

**How the East Africa Community can support Women in Business
through digitization of their businesses to facilitate more
Cross border trade**

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**A contribution to the Policy Hackathon on Model Provisions for Trade in Times of Crisis
and Pandemic in Regional and other Trade Agreements**

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Presentation Title: How the East Africa Community can support Women in Business through digitization of their businesses to facilitate more cross border trade.

Research focus: How the COVID pandemic has affected women in business and how Government policies can ensure the continuous trade of goods and services by MSMEs run by women.

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Policy Brief:

Women in business have been greatly affected by the COVID-19 pandemic, with the majority of them either closing down their businesses or starting new businesses. From our internal research, we have seen that the SMEs that have survived and grown during this crisis are those who were innovative and those who were able to use technology to access new markets and new clients. We believe that digital transformation of SMEs is key to ensuring success in East Africa and we would recommend that Governments in the region look to have trade policies that ensure that SMEs are able to trade online through trade facilitation of markets, processes and finances. Our policy recommendations are to set regional trade rules that focus on E-Commerce, digital trade facilitation and digital payments

Key Points:

- Digital transformation of SMEs is critical for survival, **Digital transformation** is the process of using **digital** technologies to create new — or modify existing — business processes, culture, and customer experiences to meet changing business and market requirements.
- Ecommerce is essential for SMEs to access new markets. **Ecommerce**, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions
- Digital trade facilitation is important for cross border transactions to happen in an effective and efficient manner. **Digital trade facilitation** refers to the application of modern information and communication technologies to simplify and automate international trade procedures. It is becoming essential to maintaining trade competitiveness and enabling effective participation in cross-border e-commerce.

Gender impact on trade:

Trade is very important for all as it involves the transfer of goods and services from one person to another in exchange for money. This system of movement of goods and services is critical for all to access what they need and want. In East Africa, the majority of the women who participate in cross border trade are informal and they do not use technology to access information, access markets or receive payments. The more established formal women in trade currently use very little technology in their business processes and this has greatly affected them during this crisis.

We have seen in East Africa that access to the internet is necessary for business continuity during a crisis, whether it is accessing raw materials, services, payments and employees working from home, we believe that access to the internet is a human right that ensures the ability for all businesses to operate during and after a crisis like COVID and if digitization is essential for the access of information and markets for women run businesses, then governments should have a policy in place to ensure that they can access it at an affordable cost and with ease. One of the trade policies that the East Africa community can ensure, is that there is an online platform that all SMEs can access that will enable buyers and sellers to track the good and services been provided and all the necessary paperwork needed to ensure that the sale is successful, including payments and the verification of goods and services is all done digitally. This innovation is critical especially for women who are limited in movement during the time of crisis which affects cross border trade by women.

Since all the members of the East Africa community will be part of the Africa Continental Free Trade Agreement, we believe that this policy once implemented can become part of the continental trade policy and trade system and also other developing countries around the world that have in the past relied on manual processes versus technology enabled trade facilitation can learn from this.

Our research has shown that digitalization of processes ensures continuation of business and with that same assumption, we know that for continuation of trade to happen cross border in Africa, we will need to see the trade rules that reflect that movement of goods and services will not be affected by a crisis and that the use of technology that is available to all cross border traders especially women, will be available so as to ensure that essential regional supply chains are open during and after a crisis, which will ensure continuation of trade. Our recommendation is that future regional trade agreements should include provision on digital facilitation that take into effect during a crisis and that go on even during normal times as part of the best practice to ensure that trade happens regionally.

To ensure continuous flow of trade during and after a crisis, we know that payments from buyers to sellers is important and in the case of a health pandemic like COVID-19 then digital payments

are crucial because the goal is to ensure more cashless payments to avoid transmission of the disease. This means that governments need to look at digital payments platforms and digital currencies that will affect payments and trade flows in the future. The East African governments need to get ready to discuss smart contracts and how they affect digital trade agreements and payments linked to these contracts. This is the direction that governments need to be exploring as they create policies that affect trade and the flow of money.

The digitalization of SMEs means that businesses have customer data that needs to be protected, we think that this needs to be taken into consideration when trade agreements are being done to ensure that countries doing trade together will respect each other's national data regulations and policies. Trade data and privacy is critical when building trust with customers and therefore this will be important. It is recommended that all nations should develop an accountable data governance process. The COVID-19 pandemic has revealed that digitalization is quickly becoming the new normal but that trade rules are not there yet to ensure that regional and global supply chains are not affected. We think that when SMEs use technology to run their businesses it will be easier to link them to other SMEs and government agencies. In the case of East Africa which is still developing, the women in business who run MSMEs need to be supported and an enabling environment created for them to be able to run their businesses during and after a crisis.

We at OWIT Nairobi recently did a survey which shows the drastic effects of this pandemic but with continuous capacity building for our members with an emphasis to digital transformation, we saw some businesses scale up and others transition to other industries, but the catalyst for growth and expansion is always linked to technology. This transformation has been done through digital innovation on how SMEs are interacting with their buyers, potential customers, suppliers and their employees. Our statistics show that 89.6% of businesses have their employees working virtually or have a blend of virtual and onsite working arrangements, this means that business is only possible when the workforce has the ability to work from anywhere and with the facilitation of access to the internet.

Conclusion and recommendations

The policy we proposed and would like implemented by the East African Governments, is the universal access of affordable internet through subsidization of internet costs. Women in business need to have support to digitize their business through support from ministries focused on Gender, Trade and ICT.

We also think that an e-commerce platform that all women in business can access to market their goods and services is necessary to enable access to regional and global markets.

Digital payments are crucial for trade continuation and a reduction in cost will ensure fewer expenses for SMEs and they will in turn have more profits which will enable them to be eligible for funding to grow their business.

Tax incentives are important in encouraging businesses to take up the deductions they can get to reduce their tax obligations, if there is a policy where businesses are not taxed for digital business transactions and tax deductions for using digital platforms and platforms for trade, then there will be an increase in the uptake of more digital trade and a ripple effect of more formalized businesses in the region.

We propose that the East African governments ensure that there is a digital process for all cross border transactions in conjunction with the single window system that will enable the tracking of goods movement but also ensuring that the SMEs get payments for their goods and services in a transparent manner. A digital platform where SMEs can access real time information for them to make the right business decisions is critical for women in cross border trade to survive and become successful.

By government policies creating an enabling environment and increasing the participation of women in trade in a sustainable way, we believe it will enable the economic goal of increasing employment opportunities, advancing skills and innovation and financial security for an empowered Community. Trade activities are known to reduce poverty in communities and with government support, this will ensure that the women in business have the ability to set up and grow their enterprises so as to ensure the reduction of social and economic challenges in the community that are brought about because of poverty.