	Democratic Republic of Congo
<b>EAC</b>	East African Community
<b>MAGERWA</b>	Magasins Généraux du Rwanda
<b>OCC</b>	Office Congolais de Contrôle (Congolese Standard Control Agency)
<b>RWF</b>	Rwandan Franc
<b>RRA</b>	Rwandan Revenue Authority
<b>SPS</b>	Sanitary and Phytosanitary Measures
<b>STR</b>	Simplified Trade Regime
<b>TID</b>	Trade Information Desk
<b>USAID</b>	US Aid Agency
<b>US\$</b>	US Dollars
<b>VAT</b>	Value Added Tax

# EXECUTIVE SUMMARY

In many African border regions, the potential for small-scale cross-border trade to contribute to food security, provide employment and to allow millions of people to have inexpensive access to goods and services unavailable in their own countries is widely recognised. Thousands of small-scale traders cross the border between DRC and Rwanda every day, selling or purchasing goods, and facilitating access to goods and services unavailable in their own countries. However, some important questions related to this business remain. Little attention has been given to: the identification of the types of infrastructure needed by small-scale cross-border traders for improving their working conditions; the role played by cooperatives and small-scale traders' associations; understanding of the level of awareness and observance, among small-scale cross-border traders and border officials, of the existing CEPGL and COMESA trading protocols. This study attempts to address those questions.

This study focuses on two border crossings: Goma/Rubavu and Bukavu/Rusizi, as more than 90% of the small-scale trade between the two countries cross these borders (BNR reports). A total of 260 traders were surveyed (139 from DRC, and 121 from Rwanda). Four focus groups and 25 individual in-depth interviews with traders and border officers were conducted.

The major findings of this research are:

- The majority of small-scale cross-border traders are women (83%), and the majority (82%) of them confirmed that small-scale cross-border trade was their main source of income. About 65% of the traders are the main breadwinners of their families.
- Rwandan traders have an average lower start-up capital (US\$39) than their Congolese counterparts (US\$74).
- Many of the traders sell goods on streets. This is mostly the case for traders originating from Rwanda: about 46% of traders from Rusizi, and 38% from Rubavu sell their goods on streets, as against 27% of traders from Goma, and 35% from Bukavu. Conducting their business on the streets exposes these traders to harassment by police officers and street children (Maibobo).
- The most traded goods from Rwanda to DRC are agricultural commodities, while manufactured commodities are the most exported goods from DRC to Rwanda. It is also important to mention that more men than women trade livestock (31.1%, against 17%), and more men than women trade industrial commodities (20%, against 17.8%). Only 20% of men trade agricultural commodities, against 49.8% of women; 16% of men trade arts and crafts products, against 0.046% of women; and 11% of men trade fishery products, against 15% of women.
- 54% of the respondents are members of cooperatives. This percentage is much higher for Rwandan small-scale cross-border traders than for their Congolese counterparts, given that the culture of cooperatives is more developed in Rwanda and receives much support from the Rwandan government. Respondents cited different reasons why they are not members of cooperatives. Some regarded cooperatives as not relevant to their business; some claimed not to have enough time to be active in cooperatives; others said that they were unaware of the existence of cooperatives in their areas.

- One of the objectives of this study was to analyse the level of awareness and observance, among small-scale cross-border traders and border officials, of the existing CEPGL and COMESA trading protocols. The survey shows that the level of knowledge of these protocols is very low, both for traders and border officers. Taking the case of the COMESA Trade Information Desk which is operational at the Goma/Rubavu border, only 31% of small-scale traders from Goma, and 36% from Rubavu knew of its existence. Only 15% of traders who know about the TID had ever once used its services, and more than 77% of them rated their services as poor or very poor. Dissatisfaction with the services on offer from the TID further explains why more traders are not aware of its existence.
- There are numerous obstacles to the small-scale cross-border business. The study shows that the haphazard levying of informal taxation, the lack of appropriate infrastructure at the border, and a complicated administration are the main challenges faced by small traders at the Rwanda/DRC border. These challenges have to be addressed rapidly if this business is to contribute in an effective way to the alleviation of poverty in these border areas.
- An average 71% of small-scale cross-border traders surveyed confirmed that they have been able to visit a doctor when a member of their family is ill. This rate is higher in Rwanda (85% in Rusizi, and 77% in Rubavu) than in DRC (51% in Goma, and 70% in Bukavu). On average, traders have about three children who go to school, and the school fees for about 2.26 children are paid thanks to income earned in the small-scale cross-border trade.
- Small-scale cross-border trade has given a boost to traders' networks. Invitations to attend social events on the other side of the border have increased for many traders (40% of respondents) since they started their businesses.

The main recommendations based on the research findings are as follows:

### ***1) Reduce administrative obstacles faced by small-scale traders at the border:***

- One of the major challenges facing small-scale traders at the border is in obtaining free access to the 'Jeton', a daily authorisation paper allowing an individual to move within the municipal limits of the border towns of Rubavu/Goma and Rusizi/Bukavu. On the DRC side of the border, the Ministry of Trade and the provincial officials of the DGM should make sure, first of all, that the issuing of the Jeton is accelerated, and secondly that money is no longer asked of traders for a document that was always intended to be free.
- On the Rwandan side of the border, in particular at the Petite Barrière border post where the delivery of the Jeton has been computerised, traders complain about queues and the delays that this system imposes on them. The immigration office of Rwanda should increase capacity and the number of machines through which the document is dispensed.
- On the DRC side of the border, small-scale traders have cited the DGM, police, and the Sanitation Service as the state agencies operating at the Congolese border crossings from whom they are most likely to experience harassment, and this in addition to the interference of informal actors. Organisations like International Alert and traders' associations in Goma and Bukavu, which regularly plead in favour of small traders, should pay particular attention to these state agencies. State agents, abusing their positions to harass these traders, should be punished; police should arrest informal agents, and punish border officers who use these people to harass small-scale traders.
- Some of the challenges faced by traders at the border cannot be solved without the commitment of high-level authorities. Representatives of both countries' ministries related to cross-border trade (Ministries of Trade and of Finance) should meet regularly to discuss those issues, suggest solutions, and follow up their implementation.

## **2) *Transparency in tax collection:***

- The majority of traders are ready to pay taxes but denounce the collection of bribes and the multiplicity of state agencies involved in tax collection at the DRC side of the border. Centralisation of tax collection in a 'Guichet Unique' on the DRC side of the border should be encouraged and could reduce harassment of small-scale traders by circumventing informal tax collection. This recommendation was made by almost all traders, be they Rwandan or Congolese. Several reports have highlighted the negative impact of the multiplicity of agencies operating at the Congolese border crossings (more than 15), while only four state agencies are authorised to operate at the border: Customs (DGDA), Immigration (DGM), Sanitation Service (PNHF), and Quality Control of Goods (OCC). The Congolese government should limit activity to just these four state agencies if small-scale trade at the Congolese/Rwanda border is to be improved.
- Traders are not aware of which goods are tax-exempted, nor of rates of tax. The placement of posters containing this information at border crossings, by the DGDA in DRC and by the RRA in Rwanda, would represent an improvement.

## **3) *Improve infrastructures at the border:***

The construction of markets very close to the border could reduce the insecurity faced by women when trading on the streets in Goma and Bukavu, and the fatigue experienced when trading door-to-door or on streets far from the border, carrying heavy weights of commodities. Other facilities recommended by small-scale traders, border officers, and other experts in the small-scale cross-border trade are warehouses and cold rooms. The building of warehouses and cold rooms at the border could minimise losses incurred by small-scale traders due to a lack of storage facilities. All of these infrastructures would contribute to improving the working conditions of small-scale traders, and to increase their benefit and working capital.

## **4) *Improve the market information system:***

Research has demonstrated the importance of the cell phone as a means for traders to communicate on issues related to the small-scale cross-border trade (prices and availability of goods and customers). Strategies should be devised and implemented for developing this system and making it more beneficial for small traders and their businesses. International organisations like the World Bank and TradeMark East Africa can support projects or cooperatives aiming to provide small-scale traders with cell phones, and to organise training for improving their telecommunication capacities (using SMS, for example).

## **5) *Encourage small-scale traders to join traders' associations or cooperatives:***

- The research has demonstrated that the rate of traders' membership of cooperatives is still low (although the rate is a bit higher for Rwandan traders than for their Congolese counterparts). However, it is clear that traders who are members of cooperatives and associations are more aware of their responsibilities and rights and how to defend them. Existing traders' associations should raise awareness among small-scale cross-border traders about the advantages of cooperative membership.
- Small-scale traders can be encouraged to join cooperatives if registration costs and the required periodic contributions are reduced, since many traders have cited these costs as major reasons for their reluctance to join them.

### ***6) Provide incentives for DRC and Rwanda to implement trade protocols:***

There is a lack of awareness of COMESA's STR and the CEPGL protocols on the trade of raw products among both traders and border officers. This is understandable, since neither of the two agreements has been properly implemented, by the Rwandan and DRC governments. It is important and urgent that they are fully implemented, however, as the two protocols have the potential to increase the volume of trade between the two countries, and could contribute to the improvement of the living conditions of poor micro-entrepreneurs. Some important donors of the two countries, like the World Bank, could apply the necessary pressure on both countries to get the trade protocols implemented. COMESA, CEPGL, the governments of DRC and Rwanda, and other interested donors could then fund the training on these protocols of border officials and traders (through their cooperatives).

# 1. INTRODUCTION

## 1.1. Background

Research has shown the potential of small-scale cross-border trade (SCBT) to stimulate growth and reduce poverty. A number of studies have shown how small-scale cross-border trade, especially in Africa, can contribute to food security, provide employment, and allow millions of people to have cheap access to goods and services unavailable in their own countries (Morisho, 2014, World Bank, 2011). Small-scale cross-border trade can be seen as a response by poor populations, particularly women, to pre-existing economic constraints. It can act as an important channel through which consumer goods are distributed. Many small-scale cross-border traders live in countries characterised by poor political and economic governance, and where security and job creation are lacking. In such contexts, small-scale cross-border trade is often the only means to earn a regular income.

The 2011 World Bank report notes that SCBT is of more benefit to poor households compared to large-scale trade. A World Bank study (2011) highlights, for example, the fact that, at border crossings between DRC and Rwanda, the volume of the small-scale cross-border trade is five times higher than that of formal trade.

It is important, however, to note that this informal trade is not illegal. This business is informal only inasmuch as it is disorganised and not recorded by customs offices. Lesser and Moisé-Leeman (2009) define informal small-scale cross-border trade as a trade in legitimately produced goods and services, which avoids certain taxes and regulatory requirements set by governments. However, many small-scale traders pay taxes and pass through official border posts. Thus, to an extent, small-scale cross-border trade can be considered official.

While Rwanda has experienced political stability and strong economic growth for the last 15 years, DRC, and in particular its eastern part, has remained unstable for the same period. This long-term instability has strongly affected the country's economic sector, especially the agricultural sector where productivity has declined rapidly. As a consequence, eastern DRC, which was once an exporter of foodstuffs to countries of the Great Lakes region, is now a net importer of these commodities, in particular from Rwanda (Morisho, 2014).

In 2014, Rwanda's total informal cross-border trade transactions amounted to US\$137.6 million compared to US\$65.8 million in 2009. This increase was driven by significant growth in exports, which grew by 162.8%, from US\$44.5 million to US\$116.7 million, during the same period, due to a strong performance in the Rwandan agricultural sector, driven by the crop intensification programme as well as high demand in DRC for agricultural products from Rwanda. DRC took the lead in imports from Rwanda from 2009 to 2014 (80.6% of total informal cross-border trade exports).

Despite significant progress in facilitating small-scale cross-border trade through trade mechanisms established by regional organisations like the Common Market for Eastern and Southern Africa (COMESA) and the Economic Community of Great Lakes Countries (CEPGL), small-scale cross-border trade still faces many challenges. These must be addressed if the small-scale trade is to play an active role in the alleviation of poverty.

**Table 1.** Rwandan exports under SCBT (percentage shares by destination)

Years	Burundi	DRC	Tanzania	Uganda
2009	11.5	83.1	0.0	5.4
2010	15.1	78.1	0.1	6.8
2011	14.5	79.2	0.3	6.0
2012	11.2	78.8	0.2	9.8
2013	8.2	83.2	0.1	8.5
2014	8.5	81.6	0.1	9.9
<b>Average</b>	<b>11.5</b>	<b>80.6</b>	<b>0.1</b>	<b>7.7</b>

Source: BNR, Statistics Department

It should be mentioned, however, that although the economic importance of this business activity is widely recognised, it is only as recently as 2007 (with the publication of Tegera and Johnson's study on cross-border trade between DRC and its neighbours) that the small-scale cross-border trade in the Great Lakes Region has attracted the attention of national and international institutions, NGOs, regional economic organisations, and academics. This survey builds on existing studies, and aims to fill some gaps and explore further ways of deriving maximum benefit from small-scale cross-border trade between DRC and Rwanda.

### 1.2. Objectives of the study

This study aims at:

- Presenting the characteristics of the small-scale cross-border trade across the DRC/Rwandan borders;
- Identifying the types of infrastructures needed by small-scale cross-border traders for the improvement of their working conditions;
- Analysing the role of cooperatives and small-scale traders' associations;
- Measuring the level of awareness and observance of the existing CEPGL and COMESA trading protocols among small-scale cross-border traders and border officials;
- Understanding how small-scale cross-border traders access information about market conditions (supply and demand);
- Understanding the effects of small-scale cross-border businesses on the socio-economic conditions of traders; and
- Providing recommendations aimed at informing interventions favourable to small-scale cross-border traders operating at the DRC/Rwandan borders.

### 1.3. Methodological approach

A combination of two methodological approaches was used in the collection of the data needed for a better understanding of the small-scale cross-border trade at the Goma/Rubavu and Bukavu/Rusizi border crossings. A qualitative approach was used in gathering detailed information on the business successes of traders, specific problems they face when trading, and their views on how to solve these problems. A quantitative approach was used to collect data on traders' profiles, their businesses, trade barriers, knowledge of different instruments regulating cross-border trade and the socio-economic impact of the business activity.

### **1.3.1. Data collection instruments**

Different types of instruments were used to collect data:

#### **1.3.1.1. Collection of quantitative data through questionnaire**

The questionnaire was mainly constituted by simple, brief and closed questions, which helped to limit responses to the kinds of responses needed by the researcher.

Concerning traders, the questionnaire enabled data collection on:

- Respondents' socio-demographic information: age, marital status, sex, place of living, size of household, level of education, languages spoken, etc.;
- Business data: including information on how the trader started the business, the age of the business, types of goods traded, appreciation of business risks, membership of cooperatives or associations, reasons for engaging in SCBT, the starting and current working capital, how the starting capital was acquired, etc.;
- The impact of the SCBT: information on the social and economic impact of the business; and
- Obstacles to SCBT: including information on tariff- and non-tariff-based obstacles.

To ensure that the data collected by questionnaire were of good quality, several strategies were adopted: the development of the questionnaire involved consultants, International Alert and Pro-Femmes, all of whom were involved in a meeting at which the questionnaire was validated; enumerators were trained, and a test of the questionnaire was carried out to make sure that enumerators were able to administer it in a very effective way; and supervisors were used to make a follow-up of data collection.

#### **1.3.1.2. Collection of qualitative data**

Two main instruments were used for collecting qualitative data: interview guides and focus group discussions.

##### **1.3.1.2.1. Interview guides**

In-depth interviews with different actors were used for collecting crucial information on small-scale cross-border trade. Interviews were conducted with Rwandan and Congolese government officials and traders in order to collect information on specific issues like traders' problems when crossing the border, their membership of cooperatives or traders' associations, their access to infrastructural facilities, their knowledge of policies and instruments regulating small-scale cross-border trade, and the impact of this business. Interviews with both traders and border officers – police, Direction Générale de Migration, Direction Générale des Douanes et Accises, and the Office Congolais de Contrôle on the DRC side of the border, and with the Rwanda Revenue Authority, police, immigration office, and Magasins Généraux du Rwanda on the Rwandan side – were conducted at the border. Interview guides were designed and used for data collection. In total, 25 interviews were conducted.

##### **1.3.1.2.2. Focus group discussions**

Group discussions provided valuable opportunities to gather information on the constraints faced by small-scale traders, and facilitated an understanding of the different practices that could be considered obstacles to

trade. Two focus groups involving both men and women were organised in Bukavu (18 people in total), one in Goma (15 people), one in Rusizi (8 people), and one in Rubavu (10 people).

### 1.3.2. Data analysis

Quantitative data entry was done by a qualified statistician using Sphynx software. Qualitative data collected through interviews and group discussions were analysed according to different themes and under different sections in the report, especially those related to the impact of, and obstacles to, small-scale cross-border trade.

**Table 2.** Sample distribution

Type of data collected	Respondents	Instruments used for collecting data	Number of respondents
Quantitative data	Traders	Questionnaire	260
Quantitative data	Traders	Guided interview and focus groups	- 14 interviews (9 Congolese and 5 Rwandans) - 4 focus groups (51 people)
	Police, customs agents, and immigration officers	Guided interview and observation	- 4 interviews in Goma - 3 interviews in Bukavu - 2 interviews in Rusizi - 2 interviews in Rubavu

Source: Field research, June 2015

The major methodological limitation to this study was the time required for its performance. In fact, due to time constraints, only a limited number of focus groups and interviews with traders and border officers were conducted. This study focused on two border crossing points: Rubavu/Goma and Rusizi/Bukavu.

Between Rubavu and Goma, there are two crossing points separating the two cities: the Corniche (Grande Barrière) and the Poids Lourds (Petite Barrière) border posts. The Poids Lourds border post is the most used by small-scale cross-border traders.

Two border posts separate Bukavu and Rusizi: Rusizi I and Rusizi II. While the two border crossings are close to the centre of Bukavu, only Rusizi I is close to the centre of the city of Rusizi. This explains why most of the small-scale cross-border trade occurs at Rusizi I, while most heavy vehicles use the Rusizi II crossing.

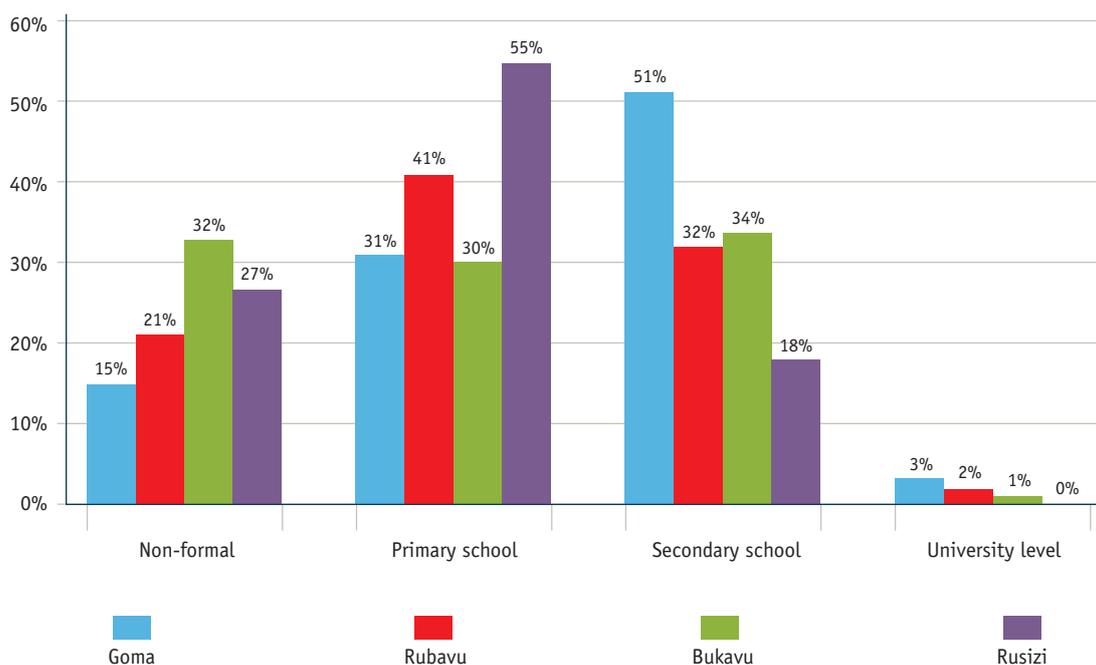
## 2. PROFILE OF SMALL-SCALE CROSS BORDER TRADERS

Of the four border crossings surveyed in this report, 23.5% of the respondents were from Goma, 23.1% from Rubavu, 30% from Bukavu, and 23.5% from Rusizi. Results show that 17% of small-scale cross-border traders are male and 83% women, a ratio in line with the findings of some of the previous studies conducted at the border between the two countries (International Alert, 2010 and 2012, World Bank, 2011).

The average household size of any one of these small-scale cross-border traders is 6.27 people. The household size is much higher in Goma and Bukavu (respectively 6.46 people and 8.53 people, against 4.39 people in Rubavu and 5.22 people in Rusizi).

Survey results demonstrate that the majority of the respondents are quite young: 15% were aged between 15 and 24 years; 69% between 25 and 45 years. Many were educated up to primary school level (38.1%); and 25.4% did not attend any formal school. As shown in Figure 1, traders from Goma seem to be more educated than those from Bukavu, Rubavu, and Rusizi. For example, more than 50% of the respondents from Goma have a secondary school level education, as against 32% in Rubavu, 34% in Bukavu, and 18% in Rusizi. Furthermore, the percentage of respondents who did not attend formal school is much lower for traders from Goma when compared with those from the other three border posts.

**Figure 1.** Education level of small-scale cross-border traders



**Table 3.** Small-scale cross-border trade sources of income

	Percentage
No answer	0.4%
<b>Small-scale cross-border trade</b>	81.9%
Trade in own country	3.1%
Agriculture	7.3%
Mines	0.0%
Office employee	0.8%
Lease	1.5%
Arts and crafts	0.4%
Gifts and transfers from relatives	2.3%
Other	2.3%
<b>TOTAL</b>	<b>100%</b>

Source: BNR, Statistics Department

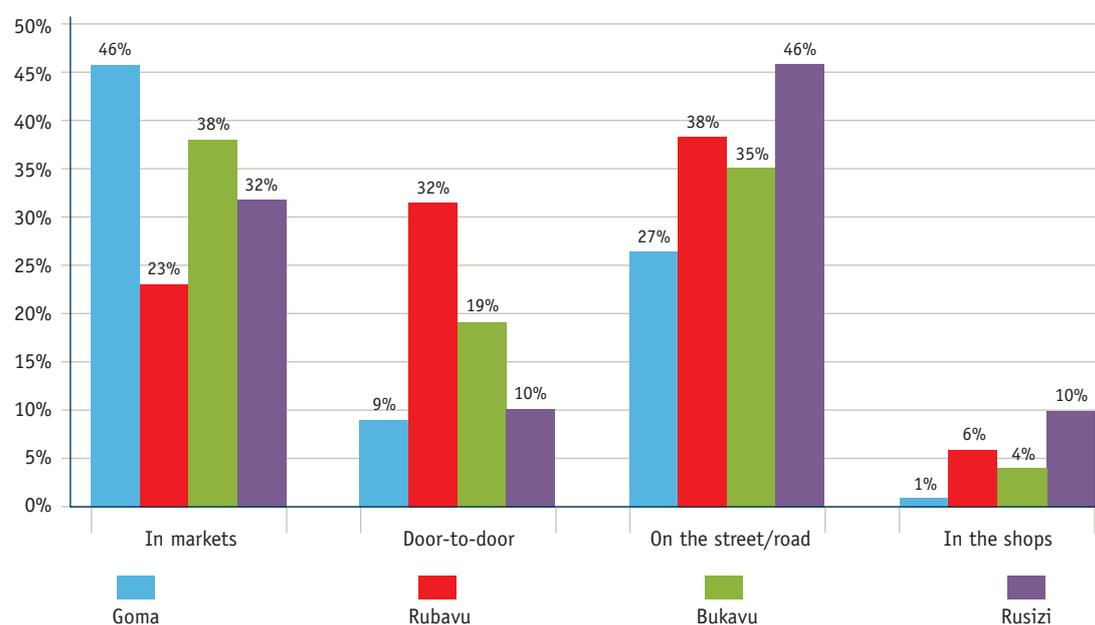
Results also show that 65% of traders are the main breadwinners of their families. 50% of the respondents stated that earnings from small-scale cross-border trade constitute 100% of their households' budget. 35% said that the trade accounted for more than 50% of their budget, while fewer than 15% considered the trade's contribution to their budget as being lower than 50%.

43% of respondents said they sell their commodities on streets, 42% in markets, 23% sell door-to-door, while only 6% of traders operate out of shops. Few traders can afford to rent a shop, as their working capital is low.

Among the reasons given for the majority preference for door-to-door or street trading are the following:

- there are insufficient selling places in the markets of Goma or Bukavu (it is forbidden to sell on streets in Rwanda);
- traders want to find customers where they are, as opposed to waiting for them in markets; and
- selling door-to-door or on the streets enables them to more rapidly sell their goods.

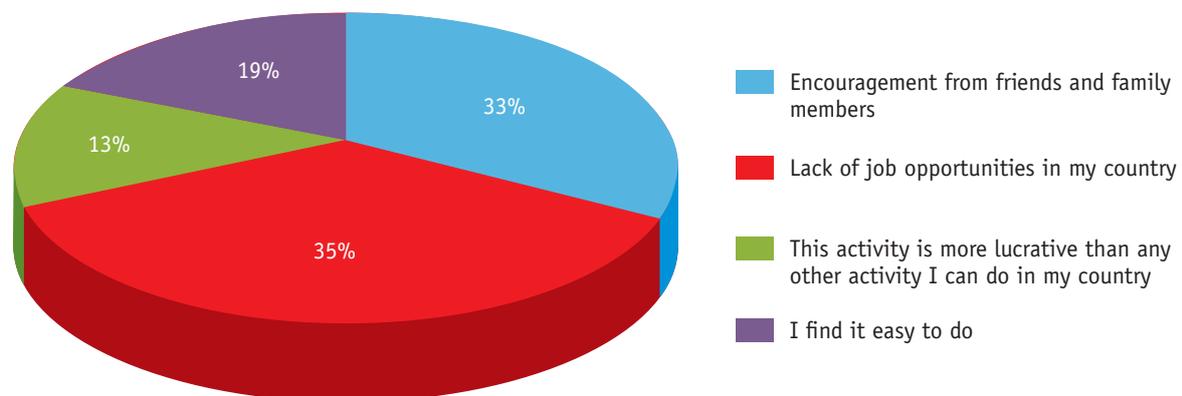
There are clearly disadvantages to door-to-door or street selling, mainly involving the exposure of traders to harassment by police officers and street children (Maibobo), especially for Rwandan traders operating in Goma. Figure 2 shows that Rwandans represent the majority of small-scale cross-border traders who mostly sell their commodities on the streets and door-to-door. About 46% of traders from Rusizi, and 38% from Rubavu, sell their goods on the streets (against 27% of traders from Goma, and 35% from Bukavu). Conversely, only 23% of small-scale traders from Rubavu, and 32% from Rusizi, operate in markets, against 46% from Goma, and 38% from Bukavu. One way to protect these traders from the harassment to which they are subjected could be to develop a markets infrastructure near the border where they can safely operate, and sell or purchase commodities.

**Figure 2.** Places where small-scale cross-border traders sell commodities

Disaggregation of data by sex shows that there is no significant difference between men and women as far as selling places are concerned. 31% of men and 38% of women sell in markets, 23% of men and 19% of women engage in door-to-door selling, 38% of men and 38% of women sell on streets, and only 8% of men and 5% of women sell their commodities in shops.

The majority of traders decided to engage in small-scale cross-border trade due to the lack of job opportunities in their own countries (35%); others cited the encouragement of friends and family members (33%). Only 13% said that they were attracted by the high profitability of the trade.

**Figure 3.** Motivations for setting up small-scale cross-border trade



Numerous commodities are exchanged between DRC and Rwanda. These commodities can be classified into four categories:

- Agricultural commodities: 44.2% of all commodities traded;
- Livestock: 19.2% of all commodities traded;
- Manufactured goods: 18.5% of all commodities traded; and
- Fish: 14% of all commodities traded.

Arts and crafts products represent less than 4% of commodities traded at the four border posts. Regarding the direction of traded commodities, Table 4 summarises the results of the survey.

**Table 4.** Direction of trade (in percentage of total traded goods)

	Goma – Rubavu	Rubavu – Goma	Bukavu – Rusizi	Rusizi – Bukavu
<b>Agriculture</b>	14.53	35.04	21.32	39.71
<b>Manufactured</b>	75.21	20.51	52.94	20.59
<b>Livestock</b>	0.00	26.50	5.15	27.21
<b>Fish</b>	10.26	17.95	20.59	12.50

Source: Field research, June 2015

The direction of trade at the four border posts is mainly from Rwanda to DRC. As far as small-scale cross-border trade is concerned, DRC is a major importer of Rwandan commodities. Of the comparatively fewer exports from DRC to Rwanda, they are constituted mainly by manufactured commodities. Table 4 shows that traders mainly export manufactured commodities from DRC (75.21% of total goods exported to Rwanda through Goma, and 52.91% through Bukavu), followed by agricultural commodities and fisheries. On the other hand, Rubavu and Rusizi mainly export agricultural commodities to DRC via Goma and Bukavu respectively (35% for Rubavu, and 39.71% for Rusizi). The second most exported commodities to DRC from the two Rwandan cities are livestock followed by manufactured commodities.

The most traded goods from Rwanda to DRC include vegetables (carrots, onions, tomatoes, aubergines, leeks, cabbages, mushrooms, etc.), fruits (bananas, pineapples, avocados, mandarins, papayas, mangoes, oranges, strawberry, plums, etc.), leguminous plants (sorghum, manioc, potatoes, sweet potatoes, beans, peas, green bananas, etc.), fish (smoked, fresh, and other types of fishes), animal products (chickens, rabbits, goats, meats of cow, sheep, eggs), manufactured products (plastic products, maize and cassava flours, salt, condiments, rice, etc.), while the most exported products from DRC to Rwanda include leguminous plants (sorghum (seasonal), manioc, potatoes (seasonal), sweet potatoes, beans (seasonal), maize grains, etc.) and manufactured products (pagnes, second-hand clothes, handbags and shoes, Nido (powdered milk), wines, tomato paste, Omo (powdered soap), etc.) (see Table 5).

Many men trade livestock (31.1%) and industrial commodities (20%) as compared to the percentages of women trading in these commodities: 17% and 17.8% respectively. Only 20% of men trade agricultural commodities, as against 49.8% of women; 16% of men trade arts and crafts products, against 0.046% of women; and 11% of men trade fishery products, against 15% of women. Overall results show that comparatively more men than women trade in high-value commodities (livestock and industrial commodities).

**Table 5.** Ranking of the most exchanged goods between DRC and Rwanda (the number of traders trading a given product in parenthesis)

Agricultural products	Manufactured products	Fisheries products	Animal products
Fresh tomatoes (28)	Maize flour (13)	Fresh fish (13)	Beef meat (13)
Potatoes (16)	Kitchen utensils (10)	Smoked fish (8)	Milk (11)
Banana (11)	Second-hand clothes and shoes (8)	Sambaza (small fish) (7)	Chicken (9)
Cabbage (7)	Salt (6)	Salted fish (6)	Eggs (6)
Mango (7)	Refined oil (3)		Goat meat (4)
Groundnuts (6)	Torches (3)		Pig meat (4)
Manioc (6)	Wheat flour (3)		
Aubergine (6)	Pagnes (3)		
Leek (5)	Cassava flour (3)		
Oranges (5)	Spades (1)		
Beans (4)	Machetes (1)		
Onions (4)	Powdered milk (1)		
Carrots (3)	Sugar (1)		
Maize (3)	Radios (1)		
Sweet potatoes (2)	Biscuits (1)		
Sweet pepper (2)	Soap (1)		
Avocado (2)	Toilet paper (1)		
Cassava leaf (2)			
Guava (1)			

Source: Field research, June 2015

Some of the products imported into DRC are consumed far away from Goma and Bukavu, the two major entry points for these products into the country. For example, milk imported into Goma from Rubavu is also transported to Bukavu using boats on Lake Kivu. Maize and cassava flour imported into Goma and Bukavu is distributed to the rural areas surrounding the two cities. On the other hand, products like pagnes and wines imported into Rubavu and Rusizi are also sold on the markets of Kigali. This shows that cross-border trade links extend not only between neighbouring cities, but also to cities located far away from the border.

It is important to recognise that in eastern DRC, poor infrastructure and political insecurity, especially in rural areas, have resulted in a strong decline in agricultural production. A 2013 USAID report highlighted the fact that agricultural exports fell from more than US\$139 million in 1990 to less than US\$42 million by 2007 while, during the same period, agricultural imports had doubled. By contrast, Rwanda has undertaken several reforms in the agricultural sector, which have led to increased production in the sector. For example, the same report showed that maize and wheat production had increased sixfold, and potato and cassava production had tripled. Rice and bean production also increased by 30%. The consequence of the corresponding decline in agricultural production in the provinces of North and South Kivu has been the scarcity of some important foodstuffs in Goma and Bukavu, leaving these two towns and some villages in eastern DRC heavily reliant on imports from Rwanda (USAID, 2013). Rwanda has consequently seen a dramatic increase in its exports to eastern DRC over a 10-year period: from 50% in 2002 to 70% of formal exports, and 80% of informal exports (Rwandan Ministry of Trade and Industry, 2012).

**Table 6.** Other general traders' characteristics

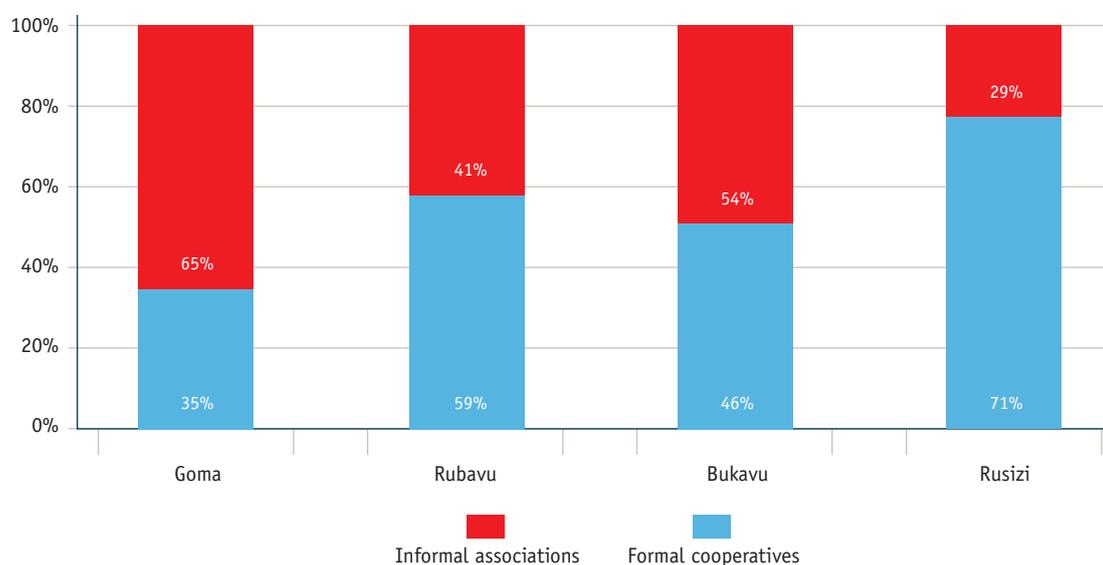
MARITAL STATUS	Percentage
Married	69%
Single	16%
Widow	9%
Divorced	3%
Separated	3%
COMPOSITION OF THE HOUSEHOLDS	
No answer	2%
With spouse	61%
Alone	9%
Other extended family members (aunties, uncles, etc.)	45%
Friends	16%
Other (children)	10%
COUNTRY OF RESIDENCE	
Rwanda	46%
DRC	54%
Other	0%
LANGUAGES SPOKEN	
Swahili	94%
Kinyarwanda	58%
French	18%
English	3%
Other (Mashi, Kihavu, Kinande, Lingala, Kirega, and Kihunde)	19%
EDUCATION LEVEL	
No answer	0.4%
Non-formal education	25.4%
Primary school	38.1%
Secondary school	33.5%
Vocational training	1.2%
University	1.5%

Source: BNR, Statistics Department

### 3. ROLE OF COOPERATIVES AND INFORMAL TRADERS' ASSOCIATIONS IN SMALL-SCALE CROSS-BORDER TRADE

Membership of a cooperative or an informal traders' association can be helpful for small traders in their businesses by providing them with advice, financial backing, training, and information on the small-scale cross-border trade. The survey revealed that 54% of the respondents are members of cooperatives or associations of small traders, while 44% are not members of any association. However, the majority of the 54% of traders are members of informal associations (58% of them) and only 42% of those respondents have cooperative membership. Figure 4 shows that Rwandan small-scale cross-border traders are mostly members of formal cooperatives (59% for Rubavu, and more than 70% for those of Rusizi, as against 38% in Goma, and 49% in Bukavu), while those of Bukavu and Goma belong mostly to informal associations. This difference could be explained by a culture of cooperatives, which seems to be more developed in Rwanda and receives much support from the Rwandan government and the civil society.

**Figure 4.** Distribution of traders according to their membership of cooperatives or associations



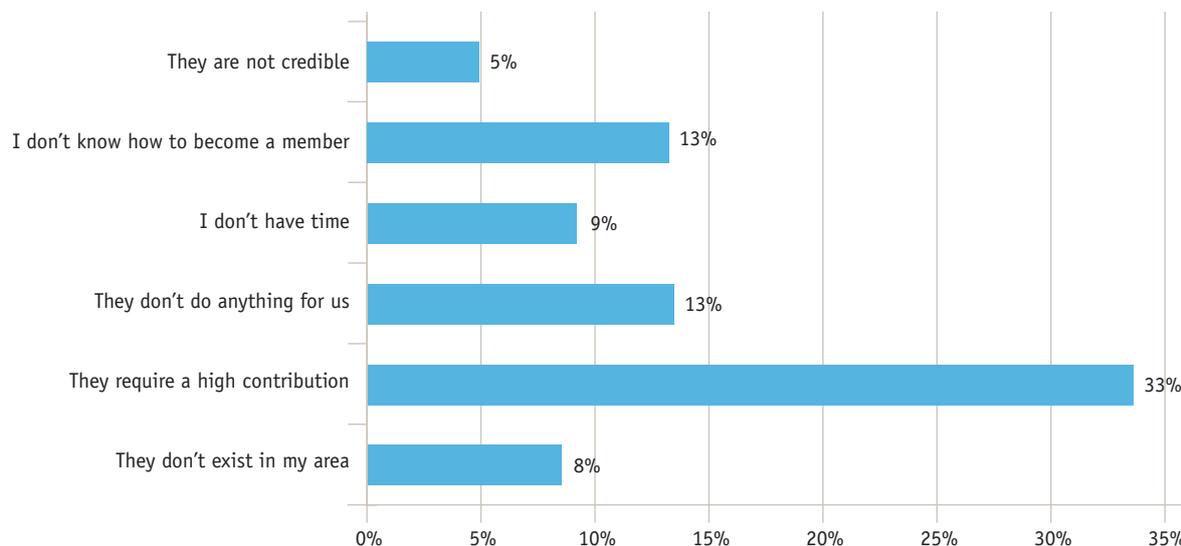
The survey indicates that cooperatives and informal associations offer different services to small-scale cross-border traders, including financial assistance or loans (72%), business information (20%), and training (4%).

Focus groups and interviews highlighted other services provided by cooperatives, including the organisation of workshops to educate members, the provision of information on the taxes that are required by law, and the organisation of meetings with authorities to discuss the challenges faced by traders at the border.<sup>1</sup>

1. Focus group discussion in Goma on the 8th July 2015.

For those traders who do not belong to any cooperatives or informal associations, different reasons are provided. They include high contribution or membership fees (33%), a lack of perceived relevance to their business (13%), a lack of time to be active in these associations or cooperatives (9%), and a lack of information about their existence in their areas (8%).

**Figure 5.** Reasons for non-membership of cooperatives or informal associations



Small traders have different means of obtaining information about selling and purchasing prices, and the availability of commodities on the markets. The majority of them use cell phones (about 70% of respondents) and verbal exchanges with other traders (66%). COMESA TID, cooperatives, and small traders' associations are rarely used by traders to get information about their business. As few as 1% of respondents use the TID, and only 3% use cooperatives for obtaining information about selling prices and availability of the goods they trade.

**Table 7.** Means of getting information on business transactions

	Information about selling and purchasing prices	Information on the availability of goods
Telephone	70.0%	69.2%
Verbal exchanges between colleagues	66.5%	66.2%
COMESA Trade Information Desk	0.8%	0.4%
Cooperative	2.7%	2.7%
Small traders' association	6.5%	6.9%
Other (ex: no source of information)	5.0%	4.2%

Source: Field research, June 2015

## 4. IMPLEMENTATION OF EXISTING POLICIES AND LEGAL INSTRUMENTS REGULATING SCBT BETWEEN DRC AND RWANDA

This section explores the level of knowledge by small traders and border officers of different policies, agreements, and instruments regulating small-scale cross-border trade. Central to this discussion is the question of whether these different actors are aware of the policies and instruments, and whether they defer to them in their daily activities.

There are numerous agreements and instruments developed by the CEPGL and COMESA, two regional economic organisations of which DRC and Rwanda are members.

### 4.1. COMESA protocol on Small Trader Simplified Trade Regime (STR)

COMESA has initiated one of the most important agreements aiming to facilitate small-scale cross-border business. The Simplified Trade Regime (STR) is intended to ease customs procedures for small-scale traders exporting or importing small consignments of goods whose value does not exceed US\$500. At a high-level meeting between the two countries, held in Kigali on the 22nd–24th July 2015, it was decided to increase that amount to US\$2,000. According to the survey, however, the majority of traders (91%) had never heard about the protocol. For those who knew of its existence, the majority of them confirmed that they did not know to what exactly it referred, or whether it related to small-scale cross-border trade. The lack of initiatives to raise awareness of existing protocols perpetuates the problem.

It is important to note that among a small number of traders who have heard about the COMESA STR and other regional protocols aiming to facilitate small-scale cross-border trade, the majority of them are members of cooperatives. Knowledge of the protocol was no guarantee of being protected by it, however, as shown in the account of this Rwandan trader at the Petite Barrière, a member of a cooperative based in Gisenyi: “I remember that in 2009 they came here and informed us about the COMESA protocol. They told us that traders having a capital less than US\$500 should not pay taxes, but even people like me trading goods whose value is less than US\$20 are still paying taxes.”<sup>2</sup>

Two main factors have negatively affected the implementation of the COMESA STR. Firstly, in order to benefit from the STR, an exporter must be VAT registered. Given that the majority of traders trade informally, they have been unable to meet this criterion (Rwandan Ministry of Trade and Industry, 2012). Secondly, DRC is a member of COMESA but not of the COMESA Free Trade Area.<sup>3</sup> However, Rwanda and DRC have recently held bilateral meetings for analysing ways of implementing the STR.

2. Interview with a Congolese small trader in Goma on the 13th July 2015.

3. The degree of economic integration can be categorised into seven stages: Preferential trading area, Free trade area, Customs union, Common market, Economic union, Economic and monetary union, Complete economic integration. COMESA is still at the very beginning of full economic integration. Under the FTA, a designated group of countries agree to eliminate tariffs, quotas, and preferences on most (if not all) goods.

## 4.2. COMESA Trade Information Desk

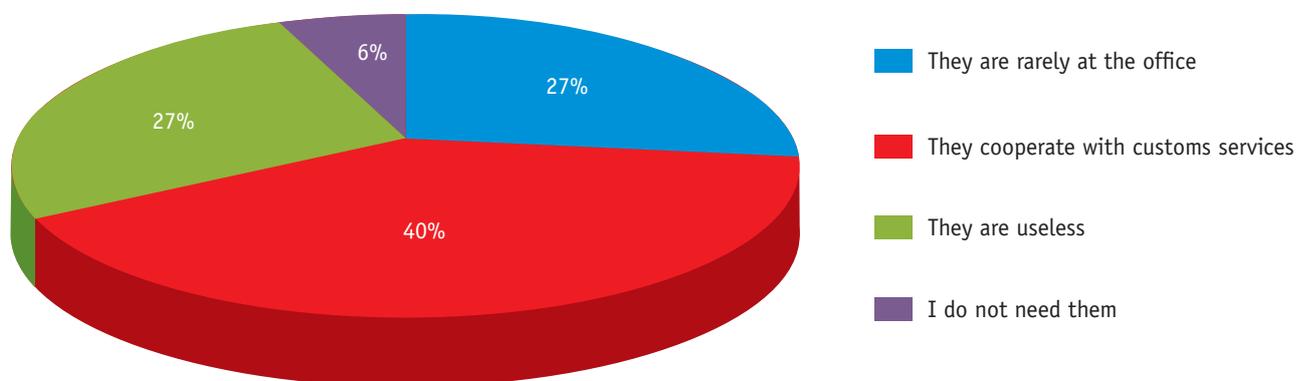
Trade Information Desks (TIDs) were established by COMESA in July 2010 at the Goma/Rubavu border to provide traders with information. No such TIDs exist at the Bukavu/Rusizi border, so the following section focuses only on the survey of traders from Goma and Rubavu.

Results of this survey show that the COMESA's offices at the Goma/Gisenyi border are known only by a few traders. Only 31% of small traders from Goma and 36% from Rubavu are aware of the existence of the COMESA TID at the border. This is surprising given that the TID is established right at the Petite Barrière border post in Goma and Gisenyi where the majority of small-scale traders pass when crossing the border every day with their commodities. Furthermore, even for those who know the TID, they have the wrong information about its role and have never used the services it is assumed to provide to small-scale traders.

According to the COMESA representative at the Petite Barrière in Rubavu and a Rwandan trader, the lack of information about the existence and role of the COMESA TID could be explained by the fact that many traders trade informally and are not members of cooperatives. The COMESA representative maintained that it is almost impossible for COMESA to work, let alone communicate, with traders who are not members of cooperatives. Since the majority of traders are not members of cooperatives, this would explain why a good number of respondents reported having no information about the TID.

Traders have also been reluctant to cooperate with the TID. Only 15% of traders who are aware of the TID have ever once used its services, and more than 77% of them expressed dissatisfaction, rating their services as poor or very poor. When asked why they do not use the TID, many of the remaining 85% thought the TID an arm of the customs services, by which they feared arrest (40%), others could not see any useful purpose in the TID. Interviews with small-scale traders, particularly from Rubavu, have highlighted their suspicions that the TID is an instrument used by the RRA in Rwanda, and the DGDA in DRC, for collecting information on them. Accordingly, it is clear that there is a problem of misinformation, possibly combined with non-performing services.

**Figure 6.** Traders' reasons for not using the TID



### 4.3. CEPGL protocol on the exports and imports of raw agricultural products

In 1980, the CEPGL launched a protocol aimed at facilitating cross-border trade between Rwanda, DRC, and Burundi. The objective of the protocol was to remove tariffs and non-tariff barriers for the trade of raw commodities produced in the CEPGL territory, i.e. goods that have not undergone industrial transformation. These goods should be allowed to circulate freely within the community, without the payment of any import and export duties. The agreement was ratified by the three member countries in 1980.

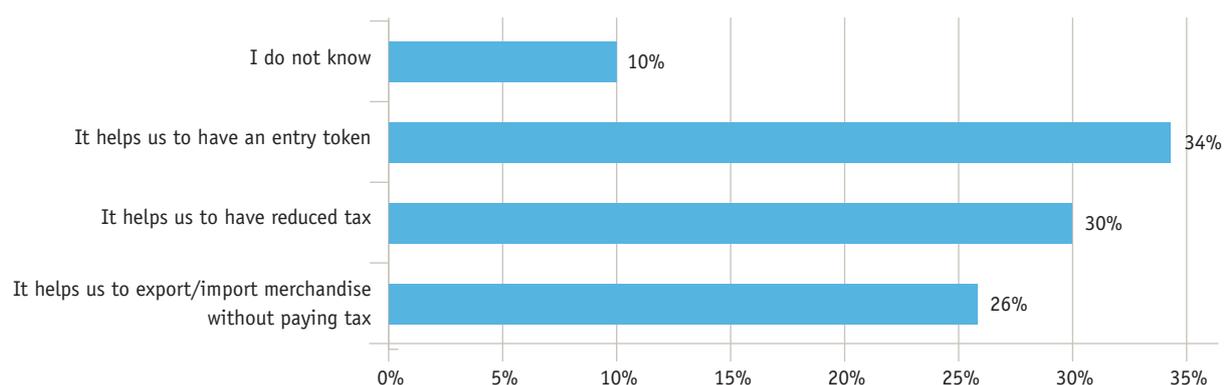
According to the Rwandan Ministry of Trade and Industry, the goods covered by the protocol include:

- mineral products extracted from the soil, or deposited on the shores of member states' coasts;
- live animals born or reared in member states;
- agricultural products;
- products of fishing and hunting practices in member states' territories; and
- products obtained from the sea by vessels registered in a member state, and flying the flag of that member state or otherwise, identifiable as members of the CEPGL.

The CEPGL has been planning to revise the agreement, especially to update the list of commodities covered by this protocol (International Alert, 2010).<sup>4</sup> This revision is yet to be finalised.

Despite the importance of this protocol for small-scale cross-border traders, the survey shows that only 19% of them are aware of the existence of the CEPGL protocol. Of these, only 26% are correctly informed about its role, the majority are misinformed. For example, almost 34% of those traders think that the CEPGL protocol on the export and import of raw products will help them to obtain the Jeton free of charge.

**Figure 7.** Traders' perceptions of the CEPGL protocol on raw products



### 4.4. The CEPGL travel documents

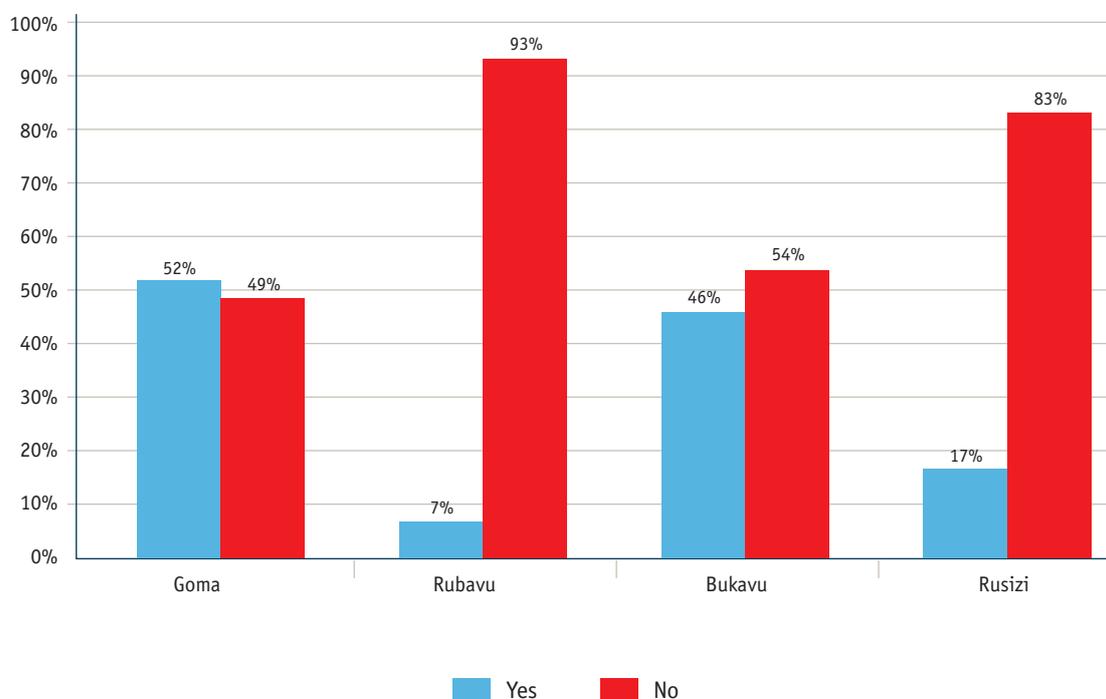
The CEPGL has undertaken other initiatives to ease cross-border transactions. For example, since 2010, and following the recommendation of the November 2009 Heads of State meeting, the CEPGL travel document allows residents of Rwanda, Burundi, and DRC to freely circulate within the CEPGL region for a maximum

4. No study has so far answered the following questions: has the revisited list of goods covered by the agreement been made available?; has the agreement applied?; and how far advanced is the CEPGL customs union process?

period of three consecutive days, and a cumulative total of 30 days per annum. Furthermore, for residents living in border areas, a national identity card is used in order to get a Jeton, allowing an individual to move within the municipal limits of the border towns of Rubavu/Goma and Rusizi/Bukavu. Those who want to travel onwards must buy a pass, a so-called *laisser passer*, a CEPGL travel document, or use their passport and get a free visa (Doevespeck and Morisho, 2012).

The Jeton is intended to be obtainable free of charge, and the majority of traders confirmed that they can obtain this document from the immigration offices without paying. However, as shown in Figure 8, it is clear that Congolese traders from Goma and Bukavu have sometimes been asked to pay for a Jeton. 52% of traders from Goma, and 46% from Bukavu, have paid at least once to get a Jeton from the Congolese immigration office, as against only 7% in Rubavu, and 17% in Rusizi.

**Figure 8.** Proportion of traders who pay to obtain a Jeton, per border post



Results of the survey show that the two main reasons why small traders pay for the Jeton are to cut queuing times (83%), and others were forced to pay (17%).

Some 33% of small-scale traders have at least once used a passport or a *laisser passer* to cross the border, while 26% among them have experience of having to pay for a visa, especially on the Congolese side of the border. About 74% of them stated that they paid in order to cut queuing times, and about 23% confirmed that they were forced to pay for a visa.

These results indicate that immigration officers in DRC routinely use their position to extort money from small traders (respectively 17% and 23% of small traders were forced to pay for getting a Jeton or a visa). It can

also be assumed that immigration officers deliberately create long queues (by slow delivery of the Jeton or visa) in order to force small-scale traders to pay for reducing the time spent queuing.

Access to the Jeton is becoming a very serious issue at the Congolese side of the border. At the Petite Barrière, small-scale traders and almost all border officers (except for those at the immigration offices) reported to our team that before 6h30, small traders have to pay CFR200 for the Jeton.<sup>5</sup>

For many traders, this is becoming the main obstacle to small-scale trade on Congolese border posts. For example, at the Bukavu/Rusizi border posts, a new practice has been put in place that requires those collecting the Jeton to first make a copy of their ID.<sup>6</sup> This practice is both time consuming and costs money. The conduct of immigration officers in DRC is likely to discourage women from continuing to trade across the border, as an account given by Mme Asha, a small trader interviewed in the market of Nguba in Bukavu testifies: “can you imagine that I wake up every day at 4h00 so that I can reach the border at 5h00 in order to be among the first to arrive and to cross the border early in the morning. But those people (immigration officers), they arrive in the offices at 6h30 instead of the official opening time of 6h00, they start by serving Jetons to those who can pay CFR500, and for us who cannot pay, we should wait until 08h00 or 09h00 before being served. How can you imagine that I have to spend all those hours at the border only for collecting a Jeton? I’m very tired now, and I’m really thinking about how to stop this business. We are very astonished to see how things are very well organised on the Rwanda side of the border. What did they do to be so well organised? Is it because they are more intelligent than us? When I cross the border and arrive in Cyangugu, I feel very comfortable and in security.”<sup>7</sup>

During focus groups in Bukavu, small-scale traders repeatedly raised the question of why they are required to make a copy of their ID every time they cross the border. They also claimed to have participated in many seminars with immigration and customs officers about their behaviour at the border, but that nothing had changed as a result.

What is often highlighted in many studies on cross-border trade between DRC and Rwanda is that neither small-scale traders nor border officers are aware of the different regional agreements (CEPGL and COMESA) or national policies in place to facilitate small business across the border. Some border officers on the DRC side of the border are aware of these agreements or policies, but do not implement them because to do so would represent for them a loss of income.

The overall picture is one of a lack of information. The majority of border officers are not informed about the different protocols regulating small-scale cross-border trade. A representative of the OCC at the Petite Barrière made the following assertions: “we are not informed about all those initiatives, we haven’t been sensitised about them and we don’t know what to do in order to get those documents. We cannot implement protocols we don’t know and it falls to our chiefs to inform us what we have to do and what we shouldn’t do. They have never asked us to implement the CEPGL and COMESA protocols that you have mentioned.”

On the Rwandan side of the border, border officers are informed about the STR of COMESA but have no information about the 1980 CEPGL protocol on raw products. However, different protocols within the EAC

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5. Interview with Congolese border officers and small-scale traders at the Petite Barrière.

6. It is, however, important to recognise that Rwandan traders have an ID card, while DRC traders use their electoral cards – this is not an actual ID card but is used as such, because no national ID card exists in DRC.

7. Interview conducted with Mme Asha at the Bukavu/Rusizi border on the 9th July 2015.

are well known by Rwandan border officers; even protocols signed one week previous to our interviews were already available in their offices.

The implementation of the STR by Rwanda has had the effect of limiting the procedures that need to be fulfilled by small-scale traders at the border. The RRA manager at the Rusizi border informed our team that the only advantage the STR offers to small-scale traders importing goods valued at less than US\$500 is that they are not required to use customs clearance services (these services cost around US\$100 in fees), but they pay all other customs fees according to the Common External Tariffs of the EAC published in 2012.

Unlike DRC, Rwanda does not collect taxes on exports. However, exports valued between US\$70 (RWF 50,000) and US\$500 do not require a clearance service but incur a charge of US\$0.66 (RWF 500) in processing fees. For exports valued at over US\$500, traders are obliged to use a clearance service, and pay US\$4 (RWF 3,000) in processing fees to the RRA, but no customs duties are paid.

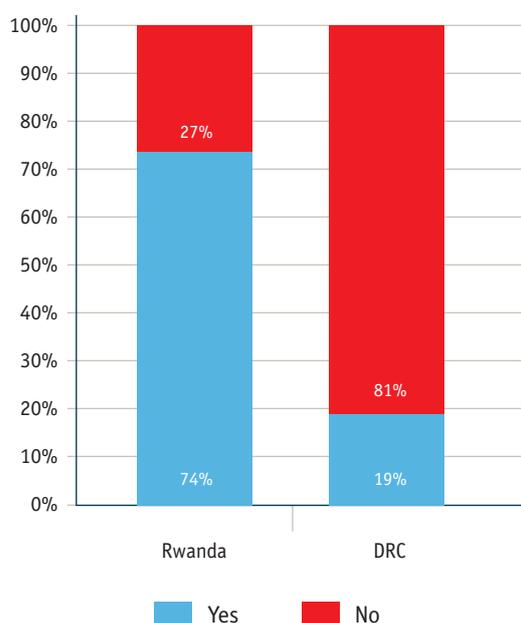
## 5. OBSTACLES TO SMALL-SCALE CROSS-BORDER TRADE

There are numerous obstacles to small-scale cross-border trade between Rwanda and DRC. Some of the impediments analysed in this survey are: informal taxation and a multiplicity of state agencies operating at the border; a lack of appropriate infrastructures; and complicated administration (long waiting times at the border, harassment, etc.).

### 5.1. Informal taxation

Small-scale cross-border trade practitioners trade mainly in agricultural commodities and livestock in such small quantities as should not normally be subject to the payment of formal taxes. As stated above, a protocol of the CEPGL allows small-scale traders to trade small quantities of raw commodities produced in the community without paying taxes. The experience at different border crossings, however, is quite different from what is recommended in this protocol. A majority of the traders said they had paid tax at the border, at least once, even though the types of goods they trade in (agricultural, fishery, and livestock commodities) should be exempted from any customs duties. Most traded commodities such as beans, sorghum, maize, cassava, groundnuts, bananas, fruits, cereals, vegetables, and animals, are commodities against which no duties should be levied.

**Figure 9.** Delivery of a receipt when paying customs duties at the border



The majority of taxes collected at the Congolese border posts are illegal and small traders reported to our team that they have repeatedly complained about this issue. Interviews with small-scale traders and some border officers show that traders are required to pay when crossing the border with their commodities without receiving a receipt, especially at the Congolese side of the border. This is confirmed in Figure 9, which shows that the majority of small traders do not receive a receipt when paying duties at the border.

The lack of a receipt would seem to indicate that these custom duties are being collected illegally. As shown in Figure 9, the problem is much more pronounced at Congolese border crossings, where more than 80% of small-scale traders claimed to have made payments at the border without being issued with a receipt. This was confirmed in interview by a police officer at the Petite Barrière in Goma:

*“Since those small traders are not informed about taxes to be paid, the DGDA or other border services<sup>8</sup> tax them arbitrarily and they are obliged to pay, there is nobody to protect them here, even the police can’t do anything for them, otherwise they will be accused of interfering with other services’ business.”<sup>9</sup>*

The problem is much more complicated at the Congolese side of the border due to the multiplicity of services operating at the border, which are often competing against each other for whatever payments they can extract from small-scale traders. Measures have been taken by Congolese authorities to reduce the number of services operating at the border, and to ban informal taxes (refer to executive order N° 011/32 of 29/06/2011 of the Congolese Prime Minister, and an operational order signed by Joseph Kabila in 2002). As this study shows, however, the problem of illegal taxes is still widespread at Congolese border posts. Previous measures to address this issue have had very limited success, either because many border officers were not informed about them, or because those who were informed decided not to implement them as they conflicted with their own personal interests.

### BOX 1. Impact of the SCBT on the traders’ profit

The case of Mme Yvettes, a Congolese small-scale trader from Bukavu, is quite illustrative of how the multiplicity of taxes paid at the Congolese border posts can affect small-scale traders’ business. She purchases second-hand clothes in Cyangugu and resells them in Bukavu. She crosses the border four to five times per week. Her working capital is currently RWF 7,000 (US\$9.3). She confirms that she pays nothing at the Rwandan side of the border, which is normal in Rwanda since she is an exporter. However, at the Congolese side of the border, she pays CFR100 (US\$0.1) for making a copy of her identity card when going to Cyangugu. When coming back to Bukavu with commodities, she pays CFR500 (US\$0.56) to the OCC, CFR500 (US\$0.56) to the DGM, and CFR500 (US\$0.56) to the DGDA. All these services do not provide receipts for the taxes they collect. Her earnings are estimated at CFR1,500 (US\$1.68) per journey, which is approximately US\$6.6 per month. These earnings would be doubled if all of the illegal payments Yvettes faces at the border were removed. The capacity of the SCBT to alleviate poverty is strongly reduced by the behaviour of border officers, and policy makers should tackle this issue as a matter of priority if they want the SCBT to play an important role in the battle against poverty.<sup>10</sup>

Rwandan traders complained about having to pay several ‘taxes’ at the border without any receipts. For example, traders from Rusizi, where many people are involved in the trade of milk, said they pay a minimum of RWF 200 (US\$0.26) in informal taxes for 5 litres of milk purchased at US\$2.70 in Rusizi and sold at around US\$5 in Bukavu. They also pay transportation costs of US\$1.50. Traders explained that they don’t refuse to pay these informal taxes, but the difficulty arises in having to deal with several tax collectors. They would like to see taxation centralised. Not having received a receipt for taxes paid at Congolese border posts exposes traders to other costs when trading their commodities in Bukavu or Goma. In Bukavu, for example, women trading in milk are often requested to pay taxes to sanitation services in the city of Bukavu, despite having already paid for the same services at the border. Since they are unable to show a receipt, they are obliged to pay again.

8. OCC, National Intelligence Agency, the DGM, and the police.

9. Interview with a Congolese small trader met at the Rusizi I border post on the 10th July 2015.

10. Focus group organised in Bukavu on the 8th July 2015.

The payment of illegal bribes has been documented by some reports on small-scale cross-border trade between DRC and Rwanda (International Alert, 2010, 2012; World Bank, 2011). The 2011 World Bank report states, for example, that about 85% of cross-border traders at the Goma/Gisenyi border had paid bribes to cross the border (results quite similar to those of this study). The report of the Rwandan Ministry of Trade and Industry (2012) explains that small-scale traders are requested to pay informal taxes to the equivalent of RWF 50 per service. It also highlights that the number of payments made varies, but can add up to as many as ten separate payments to different officials per border crossing.

Recommendations have been made repeatedly with the aim of resolving this issue of multiple services and informal payments at the Congolese border crossings, but the problem shows no sign of abating. The issue of informal taxes on the Congolese side of the border has been highlighted in numerous reports on small-scale cross-border trade, and small-scale traders have suggested that, although this issue has been discussed in seminars, nothing has changed at the border posts.

*“We don’t exactly know the type of taxes that we have to pay or the products on which tax is supposed to be levied. Can you please tell them to publish on the borders information about taxes, for example under which conditions they should be paid, products which are assumed not to pay taxes, etc.? This may help us a lot.”<sup>11</sup>*

Illegal taxes paid by small traders at the Congolese borders are excessive, considering the meagre working capital available to most of these traders. The case described above of Yvettes, who pays more than 50% of her earnings on illegal taxes, is quite illustrative.

On the issue of the number of agencies collecting taxes at the Petite Barrière, a few months ago, the Governor of the Northern Province insisted that all formal agents operating at the border wear a uniform, a kind of vest which was supposed to distinguish between formal and informal agents, with the aim of reducing harassment of traders by the latter.<sup>12</sup> Discussions with some border officers at the Petite Barrière revealed that the measure had backfired: it seems that formal agents accepted payments to share their vests with informal ones. A DGDA agent described the situation whereby: “those vests give to them the right to harass traders. Other informal agents have managed to buy the same vests and use them as the right to extort money from traders.”<sup>13</sup>

The number of agents, official or unofficial, collecting informal and formal taxes at the border is unknown. At the Petite Barrière border post, for example, they are operational from the border post to a roundabout known as “Rond Point Birere”, a distance of about 500 metres. At this border post, small traders were even able to give the names of informal agents who belong to no state agency, and who subject them to the worst harassment.<sup>14</sup>

Some formal agents at this border post claimed that people with no state authority even come from neighbourhoods close to the border post in order to harass small traders. It seems that even soldiers leave their camps and visit the Petite Barrière, especially in the afternoon, around 4pm, and use their guns to intimidate and collect money from traders.

11. Interview conducted with a small-scale trader in the Nguba market in Bukavu on the 8th July 2015.

12. These informal agents are often referred to as “viseurs” or “collabos”. These are young people used by border officers for extorting money or goods from traders when they are crossing the border. An official will prefer not to appear in public as the one harassing small traders and will therefore hire a “viseur” to do the job instead.

13. Interview with a Congolese border officer at the Petite Barrière on the 5th July 2015.

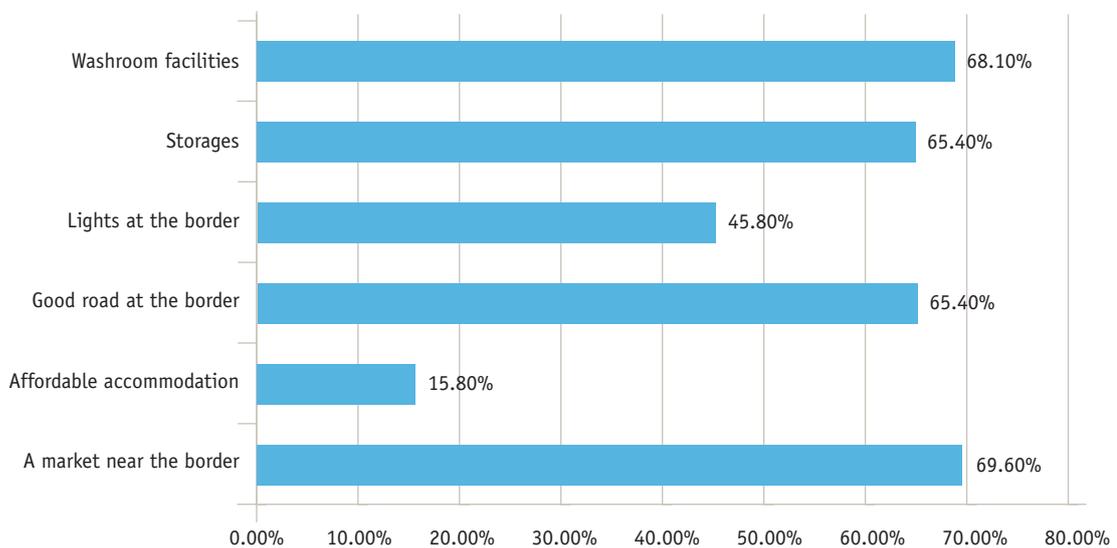
14. Focus group discussions organised in Goma and Rubavu respectively, on the 8th and 13th July 2015.

The construction of infrastructures at the Petite Barrière similar to those built at the Rwandan side of the border (administration building, warehouses, etc.) are often recommended as a means to alleviate the problem and to reduce the level of harassment.

## 5.2. Lack of appropriate infrastructures

When asked to cite infrastructures they would like to have at or near the border, in order to facilitate their activities, the majority of small-scale traders first mentioned appropriate markets (69.6%), followed by washroom facilities (68.1%), storage facilities and good roads (65.4%), lights at the border (45.8%), and affordable accommodation (15.8%).

**Figure 10.** Border infrastructures needed by small-scale cross-border traders



As described above, many small-scale traders sell their commodities on the streets or door-to-door, and this generates risk and insecurity in their business. The traders surveyed, particularly those from Rwanda, have reported harassment by police and street children, when selling their commodities in DRC. Hence their wanting appropriate markets close to the border, from which they can safely sell their commodities. Many small traders have to walk long distances, carrying heavy weights, in order to reach the border. It is particularly difficult to have to carry home unsold commodities in the evening. Appropriate storage facilities on the border could therefore be of great benefit to their businesses.

Competition between Congolese and Rwandan traders can generate tensions between them in Goma and Bukavu. Traders from Bukavu, for example, complain that Rwandan traders sell goods at cheaper prices because they sell on the streets and do not pay taxes that their Congolese counterparts operating in markets have to pay. Their actions are defended by a Rwandan small-scale trader in interview at the Petite Barrière:

*“You know what, I accept that we all purchase goods at the same place in Gisenyi. But some Rwandans sell them at cheaper prices. Since the border closes at 18h00, we are obliged to reduce the prices of our*

*commodities later in the afternoon, because we cannot go back with them to Gisenyi and there are no places (warehouses and cold rooms) at the border in DRC where we can keep them.”<sup>15</sup>*

Congolese traders claimed that they are ready to accept the presence of their Rwandan counterparts if they sell their goods in the markets, and stop operating on the streets or door-to-door.<sup>16</sup> This tension among traders might be removed if appropriate infrastructures were made available to them. Traders could stop operating in the streets, and could easily keep their commodities in safe places, no longer cutting prices in the afternoon. Appropriate markets, washrooms, roads, and storage facilities close to the border would not only improve security for small-scale traders, but also reduce time wastage, and trading costs, thereby growing their business opportunities.

During focus group discussions organised in Bukavu and Goma, small traders decried the lack of appropriate infrastructures at the border not only for negative effects on their business, but also for the way in which their health is compromised, as explained by a female small-scale trader in Bukavu:

*“You know what, we need a kind of small shed here at the immigration [Bukavu side of the border] like what they have in Rusizi. Can you imagine that we spend 4 to 5 hours outside waiting for a Jeton? The situation is very tough for us when it is raining. We suffer a lot here. And we don’t understand why they have to write names of the Jeton, this takes a lot of time. Is it not possible to provide a Jeton without writing names?”<sup>17</sup>*

There is also a serious problem with parking at the Rusizi I on the Congolese side of the border. For a few months now, buses have not been allowed to park close to the border. As a result, traders have to carry heavy commodities for a distance of almost 1 kilometre before getting a car to take their goods to the markets in Bukavu. For those who cannot carry their goods themselves, they have to pay people who can transport them up to the car, thereby increasing their trading costs. This is a clear example of how the lack of appropriate infrastructures can increase trading costs in small-scale cross-border trade.

Rwanda has a clear plan for enhancing small-scale cross-border trade, through appropriate infrastructures. For example, markets will be built at the Petite Barrière border post in Rubavu, and at the Rusizi I border post. The objective is to facilitate the working conditions of small-scale traders and to increase the volume of trade between the two countries.<sup>18</sup> On the DRC side, no initiative of this kind was mentioned in the interviews held with border officers. However, with funding from the Warren Buffett Foundation, juxtaposed buildings will be built at the Grande Barrière border post in Goma and Rubavu. It is hoped that this initiative will see a corresponding improvement in services. DRC and Rwanda have both already provided plots of land necessary for the completion of this regional project.

### **5.3. Complicated administration**

The weaknesses and poor performance of the border administration negatively impacts small-scale cross-border trade. Traders are exposed on a daily basis to harassment from customs and immigration officers, health

15. Interview with a Rwandan trader at the Petite Barrière border post in Rubavu on the 14th July 2015.

16. Focus group in Bukavu organised on the 8th July 2015.

17. Interview with a Congolese small-scale trader at Rusizi I on the 8th July 2015.

18. Interviews with the manager for the RRA in Rusizi on the 9th July 2015, and Rubavu on the 14th July 2015.

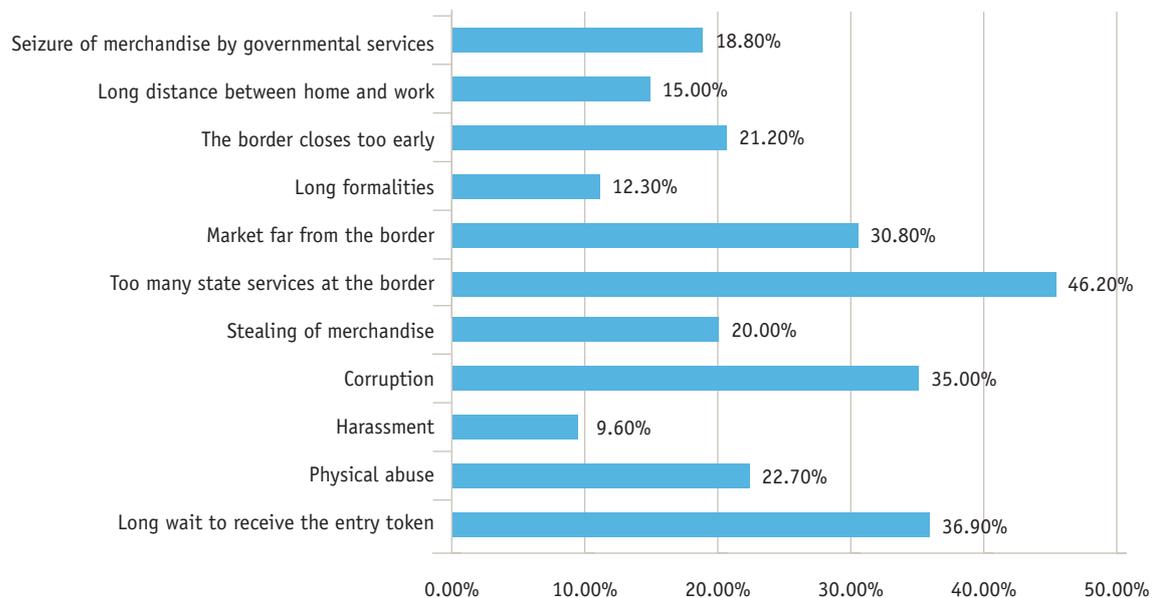
service agents, police, and even the army. Delays are often deliberately imposed on traders in order to force them to pay bribes. When asked to identify the main obstacles to their business, traders mentioned the following factors (details of all non-tariff-based barriers to small-scale cross-border trade related to cumbersome administration are provided in Figure 11):

- too many state agencies at the border: 46.2%
- long waiting times to receive a Jeton: 36.9%
- corruption and bribes (illegal taxes): 35%
- lack of markets close to the border: 30%
- physical harassment: 22.7%
- early closure of the border: 21%
- theft of merchandise: 20%

All of these problems are more frequent on the DRC side of the border than the Rwandan side.

The early closure of the border is also very challenging for traders. During the focus group discussion in Rusizi, three women described how they had to spend the night in Bukavu, at least once, because they had arrived at the border after 18h00. Two of them, who do not have friends who could host them in Bukavu, were obliged to pay for a cheap motel. This generates an extra cost to traders, many of whom operate on a meagre working capital at the outset. Moreover, spending the night outside of her household because of the business can bring a woman into conflict with her husband; one of the three women complained that: "since that day, he [the husband] is no longer talking to me. He thinks that I have another man in DRC."<sup>19</sup>

**Figure 11.** Obstacles to small-scale cross-border trade according to traders



19. Interview with a Rwandan small-scale trader in Rusizi on the 9th July 2015.

As highlighted earlier in this report, collecting a Jeton is one of the main challenges facing traders at the Congolese border posts. It is not only the Congolese traders who have to wait for a long time for the Jeton to be issued at Congolese border posts. Jetons issued to Rwandans in Rusizi have to be stamped by the Congolese immigration service (especially in Bukavu) before a trader from Rusizi can enter DRC. This creates unnecessary delays for Rwandan traders. However, at the Rubavu/Goma border post, Rwandans are not required to have their Jetons stamped.

On the Rubavu side of the border, the Jeton issue is complicated by the fact that, in recent months, the document has been dispensed by machines installed on the border. Rather than facilitating the smooth crossing of the border, this electronic facility is instead delaying Rwandan traders in their daily business. In interviews and focus groups organised in Rubavu, all traders reported that they regularly spend between 30 minutes and an hour, and sometimes wait longer, when collecting the Jeton from these machines, whereas it would take just a few minutes if provided by immigration officers manually. This is particularly challenging for women because most of them are carrying heavy loads while waiting. A representative of the COMESA TID drew attention to the fact that women are now obliged to wake up very early in the morning in order to make sure they can obtain the Jeton. Traders recommend either an increase in the number of machines issuing the Jeton, or a return to the old system of providing the Jeton manually.

Traders have repeatedly reported these issues to state authorities, but nothing is changing on the border. One trader at the Petite Barrière border post made the following complaint: “we are tired with the meetings and seminars with different organisations, without changing our situation. We usually see them coming here, talking to us, taking pictures, promising things that they never deliver on. For example, they promised to build a market close to the border, but they have not delivered on that promise.”<sup>20</sup>

The stringent Sanitary and Phytosanitary Measures (SPS) at some border posts are also considered an obstacle to small-scale cross-border trade. In 2011, COMESA launched an initiative to ease the SPS control at the border for goods covered by the STR, and even beyond the STR. The recommendation was that inspections should be done only in the country of origin, and that border controls should be limited to a verification of documents (Rwandan Ministry of Trade and Industry, 2012). However, this measure was never implemented at the Rwanda/DRC border crossings.

The once-flourishing trade of certain products between DRC and Rwanda has all but vanished, due to the stringency of quality control measures at the border, especially in Rwanda. This is the case for the import of palm oil into Rwanda, via Rubavu, from DRC. Thousands of Congolese and Rwandan traders were obliged to stop importing the product into Rwanda, when the Rwandan government decreed that it was of such poor quality as to be dangerous to the health of Rwandan consumers. The situation culminated in an outright ban on the import of the product. This is a clear example of how overly stringent SPS can reduce the volume of trade between two countries belonging to the same Regional Economic Community (CEPGL).<sup>21</sup>

Small traders were asked for an overall assessment of the extent to which their businesses have been impacted by the obstacles analysed above. The answers for the 4 major obstacles – i.e. multiple state services operating at the border, long waiting times to receive an entry token, corruption and bribes (illegal taxes), and a lack of markets close to the border – are summarised in Figure 12.

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20. Interview with a Congolese small trader in Goma on the 9th July 2015.

21. Focus group discussion organised in Gisenyi on the 13th July 2015.

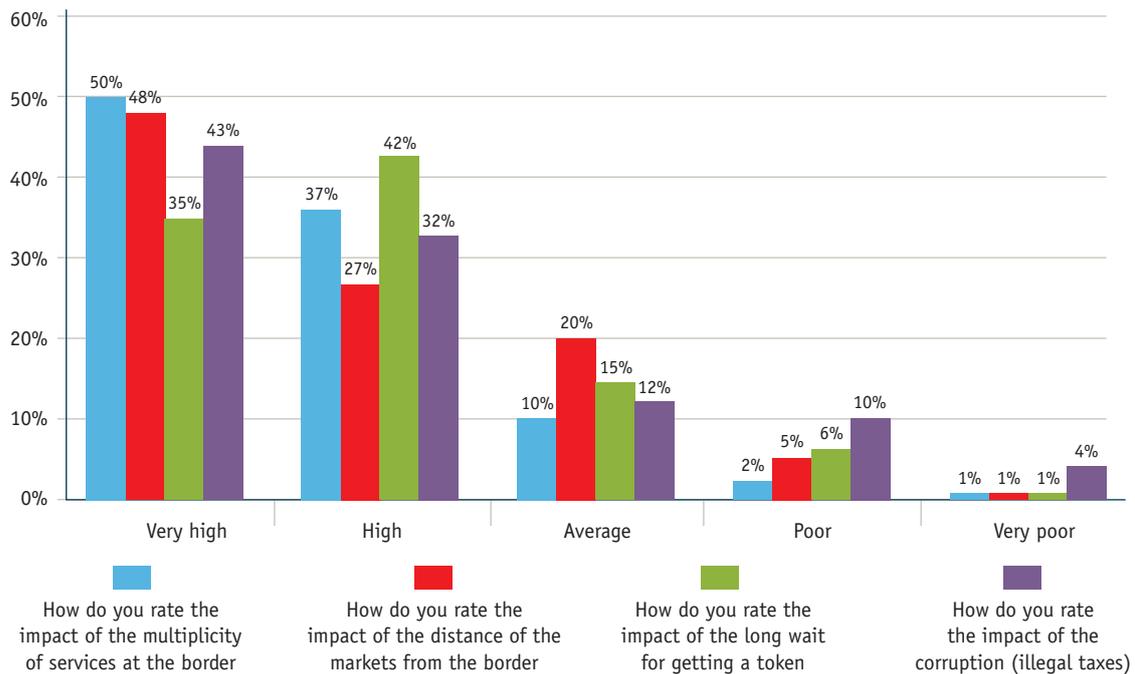
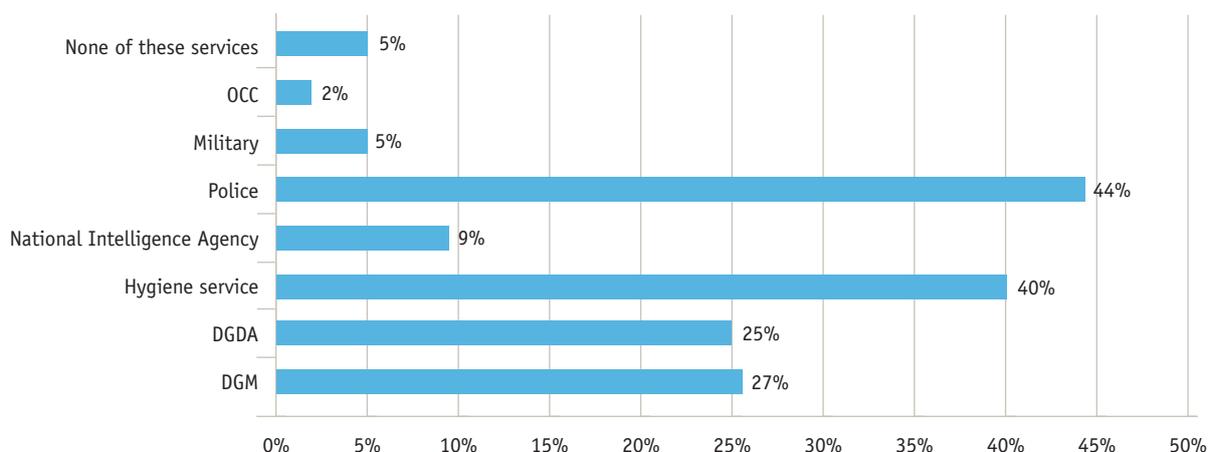
**Figure 12.** Respondents' perceptions of the impact of some obstacles to small-scale cross-border trade

Figure 12 shows that the majority of small-scale traders rate the impact of the four main obstacles as high and very high. As an example, 50% of them considered the impact of the multiplicity of services at the border on small-scale cross-border trade as being very high, 48% saw the lack of markets close to the border as having a similarly deleterious impact, 43% said the same for informal taxes, and 35% saw a very high impact in the long waiting times for obtaining a Jeton at the border. On the other hand, the percentage of traders who rated the impact of these four main obstacles to small-scale cross-border trade as very low is negligible, varying from 1 to 4%.

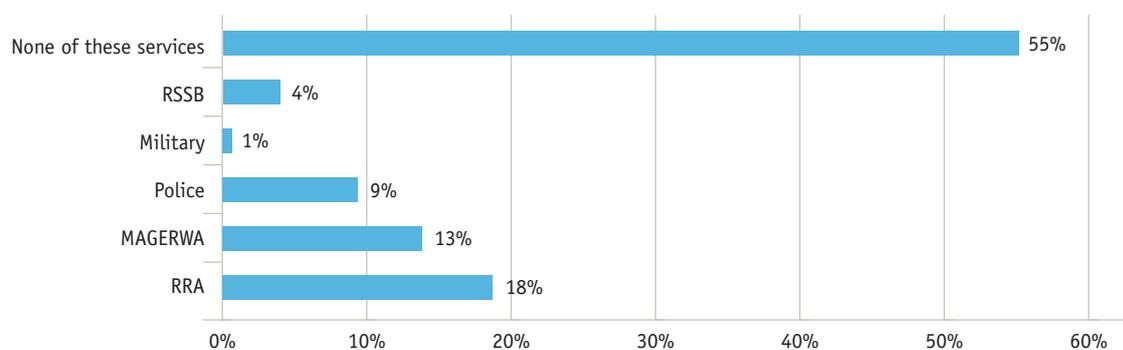
It is clear that, as far as traders' perceptions are concerned, the obstacles to small-scale cross-border trade have significant negative impacts on their businesses, and should be addressed urgently if this trade is to contribute in an effective way to the alleviation of poverty.

#### 5.4. Small traders' assessment of the quality of services delivered at the border

At the border, small traders deal with several border services, and the success of their business depends largely upon what happens at the border, and how effectively they can relate to border officers. The multiplicity of state services operating at the DRC border posts makes the daily activity of small traders difficult, and many of them have reported facing several types of harassment. When asked to identify the state services from whom they received most harassment, the majority cited the police (44%), followed by the Sanitation Service (40%), the DGDA (25%), and the DGM (27%) (see Figure 13).

**Figure 13.** Traders' views on which services they are most harassed by at Congolese border posts

Compared to the situation on the DRC side of the border, border posts in Rwanda seem to be less hazardous for traders (see Figure 14). As an example, 55% of respondents consider themselves not to have experienced any harassment from the services operating at the Rwandan border posts, as against only 5% in DRC. The RRA, MAGERWA, and the police have been mentioned as agencies that harass small-scale traders. However, when asked more probing questions about the forms of harassment they experience, the majority of them concede that these services rarely ask for bribes, but are often severe with traders looking to avoid the payment of taxes, or when they do not respect the rules when crossing the border.

**Figure 14.** Traders' view on which services they are most harassed by at the Rwandan border posts

These results demonstrate that small-scale traders have more difficulties with Congolese border services than with those of Rwanda. In fact, more than 56% of them rate the quality of the services they receive at the Congolese side of the border as poor, and 18% rate them as very poor. Only 18% and 7% respectively rate the quality of these services as good and very good. The contrast of these results with those on the Rwandan side of the border is striking. More than 21% of respondents describe services on the Rwandan side as very good; 71.5% of them describe these services as good; and only 0.9% describe them as very bad.

## 6. SOCIO-ECONOMIC IMPACT OF SMALL-SCALE CROSS-BORDER TRADE

The average start-up capital for a small-scale cross-border trader is less than US\$58. Rwandan traders have lower start-up capital (US\$39) than their Congolese counterparts (US\$74). Average current capital available to traders is estimated at US\$107 for Rwandans, and US\$110 for Congolese traders. This means that small traders' working capital has increased by 174% for Rwandans, and by about 49% for the Congolese.

It is important to note that small-scale cross-border trade creates employment only for those directly involved. Traders often operate alone, and rarely employ other people. On average, for every two small traders, there is only one member of employed staff (mainly a transporter). Results show, however, that male traders employ on average one person, as against fewer than one employed person for every two small-scale women traders. This could be explained by the fact that men trade in high-value goods with a high working capital, and are therefore more likely to require paid staff in their businesses than women.

For measuring the economic impact of small-scale cross-border trade on the daily life of traders, analysis was limited to assets purchased from the income earned through small-scale cross-border trade. Table 8 provides details about those assets.

Table 8 shows that only a few traders have acquired, through their businesses, high-value assets like houses, plots of land and farmland. The majority acquired small assets like TVs, radios, telephones, cupboards, kitchen utensils, chairs, or animals like goats and pigs. This is understandable because many small-scale cross-border traders have limited working capital, which does not generate enough income to purchase big assets.

**Table 8.** Assets acquired thanks to SCBT

	Percentage
House	18.50%
Motorcycle	8.10%
Bicycle	3.80%
TV	35.80%
Radio	36.20%
Telephones	42.70%
Cupboards	16.20%
Chairs and tables	24.20%
Kitchen utensils	39.20%
Machetes	10.40%
Hoes	12.70%
Cattle	11.90%
Plots	23.50%
Farmland	13.50%
Goats	21.50%
Hens	22.70%
Pigs	8.50%

Source: Field research, June 2015

## BOX 2. Case studies of small-scale traders' successes

A qualitative approach through in-depth interviews can provide valuable details on some of the success stories of small-scale cross-border traders, thereby providing opportunities to learn and compare the business development of different actors. Here, two case studies are presented: the first case concerns a Congolese trader, and the second a Rwandan.

### *Furaha, a small-scale trader from Goma*

Furaha is a small-scale trader of 29 years of age. She is married and has five children. Her husband is jobless, and she is the only one to contribute to the household income. She began to work as a small-scale trader 13 years ago, in 2002, when she was encouraged by her mother to become involved in this business. Before this, she was a farmer in Masisi. However, she quickly realised that farming was not profitable and, due to the insecurity in her living area, she decided to move to Goma and start selling groundnuts and other agricultural commodities there. The initial capital of US\$15 was obtained from her mother. After one year, she decided to join her mother, who was already trading across the border.

Furaha became integrated into the trading group of her mother. The group was very helpful for her in the sense that she got valuable information about which goods were in demand, where to purchase them in Goma and Gisenyi, and how to deal with different challenges she could face at the border.

When Furaha started her cross-border trade activities in 2002, the commodity she mainly traded from Gisenyi to Goma was tomatoes. But, in 2008, when her capital reached US\$60, she decided to combine import and exports, i.e. importing fruits and vegetables into DRC, and bringing back tomato paste and other manufactured commodities, like Nido (powdered milk) into Rwanda. Furaha does not sell commodities imported from DRC direct to consumers of Gisenyi. She usually sells them to shop owners who resell them in turn. In 2015, when we met Furaha at the Petite Barrière she informed our team that her working capital was of the order of US\$140, and estimated her income per trip at around US\$7. Given that she crosses the border four days per week, her weekly benefit could be estimated at US\$28, or a monthly income of US\$112.

Furaha is very satisfied with her business, which allows her to pay her rent and children's school fees, and to cover other family expenses, while allowing her to save a small amount of money every month. She also pays tuition fees for her brother who is attending a local university.

### *Uwamariya, a Rwandan small-scale trader*

Uwamariya is 40 years old and from Mahoko, a rural area located 15km from Gisenyi. Her family is very poor, and she attended school only up to the second year of primary school. She is married and has seven children. Her husband is a builder in Goma. She started working in 1996, as a domestic servant in Gisenyi. Despite her meagre salary of US\$20, she managed to save US\$10 every month. The balance was sent to her mother in Mahoko to help her feed the family.

In 2004, Uwamariya had savings of US\$250. She decided to stop working as a domestic worker, and to start selling beer in Mahoko. However, the competition was so tough that her business became bankrupt after just one year. She managed, however, to recover US\$120 from the business. Six months earlier, Uwamariya met Judith who became a regular customer of hers. Judith was a seller of Bitenge (loin cloths) in the market of Mahoko. When she heard about the bankruptcy of Uwamariya's business, she encouraged her to start cross-border trading. Uwamariya was reluctant at first, but thanks to encouragement, help and advice from Judith, she started to export potatoes to DRC. From time to time she also engaged in the illegal import of wine from DRC to Rwanda. Unfortunately for her, in 2008, the RRA seized her goods (wines) valued at US\$400 and, given that she was unable to pay the fine requested, she lost the commodities and therefore her entire working capital. She stopped working for about six months. Afterwards, her friends lent her US\$200 to resume her business activity. After five months, she managed to repay the loan and, today, Uwamariya exports maize flour to DRC and imports sorghum into Rwanda. After 10 years working at the border, she has amassed a working capital of US\$1,000. She is very proud of her success, and thinks that she couldn't have achieved such a success in any other business within her country. All of her children are attending schools and the youngest is even attending a private school. She complains about the harassment she faced at the Congolese border, and the payment of illegal taxes. She estimates that her working capital could be even higher than US\$1,000 if she could avoid paying illegal taxes to Congolese border officers. Currently, her earnings per journey she estimates at US\$20 and, given that she undertakes four such journeys per week, she has a weekly income of US\$80, or US\$320 per month.

Regarding the ability to visit a doctor when a family member is ill, an average of 71% of respondents confirmed that they had been able to do so. However, this rate is higher in Rwanda (85% in Rusizi, and 77% in Rubavu), than in DRC (51% in Goma, and 70% in Bukavu). This can be explained by the fact that health insurance is much more widespread in Rwanda and is even compulsory for the population. It is therefore easier for Rwandans to visit a doctor when they are ill, because it is cheaper (a big share of the bill is covered by insurance) compared to the situation for Congolese small-scale traders.

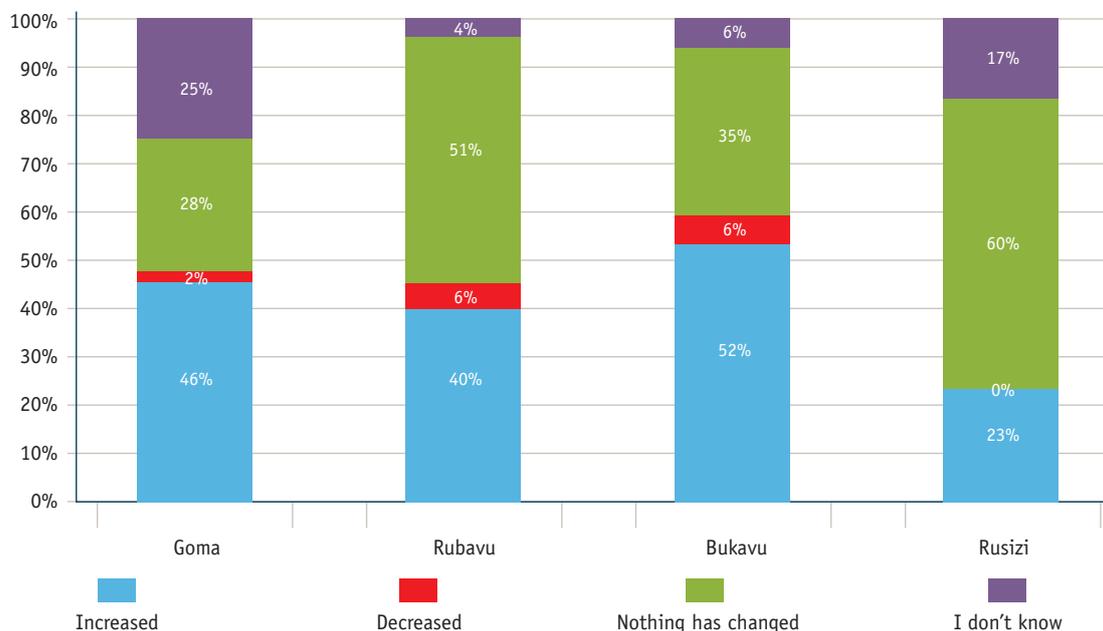
On average, traders have about three children at school at any given time. Traders from Bukavu have the highest number of children between the ages that determine that they should attend school (4.47 children), followed by Goma (2.79), Rusizi (2.54), and Rubavu (1.79). School fees for about 2.26 children (on average) are paid thanks to the income earned in small-scale cross-border trade. This number is higher for children in Bukavu – 3.53 (79% of children going to school), 1.74 in Goma (62%), 1.76 in Rusizi (69%), and 1.59 in Rubavu (89%).

## 7. TRADER RELATIONS

The impacts and benefits of small-scale cross-border trade are far-reaching, and also influence the social lives of traders. Results show that invitations to social events on the other side of the border had increased (40% of respondents) since small-scale cross-border traders started their businesses. Whereas 44% said they didn't see any appreciable increase or decrease in the number of such invitations they received, only 3% said that invitation numbers had decreased. More than 34% of the respondents confirmed that they had received an invitation to the last event organised on the other side of the border.

While Figure 15 shows that invitations to social events in Rwanda have increased for the majority of Congolese traders (46% for traders from Goma, and 52% for those from Bukavu), the situation has not changed for the majority of Rwandan traders. Invitations to social events in DRC did not change for Rwandan traders (51% of respondents in Rubavu and 60% of respondents of Rusizi). It is possible to conclude from these results that Congolese traders are reluctant to invite their Rwandan counterparts to social events, just as it is possible that the comparative lack of invitations is a result of Rwandans perhaps refusing to attend those events.

**Figure 15.** Traders' views on the invitations to social events



57% of traders feel at ease when crossing the border to conduct their business in the neighbouring city. However, results vary across the four border crossings selected in this study. 90% of traders from Goma feel comfortable when they are in Rubavu, against only 34% of traders from Rubavu who feel comfortable when they travel to Goma. On the Bukavu/Rusizi border crossing, the situation is different: Rwandan traders from Rusizi feel more at ease when they are in Bukavu (62% of respondents) than their Congolese counterparts from Bukavu who travel to Rusizi (43%).

On average, 73% and 26.6% of respondents respectively rated their relationships with partners on the other side of the border as good and very good. In this, there is no significant difference between the four border crossings analysed in this research. Moreover, the majority of traders (78%) trust their business partners on the other side of the border (buyers and suppliers), and many of them rate this trust relationship as high (40% of respondents), or average (40.4%). Only 1.8% rate this relationship as poor. The levels of trust in their business relationship is reflected in the fact that some traders can even sell or buy their commodities on credit: on average 51% of respondents claimed to sell or buy merchandise on credit to or from partners on the other side of the border (67% of traders from Bukavu, 49% from Goma, 42% from Rubavu, and 47% from Rusizi). Group discussions have shown that, while most Congolese traders purchase goods on credit from their Rwandan partners, the majority of Rwandan traders sell on credit, but rarely purchase goods on credit in DRC. Research has uncovered beneficial and growing levels of interaction at the traders' level. Traders have been able to build strong interpersonal networks, through which they feel they can overcome adversity and obstacles to the success of their businesses.

One of the important findings of this survey showed how social ties are being created between business partners from DRC and Rwanda. Focus group discussions in the market of Nguba in Bukavu have shown, for example, that many Congolese traders purchase goods on credit in Rwanda and pay for them some days later, having sold the goods in Bukavu.

*"When you become their [Rwandan sellers in Cyangugu] regular customers, they trust you and very often they accept to give goods on credit, you sell them in Bukavu and pay back. We prefer to resort to this kind of credit instead of demanding a loan in a microfinance institution where you are required to pay 3% of interest. You know, they give us goods on credit and we pay no interest, they are good people."<sup>22</sup>*

This is also the case in Gisenyi where some Congolese traders take goods on credit from their Rwandan suppliers (especially those importing maize flour and fish to DRC) and pay later after selling them in Goma.<sup>23</sup>

To some extent, small-scale cross-border trade is contributing to the strengthening of social ties among cross-border communities, at least among trader communities. It could be interesting to see if these social ties among traders ever have a spill-over effect on the entire communities of Congolese and Rwandans living in borderlands.

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22. Statement of small-scale traders in a focus group in Bukavu, market of Nguba.

23. Focus group discussion in Rubavu on the 13th July 2015.

## 8. CURRENT INITIATIVES IN CROSS-BORDER TRADE AT THE DRC/RWANDA BORDER CROSSINGS

In an effort at the harmonisation of trade statistics, the East African Community (EAC) Secretariat has requested that its member countries conduct informal cross-border trade (ICBT) surveys to help improve their external trade statistics. Rwanda has thus been conducting the ICBT survey since 2009. In May 2009, the National Bank of Rwanda (BNR) in collaboration with the National Institute of Statistics (NISR), the Ministry of Trade and Industry (MINICOM), and the Rwanda Revenue Authority, started to conduct ICBT surveys with the objective of providing accurate external trade statistics, and improving balance of payment numbers.

Outlined below is a list of some other national and international organisations that are currently undertaking projects at the DRC/Rwanda border:

- **BNR** is using tablet computers as an effective way of monitoring the daily activities of enumerators on crossing points, and could help in the timely production of reports.
- **MINICOM**, with the support of the World Bank, has put in place a unit tasked with monitoring both formal and informal cross-border trade. Specifically on informal cross-border trade, MINICOM is interested in collecting informal trade flows between DRC and Rwanda.
- **TradeMark East Africa (TMEA)** works closely with EAC institutions, national governments, the private sector, and civil society organisations to increase trade, by unlocking economic potential through:
  - Increased physical access to markets;
  - Enhancing the trade environment;
  - Improved business competitiveness;
  - Funding feasibility studies for cross-border trade;
  - Funding impact assessment studies for cross-border trade projects; and
  - Establishing one-stop border posts.
- The **World Bank**, through its Great Lakes Facilitation project, aims to facilitate cross-border trade by increasing the capacity for commerce and reducing the costs faced by traders, especially small-scale and women traders, at targeted locations in the borderlands. The project also plans to deal with capacity for commerce, the capacity of core trade infrastructure (in particular, border markets and border facilities, to handle an increased flow of goods, services, and people), and the capacity of government agencies to provide high-quality and efficient services at the borders.

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- **Framework**, through its Inclusive Cross-Border Trade Capacity Development project, aims to improve the socio-economic well-being of women involved in the informal cross-border trade within the shared borders of Rwanda and its neighbours. The project targets three specific interventions:
    - The organisation of women engaged in informal cross-border trade into trade cooperatives;
    - The provision of capacity-building programmes for women involved in informal cross-border trade; and
    - The provision of access to finance and financial training.
  - The **Rwanda Cooperative Agency (RCA)** oversees the operation of cooperatives through regulation, promotion, registering, and monitoring. It supervises the operation of different cooperatives, including cooperatives regrouping small-scale cross-border traders, to ensure effectiveness.
  - **International Alert DRC** is currently implementing the project Tushiriki Wote (Let's All Participate). One of the target groups in this project are women small-scale traders. Some of the objectives are to inform women small-scale traders about their rights and responsibilities, and to educate border officials about existing protocols on cross-border trade.

## 9. CONCLUSIONS AND RECOMMENDATIONS

### 9.1. Conclusions

The major aim of this study was to analyse strategies that could contribute to maximising the benefit of the small-scale cross-border trade. Different aspects of the trade were investigated, notably the infrastructures needed at the border for facilitating trade, the challenges faced by traders at the border and in the cities where they sell or buy commodities, the level of knowledge and implementation of existing trading protocols, and the impact of the trade itself on the everyday lives of the traders.

Not surprisingly, the majority of traders are women, as has been demonstrated in many other studies on small-scale cross-border trade between DRC and Rwanda. They have a good command of Swahili, which is the most spoken language in the region and the language in which most business is conducted. For an overwhelming majority of traders, small-scale cross-border trade is their major source of income (more than 83% of respondents). The study also shows that Rwanda exports more than it imports from DRC. Among the commodities it exports to DRC are vegetables, fruits, leguminous plants, fish, animal products, and manufactured products. DRC exports a few leguminous plants and manufactured products.

Many of the surveyed traders have no membership of traders' cooperatives or associations. However, membership of these associations is much higher in Rwanda than in DRC (59% for Rubavu, and more than 70% for those of Rusizi, as against 38% in Goma and 50% in Bukavu). This can be explained by the culture of cooperatives, which is much more developed in Rwanda than in DRC, and receives much support from the Rwandan government.

However, traders face many challenges in the conduct of their business. The majority of them experience harassment when crossing the border with commodities, especially on the DRC side of the border. State agencies like the DGM, the Sanitation Service, the police, and many other informal agents, were identified as the instigators of most of the harassment experienced at border crossings. Traders trading in the streets of Goma and Bukavu face harassment from the police and other actors, like the Maibobo and the Rasta.

Delays imposed on traders when collecting the Jeton on both sides of the border and the multiplicity of informal taxes at the Congolese side of the border seem, however, to be the two major obstacles small traders have to deal with in their business. Lack of appropriate infrastructures at the border has also been reported as a major constraint to the development of the small-scale cross-border trade. Markets, toilets, warehouses, and cold room storage facilities were identified by small-scale traders and border officers as the most important infrastructures needed to develop cross-border trade.

Another important finding of this research is that both small-scale traders and border officers are generally ill-informed on existing CEPGL and COMESA protocols regulating the small-scale cross-border trade, and that many of those protocols are not properly implemented at the DRC/Rwanda border posts.

Finally, the impact analysis has shown that for many traders, the small-scale cross-border trade is only a subsistence activity. However, some small-scale traders have managed to develop their businesses in a very significant manner; the two success stories provided as case studies in this report are highly illustrative. The study has also demonstrated that small traders have developed networks across the border, thanks to their business activities. Some are regularly invited to social events organised on the other side of the border, and are able to purchase goods on credit from their foreign partners and pay them back after having sold these commodities in their own countries. This kind of credit could not be provided without having established high levels of mutual trust between two partners.

## 9.2. Recommendations

Based on the key findings of this research, the following recommendations can be made:

### a) Reduce administrative obstacles faced by small-scale traders at the border:

- One of the major challenges small-scale traders face at the border is the issue of the Jeton. Efforts should be made to improve the delivery of that document. On the DRC side of the border, the Ministry of Trade and provincial officials of the DGM should make sure, firstly, that the issuing of the Jeton is accelerated and, secondly, that money is no longer demanded of traders for a document that was always intended to be made freely available.
- On the Rwandan side of the border, in particular at the Petite Barrière border post where the delivery of the Jeton has been computerised, traders complain about delays that this system causes them. The immigration office of Rwanda should increase the number of machines dispensing the document.
- The identification of all official staff operating at the border, using badges or uniforms, could help to reduce the number of informal agents operating at the DRC border posts. Officers who wear badges and uniforms are less likely to harass traders than those who are not identifiable. However, a regular control by senior police and representatives of the Ministry of Trade should be made to ensure that such a measure is implemented in an effective way, that it is not subjected to the abuses seen in a failed similar initiative described in this report, and that it does not create more problems for small-scale traders.
- On the DRC side of the border, in addition, the harassment meted out by informal actors, the DGM, police, and the Sanitation Service have been mentioned by small-scale traders as the state agencies operating at the Congolese border crossings by which they are subjected to the most harassment. Organisations such as International Alert and traders' associations in Goma and Bukavu, which regularly plead in favour of small-scale traders, should pay particular attention to these state agencies. State agents, abusing their positions to harass these traders, should be punished; police should arrest informal agents, and punish border officers who use these people to harass small-scale traders.
- Some of the challenges faced by traders at the border cannot be solved without the commitment of high-level authorities. Representatives of both countries' ministries related to cross-border trade (Ministries of Trade and of Finance) should meet regularly to discuss those issues, suggest solutions, and follow up their implementation.
- Challenges faced by traders cannot be solved only by the border officials, without the involvement of the traders themselves. It is important for traders, through their associations, to organise themselves in order

to defend their rights. MoU between traders' cooperatives from DRC (Bukavu and Goma) and those from Rwanda (Rusizi and Rubavu) could be signed so that interventions can be made to help small-scale traders from one country when they face problems in the other country or at border posts.

- Traders' associations from each side of the border also need to meet regularly to discuss issues related to small-scale cross-border trade. These meetings between border officers from DRC and Rwanda, and at which independent organisations (such as Pro-Femmes and International Alert) could also participate, would provide a good platform and opportunities for traders to identify the problems they face at the border, to suggest solutions to these problems, and to follow up the implementation of any measures agreed among the different parties involved.

#### **b) Transparency in tax collection:**

- The majority of traders are ready to pay taxes but denounce the collection of bribes and the multiplicity of state agencies involved in tax collection at the DRC side of the border. Centralisation of tax collection in a 'Guichet Unique' on the DRC side of the border should be encouraged and could reduce harassment of small-scale traders by circumventing informal taxes collection. This recommendation was made by almost all traders, be they Rwandan or Congolese. Several reports have highlighted the negative impact of the multiplicity of agencies operating at the Congolese border crossings (more than 15), while only four state agencies are authorised to operate at the border: Customs (DGDA), Immigration (DGM), Sanitation Service (PNHF), and Quality Control of Goods (OCC). The Congolese government should limit activity to just these four state agencies if small-scale trade at the Congolese/Rwanda border is to be improved.
- Apart from the centralisation of tax collection in DRC, the DGDA, which should normally oversee the collection of taxes at the border, must make sure that receipts are issued to traders when taxes are paid.
- Very often, traders are not aware of which goods are tax-exempted, nor of rates of tax. The placement of posters containing this information at border crossings, by the DGDA in DRC and by the RRA in Rwanda, would represent an improvement.

#### **c) Improve infrastructures at the border:**

- The construction of markets very close to the border could reduce the insecurity faced by women when trading on the streets in Goma and Bukavu, and the fatigue experienced when trading door-to-door or on streets far from the border, carrying heavy weights of commodities. Other facilities recommended by small-scale traders, border officers, and other experts in the small-scale cross-border trade are warehouses and cold rooms. The building of warehouses and cold rooms at the border could minimise losses incurred by small-scale traders due to a lack of storage facilities. All of these infrastructures would contribute to improving the working conditions of small-scale traders, and to increase their benefit and working capital.
- Donors interested in cross-border trade issues (World Bank and TradeMark East Africa) as well as the respective governments of Rwanda and DRC can support projects aiming to improve facilities at the border. The infrastructural improvements most urgently needed at the border are markets. In Rwanda, there are projects to build markets close to the border with DRC, with construction expected to start soon. But no initiative of this kind exists on the DRC side of the border.

**d) Improve the market information system:**

Research has demonstrated the importance of the cell phone as a means for traders to communicate on issues related to small-scale cross-border trade (prices and availability of goods and customers). Strategies should be devised and implemented for developing this system and making it more beneficial for small traders and their businesses. International organisations like the World Bank and TradeMark East Africa can support projects or cooperatives aiming to provide small-scale traders with cell phones, and to organise training for improving their telecommunication capacities (using SMS, for example).

**e) Encourage small-scale traders to join traders' associations or cooperatives:**

- The research has demonstrated that the rate of traders' membership of cooperatives is still low (although the rate is a bit higher for Rwandan traders than for their Congolese counterparts). However, it is clear that traders who are members of cooperatives and associations are more aware of their responsibilities and rights and how to defend them. Existing traders' associations should raise awareness among small-scale cross-border traders about the advantages of cooperative membership.
- Small-scale traders can be encouraged to join cooperatives if registration costs and the required periodic contributions are reduced, since many traders have cited these costs as major reasons for their reluctance to join them.
- Organisations financing these cooperatives (Pro-Femmes, International Alert, etc.) should, however, make regular assessments of their activities to ensure that they are really working for the best interests of small-scale traders, and not for their own interests.

**f) Provide incentives for DRC and Rwanda to implement trade protocols:**

- There is a lack of awareness of the COMESA's STR and the CEPGL protocols on the trade of raw products among both traders and border officers. This is understandable, since neither of the two agreements has been properly implemented, by the Rwandan and DRC governments. It is important and urgent that they are fully implemented however, as the two protocols have the potential to increase the volume of trade between the two countries, and could contribute to the improvement of the living conditions of poor micro-entrepreneurs. Some important donors of the two countries, like the World Bank, could apply the necessary pressure on both countries to get the trade protocols implemented. COMESA, CEPGL, the governments of DRC and Rwanda, and other interested donors could then fund the training on these protocols of border officials and traders (through their cooperatives).
- Interesting changes are taking place involving the implementation of the STR between Rwanda and DRC. A meeting between the two countries, held in Kigali on the 22nd–24th July 2015, produced a common list of products eligible under the COMESA STR. This momentum should be maintained until the STR is effectively implemented.
- Organise and hold on a regular basis high-level dialogue meetings between DRC and Rwanda. These dialogues must go beyond high-level officials of ministries and involve ministers themselves if the provisions of the protocols and research recommendations are to be implemented.
- Dialogue meetings should also be extended to address other issues regarding small-scale cross-border trade, and not only issues related to customs duties and customs procedures. For example, regular bilateral meetings of high-level DRC and Rwanda officials are needed to discuss non-tariff-based barriers to small-scale cross-border trade, such as opening hours at the border. For example, extending the border closing time from 1800hrs to 2000hrs would positively impact the earning potential of most traders who often struggle to find storage facilities or accommodation whenever the border is closed before they can cross.

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