



ECONOMIC JUSTICE NETWORK

Workshop Report

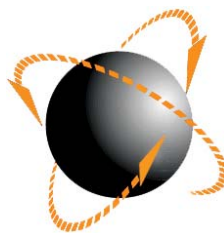
Informal Cross-Border Trade in SADC

Consultation and Planning Workshop

Tuesday-Wednesday, 4-5 November 2008
Crossroad Hotel, Lilongwe, Malawi

Prepared by:

Umnotho Wamazwe (PTY) Ltd



Creating and Sharing Wealth

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1. Executive Summary

1.1. Workshop Overview

Effective cross-border trading for small to medium traders in the SADC region requires a well planned and coordinated effort among an array of organizations, disciplines, and sectors. This is very critical considering the fact that cross border trade spurs and catapults many small scale entrepreneurs to eschew poverty and creates employment opportunities for a number of people. Research has also shown that, traders employ people (mostly women) in their home countries and in the countries where they trade (SARDC Research paper 2008). ICBT consists of a diverse group dominated by women and generally comprising the vulnerable, unemployed, orphans, refugees, the youth, school leavers and widows.

This workshop enhanced planning and coordination of the sector by bringing together organised and non-organised Informal Cross-Border Traders (ICBTs) from countries in the Southern African Development Community (SADC) region to identify key issues that hinders the growth potential of this sector and begin mapping next steps to increase their collaboration in addressing challenges faced by this important yet marginalised sector. The two day participatory workshop combined key note addresses, information sharing and planning.

The Southern Africa Trust in conjunction with the Economic Justice Network initiated this workshop in order to build informal cross-border trader's shared understanding of the challenges faced by this sector and to develop a roadmap of strategies to address these challenges. In addition to developing the roadmap, the workshop created a platform for the ICBTs to discuss broader coordination and collaboration issues.

Day One was targeted at understanding the state of informal cross-border trading and its role in economic growth, employment creation and poverty alleviation in the SADC region. Outcomes of Day One included:

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- Broader understanding of each country's ICBT work and shared challenges.
- Identification of opportunities of the ICBT sector in the region.

In Day Two of the workshop participants identified strengths, weaknesses, challenges, and opportunities for strengthening, promoting and protecting the ICBT sector at both country and regional levels.

Day Two outcomes included:

- Proposals and recommendations to national governments, the SADC secretariat, private sector and local ICBT organisations on how to improve the plight of the ICBT sector and thereby created an enabled environment for the sector to operate effectively;
- Renewed interest in coordination and collaboration at country and regional levels
- Concrete country action plans to strengthen protection of the sector through coordination and collaboration with each other
- Commitments from individual participants in a form of declaration for concrete action within their ICBT associations and programmes to strengthen action to address ICBT challenges using a multi-sectoral and intergovernmental approach.

Participants worked together, discussing and exploring this extremely challenging programme area. With a spirit of collaboration, participants agreed that this work is indeed challenging, but can be addressed when they work together.

1.2. Regional Organisation, Commitment and Next Steps

At the closing of the workshop, participants agreed to be responsible for carrying forward messages from this workshop and appointed an interim steering committee that would ensure the development of the regional ICBT strategy and implementation of the roadmap. Zimbabwe was identified as the host country for the Interim Steering Committee supported by Zambia and Malawi.

Key messages to be carried forward include:

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- ICBT is an important economic sector in the SADC region given its central role in poverty alleviation, employment creation and economic growth
- Well coordinated, integrated multi-sectoral, inter-association action is needed
- Policy and accountability support is needed from the highest levels of country governments and the SADC Secretariat
- Collaboration with the private sector is essential
- Provide training and appropriate, compassionate services to ICBTs
- Implement realistic strategies addressing short-term situational factors and long-term sustainability of the ICBT sector

In addition, participants will continue building alliances and networks, strengthening coordination, and increasing communication among participants and their ICBT associations, and include other countries that were not present at this workshop. This includes taking steps to formalise ICBT association in countries where they are not existence and to increase attention to the issues and strengthen ICBTs work to address their plight.

There should be consistent follow up communications and meetings at the national and regional levels. Participants will now increase their collaboration and coordination. Subsequent meetings should include review, revision, and refinement of coordinated action plans.

2. Background and Context

2.1. Background

2.1.1 Informal Cross-Border Trading in SADC

The Southern Africa Trust (SAT) and the Economic Justice Network (EJN) commissioned different research studies on the Informal Cross Border Trade (ICBT) in the region. These studies were necessitated and influenced by the enormous growth and significance of the sector. Suffice to say, all of these studies came to a conclusion that informal cross border trade contributes immensely to the economies of many SADC countries in various ways. Cross border trade spurs and catapults many small scale entrepreneurs to eschew poverty and creating employment opportunities for a number of people as often traders employ people (mostly women) in their home countries and in the countries where they trade (SARDC Research paper 2008). ICBT consists of a diverse group dominated by women and generally comprising the vulnerable, unemployed, orphans, refugees, the youth, school leavers and widows.

According to the studies the level of ICBT in Southern Africa remains high and many people are making a decent living out of this form of business. For many citizens of the Southern Africa Development Community (SADC), ICBT has become a profitable enterprise to the extent that some of them have dared to leave formal employment to concentrate on informal cross border trade. Despite the lack of data, some estimates have put ICBT at between 30 to 40 percent of intra-SADC trade, suggesting that by ignoring informal cross border trade, SADC member states could be overlooking a significant proportion of their trade (SARDC Research Paper 2008). Informal cross boarder trade could be defined as consisting of easily observable goods that are traded across countries either by avoiding customs points or passing through the customs points but with intentionally undervalued declarations. Some of the findings of the research studies are:

- The lack of recognition of ICBT is evident, despite the fact that national and regional policy initiatives, in particular the SADC Trade Protocol, portray intra-regional trade as an important way of spurring economic development and poverty reduction.
- ICBT contributes significantly to the well being of citizens and if deliberate steps are taken to create an enabling policy and regulatory environment, the sector can have a positive impact towards the attainment of Millennium Development Goals (MDGs).
- ICBT has contributed significantly towards employment, creation and income generation especially for people who are unable to find formal employment due to various social and economic reasons and also those who have been retrenched from formal employment.
- The regional average monthly value of goods traded was found to be as high as US\$2,500 per person while some traders confirmed that they lived on more than US\$1 a day which would not happen if they relied on formal employment income alone.
- ICBT plays an important role in ensuring food security by moving agricultural produce and other foodstuffs from where they are in surplus to where there is a deficit.
- ICBT also plays a complementary role to establish businesses by supplying goods in short supply as well as opening new markets.
- On average over 70% of informal cross border traders are female who could either be widowed, divorced or who simply undertake this business to supplement their spouses' incomes.

2.1.2 Challenges on the Informal Cross-Border Trade Sector

Some of the challenges depicted by the studies include:

- Drug trafficking and smuggling of precious minerals such as gold and diamond;

- Customs and tax evasion which deprives government of potential revenue;
- Illegal currency trading;
- Inability to meet certain health, sanitary and environmental requirements;
- Instability of families often due to long absence from home by either spouse;
- Difficulties in obtaining passports and visas;
- Refusal of entry in countries that may not require visas;
- Excessive customs charges;
- Unwarranted impounding of goods;
- Humiliating body searches;
- Limited access to formal credit schemes;
- Lack of reliable transport;
- Weak associations;
- Unfavourable policy and regulatory environment.

2.1.3 The Regional Policy Instruments Dealing with Informal Trade

At the regional level, there are some policy instruments and protocols that deal with informal trade sector. In 1996 the SADC adopted a Protocol on Trade which addresses issues of relevance for informal traders such as transport issues and transporting and storage requirements pertaining to certain goods; exemptions from customs; customs legislation; import and export restrictions; and competition. The protocol further commits SADC Member States to raise awareness amongst their citizenry regarding the importance of trade to economic development; to facilitate the strengthening of internal capacities to undertake trade effectively; strengthen national and regional infrastructure; involve the private sector in policy development, encourage SME participation; raise awareness of trade and to harmonise laws and practice, as well as simplify and harmonise customs procedures (EJN Research Paper 2008).

Another relevant and important regional instrument is the Southern African Development Community Regional Indicative Strategic Development Plan (RISDP). The

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RISDP articulates that in developing policies for industrial and mining development, the question of the informal sector both in terms of trade liberalisation and actual production should be taken on board. These instruments are important and helpful, however, the ICBT sector continues to be marginalised and is confronted with myriad challenges, such as; access to finance, illegal traders, corruption, red tapes, etc.

2.2. Southern Africa Trust, Economic Justice Network background to this workshop

The Southern Africa Trust and the Economic Justice Network has through this research identified the need give the rightful beneficiaries and ICBTs themselves the opportunity to take the responsibility of owning the problems and subsequent action plans. As a result, the workshop was intended to create a platform of engagements and deliberations, afford participants an occasion to share experiences, expertise, challenges and opportunities within the ICBT sector. It further aimed to develop practical and workable plans and recommend policies to be implemented by SADC Secretariat and national governments that would endeavour to strengthen, promote and protect the sector.

2.2.1 Objectives of the Workshop

The objectives of the workshop were:

1. To discuss, debate and validate the research findings and recommendations commissioned by SAT and EJM;
2. To create a regional platform for ICBT to lobby, advocate and influence policies and practices;
3. To create and strengthen a network of ICBT traders; and
4. To develop workable plan to be implemented and monitored after the workshop

2.2.2 Expected outcomes of the workshop

The workshop had the following expected outcomes;

- The establishment of the SADC Region ICBT Forum
- The formation and strengthening of Informal Cross Boarder Traders Network in the region
- Clear roadmap that will give direction to the ICBT sector future plans, implementation and engagements
- Informal Cross border Traders would emerge with better understanding of the sector as a whole, its challenges and opportunities, and how to deal with them and take the sector to greater heights

2.2.3 Facilitation and workshop design

The Southern Africa Trust requested assistance from Mr. Mazwe Majola of Umnotho WaMazwe Consulting (Pty) Ltd to facilitate this Informal Cross-Border Trade Workshop. The facilitator worked with the Trust and EJM management teams to plan and prepare this workshop. Objectives, agenda, content, resource materials, and co-facilitation were discussed and developed in collaboration with the Trust's and EJM management team.

Participants were selected and invited by the Trust and EJM. Participants represented ICBT associations, churches, civil organisations and government. The workshop ran over two days. It consisted of plenary and break-away small discussion groups. All delegates were requested and encouraged to participate fully, respect time, each others opinions and contributions. While main deliberations were conducted in English, a translation to Portuguese was available.

3. Workshop Purpose and Objectives

3.1. Purposes

Creating an environment that is conducive for informal cross border traders in the SADC region requires a well planned and coordinated effort among national governments, SADC Secretariat and array of sectors. This workshop created a platform of engagements and deliberations, afforded participants an occasion to share experiences, expertise, challenges and opportunities within the ICBT sector. It further aimed to develop practical and workable plans and recommended policies to be implemented by SADC Secretariat and national governments that would endeavour to strengthen, promote and protect the sector. The two day participatory workshop combined presentation of research findings, information sharing and planning.

Day One of the workshop was targeted at providing the Southern African Trust, the Economic Justice Network and ICBTs an in-depth understanding of the state of informal cross-border trading and its role in economic growth, employment creation and poverty alleviation in the SADC region.

Day Two of the workshop participants identified strengths, weaknesses, challenges, and opportunities for strengthening, promoting and protecting the ICBT sector at both country and regional levels.

3.2. Objectives

- To discuss, debate and validate the research findings and recommendations commissioned by SAT and EJNI;
- To create a regional platform for ICBT to lobby, advocate and influence policies and practices;
- To create and strengthen a network of ICBT traders; and
- To develop workable plan to be implemented and monitored after the workshop
- To increase understanding about the challenges and opportunities of ICBT associations in SADC

- To increase collaboration and networking opportunities amongst the ICTB trade associations and develop action plans for next steps and continued coordination.

4. Day One

4.1. Key Points and Conclusions, Day One

Day One of the workshop was targeted at providing the participants an in-depth understanding of the state of informal cross-border trading and its role in economic growth, employment creation and poverty alleviation in the SADC region. While countries like Malawi, Mozambique, Zimbabwe and Zambia had established associations for informal cross-border traders, participants learned and acknowledged that some countries like South Africa and DRC did not have formally established associations

. Also, only 6 of the 15 member states were represented.

1. Democratic Republic of Congo
2. Malawi
3. Mozambique
4. South Africa
5. Zambia
6. Zimbabwe

4.2. The State of the ICBT Sector in the SADC region

The key to developing an action that will strengthen, promote and protect the ICBT sector in the region is to first understand the state of the ICBT sector in the region from both research finding and ICBT association in the SADC member states.

Research findings highlight the following challenges faced by the ICBTs in the SADC region:

- Most governments in the SADC region do not officially recognize informal cross border trade in that local economic policies in most countries are not conducive

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to informal cross border trade. This is largely due to the negative perception around the informal cross-border traders who are viewed as tax evaders and drug traders.

- During elections, cross border traders are used for political ends.
- In some countries like Malawi there is more than one informal cross border trade associations.
- Big problems with organizational leadership capacity of the cross-border associations. Most associations are predominantly male dominated associations whilst the majority of traders are women
- Resource capacity constraints i.e. access to micro finance is a challenge, most trade associations and their members have no computers and lack business management skills. Other constraints include supply site constraints largely at border gates. These include:
 - Transport to transfer goods;
 - Too many boarder checks;
 - Corrupt border officials;
 - Sexual harassment of women traders leading to increased HIV-AIDS exposure;
 - Storage facilities for goods bought;
 - Tax Regime at borders not conducive to informal cross border traders given the high customs duties. Lack of awareness of SADC trade protocols amongst traders results in traders declaring goods as personal instead of business use leads and thereby not getting the proper benefit for traders.
- Limitations of number of days to do business across borders vary between 30 to 90 days across SADC member states.
- Passports problems and different transport requirements amongst SADC member states make it difficult for traders to do business in a meaningful way. One cross border trade license for the region might be the solution. For example, a Zambian license cross border trade license does not work in Malawi but works in another country.

High level recommendations from research findings include:

- Training of traders in SADC trade protocols, business management
- Rooting out negative elements in the informal cross border trade
- Policy formulation and implementation to facilitate informal regional trading
- ATA benefits to be transferred to informal border traders

4.3. Country Presentations

Each country represented gave brief presentations giving an overview of their work in addressing ICBT. Presentations included information about their experiences and lessons of the ICBT sector in their countries. Some countries have formal ICBT associations working to a great degree at regional level, others not organised at all. Country's represented were the DRC, Malawi, Mozambique, South Africa Zambia and Zimbabwe.

The ICBT experiences and lessons for the SADC countries are:

4.3.1 Malawi

Malawi has two associations of organised ICBTs; namely the Cross Border Traders Association of Malawi and The Informal Economy Union of Malawi.

The Union represents workers in the informal economy of Malawi. They organised based on 1999 ILO resolution to establish unions in this sector. They applied for

government recognition in 2000 and were refused recognition and formal registration due to the fact that the government at the time saw the union as a political uprising against its policies. Four and half years later, in July 2004 they were afforded recognition and were registered as an organisation. They have a constitution. Some of the challenges that the Union faced in the formative years include

- Unions in the formal sector asking them who is their employer if they are representing workers
- Politicians lobby their support towards elections and with no recognition post elections.
- Gender issues. Women in this organisation tend to self-organise and marginalise men from any leadership role in their branches.

The Malawi Cross Border Traders Association is a registered association with members in most of the districts of Malawi. It regards itself as an organisation that provides a voice for the voiceless. Their membership includes people across the board. They want to establish chapters in all districts. They also have gender issues in leadership like the Union. The Malawi CBTA is already in discussions with the Zambian and Zimbabwean ICBTs to identify products that need to be imported and exported to and from their respective countries. They have a social forum with Tanzania, Malawi and Mozambique.

4.3.2 The Democratic Republic of Congo

The ICBT sector in the DRC is organised in 1 of the 26 regions. There is a formal ICBT association in the Katanga region. However, the traders have passes with Congo Brazzaville and Zambia. One of the key challenges faced by ICBTs in the DRC is high export fees that push people to use informal routes and put their lives at risk in the process. 1 region of Katanga is organized and the other 25 not.

4.3.3 Zimbabwe

The ICBT sector in Zimbabwe is organised as the Zimbabwe Cross Borders Association. The history of the association can be summarised as follows:

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- It was formed in 2000 and was registered as a trust in 2001.
- They have setup 6 chapters with a membership over 10000. As a voluntary organisation, they have a minimum requirement of 30 people to start a chapter. Each chapter holds its election and affiliates to the nerve centre.
- In 2004 the association worked on the Tribunal and instituted a play to highlight issues faced by cross-border traders.
- 2005 saw the Malawi cross border trade association brought in as a trading partner.
- They have 75 chapters who can engage with MPs at local level. They have 12 months common Visas.

The experiences and lessons of the Zimbabwean ICBT sector are:

- Political hijackings where the association was used for political agendas. During the formative years, there has been a close affiliation of the association with the ZCTU, the mother body of the opposition party. The labour organisation was identified as an ally given the historical role that labour has had in deliberating policy with government. As a result the association's liaison with the union was regarded as partisan and led to victimisation from the ruling party. This led to an ideological evolution in the association. For 3 years, the association couldn't know who their allies were. A decision to be apolitical was then taken to protect the ICBTs interests.
- Membership fees were prohibited.
- Internal political agendas.
- Leadership weaknesses.
- Challenges to play in the same space as organized commercial organizations.
- Not being able to articulate the agenda of the association.
- Survivalism. Given Zimbabwe's economic situation, organising people who want to make a living has been a challenge for the association. Putting aside 3 hours for organizational matters is too much to ask for hungry people who see time wasted as an opportunity cost to sell other products so that they can put bread on the table for themselves and their families.

- Due to misconceptions, the association has been blamed for the economic challenges in Zimbabwe; i.e. for inflation and shortage of food supplies.
- Inadequate ownership of the association has seen people who were not directly affected by issues to driving the process.
- SMME support is non-existent to this sector.
- High Visa costs
- “Operation Restore Order” destroyed trader shelters for storage of goods.
- Border jumpers taint the image of the traders in Zimbabwe.
- Attitudes towards Zimbabweans in both SA and Botswana not conducive to the Zimbabwean ICBTs

Lessons for the association are:

- Focusing on satisfying people who are living in poverty and exit strategies to take these people to proper SMME status.
- Zimbabwe Council of Churches advocates more at a policy level. This is not a focal point for the association. However, it is relevant when it comes to job creation related policy discussions.
- Traders are now supplying wholesalers with products
- Traders are living the formal sector to become informal traders
- Confederation of Zimbabwe Industry confirmed that the informal sector is fuelling the formal sector. Formal sector is benefiting from the informal sectors. They are sustaining employment in the both formal and informal sector. “The role of the association is much appreciated for keeping the economy functioning”.

4.3.4 Mozambique

MUKERO is the ICBT association in Mozambique. Mukero come from a local language and means taking one commodity from one border to another. It was identified when Mozambiquean traders were doing business on the Swaziland/Mozambiquean borders. Young people used to help facilitate transition of goods from Mozambique to Swaziland.

The association was established in 2000 to assist with problems that informal traders were facing. Women make up to 80% of the association's membership. They are harassed by border officials. From an employment perspective, the following observation has been made:

- The public sector employs 30%.
- Formal sector 20%
- Whilst 50% of all jobs are in informal sector.

In addition to challenges reported on by other countries, the association is attempting to address the following challenges that are emerging as a result of globalisation:

- Job losses leading to unemployment.
- Mozambiquean women face hardships on a daily basis as widows, divorcees and single parents.
- Corruption and bribery
- Whilst regional integration of the sector started around January 2008, few beneficiaries of this integration know anything about this process. Even now in November, few traders know about the existence of implementation guidelines and origin certificate that enables them not to pay for tax in zero based goods. "It seems to be Africa culture to unblock problems and start new ones immediately".

Lessons:

- The informal sector needs to educate their governments constantly.
- This sector provides good opportunity for women confronted by economic hardships on a daily basis as widows, divorcees and single parents. They basically become "husbands" to their husbands.

4.3.5 South Africa

In general, South Africa has no association of informal cross-border traders. This is largely due to the fact that the government has put in strict laws to ensure that all SMMEs are registered with the Department of Trade and Industry for them to get support in running their businesses. The South African Import Business Organisation was been established to assist business in imports and exports. The political and economic stability of the country provides SMMEs an opportunity to be internally focused as opposed to externally focused on trade. This cross border trading sector is largely dominated by the big corporations.

The recent xenophobic attacks in South Africa have impacted the ICBTs in the neighbouring countries. South Africa apologised profusely to participants for the unfortunate and barbaric recent xenophobic attacks

4.3.6 Zambia

The Zambian cross border traders association was formed in 1988 with membership currently standing at 1092. About 60% of the membership is made up of from locals and 40% from Malawi, Zambia and Zimbabwe cross border associations. The late State President supported and listened to the associations issues.

The association has purchased prime land for \$20,000 to build a complex for members. Members will pay lesser rentals and will form part of the mall business community.

Challenges:

- Increase in cross-border traders has given rise to facility constraints.
- Congolese and Zimbabwean traders insist on selling products on behalf of Zambian traders when they import into these countries. In the process, they decide the price of goods and still charge commission to the Zambian traders.

Lessons:

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- The word of “informal sector” has negative connotations and maybe not appropriate to image the organisation. The word “micro traders” is more appropriate.
- Negotiate on behalf of your membership. For example, foreign business people pay 3 million Zambian Kwacha to get a 3 month business permit. The association members currently paying 2000 Zambian Kwacha for a 3 months licence. The association has negotiated with parliament that it should be reduced to 500 Zambian kwacha and increase the permit for six months. This proposal is still under review.
- Allow people from foreign countries to trade free. i.e. Bruma Lake in South Africa.
- Negotiated with Zambian Airways to get 56 seats allocated to association members. 50% less on cargo costs. Getting a free seat for every 20 seats that the associations books with the airline.

4.4 Putting it all together:

At the end of Day One, participants identified shared challenges and opportunities for ICBTs in the region. These are listed in Annexure A (see page 26).

5 Day Two

5.1 Key Points and Conclusions, Day Two

Day Two broadened the discussion that begun during the Day One to look at what needs to be done to strengthen, promote and protect ICBT sector in the region. The discussion around key action steps went further to define key proposals and recommendations to the SADC Secretariat, National Governments, Regional ICBT Organisation and National ICBT Associations.

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5.1.1 Proposals and Recommendations to the SADC Secretariat

The SADC Secretariat should:

- Encourage member states to implement SADC trade protocols.
- Recognise the ICBT Sector and include ICBTs in SADC protocols.
- Consult and include the ICBT sector in decision making on issues that directly affect the sector.
- Create a SADC fund to support ICBTs.

5.1.2 Proposals and Recommendations to the National Governments

National Governments in the SADC region are encouraged to:

- Develop an enabling environment for ICBTs by ensuring their safety and providing trading facilities.
- Ensure easy access and availability of travel documents for ICBTs.
- Provide ICBTs with easy access to information on customs and free trade area policies and guidelines.
- Commit to the implementation of SADC trade protocols
- Establish and strengthen ICBT trade policies in their own countries.

5.1.3 Proposals and Recommendations to the National ICBT Associations

National ICBT Associations are encouraged to:

- Register with Governments to facilitate recognition of the associations and thereby enable effective dialogue to take place with their governments.
- Ensure that where no formal ICBT associations exist they must be established and strengthen these national ICBT associations
- Create awareness of the ICBTs through effective communication and marketing strategies.
- Build capacity of their membership through structures and effective training that addresses the gaps that exist in organizational, leadership and marketing skills.

- Establish linkages with the private sector to participate in ICBT infrastructure improvement initiatives.
- Built relationships with other key stakeholders.
- Establish an information desk and provide a comprehensive service offering to their members.
- Organise “trade houses” to provide members with supplier information and opportunities

5.1.4 Proposals and Recommendations on Regional ICBT Integration

Participants proposed and recommended that:

- A regional Informal Cross Border Traders Forum in the region should be established
- The Regional ICBT Forum should build bridges with regional blocks through patronage of the secretariat of different blocks
- The Regional ICBT Forum should establish an integrated operations centre.
- Under this Regional ICBT Forum, a regional Secretariat to be put in place to support activities of the regional ICBT Network.

5.1.5 Interim Steering Committee for Regional ICBT Network: Action Planning

With the recommendations and proposals exercise and all of the other presentations and discussions providing information and some structure to participants, the final activity for the day was to agree an interim steering committee and discuss next steps.

Zimbabwe was nominated as the host country for Interim Steering Committee. Given the current political instability in that country, delegates seconded Zambia and Malawi to provide additional support as required.

The table below highlights the action plan that this Interim Steering Committee has been tasked with doing in the short to medium term:

Action	Timeline	Feedback Mechanism	Useful Resources
Develop a position paper on the vision and mission of the organization. This should culminate into an action plan for implementation	6 months	Monthly progress report to all delegates	National CBT, donors, national government, private sector, partners
Help establish national ICBTs and strengthen existing ones	Minimum 1 year Maximum 2 years	Monthly progress report to all delegates	National CBT, donors, national government, private sector, partners
Act as a voice for the unfair treatment of ICBTs	Ongoing	Monthly progress report to all delegates	National CBT, donors, national government, private sector, partners
Coordination of Regional activities	Ongoing	Monthly progress report to all delegates	National CBT, donors, national government, private sector, partners
Initiate programmes that will grow ICBTs into big business	Ongoing	Monthly progress report to all delegates	National CBT, donors, national government, private sector, partners
Develop the constitution of the Regional ICBT Network	1 – 2 years	Monthly progress report to all delegates	National CBT, donors, national government, private sector, partners

6 Conclusion and Next Steps

6.1 Conclusion

Every minute of every day, ICBTs across the SADC region are going out of their way to alleviate poverty, create employment opportunities and play a crucial role to keep the economy of their countries and the region afloat under very difficult conditions as

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highlighted in this report. Everyone – individually and collectively – is responsible for taking action to eliminate the unfair practices and challenges faced by the ICBT and to ensure the strengthening, promotion and protection of ICBTs in the region. The ICBT sector is an important area of the economy that requires attention and action from the SADC Secretariat, National Governments, Regional ICBT Network and National ICBT Associations.

This was an action-oriented information sharing, networking and planning meeting. The entire two days were spent learning about, thinking about, and planning for concrete action to make real changes in the lives of ICBTs in the region. Participants developed individual country and regional level plans for action (see pages 20-21). Participants also made a public declaration commitment to follow through with those plans and continue taking action in the future, working together to strengthen, promote and protect ICBTs in the region (see the declaration).

Annexure A: Challenges and Opportunities of ICBTs in the Region

Challenges of ICBT sector in the region	Opportunities
<ul style="list-style-type: none"> • Dual membership of poor countries within the region makes border processes cumbersome; e.g. inconsistent toll fees are applied • General lack of will by ICBTs to implement border requirements relating to trade protocols, i.e. certificate of origin. • Political uncertainty/instability in certain countries e.g. the DRC and Zimbabwe • Bribery and corruption at border posts • Lack of organised structures and policy that recognise cross border traders at national and regional levels • Lack of strong organised structures of ICBTs at national and regional levels • Poor dissemination of information on SADC Trade protocol; i.e. Free Trade Area and how to compile a certificate of origin • Lack of relevant SADC trade protocols and laws • Language barriers in the region • Lack off access to finance from lending institutions • Poor infrastructure at border posts. i.e. computers and storage space • Import restrictions • HIV and Aids • Conducive environment for the implementation 	<ul style="list-style-type: none"> • Scarcity of commodities; i.e. maize and soft drinks • FTAs & COMESA where ICBTS pay low tariffs or no tariffs at all. • Recognition of the ICBT sector by the SADC summit on Poverty and Development • SADC region found the ICBT sector as a relevant issue • SADC Secretariat will establish an office to disseminate its trade protocols and treaties to all players. • Economic upliftment of the individual and community. • Employment opportunities. • Forum like the ICBT workshop brings different people together to exchange ideas and network. • Nature of the Free Market System • Goods found plentiful in one area and lacking in another area, e.g. Coca-cola is expensive in certain provinces of Zambia and it's therefore imported cheaper in Malawi • Revenue (currency) in SADC should be the same all round

<p>of the regional ICBT Network</p> <ul style="list-style-type: none"> • Acquiring foreign exchange in the region. The black market is very expensive. • Harassment of female ICBTs • Market protection • ICBTs lack of business management skills 	
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Annexure B: The Lilongwe Declaration, 5 November 2008

INFORMAL CROSS BORDER TRADE ASSOCIATIONS DECLARATION ON THE CHALLENGES AND OPPORTUNITIES IN THE SADC REGION

We, members of the Informal Cross Border Trade (ICBT) sector in the SADC region gathered together here in Lilongwe, Malawi on the 4-5 November 2008 commend an express our gratitude to the Southern Africa Trust and Economic Justice Network for this extraordinary initiative to address the plight and challenges of the ICBT sector in the SADC region. We welcome this intervention and commit ourselves to partner with all stakeholders to strengthening and growing the economy and alleviate poverty in our region. We have no doubts whatsoever on the involvement of the small scale traders and the significant contribution the ICBT have in the economic growth.

We believe:

- That the lack of recognition of ICBT is evident, despite the fact that national and regional policy initiatives, in particular the SADC Trade Protocol, portray intra-regional trade as an important way of spurring economic development and poverty reduction.
- That ICBT contributes significantly to the well being of citizens and if deliberate steps are taken to create an enabling policy and regulatory environment, the

sector can have a positive impact towards the attainment of Millennium Development Goals (MDGs).

- That ICBT has contributed significantly towards employment, creation and income generation especially for people who are unable to find formal employment due to various social and economic reasons and also those who have been retrenched from formal employment.
- That the regional average monthly value of goods traded was found to be as high as US\$2,500 per person while some traders confirmed that they lived on more than US\$1 a day which would not happen if they relied on formal employment income alone.
- That ICBT plays an important role in ensuring food security by moving agricultural produce and other foodstuffs from where they are in surplus to where there is a deficit.
- That ICBT also plays a complementary role to establish businesses by supplying goods in short supply as well as opening new markets.
- That on average over 70% of informal cross border traders are female who could either be widowed, divorced or who simply undertake this business to supplement their spouses' incomes.

Noting that:

The ICBT sector in the region is confronted with myriad of challenges which makes it difficult for members to trade. Some of these challenges are:

- Drug trafficking and smuggling of precious minerals such as gold and diamond;
- Customs and tax evasion which deprives government of potential revenue;
- Illegal currency trading;
- Inability to meet certain health, sanitary and environmental requirements;
- Instability of families often due to long absence from home by either spouse;
- Difficulties in obtaining passports and visas;

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- Refusal of entry in countries that may not require visas;
- Excessive customs charges;
- Unwarranted impounding of goods;
- Humiliating body searches;
- Limited access to formal credit schemes;
- Lack of reliable transport;
- Weak associations;
- Unfavourable policy and regulatory environment.

And hereby resolve that:

- National governments should improve the conditions of ICBTs and facilitate their transformation into the formal sector;
- Need to employ more innovative ways of tackling illicit trade practices so as to flush out smugglers and drug traffickers from well-meaning ICBTs;
- Need for harmonisation of trade policies including speedier implementation of the SADC Trade Protocol;
- Need for a regionally recognised Common Trader's Licence which would work as an incentive for ICBTs to declare their activities for official trade records;
- Need for a regional policy framework specific to needs of ICBT or alternatively an Addendum to the Trade Protocol on ICBT;
- Registration of cross-border traders without necessarily subjecting them to taxes until they have reached a stage where they are able to pay such taxes without threatening their viability;
- Simplification of customs documents and procedures to cater for all including the educationally handicapped traders;
- Need for wider consultations with the poor including ICBTs before relevant policies are formulated;
- Establishment of information centres for dissemination of information on customs procedures and other trade-related economic and social issues;

- Need for capacity building and awareness raising through workshops, seminars and other means among stakeholders;
- Need for traders to form and strengthen cross border traders' associations through whom policy dialogue can be pursued;
- Need for traders to embrace a culture of compliance with customs and other regulatory requirements in order to build;
- Faster and wider implementation of one-stop-border posts;
- Provision of suitable accommodation, water and sanitation facilities for ICBTs;
- Provision of enough market space by local authorities;
- Provision of more efficient transport and better infrastructure in the region;
- Improving accessibility of finance by traders from financial institutions; and
- Continuation of HIV and AIDS awareness campaigns.

OUR COMMITMENT

In conclusion, we the ICBT sector members in the SADC region, renew our commitment to economic growth, employment creation and poverty alleviation:

- We will continue to strive and intensify our efforts to realise our entrepreneurships.
- We will engage in all our businesses in an ethical and moral standard.
- We will safeguards the interests of our members.
- We will promote and protect our sector
- We will continue to promote the economic growth of the region.

Annexure C: Roadmap

