Experiences and coping strategies of women informal cross-border traders in unstable political and economic conditions: The case of Bulawayo (Zimbabwe) traders

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Abstract

Informal cross-border trade is one of the viable informal sector activities which had become a key livelihood strategy for many Zimbabweans mainly during the time period of 2007 to 2009, at the height of the economic and political crisis in Zimbabwe. That was a period of intense shortages of basic commodities which have left the country depending mainly on donations and imports from neighbouring countries. The study sought to understand the experiences and coping strategies of Zimbabwean women informal cross-border traders operating between Gwanda/Bulawayo, Zimbabwe and Johannesburg/Gauteng, South Africa. The study followed the whole chain of trade with focus on experiences and coping strategies of traders at the various stages of informal trade. Semi-structured in-depth interviews and life history analysis were conducted with nine women traders and some informal discussions conducted with bus drivers, artists and other suppliers of goods. Observations were also made which included travelling with informal cross-border traders across the border, being with them when they bought their goods, and staying with them at one of the markets in South Africa where they sold curios they brought from Zimbabwe.

The study noted that informal cross-border traders were mostly motivated by the desire to support their children and see them through school, including tertiary education. Their motivation was strong enough to keep them determined to stay in business despite the many challenges that they faced. These challenges included xenophobic attacks, police harassment, transport challenges, bad accommodation while away from home, visa challenges and many others. The coping strategies included finding ways of sharing costs, ‘cheating’ the system where some rules and regulations hindered their progress, and creating a strong social support base and connections. It was also noted that changing economic and political environment had direct impacts on the trade and hence flexibility of goods traded and medium of exchange are a crucial character of the trade in unstable environments. Major policy shifts and political developments, both in
Zimbabwe and in South Africa, during the study period impacted on informal cross-border trader leading to alterations in trade. These changes included the removal of visa requirements for Zimbabweans by South Africa and the formation of the Government of National Unity (GNU) in Zimbabwe. These changes affected the types of goods traded and the intensity of trade. The study recommends that the trading visa that was agreed on by the Zimbabwe Informal Cross-Borders Association and South Africa be made available to all interested informal cross-border traders and not be confined to the members of the association. Researchers are encouraged to explore further the effects of a new political dispensation in Zimbabwe on informal cross-border trade as this study could not capture much of the changes that took place after the formation of the GNU in Zimbabwe.
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List of acronyms
ANC African National Congress
BESA Business Extension and Advisory Services
CBD Central Business District
CZI Confederation of Zimbabwe Industries
ESAP Economic Structural Adjustment Programme
GAPWUZ General Agricultural and Plantation Workers Union of Zimbabwe
GDP Gross Domestic Product
GNU Government of National Unity
GPA Global Political Agreement
IOM International Organisation for Migration
IMF International Monetary Fund
MDC Movement for Democratic Change
SADC Southern African Development Community
SME Small to Medium Enterprise
US$ United States dollar
ZANU-PF Zimbabwe African National Union – Patriotic Front
ZCBTA Zimbabwe Cross-Border Traders Association
ZIMRA Zimbabwe Revenue Authority
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Chapter One: Introduction

1. Rationale and problem statement

Gogo joined informal cross-border trade in 2003; she is married and has five children. Gogo and her husband own a house at Emganwini in Bulawayo. She is a former primary school teacher, now 58 years old, who sells curios from Zimbabwe in South Africa. She brings curios to South Africa and buys groceries for her family when she returns to Zimbabwe. Gogo bears all the hard work involved in this trade for the sake of her children, although she feels she is now too old for this kind of a job. The frequent travels and camping are wearing her out. She says informal cross-border trading is very challenging and for any woman to stay in business there has to be a good motivating force behind her. Gogo’s greatest motivation is to see her children through tertiary education and ensure that they are well equipped for the life that lies ahead of them. Sporadic returns from informal cross-border trade can be very motivating, but for someone who wants to stay in business in both hay and gloom days, that will not be enough motivation. “Mngane, yiyo leyi impilo esiyiphilayo” (this is the life that we live my friend), she will occasionally say, with a wide smile on her face.

Gogo’s story is one of the many stories of informal cross-border traders trading between South Africa and Zimbabwe. Why does Gogo have to do this job that she feels is not suitable for a woman her age? There is no doubt that the economic and political crisis in Zimbabwe has a lot to do with the plight of Gogo and those like her. The collapse of a national economy is arguably one factor making people turn to the informal sector for economic activities; in this manner the informal sector acts as a “cushion or fall back plan for citizens” in times of crises in the formal sector (Akinboade 2005:257). It is, therefore, not surprising that the Zimbabwean informal sector has grown tremendously since the late 1990s when the political and economic crisis began to unfold. The constant decline in the formal sector promoted informal sector activities as the previously
formal sector workers looked for alternative ways to survive. Skilled and semi-skilled individuals slowly joined the unskilled informal workers in the informal sector. This brought a new dimension to the informal sector and began to challenge some already existing ideologies about the informal sector.

In 1994 the World Bank had estimated the total contribution of the informal sector to the gross domestic product (GDP) of African countries to be between twenty and fifty percent (Peberdy 1998:11). Akinboade (2005:261-2) noted that the informal sector has become a major source of income in some of the East and Southern African countries, with the majority of the informal economy’s employees being women, as it allows for flexibility which they need to balance different areas of their lives. It is, however, interesting to note that at times of economic crisis, such as that experienced in Zimbabwe, more men start joining the informal sector which is seen as a sector predominantly for women, although women may continue to out-number them. Zimbabwe saw a great increase of the number of people operating in the informal sector as the crisis deepened.

The informal sector gradually grew and replaced the formal sector during the time of the crisis until the formal sector literally came to a standstill (Sadomba 2009a:7). There is no way researchers can continue to ignore and put less importance on a sector, dominated by women, which has become a backbone of the economic survival of a country, as argued by Sadomba. It can no longer be disputed that the informal sector, in this case informal cross-border trade, has the potential to alleviate poverty and promote women’s participation in economic activities, especially in a context where women’s lack of access to the means of production has been identified as one of the reasons why challenges of perpetual poverty and inequality exist (Akinboade 2005:257). While the informal sector contributes between nineteen and seventy four percent of non-agricultural employment in East and Southern Africa, and between seven and forty-five percent of non-agricultural GDP (Akinboade 2005:261), in Zimbabwe only twenty
percent of the population is formally employed and this means the bulk of the population is likely to be surviving on the informal sector (Gilpin 2008).

Informal cross-border trade in Zimbabwe has become, for some, a viable economic activity that generates employment, supplements income to improve food security in households, and improve living standards. It refers to the activities of mostly small entrepreneurs who are involved in buying and selling goods across national boundaries (Peberdy 2002:2). Such activities are part of a strategy for “climbing out of poverty” in Zimbabwe (Muzvidziwa 1998:29), and have enabled especially women to cope and to invest in the declining economy of Zimbabwe (Muzvidziwa 2006:180). There is a perception generally that cross-border traders enjoy an increase in living standards relative to other Zimbabweans, as can be seen in an article in the country’s newspaper, The Herald of 29 July 2006, where it is indicated that cross-border traders enjoy new leases of life. The article states that cross-border traders live in “low density villas furnished with state of the art furniture”. My participants also found that informal cross-border trade allowed them a certain standard of living they would have otherwise enjoyed.

It is therefore not surprising to note that a study on informal cross-border trade in Zimbabwe, by Muzvidziwa (2006:180), found that in Harare and Chinhoyi most formal sector employees were looking for opportunities in the informal sector despite the difficulties associated with work in this sector. This study notes the economic and political decisions that were taken by the government of Zimbabwe that created many challenges for the informal sector and made the environment hardly conducive for healthy economic activities. These economic policies affected both the formal and informal sectors but the informal sector being at the periphery was more negatively affected than its formal counterparts. This study noted that many professionals in Zimbabwe had joined the informal sector by 2008/9 when this study was conducted due to the collapse of the formal sector and promises of a better life by the informal sector. Some of my participants,
such as Gogo introduced above, had resigned from their professional jobs in the formal sector and took up informal cross-border trade activities fulltime, while others joined part-time with the hope that things will get better in the formal sector, with the aim of taking up fulltime positions in the formal economy when conditions improved.

Women are the majority participants in the informal sector, and in informal cross-border trade specifically (Akinboade 2005:263; Muzvidziwa 2006:180-181; Nethengwe 1999:88; Peberdy 2000:364; Peberdy & Rogerson 2000:31). According to the above studies, informal cross-border trade between Zimbabwe and South Africa is dominated by women who constitute more than sixty-five percent of the informal traders in this area. This is not surprising because, due to lack of education and skills required by the formal sector, women have always been pushed to the marginal informal sector (Nethengwe 1999:88). This is despite a traceable pattern in Africa’s informal sector where more than half of women informal traders are either main earners within the household or share responsibility with men for household upkeep (Peberdy 2000:364). Women do not only dominate Zimbabwe’s informal trade, the same goes for Mozambique and South Africa where women make up more than seventy percent of the informal traders (Peberdy 2000).

For this reason, this study chose to focus on women informal cross-border traders and bring into cognisance their plight as unrecognised entrepreneurs who contribute significantly to the economy and to the wellbeing of their families and societies. This is done with the understanding that women are one of Africa’s unrecognised or ignored growth reserves or untapped potential, providing most of the region’s labour but whose productivity is hindered by widespread inequality in education and access to resources (World Bank 2002). Restrictions on and lack of opportunities for women makes it nearly impossible for the continent to benefit from their contributions economically.
My study sought to understand and explain the commercial chain of informal cross-border trade in a constantly changing environment of crises, paying special attention to the experiences and challenges of women cross-border traders and their coping strategies. This was done by drawing a great deal on the experiences of the participants in this study, and their interpretations of informal cross-border trade. The study specifically looked at Zimbabwean women informal cross-border traders who traded between Bulawayo-Gwanda, the Matabeleland region of Zimbabwe and Johannesburg, Gauteng province of South Africa. The study was conducted within a very dynamic and constantly changing political and economic environment both in Zimbabwe and South Africa (but mostly in Zimbabwe) from November 2007 until after the formation of the Government of National Unity (GNU) in Zimbabwe in 2009. This transition in the political and economic environment in Zimbabwe influenced the division of my study period into two. The first period is the period before the formation of the GNU when the plight of Zimbabwe and its people seemed hopeless. The second period is after the formation of the GNU when the country saw a glimpse of light. This context allowed the study to explore how the traders survived the harsh political and economic crises and their hopes, or lack of, for the future.

I found it interesting and important to study an activity that could survive the intense political and economic crisis. An activity which continued to grow and give some people, especially women, hope and an opportunity to generate and income for their families and be empowered economically during a time of economic crisis. The informal sector contributed significantly to keeping the economy of Zimbabwe going through the many years of a political and economic crisis (Sadomba 2009a:8). The importance of this trade is also shown by the fact that Zimbabwe has a Ministry of Small and Medium Enterprises and Co-operatives which seeks to promote emerging and growing entrepreneurs such as those found in informal cross-border trade. This Ministry works closely with the Small-Medium Enterprises Development Centre which is situated in Bulawayo although my participants were not aware of the help offered to them by the
centre. The Centre has, according to its profile released in August 2010, 3 500 members who are informal cross-border traders. (Small-Medium Enterprises Development Centre 2010).

Although there are such structures in place, the general sense is that the government of Zimbabwe is more hostile to the people engaging in this activity that they are supportive. The strategies used by the Zimbabwean government to control the economic activities of informal cross-border traders are discussed in detail in Chapter Three. The rapid growth of the informal sector and the fast disappearance of forex from the banks led the Zimbabwe government to take decisions that worked against informal cross-border trade by desperately attempting to gain from its operations; some of the measures taken are viewed as outright attempts to destroy the trade (Bratton and Masunungure 2006:22). The government tried to get forex from the informal sector into the banks by increasing duty fees, unfairly confiscating goods and charging exceedingly high fees such that traders could not afford them and raiding flea-markets or even their homes to force them to bank their monies. When these measures failed the government went into a desperate rage of trying to destroy informal cross-border trade and save the formal sector, this was done through Operation Murambatsvina.

Informal cross-border trade is an emerging field of study which still has to be explored. Most studies only focused on women, reasons for the growth of informal cross-border trade and economic policy implications on informal cross-border trade (Muzvidziwa 1997, 2001; Peberdy 2000). My study, similarly to that of Muzvidziwa (2006), follows the process of the trade and present challenges and coping strategies at each stage of the trade. The experiences of women informal cross-border traders are at the core of the study. While Muzvidziwa (2006) studied the experiences and coping strategies of Chihnoyi women

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1 Operation Murambatsvina is discussed in Chapter Three.
informal cross-border traders, my study is of women informal cross-border traders between Bulawayo and Johannesburg.

This study will hopefully also shed more light on why, despite all the arguments given against informal cross-border trade (Lyons & Snoxell 2005), it has grown tremendously in Zimbabwe over the past years (Banda 2009). There are a number of reasons for this growth cited. Authors such as Macamo (1999) indicated excessive barriers to formal trade for contributing significantly to the growth of informal cross-border trade and traders give their reasons for joining informal cross-border trade.²

2. **Data collection methods**

Qualitative research methods were employed in this study. The aim was to understand the meaning and behaviour of women informal cross-border traders within their social, economic, cultural and political contexts.

Qualitative research seeks to give explanations and in-depth richness of information (Holland & Campbell 2005), and was therefore found appropriate for this study. My methods of data collection were observations, informal discussions, semi-structured interviews and life histories. Observations in my study involved travelling with the traders from Bulawayo to Johannesburg and back to Bulawayo, which gave me an opportunity to observe all the processes involved in this trade and the reactions and coping strategies of the traders at every stage. These processes included sourcing merchandise in Johannesburg or Zimbabwe, buying and transporting it, crossing the border, and marketing and selling the merchandise in Bulawayo or Johannesburg. I chose Bulawayo because, as will be shown in Chapter Two, literature on informal cross-border trade between Zimbabwe and other regional countries is still limited; the literature

² Such reasons for joining informal cross-border trade by individuals will be discussed in Chapter Four.
that is available is on Harare the capital city, Chinhoyi and Masvingo. Bulawayo, the second capital city, also with lively informal sector economic activities, has not been a focus point for researchers. This study, therefore, chose Bulawayo and Johannesburg as focus areas. I visited five out of twelve flea-markets in Bulawayo, one in Gwanda (Zimbabwe) and three in Gauteng, South Africa. While my focus was on Bulawayo I also chose to include Gwanda, a small town in Matabeleland South because it happened to be on my way to Bulawayo and also a place in which I grew up. By so doing I extended my chances of getting meaningful referrals because Gwanda and Bulawayo are closely linked economically. Traders in Gwanda usually have clients in Bulawayo, often going there to catch buses to Johannesburg since most buses do not stop in Gwanda or allow passengers to board from there. I chose those markets where my participants traded and/or those they referred to regularly in our conversations. This allowed me to compare what they told me with my observations.

Although my research focus was on the traders, to understand the context in which the different trade processes occurred, I interviewed those around them as well; interviews were conducted with three bus drivers, four suppliers of goods, four artists in Zimbabwe who supply informal cross-border traders with curios and the clients of the traders, mainly small shop owners in different flea-markets.

Fieldwork took place between November 2007 and July 2009. Nine women informal cross-border traders of various age, education and income groups were selected as part of this study. In-depth interviews with nine participants gave me more time with the traders allowing me to get a deeper understanding of the trade and the traders which gave me adequate data for my study. Snow-ball sampling method was used to find the participants. This is mainly because informal cross-border traders are normally reluctant to disclose information unless they trust the researcher. Referrals were helpful as traders know and trust each other and once one person in a group trusts you, gaining the trust of other group members becomes easier. To overcome the limitation of getting similar
participants through snow-ball sampling, I endeavoured to get several starting points for my snow-ball, instead of just one. When I visited the three flea-markets in Gauteng I would speak to traders and develop relations with them so as to have them become my focal point for snow-ball sampling.

In an attempt to gain the trust of the traders I started off by frequently visiting two main cross-border bus terminuses in Johannesburg Central where informal cross-border traders normally board their buses. This was not as successful as I had hoped as the traders would cut short every conversation I would attempt to have with them. They usually suspected that I was a spy or state agent investigating their activities. While I struggled to win the traders’ trust, I managed to gain the trust of some bus drivers and interviewed them. They provided useful information that enabled me to talk to traders with some ‘inside’ information. Quite coincidentally I met an informal cross-border trader (Gogo) at my aunt’s house, and because of the good relations existing between her and my aunt, I managed to gain her trust. Through her I have met other traders and had an opportunity to spend five days and three nights with them while they were selling their goods. When I went to join the traders on a farm where they stayed, I was introduced as a granddaughter of Gogo. As a granddaughter I fit in as an insider and the other traders trusted me, even when they got to know that I was doing research.

I met some of my participants when I got to Gwanda and Bulawayo. This proved less of a challenge since I grew up in Gwanda town in Zimbabwe where my mother used to work. As my father stayed in Bulawayo, I spent most of my school holidays there. As a researcher, I had an advantage of being known as a local child both in Gwanda and in Bulawayo by people living in the townships in which I grew up. Although I did not know most of my participants from childhood, I had them introduced to me by my relatives and other people I knew in these areas. I met another of my participants while visiting my cousins in Bulawayo and yet another one when I went to greet and chat with a neighbour in Gwanda. It was
easier to work with people I had a personal relationship with, even if it was just having been introduced to them by a relative or friend. I, however, managed to hang around some flea-markets long enough to convince some traders that they could trust me. In total I had nine major participants and twelve once-off interviews with some informal cross-border traders. Major participants are those I spent much time with, travelled or stayed and had follow-up interviews with during my fieldwork.

Interviews were mostly done in Ndebele, the mother tongue of the researcher and the majority of the participants. Those not done in Ndebele were done in English or a combination of English and Shona as the researcher could not speak Shona well and some participants were not comfortable using only English as a medium of communication. Guidelines for these interviews were formulated to aid the researcher to cover all the important themes of the study as identified from literature. This interview guide was adapted and adjusted as the fieldwork continued. I kept a fieldwork diary which I later found to be very helpful as it reminded me of all the minute details of my interviews and journeys. It refreshed my memory and made the process of writing up a pleasurable one.

Writing notes was my most used method of recording data and was done during or shortly after every activity or conversation to avoid memory bias. It was important that I do that as the process of working with informal cross-border traders had many hurdles that could have easily made me forget or alter interview information. The process required a lot of patience, flexibility and strength as their activities are influenced by many factors. These factors include availability of transport for those who use public transport, the ability of suppliers, most of whom are now under pressure due to growth in this trade, to deliver their goods on time and then the visa complications (before the visa requirement was cancelled by South Africa).
3. Data analysis

Qualitative content analysis and theme building was employed to analyse data in this study. Data analysis started during field work. This was necessary so that gaps could be identified and filled in while data collection was still in progress. I put together all my notes and fieldwork diary, read through it several times. I then wrote down the different themes that I could identify as I read through several times. With the list of themes, I went through the notes again taking portions of notes and putting it under relevant headings or themes. Identifying major themes in my data and grouping the notes according to those themes made it easier to analyse the data and gave me a guide as to how I could write this report.

As I started analysing the data I noticed a significant change in environment that took place during my study period and this influenced me to divide and group my data into two, as already mentioned. The first period being the period before the formation of the GNU in Zimbabwe (November 2007 to March 2009), also at a time of xenophobic attacks in South Africa. The period after March 2009 to when I finished up my fieldwork and started writing this report forms the second period of my study. The second period brought a change in the political and economic atmosphere in Zimbabwe. The two periods were marked by different political and economic environments and also characterised by some changes in migration laws.

4. Ethical considerations and limitations of my study

Getting participants was a major challenge, especially when my data collection began in November 2007 to early 2008. This limitation was overcome once I developed relations with a few cross-border traders and had some inside knowledge. Showing that I had some insider information of the trade made traders feel they could trust me with their information.
Some informal cross-border traders expected to get some funding from me but as soon as I explained that I was a student doing research as part of my studies and not a funding organisation they understood. Most of them liked the idea that I was studying and encouraged me to study hard. They willingly participated in my study as a way of contributing to my studies. This was not always the case though as some traders would still suspect that I was lying and just trying to get them into trouble with the law. Verbal informed consent was obtained from the participants and anonymity guaranteed and hence the use of pseudonyms. Pseudonyms are used both for the names of the traders and flea-markets studied. This is done to protect the informal cross-border traders who participated in this research as this trade sometimes involves illegal dealings, and thus risks, as will be discussed.

The artists I interviewed expected me not just to understand their business but to do something about their situation. The initial request was that I organise a society for them and enable them to make their voices heard through a formal organisation of some kind. I explained to them that the research was for degree purposes but they urged me to at least give a copy of my dissertation to some authorities who could help them. They specifically mentioned the Small to Medium Enterprise (SME) offices in Bulawayo and I intend doing as they requested.

5. Structure of the dissertation

This sub-section looks at the structure of this report. Chapter Two reviews literature on the informal sector and informal cross-border trade. Definitions of informal cross-border trade, categories of informal cross-border traders, notions of legality-illegality and formality-informality are explored. This chapter shows how the characterisation of the informal sector as ‘informal’ has negative effects for the sector and on the lives of the entrepreneurs operating in this sector. It has influenced the decisions of governments and other policy making entities leading
to policies that do not recognise the informal sector as a significant part of the economy. For example, informal cross-border trade does not benefit from the regional and international trade tariffs and agreements which seek to promote trade within the region (Peberdy 2002).

Chapter Three precedes my data presentation Chapters Four and Five; it seeks to sketch the environment or context in which this study was conducted. The political economy of Zimbabwe is analysed and the different issues argued to have led the country’s intense political and economic crisis that set the context for my study are explored. A period characterised by an intense violation of human rights putting the whole country, especially the urban population, under siege (Kamete 2006; Scarnecchia 2006). The intensifying political struggles further worsened the economic situation as investors withdrew from the economy and donors held back their monies in fear of pouring it into a bottomless pit. The greatly affected the people of Zimbabwe and affected informal cross-border trade both positively and negatively. The xenophobic attacks in South Africa also contributed to the complexity of the trading environment.

Chapter Four presents my nine key participants, showing who they are in terms of age, levels of education, marital status, kinds of goods they trade and their reasons for joining informal cross-border trade, while Chapter Five concentrates on the processes of informal cross-border trade: where and how the traders buy their goods, how they transport them across the border, and where, how and to whom they sell them at their destinations. Throughout this discussion I indicate how the traders adapted to changes in the political and socio-economic context, and the changes in the process of trading. In this chapter the women’s challenges and coping strategies are also discussed.

The last chapter, Chapter Six, concludes that informal cross-border traders are highly adaptive; they have great ability to fit into the constantly changing political and economic conditions of Zimbabwe. Participants in this type of trade are
highly resilient, and traders continuously attempt to 'beat the system' in order to survive in this business.
Chapter Two: The informal sector and informal cross-border trade – Conceptualisations and literature review

1. Introduction

As already noted in the first chapter, the decline of the formal sector contributed greatly to the growth of the informal sector in Zimbabwe. In turn the growth of the informal sector brought with it many challenges that forced participants in the sector to be adaptive, creative and very flexible. To understand the experiences and changes that take place in this sector and in informal cross-border trade specifically, we need to review some literature and clear some definitions and understandings.

Informal cross-border trade is an activity of the informal sector which possesses most of the sector’s characteristics, such as ease of entry and dominance by women. Upon realising that the informal sector had become a vibrant and, seemingly, permanent part of the economies of developing countries, in the 1990s researchers started giving it more attention. Literature on the subject of informal cross-border trade is, however, still not very extensive. Limited research on informal cross-border trade means the productivity of this trade is less visible and remains largely unrecorded. This has also been influenced by the difficulties of measuring this type of trade which is often unregistered and conducted at a small scale. Before one attempts to define informal cross-border trade it is of paramount importance to start by looking at the concept of the informal sector in great detail. This will give us a starting point in defining and understanding informal cross-border trade.
This chapter explores the origins of the term ‘informal economy’, its definitions and characteristics before looking at the theories on informality. Four theories – the structuralist, the legalist, the rational choice and the rational legalist – give an explanation of the informal sector and are discussed to shed more light on the phenomenon of the informal sector. Thereafter it attempts to define informal cross-border trade looking also on notions of formality-informality and legality-illegality which are very much embedded in the term ‘informal sector’ and ‘informal cross-border trade’. Different categories of informal cross-border traders are then outlined leading to the conclusion of this chapter. Please note that the terms ‘informal sector’ and ‘informal economy’ are used interchangeably in this study although some researchers choose to give them different definitions and use them as two different terms.

2. Origins and definitions of informal sector

The informal sector – also known as the black/parallel economy, informal economy, second economy, underground economy and hidden economy – has attracted different definitions but is almost always defined by its characteristics (International Labour Organisation 1972). The names, as can be noted, label the sector as marginal and hold negative connotations. Before the term ‘informal economy’ was coined, the sector was referred to as the ‘traditional’ sector or small-scale economic activity which was viewed as a temporary response to job shortages caused by population growth and rural-urban migration (International Labour Organisation 1972). Upon realising that this phenomenon was more permanent than temporary for many economies Keith Hart coined the term ‘informal economy’ in 1970. Hart was describing the activity of Ghana petty entrepreneurs, mostly self-employed, who were working outside the formal labour market. Hart was arguing that even if these people have been described as marginal because of their small scale operations, they were actually entrepreneurs (Kirshner 2009). The definitions of the informal economy that followed stemmed from Hart’s idea and were modified to suit different situations.
The International Labour Organisation adopted the term ‘informal economy’ in 1972 giving it a definition that has become widely used. The International Labour Organisation, like Hart, argues that this ‘marginal sector’ has the potential to be profitable and efficient. For this reason researchers have taken up the challenge of investigating the informal sector although there are some challenges they still have to overcome; one of these is finding a strategy of measuring the productivity of this sector. Assaad (1996:116) says “informality is not a property of individuals, firms, or activities, rather, [it is a property] of social transactions and the rules and norms that govern these transactions.” In an attempt to identify those rules and norms governing the informal sector, the International Labour Organisation gave a characterisation that included ease of entry, small-scale enterprises, family ownership, and use of labour-intensive technology (Kirshner 2009). Other characteristics of the informal sector given are that it includes activities and enterprises outside the systems of formal wage labour and low productivity activities that are not in compliance with the formal norms, such as licensing and taxation, and is not included in a nation’s GDP (Kirshner 2009).

The informal economy is untaxed, has no formal contracts, no fixed hours, no job security, and no employment benefits, such as paid sick leave or pension arrangements. The potential of the informal economy activities vary from survivalist to small enterprises including activities, such as subsistence occupations, bartered skills, unpaid domestic work, self-employment and informal cross-border trade (Akinboade 2005:261). In addition, Nyatanga et al (2000) assert that the informal sector is characterised by activities that are not legally recognised and do not follow recognised official channels. Gardener (2008) argues that attempting to define the informal economy using its characteristics or by just saying it is the opposite of the formal sector is very problematic because ‘formal sector’ on its own also does not have a straight forward definition. This author argues that although there is much confusion around the definition of the informal economy, researchers should still work towards a proper definition for the concept.
In the continued attempt to define the concept of informal economy it would be of great importance to consider what Assaad (1996:117) meant by saying “informality does not imply a lack of structure or predictability. It simply means that structure and predictability are achieved through a different set of rules and norms than those associated with formal institutions.” He argues that these rules that govern informal transactions are constructed by the larger social context; putting emphasis on the importance on networks, kinship, regional origin and ethnicity, for the success of these informal transactions. Muzvidziwa (2005) also noted the importance of such networks in the success of informal cross-border trade.

Women, being generally a marginalised economic group, are predominantly employed by the informal sector. They are mostly in the lowest-paid and least-secure jobs because they are prevented from entering certain job types on a gender basis. They are considered weak physically and needing protection morally and therefore cannot do certain jobs because there will be no facilities for women workers (Chant & Pedwell 2008; Momsen 2004). Women have almost always been pushed to non-paying jobs, such as domestic work and subsistence production, while men competed for wage labour in the formal economy, making women the majority employees of the informal sector (Momsen 2004). People have a tendency of seeing jobs that are low paying, with poor working conditions and low job security with no fringe benefits as women’s work. This has been termed ‘feminisation of informal labour’ and has led to gendered inequalities (Chant & Pedwell 2008).

To justify the marginalisation of women some people have hid behind the neo-classical economic theory which assumes that in competitive environments workers are paid according to their productivity. This therefore leads to another assumption that women are in low paying positions because they are less productive than men; they have lower levels of education, training and experience compared to men (Momsen 2004:176). While it may be true that
women are sometimes restricted by lack of skills, market imperfections also have to be considered. The myth that women are less productive is fuelled by those who take women’s reproductive responsibilities as inferior and less important. Chant and Pedwell (2008:10) say it is a myth that women cost employers more and are less productive because of maternity leave, childcare, breast-feeding breaks and more frequent absenteeism because there is no evidence to prove it. Besides, women’s social reproductive responsibilities subsidise economic and social functions of communities although they do not get to be compensated financially.

While the formal sector tends to be unfriendly towards the particular needs of women, the informal sector provides women with the flexibility that they need to balance the different areas of their lives: family / communities, reproductive and productive responsibilities, the so-called triple roles of women. It has given them employment opportunities and enabled them to enjoy the freedom to choose and balance their responsibilities which is something they would not have otherwise had in the formal sector. There is need for the formal labour market to consider women in this regard and stop treating them as ‘secondary workers’. If the formal economy accepts women with all their responsibilities and make decent employment accessible to them it will bridge economic gender inequalities. Chant and Pedwell (2008) noted a need to relax laws and regulations as this would promote entrepreneurship and formalisation of the informal sector. Formalisation of the informal sector though is not the answer as it would alter the informal sector and miss the need of women to have the flexibility that they need to balance their multiple roles.

They argue that putting employment generation at the centre of the mainstream economic policies will help eliminate the negative impacts of informality while improving its productivity. Governments need to decide what is more important: formalising the informal or eliminating the negative aspects of the informal while promoting its productivity and employment creation benefits, making the informal
sector more friendly to its workers. The question therefore remains: how do we eliminate the negative aspects of informality without formalising the sector, as formalisation would again miss the needs of women?

In most African countries the informal sector employs a significant part of the population. In Zimbabwe, for example, the majority of the population is operating in the informal sector. The numbers of the people formally employed in the manufacturing sector, for example, steadily declined since 1990s as noted by the Confederation of Zimbabwe Industries (CZI)’s manufacturing sector survey (2007). The number of people working in the formal sector dropped from 206 000 in 1991 to 155 000 in 2004 (CZI 2007:14). This does not necessarily mean that all the people who lost jobs in the formal sector automatically joined the informal sector. Some joined the informal sector while others remained unemployed or got formal jobs in other sectors.

In South Africa a large percentage of the population also operates in the informal sector as noted by the then president, Thabo Mbeki, who introduced the concept of ‘two economies’ in his state of the nation address (Davey & Valodia 2009). Mbeki stated that the second economy, which includes the informal sector, was largely underdeveloped and less productive even though it contained a large percentage of the country’s population. The concept of South Africa’s two economies will be further explored in the following section on theories of informality.

Still on the same note of employment generation, Chant and Pedwell (2008) put forward an argument that the failure of globalisation and neo-liberal macroeconomic policies to create jobs have contributed to the growth of the informal sector. This takes us forward to the discussion we will later have, on the effects of the Economic Structural Adjustment Programmes (ESAPs) adopted and implemented by Zimbabwe in the early 1990s. As the economic policies

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3 Refer to Chapter Three for more information on ESAPs.
failed to create jobs women continued to have very little opportunities in the formal sector keeping them in the informal sector and eventually forcing men into the informal sector as well. As a greater number of men joined the informal sector women were pushed to the margins, to the lowest income end of the informal sector.

There is an opposing view to this; Muzvidziwa (2005) argues that women in the informal sector feel they have found a domain where they are the main players and men are at the margins. During my fieldwork some men I spoke to also felt women were more experienced in the informal sector compared to them. They admitted that they felt informal cross-border trade was an activity primarily led by women – see the discussions in Chapter Five.

The above definitions of the informal sector fall short as they fail to precisely capture the link that exists between the formal and informal sectors and the legal and illegal issues. They present the informal sector as an entity that exists independently of the formal sector. The flawed definitions of the informal sector have led to flawed definitions and understanding of informal cross-border trade as will be seen later in the chapter. This discussion will now move to the exploration of four theories given in explanation of the informal sector, namely the structuralist, legalist, rational choice and rational legalist theories.

3. Theories on informality

Theories on informality will shed more light on the complex informal economy phenomenon. The theories help us understand the arguments by different authors and also reveal the theoretical framework of this study. Theories on informality differ depending on how the informal sector is viewed, whether it is viewed as a bad phenomenon of the economy, a good and permanent part of the economy of a ‘start up’ sector for the formal economy. These theories are
structuralist, legalist, rational choice, and rational legalist theories; they are
discussed next.

**Structuralist theory**

The structuralist approach argues that informal sector is an important part of the
global economic system which functions to keep the costs of labour under control. This approach acknowledges the linkages that exist between the formal and the informal sectors; the inter-connectedness and inter-dependency that make the informal sector a necessary component of the global, international or national economy. Rakowski (1994) argues that the structuralist theory is influenced by class-based assumptions of the neo-marxist economic theories. Marxism asserts that the rich capitalists advance their personal interests by exploiting the poor. From this standpoint, structuralists often explore the relationship that exists between larger (formal) firms and smaller (informal firms) (Gardener 2008). This view predicts a positive correlation between informality and inequality.

Davey and Valodia (2009) take a structuralist standpoint when reviewing former
president Thabo Mbeki’s August 2003 State of the Nation address where he introduced the ‘two economies’ concept. In his address Mbeki said “the second economy is characterised by underdevelopment, contributes little to the GDP, contains a large percentage of our population, incorporates the poorest of our rural and urban poor, is structurally disconnected from both the first and the global economies and is incapable of self-generated growth and development” (Davey & Valodia 2009). On the same note the ANC Today of 2004 stated “that [the] first and second economies in our country are separated from each other by a structural fault...accordingly what we now see is the reality...of a mainly informal, marginalised and unskilled economy populated by the unemployed and those unemployable in the formal sector.” Davey and Valodia (2006) argue that from the writings of the African National Congress (ANC) the so-called second
The economy is broader than what normally is referred to as the informal sector. They however, agree that the informal sector is clearly part of the second economy from the analysis of the characteristics of the second economy highlighted in the two quotations above. As can be seen from the quotes above, the second economy as described by both the former president of South Africa and the ANC possesses most/all the characteristics of the informal sector as already discussed. The ANC and it’s then leader, Mbeki, were taking a legalist viewpoint by arguing that the so-called ‘two economies’ were entirely separate and this understanding of the economy has been misinforming the post-apartheid South African government’s current policies that are aimed at addressing the problems of the second economy (Davey & Valodia 2009). Davey and Valodia (2009) argue that the ‘two economies’ are very much linked and therefore should not be viewed as dichotomies but a continuum. Acknowledging the linkages that exist between the two, they argue, would enable the country to tackle the issues of high levels of unemployment and poverty. Davey and Valodia (2009) argue that the structuralist viewpoint is good and it will enable the government to make policies that will be effective in the context of South Africa. Figure 1 below illustrates the structuralist view of informality. It shows how the exploitative nature of the capitalist system results in the formation or growth of the informal economy. The informal economy, according to this theory, is a symptom of an ailing formal economy and must be formalised.

**Figure 1: Structuralist view of informality**

(Source: Gardener 2008:29)

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4 Legalist theory is discussed in the next sub-section.
The structuralist view of informality argues that the problem lies in the nature of the capitalist system. The nature of the capitalist system allows those at the centre of the economic system to exploit those at the peripheries in order to advance their own interests just like the ANC blames the structural nature of the economy to justify its economic policies that promote the formal economy while the informal is neglected.

Legalist theory

The legalist approach is based on a neo-liberal school of thought. It argues that the informal sector is a result of excessive and inefficient government regulations; implying that it is when people fail or find it hard to comply with unreasonable bureaucracy that they tend to go informal (Kirshner 2009). Liberalisation of the economy is encouraged to allow the market to regulate the economy and decrease the chances of the growth of the informal sector. Legalists believe there is a clear distinction between the formal and the informal economies. They perceive the informal economy as a phenomenon that will eventually get absorbed by the formal sector when it becomes effective and efficient. This approach has a tendency to focus on the negative aspects of the informal sector, putting more emphasis on the illegal aspects. The ANC and Thabo Mbeki (2004), as discussed in the above section, assert that there is no link between the formal and informal economies and therefore seek to formulate policies that will address the problem of informality. Operation Murambatsvina\(^5\) of Zimbabwe falls under this category as well; Operation Murambatsvina involved looting of goods and destruction of businesses and structures that were deemed informal. In this way the government intervened and disrupted the natural balance of the economy. The government believed that by intervening through stringent bureaucratic strategies it could deal with the issue of informality and encourage the growth of the formal sector of the economy.

\(^{5}\) Operation Murambatsvina is a government economic intervention that was undertaken by the government of Zimbabwe in an attempt to regularise the economy. See Chapter Three for a detailed discussion on Operation Murambatsvina.
Figure 2 below shows the legalist view of the informal economy. It shows how conducive economic policies (neo-liberal policies) allow for the informal sector to serve as a start-up zone for businesses that will eventually formalise and contribute to economic growth equality while, on the other hand, restrictive policies (where the government heavily regulates the economy) will lead to an evasive informal economy and then stalled growth and inequality. But in an attempt to escape the restrictive policies entrepreneurs will cunningly avoiding formalising their businesses and this will hinder the growth of the formal economy, while the informal continues to grow. Informal economy is viewed here as having an important role in the general economy, and as fundamentally connected to the formal economy.

(Source: Gardener 2008:35)

**Rational choice theory**

Rational choice theory was primarily developed to explain the behaviour of humans but many disciplines have adopted and adapted it to fit in different fields. This theory assumes that individuals always act to maximise utility given the
available information on the costs and benefits of such action (Gardener 2008). The rational choice theory suggests that there are many reasons influencing the decisions of individuals to formalise or stay informal (Schneider & Enste 2002). They suggest that it is not only the economic factors that should be looked into but personal issues as well. Factors to consider include circumstantial characteristics, such as norms and restrictions, and personal characteristics of an individual, such as motivation, since the assumption is that the formal and informal economies are separate. They suggest that explanations of entry into the informal sector should be considered from other angles instead of focusing on economics. This theory argues that individuals make personal choices that will enable them to maximise the utilisation of the environment they find themselves in.

Figure 3 below demonstrates the rational choice view of informality. It shows how economic factors combine with personal factors or personal judgement of what will benefit the actor more leading to individuals entering either the formal or the informal sector which are assumed to be separate entities. The informal sector is therefore a natural result of the choices of individuals; this therefore implies that women are the majority in the informal sector out of choice, they choose it because if fits their social roles better.

![Figure 3: Rational choice view of informality](Source: Gardener 2008:38)
Rational legalist theory

Rational legalist approach combines the rational choice and the legalist theories discussed above. This approach therefore argues that actors consider all costs involved before going through the process of formalising. These costs include social and opportunity costs of formalising. The rational legalist model attempts to predict the effect that informal activity will have on the country’s overall economic growth. Figure 4 below demonstrates the rational legalist view of informality. It shows how the incentives offered by the economic environment influence one’s decision to use the informal economy only as a start-up point and formalise leading to economic growth while the constraints posed by the economic environment will influence the entrepreneurs to enter the informal sector with the intention of escaping the constraints of formalising thereby stagnating economic growth. This theory also views the formal and informal economies as separate.

![Figure 4: Rational legalist view of informality](image)

(Source: Gardner 2008:40)

My study draws much from the rational legalist theory while recognising that the formal and informal economies have strong linkages and are not totally separate
entities. People are rational beings who can choose what will best work for them given the prevailing environment. The environment is created by the policies in operation; this brings in the legal aspect. This discussion will now move to the definitions of informal cross-border trade. Having the background given above on the informal economy it will be easier to understand where the complications in the definitions of informal cross-border trade emanate from.

4. Definitions of informal cross-border trade

Peberdy (2002) defines informal cross-border trade as an activity that involves the buying and selling of goods across national boundaries, which is normally conducted at small scale, though not confined to small scale. Such informal trade, unlike the formal sector trade, does not benefit from preferential tariff agreements. This, therefore, means the policies, such as the Southern African Development Community (SADC)'s protocol on trade (2000) and the SADC Free Trade Area launched in August 2008 benefit formal trade while turning a blind eye to informal cross-border trade.

Peberdy (2002:36-37) argues that the characterisation of this trade as ‘informal’ has negative impacts on it. Taking a structuralist stand, Peberdy asserts that ‘informal’ blurs the linkages that exist between this trade and the formal sector in the buying and selling goods. Muzvidziwa (2006:182) also discusses the interconnections that exist between the formal sector and informal cross-border trade and argues that at some points the two overlap. He gives an example of when informal cross-border traders employ workers following the patterns of the formal sector, such as paying the employees on a monthly basis or using a commission system. Also, informal cross-border traders often buy their goods from the formal retail industry and sell them at flea-markets that are formally regulated.
‘Informal’ also implies marginality which hides the significance of this trade as a strategy of economic empowerment for the previously disadvantaged, such as women and the unskilled.

While the definitions, as discussed above, have a tendency of marking informal cross-border trade as unregistered and illegal, it is crucial to note that some informal cross-border traders are registered with local authorities who lease out trading markets to them. They often possess licences that allow them to trade in certain goods, such as horns and wood curios. But there seems to be no coherence in the formal sector systems with regards to their relationship with the informal sector. For example, the Forestry Department in Zimbabwe issue traders with permits to access wood and horns used for curio production and the municipality give them trading stands in flea-markets, but still they are considered as ‘unregistered’ and ‘illegal’ by the Zimbabwe Revenue Authority (ZIMRA) which does not give them a simple option of registering with them. The country’s process of registering a company is long and it requires money, making informal traders chose to skip the registration part. In other words, the system unintentionally promotes informality and discourages formalisation or registration of businesses.

The complexity of the relationship between the formal and the informal economies is also shown in that South Africa’s Department of Agriculture would issue curio trading permits to Zimbabwean traders while the Home Affairs Department issues them with visitors’ visas that do not allow them to trade in the country. At the end traders find themselves in an awkward position where they are on the right side of the law with one department and on the wrong with the other. It is argued that when travelling from one country to the other, traders almost always use the official border routes although as visitors not as traders (Peberdy 1998). This raises complexities of legality and illegality issues to be discussed later in this chapter.
Goods traded via informal cross-border trade vary from place to place. In Southern Africa goods brought from South Africa to neighbouring countries, exports in Ndlela (2006)'s terms, range from perishables, such as potatoes, tomatoes, mangoes and vegetables, to clothes, shoes, furniture such as mattresses and plastic tables and chairs, electronics (e.g. stereos, videos, CD players, TVs and hi-fis), household appliances and goods (e.g. stoves, fridges, toasters, pots, plates and cutlery) and bedding which includes duvets, blankets and sheets. Other goods brought from South Africa include cosmetics, car parts, bicycles, machinery, processed goods (e.g. rice, cooking oil, sugar and tinned foods) and indoor and outdoor plants. The last bit of the long list includes, rice, maize-meal, cooking oil, sugar, tinned foods, salt, beer and meat (beef and chicken).

‘Imports’ or goods brought to South Africa by informal traders range from vegetables, cashew nuts, Mozambican bread, fish and shellfish to charcoal, handicrafts and curios, wire, crochet work, traditional dresses and capulanas (Duraisamy 2003; Peberdy 2000; 2002). Akinboade (2005:267) adds that in East and Southern Africa biological resources that could be used as HIV/AIDS remedies are also widely traded.

Goods traded in the informal trade, especially in the Zimbabwe context, are highly dependent on prevailing environment at a particular time. Goods on the mentioned list are usually those consumer goods in short supply in the country; such goods will be in high demand. Peberdy (2002) noted that informal cross-border traders are sensitive to changing trends and opportunities and therefore goods traded depended on demand. She also argues that the trend of goods traded informally were reflective of the export and import trends encouraged by a country in its formal trade.

This study adopted the definition of informal cross-border trade, discussed above, given by Peberdy (2002) that it is an activity that involves the buying and
selling of goods across national boundaries, which is normally conducted at small scale, though not confined to small scale. It focused on trade, not recognised by officials and national statistics, of easily observable legal goods passing through recognised customs points between Zimbabwe and South Africa. Criminal activities of illegal goods trade, such as drug trafficking, were excluded. Below the notions of legality and illegality in informal cross-border trade are discussed.

**Notions of legality and illegality**

The notions of legality and illegality in informal cross-border trade are complex as revealed by Peberdy (2002:43-44). As noted on the discussion on informal sector above, defining this trade as informal implies levels of illegality which are not always there. Most traders pass legally through the formal border control systems even if not all their goods always do but many times do. It cannot, therefore, be concluded that informal cross-border trade is smuggling and is illegal. Structuralists recognise that informal activities are not the same as criminal activities even though they might involve some illegal processes. For example, the products may be fully legal, but the process through which they are produced may not be fully legal (Kirshner 2009). Illegal goods, such as drugs, guns and stolen goods, constitute the many goods that cross the borders daily, but Peberdy (2002) suggests that criminals trafficking illegal goods are separate from cross-border traders who carry legal goods. Legal goods are defined as those goods that are not prohibited by law to be transported across national boundaries.

The other issue of illegality is raised in relation to goods transportation by the traders. Peberdy (2002) asserts that these small entrepreneurs involved in this kind of trade are most likely to be involved in the smuggling of goods as they may not always pass through the formal import and export channels. Informal cross-border traders usually get involved in the smuggling of goods (even if the goods are legal and are legally bought) to avoid paying the high customs duties.
Corruption comes in when goods are smuggled by bribing customs officials. If paying officials is not an option for some reason, traders sometimes pay people to carry the goods across the border illegally, and worse still, children are sometimes used to do so (Peberdy 2002:44-45).

Taking the legalist approach, a Bangladesh-India study by Sikder and Sarkar (2005), similar to Niger-Thomas (2001), takes informal cross-border trade as an illegal activity dealing with the smuggling of goods. It defines smuggling as referring to illegal transportation of goods and/or persons in or out of a country to avoid taxation. It is, however, important to note that the movement of goods and people across national borders is legal as long as it conforms to the countries’ migration and customs rules and regulations.

The legality or illegality of the traders’ immigration status is one other aspect to be considered. Peberdy (2002) argues that the illegality of traders in foreign countries was in most cases a result of the numerous visa requirements and the fact that in the SADC region there was no country that issued permits specifically for trading purposes. It is only recently, in March 2009, that the Zimbabwe Cross-Border Traders Association (ZCBTA) celebrated a trading visa deal signed with South Africa. This happened after five years of negotiations. A trading visa will offer traders security from police harassment as it will ensure that they are protected by law (Chimbiri 2009).

Categories of informal cross-border traders

Peberdy (2002:36) puts traders operating in the South African context in five categories based on how they operate. It is important that these categories are not unique to South Africa; they are found in other African countries as well.

- The first group comprises of those traders who travel to South Africa for short periods, less than a week, to buy goods to take back to the home country and sell. These can be referred to as shoppers; they buy their
goods mainly from formal retail shops, wholesale outlets and farms to sell in markets, on the street, to individuals and to formal retail outlets.

✓ The second group of traders consists of those traders who travel South Africa for prolonged periods, one week to two months, bringing with them goods to sell in informal and retail markets. Profits from these sales are then invested in buying goods to take back to the home countries and sell there.

✓ The third group of traders is very mobile; it is that of traders who travel across three or more countries, including South Africa, buying and selling goods as they go.

✓ The fourth group is small; it is made up of the traders who only bring goods from their home countries to sell in South Africa without taking goods to sell back in their countries.

✓ The last group of traders is that of South African traders who take goods to sell in other Southern African countries. These categories are further discussed and referred to in Chapter Four.

In an attempt to locate informal cross-border trade in the Zimbabwean economy Ndlela (2006) categorised SMEs into three groups. Zimbabwe has a ministry of SMEs that seeks to build, promote and support this part of the country’s economy. Informal cross-border trade falls under this ministry. The three groups identified by Ndlela are:

✓ High potential, formally registered
✓ High potential, unregistered/informal
   Normally employs five or more persons and some enterprises run by skilled and semi-skilled retrenches.
✓ Low growth potential, easy entry micro-enterprises
   Usually owner operated and run by unskilled persons who employ between one and three employees.

Ndlela argues that given the above three categories, informal cross-border trade largely falls in categories two and three. This categorisation focuses on the size
of these enterprises and on the level of skills of those operating them unlike the categorisation by Peberdy above which focuses on the types of movements done by traders.

5. Arguments for and against informal cross-border trade

Arguments against informal cross-border trade are that it imports cheaper goods and creates unfair competition for local industries, distorts prices for local products, misguide local policies, reduce tax returns, has negative implication on foreign exchange earnings and gives a distorted picture of intra-regional trade (Tekere 2001). These arguments have been found baseless (Brand, Mupedziswa and Gumbo 1995) as there has been no evidence put forward to support them. On the other hand, many studies (Muzvidziwa 2001; 2006; Peberdy 2000; Peberdy and Rogerson 2000) have proved that informal cross-border trade is a livelihood strategy adopted by many for survival and, recently, for wealth creation (Muzvidziwa 2006). Informal cross-border trade has been argued by Peberdy (2002) to be a form of regional integration, integration from ‘below’ which demonstrates the economic viability and acceptability of market integration.

Informal cross-border trade has, primarily, been viewed as a livelihood or survival strategy. Sikder and Sarkar (2005) investigated informal cross-border trade between Bangladesh and India as a way of coping with poverty. According to them it was the poor people who got involved in informal cross-border trade, because the governments of these two states and the formal economies are failing to provide for the poor. Having no other option, some of the poor turned to informal cross-border trade for purposes of survival. Sikder and Sarkar (2005), similar to Akinboade (2005), give as a reason for involvement in the informal sector, lack of access to resources such as land and lack of jobs in the formal sector. This line of argument fails to recognise informal cross-border traders as entrepreneurs who join this trade because they see it as a good business
opportunity, and concludes that it is poverty which forces people into informal cross-border trade.

The political and economic crisis in Zimbabwe made it a unique case as not only the poor and vulnerable participated in informal cross-border trade but also the rich and big entrepreneurs took advantage of the situation to maximise profits. Ntseane (2004) asserts that even though most of the informal sector activities usually remain at the initial stages of development they are still essential for the maintenance of many female-headed households, while Muzvidziwa (2006) argues that there is enough growth in informal cross-border activities to enable women not to just survive but to also invest in the economy. It is important, though, to understand the context in which Muzvidziwa’s study was conducted. Zimbabwe’s local industries or formal sector had deteriorated greatly leaving the country relying more on the informal sector. With little competition from the formal sector, informal cross-border traders had an opportunity to run profitable businesses and create wealth although other factors still had the potential of crippling their businesses.

In contrast to Muzvidziwa (2006)’s claims that informal cross-border trade has become a wealth creation strategy, Tekere (2001) argues that informal cross-border trade’s potential to alleviate poverty is controversial. Tekere supports the argument against informal cross-border trade which says it undermines local industries and distorts prices for local products. He, therefore, argues that the benefits of informal cross-border trade in the form of employment creation are nullified by the loss of jobs as firms close down due to increased competition from informal cross-border trade.

Apart from it being a survival strategy and a way of escaping poverty, traders’ motivations for getting involved in informal cross-border trade include flexible

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6 Refer to Chapter Three for a detailed discussion on the political and economic crisis in Zimbabwe.
capital requirements, no need for previous experience and little government regulations (Akinboade 2005:267). Informal cross-border trade allows women to overcome the disadvantages of lack of access to the means of production giving them a chance to participate in the economy of the country. Women’s self-worth is improved by participation in informal cross-border trade as they feel they have found a ‘domain in which men are second-best players’. It also gives women the flexibility they need to balance the different aspects of their lives (Akinboade 2005; Muzvidziwa 1998:33).

Muzvidziwa (1998:36) found that although most traders started off trading to supplement household income, they ended up having their income from trading activities being at the heart of their households’ well-being. With the continuous worsening of conditions in Zimbabwe’s formal sector informal cross-border trade and other informal sector activities are booming and people in the formal sector are looking for opportunities in the informal sector. Benefits of informal cross-border trade can be summarised as follows:

- Development of entrepreneurial skills and activity
- Provision of opportunities for entrepreneurial development of home countries through the accumulation of capital and expertise
- Provision of a significant independent income earning activity for women
- Support for a significant number of child and adult dependents
- Provision of employment for entrepreneurs and their employees (Ndlela 2006).

Assaad’s (1996) study on the formalisation of Cairo’s informal refuse collection system concluded that when threatened with expulsion and marginalisation, those operating in the informal sector develop ways of resisting the standards imposed on them. These strategies may include false compliance and other acts of hidden resistance that are targeted at undermining the imposed standards.
Peberdy (2002) and Akinboade (2005) looked at informal cross-border trade in relation to economic and migration policies. They assert that while economic and immigration policies promote free movement of trade and capital, they do not benefit informal cross-border traders and small entrepreneurs. Peberdy (2002) argues that South Africa’s then immigration bill and the legislation promoted the activities of big business and capital while putting constraints on the activities of informal cross-border traders. She argue that policy makers do not consider the activities of informal cross-border traders even if most of their policies are aimed at promoting regional integration through increased regional trade.

6. Challenges facing informal cross-border traders

It has to be understood that all the good that comes with informal cross-border trade as discussed above does not come in a silver platter. Most women believe that success in informal cross-border trade comes from hard work while others believe it comes from shrewd marketing strategies (Muzvidziwa 1998:36). Given the numerous challenges that women informal cross-border traders face (as mentioned earlier and discussed later in Chapters Four and Five) women have come up with different coping strategies enabling them to succeed and maximise returns. Coping strategies as noted by Muzvidziwa (2006:182-183) include learning of foreign languages as a tool of accessing foreign markets and customers and also as a way of establishing strong interpersonal trans-border business connections. Kin and non-kin connections are important as they enable traders to cut down on accommodation and food costs while they are in foreign countries.

Since most women do not have access to formal financial or credit facilities they have formed their own credit and savings groups for financial assistance. These credit and savings unions empower women traders economically in a context where state welfare and aid does not exist (Muzvidziwa 2006:182). There is a preference among women informal cross-border traders to rather get capital from kin, friends or their informal credit and savings unions than from formal financial
institutions. To cope with official constraints and harassment these traders would pretend to be going along with official policy and demands when in reality they act against it. This they use as one of their coping strategies when it comes mainly to border posts and to dealing with multiple policy constraints and harassment by state officials (Muzvidziwa 2006:182).

Ndlela (2006:29) demonstrates some of the challenges faced by informal cross-border traders and gives recommendations that could help policy makers develop policies that help solve some of those challenges. Table 1 below gives a list, though not exhaustive, of some of the challenges that Zimbabwe informal traders battle with on a daily basis.

**Table 1: Problems and challenges confronting Zimbabwe informal cross-border trader**

<table>
<thead>
<tr>
<th>Informal sector traders</th>
<th>Problems</th>
<th>Policy intervention instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>While on the road:</strong></td>
<td>✓ Exposure to corrupt border officials because of lack of knowledge about their rights</td>
<td>✓ Recognition of informal cross-border traders as playing a vital role in trade and poverty reduction</td>
</tr>
<tr>
<td>✓ Travelling by bus/taxis with no security of any kind, including travel or medical insurance</td>
<td>✓ Lack of knowledge of customs clearance and handling regulations</td>
<td>✓ National and regional registration of informal cross-border traders as normal and legitimate business persons</td>
</tr>
<tr>
<td>✓ Usually overnight travel so that they can sleep on the bus/bus terminus</td>
<td>✓ Lack of recognition as bona fide traders, hence their treatment as visitors and/or tourists</td>
<td>✓ Awareness programmes on the marketing, handling, and shipping of products by informal cross-border traders</td>
</tr>
<tr>
<td><strong>Urban:</strong></td>
<td>✓ Inability to carry bulky products, some of which require specialised handling and shipping (for example, soap stone artefacts)</td>
<td>✓ Enhancement of capacity of financial institutions, and especially micro-finance institutions, to support SMEs in general, and informal cross-border traders in particular</td>
</tr>
<tr>
<td>✓ Before Operation Murambatsvina, located by the road side or in established flea-markets and other visible areas to attract buyers; or especially designated places (for example, in front of Bulawayo Civic Centre, in the craft village in Victoria Falls, etc.)</td>
<td>✓ Poor or inadequate infrastructure (for example, lack of water and telephones)</td>
<td></td>
</tr>
<tr>
<td><strong>Mobile:</strong></td>
<td>✓ Hawking or delivering prior arranged orders to clients</td>
<td></td>
</tr>
<tr>
<td>✓ Usually located by the road side along the main roads for visibility of tourist visitors, and at growth points and service centres</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: Ndlela 2006:29)
7. Conclusion

This chapter discussed definitions and theories on the subject of the informal economy. The definitions of the informal economy border around its characteristics, such as that the businesses in this sector are usually small and unregistered and they are not regulated by the laws that regulate the formal sector. The informal sector, initially viewed as a nuisance in national economies, is now argued to be a vital part of economies. Informal economy is a vital and seemingly permanent part of many economies. The place of the informal economy as well as the relationship between the formal and the informal sectors is often contested. Being an activity of this informal sector informal cross-border trade is also a concept that has no clear cut definition. This study takes the definition used by Peberdy (1998) that considers any informal cross-border trade to be the movement of goods, usually in small scale, across national boundaries for trade purposes. Goods in this definition refer to legal items (not prohibited by law) and not illegal goods, such as guns and prohibited drugs (these are criminal activities).

Now that terms have been conceptualised we can then discuss the economic, political and social environment in Zimbabwe and South Africa that prevailed at the time of data collection. The discussion will give a detailed account of the crisis in Zimbabwe, its ‘resolution’ and the xenophobic attacks in South Africa.
Chapter Three: The political economy of Zimbabwe during the time of the crisis

1. Introduction

This chapter attempts to give the context in which my fieldwork was conducted. This will help us understand the uniqueness of the context of Zimbabwe and South Africa in the period of November 2007 to July 2009 when data was collected. We have to bear in mind that for Zimbabwe to find itself in an intense crisis was a process, not an event. I therefore attempt to describe the environment that prevailed at the time my data was being collected and later discuss the reasons given in the literature as the causes of the crisis dating back to the early 1990s. This discussion traces the political events and detrimental policies that were implemented since then, leading to a constant decline of the economy and the political situation of the country. The chapter also looks at the events that were taking place in South Africa during the study period. This chapter will show the changes that took place in the general economic, political and social environment during the entire study period while creating a clear picture of the events and the atmosphere that surrounded each section of the study period.

The discussion starts by describing the changes that took place in the political and economic environment during the period of my fieldwork motivating my decision of dividing the study period into two: the period of hopelessness and the period of slight hope. Hopelessness was a result of the severe crisis in Zimbabwe so the discussion moves to the reasons given in the literature for the crisis in Zimbabwe. The discussion on the causes of the crisis show how the people, the general populace, were directly affected leading to altered and changed livelihood activities. The effects of these happenings led to some people joining informal cross-border trade.
2. Changing contexts

As already indicated in Chapter One, my study period is divided into two: the period of hopelessness, before the formation of the GNU in Zimbabwe (2008 to March 2009) and the period of slight hope, after the formation of GNU in March 2009. The first period was generally characterised by despair and lack of hope, while the second period saw the rays of light filter through due to the formation of GNU and the waiving of visa requirements for Zimbabweans by South Africa allowing for increased movement of goods and people across the border. The changing context influenced the activities of informal cross-border traders.

The period of hopelessness

According to my participants the period of late 2007 to February 2009 can be argued to have been the worst years of Zimbabwe’s political and economic crisis since independence. They said, with relief, “if we survived that period, we can survive anything else.” On the same note Potts (2006:540) described the crisis as “exceptional” and “extraordinary by any standards”. Even before the period of my study, he had begun to ask these questions: “How long can it go on?” as well as “Surely it cannot get any worse”. Sadomba (2009a:3) argues that “economic survival to that point without civil war defies diverse logic”.

Researchers, such as Muzvidziwa (2006), attempt to understand how life continued to be sustained during the time of the crisis. He asserts that the growth of the informal sector, and informal cross-border trade in particular, enabled women to earn an income. He argues that this, and the fact that the nature of the work in this sector kept the people very busy instead of focusing on politics, contributed to the mysterious prevention of civil war in the country. Such was the context for the first portion of my study period; many had lost their jobs and turned to the informal sector for survival purposes.
At the height of the crisis in the country in 2008, when the formal sector had come to a complete stand still – the Zimbabwe dollar (ZW$) with insignificant value, schools closed, no food in the shops, no healthcare professionals in clinics and hospitals – informal cross-border trade grew and flourished despite all the factors against it. This period was characterised by a non-functioning formal sector, severe shortages of food and other basic commodities, and desperation amongst the population to survive. Almost the entire population depended on food donations from other countries and on those items which informal cross-border traders could get into the country. Most factories and industries had closed down; at some point schools had also closed, and hospitals and clinics had no doctors, medication and in some cases nurses. Informal traders had to bring into the country almost every commodity essential for human existence including the country’s staple food (i.e. maize meal), and even salt. Informal cross-border traders sat on street corners and flea-markets with their overpriced buckets of food commodities and measuring containers. The food sold by informal traders was extremely expensive; this is because they were taking advantage of the high demand and the desperate state of the citizens due to shortage of basic food commodities.

In South Africa, the same period was marked by xenophobic attacks which erupted in May 2008. Xenophobic attacks involved brutal beatings, burnings and displacements of immigrant communities in South Africa. Sixty two people, of which twenty one were South Africans, were killed and more than 150 000 displaced. Mass looting and destruction of foreign owned homes and businesses were reported (Qudsiya 2009). Reasons for the attacks are suspected to have been ethnic tensions, high crime rates, organised violence and lack of institutionalised leadership (Qudsiya 2009). Some attributed the violence to South Africa’s apartheid past, some to poverty and hardships of South Africans in poorer communities, others to the government’s failure to deliver and redistribute the economic gains of the post-apartheid era and yet others blamed the immigration policies of South Africa (Citizenship Rights in Africa Initiative 2009).
South Africa is one of the main trading partners of Zimbabwe’s informal cross-border traders; even during the time of xenophobic attacks informal cross-border traders continued to come to South Africa in a quest to survive and stay in business.

A survey conducted by the Southern African Migration Project in 2006 (in Crush 2008: 38) showed that South Africa had higher levels of intolerance and hostility towards foreigners compared to other countries in the world and that this attitude has been getting worse with time. “The proportion of people wanting strict limits or a total prohibition on immigration rose from 65% in 1997 to 78% in 1999 and the proportion of those favouring immigration if there were jobs available fell from 29% to 12%.” (Crush 2008: 38). This could be seen as an indication that South Africa’s tolerance towards foreign nationals continued to decrease over years leading to the eruption of violence in 2008.

It is important to note that the May 2008 xenophobic attacks were not the first attacks on foreign nationals by South Africans. Foreign street traders were attacked in 1997, more than ten years before the major 2008 attacks. Various myths perpetuated about informal traders (Peberdy 1998:1) could have contributed to both the May 2008 xenophobic attacks that erupted in the different townships of South Africa as well as the earlier 1997 attacks on foreign street traders. Several ideas without basis became widely believed about foreigners participating in South African street trade (including informal cross-border traders) (Peberdy 1998:1). These include:

1. Participants in the informal sector are poorly educated and illiterate or semi-illiterate.
   - Ninety percent of non-South African traders in her study had some secondary education.

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7 Violence against non-South African informal street traders broke out in 1997 in the Johannesburg CBD where most of these traders were physically assaulted, had their goods stolen and were forced from their trading points (Peberdy 1998).
1. Forty percent had a formal qualification
2. Nine respondents out of how many? What is the percentage had some university experience
3. Foreign migrants are flooding into South Africa to flee a desperate situation at home.
4. Informal sector participants are poverty-stricken and desperate, engaged in a struggle to ‘survive’.
   - Most considered themselves as entrepreneurs with twenty nine percent ‘enjoying’ trading and self-employment
   - Less than fifty percent interested in getting formal employment
   - Less than five percent actively seeking employment
5. The presence of non-South African traders is a new phenomenon.
   - Most SADC region traders have been travelling to South Africa since the 1990s
6. Non-South Africans want to settle permanently in South Africa.
   - Seventy one percent identified their home country as their ‘permanent home’
7. The participation of non-South Africans in South Africa’s economy is a net drain on the country. Foreigners drain wealth, they do not create it.
   - Cross-border traders invest most of their profits in South Africa’s formal retail and manufacturing sectors
   - Seventy eight percent of SADC respondents take goods out of South Africa to trade, thereby assisting South African exports
   - Over fifty percent of traders spend between forty and fifty percent of their earnings in South Africa
8. Non-South African street traders compete unfairly with South Africans and take away economic opportunity.
   - Twenty percent of foreign traders employ South Africans in their business operations

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9 My own study included traders who have been travelling to South Africa, from Zimbabwe, since late 1980s.
✓ Seventy five percent of the traders bring goods to sell in South Africa
✓ Curios, wood and stone carvings constitute ninety percent of the goods imported to South Africa – not locally manufactured.

8. Non-South African traders from the continent have entered South Africa ‘illegally’.
✓ The majority of the traders enter South Africa on visitors’ visas. These allow them to enter the country but not to trade
✓ Those who are refugees and asylum seekers are allowed to trade

9. The Aliens Control Act of South Africa (Act 96 of 1991) is a suitable and efficient instrument for regulating cross-border trade.
✓ The system of restrictive regulation has negative consequences for informal cross-border traders.
✓ The issue of single entry visas increases the workload of the issuing offices as traders have to constantly re-apply
✓ The ambiguous visa status of the traders and complex tariff schedules present opportunities for corrupt Home Affairs and Customs and Excise officials as well as police
✓ Duties paid at the border are a significant drain on the profit margin of traders. They also represent a significant cost to the Department of Customs and Excise which has to administer the gathering of these relatively small amounts of duties against tariff schedules.

Two of the discussed myths that have the potential to cause violence are that the participation of non-South Africans in South Africa’s economy is a net drain (draining wealth, not its creation) on the country and that they compete unfairly with South Africans and take away economic opportunity.

Although the South African government strongly condemned this outbreak of violence, the attacks spread from Johannesburg to other provinces of South Africa. “Xenophobic violence has spread to Cape Town, while poverty stricken foreign nationals in six of South Africa’s nine provinces seek ways of returning to
their countries of origin after attacks.” (All Africa.com May 2008). One migrant was quoted by the Refugee Ministries Centre in Citizenship Rights in Africa Initiative (2009) saying “[I] was forced to run away to Maputo in Mozambique fearing for my life and my family after our house was razed to the ground by a mob. My ten years’ worth of work and investments in South Africa was reduced to ashes. When I returned from work, I found that my terrified wife and children had taken refuge in the nearby police station.” Foreigners lived in fear during that period of attacks.

More than a year later, after the xenophobic attacks, foreigners still suffer from post-traumatic stress disorder, low self-esteem, self-blame, suicidal tendencies, anxiety, intense feelings of anger and aggression, depression, bodily pain and increased vulnerability to physical illness, identity problems, drug abuse, and a sense of hopelessness (International Organisation for Migration (IOM) 2006). Some have, however, managed to return to their communities and continued with their lives, showing high levels of resilience. Fear of xenophobic violence still exists in many communities around South Africa (IOM 2009).

Apart from having to deal with fear of xenophobic attacks in South Africa and severe shortages of basic commodities and socio-economic and political unrest in Zimbabwe, the traders, during this period of hopelessness, also had to face and overcome many other challenges such as visa application challenges. This was before the introduction of a trading visa for informal cross-border traders travelling between Zimbabwe and South Africa and before the waiver of the visitor’s visa in May 2009 by South Africa following the formation of the GNU in Zimbabwe. Most of the traders got six months visitors' visas that did not allow them to sell goods in the South African markets, putting them at risk of being arrested when they did so. Making it worse, South Africa’s by-laws do not allow foreigners to access vending licenses. This encouraged foreigners to wholesale their goods to locals using trading stalls (Peberdy 2002:44). Some traders got single entry visitors visas, meaning they had to apply for a new visa every time
they came to South Africa. This was costly both in time and money because some countries require that travellers pay a certain amount of money for visas. While in 2002 Peberdy (2002:43) reported that Zimbabweans were not required to pay any money to get a South African visa in 2005, they had to buy travellers’ cheques worth R1 000. This was a costly process given the hyper inflationary nature of the Zimbabwean dollar at the time. In early 2005 one rand was at ZW$1 000 in the parallel market and, therefore, R1 000 equalled to ZW$1 million. By end of October 2005 the rate has risen to 1: 15 000 and R1 000 cost the traders ZW$15 million. In February 2006 the rate had come to 1: 35 000 and R1 000 cost ZW$35 million (Ndlela 2006:35). Peberdy (2002) noted that despite the stringent visa requirements informal traders are normally committed to the desire to enter South Africa legally; this was also confirmed by my own study as will be discussed in Chapter Five.

In addition to the cost factor, informal cross-border traders from Bulawayo had to travel to Harare and provide the necessary documents such as bank statements and a letter of invitation from someone with a valid South African identification number, before being allowed to get a visa to travel to South Africa. At times they would post all the requirements using Swift (company) services to cut down on costs, but this was risky as they could lose the valuable documents. Getting a new passport after losing your old one or getting the pages filled up had gone up to US$450 and would normally take years to complete unless you paid more money and bribed some officials at Home Affairs – this was according to my participants.

**The period of slight hope for Zimbabweans**

The second period of my study, March to July 2009, was marked by the formation of the GNU in Zimbabwe in March 2009. This positive political step gave the people of Zimbabwe, and the world, new hope. Eric Bloch, a Zimbabwean economist, said in response to this new development: “As the
Zimbabwean economy commences its inevitably slow and lengthy recovery from the morass in which it has been wallowing for many years, more and more are expressing surprise and amazement that [it] survived the intense economic afflictions of the last seven years” (quoted in Sadomba 2009a:3).

The GNU was formed based on the agreements outlined in the Global Political Agreement (GPA) in which the two major political parties in Zimbabwe, President Mugabe’s Zimbabwe African National Union – Patriotic Front (ZANU-PF) and the Movement for Democratic Change (MDC) (both the Tsvangirai and Mutambara factions), committed to working together, putting the people of Zimbabwe and the country first “by arresting the fall in living standards and reversing the decline of our economy” (GPA 2009:1).

In the same attitude of hope, Britain planned to resume deportations of Zimbabweans as they argued that “the move was a response to political developments in Zimbabwe, where veteran President Robert Mugabe and Prime Minister Morgan Tsvangirai, leader of the opposition MDC party, have set up a power-sharing government…while a great deal remains to be done…the indiscriminate violence which marred the elections of 2008 has abated” (News24.com October 2009). As representatives in Britain noted, there is still a long way to go in terms of recovery in Zimbabwe politically, economically and socially. Human rights violations, including the violation of the opposition MDC members, have continued to take place (Crisis Zimbabwe Coalition 12 November 2010; News24.com 15 October 2010).

Also in response to this positive development, in May 2009, South Africa removed the visa requirement for Zimbabweans entering South Africa. Under the new policy all Zimbabweans with valid passports or relevant travel documents can now enter South Africa without a visa, on a 90-day permit, renewable once. They may request to be allowed under the permit to take up casual employment. This lifted the visa requirement challenges from the shoulders of
informal cross-border traders. Not only traders benefited from this new development, many Zimbabweans could finally travel to South Africa and do their shopping instead of relying on informal cross-border traders for every commodity they needed for survival. The removal of the visa requirement by South Africa led to increased informal cross-border activities creating fierce competition in the trade and increasing the number of people crossing the border (IPS News 23 June 2009).

The GNU has had its challenges but according to the GNU Watch, Zimbabwe of October 2009 the achievements so far have been:

1. Economically: the High Court has restored mining rights to the Chiadwa / Marange diamond fields to African Consolidated Resources, rights that had been removed by the government in 2006. In addition to this, the CZI revealed that the manufacturing sector’s capacity utilisation is now at thirty two and a third percent compared to a percentage below ten in the beginning of the year.

2. International aid funding: the United Kingdom was to provide US$100 million in aid to assist with the humanitarian crisis; the World Bank was donating US$74 million to help 700 000 poor farmers through the provision of seed, fertilizers and other agricultural equipment; the European Union was providing seed and fertilizer to the value of 15.4 million pounds to small scale farmers. Australia and the World Bank was to provide US$7 million to expand maize production via the World Bank global food crisis response programme; the mayor of Munich, councillor Hep Monatzeder, pledged to assist the Harare City Council to revamp its waste collection, water reticulation and information technology systems; and the Zimbabwe government agreed on how to spend the International Monetary Fund (IMF) grant of US$400 million – US$150 million was to go to productive sectors such as mining and manufacturing and the remainder was to be used for the completion of public works programmes.
3. Humanitarian and food assistance: the consumer council of Zimbabwe put a family basket at US$490.08 this month, down 1.01 percent from September. The Ministry of National Housing and Amenities has committed itself to building houses for victims of the 2005 Operation Murambatsvina. These hopeful developments have brought a change in the political and economic atmosphere in Zimbabwe. Shops that were virtually empty in 2008 have re-opened and started trading once again.

The above discussion describes the changes that took place in Zimbabwe politically and economically. It also justifies my decision of dividing the study period into two as the change in the environment was quite significant and had great effect on informal cross-border trade.

The first period of my study took place during a time of severe crisis in Zimbabwe, it is therefore important to look at the causes of the crisis. The second period of my study was in an environment of a country on a road to recovery from the crisis which also justifies my intentions of exploring the causes of the crisis and describing the events and policies that came to play during the almost three decades, 1980 to 2009, of the lengthy crisis.

3. Causes of the crisis in Zimbabwe

Several commentators have posited explanations as to how, why and when the political and economic crisis in Zimbabwe began. According to these authors, the main causes of the crisis included:

- ESAPs that were adopted from the World Bank and implemented by the Zimbabwean government in the 1990s
- Zimbabwe’s intervention in the war in the Republic of the Congo
- The land invasions that intensified in 2000
The various ‘operations’\(^\text{10}\) implemented by the government in the 2000s.

The list is not exhaustive but highlights the most salient issues argued to have triggered a downturn in the country’s political economy (Bond 2007; Bratton & Masunungure 2006; Ramsamy 2007; Sadomba 2009a).

**Economic structural adjustment programmes (ESAPs)**

Ramsamy (2007:520) asserts that the root causes of the crisis are the various ESAPs that were adopted and implemented by the Zimbabwe government in the early 1990s. He argues that due to their neo-liberal prescriptions of privatisation, free trade and reduced government subsidies, unemployment went up with its biggest effect being among the poor, especially women. Food prices shot up leading to a series of strikes that started in 1996. In August 1996 teachers, nurses and other civil servants went on a strike following a three percent wage increase, which they were unhappy about, in contrast to the forty five percent rise given to cabinet ministers and other high ranking officials. The government responded by deploying the police to attack and intimidate the crowds. In July 1997 security company, restaurant, hotel, construction, banking, railway, textile, cement and lime workers went on a massive strike, while postal services went on a go-slow. In October the same year farm workers, who were 350 000 at the time (but joined by their families the number came to about two million), went on a strike which disrupted the commercial farming sector greatly (Van der Walt 1998).

\(^{10}\) These were state-sponsored campaigns such as the 2005 Operation Restore Order, well known as Operation Murambatsvina, Operation Garikai/ hlabani kuhle and Operation Taguta/sisuthi. Operation Garikai/ hlabani kuhle (good living) was an attempt by the government to neutralise the negative effects of Operation Murambatsvina by building houses for victims of Operation Murambatsvina. Operation Taguta/ sisuthi (we are well fed) attempted to control farmers and get their outputs to the government’s storehouses for redistribution. It also controlled what farmers planted and how they priced their outputs.
Although the closure of small local firms is sometimes attributed to the growth of the informal sector (Tekere 2001), research shows that it can rather be attributed to the effects of the ESAP implemented in Zimbabwe in 1991 (Akinboade 2005:266; Mupedziswa & Gumbo 1998). This ESAP was one of the structural adjustment programmes of the IMF and the World Bank which were imposed on most African countries since 1980s. The IMF and the World Bank argued that the problems that Zimbabwe had were of economic nature and they therefore required economic structural adjustment.

Loss of jobs due to the effects of ESAPs led to increased informal cross-border trade activities as argued by researchers such as Akinboade (2005), Tekere, Nyatanga and Mpfu (2002), and Brand, Mupedziswa and Gumbo (1995) who all focus on the negative impacts of ESAPs on women and other poor and vulnerable groups. They argue that the effects of ESAPs on women and other vulnerable groups was to force them to get involved in informal activities, such as informal cross-border trade. Mupedziswa and Gumbo (1998) trace the impacts of ESAPs on informal trade among women in Harare throughout the different phases of its implementation, and conclude that there was a steady decline in informal trade due to weakening of demand and the increase of entrants on the supply side.

Muzvidziwa (2006:184) had a different take on the issue; he argued that the negative impacts of ESAPs affected men more than women because women have always been on the periphery of the formal sector and their efforts mainly concentrated on the informal sector. Therefore, the decline of the formal sector due to ESAPs had a devastating effect on men because they have always been at the heart of the formal sector. He asserted that in the long term women might benefit from ESAPs; it could raise their status as breadwinners and increase their self-worth. This was supported by his study as it found that women had established themselves in informal cross-border trade and they no longer used it
just as a coping strategy but also as an investment strategy enabling them to create wealth. (Muzvidziwa 2006:180).

Dissatisfaction grew with the perception that the government took no action to address the people’s concerns. Violent demonstrations took place in 1998, leading to the death of nine people, hundreds of injuries and vast property destruction (Ramsamy 2007:520). According to Scarnecchia (2006:229) independent sources in Zimbabwe also reported the arrest of over 2 000 people, four of which later died in jail. This destructive strike was triggered by the twenty five percent food price increase and a rise in sales tax to seventeen and a half percent. Rioters went on to loot shops, hotels, vehicles and politicians’ houses causing the government to deploy police and army units, including armoured cars and helicopters. (Ramsamy 2007:521; Van der Walt 1998). Instead of addressing the issues of employment and high food prices, the government went on to buy expensive cars for its ministers, and to commit troops to the Democratic Republic of Congo’s war which cost the country millions of United States dollars (Ramsamy 2007:521).

This 1990s situation helps create a picture of how and why the informal sector began to expand. It also gives a general view of the mindset of the Zimbabwean government of wanting to cling to power while disregarding the needs expressed by people (Kamete 2006:264).

**Intervention in the DRC war and payment to war veterans**

Zimbabwe’s intervention in the DRC war in the late 1990s is argued to be a political move that contributed to the creation of the political-economic crisis in Zimbabwe. This move is argued to have only benefited a few highly placed military officials and political elites in Zimbabwe who had economic interests in the DRC. Nest (2001:469) also indicates a desire among these officials to acquire mining partnerships in the DRC. Millions of United States dollars were
channelled into this project at the expense of the local economy. This intervention entailed sending the Zimbabwe Defence Force to DRC and supporting them with ammunition (Bond 2007:170).

Before Zimbabwe sent troops to intervene in the DRC war in 1998, in 1996-1997 the war veterans, the former liberation struggle fighters, started demanding pensions in recognition of their role in liberating Zimbabwe during the liberation war. This forced the government to pay out more than twenty four and a half billion Zimbabwean dollars which proved to be disastrous to fiscus (Magure 2008:25). This move dried up the county’s coffers and deepened the already looming crisis.

Land reform programme

In 2000 the land reform process in Zimbabwe moved from a slow smooth strategy to a radical strategy, that fast tracked land reform led the deterioration of Africa’s “breadbasket into the continent’s basket case” (Bond 2007:149). By 2003 up to half of the country’s population of thirteen million was vulnerable to hunger. It was also noted that food was being used as a “political weapon against the opposition [the MDC members]” (Sachikonye 2003:233). And while the drought in 2001-2002 could have contributed to food shortages, the loss of control over the land reform process added significantly certainly created further problems (Sachikonye 2003:234).

The land reform programme in Zimbabwe went through different phases since independence: from the ‘willing seller, willing buyer’ principle (which proved ineffective) to the radical approach of the 2000. War veterans were putting pressure on the government and on Mugabe demanding land. They even threatened to disown him as patron of their organisation. In 1997 Mugabe agreed to take the white commercial farms and re-distribute them to black citizens, giving twenty percent of it to war veterans. Failure to keep this promise led to the 1998
land invasions which were seriously opposed by the state together with white commercial farmers. In 2000 land invasions took a different turn. The imposition of sanctions by the United States against some political officials in Zimbabwe changed the structure of the working class as most people moved from formal to informal employment (Sadomba 2009b:13). This eroded the power of trade unions on the working class enabling them to independently make their decisions and take it upon themselves, together with the war veterans, to settle the land question. The objectives of the war veterans and the people who joined them had gone beyond redistribution; they included “restoration of dignity of Zimbabweans” and “restoration of cultural values”. (Sadomba 2009b:13)

Allowing this radical wave of land invasions can be regarded as one of the government’s desperate attempts to hold on to power (Kamete 2006; Sachikonye 2003; Scarnecchia 2006). Scarnecchia (2006) argues that “[g]iven that [ZANU-PF’s] political base is largely confined to the rural electorate, the resolution of the land question became an immediate political imperative;” In trying to please the rural people by giving them land, the government caused more harm than good.11

Serious human rights violations were committed during this time. The 2009 report of the General Agricultural and Plantation Workers Union of Zimbabwe (GAPWUZ) gave a detailed record of farm workers’ human rights violations. It disputed the government’s claims that the land reform programme was socially responsible and argued that its benefits were cancelled out by the destruction that it caused in the process. The 350 000 families resettled were mainly ZANU-PF supporters who did not even have title deeds or lease agreements but were owners of the land for as long as ZANU-PF decided so. In addition, “a huge proportion of the land remains in the hands of the wealthy politically connected

11 Research suggests that this process of land reform impacted negatively on rural livelihoods, agricultural production, and employment of farm workers (Chigumira 2010; GAPWUZ 2009).
‘A2’\footnote{12} farmers effectively changing the skin colour of the old dispensation, but maintaining the wealth gap between the rich and the poor” (GAPWUZ 2009:3). This land reform programme took place at the expense of the 1.8 million farm workers who were tortured, displaced and some even killed (GAPWUZ 2009:3).

The violation of human rights during the land invasion process was a reflection of the politics of Zimbabwe. Human rights violations included cases of rape, murder, political intimidation, unlawful detentions, as well as people being forced to attend political meetings and join political parties. Zimbabwe, specifically President Robert Mugabe and his ruling party ZANU-PF, have been accused of having no regard for human life, as indicated by the violence that has been recorded in the past decade, especially during the time of land invasions (GAPWUZ 2009).

Below are graphs showing the different percentages of human rights violations inflicted on farm employees and their employers during the land invasions. Figure 5 shows the employees’ experiences of violence during the land invasions. The record of violations is disturbing as ten percent of the respondents reported to have witnessed a murder or to know someone who got killed during the resettlement process. A high percentage of sixty six was forced to attend political meetings, forty seven percent politically intimidated, sixty two percent threatened by death while seventy one percent forced to join ZANU-PF compared to the five percent forced to join MDC. The figure shows that the violations were highly political in nature and the high number of people who were forced to join ZANU-PF suggests that the majority of perpetrators were ZANU-PF members.

\footnote{12 The land reform programme in Zimbabwe divided farms to A1 and A2 models. A1 referred to small-scale farm units while A2 referred to large-scale units.}
Figure 6 below shows the violations experienced by the employers, commercial farmers, during the time of land invasions. The employers or previous owners of commercial farms did not experience any less violation; in addition to losing their farms fifty seven percent was tortured, forty eight percent threatened by death, forty five percent politically intimidated and forty three percent forced to attend political meetings. Comparing employers’ and employees’ experiences of violence it is evident that ordinary farm employees suffered more than their employers. While employers were tortured, probably to make them give up their farms, employees were forced to join political parties to strengthen support base of either ZANU-PF or MDC.
Figure 7 shows the perpetrators of violations on individual farm workers and commercial farmers as reported by the participants in the GAPWUZ (2009:28) study. Seventy seven percent of the victims had violations committed against them by war veterans, fifty nine percent by youth militia or Border Gezi youth also known as Green bombers, and forty two percent by a ZANU-PF member. Unfortunately these victims could not even seek refuge from the police, Zimbabwe Republic Police, as some of the violations were committed by the police themselves. Twenty percent of the interviewed sample was arrested by the police without having a charge laid against them and thirteen percent was illegally detained for more than forty eight hours (GAPWUZ 2009: 25).
Figure 7: Who were the perpetrators according to victims?

Perpetrators - Personal

- MDC Member: 0%
- National Parks: 1%
- PISI: 4%
- PA: 5%
- Governor: 6%
- President's Office: 6%
- CID: 6%
- Support Unit: 8%
- Police: 9%
- ZNA: 10%
- DA: 11%
- CIO: 13%
- Riot squad: 14%
- Councillor: 14%
- Other: 14%
- Fellow Workers: 15%
- MP: 16%
- Uniformed Branch: 26%
- Traditional Leaders: 40%
- ZANU PF Member: 42%
- Border Gezi/ Youth militia: 59%
- War Veterans: 77%

(Source: GAPWUZ 2009:24)

4. Elections and the power struggle

Magure (2008:26) argues that the issues discussed above plus the 2000 general elections that were conducted “against a background of dwindling ruling party support” contributed to the crisis leading to reduced investments and a sixty six percent decline in tourism earnings between 1999 and 2000. Due to lack of the rule of law, Zimbabwe became an unsafe destination for tourists and investments.
This economic disruption led to further deterioration in the economy and more severe food shortages. The country’s GDP had dropped from US$8.4 billion in 1997 to US$4.8 billion in 2004 (Potts 2006:545). The people, especially the urban population, eventually lost trust in the government and the deteriorating formal sector, turning to the informal sector which began to thrive (Bratton and Masunungura 2006:28). Economic policies made since 2000 were politically inclined as the government sought to stay in power and fight the MDC. This conflict grew stronger with every election starting from the 2000 general elections when the MDC gained popularity amongst the frustrated poor in urban areas.

Over two million people dispersed to South Africa and other neighbouring countries, and a further 300 000 to 500 000 to the United Kingdom between 2000 and 2008 (Chung 2008:15). The main informal sector livelihood strategies that people turned to were informal cross-border trade, street vending, informal market forex exchange and gold panning. Although this seemed attractive to the government at first, it soon became a contentious issue. “In fact, the government pressured local authorities to relax standards to accommodate informal economic activities. However, in a puzzling change in policy, the Mugabe regime became obsessed with ‘the illegality of the informal economy in May 2005.” (Ndlela 2006:25) This is the time when Zimbabwe launched ‘Operation Murambatsvina’ (meaning Clean-up campaign).

5. Operation Murambatsvina

Operation Murambatsvina was launched in 2006 and it left thousands of Zimbabweans homeless. Operation Murambatsvina was a massive ‘clean up’ campaign launched by the government in which security apparatus was used to “eradicate illegal dwellings and eliminate informal trade” (Bratton & Musunungure 2006:22). This worsened the condition of the people who were already facing the challenge of basic commodity shortages and political instability. Some of my participants were victims of this campaign which from their description left them
“economically paralysed”. The reasons given for such a campaign were that ‘restoring law and order’ in urban areas would get rid of informal settlements and informal businesses; boost the formal sector while ‘eliminating’ informal trade. It is rather obvious that this campaign failed to accomplish the desired outcomes since the crisis only got worse (Bratton & Masunungure 2006; Potts 2006; Ramsamy 2007).

Bratton and Masunungure (2006:22) argue that Operation Murambatsvina was “a campaign against informal trade” because informal traders were not only displaced from their structures; they also had their goods seized and taken from them. The informal traders were severely affected by the campaign as the Zimbabwe Republic Police went to different flea-markets in Harare and other urban areas confiscating goods that included food, flowers, clothes, shoes and curios, arresting many traders in the process. Taxi drivers were prevented from buying the scarce fuel available in the informal sector. Informal traders suffered great losses and the people they were selling to, had to make do without basic items they had become dependent on. (Bratton & Masunungure 2006). This came as a major blow to these entrepreneurs, with some not being able to recover from this exercise.\(^{13}\)

Operation Murambatsvina was clearly one of governments’ strategies of desperately trying to regain political and economic power and control (Scarnecchia 2006; Kamete 2006). The government attempted to maintain and regain its power over local government and the general population of Zimbabwe. The ruling ZANU-PF has lost many seats in parliament to the opposition MDC and hence lost its dominion over local governance. Operation Murambatsvina was therefore also done to protect the interests of the ruling ZANU-PF. The state abused its legislative and judicial powers for its selfish gains by destroying

\(^{13}\) This campaign is given by my participants as one of the challenges that brought them down in life and in business – see Chapter Five.
peoples’ livelihoods to force them to rely on state welfare which was given only to the supporters of ZANU-PF (Bratton & Masunungure 2006:25).

The dominating nature of the ZANU-PF government is compared by Scarnecchia (2006) with the Italian government in the early 1920s, arguing that its stance is a fascist one. Kamete (2006) discusses the tensions and fights of the central state with local government structures in an attempt by the central state to regain control over the urban population. Similar to Italy’s fascist party, ZANU-PF seeks to dominate the political opposition refusing to acknowledge the leadership positions of elected officials if they are not members of the party. Due to this power struggle, the state made decisions based purely on politics rather than sound economic principles, leading to an economic downturn. When people started to question the ruling party they were actively excluded and bad-mouthed. People in urban areas who were opposed to the ZANU-PF government were called ‘totemless’ people which implied that they had no clear origins as a people; they were also referred to as “unproductive junkies” (Kamete 2006:262-263).

The state did not give up on its agenda to try and convince people that without ZANU-PF they had no life. The government would step in and block and reverse price increases on basic commodities, public transport and school fees (Kamete 2006). This affected informal cross-border traders and other businesses directly and severely. Often businesses would be forced to sell their goods at low prices leading to great loss and sometimes closure of businesses.

Industrial production continued to decline and by 2007 was less than thirty percent of its 2003 levels (UNDP 2009:27). Capacity utilisation collapsed and only four percent of firms were operating at over three quarters of installed capacity leading to halved 2000 output in 2007 (UNDP 2009: 127). “Food shortages escalated, health and educational services had grounded to a halt and the fiscus virtually dried, government failing to pay even the army in 2008”
The “uncelebrated informal sector became the backbone to the miraculous survival of this nation” (Sadomba 2009a: 3). This took place in a context of hyperinflation when the government was desperately trying to regain its power and control inflation rates.

6. Hyperinflation and its effects on the economy

By 2004 inflation was estimated at 230% (Potts 2006:542) and in 2009 it was said to have reached the world’s highest with more than a billion percent (Sadomba 2009a). Extreme shortages of foreign exchange caused massive production problems in all sectors of the economy. The government tried hard to control the ‘artificial official’ rate of the Zimbabwean dollar, which was always a tiny portion of any ‘market’ rate. There was pressure to relax the official rate of the Zimbabwean dollar and encourage some degree of normalisation of the forex market. “In 2001, for example, the official rate was about ZW$65 to the pound, although legal foreign exchange dealers were giving ZW$95, and ZW$90 for a US dollar. On the parallel market the rate was about ZW$200 to the pound or dollar. By the beginning of 2004 the official government rate was ZW$826 to the US dollar and the parallel rate was ZW$6000.” (Potts 2006:542). The introduction of foreign currency auctions on 12 January 2004 gave a clearer indication of the ‘market’ value of the Zimbabwe dollar. When according the auction the rate was ZW$3500 in the parallel market (informal money market), it had dropped to ZW$4500. The extreme shortage of foreign exchange influenced the rejection of most of Zimbabwe’s applications for forex. Potts (2006) states that almost nine out of ten applications in September and October 2004 were refused. Out of desperation, the government promised, in October 2004, that money from Zimbabweans outside the country could be exchanged at ZW$6200 to the US dollar or the auction rate. This reveals huge discrepancies that existed between the official and actual rates and the exaggerated rates of the parallel market which in turn caused confusion and huge losses by the people, especially those in business.
Inflation continued to erode the value of the Zimbabwean dollar and the government tried through legislation and redenomination of the dollar in 2006, 2008 and 2009 to control inflation. During the first period of my study there was a banknote denomination of $100 trillion in an attempt to control hyper-inflation.

The informal sector became very active in foreign exchange as people could not trust the banks with their money. The number of ‘osiphatheleni’ – the people who were in the foreign exchange business – grew significantly making it even harder for the government to win the battle. Informal cross-border traders found it harder and harder to make their transactions in monetary terms and eventually turned to barter trade as discussed later in this report.

Effects of the crisis on the structure of Zimbabwe’s economy

Due to all the issues discussed above the socio-economic and political crisis in Zimbabwe began to unfold and continued to intensify leading to the crisis of 2008/2009 when this study was conducted. The informal sector had grown tremendously; describing some of the factors that pushed a larger number of people into informal trade, Bratton and Masunungure (2006:23-24) say “Faced with an economy that had shrunk by 40 percent over five years, an unemployment rate of at least 70 percent, and triple-digit inflation, many Zimbabweans had turned to the informal sector as a source of livelihood and survival. Government policies that misguidedly tried to control consumer prices had driven basic commodities from the shelves of the country’s supermarkets into the hands of private entrepreneurs who sold them more or less covertly at higher market prices.” Similarly, in the same year, Kamete (2006:265) states that “The economy is still in tatters; unemployment is endemic; and poverty is palpable. Services in schools and hospitals, though largely affordable – due to prices being kept artificially low by the government – continue to decline. Thus, despite all the grandstanding and propaganda, urbanites remain alienated from government because the reasons for their disaffection remain valid.” Participants
in this study were all urbanites; it is in the urban areas where informal cross-border trade is mainly conducted. In fact, most informal sector activities are conducted in the urban areas.

Ndlela (2006) demonstrates the dualistic structure of the Zimbabwean economy diagrammatically, giving the characteristics of the formal, informal and communal sectors and the number of the county’s population operating in each.

Table 2: The dualistic structure of the Zimbabwean economy

<table>
<thead>
<tr>
<th>Income</th>
<th>Formal sector</th>
<th>Development policies</th>
<th>Monetary and fiscal policies</th>
<th>Wage and employment policies</th>
<th>External and internal policies</th>
<th>Investment and saving policies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male dominated</td>
<td>Focus of all economic and development policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3 million</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Informal sector</th>
<th>Communal sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female dominated</td>
<td>Female dominated</td>
</tr>
<tr>
<td>1.9 million</td>
<td>Totally ignored</td>
</tr>
<tr>
<td></td>
<td>8.4 million</td>
</tr>
</tbody>
</table>

(Source: Ndlela 2006:11)

All the political and economic policies were formulated and implemented with a certain understanding of the structure of the economy. As noted in the previous chapter, the government of Zimbabwe apparently views the informal sector as a hindrance to the growth of the formal sector and therefore always looks for strategies to control or formalise the informal sector. The policies had a great impact on both the formal and the informal economies.

This is however, not the viewpoint taken by this study; the study argues that the Zimbabwean economy is not dualistic but a continuum. Understanding the viewpoint of the government will help us realise how detrimental an incorrect understanding of the economic structure is when it comes to policy formulation.
With the illustrated understanding of the economic structure, the government has made decisions, such as Operation Murambatsvina, that have had serious negative impacts on the informal sector thereby upsetting the economic wellbeing of traders and the country in general.

The formal sector, which is male-dominated, is the focus of all economic and development policies. It has direct links to development policies, monetary and fiscal policies, wage and employment policies, external and internal policies, and investment and savings policies. It further has lower surplus labour and higher average income than the informal sector. Ndlela (2006:11) puts the number of people working in the formal sector at 1.3 million compared to the 1.9 million in the informal sector, and 8.4 million in the community sector. Combined, the informal sector and the communal sector form the second economy of Zimbabwe, the non-formal economy, and cater for 10.3 million people. This second economy is dominated by women and is characterised by surplus labour and low average incomes. The demonstration fails to capture the linkages that exist between the different economic sectors. The formal sector is taken to be the focus of all policies, it would help to note that those policies aimed at the formal sector also have an impact on the other sectors of the economy and that some people operate in more than one sector so the population figures stated could be overlapping. Given the above, policy makers cannot afford to continue viewing this second economy as marginal, ignoring it when formulating policies. There is need for sensitivity and a better understanding of the structure of the economy and the linkages that exist between the formal and informal sectors.

**Development of informal cross-border trade in Zimbabwe**

Ndlela (2006) traces the development of informal cross-border trade in Zimbabwe since independence. He argues that between 1980 and 1990 most of the traders were employed in the formal sector and they only traded part-time. He attributes this to the system of holiday allowances that operated at that time in
Zimbabwe, whereby the government would give its employees annual holiday allowances thereby enabling them to cash extra money to travel to neighbouring countries and do some shopping for their households and for resale. At this time the local authorities enforced by-laws that were adopted from the colonial era and this created a hostile environment for informal traders. These laws prohibited vending and hawking in the central business district and running of businesses in the residential areas. Between 1991 and 2000, he asserts that an increase in unemployment led to the growth of informal cross-border trade. The government relaxed these laws encouraging more trading under the SMEs forum.

During this period many programmes, such as the Business Extension and Advisory Services (BESA), aimed at empowering small entrepreneurs, were launched. Organisations such as BESA offered business advisory services and finance technology support. It is however, unfortunate that these services benefited only the registered small entrepreneurs leaving the unregistered ones with no assistance (Ndlela 2006:11). After 2000 informal trade had grown and was flourishing at every corner of towns and cities. Some formal organisations, feeling threatened by this sector which was already contributing between fifteen and twenty percent towards the country’s GDP, influenced the government to plug foreign exchange leakages and tax invasion which tightened the environment for informal traders. At this stage before the government implemented any policies that affected informal activities negatively, such as Operation Murambatvina of 2005, the Bulawayo City Council, for example, was receiving ZW$63 million per month from informal operations (Ndlela 2006:20). The bureaucratic processes involved in the formal sector, such as the process of registering a company as will be seen below, encourage many entrepreneurs to operate informally and if carefully handled the formal sector can still make a meaningful contribution to development and to the nation’s GDP. The example above, about the contribution of the informal sector to the Bulawayo City Council, testifies to the potential benefits of the informal sector.
The process of registering a company in Zimbabwe has ten steps according to the classifieds 1000 site index website (http://board.classifieds1000.com/Zimbabwe/Business/Starting_a_business_in_Zimbabwe_the_steps - retrieved 18/8/2011); those steps are as follows:

1. Register the company name with the Chief Registrar of Companies which takes up to nine days and costs US$0.6;
2. File memorandum and articles with the Registrar of Companies which takes up to 21 days and costs US$60;
3. Register with the authorities for income tax, VAT and taxes for Pay As You Earn purposes. This takes up to twenty one days and is free of charge;
4. Register with the National Security Authority for pension and accident prevention and compensation scheme. This process takes about fourteen days and is free of charge;
5. Register with the Manpower Development Fund. It takes one day and is also free of charge;
6. Pick up the form of license application notice from the City Health Department. It takes two days and runs simultaneously with step 4;
7. Advertise in a local newspaper the application for a trade and business license. This may take up to six weeks and costs US$48. An intended applicant for a trade and business license is required to advertise twice in a local newspaper, advising the public of the proposed application and giving them a chance to object if need be. This step happens simultaneously with step 4 as well;
8. Submit an application form for issue of new license to the Licensing Office in Harare Municipality. This takes up to 30 days, runs simultaneously with step 4 and costs US$12.5;
9. Licensing officers visit the company site. It takes one day and is of no cost to the applicant, and;
10. Obtain the trading license. Takes one day and the cost is free.
This process is bound to discourage small entrepreneurs as it requires much time, money and travelling around for those who are not fortunate enough to stay in Harare, the capital city.

7. Context of the second period of study

There is not much information on the second part of my study period except that there seemed to be light at the end of the tunnel for the traders. The major development in this period was the formation of GNU in Zimbabwe which influenced many other decisions. In response to this, South Africa waived the visa requirements and allowed Zimbabweans to enter the country with ease. Later South Africa announced a special dispensation for Zimbabweans which gave all Zimbabweans in South Africa a chance to receive amnesty and get proper documentation to legalise their stay in South Africa. This does not seem to affect informal cross-border traders directly but it is possible that some traders also applied for these permits to ensure that they continue accessing the country with ease even if the visa was re-introduced. From the comments of my participants, there was excitement that was filled with uncertainties about the future although there seemed to be movement towards the right direction. Contributing to further ease of the burden of the traders; in South Africa xenophobic attacks finally died down. Although foreigners continued to live in fear of xenophobic attacks there has generally been peace and assimilation of foreign nationals back into the communities (Mail & Guardian 11 March 2009).

In Zimbabwe, the formation of GNU eventually led to the government formally accepting the use of other currencies mainly Rand and US dollar which brought stability in the country. The formal sector slowly came back to life and basic commodities slowly became readily available in the country. Civil servants resumed their duties in their respective offices and all these changes brought some alterations in informal cross-border trade as will later be seen in Chapter Five. This period was characterised by uncertainties, confusion, and lack of clear
understanding of the unfolding dispensation; but above all there was hope for
Zimbabweans. Zimbabweans themselves became hopeful about the future; the
world also had hope that these positive changes would lead to many other good
developments and finally to the end of the crises.

8. Conclusion

Setting the stage for my research, therefore, were severe shortages of basic
commodities, a series of government interventions in the informal sector to try
and regain control over the economic activities of the country in Zimbabwe and
xenophobic attacks in South Africa; this was during the first period of my study.
This environment promoted increased informal activities. Informal traders
stepped up to supply the country with the basic goods that were in short supply
at that time.

The second period was marked by the formation of the GNU with South Africa
responding by removing the visa requirement for Zimbabweans entering the
country. This stage brought some kind of hope for Zimbabweans as some
supermarkets, industries and factories re-opened. Politicians in the country had
hope that sanctions against them by western countries will be lifted, probably
giving citizens hope that the starvation period had finally come to an end and my
informal cross-border traders had hope that this new era would make their lives
easy as they no longer had to spend time and money applying for visas to come
to South Africa. This was a period of excitement that potentially marked the road
to recovery for the economy of Zimbabwe; recovery from a crisis that is argued to
have been caused by a series of political and economic decisions made by the
government, such as intervention in the DRC war, the radical land reform and
Operation Murambatsvina. The implementation of these decisions was marked
by serious human rights violations, job losses and hyper-inflation.
Chapter Four below presents some of the findings of this research. It focuses on who these informal traders are, giving different categories in which they fall and also giving reasons why they chose to join informal cross-border trade.
Chapter Four: The who and why of informal cross-border trade

1. Introduction

This chapter presents the data collected through interviews and observations. The chapter firstly introduces the key informants in this study who are female informal cross-border traders. I stayed with these respondents for several days at a market where they sell goods and conducted a series of in-depth interviews with them. These main participants are introduced in great detail, giving their life histories. Finally, the participants’ reasons for joining informal cross-border trade will be discussed in depth. There seems to be different reasons for participants joining informal cross-border trade at different times, these are pull and push factors influenced by prevailing environment at different times both at a national and a personal level. These pull and push factors are personally, economically and politically motivated.

2. Who are these informal cross-border traders?

I had seven major participants with Gogo as the key informant. I met Gogo at my aunt’s house where her son used to rent a room. Through her I managed to gain access to a group of traders she regularly trades with. This group sells curios at a market near Brits, South Africa. I got to spend five days (on two different occasions) at the market with the traders and participated in their daily activities. Gogo started trading in 2003; she is married and has five children. Gogo and her husband own a house at Emganwini in Bulawayo. She is a former primary school teacher, now 58 years old, who sells curios from Zimbabwe in South Africa. She brings curios to South Africa and buys groceries for her family when she returns to Zimbabwe.
Pee, my second participant is Gogo’s niece. She is one of the traders I spent time with at the market where Gogo sells her curios. She is 36 years old and is married with three children. Pee and her husband own a house in Cowdry Park, Bulawayo. Pee did not complete her O level education. She, like Gogo, buys curios from Bulawayo to sell in South Africa but does not take any goods back to Zimbabwe to sell, unless she has special orders. She started informal cross-border trade in 1997 mainly because she wanted a better life which her husband, who is a mechanic, could not give her and her children. When Pee started trading she bought her goods from Botswana but then started coming to South Africa in 2002. Pee, NaNtando (introduced below) and some other traders who participated in this research, started off their businesses by going to Botswana and then switched to South Africa. During the first period of my study, Zimbabweans required a visa to enter into South Africa and this caused a lot of challenges for the beginners. On the other hand, Botswana presented them an advantage of free entry enabling them to raise the money required for a South African visa. Traders also find Botswana hostile, its retail market very small, expensive and a duplication of the South African one.

My third participant is MaMpofu. MaMpofu is our neighbour at home in Gwanda. She is about 45 years old and has four children of her own but takes care of her grandchildren and other relatives’ children as well. In February 2009, when I visited her house, there were seven children in her care, one of which is a child of her second born who has a child but is unemployed. MaMpofu is a single mother. She joined informal cross-border trade in 1989. Like Gogo and Pee she buys curios from Bulawayo to sell at the same market as them in South Africa. However, MaMpofu also buys goods to sell at her flea-market stand in Gwanda CBD.
Mrs Smith,\textsuperscript{14} who is my fourth participant, also stays in Gwanda. I was introduced to her by my grandmother who goes to the same church with her. She is about 48 years old and is married to a pensioner. They have four grown children who are no longer financially dependent on them. Mrs Smith and her husband started trading when he was about to retire in 2000. They own a house in Phakama Township and also a trading store at the Phakama shopping centre. Mrs Smith buys goods from Johannesburg to sell in Gwanda but does not take anything to sell in South Africa.

NaNtando is 26 years old, married and has one child; she was my fifth participant. She rents a room at our house in Gwanda. NaNtando started trading when she was pregnant in 2004 just to make sure she had enough money to care for the baby. She started off buying goods from Botswana until she decided to also come and buy from Johannesburg in 2006 for the reasons already discussed above. She has a flea-market stand in Gwanda where MaMpofu has hers but does not rely on it for all her sales. She goes to different shows: agricultural shows and art shows to sell her goods and says there are many teachers she goes with to these shows.

NaNomsa, who is 43 years old, is NaNtando’s mother. She started trading when her children were still young back in the early 1990s. She was my sixth main participant. I met her through NaNtando who rents a room at our house in Gwanda. NaNomsa paid her children’s school fees, and took care of all the household expenses with her profits from informal cross-border trade. She is the one who initiated NaNtando into same business later on. I travelled with NaNomsa and NaNtando from Bulawayo to Johannesburg on one of their trips.

\textsuperscript{14} This trader is referred to as Mrs Smith, unlike others who are called by their names (e.g. Pee and Amy) or names of their first born children (e.g. NaNgwenya) or even their surnames as is a tradition in Zimbabwe (MaMpofu), because I did not get to know the name of her first child or her surname. My grandmother who introduced me to her also called her Mrs Smith; maybe this is because of her position in the society as a store owner or her position at the church where they are both members. (Note: pseudonyms used).
business trips. I also got to be a part of their goods sourcing process in Johannesburg.

My seventh main participant was NaMbali who is a neighbour of my cousins; they introduced me to her. NaMbali is a 42 year old widow with two children. She started trading in 2000 after the death of her husband and has managed to extend their house and buy good furniture with her informal cross-border trade money. Her first born goes to a private school in Zimbabwe. She buys wood animal curios from Matopo and Victoria Fall to sell in Bruma, South Africa.

Following are the minor participants in this research. These informal traders were briefly interviewed and some travelled with but with no in-depth interviews done with them. One of the minor traders is Amy, a University of Zimbabwe Masters student who I met at the Johannesburg Central Park station. She is married to a director of a company whose salary is enough to sustain the family but she still feels the need to help out and make a contribution to the family herself.

I also met Rebecca at the Johannesburg Central Park station. Rebecca is in her early 50s and is married to a husband who does not earn enough to feed their family. She travels to Johannesburg twice a month and is determined to make enough money to feed her family and send her children to school. One of her children is a student at UNISA and Rebecca’s dream is to see him complete his studies successfully by giving him all the support he needs. Rebecca and Amy buy goods from Johannesburg retail shops to sell at flea-markets in Zimbabwe.

Mr and Mrs. Dlamini\textsuperscript{15} is a married couple whom I met through a friend. They own two cars which they use to travel to Johannesburg about once a week, depending on the demands of their business. They rent a flat in Johannesburg and have a house in Bulawayo which gives them the liberty of spending any

\textsuperscript{15} As in the case of Mrs Smith I did not get to know the name of their first child so I refer to them as Mr and Mrs Dlamini.
amount of time they need in either of the countries without worrying about accommodation challenges. Mr. and Mrs. Dlamini also transport goods for other Zimbabweans sending parcels to their families in Zimbabwe (bayalayitsha). The other informal cross-border traders mentioned in this chapter are NaNgwenya (NaNomsa’s friend) and MaNdlovu (NaNgwenya’s friend). These are some of the traders who were with NaNtando and NaNomsa on the trip to Johannesburg referred to earlier on.

3. Different categories of informal cross-border traders

Peberdy (2002:36) asserts that there are five categories of informal cross-border traders operating in the South African context. The first group comprises of those traders who travel to South Africa for short periods, less than a week, to buy goods that they take back to their home country to sell. She refers to these as ‘shoppers’. As shown in the introductions above, Mrs Smith, NaNtando and NaNomsa fall into this category of traders.

According to Peberdy (2002:36) the second group of traders consists of those traders who travel to South Africa for prolonged periods, one week to two months, bringing with them goods to sell in informal and retail markets. Profits from these sales are then invested in buying goods to take back to their home countries and sell there. MaMpofu and NaMbali clearly fall into this category of traders.

The third group of traders is very mobile; it is those traders who travel across three or more countries, including South Africa, buying and selling goods as they go. I do not have participants who fall into this category because my focus was on traders who specifically trade between Zimbabwe and South Africa. It is important to note that some of my participants sometimes go to buy goods from Botswana instead of South Africa. Reasons for this trend are discussed later in the chapter.
The fourth group described by Peberdy is small; it is made up of the traders who only bring goods from their home countries to sell in South Africa without taking goods to sell back in their countries. Gogo and Pee fall into this category as can be seen in the above introductory paragraphs. They decided not to take goods to sell in Zimbabwe mainly because of soaring inflation. To avoid the risk of selling their goods at loss they would only take one or two orders from people who would have agreed to pay them in rand. It is important to note that they would not go out looking for orders but would just be doing a favour to those who approached them with specific requests.

Peberdy’s last group of traders is that of South African traders who take goods to sell in other Southern African countries. My focus was on Zimbabwean informal cross-border traders hence I had no participants falling into this category of traders.

This research has identified further sub-divisions amongst my participants. These are rich and poor traders, formally educated and less formally educated traders, wholesalers and retailers, and Shona and Ndebele traders. The richer traders in this context are those who do not trade just to survive but who can invest their monies and create wealth for themselves. It is important to note that some of the participants might have started off as richer informal cross-border traders in 1980s and 1990s but have since become poorer as the economic-political climate in Zimbabwe eroded their businesses.

MaMpofu is an example of a rich trader who got impoverished by the economic-political decline in Zimbabwe. When she started cross-border trade in 1989 she managed to create wealth and make some investments: she built her house, extended and fully furnished it with her trading money. She also bought cattle and built a rural home for herself and her children while also sending her children to good boarding schools in the country. She, unfortunately, had her cattle stolen after the death of her mother who was taking care of the cattle and the rural
home. She lost her cows after 2000 and could not afford to replace them because the economic decline in the country was already affecting her business. The collapse of the economy affected her business drastically and she could not afford to invest or create wealth anymore as all her profits could only be used for survival. Now MaMpofu trades for survival and, for the purpose of this report she is identified as a poor trader.

The rich traders amongst my participants are Mr and Mrs Dlamini, Mrs Smith and to some extent Amy. These traders do not trade just for survival, but have been or can be able to generate significant profit from the trading, thus creating wealth for themselves and their families. Rebecca, Gogo, Pee and now MaMpofu and NaMbali are examples of poorer traders; they trade mainly for their survival and that of their families. It has to be noted that they are poor in relation to their richer counterparts. In Zimbabwe, given the current situation, all informal cross-border traders, both the richer and the poorer ones, are some of the few who can manage three meals a day and a few luxuries.

Gogo and Amy are examples of formally educated traders (Gogo is a former school teacher and Amy a masters student), while Pee is one of the less formally educated. The educated informal cross-border traders amongst my participants were forced into trading by the collapse of the formal sector in Zimbabwe. Gogo started trading when her salary could no longer sustain her family adequately. On the other hand, the less formally educated found informal cross-border trade one of the informal activities they could do since they had no skills to secure well-paying jobs in the formal sector.

Amy, Rebecca, and Mr and Mrs Dlamini are retailers; they sell their goods in small or individual lots for direct consumption by the purchasers, while wholesalers (Gogo and Pee), on the other hand, supply retailers at flea-markets. MaMpofu and NaMbali are wholesalers when they are in South Africa selling their curios in bulk while back in Zimbabwe they are retailers. Wholesalers sell
their goods in bulk to small shop and stand owners at different flea-markets in South Africa.

The last division of Shona and Ndebele traders is evident mainly to the insiders as these traders present themselves as a united front when in South Africa. In a small settlement (made up of two brick rooms, three shacks and a caravan) where Gogo and Pee stay when in South Africa, the caravan is known as a home for the Ndebeles. These ethnic lines mark the traders’ inner circles and although both ethnic groups know about this, they usually pretend not to and try to accommodate one another. The caravan has, for quite some time now, been rented to Ndebeles (the one who goes to pay rent is the lessee and her name is taken down by the leaser) and the Ndebeles intend to keep it that way. This, however, does not mean the Shonas cannot stay in the caravan. During my stay with the traders the caravan was shared by two Shona women and two Ndebele women.

4. Why informal cross-border trade?

My participants joined informal cross-border trade at different times for different reasons. The major reason that seems to be a pull factor into the trade is the flexibility that the informal sector offers. Assaad (1996:118) asserts that the rules in the informal sector are “admittedly more flexible and fluid than formal rules”. There are other reasons that push or pull women to informal cross-border trade. My participants seemed to give both President Mugabe and God credit for their success and achievements in informal cross-border trade.

My participants had different understandings of why there was a crisis in Zimbabwe and they expressed mixed feelings about the crisis. Those who joined informal trade because of the crisis were glad that it made them discover this economic niche and yet also felt forced to join and to endure the numerous challenges that come with this kind of trade. Some participants felt it was Mugabe’s fault that there was a crisis which forced them to take up informal
cross-border activities and also that it was God who allowed for the crisis so that he would redistribute wealth. Below are the views of the traders on the causes and the purpose of the crisis.

**Mugabe’s teachings versus God’s doing**

One of the traders said “walinceda uMugabe manje selafunda ukweqa ama-border lenze imali enengi kangaka (Mugabe did you a lot of good [by creating a crisis in Zimbabwe] because it has taught you to cross borders and make a lot of money).” And another one said “Thina i-situation leyi sivele sayihlakaniphela kodwa amatitsha abhayiza. Unkulunkulu ubefuna lathi ograde zero siphakame” (We [the uneducated] were clever in our handling of the Zimbabwean crisis but it took the teachers [the educated] a long time to wake up and also start making money. This was God’s way of making sure that [us] the grade zeros also get a chance to make money and better our lives).

Some traders seem to feel that the crisis was a blessing in disguise because it helped them notice and take advantage of an opportunity of joining informal cross-border trade, while others think it was God’s way of redistributing wealth from the educated-rich to the uneducated-poor. They say God enabled the poor and less educated to see the informal cross-border niche first and take advantage of it while the educated still sat there waiting for the formal sector to recover so they can live comfortably again.

Although there is this understanding of why the traders joined informal cross-border trade there are still more personal and immediate reasons why they joined. Issues of survival and family wellbeing are discussed below.
Family responsibilities

When women find themselves faced with responsibilities and no income to take care of them they often turn to informal cross-border trade as an income generating strategy (Akinboade 2005:263; Muzvidziwa 2006:180-181; Nethengwe 1999:88; Peberdy 2000:364; Peberdy & Rogerson 2000:3). Informal cross-border trade became a good choice for a survival strategy for these women because of the socio-economic situation in Zimbabwe. The collapse of the formal sector led to the closure of many factories and industries, in turn leading to a shortage of basic commodities in the country. This created a business niche that many women took advantage of. They identified the need to go to neighbouring countries and buy the lacking goods, for supply in their communities. This, however, does not mean informal cross-border trade only started in the late 1990s when the Zimbabwean economic crisis deepened. It does however, mean that the trade grew and its scope widened as many more people were forced into the sector.

The reasons why Zimbabwean women joined informal cross-border trade in the 1980s and years earlier was mainly because of lack of education and employment opportunities for women in the formal sector. For example, MaMpofu did not have good formal education to enable her to get a good paying job in Zimbabwe in the late 1980s but found herself with children and no husband. For this reason she turned to informal cross-border trade as a survival strategy for her and her children. Doing minor jobs, which did not require many skills, in the formal sector was not giving her enough money. Working hard the whole month and not getting enough money to support her family was frustrating so MaMpofu decided to explore her options in informal cross-border trade. NaNomsa also found herself in a similar situation when she decided to join other informal cross-border traders in the 1980s.
Although some women are still joining this trade for similar reasons, most other women who started joining informal cross-border trade in the late 1990s to 2000s had slightly different reasons from those discussed in the previous paragraph. Similar to the cases of MaMpofu and NaNomza, NaNtando and NaMbali were suddenly faced with new responsibilities and had to come up with a plan of taking care of them. NaMbali’s husband died leaving her with two children and no income to support them. Similarly, NaNtando found herself pregnant with no stable income to support her expected baby. These situations became push factors into informal cross-border trade. They meant these women had to come up with survival strategies, with informal cross-border trade as a viable strategy, as there are not many requirements for them to join (Akinboade 2005).

Joining informal cross-border trade, as seen above, did not only enable the women to close the income gap caused by husbands’ loss of jobs (Muzvidziwa 2006) or death, as in the case of NaMbali. It gave the women an opportunity to supplement their husbands’ or other family members’ income in situations where their responsibilities increased, such as the birth of a new family member. The decline of the Zimbabwe currency also created a need to supplement already existing household incomes.

On the other hand, Gogo, Amy and the teachers who became involved in informal cross-border trade in the early 2000s were mainly pushed into it by the collapse of the formal sector in the country. Akinboade (2005) argued that the informal sector acts as a “shock absorber” in times of economic crisis in the formal sector. Their professions no longer provided them a decent living so they had to look for alternatives. Informal cross-border trade presented itself as a viable alternative. One teacher I spoke to when I was in Zimbabwe in February 2009 told me that her pay for November 2008 was only enough for her to buy four tomatoes. That was the last month the teachers worked before the formation of the unity government and the introduction of rand as the official currency in which they would be paid.
Nurses and other civil servants were getting better salaries than teachers but there were many restrictions preventing people from withdrawing money from the banks. This was caused by hyper-inflation which created liquidity problems for the banks and serious forex shortages as already discussed in Chapter Three. Inflation had already reached the world’s highest in 2009 with more than a billion percent (Sadomba 2009a). My cousin who is a nurse was telling me that in the same month of November she got paid one hundred billion Zimbabwean dollars but was allowed to only withdraw one hundred million dollars per day by her bank. She went to Bulawayo central to make her withdrawal and change the money to rand before use (the rand had become the medium of exchange although it was still not officially adopted). The one hundred trillion she had withdrawn that day gave her R10 which was equivalent to the taxi fare she had spent to go to the bank to get it. She gave up and never went to withdraw the remaining billions in her bank account. This is the situation that was forcing professionals into the informal sector.

Informal cross-border trade became an ideal choice for many as it offered them an opportunity to go to other countries and not only buy goods for resale but also to buy basic necessities for their families. Gogo and Pee brought curios to sell in South Africa and on their way back to Zimbabwe only bought groceries and other items needed by their families. Buying basic commodities from informal cross-border traders was very expensive and people who had the means to go to neighbouring countries and buy groceries for themselves found it cheaper to do so but would normally be limited by lack of adequate finances. To overcome this challenge these traders decided to buy curios in ZW$, this was before they shifted to barter trade, selling their stocking South Africa so that they get RSA Rand to buy commodities needed by their families.

There are other personal motivations that made informal cross-border trade attractive to my participants. A reason mentioned by Pee related to her desire for
a quality of life that her poor husband could not give her.\textsuperscript{16} Her husband is a mechanic and is not making enough money to enable them to have a good standard of living. She also wanted a good life and education for her children. Mrs Smith also wanted to maintain a good living standard after the retirement of her husband. She initially had no intentions of participating in informal cross-border trade but just to open a trading store and buy her goods from the national wholesalers. She found herself with no option but to do cross-border trade as the national industries had collapsed and there was nowhere else where she could source her goods except neighbouring countries.

Almost all my participants joined informal cross-border trade as a survival strategy but some managed to accumulate wealth once they were in the system. MaMpofu’s case discussed earlier is an example of how traders could accumulate wealth for themselves. While MaMpofu’s success can be attributed to the economic and political stability of Zimbabwe in the late 1980s to early 1990s the success of Mr and Mrs Dlamini can be attributed to the crises itself. Some traders, like Mr and Mrs Dlamini have managed to take advantage and manipulate the crises in Zimbabwe to their advantage. They have the capacity to run their businesses efficiently and effectively thereby creating wealth.

While Mrs Dlamini concentrated on buying and selling goods across national boundaries her husband concentrated on transporting goods across the border ‘ukulayitsha’. ‘Omalayitsha’ are the people who transport goods from Johannesburg to Zimbabwe. These are goods sent by Zimbabweans working and residing in Johannesburg to their friends and families back in Zimbabwe. Taking advantage of the desperation of the people ‘omalayitsha’ would charge R300 transportation fee for a bag of groceries worth R600/R700 when it is not busy but when it is busy such as in December they would charge R1000 to

\textsuperscript{16} As already quoted in Chapter Two, Zimbabwe’s paper \textit{The Herald} of 29 July 2006 noted that informal cross-border traders lived in “low density villas furnished with state of the art furniture”. This is the kind of life that attracted some women, who aspired to live in luxury or at a certain standard in life, to join informal cross-border trade.
transport the same bag. When sending money with ‘omalayitsha’ one pays 20% of the total amount. Given the description of Mr Dlamini’s business given above Mrs Dlamini’s trading business was at an advantage.

While other informal cross-border traders, especially those using ‘omalayitsha’ such as Mrs Smith, spend a lot of money paying for the transportation of their goods, Mrs Dlamini has an advantage of free and flexible transportation. Mr and Mrs Dlamini own two cars they use for ‘ukulayitsha’ business and also to transport their goods to sell. The flexibility of having personal transport gave them the liberty to travel as frequently as their business demanded and also to access many wholesales that other informal cross-border traders had difficulties to access. This could be because of time or transport constraints as seen below in the experience of NaNtando and NaNomsa. While all the traders were taking advantage of the lack of commodities in Zimbabwe to make money and sell their goods at very high prices, the richer informal cross-border traders had an advantage over the poorer traders and could make more profit.

Muzvidziwa (2006:180) argues that for some Harare and Chinhoyi women informal cross-border trade “is a key coping and investment strategy that enabled many women in [his] study not only to cope but also to invest in a depressed economy.” The same can be said about Mr and Mrs Dlamini who have not only managed to survive on this trade but to make investments and create wealth for themselves. The traders also noted that informal cross-border trade has enabled the ‘grade zeros’ to buy houses and cars and accumulate more assets than many professionals were able to accumulate during the same amount of time using their salaries.

5. Conclusion

The sample of participants is an interesting one because it shows that during the crisis period in Zimbabwe the educated and the uneducated, the skilled, semi-
skilled and highly skilled, the young and the old all participated in informal cross-border trade. Reasons for trading may vary from person to person but they mostly needed to supplement household income due to increased responsibilities or devaluation of the already existing income. Some traders saw themselves as entrepreneurs who sought to establish or grow their already established businesses while others found informal trade to be a temporary survival strategy that they could rely on while waiting for the formal sector to recover. Yet other traders found informal cross-border trade to be a great strategy for supplementing their income from the formal sector, so they traded part-time while working in the formal sector full-time.

The focus of the discussion, in Chapter Five, now shifts to the processes of informal cross-border trade. This part of the discussion highlights the patterns and structures of informal cross-border trade across the two time periods of my study. It also looks at the challenges and coping strategies of informal cross-border traders.
Chapter Five: Process of trading and the challenges it brings

1. Introduction

Assaad (1996:117) argues that “informality does not imply a lack of structure or predictability. It simply means that structure and predictability are achieved through a different set of rules and norms than those associated with formal institutions”. In correspondence to the above statement, informal cross-border trade may seem unstructured from the perspective of an outsider, but follows a certain set of rules that gives it a structure and a pattern.

This chapter focuses on the different activities involved in informal cross-border trade. It traces the whole commercial chain from where the goods are sourced, how they are transported to different selling points which involve travelling across national boundaries and selling at the different selling points. Challenges faced at the different stages of the process and the traders’ strategies of coping with these challenges are also discussed at each stage. Discussed also, are differences noted during the two different study periods. The findings below outline how participants in informal cross-border trade show a high level of adaptability to changing political and economic environments. Sadomba (2009a:7) states that the “informal sector has revealed high resilience, a spirit of no surrender and a high form of work discipline”.

After giving a map of the study area the discussion focuses on where my participants buy their goods, how they transport these goods across national boundaries, where they sell the goods and then on accommodation challenges and some other challenges.
Figure 8 below shows the study area. The study focused on traders operating between Bulawayo, Zimbabwe and Johannesburg, South Africa although some participants from Gwanda, still in the Matabeleland area of Zimbabwe, were interviewed. One flea-market in South Africa was out of Johannesburg about 110km away. The distance between Bulawayo and Johannesburg is approximately 800km and is usually a twelve hour drive by bus if there are minimum delays on the way.

**Figure 8: Map showing the study area**

![Map showing the study area](Source: Google maps)

marks the study areas.

2. **Where do my informal cross-border traders buy their goods?**

This section is divided into two, focusing first on places traders visit to buy their goods in Zimbabwe and then also places where they buy in South Africa. There are a number of goods that my participants brought from Zimbabwe to sell in South Africa, the bulk of which were animal curios of wood and stone. This research focused on the sources of these curios rather than on the sources of other goods such as crochet articles as my participants mainly dealt in curios.
Traders only sourced other items if they had specific orders for them. Amongst my participants, curios traders are Gogo, Pee, NaMbali and MaMpofu. Gogo and Pee mainly buy their curios from artists in Bulawayo while NaMbali and MaMpofu prefer curios from Matobo and Victoria Falls. For Matobo and Victoria Falls curios, the traders normally have to go in person to the source to buy curios although artists from there occasionally bring their curios to sell in Bulawayo. Figures 9 and 10 below show some of the curios traded by my participants.

Figure 9: Type of animal curios that my participants traded in

Figure 10: Type of curios my participants traded in
These pictures show some of the animal curios that my participants bought from Zimbabwe to sell in South Africa. They bought these curios from different artists in different places as already indicated above.

Trying to get hold of the artists who supply informal cross-border traders with curios I went to the Mzilikazi Craft Centre in Bulawayo. NaMbali told me that some traders buy their curios from there. When I asked for directions to the craft centre people would at the end say to me “you won’t get lost, it’s a very busy place”. Surprisingly when I got to the Mzilikazi Craft Centre the place looked deserted and there were no curios to be seen anywhere. When I asked where I could get curios I was taken by an officer into a room that was kept locked.

All the curios there were made of pottery, with no wood curios to be seen. I was told that the wood curios were not available because the Centre was looking for a teacher who could teach and run the department of that type of curios. At that particular time the centre was not taking students for wood craft because there was no teacher in that department and that was the reason why there were no wood curios on display in the centre. The teacher who was there had left to pursue a career as an artist, not just as a teacher. Pottery curios were very beautiful but fragile and expensive. A set of pottery salt and pepper shakers was R100 at Mzilikazi Craft Centre, while a set of wood would normally go for R10. A small pottery bowl with lid was R4 500 while the bowls usually sold by the informal cross-border traders are R60 each. It somehow became clear that informal cross-border traders at have at some point bought their goods there but not anymore.

As I walked near the Bulawayo City Hall I saw artists who were busy making curios at the Jairos Jiri Craft Centre. This is a very small craft centre compared to Mzilikazi and it is right in the centre of Bulawayo. The artist I spoke to said he supplies informal cross-border traders. He said doing business with informal cross-border traders was good as long as they understood each other. He said
traders sometimes place orders and expect goods to be ready instantly, not considering that making some types of curios takes time and they need to place their orders early to get them on good time.

Talking about the pricing of goods, the artist said selling in foreign currency is good because it enables them to have stable prices. Using the ZW$ can be frustrating as they constantly have to change prices. He however, said barter trade is the major selling strategy used these days (the first period of my study). When it comes to barter trade all we do “yikuqilana kuphela”. By this he meant they cheat one another one way or the other as there is no easy way of telling whether the exchange was fair or not. Artists exchange their curios for personal clothing items, toiletries and green bar washing soap or food items. These items can be further exchanged for curios amongst the artists or sold for cash if the artist does not need them for his personal use. A single artist may not be good in making all the different types of curios but he may need all these curios to attract customers to his stand so they exchange or buy among themselves as artists. Barter trade is argued to be a characteristic of hyper-inflationary environments as already discussed in Chapter Three. During the first period of my study the challenge with buying curios in Zimbabwe was that exchange in foreign currency was not yet legal in the country. Exchanging foreign currency put both the artists and the traders at risk of being arrested or harassed by the police. Barter trade was therefore adopted as an alternative but it had its challenges as there was no easy way of calculating the value of all items traded and sometimes artists had to accept items they really did not need instead of getting cash which they could readily spend on their immediate needs. In the second period of my study however, use of foreign currency was formalised and this stabilised curio prices and made pricing of goods easier by eliminating the challenges of barter trade.

Getting curios in Zimbabwe had its challenges. The traders had to get a permit to buy horns and curios and also get the ever busy artists to make the curios for them. Informal traders said curios trade kept growing very fast putting the artists
under pressure. This delayed the delivery of curios and often made traders change their plans. Before Zimbabwe officially started using currencies other than its own, the traders would have to keep topping up on the initial charges given on the day of making orders as the artists tried to make up for inflation. This is when barter trade slowly became popular amongst informal cross-border traders.

In South Africa my participants bought their goods from small retail shops and wholesalers in and around Johannesburg. MaMpofu, Mrs. Smith, NaMbali, NaNomsa and NaNtando bought from places such as Jumbo, Oriental Plaza, Afrika, Dragon City and from small shops in Johannesburg central, mainly along Jeppe street which MaMkandla refers to as ‘esiphithiphithini’ (a very busy area). Goods bought from these places include clothing items and grocery items as will be seen later on in this discussion. Although there was an alteration in the type of goods transported by traders from South Africa to Zimbabwe between the two periods of study, there was no change when it came to where the traders bought their goods.

As part of my fieldwork I took a trip to Zimbabwe to observe the processes of informal cross-border trade involved in the transportation of goods across borders. None of my participants were travelling to Zimbabwe at that particular time so I decided to just take a bus and see if I could by chance find some traders on the bus. On my way to Zimbabwe I did not spot any traders later realising that it was because of my choice of a bus. As I conducted some interviews with informal cross-border traders in Gwanda and Bulawayo I got to know the two buses mostly used by traders. The bus conductors confirmed that they transport traders on their every trip so I took one of those buses back to Johannesburg. Although it was never arranged I happened to be on the same bus with one of my participants, NaNtando, who then introduced me to her mother NaNomsa.
I will skip the journey details for now and concentrate on the sourcing of goods upon our arrival in Johannesburg. We arrived in Johannesburg at 10am on Tuesday 17 February 2009 instead of 6am as anticipated. This delay was as a result of a complication at the border; one of the informal traders had problems getting her curios past the officials and took time negotiating while we all had to wait. Apart from that, the bus could have still arrived a bit late because we had to queue for a long time at the border in order to get our passports stamped. My participants were very disappointed as this meant they only had four hours to source their goods and get back to the bus rank as they had to take a 2pm bus back to Bulawayo that very day. There was no time to take a bath and refresh so we left straight for Jo’burg Mall which is on Jeppe Street. All the goods they bought we found along the same street and on the streets close by, this is the place MaMpofo referred to as ‘esiphithiphithini’.

The buying of goods was a race against time. The other limitation that they were facing was that of their limited knowledge of Johannesburg. NaNomsa and NaNtando had been to Jeppe Street once before and they relied on me to show them around.

The small shop owners know the traders and have a stock price for them. That stock price is half or even less than half the normal selling price of that particular item. It was surprising how the retail shop owner instantly recognized the traders, not even once did we have to ask for a stock price. The shop owners would just rise to meet the traders and tell them the stock price. The traders would not buy any goods unless they were convinced the price they were settling for was the lowest they could get in the area.

One important skill that the two women informal cross-border traders possessed was good negotiation skills. They would negotiate the prices convincingly and get discounts. What seemed to be a challenge was deciding what to buy on that particular trip. These decisions were mainly influenced by their experiences on
what people seemed to be buying more of on those particular days and also on their predictions of the new developments taking place in the country. It had been announced on the radio, before we left Zimbabwe that the teachers and nurses would be getting US$ vouchers to enable them to get back to work so NaNomsa and NaNtando bought what they thought the teachers would need when they got their vouchers. These were mainly formal items of clothing including neckties and socks.

There was a time when the two women had to make a very hard decision. They found themselves having to make a decision going either against the interests of their customers or the law of the country. According to the Zimbabwean police selling or wearing any type of camouflage clothing is against the constitution of the country. Camouflage of any type is taken as the uniform of the army. The traders had to decide whether to buy the camouflage (Baccose) shoes, see Figure 11, that most of their customers wanted or to lose on this profitable business opportunity and be on the right side of the law. A pair of these shoes bought at R25 would be sold at R70 at the market. Both NaNtando and NaNomsa know some people who have either ended up in court or have had their camouflage goods taken from them by the police. Despite this they made a decision to take a risk and buy the camouflage shoes, seen in the picture below. Figure 11 shows the bag of the camouflage Baccose shoes that the two traders bought and put in a single bag. This they did so that they could pretend it was only one person buying a very large quantity and get a bigger discount than they could get if buying as individuals. By so doing the traders got to pay at a discounted price and saved themselves some money.
There was a lot of moving around and carrying of heavy goods to be done. The two women did not seem to mind the hard work as they did everything with so much ease as their minds focused on the limited time that they had. They would carry heavy bags on their heads moving from one place to the other. Contrary to what I saw, the traders had told me there were no challenges when it came to the sourcing of goods. They obviously do not consider all the moving around and the carrying of heavy loads on their heads a challenge. The two women eventually got tired and left the young boy in Figure 12 above guarding some of the goods while they continued with their shopping. The bag had become too heavy for them to keep moving around with (I was tired too so I came back and sat down with the young man). After putting all their goods together at almost 2pm the
traders hurriedly called a meter taxi to take them to the bus rank. They were so scared they would miss the bus but fortunately they got there just in time. For every shared thing bought or paid for they would share the costs which means the cost of hiring a taxi was on both of them.

3. How do my traders transport their goods across the borders?

The processes involved in the transportation of goods for both the traders transporting goods into South Africa and those transporting them into Zimbabwe are more or less the same. Interestingly, some of the methods used to transport goods across the border are also used to transport illegal immigrants. It is important to note that there are certain types of transport that the traders prefer for various reasons. Informal traders mostly use specific buses in South Africa; these are the buses that rank outside the Johannesburg Central Park Station. They seem to have less formal regulations and they usually compete to transport informal cross-border traders and/or their goods.

Mrs. Smith used to travel with one of the formal buses ranking at the Johannesburg Central Park Station, but it proved very risky as she had her goods taken from her at the border several times. These bus drivers did not know the rules of working with informal cross-border traders and illegal immigrants and therefore the transport was risky for the traders. Having lost her goods at the border she then resorted to ‘omalayitsha’. ‘Omalayitsha’ are experts in the business of transporting goods and people across the border illegally. Although traders appreciate and use the services of ‘omalayitsha’, they generally preferred using buses. This is mainly because buses are cheaper and less risky. Omalayitsha are usually used when the situation is desperate because they sometimes use the ‘bush’ routes to smuggle goods and people, which is often unsafe. When using the bush there are high chances that the goods could be lost or damaged.
Preparing for the journey back to Johannesburg I went to the offices of one of the two popular buses among the traders. Upon my arrival there I found curios in the waiting room and was told that traders bring their goods in advance – sometimes three or more weeks before their travelling dates. The officer (cashier) there emphasised the unreliability of the informal traders as they would frequently change their travelling dates. One challenge that the traders face was highlighted by that officer who said their buses do not transport curio traders on Sundays as they did not want any delays at the border. On Sundays some people on the bus will be rushing for work on Monday mornings, so it is important that the bus gets to Johannesburg on time.

The officer saw my interest in the transportation of curios and assumed that I wanted to join informal cross-border trade. He encouraged me saying transporting curios is very easy, and that I will only have to cooperate with the driver and conductor of the bus. “If you have curios just speak to the driver and conductor. You won’t even have to declare all your goods. The problem begins when the traders don’t want to pay for their goods”, he said referring to the payment of bribes to the officials at the border. He told me they never fail to get traders on the bus from Monday to Thursday; Friday and Saturday they have no buses operating, and on Sunday they don’t carry curios.

Crossing the border with goods requires a trader to have money for bribing the officials. This applies to both trips, to South Africa with the curios and from South Africa with clothes, shoes and other goods to sell in Zimbabwe. “It’s easy, you just give them [the officials at the border posts] R20 or R40 then it’s done”, NaMbali said. She admitted that not formally declaring goods was very risky as goods could be easily confiscated by the ZIMRA officials. “When one loses goods it is not easy for them to start all over again. They may be out of business for good.” NaMbali felt there should be a law put in place to protect them from losing their goods. Speaking on the same issue MaMpofu said “E-border siyafihla ukuthi siyathengisa ngoba asivunyelwa so nxa sideclareya ipahla sivenza ama-
items aitwo noma three kuphela ngoba bengasithathela” (at the border we hide that we are traders and only show the officials two or three items of the same type of goods so that they don’t take them away from us). On the declaration forms they never tick the goods for trade but personal groceries and clothing. This is all done to minimise the risk of losing the goods sourced with difficulty and transported goods at the border. Figure 13 shows some traders carrying the goods they fight hard to protect as they cross the border. They try to prevent being charged a lot of duty fees and also from having their goods confiscated by the state officials at the border.

Figure 13: Traders carrying bags across the Musina- Beitbridge border post

On my day of travelling I found some passengers already at the bus rank in Bulawayo, some of these traders with big bags. Some of the traders were going to Cape Town and some to Johannesburg with doilies and seat covers. There was so much laughter as most of the passengers already knew one another and they had a friendly relationship with the bus staff members. The curios I had seen when I came to buy my ticket were still there but the owners did not travel with us on Monday as they had said they would.
I noticed that the first question the traders would ask when they got to the bus rank was who the driver and conductor on duty were and then make bookings. When the bus arrived passengers were treated very well and no one had to carry their luggage to the bus themselves, the staff members there carried luggage and loaded the bus without any help from the passengers. Cold drink cans were given out to passengers at the bus entrance and people seemed to like that very much. Some very loud traders were happy to see the new developments because they were the ones who had suggested that drinks be served after having travelled with the competitor bus (the other popular bus among traders) and compared the services offered.

Just before the bus left a raffle ticket draw was made using the bus ticket numbers and three lucky passengers won R100 each. This too was done in an attempt to win the loyalty of the traders who had an option of going to the other bus. Some traders said the other bus offered the passengers cold water, fruits and sweets on top of the cold drinks. As part of the promotion the bus I travelled with also gave a free ticket to any passenger who uses the bus to Johannesburg for five trips and a t-shirt with the company logo for five trips from Johannesburg. The next five trips (tenth one) the passenger would get a blanket (a two-in-one blanket - double blanket) and yet the next five (fifteenth) a cell phone. Some passengers were wearing their bus company t-shirts proudly and were looking forward to receiving the other prizes. These promotions were mainly targeting informal cross-border traders as people who frequently travelled across the border.

There was so much excitement on the bus as a group of traders updated one another on the latest gossip. They formed a group of four and could not even sit properly on their seats as there were many burning issues to be shared. They talked about their employees, the people they employ to sell at flea-markets, sharing challenges they face because of them and giving each other tips of managing them (employees) effectively. They also discussed what was selling
fast those days, helping one another decide on what to buy on this particular trip. They discussed Zimbabwe’s socio-economic and political environment and then started with gossip. They discussed what happened on previous trips, and how ‘border jumpers’ (illegal immigrants) do some things wrongly and start blaming traders for their mistakes when they get caught at the border.

From the conversations of the traders it was obvious that the bus also transported illegal immigrants. As they did with the goods, illegal immigrants also had to make some arrangements with the driver and conductor and be prepared to pay a certain amount for bribes. The driver and conductor use their ‘connections’ at the border to get the illegal immigrants in and out of South Africa. These ‘connections’ are immigration officers who have ‘a working relationship’ with the drivers and accept bribes from them. It is easier for them to trust drivers than to accept bribes from different people as this increases the risk of being caught and losing their jobs. This is the reason why drivers and conductors are the medium between the state officials at the border and the informal cross-border traders and ‘border jumpers’.

Some patterns can be noted. Traders use specific buses and build working relationships with the bus drivers and conductors. There is also some kind of protocol observed in the processes discussed above. Informal cross-border traders do not directly deal with the ZIMRA officials and bribe them in order to get their goods through, with the drivers doing that for them. The illegal immigrants also do not deal with the immigration officers themselves but use the drivers to take care of the bribing for them.  

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17 The same pattern can be observed even from those who use the bush route to transport their goods. I spoke to an illegal immigrant who has used the bush route several times. She and the bus drivers told me that when using the bush route ‘omalayitsha’ has to take her people or goods and put them in the care of ‘impisi’ who are the people in charge of getting goods and people across the border through the bush. ‘Omalayitsha’ who knows the bush route cannot bypass ‘impisi’ and take anything or anyone across because that would result in the loss of lives. ‘Impisi’ protect the people and the goods from ‘amagumaguma’ who are the enemies and attackers of people who use the bush route. They do this by sharing the money they charge
4. Where do my traders sell their goods?

My participants sell their goods at different flea-markets in Bulawayo and in Johannesburg. These flea-markets differ in size, the types of goods sold and their reputations among traders.

In Bulawayo there are many flea-markets, most of which are in Bulawayo central. I visited some flea-markets in Bulawayo central and one in Nkulumane, a high density suburb, called Sekusile flea-market. Sekusile is probably the largest flea-market in Bulawayo. This flea-market is divided into four sections. The first section is made up of stands that are not separated from one another. Traders only have tables to display their goods on as there is nowhere to hang them. In February 2009 these tables cost R11 per week and the money was paid every Wednesday. In addition to what was generally sold in all sections, this is the only section that had TVs, home theatre sets, radios, phone batteries, chargers, covers and headphones. Headphones were R40 when they are between R15 and R25 in small shops at Johannesburg. The few stands selling electronic gadgets were mainly owned by male traders.

The second section has tables divided by fences, so traders could use tables and also hang their goods on the fence for display purposes. The fee in this section was R22 per week. This section mainly sells new clothing from Botswana and South Africa, such as shirts, jeans, t-shirts, shoes, cosmetics, stationery and one stand had drugs (pharmaceutical medication). This section had many empty stands and I was told it was because some people did not work on weekends.

The third section, unlike the other sections, had no roof over it. It also didn’t have tables but large trolleys where they just throw in their goods. Here the goods sold were mainly second hand clothes. A trolley generally had items of the same ‘omalayitsha’ for taking the people across with ‘amagumaguma’. Not sharing the money with ‘amagumaguma’ could also lead to loss of lives. For people to be safe one has to play by the rules of the game.
price, e.g. a trolley having skirts and t-shirts all for R20 each. The last section has furniture, mainly second hand from auctions.

This is the only flea-market of its magnitude, diversity and specialisation that I have visited during my fieldwork. Some goods at Sekusile flea-market were cheaper compared to flea-markets in Bulawayo central. A small face cloth at Sekusile would cost R5 while in the city centre it cost double (R10), medium size face cloth R10 at Sekusile and R20 in the city centre.

The flea-markets in Bulawayo central sold the same types of goods: clothing, lingerie, foot wear, blankets, cosmetics, curtains, seat covers, accessories and face cloths. Most of the traders buy their stock from South Africa and/or Botswana. These flea-markets belonged to different people or organisations, such as one market that belonged to the Seventh Day Adventist Church. Within Bulawayo central similar goods would generally cost the same amount.

In South Africa flea-markets seemed to have classes, based on their reputations. Damdoryn and Rosebank are high class flea-markets; they attract more tourists and goods there are priced higher compared to the other flea-markets that I visited. Damdoryn has several flea-markets which are not at the same level. Chameleon Village is very up-market (see Figure 14); traders say there is a lot on money to be made in Chameleon Village while New Market is of low class and traders pay less for stands there compared to Chameleon Village. To get a stand at Chameleon Village one has to be prepared to pay R3000-R5000 a month. Traders said that the owner of Chameleon Village is careful about whom he rents stands out to; he wants people with a lot of capital or goods. This he does to make sure that he takes people he can trust to pay rent on time. Goods are sold at very high prices compared to other markets such as New Market. Informal cross-border traders prefer working with their Chameleon Village customers because they pay better.
Figure 14: Elephant curio at the entrance of Chameleon Village

Figure 15: Crocodile curio decorating Chameleon Village

Figure 16: Map of Africa on the Chameleon Village Wall
Figures 15 and 16 are pictures that were also taken at Chameleon Village. Of all the flea-markets I visited this is the only market that was richly decorated with curios. Other markets such as New Market close to it looked plain and neglected. My judgement could also have been influenced by the fact that they were close to the elegant Chameleon Village and comparing them therefore became inevitable.

The plain looking New Market had many free stands and the rents were far lower compared to Chameleon Village, but my participants would rather not have stands than have stands in New Market. New Market rents were as low as R400 per month. Not many consumers visited it and hence most of the goods there were cheaper and of less quality compared to Chameleon Village. The New Market clients were considered high risk by informal cross-border traders.

Similar to Chameleon Village was the Rosebank flea-market. Rosebank was considered a good market by informal cross-border traders. It attracted high prices and many tourists and clients there could be better trusted to pay their debts. Selling goods at Chameleon Village and Rosebank could get traders better profits compared to when they sell to Bruma or New Market. Bruma was described by the traders as a ‘blacklisted market’. Traders complained of the market’s negative media portrayal, police harassment and extremely low prices. The reputation of a market has a bearing on the types of clients who will visit that market. This explains why Bruma and New market are less preferred by traders.

Bruma does not have a good reputation among traders. It was not very busy when I got there and the traders there seemed to be living in hope as they anticipated making good sales during the 2010 World Cup. At Bruma they had Tuesday open markets. This is when the wholesalers come on Tuesday to sell curios in bulk to market stand owners. It is not only the Bruma market stand owners who took advantage of the Tuesday open market sales; traders from other markets also went to buy curios there. At the open market traders
(wholesalers) put some of their curios down on sacks awaiting clients to come and also making it easy for them to flee in case the police come. Unlike wholesalers, retailers set up tables as shown in Figure 17 below. Figure 17 shows a trader’s table with egg curios, salt and pepper shakers and animal curios (mostly giraffes).

Figure 17: Trading table with curios on it

For these traders with flea-market stands and those wholesalers who had to stay in South Africa for many days, weeks or months, accommodation becomes an issue of importance and also an important expense for the traders.

5. Creating home away from home

Staying in South Africa for long periods means that traders have to deal with accommodation issues. Accommodation was a challenge for traders who had to camp at or near the flea-markets they were selling at, those who had to share open spaces with dozens of people in Johannesburg central and those who had to lodge at relatives’, friends’ or business associations’ houses. These traders face different challenges depending on their different boarding arrangements.
Those who stayed in some kind of camping sites such as at Damdoryn where my participants stayed on a farm where a small portion of land had been cleared and shacks erected. There are two separate brick rooms, three shacks and a caravan. People who stay there did not have toilets and bathrooms, but they got their water from a big tank.

In such an environment it was necessary to improvise. The small community decided to erect two small shacks using plastics for use as bathrooms. These bathrooms were used by all staying in this place. The traders used the bush for toilets or alternatively took advantage of the market toilets during the day so that they would minimise the use of the bush. Each room or shack made its fire (no electricity) and had a group of people sit around it in the evenings as they prepared dinner and chatted the evening away.

In Johannesburg central traders would rent a big room which they shared in large numbers. This was done in an attempt to share costs because it enabled the traders to pay only for the days they would have stayed at the place per visit. Each trader would usually keep a blanket or two, a pot, cup and plate which she uses when she comes to South Africa. These were not special properties but old items that the traders could risk losing by leaving them at these shared places. Having no beds, the traders had to sleep on the hard floor after the long days of trying to get clients to pay them. These women, especially the older ones complained a lot about sore bodies due to sleeping on the floor. The traders think the pains serve as a reminder why they are in a foreign country, to make money.

Sharing costs has become a good strategy of cutting down costs. A 36-years old man and his two sisters decided to share both a flea-market stand and accommodation. These are traders who instead of selling their curios to retailers would sell them to consumers themselves. When the brother stays in South Africa to sell his curios, using their shared flea-market stand and room, the sisters would be in Zimbabwe sourcing their goods. When the brother goes back
to get more curios the sisters would come to Johannesburg and sell theirs. This way they get to keep a room that is comfortable for their use.

Some informal cross-border traders did not have to rent places of their own as they had friends and relatives in Johannesburg who could accommodate them. This arrangement could have been better than renting public rooms but it had its own challenges. The traders I interviewed at a Bruma flea-market had a lot to say concerning such an arrangement. The discomfort of having to stay at other people’s houses made the traders dread going home after selling their goods at the market. One trader said “kanti vele siyabe sigijimelani ezindlini zabantu” (there is no reason why we should be rushing to other people's houses as if they were ours). He says he is very tired from the journey but even if he went early to his relative’s home he would not be able to sleep and rest. He says it would be seen as bad manners for him to get to someone’s house and sleep during the day while everyone else is up. He just has to wait for night and sleep at the same time with everyone else.

The market at which they operate only allows them to sell once a week and this means they will have to keep to their relatives’ home the rest of the week. The women, NaKeith and NaNqo, found this to be very uncomfortable. NaKeith’s sisters stay in Orange Farm. She says she prefers staying there because she is freer there than she is at other relatives’ places but the problem is that it is far from Johannesburg. “My sisters have been calling me all morning because they want me to come to Orange Farm. They always complain that I work too hard. When I visit them they try and make me stay longer than necessary, they also feed me a lot because they are worried about my weight. I wish they stayed in Jo’burg Central.”

Apart from securing accommodation in South Africa traders had to find other ways of beating home sickness. This they would do by grouping together as informal cross-border traders or uniting with members of the family who are
based in Johannesburg. Traders would travel in groups of friends and/or relatives both in South Africa and Zimbabwe, but especially in South Africa. Close connections between informal cross-border traders create a strong support base. This is also supported by Muzvidziwa (2006) who emphasises the importance of kin and non-kin networks for informal traders. These women rely on each other for company, advice, financial and physical support. They share costs where they can, in the form of shared transport, accommodation, food and flea-market stands, as in the case of the family discussed above. The group members strengthen one another by constantly reminding each other why they have to leave their families and go through all the challenges of travelling to foreign countries, which is mainly to educate their children and give them a comfortable life during the time of the crisis in Zimbabwe.

Informal cross-border traders would meet at markets, at shops or where they stayed. These meeting places eventually become the traders’ little home away from home, they comfort the traders and give a sense of belonging in sharing and spending time with people who had a lot in common with them, even if it’s just their nationality.

At Damdoryn the groups of Zimbabwean women, both Ndebele and Shona speakers, would sit in the shade of a tree and use a mixture of both languages to enable everyone to be part of the conversation. At these daily gatherings the traders will talk about Zimbabwe’s politics and their families. Their children are a top priority and they constantly talk about them and all the things they wish they could give them. Sharing their dreams about their children would motivate them to work harder and keep focused. They discuss the same issues everyday but it never seemed to bore them, they enjoyed their talks.

Unity amongst informal cross-border traders serves as a strong support base. This is seen at the Damdoryn flea-market where both cross-border traders and their flea-market customers have a custom of going to the local Spar (a retail
food shop) before leaving for their homes. At the Spar they talk about the productivity of the day, buy groceries and call their families in their home countries. Kenyans, Mozambiquans and Zimbabweans would all queue to use the public phones and phone their loved ones. This tradition seemed to give them strength to go on and put smiles on their faces after the long day’s work.

Traders at Bruma flea-market preferred this market as they could sell their goods for cash. They had seen traders give goods on credit and not get money from their clients, not even enough to get them home. In some cases other traders had to make R10 contributions just to help them get back home. Although the traders could do that for them, they could not give them money to start the business all over again. The fact that other traders would come together to help an unfortunate friend also shows the importance of unity amongst the traders, the support base helps the traders when they are away from home where they could get help from family.

To capture some of the challenges faced by women informal cross-border traders I have included below an extract from my fieldwork diary.

One of the ladies says to Thandi “Kodwa Thandi yikucaka bani lokhu wena usenza imali enengi kangaka?” (Thandi why have you lost so much weight when you are making so much money through this trade?). This triggers an emotional discussion on the challenges of curios trade. The women talk about the many sleepless nights at this South African flea-market because of bad accommodation and stress. They talk about having to follow up on their suppliers back in Zimbabwe and making sure they deliver their goods on time and not steal some of them to sell to other traders. The traders buy the horns themselves from the Cold Storage Commission and take them to the artists. To make sure their horns do not end up given to other traders they put their signatures on them. ‘Umsebenzi lo unzima shuwa, ukucaka kwethu akumangalisi. USaMaNdlo ube-complainer last time ukuthi ngibuye ngicakile. Nxa abantu sebebuza ukuthi ucaakiswe yini kunzima lokubatshela iquiniso uvele nje uvalavale uzithulele” (This work is very difficult and it is not surprising that we keep losing weight. When I got back home from my last trip my husband was complaining that I had lost weight. Even when people ask why we are losing weight we can’t even tell then the truth, you just brush it off). These women have big beautiful houses, fully furnished and their families live comfortably, people don’t
understand why such people should be losing weight because they seem to have all things under control.

The story of the month seemed to be that of NaBongani who ran around like a small school girl collecting her monies just before she left for Zimbabwe. ‘Kodwa impilo inzima sibili nxa usubona umuntu omdala egijima njengomntwana omncane” (life is hard enough to make an old woman run like a school girl). Several women imitated NaBongani running and laughed about it. In almost every market people seemed to know and have seen NaBongani run and were really amazed and shocked about it. They paint a very funny picture of an old woman in a big skirt running like an athlete for money. This also shows the desperation of these traders at some points.

Such talks motivated the traders to keep going against all odds. There are other challenges, apart from those already discussed under different sub-headings that the traders had to overcome in order to stay in business. Some of those challenges are discussed in the next section.

6. Other challenges faced by informal cross-border traders

Getting a visa from the South African embassy during the first period of my study was a challenge for the traders given their time and financial constraints. Most traders found having to raise R2 000 for the visa very challenging. For those staying in Bulawayo, travelling to Harare or posting their passports there in application for visas was a challenge as they had to use some of their capital to cover the costs. The traders also lost some business time as they had to wait for their visas to be processed and also ran the risk of losing their passports when they posted them. Losing, having the pages of your passport filled up or the passport expired was also costly for the traders. Losing a passport attracts a penalty fee on top of the passport application fee that every applicant has to pay to get a new passport. Frequent travels can quickly make one’s passport get
filled up. At the time of fieldwork, in February 2009, one of my participants had her passport pages all filled up and could not travel out of the country until she got a new one. To try and avoid this she applied for a new passport in advance, in 2006, but she has still not received that passport. She went to Home Affairs in January and was asked to pay a top up fee of R50 so that they can give her an emergency passport after five weeks. She paid that R50 and still had to wait for two more weeks before getting her passport (if she would get it on time) and then two or three more weeks to get a visa. This had become a major setback for her business. She preferred to wait for her passport rather than entering South Africa illegally.

Traders talked of having expired visas and out-stamped passports. This is a challenge they seemed to want to avoid at all cost but which they occasionally had to face. From the way they talk it is obvious that they prefer being on the right side of the law. The two women who had expired visas seemed terrified and girlishly fascinated by it. The most important thing was to renew their documents urgently. The reason why these traders overstayed in South Africa was that they had problems getting their customers to pay them on time. The other option they had, were to go back to Zimbabwe and re-enter again but that was going to be costly that is if they even had the money to go back and return again. This brings in the notions of legality and illegality that are imbedded in the informal economy as already discussed in Chapter Two of this report.

To cut down on costs, the two women decided to have only one of them go to the border and have both passports stamped. This meant they could share the costs and spend R250 each instead of R500 per person. When other traders asked how one person could get two passports stamped the other woman responded: “Laye ngumfazi uzabona iplan” (She is a woman like me and will make a plan).

Traders get really anxious when their visas are about to expire. It causes a lot of worry seemingly just at those times when they need to raise the required R2000,
their business slow down. Although they would get almost all of that money back once they get into South Africa, raising it was always a challenge.

Those of my participants who traded curios had to deal also with the hassles of obtaining curio trading licenses. They expressed their unhappiness in having to go to the Department of Agriculture in Pretoria for the renewal of those licenses. However, the women felt it was always safe to trade with a license instead of having to avoid the police at all times. The logistics involved would sometimes push them to tell lies and use illegal means to keep their businesses going. These permits are restrictive as they allow the traders only specific type of curios. Traders have therefore resorted to getting permits for different curios and then sharing the curios among themselves. Pee had to lie to the officials to have her permit renewed. She claimed she couldn’t come to South Africa to renew her permit due to the xenophobic attacks although this was not true. Gogo also lied after being given permission to sell only a specific type of horn. She went to the person who prints permits and convinced him that the other person made a mistake and wrote horn instead of horns. This she did to allow her trading goods a bit more flexibility.

The other challenge that traders faced between May and July 2009 was confusion caused by the change in the immigration policy of South Africa. There was a great need to disseminate information concerning this policy (removal of visa requirement for Zimbabweans by South Africa, both in Zimbabwe and in South Africa). Many Zimbabweans had begun taking advantage of this policy but had fears and insecurities caused by lack of understanding. Most of my participants were wary of the intentions of South Africa in doing this, they suspected there was a catch somewhere and were already looking for alternative ways of keeping their businesses alive in the event that the visa waiver policy backfired and left them stranded.
With all these challenges the Zimbabwean informal cross-border traders found themselves in-between a rock and a hard place. They were in a situation where they could say ‘If we stay here in Zimbabwe we will die of famine. And if we go to South Africa, we will still die. Now therefore, let us go to South Africa and do what we have to do there. If they let us live, we will live but if they kill us, we will but die.’ In this attitude the traders continued with their business ready to deal with anything that could come their way. They devised strategies of coping with the challenges and staying afloat.

Other challenges faced by informal cross-border traders in South Africa include police harassment. Informal cross-border traders had been operating on visitors’ visas in South Africa, which did not cover their trading operations until May 2009. In May 2009 the Zimbabwe Cross-Border Traders Association (ZCBTA) announced the introduction of a trading visa to be given only to its members. ZCBTA was formed in 2000, had 3 000 members by 2006 and 10 000 in 2009 (The Financial Gazette 2 March 2009). It is unfortunate that during the time of my study I could not get to interview any ZCBTA representative. My investigations proved there was not only one organisation of this nature. I found that there were several ZCBTAs that were ‘owned’ by individuals and one of them had just closed down. This could be an indication that people were taking advantage of the name to advance their personal interests.

7. Community, family and personal expectations

In Zimbabwe it is often said to children of school going age, by parents or peers ‘work hard and pass so that your children won’t play with bricks and empty containers having no proper toys to play with.’ In this sense baby toys are used as a measure of a standard of living. Pee, one of my participants related how she saw some white people buying toys for their children and felt moved to buy some for her children too. “I worked so hard coming to South Africa and still have my children play with unripe oranges because they don’t have toys. White children
live a good life and they have all the toys they need”. Although in this case race played a role in the comment, it was used to compare different standards of living. Since she works so hard, she felt that her children should live a life that’s better than when she was not a hard working informal cross-border trader.

The community expects to see differences in the standards of living between themselves and the informal cross-border traders who sacrifice their time and leave their families to go and make money in South Africa. Pee, like other informal cross-border traders, is under pressure, without even realising it, to keep up with the community expectations.

Traders also have their personal expectations, after having worked hard it is rather natural for them to expect a better life for themselves and their children. These traders take pride in the big houses that they have built, the furniture they have bought and also the fact that their children go to good schools, especially boarding schools. The dressing of the children of the informal cross-border traders are expected, by both the community and the traders, to dress and eat well; basically to live at a certain standard. The traders want to feel that their hard work is paying off by improvements in the quality of life they live with their families.

Informal cross-border traders’ families have some expectations too. Having spent much time away from their families there are certain family expectations that the traders have to meet. One trader who had stayed in Damdoryn for 28 days and 28 nights but still did not have money enough for groceries said to other traders in frustration and disappointment “What will my wife say when I get home with R300 groceries after having been away from home for such a long time. Uzahlanya aphakamise izigqoko ngiyalitshela” (literally meaning she will go mad and take off her clothes in public). The other traders sympathised with him and assured him that since his wife was also an informal cross-border trader she would understand. It is more difficult for married women to be in this situation if
their husbands have no experience of cross-border trading, as they would usually be accused of staying with boyfriends and not working.

Such incidences easily lead to tensions in the families of the traders. Some traders feel being away from home frequently and for prolonged periods, at times, puts strain on their marriages. Although women informal cross-border traders believed the men married to them were very lucky, this business has the potential of destroying their families. The women talked a lot about the conflicts that usually come as a result of their economic independence. There is no way of telling whether the wives or the husbands would be wrong and creating most of the conflicts. The wives argue that their husbands fail to accept their opinions, if different from theirs, and quickly accuse them for deliberately disobeying them because they bring in more money in the home. These women obviously take pride in their achievements. Some women even compare what they have achieved in the few years of trading to what their husbands have achieved in their entire lives.

Some of my participants felt that leaving their spouses for long periods had an impact on their sex lives. One trader says “Ucina uhlala umutsha endlini yakho ulenhloni” (you are always new to your wife and shy). While this trader found this to be negative other traders found it positive as they said it keeps their sex lives exciting.

8. Conclusion

Informal cross-border traders have to face and overcome challenges at each and every stage of the trading process. Sourcing goods requires a lot of physically hard work as traders often have to travel from Zimbabwe to South Africa by night, do the shopping early in the morning and leave for Zimbabwe again the same day as seen in the example of Pee and her mother. The traders also have to carry around heavy bags while they look for the different items on their lists. In
Zimbabwe they have to deal with the challenge of getting curios at lower prices so that they can make good profit.

Transporting goods to and from Zimbabwe also posed its challenges. Traders have to bribe officials at the border and tread carefully so as not to lose their goods by getting them confiscated or paying too much duty. They also have to deal with the challenges of accommodation, police harassment and getting difficult clients to pay them. This chapter brings us to the conclusion of the findings of the report. The next chapter will give the main points on this report and make recommendations for policy and future research.
Chapter Six: Conclusion

1. Introduction
This chapter captures the key findings of the study which emphasise the key role of the informal sector in women’s economic activities. Characteristics of the informal sector such as its flexibility are stressed to show how they give women an advantage in coping with their numerous responsibilities in society and therefore the need to maintain the positive characteristics of the informal sector rather than focusing on formalising it. The role of informal cross-border trade in the lives of traders and in the economy is also captured in the next sub-session on findings which is followed by recommendations that conclude this study.

2. Findings
Many women, such as Gogo, joined informal cross-border trade in response to different factors. It cannot be disputed that the decline in the formal economy in Zimbabwe was the dominant reason for those who joined in the late 1990s and in 2000s but it is important to emphasise that women sometimes join the informal sector because it gives them the flexibility they need to balance their different roles in society (Akinboade 2005). The informal sector fits better with the other responsibilities women traditionally fulfil. This means that policies in the formal economy should be adapted to fit the lives of women more generally. The informal sector however, became more of a cushion and shock absorber during a time of crisis and decline in the formal sector (Akinboade 2005) in Zimbabwe. The collapse of the formal economy surely gave the informal sector a boost. The informal sector responded to this decline by steadily growing as it absorbed excess labour from the shrinking formal sector. The causes of the Zimbabwe political and economic crisis are argued to be a combination of several issues such as ESAP, Zimbabwe’s intervention in the war in the DRC, power struggle between ZANU-PF and MDC as the ruling ZANU-PF desperately tried to stay in
power, the radical land reform programme and the sanctions by western countries (Bond 2007; Bratton and Masunungure 2006; Ramsamy 2007; Sadomba 2009a). How each of these contributed is very complex as already discussed earlier in Chapter Three; it is, however, important to note that the crisis deepened to levels where human survival seemed impossible. Human rights violations and inflation were extremely high and survival became a struggle. It is at such times that the role of the informal sector in an economy is well defined and noticeable.

The informal sector is better viewed as an essential and permanent aspect of developing economies which has to be dealt with cautiously and fairly. Informal cross-border trade, as an activity of the informal sector, bears the characteristics of the informal sector and faces many challenges that it would not otherwise be faced with if the informal sector was promoted just like the formal sector. Some researchers, such as Peberdy (2002), argue that labelling it informal denotes some degree of inferiority and illegality which is not always present. The importance of the informal sector is seen in the role that it plays, as in the case of Zimbabwe as revealed by this study.

The political and economic atmosphere constantly changed in Zimbabwe during the period of my study. The main changes formed the basis of the division of my study period into two. The two periods marked the two distinct environments, within the crisis time, which formed my entire study period and affected informal cross-border trade significantly. The first period as already discussed earlier on was before the formation of the GNU in Zimbabwe, at the height of the crisis according to my participants and also the time of xenophobic attacks in South Africa. The second period was after the formation of the GNU which brought so much hope in Zimbabwe and initiated positive response from the international community as well. In response to the formation of the GNU, South Africa removed the visa requirement for Zimbabweans thereby bringing about changes in informal cross-border trade. In the first period most professionals, such as
teachers and nurses, were participating full-time in informal cross-border trade and the focus was on basic commodities which were severely short in Zimbabwe at the time. These basic commodities included mealie-meal, sugar, salt, cooking oil, washing and bathing soap. Barter trade became popular as people could not cope with hyper-inflation. In the second period, however, most professionals had resumed their formal jobs for security reasons but were still operating part-time in informal cross-border trade. The removal of the visa requirement by South Africa encouraged more movement of goods and people. Queues at the border became increasingly long slowing down the business of informal cross-border trade which was already affected by increased trade of same goods forcing the prices down.

In such an environment informal cross-border traders demonstrated high adaptability to their surrounding environment, they had the ability to change and survive the ever changing laws and political and socio-economic environment changes. They were determined to stay in business and vowed never to let anything keep them out of business. In the informal sector it is the determined, resilient and strong willed who survive, there is no predicting the future. My participants often used phrases such as: “God knows…”, “It’s all gambling…” and “It’s not easy”. All these reveal the uncertainties in their line of business. One trader said: “I wonder why South Africa has removed the visa, if it’s a way of trying to get rid of us then I’m sorry because that is not about to happen. If I have to get one Emergency Traveller’s Document from Bulawayo, another from Harare and yet another from Gwanda, I will do so. I cannot sit around and allow them to take my business away.” The same sentiments are shared by Banda (2009) who quotes a trader saying “…but as with everything else, we have learnt to beat the system. If it is not beating the system through some other daredevil means such as crossing the border illegally, it’s outright bribery”. It is therefore important for governments to work towards eliminating such illegal aspects of informal cross-border trade activities.
Although informal cross-border trade has been noted to be a viable economic activity some of the participants expressed concerns that being away from home for prolonged periods of time had the potential to break marriages and lead to dysfunctional families. This could probably explain the myth held by some Zimbabwean communities that informal cross-border traders are prostitutes who cannot sustain happy and healthy families (Muzvidziwa 1997:99)

Instead of focusing on formalising the informal sector it would be more beneficial for governments of developing countries to acknowledge the importance of the role played by the informal sector in their economies and seek ways of promoting informal activities. Relaxing economic regulations and allowing informal cross-border trade, as an activity of the informal sector, to benefit from the international trade tariffs that govern informal trade will help eliminate the negative effects of informal cross-border trade.

It can be noted in this report that the removal of the visa requirement for Zimbabweans resulted in increased informal cross-border trade activities. It eliminated costs and hurdles that were associated with visa application in the first period of my study. Chances of informal traders travelling illegally into South Africa were greatly reduced by this relaxation of laws. It can also be argued that this move also enhanced regional integration as it promoted freer movements of people, goods and services.

3. **Recommendations**

I suggest that the introduction of trading visa to all traders, not only to members of the CBTA, and the freer movement of people and goods across national boundaries will create an enabling environment for informal cross-border traders to grow their businesses and employ more people. Easy access of these visas will also encourage more people to join informal cross-border trade and supplement their incomes for better standards of living. This could however,
increase competition for current traders and would need traders to find new markets for their goods.

Relaxing immigration and trade laws to accommodate informal cross-border trade will eliminate the challenge of high duty fees for the traders. The traders will not risk having their goods confiscated at the border when they buy their goods in bulk. Officially recognising informal cross-border trade will reduce the need to bribe state officials, use of illegal routes to transport goods across the border and save the traders money and dignity. The illegal aspects of informal trade will be eliminated by taking the step of enabling informal trade to benefit from national and regional trade policies and tariffs (Peberdy 2002). Taking this step will also enhance the distinction between informal cross-border trade and criminal activities.

Future research can look at effects of South Africa's 'special dispensation' on informal cross-border trade between Zimbabwe and South Africa. Will traders grab this opportunity and get jobs in South Africa? Will informal cross-border traders get permits and continue trading or they will stick to their usual way of doing things and not bother getting permits? Will cross-border traders give up on the trade as soon as Zimbabwe stabilises economically and politically? My data collection ended soon after the beginning of the second period and did not capture most of what began to change after the formation of GNU in Zimbabwe and the resurrection of the formal sector. Given the highlights of the changes that were beginning to occur, it would be interesting for researchers to find out whether the determination and resilience revealed by informal traders during the first period of my study continued long into the second period or it was just motivated by lack of other options at that moment.
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