

**IMPACT OF INFORMAL CROSS BORDER TRADE ON KENYA-UGANDA  
FOREIGN RELATIONS, 2010-2020**

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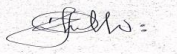
**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE  
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## DECLARATION AND APPROVAL

### Declaration by Candidate

I declare that this research project is my own work, except where acknowledged, and has not been submitted for any other degree or qualification at any university or institution.

Signature:  ..... Date: 02/March/2024.

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**MIRD/2019/41482**

### Declaration by Supervisor

I hereby certify that I have supervised the research project presented and have reviewed the contents and approve it meets the academic standards required for award of Masters Degree at Mount Kenya University

Signature:  ..... Date: 02/March/2024

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## DEDICATION

I dedicate this research project to my family and parents, whose unwavering support in addition to encouragement has been my motivation through this academic journey. Their support has been inspiring throughout my academic journey, and I am deeply grateful. To my dear mother Gladys Mideva, may she continue Resting in Eternal Peace.



## ACKNOWLEDGEMENTS

My appreciation to Mount Kenya University for their valuable guidance and insightful feedback through the development of this project. Their expertise and encouragement have been instrumental in shaping the direction of this study. I also want to acknowledge the contributions and guidance of my supervisor Dr. Joseph W. Ndalilah for his dedication, collaboration, guidance, motivation and availability throughout the study.



## ABSTRACT

This paper examines the multifaceted impact of informal cross-border trade on the Kenya and Uganda foreign relations Kenya and Uganda during the period from 2010 to 2020. Informal cross-border trade has been a prominent feature of the economic landscape between these two East African neighbours, contributing significantly to their economies. However, this dynamic trade relationship has also been accompanied by challenges and opportunities that have influenced their diplomatic interactions. Through a comprehensive review of academic literature, government reports, and new articles, this study analyses the economic, social and political implications of informal cross-border trade on the Kenya-Uganda foreign relationship. It explores how factors such as trade policies, border regulations, and infrastructural developments have shaped the nature of cross-border interactions and influenced bilateral ties. The findings suggest that informal cross-border trade has played a dual role in Kenya-Uganda foreign relations. On one hand it has fostered economic integration, strengthened people-to-people connections, and contributed to poverty alleviation in border communities. On the other hand, challenges such as smuggling, informal taxation, and border disputes have strained diplomatic relations and highlighted the need for enhanced cooperation and regulation. Overall, this paper argues that informal cross-border trade has been a significant determinant of Kenya-Uganda foreign relations, shaping the dynamics of cooperation and competition between the two countries. The period from 2010-2020 witnessed a significant expansion of informal cross-border trade between Kenya and Uganda, driven by factors such as proximity, shared cultural ties, and economic complementarity. This trade phenomenon, predominantly conducted by small-scale traders operating outside formal regulatory frameworks, has contributed to the flow of goods, services, and capital across borders, stimulating local economies and enhancing regional integration. The study was guided by three objectives; To analyse the background of informal cross border trade on the Kenya-Uganda foreign relations; To establish the informal commodities traded on the Kenya-Uganda border and; To analyse the mode of movement of informal commodities on the Kenya-Uganda border. The study used territoriality and universality, two opposing theories to interpret the impact of informal cross-border trade on Kenya-Uganda foreign relations. The idea of universalism is to provide one with the sole authority to manage resources and obligations. The territoriality doctrine is a legal principle that states that the laws of a particular jurisdiction apply within the physical boundaries of that jurisdiction. In other words, a country's laws and regulation generally have authority and jurisdiction within its own territory. In the study, both primary and secondary data was used. The study targeted 150 border traders between Kenya and Uganda as well and 10 key informants. Purposive sampling was used to select respondents, some were chosen at random with trade viewpoints and participation readiness as the top priorities. It concludes by proposing policy recommendations aimed at harnessing the potential benefits of informal trade while addressing its associated challenges to promote sustainable economic growth and diplomatic harmony in the region.

## TABLE OF CONTENTS

<b>DECLARATION AND APPROVAL</b> .....	<b>ii</b>
<b>DEDICATION</b> .....	<b>iii</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iv</b>
<b>ABSTRACT</b> .....	<b>v</b>
<b>TABLE OF CONTENTS</b> .....	<b>vi</b>
<b>LIST OF FIGURES</b> .....	<b>ix</b>
<b>LIST OF TABLES</b> .....	<b>x</b>
<b>LIST OF ABBREVIATION AND ACRONYMS</b> .....	<b>xi</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background to the study.....	1
1.2 Statement of the Problem .....	3
1.3 Purpose of the Study .....	3
1.4 Objectives of the Study .....	4
1.5 Research Questions .....	4
1.6 Significance .....	4
1.7 Scope of the Study.....	5
1.8 Limitations of the Study .....	6
1.9 Assumptions of the Study .....	7
1.10 Operational Definition of Key Terms .....	<b>Error! Bookmark not defined.</b>
<b>CHAPTER TWO</b> .....	<b>10</b>
<b>LITERATURE REVIEW</b> .....	<b>10</b>
2.1 Introduction .....	10
2.2. Empirical Literature .....	10
2.2.1 Overview of Informal Cross Border Trade .....	10
2.2.2 Kenya-Uganda Foreign Relations .....	12
2.2.3 The Informal Commodities Traded.....	13
2.2.4 Modes of Movement used in Informal Trade.....	14
2.3 Theoretical Framework .....	16
2.4 Conceptual Framework .....	17
2.5 Recap of Literature Review.....	18
<b>CHAPTER THREE</b> .....	<b>20</b>
<b>RESEARCH METHODOLOGY</b> .....	<b>20</b>

3.1 Introduction .....	20
3.2 Research Methodology.....	20
3.3 Research Design.....	21
3.4 Location of the Study .....	22
3.5 Target Population .....	23
3.6 Sampling Procedures and Techniques.....	24
3.7 Sample Size.....	24
3.8 Data Collection Instruments.....	25
3.8.1 Questionnaires .....	26
3.8.2 Interview Guide.....	26
3.9 Testing for Validity and Reliability .....	26
3.9.1 Pilot Study .....	28
3.9.2 Validity of the Instruments.....	28
3.9.3 Reliability of Instruments.....	28
3.10 Data Collection Methods and Procedures .....	28
3.11 Proposed Data Analysis Techniques and Procedures .....	29
<b>CHAPTER FOUR.....</b>	<b>32</b>
<b>PRESENTATION AND DISCUSSION OF FINDINGS.....</b>	<b>32</b>
4.2.2 Age.....	33
4.2.3 Language.....	34
4.2.4 Level of Education.....	34
4.2.5 Period lived in the Region.....	35
4.2.6 Period Stayed on Current Jobs.....	35
4.4.0 Discussion of Individual Objective Results.....	37
4.4.1 Background to the Emergence of Informal Cross Border Trade and Impact on Kenya-Uganda Foreign Relations 2010-2020.....	37
4.4.1.1 Kenya-Uganda Foreign Relations.....	37
4.4.3 The Modes of Movement/Transport of Informal Commodities on the Kenya-Uganda Border.....	40
4.5 Impact of Informal Cross Border Trade.....	47
4.6 Direction and Pattern of Informal Cross Border Trade in Relation to Kenya-Uganda Foreign Relations.....	48
4.7 Implications of ICBT on Foreign Relations Between Kenya and Uganda.....	49
<b>CHAPTER FIVE.....</b>	<b>51</b>

5.1 Introduction.....	51
5.2 Summary of Findings.....	52
5.3 Recommendations for Further Research.....	56
<b>APPENCICES.....</b>	<b>59</b>
Appendix I: Letter of Introduction.....	59
Appendix II: Informed Consent Form.....	60
Appendix III: Questionnaire.....	61
Appendix IV: Interview Guide.....	68
Appendix V: Map of Study Area.....	71



## LIST OF FIGURES

Figure 1.1: Conceptual Framework..... 18



**LIST OF TABLES**

**Table 3.1 Sample Size..... 25**



## LIST OF ABBREVIATION AND ACRONYMS

CAR	Central African Republic
CBT	Cross Border Trade
CEMAC	Central African Economic and Monetary Community
COMESA	Common Market for Eastern & Southern Africa
EAC	East African Community
GDP	Gross Domestic Product
HIV/AIDS	Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome
ICBT	Informal Cross Border Trade
OECD	Organization for Economic Cooperation & Development
OSBP	One Stop Border Post
PTA	Preferential Trade Agreement
SADC	Southern African Development Community
UNCTAD	United Nations Conference on Trade and Development
USAID	The United States Agency for International Development

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the study

The study of the impact of informal cross-border trade on Kenya-Uganda foreign relations from 2010-2020 is situated within the context of the broader economic and political dynamics of the East African region during their period. During this period, Kenya and Uganda experienced significant economic growth and development, driven by factors such as increasing foreign investment, infrastructure development, and regional integration efforts. The emergence of informal cross-border trade within this context reflects the adaptive strategies of individuals and communities to capitalize on emerging opportunities and navigate challenges within the evolving economic landscape.

Kenya and Uganda share a long history of economic cooperation, cultural exchange, and diplomatic ties, rooted in their geographical proximity and membership in regional organizations such as East African Community (EAC) and the Common markets for Eastern and Southern Africa (COMESA). The period under review witnessed significant shifts in the global and regional landscape, including changes in trade policies, infrastructural developments, and geopolitical dynamics. Rapid urbanization, population growth, and technological advancements also influenced patterns of cross-border commerce and interaction between Kenya and Uganda.

The Kenya-Uganda border stretches over 700 kilometers and consists of various crossing points, each with its own unique dynamics shaped by historical, geographical, and socio-economic factors. These border regions, such as Busia, Lwakhakha, Malaba, and Suam, have been hubs for informal trade due to their proximity and accessibility. Informal cross-border trade between Kenya and Uganda involves a wide range of commodities, including agricultural products, manufactured goods, consumer goods, and informal services. These trade patterns are influenced by factors such as comparative advantage, market demand, price differentials, and seasonal variations.

Informal cross-border trade often involves the participation of women, who play significant roles as traders, transporters, and intermediaries. Gender dynamics in cross-border trade can vary, with women facing unique challenges such as limited access to resources,

discrimination, and vulnerability to exploitation, but also leveraging opportunities for economic empowerment and social mobility.

Informal cross-border trade emerged as a prominent feature of the Kenya-Uganda economic relationship, driven by factors such as liberalization of trade policies, improvements in transportation networks, and the resilience of informal economies on border regions. Small scale traders, often operating outside regulatory frameworks, played a crucial role in facilitating the movement of goods, services, and capital across borders, contributing to the vibrancy of local economies and the integration of regional markets.

However, the informal nature of their trade also posed challenges to bilateral relations, including issues related to smuggling, tax evasion, and regulatory arbitrage. Disparities in trade policies, border management practices, and infrastructural deficiencies exacerbated these challenges, leading to occasional tensions and disputes between Kenyan and Ugandan authorities. By providing a comprehensive background to the study, including an analysis of the economic, political, social, and cultural factors shaping Kenya-Uganda relations during the period under review, the study aims to offer a nuanced understanding of the trade bilateral ties. This holistic approach enables policymakers, academics, and practitioners to develop informed strategies and interventions aimed at maximizing the benefits of informal trade while mitigating its negative externalities, thereby contributing to the promotion of peace, prosperity, and regional integration in East Africa.

Against this backdrop, the study seeks to explore the multifaceted impact of informal cross border trade on Kenya-Uganda foreign relations, examining both the opportunities and challenges it presents. By analysing the economic, social, and politics dimensions of informal trade, the study aims to provide insights into the dynamics of cooperation and competition between the two countries and to inform policy decisions aimed at promoting sustainable economic growth.

Looking ahead, the sustainability of Kenya-Uganda foreign relations will depend on the ability of countries to effectively manage the complexities of informal cross-border trade. This will require a holistic approach that balances regulatory enforcement with measures to support informal traders, promote inclusive economic growth, and strengthen regional cooperation. By harnessing the potential of informal trade as a driver of prosperity and peace, Kenya and Uganda can build a more resilient and mutually beneficial partnership in the years to come. By considering these additional dimensions, researchers can further elucidate the

complexities of informal cross-border trade and its impact on Kenya-Uganda foreign relations during the specified period. This multidimensional approach helps capture the interplay of economic, social, political, and institutional factors that shape cross-border trade dynamics and bilateral relations.

## **1.2 Statement of the Problem**

*Economic Impact:* How has the proliferation of informal cross-border trade influenced trade balances, government revenues, and market dynamics in Kenya and Uganda? What are the implications for bilateral trade agreements and economic cooperation initiatives.

*Regulatory Challenges:* What regulatory challenges have emerged from informal cross-border trade, including issues related to smuggling, tax evasion, and informal taxation? How have these challenges affected government revenues and regulatory frameworks in both countries?

*Diplomatic Relations:* How have disputes over informal trade practices, border management and trade policies affected diplomatic relations between Kenya-Uganda? To what extent have these disputes been resolved or exacerbated by regional integration efforts and multilateral interventions.

*Social and Cultural Dynamics:* What are the social and cultural implications of informal cross-border trade on communities living along the Kenya-Uganda border? How has informal trade influenced social cohesion, identity, and cultural exchange between the two countries.

By addressing these, the study seeks to provide a comprehensive understanding of the impact of informal cross-border trade on Kenya-Uganda foreign relations, highlighting the complexities and nuances of this dynamic relationship and informing policy decisions aimed at promoting sustainable economic growth, regulatory harmonization, and diplomatic cooperation in the region.

## **1.3 Purpose of the Study**

The purpose of studying informal cross-border trade between Kenya and Uganda in the context of foreign relations from 2010 to 2020 can be multifaceted and nuanced as it examines the impact of informal cross border trade on Kenya-Uganda foreign relations particularly with a focus on how cross border trade in the towns of Busia, Malaba, Lwakhakha and Suam shape the foreign policy of both countries towards each other.

Overall, the purpose of studying informal cross-border trade between Kenya and Uganda in the context of foreign relations from 2010 to 2020 is to gain a comprehensive understanding of the economic, social, and political dynamics shaping trade relations between the two countries and to inform policy and decision-making processes aimed at fostering cooperation, addressing challenges, and promoting sustainable development in the region.

#### **1.4 Objectives of the Study**

The main objective of the study; to analyse the impact of informal cross border trade on Kenya-Uganda foreign relations, 2010-2020.

Specifically, the study was guided by the following objectives.

- i. Analysing the background of informal trade and Kenya-Uganda foreign relations.
- ii. Establishing the informal commodities traded on the Kenya-Uganda border.
- iii. Analysing the mode of movement of informal commodities on the Kenya-Uganda border.

#### **1.5 Research Questions**

- i. How has the background of informal trade impacted the Kenya-Uganda foreign relations?
- ii. What are the informal commodities traded on the Kenya-Uganda border and their impact on the Kenya-Uganda foreign relations?
- iii. Which modes of movement are used on informal commodities and their impact on the Kenya-Uganda foreign relations?

#### **1.6 Significance**

*Policy Implications:* This study aimed at providing policymakers in Kenya and Uganda with valuable insights into the economic, regulatory, diplomatic, and social dimensions of informal cross-border trade. This information can inform evidence-based policy decisions aimed at promoting sustainable economic growth, regulatory harmonization, and diplomatic cooperation between the two countries.

*Economic Development:* By assessing the contribution of informal cross-border trade to GDP, employment, and poverty alleviation in border regions, the study can inform strategies for leveraging the economic potential of informal trade to foster local development and livelihood opportunities.

*Regulatory Reforms:* The study identified regulatory challenges and gaps associated with informal cross-border trade, including issues related to smuggling and tax evasion. This can inform efforts to strengthen regulatory enforcement, improve border management, and harmonize trade policies to create a conducive environment for formal trade activities.

*Diplomatic Relations:* Understanding the impact of informal cross-border trade on diplomatic relations between Kenya and Uganda can help policy makers navigate conflicts and tensions arising from trade disputes and border management issues. The study identified opportunities for enhancing diplomatic cooperation and resolving conflicts through regional integration efforts and multilateral engagements.

*Social Cohesion:* By exploring the social and cultural implications of informal cross-border trade on communities living along the Kenya-Uganda border, the study informs on strategies for promoting social cohesion, identity, and cultural exchange between the two countries. This contributes to fostering mutual understanding and cooperation at the grassroots level.

*Regional Integration:* The study contributes to the broader discourse on regional integration in East Africa by examining the role of informal cross-border trade in fostering economic integration and cooperation between Kenya and Uganda. This can inform regional policy makers and stakeholders in efforts to deepen integration and promote intra-regional trade.

*Academic Contribution:* The study will add to the existing body of literature on informal cross-border trade and its implications for foreign relations, providing researchers and academics with valuable insights into the complex dynamics of informal trade activities in the East African context.

Overall, the study holds significant implications for promoting sustainable economic development, regulatory compliance, diplomatic harmony, and social cohesion in the Kenya-Uganda border region, thereby contributing to peace, stability, and prosperity in East Africa.

### **1.7 Scope of the Study**

The scope of the study encompasses various dimensions of informal cross-border trade between Kenya and Uganda and its impact on foreign relations during the period from 2010 to 2020. *This includes:*

Analysis of the economic implications of informal trade on both countries, including its influence on trade patterns, market dynamics, and revenue generation.

Examination of how informal trade fosters cross-border interactions, cultural exchange, and community ties between Kenyan and Ugandan citizens, potentially leading to socio-cultural integration

Investigation into how informal trade intersects with formal diplomatic relations, border management policies, and regional integration initiatives within the East African Community (EAC), and its implications for bilateral and regional politics.

Assessment of existing legal and regulatory frameworks governing informal cross-border trade and their effectiveness in managing and regulating such activities

Identification of the challenges and opportunities associated with informal trade, including issues related to border security, smuggling, informal taxation, and infrastructure development, and how these factors shape bilateral relations.

Recommendations for policy interventions aimed at harnessing the potential benefits of informal trade while mitigating its negative consequences, with a focus on strengthening bilateral cooperation and fostering greater regional integration.

The study will draw on a combination of qualitative and quantitative research methods, including interviews, surveys, case studies, and analysis of existing literature and official documents. It will provide a comprehensive overview of the dynamics of informal cross-border trade between Kenya and Uganda and its implications for foreign relations, offering insights that can inform policy decisions and enhance cooperation between the two countries.

### **1.8 Limitations of the Study**

While studying the impact of informal cross-border trade on Kenya-Uganda foreign relations from 2010 to 2020 is valuable, several limitations may affect the comprehensiveness and accuracy of the analysis, namely.

Access to reliable data on informal cross-border trade activities can be challenging due to its inherently clandestine nature. Official statistics may not capture the full extent of informal trade, leading to gaps in understanding its scale, composition, and impact on bilateral relations.

Conducting empirical research on informal cross-border trade poses methodological challenges, including sampling biases, measurement errors, and difficulties in data collection.

Researchers may need to rely on qualitative methods, such as interviews, case studies, and field observations, which may limit the generalizability of findings.

Informal cross-border trade operates within specific socio-economic, political, and cultural contexts, which may vary across different border regions and time periods. Generalizing findings from one context to another without considering these nuances could oversimplify the analysis and overlook important factors influencing trade dynamics and foreign relations.

Establishing causality between informal cross-border trade and Kenya-Uganda foreign relations is challenging due to the presence of multiple confounding variables and feedback loops. While informal trade may influence diplomatic interactions and policy decisions, other factors, such as political events, economic conditions, and regional dynamics, also shape bilateral relations.

Government perceptions and policies regarding informal cross-border trade may differ between Kenya and Uganda, as well as among various stakeholders within each country. Analyzing these divergent perspectives and their implications for foreign relations requires nuanced understanding and access to relevant sources, which may be limited.

The study's focus on the period from 2010 to 2020 may overlook longer-term trends and historical legacies that influence contemporary trade dynamics and bilateral relations between Kenya and Uganda. Additionally, recent developments and events occurring after 2020 may have ongoing or future implications that warrant consideration.

Research on informal cross-border trade may involve ethical considerations, particularly concerning the protection of vulnerable populations, respect for cultural norms, and avoidance of harm to individuals or communities. Sensitivity to these ethical issues is essential to conduct responsible and respectful research.

Acknowledging these limitations can help researchers contextualize their findings, interpret results cautiously, and identify areas for further investigation. Despite these challenges, studying the impact of informal cross-border trade on Kenya-Uganda foreign relations remains valuable for informing policy decisions, promoting regional cooperation, and advancing scholarly understanding of cross-border dynamics.

### **1.9 Assumptions of the Study**

When studying the impact of informal cross-border trade on Kenya-Uganda foreign relations from 2010 to 2020, several assumptions may underpin the research methodology and analysis.

These assumptions help frame the study and guide the interpretation and provide a conceptual framework for analyzing the impact of informal cross-border trade on Kenya-Uganda foreign relations and guide the research process by delineating key variables, relationships, and contextual considerations. Acknowledging these assumptions allows researchers to critically evaluate their findings, consider alternative explanations, and contribute to a nuanced understanding of cross-border trade dynamics and bilateral interactions Here are some potential assumptions:

- I. The study assumes that informal cross-border trade between Kenya and Uganda was prevalent during the specified period. This assumption acknowledges the historical and geographical context of trade relations between the two countries and aligns with empirical evidence indicating the existence of informal trade networks along their shared border.
- II. The study assumes that informal cross-border trade exhibits variability in terms of scale, composition, and intensity over time and across different border regions. This assumption recognizes the dynamic nature of informal trade patterns, influenced by factors such as market demand, price fluctuations, seasonal variations, and changes in regulatory environments.
- III. The study assumes that informal cross-border trade has implications for Kenya-Uganda foreign relations, affecting diplomatic interactions, policy decisions, and perceptions between the two countries. This assumption reflects the interconnectedness of economic activities and political dynamics, wherein trade relations can influence broader bilateral engagements and regional cooperation.
- IV. The study assumes that governments in both Kenya and Uganda have implemented policies and interventions aimed at managing informal cross-border trade, formalizing informal activities, and addressing associated challenges. This assumption recognizes the proactive role of governments in regulating trade flows, enforcing border controls, and promoting cross-border cooperation within existing legal and institutional frameworks.
- V. The study assumes that informal cross-border trade is influenced by a complex interplay of economic, social, political, and cultural factors, including market forces, livelihood strategies, social networks, and historical legacies. This assumption acknowledges the multidimensionality of informal trade dynamics and underscores the

importance of adopting a holistic approach to understanding its impact on bilateral relations.

- VI. The study assumes that informal cross-border trade can generate both positive and negative externalities for Kenya and Uganda, encompassing economic benefits, such as income generation and access to goods, as well as challenges, such as tax evasion, smuggling, and regulatory loopholes. This assumption underscores the need to consider trade-offs and unintended consequences when assessing the overall impact of informal trade on foreign relations.
- VII. The study assumes that regional and international factors, such as regional integration initiatives, global trade regimes, and geopolitical dynamics, shape the context within which informal cross-border trade occurs and influence its impact on Kenya-Uganda foreign relations. This assumption highlights the interconnectedness of local, national, and global forces shaping trade dynamics and diplomatic engagements.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

A literature review on the impact of informal cross-border trade on Kenya-Uganda foreign relations from 2010 to 2020 would draw upon a range of academic and policy-oriented sources. Here's an overview of potential themes, key findings, and relevant studies that could be included in such a review.

#### 2.2. Empirical Literature

Studying empirical literature on such a specific topic requires access to academic databases and journals.

##### 2.2.1 Overview of Informal Cross Border Trade

By synthesizing findings from diverse sources across this thematic area, a comprehensive literature review can provide insights into the multifaceted dynamics of informal cross-border trade and its impact on Kenya-Uganda foreign relations during the specified period.

Additionally, identifying gaps, contradictions, and emerging trends in existing research can inform future studies and policy interventions aimed at promoting inclusive and sustainable cross-border trade relations in Easy Africa.

##### *Historical Context and Trade Relations*

Exploration of the historical ties and trade relations between Kenya and Uganda, highlighting the evolution of cross-border trade over time (e.g. studies by Mamdani, 2007; Ochieng, 2015)

Analysis of the impact of colonial legacies, post-independence policies, and regional integration initiatives on bilateral trade dynamics (e.g., research by Adedeji, 2013; Njogu, 2018).

##### *Economic Impacts of Informal Trade*

Examination of the economic significance of informal cross-border traders, and regional economies (e.g., studies by Omolo, 2014; Ayenagbo & Quartey, 2019).

Assessment of the role of informal trade in fostering entrepreneurship, income generation, and poverty alleviation along the Kenya-Uganda border (e.g., research by Wanjala, 2016; Rono & Makokha, 2019).

### *Policy Responses and Regulatory Framework*

Review of Government policies, interventions, and regulatory frameworks aimed at managing informal cross-border trade, formalizing informal activities, and enhancing border governance (e.g., studies by Mburu, 2017; Okelo, 2019).

Evaluation of the effectiveness and challenges of policy measures such as border controls, trade facilitation initiatives, and customs reforms in regulating informal trade (e.g., research by Kimenyi et al., 2016; Mongera, 2020)

### *Social Dynamics and Gender Dimensions:*

Analysis of the social and cultural dimensions of informal cross-border trade, including the role of social networks, kinship ties, and ethnic affiliations in shaping trade relations (e.g., studies by Tripp, 2013; Senbet, 2018).

Exploration of gender dynamics in informal trade, focusing on the participation, experiences, and challenges faced by women traders and the implications of gender equality and empowerment (e.g., research by Wanjiku et al., 2017; Opondo & Mwaura, 2020).

### *Political and Diplomatic Implications:*

Examination of the political economy of informal cross-border trade, including its impact on governance structures, state-society relations, and political stability in border regions (e.g., studies by Kagwanja, 2012; Araka, 2019).

Analysis of the diplomatic engagements, negotiations, and conflicts arising from issues related to informal trade, border disputes, and security concerns between Kenya and Uganda (e.g., research by Mwangi, 2015; Odhiambo & Wanyeki, 2020).

### *Regional Integration and Trade Agreements:*

Assessment of the role of regional integration initiatives such as the East African Community (EAC) and the African Continental Free Trade Area (AfCTA) in shaping cross-border trade relations and foreign policy priorities (e.g., studies by Muhumuza, 2014; Maonga, 2018).

Examination of the implications of regional trade agreements, tariff harmonization, and customs union protocols for informal trade flows, market integration, and economic development in East Africa (e.g., research by Alemayehu & Haile, 2017; Karingo et al., 2020).

### *Security Challenges and Transnational Crimes:*

Analysis of the security implications of informal cross-border trade, including its role in facilitating illicit activities such as smuggling, trafficking, and money laundering (e.g., studies by Shaw, 2011; Kiros et al., 2019).

Exploration of the responses of law enforcement agencies, border security forces, and international organizations to address security challenges associated with informal trade (e.g., research by Chachage & Mdee, 2017; Odede, 2020).

### **2.2.2 Background of Informal Trade and Kenya-Uganda Foreign Relations**

Kenya and Uganda share a historically significant relationship, marked by economic cooperation, cultural ties, and mutual regional interests. Here are some key aspects of their foreign relations:

*Historical and Cultural Ties:* Both countries were British colonies and share historical experiences associated with British colonial rule. This common history has influenced their political and legal systems. Kenyan and Ugandan people share cultural similarities, including languages, and ethnic ties, this cultural affinity has facilitated people-to-people interactions and mutual understanding.

*Economic Cooperation:* Kenya and Uganda are important trade partners. They engage in significant cross-border trade, with goods and services flowing between the two countries, enhancing their economic interdependence.

*Infrastructure Development:* Both countries collaborate on regional infrastructure projects, such as roads and railways, aimed at improving connectivity within the East African region. The standard Gauge Railway (SGR) project is a notable example of their collaborative efforts.

*Energy Cooperation:* Kenya and Uganda have explored partnerships in the energy sector, including plans for power generation and sharing electricity resources. Joint energy projects aim to meet the growing energy demands of both countries.

*Regional Security:* Kenya and Uganda are members of the East African Community (EAC) and the Intergovernmental Authority on Development (IGAD), collaborate on regional security issues. They work together to address common threats, including terrorism and regional conflicts.

*Diplomatic Engagements:* Both countries engage in regular diplomatic dialogues, supporting each other in various international forums, and advocating for common interests in regional and global arenas.

*Challenges and Resolutions:* Historically, Kenya and Uganda have experienced border disputes, primarily related to territory and resources. However, these issues have been resolved through bilateral negotiation and diplomacy. Occasionally, trade-related issues arise, such as disputes over tariffs and trade regulations. Diplomatic efforts have been made to resolve these challenges and maintain smooth cross-border trade.

*Regional Integration:* Kenya and Uganda, along with other East African countries, are committed to regional integration efforts, including the establishment of a common market and customs union within the East Africa Community. Their collaboration supports the vision of a politically and economically integrated East Africa.

*Infrastructure Development:* Both nations engage in regional infrastructure projects, such as the Northern Corridor Integration Projects, focusing on transportation, trade facilitation, and economic development within the East African region.

In summary, the relationship between Kenya and Uganda is characterised by shared historical experiences, economic collaboration, political cooperation, and mutual regional interests. Despite occasional challenges, the two countries continue to foster strong diplomatic ties, contributing to stability and development in the East African region.

### **2.2.3 The Informal Commodities Traded in, on the Kenya-Uganda Border**

At the cross-border between Kenya and Uganda, a wide range of informal commodities are traded, reflecting the diverse economic activities and market demands in the region. These commodities include:

Agricultural goods form a significant portion of informal cross-border trade. This category includes staples such as maize, rice, beans, and wheat, as well as fruits, vegetables, and livestock. Farmers and traders from both countries engage in the exchange of agricultural produce, taking advantage of variations in climate, soil conditions, and seasonal harvests.

Informal trade also involves the exchange of manufactured goods, including processed foods, beverages, household items, clothing, footwear, and electronics. These products may range from locally made goods to imported items sourced from other regions or countries.

Consumer goods such as toiletries, cosmetics, detergents, utensils, and household appliances are commonly traded informally at the Kenya-Uganda border. These goods cater to the everyday needs and preferences of border communities and urban consumers seeking affordable and accessible alternatives.

Informal cross-border trade extends beyond tangible goods to include various services such as transportation, currency exchange, logistics, and informal financial services. Individuals and small businesses offer services to facilitate trade activities, including border clearance, warehousing, and cross-border transportation of goods.

Despite efforts to regulate cross-border trade, illegal commodities such as contraband goods, counterfeit products, narcotics, and illicit substances are sometimes smuggled across the Kenya-Uganda border. These illicit activities pose challenges for border authorities and impact formal trade channels.

Livestock, including cattle, goats, sheep, and poultry, are traded informally between Kenya and Uganda, reflecting the importance of livestock farming in the region. Additionally, animal products such as milk, meat, hides, and skins are exchanged to meet local demand and capitalize on comparative advantages.

Handicrafts, artwork, traditional artifacts, and cultural products are also part of informal trade at the Kenya-Uganda border. These items may hold symbolic or cultural significance and attract tourists, collectors, and enthusiasts interested in indigenous crafts and heritage.

Informal services such as hairdressing, beauty salons, tailoring, repair shops, and entertainment venues cater to the needs and preferences of border residents and transient populations. These services contribute to the informal economy and support livelihoods in border regions.

Overall, the informal commodities traded at the Kenya-Uganda border reflect the diverse economic activities, cultural exchanges, and market dynamics in the region. Understanding these trade patterns and commodities is essential for policymakers, researchers, and stakeholders seeking to address challenges and harness opportunities associated with informal cross-border trade.

#### **2.2.4 Modes of Movement used in Informal Trade**

Informal cross-border trade at the Kenya-Uganda border involves a variety of modes of movement, reflecting the flexibility and adaptability of traders and communities engaged in

small-scale commerce. These modes of movement for informal cross-border trade at the Kenya-Uganda border reflect the diverse transportation networks, social dynamics, and economic activities in border regions. Understanding these modes of movement is essential for policymakers, border authorities, and development agencies seeking to enhance trade facilitation, infrastructure development, and livelihood opportunities in cross-border areas.

*Here are the primary modes of movement for informal cross-border trade at the Kenya-Uganda border:*

Foot traffic is one of the most common modes of movement for informal cross-border traders. Traders and individuals carry goods on foot across border crossings and unofficial paths, often transporting small quantities of goods for personal consumption or sale. This mode of movement allows for flexibility and agility, particularly in navigating informal border routes and bypassing formal checkpoints.

In border regions with limited infrastructure and accessibility, bicycles and motorcycles (boda bodas) play a crucial role in facilitating informal cross-border trade. Traders use bicycles to transport goods, while motorcycle taxis (boda bodas) provide transportation services for traders and commuters moving between border towns and market centers. These modes of transport offer cost-effective and efficient alternatives, especially for small-scale traders operating in rural areas.

Informal transport networks, including private vehicles, minibuses (matatus), and shared taxis, also support informal cross-border trade at the Kenya-Uganda border. Traders may hire or use these vehicles to transport goods and passengers across the border, leveraging existing transportation infrastructure and routes. Informal transport operators play a vital role in providing last-mile connectivity and facilitating cross-border mobility for traders and communities.

In some border regions, particularly around Lake Victoria, head portering or the "Migingyo Scheme" is prevalent. Traders hire porters (commonly known as "Migingyo boys") to carry goods on their heads or shoulders across informal crossing points, including sandbars and islands in the lake. This mode of movement is especially significant for trading activities involving fishing communities and island settlements along the Kenya-Uganda border.

Cross-border market shuttles and organized transportation services cater to traders and shoppers traveling between Kenya and Uganda for market days and trade fairs. These shuttles

operate along designated routes and schedules, providing safe and convenient transportation options for traders transporting goods to and from border markets and trading centers.

Informal water transport, including canoes, boats, and ferries, facilitates trade and mobility along waterways bordering Kenya and Uganda. Traders use these informal vessels to transport goods, particularly agricultural produce and fishing products, across Lake Victoria and other water bodies. Informal water transport complements formal ferry services and supports trade activities in remote and underserved areas.

Livestock, such as cattle, goats, and sheep, are sometimes used as a mode of cross-border movement for trade purposes. Herders and traders transport livestock on foot or by vehicle across designated border crossings, leveraging traditional migration routes and grazing lands shared between Kenya and Uganda

### **2.3 Theoretical Framework**

This theory emphasizes the importance of territorial boundaries in shaping state behavior and international relations. According to territoriality theory, states tend to prioritize their own territorial integrity and sovereignty, which can sometimes lead to tensions or conflicts with neighboring states, especially if there are disputes over borders or resources.

In the context of Kenya-Uganda relations and informal cross-border trade, territoriality theory might suggest that the two countries would prioritize their own interests and sovereignty concerns over the interests of informal traders operating across their borders. This could lead to increased border controls, tariffs, or other measures aimed at regulating or restricting informal trade, potentially straining diplomatic relations between the two countries.

Universality theory, on the other hand, emphasizes common interests and universal principles that transcend national boundaries. According to this theory, states are more likely to cooperate and engage in mutually beneficial relationships when they recognize shared interests and values.

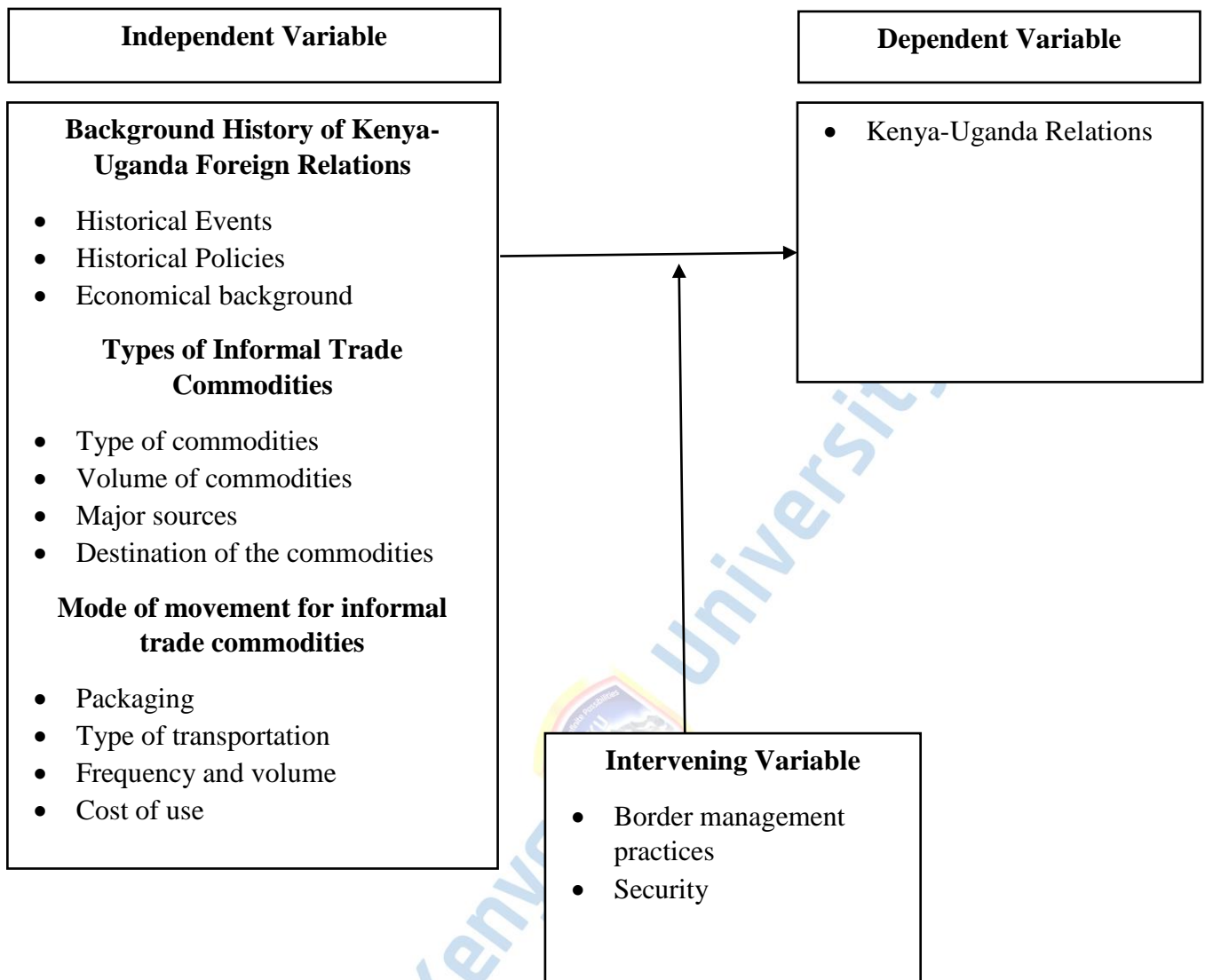
In the case of Kenya and Uganda, universality theory might suggest that the two countries would recognize the economic benefits of informal cross-border trade and seek to promote cooperation rather than conflict. They might work together to develop policies and agreements that facilitate and regulate informal trade, recognizing that it contributes to economic growth, employment, and regional integration. Additionally, universality theory might highlight the importance of regional organizations and international frameworks in

promoting cooperation between Kenya and Uganda. Organizations such as the East African Community (EAC) could serve as platforms for dialogue and collaboration on issues related to cross-border trade, helping to mitigate conflicts and strengthen diplomatic relations between the two countries.

In analyzing the impact of informal cross-border trade on Kenya-Uganda foreign relations from 2010 to 2020, both territoriality and universality theories provide valuable perspectives. While territoriality theory underscores the potential for conflicts and tensions arising from differences in territorial interests and sovereignty concerns, universality theory highlights the opportunities for cooperation and mutual benefit through recognition of shared economic interests and regional integration goals.

#### **2.4 Conceptual Framework**

A conceptual framework outlines and organises the concepts, theories, and ideas that form the basis of the reach project. It will provide a theoretical foundation for understanding the research problem and guide the development of research questions. The study examines the relationship between Kenya-Uganda foreign relations and informal and formal CBT, with the former serving as the independent variable and the latter as the dependent variable.



**Figure 1.1: Conceptual Framework**

From the conceptual framework above, Kenya-Uganda foreign relations may be because of influence of CBT, combined with the three specific objectives examined in detail to determine their relevance in contributing or being the root causes of current foreign relations between the two countries.

## 2.5 Recap of Literature Review

The literature review on the impact of informal cross-border trade on Kenya-Uganda foreign relations from 2010 to 2020 provides a comprehensive understanding of the complex dynamics shaping trade relations, diplomatic engagements, and socio-economic interactions

between the two countries. By synthesizing findings from diverse sources across these thematic areas, the literature review provides insights into the multifaceted impacts of informal cross-border trade on Kenya-Uganda foreign relations. This nuanced understanding contributes to policy debates, academic scholarship, and development interventions aimed at promoting inclusive and sustainable trade relations in East Africa.

*Here's a recap of the key themes, findings, and contributions identified in the literature:*

Studies highlight the historical ties and trade relations between Kenya and Uganda, emphasizing the evolution of cross-border trade over time and its significance for regional integration and economic cooperation (Mamdani, 2007; Ochieng, 2015).

Research underscores the economic significance of informal cross-border trade, including its role in fostering entrepreneurship, income generation, and poverty alleviation among border communities (Omolo, 2014; Ayenagbo & Quartey, 2019).

Scholars examine government policies, interventions, and regulatory frameworks aimed at managing informal cross-border trade, highlighting challenges and opportunities for trade facilitation and border governance (Mburu, 2017; Okello, 2019).

Studies explore the social and gender dimensions of informal trade, emphasizing the participation, experiences, and challenges faced by women traders and the implications for gender equality and empowerment (Wanjiku et al., 2017; Opondo & Mwaura, 2020).

Research analyzes the political economy of informal cross-border trade, examining its impact on governance structures, state-society relations, and diplomatic engagements between Kenya and Uganda (Kagwanja, 2012; Araka, 2019).

Scholars assess the role of regional integration initiatives such as the East African Community (EAC) and the African Continental Free Trade Area (AfCFTA) in shaping cross-border trade relations and foreign policy priorities (Muhumuza, 2014; Maonga, 2018).

Studies examine the security implications of informal cross-border trade, including its role in facilitating illicit activities such as smuggling, trafficking, and money laundering, and the responses of law enforcement agencies to address these challenges (Shaw, 2011; Kiros et al., 2019).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The research methodology for studying the impact of informal cross-border trade on Kenya-Uganda foreign relations from 2010 to 2020 involves a multifaceted approach that integrates qualitative and quantitative research methods. The study aims to investigate the complex relationship between informal cross-border trade and diplomatic relations between Kenya and Uganda over the past decade. Informal cross-border trade, characterized by its unregulated nature and significant economic and social implications, presents a compelling subject for research. This section introduces the research methodology designed to explore the multifaceted dimensions of informal trade and its impact on foreign relations. This section outlines the introduction to the research methodology:

#### **3.2 Research Methodology**

By following this research methodology, researcher can systematically investigate the impact of informal cross-border trade on Kenya-Uganda foreign relations, contributing to a deeper understanding of the dynamics shaping trade relations and diplomatic engagements between the two countries.

Clearly define the research objective, which is to examine the impact of informal cross-border trade on Kenya-Uganda foreign relations during the specified period.

Formulate research questions that guide the investigation into various aspects of informal trade and its implications for bilateral relations.

Develop a conceptual framework that integrates relevant theories, concepts, and variables to guide the analysis. This framework should provide a theoretical basis for understanding the relationship between informal cross-border trade and foreign relations.

Adopt a mixed-methods research design that combines qualitative and quantitative approaches to provide a comprehensive understanding of the phenomenon.

Utilize a sequential explanatory design, where qualitative data collection and analysis precede quantitative data collection and analysis, with the latter helping to elaborate on or explain qualitative findings.

Conduct in-depth interviews with key stakeholders, including government officials, trade associations, community leaders, and informal traders. These interviews should explore their perspectives, experiences, and insights regarding informal cross-border trade and its impact on foreign relations.

Organize focus group discussions with representatives from border communities and trading associations to gather collective views and experiences related to informal trade dynamics.

Administer surveys to a representative sample of informal traders in selected border regions to collect quantitative data on trade patterns, volumes, commodities, and socio-economic characteristics.

Gather secondary quantitative data from government sources, trade databases, and statistical agencies to supplement survey findings and provide broader insights into trade trends and patterns.

Employ thematic analysis to identify recurring themes, patterns, and narratives from qualitative data sources such as interviews and focus group discussions.

Use descriptive statistics to analyze survey data and summarize trade patterns, volumes, and characteristics of informal cross-border trade.

Conduct inferential statistical analysis, such as regression analysis, to explore relationships between variables and assess the significance of factors influencing informal trade dynamics.

Integrate qualitative and quantitative findings to provide a comprehensive understanding of the impact of informal cross-border trade on Kenya-Uganda foreign relations.

Synthesize key findings within the conceptual framework to draw conclusions and implications for policy, practice, and further research.

Ensure ethical conduct throughout the research process, including obtaining informed consent from participants, protecting their privacy and confidentiality, and adhering to ethical guidelines and regulations, instruments were reliability and validity tested.

### **3.3 Research Design**

Adopted a concurrent triangulation design, where qualitative and quantitative data are collected simultaneously and analyzed independently, with integration during interpretation. This research employed a blended methodology consisting of both primary and secondary

research on formal and informal CBT and how it impacts international relations Used a sequential explanatory design, where qualitative data collection and analysis precede quantitative data collection and analysis, with the latter helping to elaborate on or explain qualitative findings. The research design is also descriptive and quantitative using a cross-sectional approach. The descriptive research provided deep insight into the social system as it pertains to geopolitics, the economy, territorial integrity, and Kenya-Uganda relations.

### **3.4 Location of the Study**

Determining the location for the study on the impact of informal cross-border trade on Kenya-Uganda foreign relations between 2010 and 2020 requires careful consideration of various factors.

*Proximity to Border Area:* Since the study focuses on cross-border trade between Kenya and Uganda, it was beneficial to choose a location close to the border to observe firsthand the dynamics of informal trade activities. This included towns situated along the Kenya-Uganda border, such as Busia, Malaba, Lwakhakha and Suam which are the hub for ICBT between Kenya and Uganda.

*Accessibility:* The researcher chose a location that is easily accessible for conducting fieldwork and gathering data. Considered factors such as transportation infrastructure, availability of accommodations, and ease of movement between Kenya and Uganda.

*Research Facilities:* The researcher considered facilities and institutions in the chosen location that can support the study, such as universities, research centers, or government agencies. Access to libraries, archives, and experts familiar with the region can enhance the quality of your research.

*Safety and Security:* Prioritised the safety and security of researchers and participants when selecting a study location. Conducted a thorough assessment of potential risks and consider consulting local authorities or security experts for advice.

*Cultural and Linguistic Consideration:* Consider cultural and linguistic differences between Kenya and Uganda when choosing a study location. Familiarity with local languages and customs can facilitate communication and interaction with research participants.

*Presence of Informal Trade:* Select a location where informal cross-border trade is prevalent and significant. This ensures that your study can effectively capture the impact of informal trade on local economies, communities, and diplomatic relations between the two countries.

Based on these considerations, the researcher considered conducting the study in border towns that serves as a hub for informal cross-border trade between Kenya and Uganda, ensuring proximity to trade routes, markets, and border crossing points. Additionally, collaborating with local research partners or organizations familiar with the area provided valuable insights and support to the study.

### **3.5 Target Population**

The target population for studying the impact of informal cross-border trade on Kenya-Uganda foreign relations from 2010 to 2020 includes various stakeholders and groups directly or indirectly involved in cross-border trade activities and foreign relations between the two countries. The target population encompasses a diverse range of stakeholders with varying interests, perspectives, and roles in shaping informal cross-border trade and foreign relations between Kenya and Uganda. By engaging with and studying this population, the researcher gained valuable insights into the complex dynamics and impacts of informal trade on bilateral relations and regional integration in East Africa.

*Here's a breakdown of the target population:*

Small-scale traders engaged in informal cross-border trade between Kenya and Uganda, including individuals and businesses operating in border regions, marketplaces, and trading hubs.

Traders involved in the exchange of goods such as agricultural products, manufactured goods, consumer goods, and informal services across the border.

Officials from government agencies responsible for trade, commerce, and foreign affairs, including ministries, departments, and regulatory bodies overseeing cross-border trade and diplomatic relations.

Border authorities, customs officials, and law enforcement agencies involved in regulating and monitoring informal trade activities at border crossings and checkpoints.

Representatives from trade associations, business organizations, and chambers of commerce representing the interests of formal and informal traders engaged in cross-border trade.

Industry groups and professional associations advocating for policy reforms, trade facilitation measures, and market access opportunities for traders.

Leaders of border communities, local councils, and community-based organizations (CBOs) involved in promoting economic development, social cohesion, and grassroots initiatives in border regions.

Civil society organizations (CSOs), non-governmental organizations (NGOs), and advocacy groups working on issues related to trade governance, human rights, and community empowerment in cross-border areas.

Scholars, researchers, and academics conducting studies, surveys, and research projects on informal cross-border trade, regional integration, and foreign relations between Kenya and Uganda

Representatives from international organizations, multilateral institutions, and development agencies supporting initiatives related to trade facilitation, regional integration, and cross-border cooperation in East Africa

Donor agencies, technical assistance providers, and diplomatic missions involved in funding, implementing, and monitoring projects aimed at promoting inclusive and sustainable trade relations between Kenya and Uganda

### **3.6 Sampling Procedures and Techniques**

The sampling procedure and techniques for studying the impact of informal cross-border trade on Kenya-Uganda foreign relations involve selecting participants and study sites that represent the diversity of stakeholders and contexts relevant to the research questions.

*Purposive sampling:* Purposive sampling, a technique in which the sample size is determined at the researcher's choice, was used in this investigation (Amin, 2005). Select participants based on specific criteria relevant to the research objectives, ensuring that the sample represents key stakeholder groups involved in informal cross-border trade and foreign relations. Criteria may include: Involvement in informal trade activities (e.g., traders, government officials, community leaders), Representation from different border regions, marketplaces, and trading hubs, Variation in trade volumes, commodities, and trading patterns. Purposive sampling was used to choose these people explicitly. The researcher employed the chain approach to get to the first subject, who then suggested the following individual to the researcher.

### **3.7 Sample Size**

In the study of the impact of cross-border trade on foreign relations, purposive sampling can be a valuable approach for selecting participants who possess relevant knowledge, experience, or perspectives related to the research topic. By using purposive sampling in the study of the impact of cross-border trade on foreign relations, researchers can strategically select participants who can provide valuable insights and perspectives relevant to the research questions. This approach allows for a focused and targeted exploration of the complex interactions between cross-border trade and foreign policy, contributing to a deeper understanding of their implications for international relations. The necessary sample size was then reached by taking a straightforward random sample of a total sample size of 160 people, the researcher compiled a sample of 20 officials from the Ministry of Foreign Affairs and International Trade, 20 from immigration and customs, 20 from various departments of the Ministry of Interior and Coordination, and 100 from traders.

**Table 3.1 Sample Size**

Category	Sample Size	Percentage
Ministry of Foreign Affairs and International Trade	20	12.5
Immigration /Customs Officials	20	12.5
Security Officers	20	12.5
Traders	100	62.5
<b>Total</b>	<b>160</b>	<b>100%</b>

Source, Researcher (2022)

### 3.8 Data Collection Instruments

The researcher will prepare a questionnaire and administer to the target of a number of traders (100) operating across the Kenya Uganda border as well as 60 key informants who will include customs officials, security and immigration personnel. The questionnaire will be closed ended in its deadline time. Respondents will give views regarding an analysis of the impact of cross border trade on Kenya-Uganda foreign relations. Thereafter, the researcher upon receiving an approval from the university and the authorities concerned, he will attach the letter to the questionnaire confirming that the researcher is a student at Mount Kenya University. The questionnaire will then be distributed to the respondents of the target study. Under this, the

researcher will inform participants that participation is voluntary as to make informed decision to participate or not. The researcher will show them an introductory letter and interview guide that will inform the respondent about the process and procedure of the interview.

### **3.8.1 Questionnaires**

The questionnaire for this study is designed to gather information on the background, types of commodities, and modes of movement involved in ICBT between Kenya and Uganda. The questionnaire consists of questions on a Likert scale of 1-5 to measure the frequency correspondence of the participants' answers. The questions are designed to be simple, straightforward, and easy to answer, for accurate and honest answers. The questionnaire is designed to be self-administered and can be completed in a short time therefore making it convenient for the participants to participate in the study. The interview guide for the study is designed to gather in-depth information from government border officials about their observations and experiences with informal CBT at the border between Kenya and Uganda. The researcher prepared a questionnaire and administered to the target of 60 officials who included customs officials, security and immigration personnel. operating across the Kenya-Uganda border. The questionnaire was therefore administered to these officials and other respondents who were identified through purposive sampling. Some other questionnaires were administered either in groups or individually. These were both open ended and closed ended. The information was then analysed with emphasis on the impact of ICBT on Kenya-Uganda Foreign relations, 2010-2020.

### **3.8.2 Interview Guide**

The interview guide consists of open-ended questions that allow participants to provide detailed and comprehensive answers. Follow-up questions to clarify and deepen the participants' responses are included in the interview guide. The design of the interview guide is flexible and adaptable, easy to use and administer allowing the researcher to explore new and unexpected information that may emerge during the interview. The researcher prepared an interview guide for 100 traders at the border who included licensed and unlicensed ones. The researcher informed participants of voluntary participation to ensure they make informed decision on participation. An introductory letter and interview guide that informed the respondent about the process and procedure of the interview was shown to the participants.

### **3.9 Testing for Validity and Reliability**

Testing for validity and reliability is crucial to ensure that the data collected through questionnaires are accurate, consistent, and meaningful. Here's how validity and reliability can be assessed in the context of studying the impact of informal cross-border trade on Kenya-Uganda foreign relations:

*Content validity:* Ensures that the questionnaire items adequately cover the constructs or variables of interest. To assess content validity:

Review the questionnaire items to ensure they align with the research objectives and conceptual framework.

Seek feedback from subject matter experts, researchers, and stakeholders to evaluate the relevance and comprehensiveness of the questionnaire items.

Revise the questionnaire based on feedback to ensure that it accurately captures the key dimensions of informal cross-border trade and foreign relations.

*Construct validity:* Examines whether the questionnaire measures the intended constructs or concepts accurately. To assess construct validity:

Use established scales or measures with demonstrated validity in previous research whenever possible.

Conduct factor analysis to examine the underlying structure of the questionnaire items and assess whether they load onto the expected constructs.

Compare the results of the questionnaire with other measures of the same constructs to establish convergent validity.

*Criterion validity:* Assesses the extent to which questionnaire scores correlate with an external criterion or gold standard measure. To assess criterion validity:

Compare the questionnaire scores with objective indicators or measures of the same constructs obtained from independent sources.

Determine whether there is a significant correlation between the questionnaire scores and the external criterion measure.

### **3.9.1 Pilot Study**

A pilot study was conducted in Lwakhakha, a border town between Kenya and Uganda. Conducting a pilot study for the research on informal cross-border trade between Kenya and Uganda and its implications for foreign relations will ensure the validity and effectiveness of the research instruments and methodology. The pilot study involved a small sample of participants and tested the questionnaire and interview guide that have been developed for the study. By conducting a pilot study, the researcher will identify and address potential challenges, refine the research instruments and procedures, and enhance the overall quality and rigor of the research on informal cross-border trade and foreign relations.

### **3.9.2 Validity of the Instruments**

In the context of research, the validity of instruments refers to the extent to which the tools or measures used to collect data measure what they are intended to measure. For a study on informal cross-border trade between Kenya and Uganda, ensuring the validity of the instruments, such as questionnaires or interview guides, is crucial for obtaining accurate and reliable data.

### **3.9.3 Reliability of Instruments**

Reliability refers to the consistency and stability of the questionnaire items in measuring the intended constructs over time and across different samples. To assess reliability:

Conduct test-retest reliability by administering the questionnaire to the same participants at two different time points and assessing the consistency of their responses.

Calculate internal consistency using measures such as Cronbach's alpha to assess the degree of inter-item correlation within the questionnaire.

Split the questionnaire into two halves and assess the equivalence of scores between the halves to determine split-half reliability.

### **3.10 Data Collection Methods and Procedures**

The study utilized both primary and secondary data and included a questionnaire and interview schedule. The instruments were administered in a language the traders understand, mostly Kiswahili and occasionally English. The questionnaire focused on traders with extensive knowledge of CBT, while the interview schedule targeted customs officials, security personnel, and immigration personnel. The researcher recruited study assistants to visit trade locations and

observe transactions at border points in Busia, Malaba, Lwakhakha, and Swam. The research assistants were trained to observe trader behavior, their openness to disclosure, and interactions with peers, customers, and government officials, as well as border officials. Relevant experiences from other countries and regions, from source materials, was also be used to evaluate the legal frameworks of Kenya and Uganda and provide insights for crafting a cross-border framework for the two countries being studied, as well as how this type of trade has shaped foreign policy. This allowed for in-depth investigations of the research questions.

### **3.11 Proposed Data Analysis Techniques and Procedures**

Both quantitative and qualitative data analysis techniques were used in this investigation. With the help of interviews and observations to offer qualitative data, most of the data was analyzed using SPSS. Descriptive statistics were used to summarize the quantitative data, which was then displayed using graphs, pie charts, frequency tables, and percentages. The content analysis method was used to examine the qualitative data. A written report in prose form was used to present the study's final findings.

### **3.12 Ethical Considerations**

Ensured ethical conduct throughout the research process, including obtaining informed consent, protecting confidentiality, and respecting the rights and privacy of research participants. Adhered to ethical guidelines and protocols established by institutional review boards and research ethics committees. An introduction letter from Mount Kenya University was issued to the researcher before beginning fieldwork, outlining the study's solely academic goal, to comply with ethical research guidelines. The National Council for Science and Technology (NACOSTI) granted a research permit, and the Ministry of Foreign Affairs and International Trade granted clearance. An ethical clearance to guarantee their informed permission and readiness to participate fearlessly was issued to the participants.

## **CHAPTER FOUR: PRESENTATION AND DISCUSSION OF FINDINGS**

### **4.1 Introduction**

For decades, Kenya and Uganda have shared a complex relationship characterised by both cooperation and competition. Informal cross-border trade, involving the exchange of goods and services outside formal channels, plays a significant role in shaping this relationship. Understanding the impact of this trade on Kenya-Uganda foreign relations is crucial for policymakers and scholars alike.

To achieve the objectives, the study employed a mixed-method approach, combining quantitative surveys with qualitative interviews. The sample included traders, policymakers, government personnel, and community members from border regions in both Kenya and Uganda.

The analysis revealed several key findings. Informal cross border trade serves as a vital economic lifeline for communities on both sides of the border, contributing significantly to local livelihoods and economic development. Additionally, traders reported a strong sense of interconnectedness and mutual dependency between Kenya and Uganda, despite occasional trade disputes and regulatory challenges.

These findings underscore the complex nature of Kenya-Uganda foreign relations, where economic interests often intersect with political considerations. While informal trade fosters economic integration and people-to-people ties, it also presents challenges related to regulatory harmonization, border security, and revenue collection.

Data on trade volumes, perception of bilateral relations and factors influencing trade dynamics was collected.

This study aimed to explore the multifaceted relationship between informal cross border trade and Kenya-Uganda foreign relations. Specifically, it sought to investigate the effects of informal trade activities on diplomatic interactions, economic ties, and regional cooperation between the two countries.

Among the key themes that emerged from the data analysis were the role of informal networks in facilitation trade, the impact of government policies on trade flows, and the importance of cross border cooperation in addressing common challenges. Variations in trade patterns and perceptions across different regions were observed, highlighting the need for context-specific policy interventions.

It's important to acknowledge the limitations to the study, including the reliance on self-reported data and the potential for sampling bias. Additionally, the research focused primarily on the Kenya-Uganda border region, limiting the generalizability of the findings to other contexts.

In future, there will be several avenues for research in this area. Exploring the gender dynamics of informal trade, examining the role of technology in facilitating cross border transactions, and assessing the environmental impact of informal cross border trade are just a few areas that warrant further investigation.

The study sheds light on the intricate relationship between informal cross border trade and Kenya-Uganda foreign relations. By understanding the opportunities and challenges posed by informal trade, policy makers can work towards fostering greater cooperation and integration between these two neighbouring nations.

#### **4.4.0A Discussion of Individual Objective Results**

#### **4.4.1 Background to the Emergence of Informal Cross Border Trade and Impact on Kenya-Uganda Foreign Relations, 2010-2020.**

##### **4. 4.1.1 Kenya-Uganda Foreign Relations**

The foreign relations between Kenya and Uganda have evolved over time, shaped by historical, political, economic, and social factors.

*Here's an overview of their relationship:*

Kenya and Uganda share a complex history, particularly as former British colonies in East Africa. Both countries gained independence in the early 1960s, and their historical ties have influenced their bilateral relations.

Kenya and Uganda maintain diplomatic relations, with embassies and high commissions in each other's capitals. Diplomatic interactions between the two countries occur at various levels, including government-to-government engagements, joint commissions, and multilateral forums.

Trade and economic cooperation are significant aspects of Kenya-Uganda relations. Both countries are members of the East African Community (EAC), which aims to promote regional integration and facilitate cross-border trade. Informal cross-border trade plays a crucial role in their economic interactions, contributing to livelihoods and economic growth in border regions.

Efforts to improve infrastructure and connectivity between Kenya and Uganda have further strengthened their relations. Projects such as the Standard Gauge Railway (SGR) and the Northern Corridor Integration Projects aim to enhance transportation links and facilitate the movement of goods and people between the two countries.

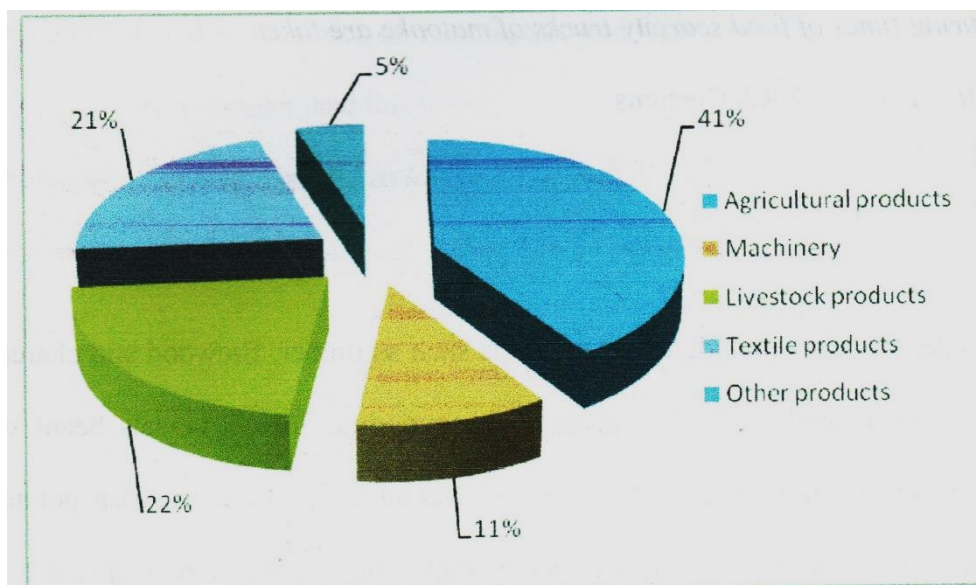
Kenya and Uganda collaborate on security issues, particularly in the fight against terrorism and transnational crime. Both countries have been affected by terrorism threats, and they work together, along with other regional partners, to address common security challenges.

Kenya and Uganda play important roles in regional politics and security in East Africa. Their relations are influenced by broader regional dynamics, including competition for influence, resource management, and regional integration efforts.

Despite the overall positive trajectory of Kenya-Uganda relations, there have been occasional tensions and disputes. These may arise from border disputes, trade disagreements, or political differences. Managing such challenges requires diplomatic dialogue and cooperation between the two countries.

Overall, Kenya and Uganda share a multifaceted relationship characterized by cooperation, economic ties, and occasional challenges. Both countries recognize the importance of maintaining strong bilateral relations and collaborating on regional issues to promote peace, stability, and development in East Africa.

#### **4. 4.2 Commodities in Informal Cross Border Trade on the Kenya-Uganda Border.**



**Figure 4.1 Commodities Stranded in ICBT**

Informal cross-border trade between Kenya and Uganda involves the exchange of a wide range of commodities, reflecting the diverse economic activities and needs of the border communities on both sides. While the specific commodities traded may vary depending on factors such as geographical location, market demand, and regulatory environment, several common categories of goods are frequently exchanged through informal channels. Some of the key commodities in informal cross-border trade on the Kenya-Uganda border include:

Agricultural commodities such as fruits, vegetables, cereals, grains, and livestock are commonly traded between Kenya and Uganda. This includes staple crops like maize, beans, rice, and potatoes, as well as perishable items such as bananas, mangoes, tomatoes, and onions.

Livestock, including cattle, goats, sheep, and poultry, are frequently traded across the border, catering to the demand for meat, dairy products, and other animal by-products. This includes live animals, meat, milk, eggs, and hides.

Textile products, including clothing, fabrics, and apparel, are popular items in informal cross-border trade. This includes both locally produced and imported textiles, as well as second-hand clothing (mitumba) imported from other countries.

Electronics, household appliances, and consumer goods such as mobile phones, electronics, kitchenware, and personal care products are traded between Kenya and Uganda, meeting the demand for affordable goods and electronic devices.

Construction materials such as timber, iron sheets, cement, bricks, and other building supplies are traded across the border to support construction projects and infrastructure development in both countries.

Petroleum products, including petrol, diesel, and cooking gas, are traded between Kenya and Uganda to meet the energy needs of households, businesses, and transportation sectors.

Pharmaceutical products, including over-the-counter drugs, prescription medications, and traditional herbal remedies, are traded across the border to address healthcare needs and access affordable medical supplies.

Fast Moving Consumer Goods products such as beverages, packaged foods, toiletries, and cleaning supplies are commonly traded between Kenya and Uganda, catering to everyday consumer needs and preferences.

Motor vehicles, motorcycles, and auto spare parts are traded between the two countries, serving the automotive industry and transportation sector.

Handicrafts, traditional artifacts, artwork, and cultural products are traded as souvenirs, collectibles, or decorative items, reflecting the rich cultural heritage and artistic traditions of both Kenya and Uganda

#### **4.4.3 The Modes of Movement/ Transport of Informal Commodities on the Kenya-Uganda Border.**

Informal cross-border trade at the Kenya-Uganda border involves a variety of modes of movement, reflecting the flexibility and adaptability of traders and communities engaged in small-scale commerce. These modes of movement for informal cross-border trade at the Kenya-Uganda border reflect the diverse transportation networks, social dynamics, and economic activities in border regions. Understanding these modes of movement is essential for policymakers, border authorities, and development agencies seeking to enhance trade facilitation, infrastructure development, and livelihood opportunities in cross-border areas.

*Here are the primary modes of movement for informal cross-border trade at the Kenya-Uganda border:*

Foot traffic is one of the most common modes of movement for informal cross-border traders. Traders and individuals carry goods on foot across border crossings and unofficial paths,

often transporting small quantities of goods for personal consumption or sale. This mode of movement allows for flexibility and agility, particularly in navigating informal border routes and bypassing formal checkpoints.

In border regions with limited infrastructure and accessibility, bicycles and motorcycles (boda bodas) play a crucial role in facilitating informal cross-border trade. Traders use bicycles to transport goods, while motorcycle taxis (boda bodas) provide transportation services for traders and commuters moving between border towns and market centers. These modes of transport offer cost-effective and efficient alternatives, especially for small-scale traders operating in rural areas.

Informal transport networks, including private vehicles, minibuses (matatus), and shared taxis, also support informal cross-border trade at the Kenya-Uganda border. Traders may hire or use these vehicles to transport goods and passengers across the border, leveraging existing transportation infrastructure and routes. Informal transport operators play a vital role in providing last-mile connectivity and facilitating cross-border mobility for traders and communities.

In some border regions, particularly around Lake Victoria, head portering or the "Migingo Scheme" is prevalent. Traders hire porters (commonly known as "Migingo boys") to carry goods on their heads or shoulders across informal crossing points, including sandbars and islands in the lake. This mode of movement is especially significant for trading activities involving fishing communities and island settlements along the Kenya-Uganda border.

Cross-border market shuttles and organized transportation services cater to traders and shoppers traveling between Kenya and Uganda for market days and trade fairs. These shuttles operate along designated routes and schedules, providing safe and convenient transportation options for traders transporting goods to and from border markets and trading centers.

Informal water transport, including canoes, boats, and ferries, facilitates trade and mobility along waterways bordering Kenya and Uganda. Traders use these informal vessels to transport goods, particularly agricultural produce and fishing products, across Lake Victoria and other water bodies. Informal water transport complements formal ferry services and supports trade activities in remote and underserved areas.

Livestock, such as cattle, goats, and sheep, are sometimes used as a mode of cross-border movement for trade purposes. Herders and traders transport livestock on foot or by vehicle

across designated border crossings, leveraging traditional migration routes and grazing lands shared between Kenya and Uganda



**Figure 4.2 Main Commodities in the ICBTs Trade**

Informal trade between Kenya and Uganda, like in many other border regions, involves the exchange of various commodities. While specific data on informal trade is often difficult to capture due to its unregulated nature, there are several common commodities that are typically traded along the border.

*Agricultural Products:* Fresh produce such as fruits, vegetables, grains, and livestock are frequently traded informally. This includes items like maize, beans, bananas, and livestock like cattle and goats.

*Manufactured Goods:* Basic manufactured goods like clothing, shoes, and household items are commonly traded in informal markets. These items are often sourced from one country and sold in the other.

*Electronics and Appliances:* Small electronic gadgets, mobile phones, and household appliances are also part of the informal trade. These items are usually imported without proper customs documentation.

*Petroleum Products:* Fuel, especially petrol and diesel, is often smuggled across borders due to differences in process and taxation between the two countries.

*Second-Hand Goods:* Second-hand shoes, clothes, and accessories commonly referred to as ‘mitumba’ in East Africa, are popular items in informal trade.

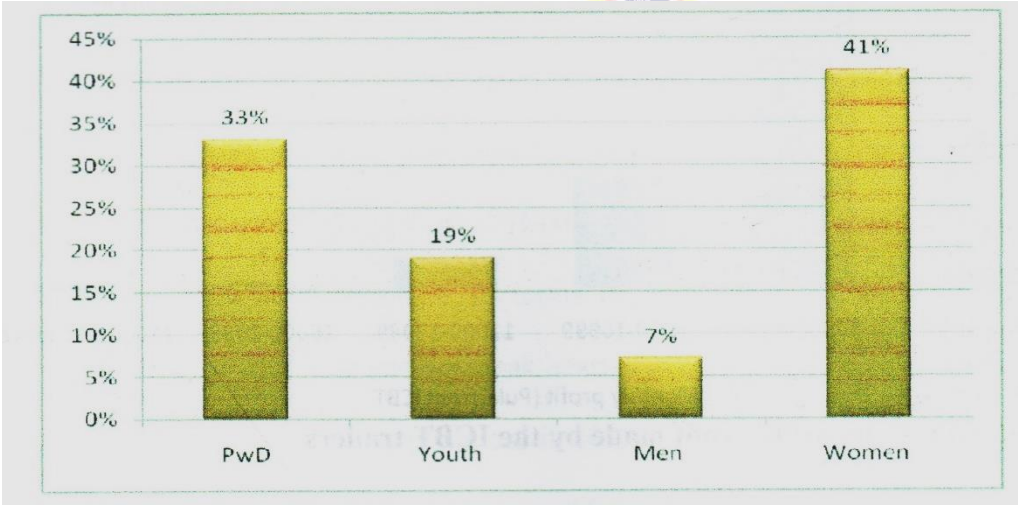
*Building Materials:* Construction materials like timber, cement, and roofing materials are traded informally, often due to differences in prices and regulations.

*Beverages:* Alcoholic and non-alcoholic beverages, including locally brewed products, are part of the informal trade.

*Smuggled Goods:* Items that are subject to heavy taxation or are prohibited, such as certain types of alcohol, cigarettes, and wildlife products, are often smuggled across borders.

**Beneficiaries of ICBT**

Informal cross-border trade along the Kenya-Uganda border involves various beneficiaries, including individuals, communities, and economies on both sides of the border (Ndalilah, 2015., Ndalilah & Inegbedion (2023). At the border posts, most reported that women and people living with disabilities were the greatest beneficiaries of ICBT.



**Figure 4.3: Beneficiaries Ranking**

*Local Traders:* Small-scale traders and entrepreneurs are the immediate beneficiaries of informal cross-border trade. They engage in buying and selling goods, often taking advantage of price differentials, and earn their livelihoods through these activities. These traders can be individuals or small businesses in border towns and villages.

*Consumers:* Informal cross-border trade often results in lower prices for consumers due to competition and the availability of diverse goods. Consumers, especially those living in border

regions, benefit from access to affordable products, including essential items, clothing, and electronics.

*Border Communities:* Communities living near the border benefit from informal trade through increased economic activity. The trade provides employment opportunities, support local businesses, and can lead to infrastructural development in these areas. Additionally, it fosters cultural and social ties between communities on both sides of the border.

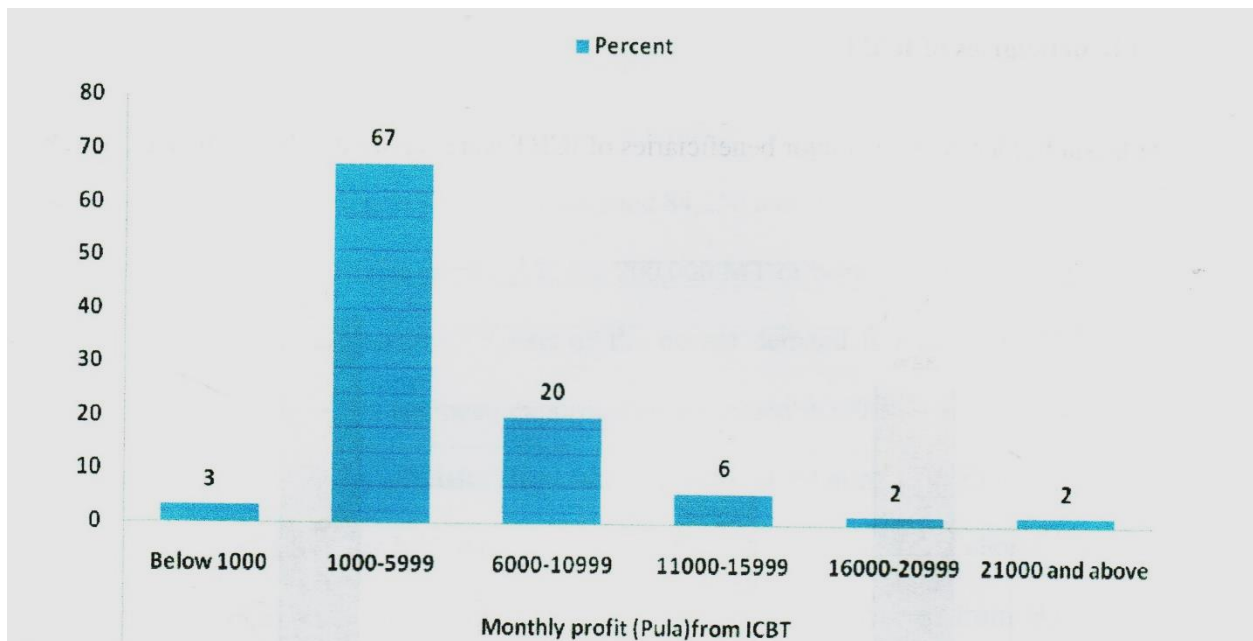
*Informal Transporters:* Informal cross-border trade requires transportation of goods from one side of the border to the other. Individuals or small businesses engaged in transportation services benefit from this trade by providing logistics and transport solutions, thereby generating income.

*Local Markets and Businesses:* Informal trade often supplies goods to local markets, boosting the variety of products available and stimulating local businesses. Shops, markets, and eateries benefit from the increased customer base resulting from informal cross-border trade.

*Government Revenue:* While informal trade is often unregulated, governments can still benefit from the economic activities indirectly. Traders make purchases, pay some local taxes, and contribute to local economies, even though they might not pay formal customs duties. However, this benefit is significantly lower compared to formal trade, which is subject to higher taxation and regulation.

*Money Transfer Agents:* Informal trade can involve cross-border transactions that require money transfers. Agents providing services for remittances and money transfers benefit from the movement of funds associated with informal trade activities.

*Regional Integration:* Informal cross-border trade fosters regional; integration and cooperation between Kenya and Uganda. It strengthens economic ties between the two countries and promotes the free flow of goods and people, albeit in an unregulated manner.



**Figure 4.4: The Average Monthly Profit Made by the ICBT Traders**

*Youths:* were third in ranking in the benefits accruing from ICBT but do not register any viable achievements. According to sources is because most of their earnings are spent on social amusements, namely night club, drinking, cards games and promiscuity-leisure. A male respondent noted: *Our youths are for quick and soft life*" (Male /respondent, Lwakhakha).

*Men:* benefitted less in ICBT because they spend much on polygamy and leisurely drinking. Children have minimal involvement in ICBT, the few involved in ICBT were errant who escaped parents just to earn money. It was reported roaming around the gates of the border towns (Busia, Lwakhakha and Swam) for the physically challenged with wheelchairs to provide support services by pushing them as they transport their goods across the said border points.

#### **4.5 Impact of Informal Cross Border Trade**

Depending on specificities of the border, circumstances both regional and local, ICBT differently impacts governments, producers and circumstances. In terms of revenue collection, governments in the main losers. Countries with low revenue bases but higher incidence of ICBT such as South Sudan, Ethiopia, Togo, Benin, Mali, Niger, Mali, Somalia and Congo witness macroeconomic imbalance because of revenue losses. Coastal countries such as Benin and Togo spend foreign exchange importing merchandise that are later informally sold across borders using local currencies which drains their economies.

In this case consumers normally end up with winnings, although not always. ICBT is of benefit to consumers through increased availability of goods. However, consumption of trade goods that are not subject to clearance at customs plus relevant formalities at borders. Foodstuffs and other items traded informally are not subject to Sanitary and Phytosanitary (SPS) measures or standards inspection which exposes consumers to further risks.

#### **4.6 Direction and Pattern of Informal Cross-Border Trade in Relation to Kenya- Uganda Foreign Relations**

It is important to note that informal cross-border trade can have both positive and negative impacts, including economic opportunities for local communities and challenges related to regulation, taxation, and market fairness. These directions and patterns can vary widely based on the specific countries and regions involved.

*Adjacent Countries:* Informal trade often occurs between neighbouring countries due to proximity and ease of access.

*Market Demand:* Informal traders often target regions with high demand for specific goods or products.

*Infrastructure:* Informal trade routes often rely on existing transportation and communication networks, influencing trade directions

*Economic Disparities:* Informal trade can be driven by price differentials between neighbouring countries, encouraging traders to exploit price gaps.

*Regulatory Environment:* Stringent regulations in one country might lead to informal trade to bypass legal barriers.

*Barter System:* Goods are exchanged directly without the involvement of currency, especially in regions with unstable currencies.

*Small-scale Operations:* Informal trade typically involves small-scale traders and businesses dealing in limited quantities of goods.

*Informal Channels:* Goods are often traded through informal channels, such as local markets, street vendors, or family networks.

*Cash Transactions:* Payments in informal trade are frequently made in cash avoiding formal banking channels.

*Smuggling*: informal traders may engage in smuggling to avoid customs duties and tariffs, especially for high-value or prohibited goods

#### **4.7 Implications of ICBT on Foreign relations between Kenya and Uganda**

While informal trade fosters regional integration, it also presents challenges related to harmonizing trade policies, regulations, and standards between the two countries. Informal trade can sometimes facilitate smuggling and illicit trade activities, raising security concerns for both countries. Both countries need to coordinate their policies to manage informal cross-border trade effectively. This requires cooperation in areas such as taxation, customs, and regulatory standards. Kenya and Uganda benefit from improved border infrastructure, facilitating the smooth flow of goods and people, formal or informal, across borders.

Informal trade can sometimes involve products that do not adhere to health and safety standards, both countries need to collaborate on monitoring and ensuring the safety of traded goods. Informal trade fosters cultural exchange, enriching the understanding between people from diverse backgrounds, this may lead to greater regional cohesion. Regions engaged in ICBT often see increased local tourism as people from neighbouring countries visit for trade-related activities, contributing to local economies.

Informal trade might involve the exchange of natural resources such as timber or minerals, managing this trade is crucial for sustainable resource use. ICBT might involve goods vulnerable to climate change, such as agricultural products. Climate change adaptation strategies are essential for the long-term viability of such trade. ICBT drives innovation in informal financial services, often leveraging mobile money platforms for transactions, leading to advancements in digital finance solutions.

Harris (2007) is of the view that ICBT promotes a developing community through regional integration and ensures creation of employment to the unemployed. It also plays a key role in cushioning food security by providing agricultural produces and foodstuffs needed (Ndalilah., Makana, & Tanui, 2018, b) Ndalilah (2022) Ndalilah, & Niyongabo,). With climate change, leading to low food production, severe drought and occasional flooding, informal trade is a viable to balanced health life. Furthermore, and often overlooked is that ICBT is a key source of empowerment for women who form are majority of the traders.

As noted, Kenya and Uganda share a historically significant relationship, marked by economic cooperation, cultural ties, and mutual regional interests. *Historical and Cultural Ties*: Both countries were colonized by the British and share historical experiences associated

colonial rule. This common history has influenced their political and legal systems. Kenyan and Ugandan people share cultural similarities, including languages, and ethnic ties, this cultural affinity has facilitated good foreign relations.

Another implication is in economic cooperation through ICBT; in which Kenya and Uganda are important trade partners engaging in significant cross-border trade, enhancing their economic interdependence. This was key in the period under study (2010-2020)

Infrastructure Development is another area where both countries collaborate on regional infrastructure projects, such as roads and railways, aimed at improving connectivity within the East African region. This is through improvement of customs offices and improvement of new ones. Swam border point, north of Mt. Elgon has been constructed by both countries but initially it was a conduit for ICBT.

Security is yet another area of discussion as impact of ICBT between Kenya and Uganda Kenya and Uganda collaborating on security issues along the border as a result of ICBT. They work together to address common threats, including smuggling, cattle rustling and inhibiting poor quality of goods sold. There is also need to address ethnic tensions and conflicts between and among communities living along the border. This promotes foreign relations between the two countries.

There is also diplomatic Engagements. Both countries, through local administrators along the border engage in regular diplomatic dialogues, supporting each other in various international forums, and advocating for common interests. This greatly fostered positive foreign relations between Kenya and Uganda.

Today, Kenya and Uganda experience border disputes, primarily related to territory and resources. However, these issues have been resolved through bilateral negotiation and diplomacy. Often, trade-related issues come up, for example disputes over tariffs and trade regulations. Diplomatic efforts have been made to resolve these challenges and maintain smooth cross-border trade as has witnessed in the period of study-2010-2020.

*Regional Integration:* Kenya and Uganda, along with other East African countries, are committed to regional integration efforts, including the establishment of a common market and customs union within the East Africa Community. This has in turn has supports the vision of a politically and economically integrated Kenya and Uganda.

In summary, the relationship between Kenya and Uganda is characterised by shared historical experiences, economic collaboration, political cooperation, and mutual regional interests. Despite occasional challenges, the two countries continue to foster strong diplomatic ties, contributing to stability and development which emanated from the inception of ICBT. In summary, informal cross-border trade has multifaceted implications on Kenya and Uganda, impacting their economies, societies, and policies. Managing and leveraging these shared implications requires coordinated efforts, open communication, and collaboration between Kenya and Uganda while balancing between promoting informal trade and ensuring regulatory control and fair practices. It is essential for both countries to recognize the positive aspects of ICBT while addressing challenges to ensure the trade benefits both economies and their citizens in a sustainable and mutually beneficial manner.



Mount Kenya University

## **CHAPTER FIVE: SUMMARY. CONCLUSIONS AND RECOMMENDATIONS**

The study investigated informal cross-border trade (ICBT) between Kenya and Uganda, revealing its significant contribution to the livelihoods of traders and the economies of both countries. Key findings include the prevalence of diverse trading patterns, the prominence of agricultural and manufactured goods, and the challenges faced by informal traders, such as regulatory barriers and high transaction costs. Despite these challenges, ICBT remains a vital source of income and employment for many individuals, particularly women and youth. The study underscores the importance of addressing regulatory constraints, enhancing market integration, and leveraging the potential of informal trade for regional economic development.

### **5.2 Summary of the Findings**

This summary encapsulates the key findings of the study, shedding light on the magnitude, dynamics, challenges, and implications of informal cross-border trade between Kenya and Uganda

The study found that informal cross-border trade between Kenya and Uganda is significant, involving a wide range of goods and attracting participation from various stakeholders, including small-scale traders, transporters, and middlemen.

Agricultural produce such as maize, beans, and vegetables, along with manufactured goods like textiles, electronics, and household items, were identified as key commodities traded informally across the border.

Informal traders exhibit diverse trading patterns, with some engaging in daily cross-border transactions, while others operate on a periodic basis. Factors influencing trading patterns include market demand, seasonal variations, and regulatory constraints.

Informal traders encounter numerous challenges, including cumbersome border procedures, high transaction costs, harassment by security agencies, and unpredictable regulatory environments. These challenges impede the efficiency and profitability of informal trade activities.

Despite the challenges, informal cross-border trade plays a crucial role in sustaining the livelihoods of many individuals, particularly women and youth, who rely on it as a source of income and employment.

The study highlights the importance of enhancing market integration and streamlining regulatory frameworks to facilitate formalization and regularization of informal trade activities. Policy recommendations include simplifying border procedures, reducing trade barriers, and providing support mechanisms for informal traders to transition into the formal sector.

Informal cross-border trade presents opportunities for fostering regional economic integration, promoting cross-border cooperation, and stimulating local entrepreneurship. Leveraging these opportunities requires concerted efforts from governments, policymakers, and stakeholders to address the underlying challenges and harness the potential benefits of informal trade.

#### **5.4 Conclusions**

ICBT plays a crucial role in facilitating cross-border interactions, contributing to economic growth, and poverty alleviation in border communities.

Informal traders encounter various challenges, including regulatory barriers, high transaction costs, and harassment by security agencies, which hinder the efficiency and profitability of their trade activities.

Despite the challenges, ICBT presents opportunities for fostering regional integration, promoting entrepreneurship, and enhancing cross-border cooperation.

#### **5.3 Recommendations for Further Research**

**Strengthen Border Management:** Enhance border security, infrastructure, and customs procedures to facilitate legitimate trade while curbing illicit activities such as smuggling and informal taxation.

Develop policies and mechanisms to formalize informal trade activities, including registration, licensing, and taxation, to enhance transparency, accountability, and revenue generation.

Strengthen cooperation between Kenya and Uganda and other EAC member states to harmonize trade policies, regulatory frameworks, and cross-border initiatives to facilitate legal and regulated trade flows.

Involve stakeholders from government, civil society, academia, and the private sector in policy development and implementation processes to ensure inclusivity, legitimacy, and effectiveness of interventions.

Improve transportation, communication, and market infrastructure along the Kenya-Uganda border to reduce transaction costs, enhance connectivity, and facilitate trade. In conclusion, addressing the complex challenges and opportunities associated with informal cross-border trade requires a coordinated and multi-dimensional approach that balances economic interests, social dynamics, and political considerations to promote sustainable development and cooperation between Kenya and Uganda.



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Mount Kenya

## APPENDICES

### Appendix I: Letter of Introduction and Request for Ethics Review

Dear Chairperson,  
Ethics Review Committee  
Mount Kenya University

I am writing to introduce myself and provide information about the research project I am undertaking. My name is Atozo Zachariah Onditi and I am a postgraduate student at Mount Kenya University. I am requesting ethical approval for my research study titled IMPACT OF INFORMAL CROSS-BORDER TRADE ON KENYA-UGANDA FOREIGN RELATIONS, 2010-2020. The purpose of this letter is to seek permission to conduct research study and to request an ethics review by the Ethics Research Committee.

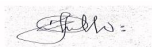
This study aims to understand the background, types of commodities, and modes of movement involved in informal cross-border trade between Kenya and Uganda.

I kindly request the Ethics Research Committee to review and approve my research study. I assure you that I will adhere strictly to the ethical guidelines and standards set by the committee. I am open to providing any additional information or clarification required during the review process.

Should you require information or wish to discuss any aspect of my research in detail, please feel free to contact me at +254 728 434 311 or [zack.atozo@gmail.com](mailto:zack.atozo@gmail.com). I appreciate your time and consideration. I am committed to conducting this research responsibly and ethically, and I look forward to your favourable response.

Thank you for your attention.

Sincerely,



MIRD/2019/41482

## Appendix II: Informed Consent Form

I am conducting a research study titled: IMPACT OF INFORMAL CROSS-BORDER TRADE ON KENYA-UGANDA FOREIGN RELATIONS, 2010-2020. The objectives of the study is to To analyse the background of informal cross border trade on the Kenya-Uganda foreign relations; To establish the informal commodities traded on the Kenya-Uganda border and; To analyse the mode of movement of informal commodities on the Kenya-Uganda border.

You have been invited to voluntarily participate in this study. If you agree to participate, you will be asked to participate in interviews, surveys and observations and the estimated time required for your participation is 30 minutes. There are no risks associated with participating in this study beyond those encountered in daily life. However, your participation will contribute valuable information to the research.

Your responses will be kept confidential to the extent allowed by law. Your identity will not be disclosed in any publications or presentations resulting from this study and only the researcher and authorized personnel will have access to the data.

I have read the information provided above, and I understand the nature and purpose of the study and have had the opportunity to ask questions, and any questions I had have been answered to my satisfaction. I voluntarily agree to participate in this research study.

Signature of research participant: ..... Date: .....

I, Atozo Zachariah Onditi, as the researcher, believe the participant is giving informed consent to participate in this study.

Signature of researcher:  ..... Date: .....

**For more information, please contact:  
Chairperson,  
MKU IREC, P.O Box 342-01000, Thika.**

### Appendix III: Questionnaire

Please provide answers in the spaces provided and tick (✓) the box that matches your response to the questions where applicable.

#### Section I: General Information

1) Gender

a) Male

b) Female

2) Age

a) Under 18

b) 18 – 34

c) 35 – 44

d) 45 – 54

e) 55 or Older

3) Period involved in this trade?

a) Under 1 year

b) 2 – 5 years

c) 6 – 10 years

d) 11 – 20 years

e) 21 – 30 years

f) Above 30 years

4) Trading Category.

Retailer  Wholesaler  Distributor  Manufacturer

Other (Please State) \_\_\_\_\_

## Section II: Questions on the Objectives

### Objective I: Background History

	1= Not at all familiar	2= Slight	3= Moderate familiar	4= Very familiar	5 = Extreme familiar
Familiarity on the current diplomatic relationship between Kenya and Uganda?					
	1=None	2=Slight	3=Moderate	4=Very much a part	5=Extreme
Extent to which you believe informal cross-border trade has affected trust and cooperation between the two countries?					
	1=Insignificant	2=Slight significant	3=Moderate significant	4=Very significant	5=Extreme significant
Influence of informal cross-border trade on the overall perception of relations between Kenya-Uganda?					
	1=Not impacted	2=Slight impact	3=Moderate impact	4=Very impacted	5=Extreme impact
Impact of cross-border trade on					

the resolution of diplomatic disputes or tensions between the two countries?					
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**Objectives: Types of Goods**

1. Identify the types of informal commodities traded in mostly between Kenya and Uganda at the border?

- a) Food products
- b) Agricultural products
- c) Manufactured goods
- d) Personal goods
- e) Other (please specify) \_\_\_\_\_

	1= Not at all familiar	2= Slightly familiar	3= Moderately familiar	4= Very familiar	5 = Extremely familiar
Familiarity with the commodities that are traded informally between Kenya and Uganda at the border?					
	1= Not at all a contribution	2=Slightly a contribution	3=Moderately a contribution	4=Very much a contribution	5=Extremely a contribution
Extent to which you believe these informal commodities contribute to the economy of both					

Kenya and Uganda?					
	1=Not at all significant	2=Slightly significant	3=Moderately significant	4=Very significant	5=Extremely significant
Significant of these informal commodities are to the livelihoods of people living near the Kenya-Uganda border?					
	1=Not at all impact	2=Slightly impacted	3=Moderately impacted	4=Very impacted	5=Extremely impacted
To what extent do you believe the informal trade of these commodities has created a positive impact on the Kenya-Uganda foreign relations?					
	1=Not at all impact	2=Slightly impacted	3=Moderately impacted	4=Very impacted	5=Extremely impacted
To what extent do you believe the informal trade of these commodities has created a negative impact on the Kenya-Uganda foreign relations?					

### Objective III: Modes of Movement

1. Which mode of transportation is most used to transport informal commodities across the Kenya-Uganda border?

- a) Foot
- b) Bicycle
- c) Motorcycle
- d) Car
- e) Other (please specify) \_\_\_\_\_

2. Which type of transportation is most used to transport informal commodities across the Kenya-Uganda border?

- a) Land
- b) Lake
- c) Air
- d) Multi-modal (combination of two)
- e) Other (please specify) \_\_\_\_\_

	1= Rarely	2= Occasionally	3= Sometimes	4= Often	5 = Almost always
How often do you observe informal cross-border trade taking place between Kenya and Uganda at the border?					
	1=Early morning	2=Late morning	3=Afternoon	4=Early evening	5=Late evening
What time of day is most preferred for informal cross-border trade between Kenya					

and Uganda at the border?					
	Not influenced	Slight influence	Moderate influence	Very much influenced	Extreme influence
To what extent do you believe that informal cross-border trade between Kenya and Uganda at the border is influenced by security personnel at the border?					
	1=Smooth and uninterrupted	2=Occasional disruptions	3=Frequent disruptions	4=Very impacted	5=High levels of bureaucracy
How would you describe the general flow of informal cross-border trade between Kenya and Uganda at the border?					

## **Appendix IV: Interview Guide**

### **Introduction**

- a. Introduce yourself and the purpose of the interview.
- b. Thank the participants for their time and willingness to participate.
- c. Ensure confidentiality and explain how the information will be used.

### **Background Information**

- a. Could you please tell me about your involvement in informal cross-border trade between Kenya and Uganda?
- b. How long have you been engaging in cross border trade activities?
- c. What motivated you to get involved in the informal cross border trade across the Kenya-Uganda border?
- d. Can you describe the types of goods you trade or purchase through informal channels?

### **Mode of Movement of Informal Commodities**

- a. What is your primary mode of transportation when engaging in informal cross border trade between Kenya and Uganda?
- b. How do you typically transport goods across the border?

### **Impact on Kenya-Uganda Foreign Relations**

- a. How do informal trade activities impact diplomatic relations between Kenya and Uganda?
- b. Have you observed any diplomatic interactions or negotiations related to informal trade issues between the two countries?
- c. What opportunities exist for enhancing cooperation and collaboration between Kenya and Uganda in the context of informal cross border trade?

### **Regulations Governing Informal Cross-Border Trade**

- a. What role do government policies and regulations play in shaping informal cross border trade between Kenya and Uganda?

b. How do traders perceive government efforts to regulate and formalize cross border trade activities?

c. Are there any policy recommendations or changes you would suggest to improve the regulatory environment for informal trade?



## WORK PLAN

### **Week one**

Travel to Busia border town in Busia County in Kenya, East Africa and set up camp among the target population, socialize and gain the respondents' trust.

Visit the Busia, Malaba and Swam markets and through direct observation establish what commodities are being traded in and the modes of transport.

### **Week two**

Introduce the questionnaire to Busia, Malaba and Swam markets respondents to get their response and conduct the interview.

### **Week three**

Travel to Lwakhakha border town in Bungoma County located in Kenya, East Africa and set up camp among the target population, socialize and gain the respondents' trust.

Visit the Lwakhakha and swam markets and through direct observation establish what commodities are being traded in and the modes of transport.

### **Week four1**

Introduce the questionnaire to Lwakhakha and swam markets respondents to get their response and conduct the interview.

### **Week five**

Analyse data and write report.

**Appendix V: Map of Study Area- BUNGOMA COUNTY**

