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Cross Border Business and Survival Mechanisms in the Context of Covid-19: Empirical Evidence from Katuna Border between Rwanda and Uganda

Abbas Mugisha*

Department of Governance, Kabale University, Uganda

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Abstract: The COVID-19 pandemic is a public health, social economic, political, human rights and mobility crisis that has resulted in millions of deaths and has severely impacted national economies world-wide. To contain the spread of COVID-19, east Africa Member (EAC) states imposed temporary boarder closures and travel restrictions. The restrictions on cross-border movement were not motivated by trade considerations but by public health reasons. Nevertheless, they have had a significant impact on trade more especially on small businesses or trade commonly referred to as border dwellers. Small trade is a survival mechanism and means of employment for hundreds of youth on both sides of Katuna border and those who depend on them. These cross border trade links provide visible proof of the economic interdependency that exists between Uganda and Rwanda and constitute a significant factor for economic growth and closer ties between populations. Over the past few months, the world has seen covid-19 wreak havoc as fatalities rise and economies fall, setting in motion a global recession. Now spreading across Africa, the virus is finding its way into poor rural communities' neighborhoods of the urban poor, refugee camps and middle and upper class neighborhoods, where cosmopolitan travelers may have brought it to the continent. To slow the spread of the virus, several countries have shut their borders, however, the Uganda-Rwanda border was closed much earlier before the pandemic. The paper intends to answer the following questions; what are survival mechanisms of cross border dwellers in the context of covid-19? How can governments revamp their economic survival during covid-19? This paper is based on empirical evidence from small traders along Katuna border and surrounding towns that used to benefit from Rwanda and Uganda. There are attempts to bridge the gap between theory and praxis by offering a realistic assessment of the border closure and survival mechanisms of cross border dwellers in the context of covid-19 at Katuna border.

Keywords: Symplectic Groups, General Linear Groups, Primitive Groups.

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INTRODUCTION

Since the outbreak of the Corona virus disease of 2019 (COVID-19), more than one million people have lost their lives due to the pandemic and the global economy is expected to contract by a staggering 4.3 percent in 2021 (UNCTAD, 2020). Millions of jobs have already been lost, millions of livelihoods are at risk, and an estimated additional 130 million people will be living in extreme poverty if the crisis persists (UNCTAD, 2020). These are grim figures that reflect the immense challenges and human suffering cause by this pandemic. While nearly all spheres of life have been affected by the pandemic and the resulting socio-economic impacts, the focus of this paper is on the pandemic's massive consequences for cross border business.

Across Africa, countries have imposed emergency border restrictions to curb the spread of COVID-19. These have delayed a continental free trade agreement, are contributing to fears of a new food crisis, and disrupted cross border trade (Bouet & Laborde, 2020).

The COVID- 19 pandemic has triggered a range of border controls in countries around the world to curb the spread of the disease. In Africa, these moves have interrupted progress towards economic integration.

Across Africa, pandemic-related border controls are having many economic impacts large and small.

To contain the spread of COVID-19, East African members (EAC) states imposed temporary border closures and travel restrictions. The restrictions on cross border movements were not motivated by trade considerations but by public health reasons. Never the less, they have had a significant impact on trade more especially on small business or trade commonly known referred to as border dwellers. Small trade is a survival mechanism and means of employment for hundreds of youth on both sides of Katuna border and those who depend on them. These cross border trade links provide visible proof of the economic interdependency that exist between Uganda and Rwanda and constitute a significant factor for economic growth and closer ties between populations. Over the past few months, the world has seen COVID-19 wreak havoc as fatalities rise and economic fall, setting in motion recession.

Now spreading across Africa, the virus is finding its way into poor rural communities' neighbourhoods of urban poor, refugee camps and middle and upper class neighbourhoods, where cosmopolitan travellers may have brought it to the continent. To slow the spread of the virus, several countries have shut their borders. Thus, this paper

investigated survival mechanisms of the border dwellers in the context of COVID-19 along Katuna border of Uganda and Rwanda.

Objectives

- To investigate the survival mechanisms of cross border dwellers in the context of COVID-19.
- To assess how governments can revamp their economic survival during COVID-19.

LITERATURE REVIEW

THEORETICAL REVIEW

Realist theory

This paper is based on the realist theory which states that nation state (usually abbreviated to state) is the principle actor in international relations (Anunes & Camisao, 2018). Other bodies exist, such as individuals and organizations, but their power is limited. Second, the state is a unitary actor. National interest, especially in times of war, lead the state to speak and act with one voice. Third, decision makers are rational actors in the sense that rational decision making leads to the pursuit of the national interest (Antunes & Camisao, 2018). Here, according to realists, taking actions that would make your state weak or vulnerable would not be rational. Realism suggests that all leaders no matter what their political persuasion, recognize this as they attempt to manage their state's affairs in order to survive in a competitive environment. Finally, states live in a context of anarchy, that is, in the absence of anyone being in charge internationally (Antunes & Camisao, 2018). Thus, in the context of COVID-19 where borders are closed, states are relying on their own for survival.

Survival mechanisms amidst COVID-19

The provision of food has always been a challenge facing mankind. Globally, around 820 million people face hunger daily and more than two billion people lack vital micronutrients, affecting their health and life expectancy (FAO, IFAD, UNICEF, WFP and WHO, 2019). This bleak global and regional food insecurity picture will be compounded by the unfolding effects of the Corona Virus Disease 19 (COVID-19) pandemic.

First reported in Hubei province of China in December, 2019 (Singhal, 2020). The virus rapidly spread throughout the world, and the World Health Organization (WHO) declared it a global pandemic in March, 2020 (Cucinotta & Vanelli, 2020). The disease has since become unprecedented public health crisis that has led to economic and social crises.

The first case of COVID-19 within the east-African region was reported in Kenya on March 13th, 2020, and the disease has since continued to spread in the region with infections reported every day. Consistent with WHO guidelines and global practice, East African governments instituted various restrictions to contain the

spread of the disease within their boundaries. These measures comprised country wide partial lockdowns and curfews to restrict the movement of people, suspension of international passenger flights, and ban on public gathering, closure of all learning institutions, hotels, restaurants, and places of worship. In Uganda, international travels was also banned throughout the country, with citizens only allowed to leave their homes in emergencies (Steverding & Margini, 2020).

To cushion its citizen against the adverse economic effect of the pandemic, the government of Uganda announced various policy guidelines and financial stimulus packages. The Bank of Uganda (BOU), in its monetary policy statement of April 06, 2020, referred to credit relief measures to mitigate the adverse effects of the COVID-19 pandemic, ensuring sector stability and facilitating the financial intermediation process during this pandemic. Among the raft of measures introduced in Uganda repayment holidays, debt relief of up to 12 months, and reduction of the central bank lending rate from 9 percent to 8 percent (BOU, 2020). The government of Uganda also announced that they would provide food relief to vulnerable workers particularly those whose daily activities were affected by the lockdown in a way of extending social protection to vulnerable sections of the population.

How governments can revamp their economic survival during COVID-19

The COVID-19 pandemic has come at a time when developing countries are already struggling with mobilizing sufficient resources to achieve the Goals. By 2019, a number of such countries had reached on sustainable debt burden levels, making further borrowing for health related social and economic spending to combat the impact of the pandemic an unviable option.

The global economy has plunged into the deepest recession since the Great Depression. A United Nations Conference on Trade and Development (UNCTAD) baseline scenario forecasts a 4.3 percent reduction in world output in 2020 and a 4.1 percent expansion in 2021, yet with rising levels of unemployment (UNCTAD, 2020).

In reaction to the deep recession caused by lockdown measures, donor countries have been able to mobilize significant amounts to support and stimulate their domestic economies. By contrast, developing countries have much more limited resources for financial support and stimulus packages. Given the size of most developing countries and their limited fiscal space, the per capita amount of such packages is limited in comparison with both their needs and the magnitudes mobilized by developed countries. This means that without stepped up international assistance, many developing countries cannot afford adequate response policies to the COVID-19 crisis (UNCTAD, 2020).

Revamped international cooperation is much needed with the development finance architecture at crossroads, a marshal plan in response to pandemic would send an encouraging signal that the time to invest in building back better and differently has not passed. It is noteworthy in this context that multilateral donors have stepped in with additional resources. International financial institutions and regional development banks have reacted by mobilizing and redirecting significant additional resources (Djankou & Kiechel, 2020).

In the context of the international policy reaction to COVID-19, bilateral donors should consider increasing their official development assistance (ODA), possibly by setting apart a certain percentage of their fiscal stimulus packages for ODA to developing countries including least developed countries (LDCs) (UNCTAD, 2020).

It is necessary to strengthen the state capacity of aid recipient countries by means of (a) enhancing policy making capacity; (b) setting up capacity building and training programmes for policy makers, in particular in the fields of development planning, financial analysis and understanding the aid architecture; (c) establishing specific office in charge of financial planning with regard to national development plans; (d) eliminating state weakening features in the present aid architecture, such as parallel aid delivery structures and project focus as opposed to budget support (UNCTAD, 2020).

METHODOLOGY

The study was conducted at Katuna border of Rwanda and Uganda. The research is rooted in the qualitative descriptive study (Sandelowski, 2010). The qualitative descriptive study was appropriate for this study because the research questions for inquiry aimed at describing the experiences (Neegaard *et al.*, 2009) of the business dwellers at Katuna border to gain insights of the economic impact of the COVID-19 lockdown restriction on their business and livelihood.

Twenty-five business dwellers doing business at Katuna border were purposely and conveniently selected. These study participants were deliberately selected because they capable of offering the descriptive data (Polit & Beck, 2014) on the economic effect of the COVID-19 lockdown restriction among business dwellers category studied. However, since there is security tension between Rwanda and Uganda and especially at Katuna border, the study participants who voluntarily wanted to enroll in the study and were conveniently available were recruited. (Sedguick, 2013; & Etikan *et al.*, 2015). Pseudo identification was asked in the entire manuscripts in treating the personal views and expressed views of the study participants in anonymity to protect their privacy (Creswell, 2009).

A well-developed semi structure interview guide was used in conducting the personal interviews.

This data collection instrument was critical for this study aimed at discovering the individual experiences of business dwellers who depend on cross border business, whose business were affected by the impact of the COVID-19 lockdown restrictions (Kim *et al.*, 2017). Also the semi structured interviews assisted in retrieving in depth knowledge (Tiff, 2016) on the economic impacts of the COVID-19 lockdown restriction and how it has affected the business and livelihood needs of the study participants. 25 interviews were conducted and these were based on preferences of the study participants during the period for the study. The interviews allowed the study participants the flexibility and contort in participating in the study from their convenient geographical locations (Nehls, 2015).

Qualitative research analysis strategy (Saldana, 2013) was used in analyzing the data for the study. Recorded interviews were played and listen severally to thoroughly understand the experiences described by the study participants before they were transcribed. The transcribed data were member checked by five key study participants for data validation and credibility purposes.

RESULTS AND DISCUSSION

Analysis of the interview transcripts revealed two main themes related to survival mechanisms of business dwellers operating across Katuna border; 1) migrating to the village for agriculture or other places and; 2) handouts from government, politicians and friends.

Migrating to the village for agriculture or other places

Respondents were asked whether the COVID-19 pandemic had affected their regular source of income. At Katuna border, the most cited effect of the pandemic relates to a reduction or closure of business activities as a result of restrictions. The government also banned international travels, which can affect business activities and the ability of business owners to keep business training. This is also related to the UN-Habitat and WFP (2020) report which shows that small and medium business in Kampala continued to lay off some workers, while approximately 84 percent reduced their work force by more than half.

To buttress the effects of the pandemic on income generating activities, a self-employed respondent at Katuna remarked:

“Since the closure of Katuna border so many people have travelled back to the villages to hide, and since people no longer cross from each of the country, has made my business weak. The current situation is nothing but survival. There is no movement after 7pm, and this is reducing the business activity hence lowering income. Life is hard generally”.

Two money changers at Katuna also opined that;

"I used to change money for travelers from Uganda and Rwanda and now that the border is closed, I have a problem. There is no one to change for, the business is dead."

Similarly, some of the respondents at Katuna border expressed that the COVID-19 induced lockdown was hindering new business operations.

Besides income effects, the respondents mentioned other COVID-19 induced social challenges such as restricted movements, interrupted work schedules and isolations. Restricted movements were also associated with feelings of fear, uncertainty, and stress due to failure to attend social gathering like cross border women traders associations.

All study participants expressed disappointment on the border closure. Almost 75 percent of the respondents revealed how their fellow business dwellers had migrated either back to their villages or to other towns like Kabale and Mirama hills border. Some thought that engaging in agriculture would be better off than staying at the border. This is because closing the border came along with different effects. These include; so many goods expired, houses were left unoccupied especially for those who had invested in rentals and commercial buildings; loss of jobs especially casual workers; people have abandoned their families because they can no longer look after them; scarcity of some goods especially these that come from Rwanda. These have greatly affected business at the border. During the interviews, respondents felt that life was not easy for them to survive at the border, thus one respondent stated:

"Since the closure of the border life has not been easy for us, we no longer have business yet we have loans to repay, our goods expired and most people here have migrated to the villages"
Business man at Katuna Border

The majority of the people who used to operate at the border have now shifted to the villages to engage in agriculture so as to have what to feed on, others have shifted to Kabale town, Mirama Hills and Mbarara so as to have a living, thus:

"People have resorted to agriculture and local businesses without crossing the border"
Customs Officer, Katuna border

Dependence on Handouts from Government, Politicians and Friends

The study participants shared their views on the government's food relief provisions during the COVID-19 lockdown in the country. The government demonstrated to provide food to the people whose business were affected by CoVID-19. To assist the vulnerable in the society such as informal sector workers who depend on the hand to mouth, the government

offered a livelihood support programs where food items such as maize flour and beans were provided to them. Food relief packages of maize flour and beans were distributed to people on greatest need. But these rations would not last a month for many households especially those with large families.

The views expressed by the study participants about food relief provisions cited above showed mixed feelings. While some study participants applauded government about the provision, others were not. Only 6 out of the 25 participants applauded the government while the remaining 19 study participants were not satisfied on how relief food was distributed.

Some of their view were

"The already have persons are the ones who got food items. It were the rich and the famous who stocked the food items in their homes, and who later sold it to us. They also distributed to their relatives, friends and supporters"

Other study participants were of the view that government should have added financial packages to the free distribution of food items.

"Besides the food that was given to us, the government should have given us some financial packages to add into our businesses after the lockdown"

The financial packages in the view of Quarshie & Zigah (2017) is important to support these informal sector workers who largely depend on the hand and mouth.

During the interviews, it was found that surviving at Katuna border has not been easy. Some people at the border survive on the mercy of government. It was found that the closure of the border coincided with political campaigns where politicians were supplying food in form of maize flour to their electorate. Also during the lockdown government supplied food staff to the people whose businesses were affected and business dwellers at Katuna were among. A bar attendant remarked:

"Our businesses were closed as a directive from the president so we survive on handouts from friends. During electoral campaigns, we were getting free food from politician but now that elections are over we are bound to suffer....."

This is partly because a significantly higher percentage of the respondents were involved in in daily business activities, that is, hand to mouth activities, and as such faced multiple COVID- 19 induced income shocks.

"Everyone here is living in fear and yet for those that have opened their shops, no one is buying because we used to depend so much on the Rwandan customers," remarked a shop

attendant. 'We pray that the infections stop because it's the only way we shall resume our businesses as usual and, if the cases continue to rise, we know the president will institute tougher measures and we shall totally shut down''

The *boda boda* operators, although banned from operation, have a tough choice to make. Many of them live from 'hand to mouth' and a lockdown affects their source of income, meaning they have to choose between dying from hunger, by parking their motorcycles, or from Covid-19, by defying the guidelines.

"Getting money is difficult now as our services have been stopped due to the pandemic, even our customers from both Rwanda and Uganda have been stopped after the borders were closed" says a *boda boda* operator from Katuna boarder.

The fact that the border was closed affected *boda-boda* cyclists who used to earn a living from the border. This forced them to either relocate to other places or some had to sell off the motor cycles.

CONCLUSION

This study investigated cross border business and survival mechanisms in the context of COVID-19, with an empirical evidence from Katuna border. The study has shown that cross border business of people living and doing business at Katuna was greatly affected. This also affected business dweller's survival mechanism during the COVID-19 pandemic. The unbearable condition pushed away many of the business dwellers to settle elsewhere whether in villages or other border towns of Mirma hills border and Kabale town. Though they applauded the Uganda government's efforts in easing the economic hardship by providing them some food items, they admitted that the food relief programme was cluttered with several challenges.

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