

**An assessment of factors affecting informal cross border trade (ICBT) in Tanzania: a case
of Namanga border post**

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The objective of this study was to generate baseline information on informal trading environment which will help to inform policy and decision makers on cross border trade. The study specifically investigated issues regarding the characteristics of informal cross border and factors that affect them negatively. Personal interviews were used as tool to collect information from traders doing trade to/from Tanzania and Kenya border post known as Namanga. Respondents were purposively selected to only business people trading at the border or their countries of destination from/to Tanzania. The study revealed that among the negative factors affecting informal cross border trade, confiscation of goods were a dominant one. However, the trader intervened through paying bribes for confiscated/impounded goods especially women. Results were analyzed through content analysis by the assistance of software package for social sciences (PSPSS) version 15.0 because of its ability to manage a complex data set once the location and meaning of variables have been defined. Demographic results found that most traders involved in informal cross border trade are female aged 31-40 with secondary education. Most of them took their own initiative to start their businesses due to attractive prices in the neighboring country and introduced their retail trade at borders. Other problems faced by the traders include; sexual harassment for women, robbery, domestic violence, imprisonment and detention, intimidating and moral abuse, multiple and arbitrary taxation of goods and lack of access to credit. In coping with the problems; traders pay bribes, fight back and take cases to courts. Among the factors that lead to ICBT are high taxes, bureaucratic licensing, no paper work and payment are quicker.

It is the recommendation of this study that, the governments should do tax harmonization to encourage formalization and dealing with the factors that drive ICBT growth. Every effort should be made to enable traders to build trust in formal cross border trading structure as they are the one's contribution much in the economy.