

REPORT ON

The impact of the
covid-19 pandemic on
Women cross border
traders in the kingdom
of eswatini

January 2021



Contents

EXECUTIVE SUMMARY	3
1. INTRODUCTION	4
1.1 Overview	4
1.2 Objectives	5
1.3 Scope of the work	5
1.4 Approaches and assessment	5
2. DESKTOP REVIEW	6
3. SURVEY FINDINGS	8
3.1 Demographic information	8
3.2 Profile of products, source of products and client profile	9
3.3 Trade profile	11
3.4 Impact of COVID-19 measures	14
3.5 Impact on turnover	16
3.6 Cross-border movement	16
3.7 Legal and regulatory framework	20
3.8 National initiatives	20
3.9 Awareness of any COVID-19 relief packages for MSMEs	21
3.10 Support needed from Government	21
3.11 Government interventions	23
4. CONCLUSIONS AND RECOMMENDATIONS	25

EXECUTIVE SUMMARY

Eswatini, like the rest of the world, has been severely by the COVID-19 pandemic. In response to the outbreak of the coronavirus Eswatini has taken measures such as closing borders to contain the spread of the virus. These border closures and similar measures taken by neighbouring countries have negatively affected the operations of small-scale cross-border traders whose main livelihoods depend on cross-border trade. This means many families have lost their main source of income.

This study focuses on the impact that COVID -19 and the restrictive measures have on women involved in cross-border trade in Eswatini. Fifteen women were selected to participate in the study. A desk review and interviews with the women highlights the nature of the cross-border trade with neighbouring countries, including the member states of the Southern African Customs Union (SACU). The interviews reveal that most traders engage with suppliers and with clients in South Africa and Mozambique. A key finding is that the implementation of restrictive measures by one country has an impact on neighbouring countries. This is a reminder of the importance of coordinated responses to crises that transcend national borders.

When asked about the challenges that they face at the border posts, the women who were importing their wares pointed out that the fees they paid to be paid to the customs administration were very high, particularly at the Oshoek/Ngwenya border post. The women who export their handicraft wares noted that they had to declare their goods using the services of a clearing agent, who charged them for the service. The women, whether they are importing or exporting, in general do not have access to the system to create a self-declaration. This confirms that more information about trade rules and procedures must be made available to women informal cross-border traders. The women indicated that they often resort to using informal crossing paths that may expose them to violence, harassment, bribes, high fines and confiscation of their merchandise if caught by border authorities. They also recounted experiences of sexual abuse and solicitation of bribes for entering or exiting the country in the conduct of their businesses. This was also the case during the pandemic, when the additional factor of close borders posed challenges to their businesses.

The women adopted various methods of coping with the effects COVID-19 had on their business continuity. Of the women, 66.6 per cent opted to use informal border crossings, since formal borders posts were closed, to ensure the survival of their businesses and families. Using these informal border crossings placed their and other people's lives at risk because, both in terms of contracting COVID-19 but also because of risks that they already encounter.

1. INTRODUCTION

1.1 Overview

Eswatini is a landlocked country covering an area of approximately 17 200 km², with a population estimated at 1 160 164 citizens. Eswatini is classified as a low-middle income country, having an estimated Gross Domestic Product (GDP) of US\$4.60 billion in 2019. The GDP is set to decline because of the decrease in the level of economic activity in the country. The cause of the decline may inherently be influenced by the mere fact that not all the stakeholders involved in the economy are actively participating in trade in goods.

The Micro, Small and Medium Enterprises (MSMEs), both formal and informal, contribute to the economy by increasing employment opportunities that alleviate poverty and hunger. Eswatini's unemployment rate in 2019 was 22.08 per cent, reflecting a 0.28 per cent decline from 2018. The youth unemployment rate in 2019 increased by 0.31 per cent and the labour force participation rate declined by 0.28 per cent in the same year. Approximately 78 per cent of the country's population resides in the rural areas and 22 per cent in the urban areas. The main urban areas are Mbabane (administrative capital) and Manzini (the commercial hub) where most of the commercial activities take place. The growth in both Mbabane and Manzini is mostly informal because most of the households live in unplanned and informal settlements.

The proportion of people living in poverty remains very high: 58.9 per cent of the rural population lives below the national poverty line (living on less than US\$1.9 a day), with 20 per cent considered extremely poor. With 26 per cent of the adult population infected, Eswatini has the highest rate of human immune virus (HIV) prevalence in the world. Women are disproportionately affected, with 35 per cent living with HIV, compared to 19 per cent of men.

Women in informal cross-border trade actively participate in the following three common categories to conduct their businesses:

- informal trade whereby the business is not registered as per the domestic regulatory requirements and operates completely out of the formal economy
- formal trade whereby the business is registered but the business operator ensures that they fully evade border and trade related regulations by not using the formal designated routes to enter or exit the country during their course of business
- formal trade whereby the business is fully registered but in this case there is partial evasion of

border and trade related regulations such that the business operator under-declares and or under-values their consignment.

Eswatini, like the rest of the world, has been affected by the pandemic. The outbreak of the coronavirus (COVID-19) has forced some countries to take measures such as closing borders to contain the virus. Border closures and several COVID-19 restrictions have negatively affected the operations of small-scale cross-border traders whose livelihoods depend on cross-border trade. This means many families, whose source of income is generated from cross-border trading, have lost their income which supports their families and services their transport loans (for the transport operators).

1.2 Objectives

This study aims to establish the impact of COVID-9 on women cross-border traders.

1.3 Scope of the work

Fifteen women cross-border traders were interviewed in this survey focusing on the products traded, demographics, methods of payment and customs formalities.

1.4 Approaches and assessment

The research was conducted using several conventional and unconventional tools. This was done via random sampling to solicit information using a questionnaire in a structured interview. For ethical reasons the women were informed of the main objective of the interview and how the information was then to be used in the regional study on the impact of COVID-19 on women in cross-border trade.

1.4.1 Collection of data

- The data used in this study was collected through the use of both primary and secondary data research methods. Fifteen women who are members of the Eswatini Informal Cross-Border Trade Association called Phandzela Umntfwana, an affiliate of the Coalition of the Informal Economy Association of Eswatini (CIEAS), were interviewed and requested to participate in a formal setting to fill in a survey questionnaire. It was during that session with the focused group that interviews were conducted to gather more information. During the interviews it was observed that the women were reluctant to respond to a number of the

questions posed to them, mostly those that related to their clientele profile which required them to state the number of clients they had, their client's gender profile, payment methods, communication methods and if they kept any business records.

- That said, technology and social media were employed to uncover the information. On the Facebook application there are a number of groups which exist on which a number of the women advertise to sell their wares at an average of price of E500.00. The women who use the Facebook application to sell their wares sold predominantly household goods, shoes, clothes, bags and sneakers which are either branded or not branded. It was also unearthed that most of the women who use the application are between 20 and 35 years of age and communicate with their clients either through the application, short message system (sms) or WhatsApp. Those who were duped into believing that the person who they were conversing with was a legitimate buyer requested the buyer to deposit a payment of 50 per cent or more, at times the full payment. The payment methods that they accepted were either through the varied banks' electronic payment system, Swazi Mobile, or Swazi MTN mobile money application.
- A number of journals documenting previous studies and related articles on Informal Cross-Border Trade were also used to inform the research study. There is minimal work done on the study of the impact COVID-19 had on the women in cross-border trade in Eswatini and across sub-Saharan Africa.

2. DESKTOP REVIEW

Informal cross-border trade contributes significantly to economic growth although their activities are not well documented given their informal nature and sectoral disparities. Over the years, informal cross-border trade has provided significant support for many women in Eswatini. Women involved in cross-border trade do not only boost the economy in an informal manner, but they ward off poverty and food shortages for their immediate and extended families. These women are mainly from the semi-rural and rural areas where there are limited job opportunities and most of these women have not undergone any formal education.

Eswatini is mostly surrounded by South Africa and relies heavily on import goods from that country. An estimated average of 95 per cent of goods imported into Eswatini is directly sourced from South Africa and the rest from other African countries and outside Africa. Eswatini's currency, the Lilangeni (SZL) is pegged to the South African Rand (ZAR) and its economy heavily relies on the Southern African Customs Union (SACU) revenue which is derived from the collected customs duties remitted to the SACU revenue pool.

Eswatini also shares borders with Mozambique, which is not a SACU member. Goods imported into Eswatini from Mozambique are levied customs duties which is the SACU common external tariff. Trade between Eswatini and Mozambique is conducted under the Southern African Development Community (SADC) Trade Protocol. Goods imported into Eswatini or exported to Mozambique which are produced in either of the countries are to be accompanied by a SADC Certificate of Origin.

Figure 1: The map of Eswatini reflecting South African and Mozambican borders



Source: <https://www.google.com/search?q=eswatini+tourist+maps+with+borders&tbm=isch&ved=2ahUKEwioneyg1LjtAhVHpBoKHWQ4DK8Q2-cCegQlABAA&oq=eswatini+tourist+maps+with+borders>

The Swazi women in informal cross-border trade voluntarily or involuntarily do not comply with the formal border management requirements. Eswatini women cross-border traders use Mhlumeni/Goba and Lomahasha>Namaacha border posts to access the Mozambican market and Mananga, Ngeweya/Oshoek, Lavumisa/Golela and Mahamba border posts to access the South African markets. To source their wares from the South African market they use mainly Durban, Johannesburg and Pretoria malls which sell goods at very low prices. On the other hand, second-hand clothes and shoes are sourced from the Xipamanine market and Beira in Maputo.

During the COVID-19 pandemic, there was an increase in the use of the informal border crossings due to the travel restrictions imposed on the cross-border travellers, including women in cross-border

trade. While the governments of both Eswatini and South Africa allowed essential cross-border travels in the early stages of the lockdown that decision later reversed due to the frequency of the travel by the informal traders. The restrictions were influenced by the fact that cross-border women traders were sourcing or selling their wares at identified COVID-19 hotspot areas in South Africa, posing a health risk not only to themselves but to the entire logistics chain.

When COVID-19 was at its peak and the lockdowns were implemented the cost of having a COVID-19 test was E50.00 for those who showed COVID-19 symptoms including their contacts. Therefore, cross border traders were able to be tested at the E50.00 minimum fee to continue with trade regardless that the certificate was not a requirement for cross border trade. In Eswatini there are approximately 220 health facilities and 15 laboratories, with only one laboratory setup to conduct COVID-19 tests. However, the two private laboratories did provide for COVID-19 tests at a higher rate from the onset. Now that operations are being eased, the women were optimistic that they will be able operate their business optimally. However, the costs associated with acquiring a COVID-19 test certificate have proven to be a burden in cross-border trade. Their main concern is the fee associated with testing for COVID-19.

3. SURVEY FINDINGS

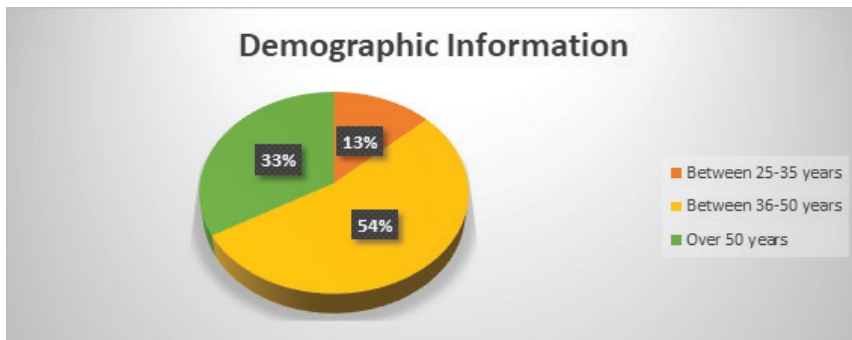
3.1 Demographic information

Eswatini has a robust handicraft industry which empowers women across the Kingdom. Every Wednesday and Thursday, women from the informal sector assemble in Manzini (at the Satellite Bus Rank) to produce, showcase and sell a wide range of products. With the recent opening of the Manzini Trade Hub, which was commissioned by Her Majesty the Queen Mother Indlovukazi of Eswatini, the women will now have a decent place to showcase their wares and will also be provided with boarding facilities at a subsidised fee. The wares include handicrafts, imported clothing, imported shoes, traditional attire, traditional medicines, plastic ware, ceramics and jewellery, among others. Their skills have earned them a reliable income as well as attracted tourists and counterparts across the globe. Several organisations such as the National Handicraft Training Centre, Gone Rural and Tintsaba Craft work with the women assisting them to sell their wares internationally. These wares are mainly traded South Africa, Zimbabwe, Botswana, Lesotho, Namibia and Mozambique.

The women involved in cross-border trade who were randomly interviewed ranged in ages: 25–35 years, 36–50 years and 50 years and above. The survey revealed that 13 per cent were between the ages of 25 and 35 years, 54 per cent were between ages 36 and 50 years, and 33 per cent are

over 50 years of age. For the purposes of the research, the majority of informal cross-border traders are between the ages of 36 and 50 years due to the prevalence of unemployment, which has compelled women to engage in informal cross-border trade and partly due to their low educational background.

Figure 2: Demographic information/age for women cross-border traders in Eswatini



Source: Author's data interpretation (2020)

3.2 Profile of products, source of products and client profile

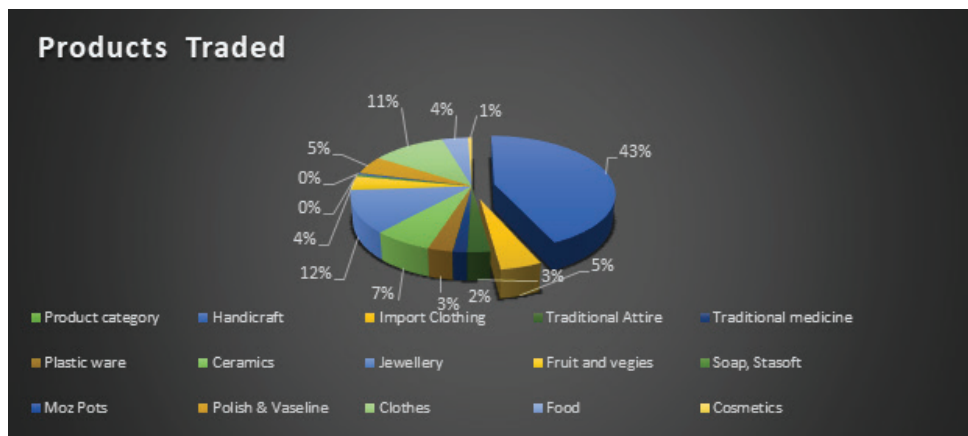
3.2.1 Nationality, gender and number of traders

Approximately 2 000 traders utilise the Manzini Satellite Bus Station every Wednesday and Thursday. The majority of these traders are women (95 per cent) and only 5 per cent are men. These traders are of different nationalities including Swazi, Mozambican, Kenyan, South African, Malawian and Tanzanian who mostly reside in Eswatini. An average of 99 per cent of these traders are local citizens.

3.2.2 Products traded

The products traded by these traders include mainly handicraft, imported clothes, traditional attire, traditional medicines, plastic wares, ceramics, jewellery, fruit and vegetables, pots, candles, cosmetics and food stuffs as seen in Figure 3 below.

Figure 3: Products traded by women cross-border traders in Eswatini

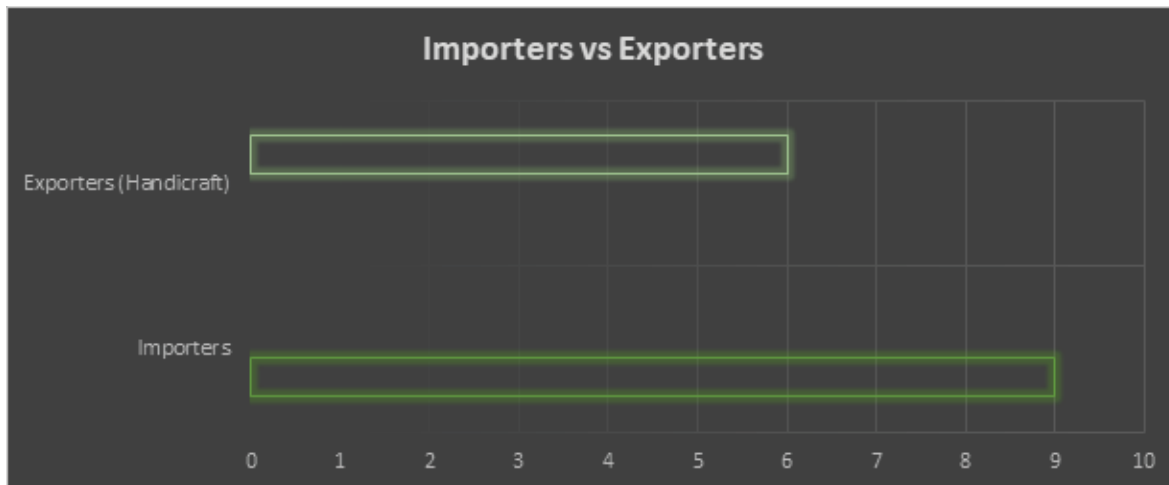


Source: Author's data interpretation (2020)

Traders involved in the importation of textile and clothing, and of used clothes and shoes reported that their residence is in the semi-urban location where they can ply their trade and take advantage of densely populated townships and cities such as Manzini and surrounding areas. Women in the textile and clothing trade need to be closer to their clientele. Handicraft exporters reported that they reside in the rural areas because they source their raw materials from the vicinity of their place of residence or nearby local regions and manufacture their products at home.

The COVID-19 pandemic has exposed that most of the women who are involved in cross-border trade do not have any financial back up mechanism to revive their businesses because 95 per cent of the women do not have any form of business insurance to protect their businesses from sudden or unforeseen losses. The major exporters in this particular sector are women in the handicraft sector and the importers are those in the clothing and textile sector.

Figure 4: Information on interviewed women who import and export in Eswatini



Source: Author's data interpretation (2020)

3.3 Trade profile

The survey revealed that at least 20 per cent of women cross-border traders are trading handicraft products and they source their raw materials nationally from within the four regions in the country.

Figure 5: The Map of Eswatini with the four regions



Source: <https://www.mapsofworld.com/swaziland/swaziland-political-map.html>

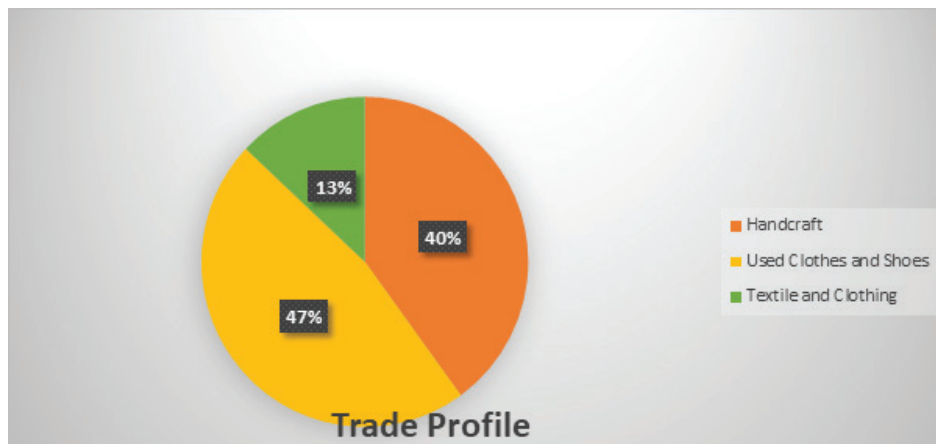
About 60 per cent comprise of traders in the second-hand clothing and shoes business who largely rely on sourcing their raw materials internationally mainly from Mozambique and Durban.

Women cross-border traders in the textile and clothing business demonstrate a big dependence on sourcing their raw materials internationally, namely from Mozambique.

Heavy reliance on the importation of goods for sale or raw material negatively affects business operations of the cross-border traders due to the prolonged cross-border restrictions, resulting in business closures.

The informal cross-border trade is also affected by the non-classification as essential services during the lockdown. When partial lockdown was introduced in March 2020, informal traders were not classified as essential services and therefore were not allowed to conduct business, resulting in the loss of income and livelihood. The government could not provide financial assistance to informal cross-border traders.

Figure 6: Trade profile for interviewed women in cross-border trade in Eswatini



Source: Author's data interpretation (2020)

The interviews revealed that the goods in table 1 below shows the most traded goods by the informal cross-border traders. The products comprise a combination of raw and finished products.

Table 1: Comprehensive trade profile for women in cross-border trade in Eswatini

Import	State	Export	State
Clothing	Finished	Sisal handcraft	Finished
Dyes	Raw	Wood craft (umgcwembe & dragon mask)	Finished
Cotton and sisal thread	Raw	Dried flower	Finished
Animal skins and leather	Raw	Traditional attire	Finished
Painting handcraft	Finished	Sisal petroleum jell	Finished
Jewellery	Finished	Leather craft (shoes, sandals, key holders)	Finished
Fabric material	Raw	Wood and plastic baskets	Finished
Traditional attire	Finished	Soap stone craft	Finished
Mozambican pots (three legged pots)	Finished	Jewellery	Finished
Cosmetics	Finished	Traditional medicine (imphepho)	Finished
Beads	Raw		

Source: Author (2020)

3.4 Impact of COVID-19 measures

Eswatini's COVID-19 related regulations were enacted in mid-March 2020. The initial the regulations were not restrictive. The Ministry of Commerce, Industry and Trade implemented partial lockdown regulations. Women in cross-border trade would get authorisation from the Ministry in the form of a letter containing the company name (the lot number used in the place of trading) and those who belonged to a formal organisation would be represented by the leaders' application process to cross the border to engage in their normal areas of trade.

During an interview with an official at the Ministry, it was disclosed that during a meeting with the South African Immigration Officials at the Oshoek border post, the South African Immigration Officials informed the Eswatini Government Officials (which included the Director MSME who is responsible for mitigation for business initiative measures during the COVID-19 pandemic and the Ministry of Foreign Affairs and International Co-Operation) that the women involved in cross-border trade would be barred from entering South Africa because the areas where they sourced and/or sold their wares were deemed to be COVID-19 hotspot areas. In addition to that, they indicated that their concern was that it would be difficult to conduct contact tracing should it be discovered that any of the women were infected with COVID-19, hence the introduction of limiting the numbers allowed to cross the border to source goods to only truck drivers and two traders.

Other suggested options were that suppliers from South Africa were to transport the goods to the border in a truck where the traders would receive them in cases such as vegetables and fruit. For clothing and textiles, the option was that a few traders, known as runners would travel and purchase for the group and that was to be done at a fee for each purchase.

All these restrictions shifted the focus of cross-border traders to consider informal crossings to source and sell their goods in the neighbouring countries as depicted in Table 2 below:

Table 2: Implemented COVID -19 regulations/measures in Eswatini and South Africa

COVID-19 Regulations	
Eswatini	South Africa
On 17 March 2020 a State of Emergency was declared in the Eswatini with immediate effect for a period not exceeding two (2) months under section 29 of the Disaster Management Act 2006, having assessed the magnitude and severity of the outbreak of the COVID-19.	On 15 March 2020, South Africa declared a National State of Disaster in terms of the Disaster Management Act.

On 27 March 2020, lockdown measures were implemented.	On 23 March 2020, the President announced a national lockdown, initially for 21 days.
On 2 April 2020, it was announced that South Africa has imposed further restrictions on their trade regulations and will, therefore, not accept any trade in non-essential goods. However, public transport and cross-border trade transport will operate under the guidelines that Government has issued. For cross-border transport, this will be restricted to essential services as defined in Eswatini, South Africa and Mozambique.	On 24 March 2020, Minister of Trade, Industry and Competition, Ebrahim Patel, announced the Government's intervention measures on coronavirus via a media brief focusing on South African trade with neighbours. The intervention established that South Africa will take all steps to keep open trade links with neighbours to ensure that we have food-supply across the region and that we come through this together as neighbours. The controls on movement of people will not affect the movement of goods across borders with our neighbours.
On 3 April 2020, a further announcement was made on the issuance of permits for Eswatini essential industries.	On 26 March 2020, the Minister of Transport in South Africa issued measures to address, prevent and combat the spread of COVID-19 in the cross-border road transport in Art. 5 prohibiting the provision of cross-border road passenger transport for the duration of lockdown but allowed the cross-border freight movement to continue to and from our neighbouring countries.
On 15 April 2020, the Prime Minister announced the COVID-19 strategy on how the country will handle discovered cases of the virus and how people are to conduct themselves to avoid contracting the virus.	On 27 March 2020, DTI released Export Control Regulations which required a trader importing essential consignments to acquire a permit prior to them being despatched out of the South African territory.

It is during these press statements that the issue on cross-border trade was discussed in Eswatini and was clearly stated that, 'this will continue as normal'. However, the Ministry of Home Affairs shall advise in the instance of individual informal cross-border trade. With regards to the informal sector, the Prime Minister acknowledged the challenges that were to be faced by all informal traders by saying 'We are aware that the informal sector shall be hardest hit by these developments. We shall, therefore, be working with municipalities to ensure that the situation is managed amicably. Those who want to work are advised to observe the safety precautions as stipulated'.

3.5 Impact on turnover

Out of the 15 women interviewed, all of the traders who participated in the survey have reported that their turnover had been reduced by over 50 per cent. The decline in revenue turnover is directly linked to the reduction of their customer base by over 50 per cent which was caused by strict lockdown rules, forcing them to close shop and limit the traffic of customers to their businesses at their designated areas of business, the Manzini Satellite Bus Rank.

3.6 Cross-border movement

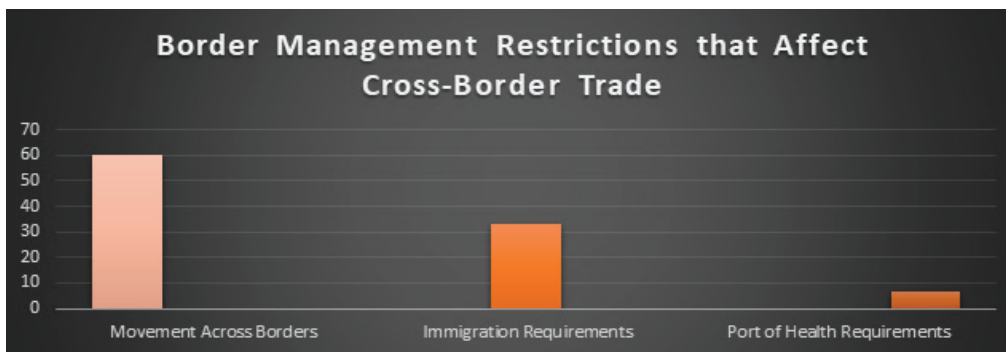
When cross-border lockdown restrictions were eased by the South African government on 1 October 2020, the damage had already been done to the women's businesses because they could not keep the stock of their wares for resale or source raw materials for production in a legitimate manner. At least 95 per cent of the women reported that the travel restrictions affected their trade and with borders open they are compelled to have a COVID-19 test certificate with them when crossing the border. Individuals are charged E850.00 to test for COVID-19 if they want to travel for their business activity.

The women also pointed out a number of challenges they faced regarding customs and border management. All the cross-border traders who export handicraft reported that there were high costs associated with the declaration of their goods because they had to use the services provided by clearing agents situated at the border. On condition of anonymity a clearing agent confirmed that they charge each exporter E200.00 per declaration for both Eswatini and South Africa. The reason the export declarations are prepared is that it is the only way that cross-border traders can be cleared to enter into South Africa with their wares. The invoice value of the goods inserted in the declaration is an estimated value and should there be any goods not sold the traders report their wares and are allowed to cross the border into Eswatini.

The results from the information disclosed by the women confirmed that there are major impediments faced by the cross-border traders apart from the COVID-19 restrictions. Sixty per cent stated that moving across the borders was challenging due to constantly changing immigration requirements, which caused cross-border movement delays and to port of health requirements, which would deny them movement to their destination if they did not have a letter from the Ministry of Commerce, Industry and Trade and currently the COVID-19 test certificate. However, it was indicated that the Customs Administration did not pose any major problems regarding their movement provided they complied with the customs requirements at the respective ports of entry.

Categories classified as essential services, such as truck drivers, were only required to produce the letter from the Ministry of Commerce, Industry and Trade to be allowed to enter South Africa, no COVID-19 test certificate was required.

Figure 7: COVID-19 border management restrictions that affect women in cross-border trading in Eswatini

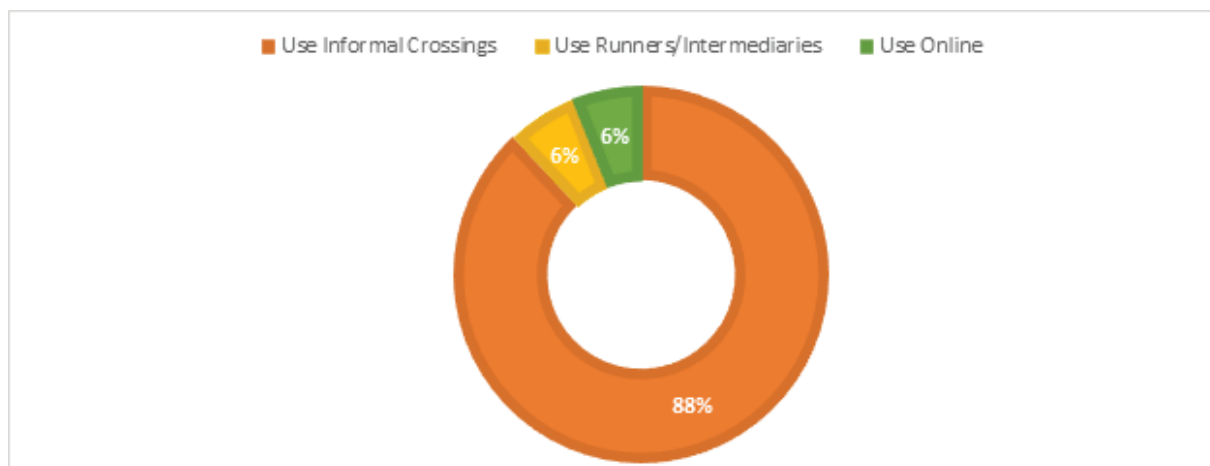


Source: Author's data interpretation (2020)

Due to the COVID-19 pandemic, the traders acknowledged that they do use informal crossings to gain access to countries where they would either buy or sell their wares to alleviate poverty. Another current trend is the use of runners (intermediary) who are given money to cross the border, or the money is sent to a foreign individual to source the varied consignments on behalf of the other women and import them back into the country using a courier service and then distribute them to the owners. The goods are declared by the courier on behalf of the runner as theirs at the port of entry however, it is inevitable that some of the consignment brought in by a runner is smuggled into the country.

The lack of simplified and harmonised border controls was also reported by the women such that they opted to make use of the informal border crossings. The women claimed that the constant changes that were implemented without them being engaged through their organisations prior to their implementation. Considering all the surrounding circumstances and the negative impact COVID-19, including the cost to get a COVID-19 test done, has had on their businesses, the traders are adamant that they still want to continue to carry out their informal cross-border trade activities in order to sustain their livelihoods.

Figure 8: COVID-19 cross-border mitigation measures utilised by women in cross-border trade in Eswatini



Source: Author's data interpretation (2020)

About 98 per cent of the traders reported that they had not travelled formally for business since the COVID-19 pandemic travel lockdown restrictions were implemented. They revealed that they used to travel for business at least once in a week or once a month before the pandemic. It was also ascertained that the majority of the handicraft cross-border traders mostly use the Ngwenya/Oshoek border post to exit the country, whereas with the traders in the used clothing and shoes, and textile and clothing sector, the former mainly used the Lomahasha and Mhlumeni border posts and the latter used the Lavumisa/Golela and Ngwenya/Oshoek border posts.

The women involved in cross-border trade formed associations which are formally recognised and seek to represent the women in various sectors that may affect their businesses. However, not all the women are members of the various associations, they are not forced to participate, it is rather a matter of choice. The following are the existing formal associations:

- Phandzela Umntfwana
- Liphupho LeMhlekazi (The Queen Mother's Dream Association)
- Coalition of Informal Economy Association in Eswatini
- Leather Crafts Association

- Sive Lesinebunye (The Nation Built in Unity) Apex Body.

These women advised that there were a lot of opportunities in terms of handicraft markets outside the borders, especially in South Africa and Botswana, which could be exploited if economic integration with other African regions would be supported. Therefore, consideration on technological advancement needs to be addressed to be able to reap optimal benefits under the trade-in-services sector for cross-border movement of goods and persons traded by informal traders under the African Continental Free Trade Area (AfCFTA).

Eswatini has developed a Strategic Roadmap for Economic Recovery (2019–2022) which supports the National Development Strategy (1997–2022) for the implementation of the COMESA Simplified Trade Regime (STR) as well as the Trade and Transportation Facilitation instruments for the Small-Scale Cross-Border Traders (SSCBT). The Roadmap is under consideration by senior management in respective ministries and institutions in the country.

The Roadmap and related instruments were developed during a sensitisation workshop on implementation of the tools under the COMESA EDF11-Cross-Border Trade Initiative (CBTI) conducted virtually from 1 to 2 September 2020. The CBTI workshop was held to create awareness amongst Eswatini stakeholders on the need to formally adopt the STR and other COMESA trade facilitation instruments to facilitate SSCBT flows between selected borders.

Emphasis should be on the importance of small-scale cross-border trade and addressing the challenges that SSCBTs face in conducting their businesses noting that the MSME sector contributed to incomes and livelihoods. There is also a need to develop instruments that will ease the way small-scale cross-border traders do business.

Regional trade facilitation instruments must enhance the trade environment not only for the women but for government as well because it would make it easier to gather data which can be utilised to formalise this sector. Once formalised, the challenges faced by the women will be easily identified and it will allow them a voice which will enable the creation of policies that may improve the ever present challenges faced by the women which may include inter alia economic inclusion and development and protection from abuse from the various supply chain sectors that they encounter during cross border trade through the implementation of appropriate policies and strategies that will solely focus on the Women in cross-border trade.

3.7 Legal and regulatory framework

The World Trade Organisation Trade Facilitation Agreement promotes simplification and harmonisation of customs procedures which should also be transparent and made known to enhance voluntary compliance and improve the efficiency in the trade supply chain. The United Nations Sustainable Development Goals, particularly goals 1, 2, 5, 8, 9, and 10 place emphasis on the economic and social inclusion to alleviate poverty in line with gender equality. Therefore, these instruments, if adequately implemented, would significantly improve the livelihood of the women.

3.8 National initiatives

The government of Eswatini has contributed immensely to ensuring a vibrant and growing industry for women and girls without formal employment through a number of initiatives including the National Development Strategy (NDS) which advocates for poverty alleviation, job creation, gender equality, social integration and economic empowerment, as well as the promotion of women through the development of enabling policies, legislation and national plans.

Other government initiatives include the promulgation of the Citizens Economic Empowerment Bill, which seeks to promote economic empowerment, gender equality in accessing, owning, managing, controlling and exploiting economic resources, as well as equal opportunities for targeted citizens.

The MSME sector is the source for long-term prosperity for the country and the Government seeks to intensify action and remove all barriers to this sector's development. One of the strategic pillars for the MSME National Policy of 2018 is to define the informal sector which seeks to put in place enabling policies and strategies.

The Customs border controls regulating cross-border movement of traded goods including those imported or exported by informal traders and commercial traders are treated differently. Women who import their wares for re-sale do not the electronic self-declaration used by commercial importers which is in the ASYCUDA World system, instead they use a combined declaration to declare their consignments upon return which is a manual procedure. The combined declaration captures the name of the importer, passport number and the value of the goods. Once the value of goods exceeds E1000.00, the woman is expected to pay value added tax for the excess. Women involved in cross-border trade importing from the SACU region are also expected to pay 15 per cent value added tax (VAT) at the ports of entry which are shared with South Africa.

However, goods imported from Mozambique will pay both Customs Duty and value added tax

upon entry at the ports of entry shared with Mozambique. The model of declaration utilised by the women importing goods for resale, is system based it is captured on ASYCUDA World.

It is also worth noting that to encourage voluntary compliance, travellers (returning residents) arriving from South Africa who purchase their wares from VAT registered companies in South Africa are not expected to pay import tax at the designated commercial ports of entry shared with South Africa. The informal trader is only expected to produce a valid tax invoice from South Africa, on which the following must appear:

- the words 'Tax Invoice' or 'VAT Invoice'
- an invoice number and date
- the name and address of the South African vendor
- the vendor's South African VAT Number
- a clear description of the goods purchased, and the price charged for each
- the VAT amount or rate (in %) charged to the purchaser
- the Eswatini importer's name and address for invoices in excess of E5 000.

Invoices in excess of E10 000.00 must have proof of payment. This facility is solely reserved for Swazi residents and is not applicable to all members in the SACU region. The other remaining SACU member states will be expected to pay import VAT and those who do not belong will be expected to pay customs duties for their imported wares purchased from countries that are in the RECs with Eswatini, then preferential trade rules will apply.

3.9 Awareness of any COVID-19 relief packages for MSMEs

Out of the 15 interviewees, all of them concurred that they were aware of some relief packages targeted especially to them as informal traders, but none of the 15 participants had received relief assistance in this regard.

The women clearly stated that they prefer cash payment over any other form of payment. All the cross-border traders have expressed that the common bottleneck they are facing at the moment is access to finance, with one trader expressing the issue of access to finance and markets simultaneously.

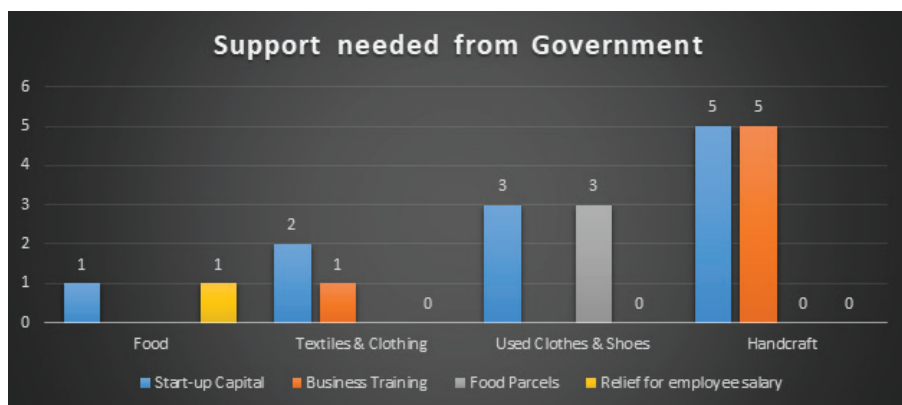
3.10 Support needed from Government

During the interview the participants voluntarily included other necessary support needed by

small businesses in the country, this included start-up capital for reviving their businesses, business management training with specific reference to post COVID-19 recovery, and the provision of food parcels for them to feed their families (especially the traders in the used clothing and shoes sector).

This informal sector, which deals with cross-border trade, also requested that the Government subsidise the COVID-19 test to assist their businesses to recover because they have every intention of continuing with their businesses.

Figure 9: Indicated support required from Government by women in cross-border traders in Eswatini



Source: Author's data compilation (2020)

When responding to the question on the challenges that they face when they are at the border post, the women who were importing their wares pointed out that the fees they paid at the border to the customs administration were very high, particularly at the Oshoek/Ngwenya border post. The women who export their handicraft wares decried that they had to declare their goods using the services of a clearing agent, who charged them for the service. The women, whether they are importing or exporting, in general do not have access to the system to create a self-declaration.

It was also observed that the women involved in the trade of used clothes and shoes did not indicate that they required any form of business training. This revelation is concerning because women engaging in informal cross-border trade often lack access to information on trade rules and customs procedures and suffer from weak entrepreneurial capacity. The women are then compelled to utilise informal crossing paths that may expose them to violence, harassment, bribes, high fines and confiscation of their merchandise if caught by border authorities.

The women adopted various methods of coping with the effects COVID-19 had on their business continuity. Of the women, 66.6 per cent opted for informal border crossings to ensure the survival of their businesses and families. Using these informal border crossings placed their and other people's lives at risk because they may contract COVID-19 due to not taking the necessary precautions. They may also be subjected to sexual abuse and solicitation of bribes for entering or exiting the country during their business ventures. It also has an impact on revenue collection because the duty on wares being imported into the country are not collected.

3.11 Government interventions

A government subsidy of E650.00 towards the E850.00 cost for a COVID-19 test is being provided to informal traders who conduct cross-border trade. Therefore, informal cross-border traders pay an amount of E200.00 for the test. Given that movement across borders is still restricted, only 200 traders are tested and allowed to cross the border per week, at staggered intervals during the week and on a regional rotational basis. An estimated 2 000 traders travel in one week for cross-border trade under normal circumstances hence this arrangement allows only 10 per cent of traders to conduct their cross-border business per week. Although it is a commendable effort, from a business point of view the impact is significant as more traders will resort to informal crossing. This can be confirmed by border enforcement agencies arresting an average of 40 traders a day, issuing E500.00 fines for illegal crossings per trader..

Since the main constraint for all the cross-border traders is accessing finance, the main support needed by these traders is in the form of business grants and short-term finance. Government has since launched a Micro, Small and Medium Enterprises Revolving Fund which is valued at E45 million to assist traders with working capital to restock and get their businesses on track. The conditions are that formal businesses will be charged an interest rate of 5.5 per cent per annum and informal traders will be charged an interest rate of 0.5 per cent on business loans of up to E5 000.00 for a period of 12 months. These business loans will be disbursed through the Eswatini Bank which will require that borrowers open an account with the bank – this condition might be a hindrance to accessing the refinance fund.

The government, through the Ministry of Commerce, Industry and Trade, is also operating a scheme with FINCORP which provides loans of up to E5 000.00 with interest at 0.5 per cent targeting informal cross-border traders; this is currently being rolled out in the Manzini city with the hope to extend it to other regions. The scheme is valued at E3 million and government has pledged to recapitalise it with an additional E4 million during the COVID-19 pandemic period. To date, over 200 traders have benefited from the scheme and the default rate even during this pandemic period is still above 80

per cent.

On another front, there is the Rural Development Fund which aims to assist communities with projects aimed at the development of the informal sector through various trade. Even this fund is not fully utilised due to complex and unclear procedures of access.

The government of Eswatini has also partnered with The Republic of Taiwan on a capacity building project for microfinance focusing on grassroots women in Eswatini. The project entails providing capacity building for women entrepreneurs and Micro-Finance Institutions (MFIs) in order to provide synergies on how these MFIs can extend their financial services to grassroots women entrepreneurs in Eswatini. It will provide customised training, IT systems and introduce new financial technology and business operational efficiency through mentorship.

Government, through the Public (Coronavirus – COVID-19) Regulations 2020, regulates the movement of cross-border travel under Part III Regulation 19. The Regulations stipulate that 'traveling in and out of the Kingdom of Eswatini as non-essential travel is discouraged'. It is on this premise that the government of Eswatini will determine essential travel for informal cross-border traders who will eventually benefit from the COVID-19 test subsidy. This is in light of Regulation 19 (3) which states that 'a person who intends to enter or exit the country shall – a) produce COVID-19 negative results taken seventy-two (72) hours prior to travel; and b) be subjected to screening'. A trader failing to comply with stipulated requirements set out in Regulation 19 (3) and/or presenting with any COVID-19 symptoms will be compelled to undertake a COVID-19 test at the point of entry, at their own cost. It is normal that the person attempting to gain access into any country will be denied entry if failing to meet these requirements and be told to return to their country of residence. It is noteworthy, that Port of Health Officials are tasked with overseeing the movement of persons entering the country as opposed to managing both aspects.

4. CONCLUSIONS AND RECOMMENDATIONS

The COVID-19 pandemic has changed the entire supply chain in global, regional and domestic trade. The rules of trade must and will change to suit the prevailing global socio-economic conditions which may include being always required to produce a valid certificate declaring the traveller COVID-19 negative every time a person travels. This could also be viewed as a non-tariff barrier mainly for the women in cross-border trade because the requirement would prove to be costly for them.

As the anticipated levels of integration in the African continent seek to boost regional value chains and economic development through intra-Africa trade, there are some issues that require serious considerations such as how the women get to learn how to use technology to improve their productivity while reducing costs. Another issue that needs to be addressed is WTO General Trade in Services Agreement mode of supply four (4), the presence of natural persons. This mode specifically covers for professionals providing a service or who work for a service provider that exists in another country and does not cater for the movement of persons who enter into a country to provide a service which may be viewed as anti-competitive and disadvantage citizens, specifically the women in cross-border trade.

The recommendations may vary from one country to the next depending on their level of economic power and political will to assist the women in cross-border trade. The following may be applied:

1. Classification of informal cross-border traders as essential by invoking Regulation 14 of the Disaster Management Regulations of 2020 which states that, 'the Minister in consultation with the Minister responsible for commerce shall prescribe essential industries which may continue to operate from time to time'. Provision needs to be made to have informal cross-border trader's benefit from the classification to continue with normal business operations.
2. Establishment of a national COVID-19 cross-border business committee to monitor and advice on cross-border trade with emphasis on informal cross-border traders. This is because large corporations have enough resources to ensure that their operations are not disrupted during lockdown periods and the majority enjoy the status of being essential services.
3. The creation of a single formal organisation that represents the women in cross-border trade which should play an active role in ensuring that their members are provided with a fall-back mechanism in terms of funds by extending assistance in loans or also subsidising their transport fees or COVID-19 test fees. This ensures continuity in the vibrant industry.
4. The facilitation of constant engagements and awareness sessions on regulatory and compliance

measures by all relevant public and private stakeholders to ensure the women in this industry can raise their concerns and that these concerns are catered for when changes are implemented. This creates a sense of ownership because they are able to discuss what could benefit their industry at grassroots levels.

5. Industry and the creation of tax incentives which are crafted to suit the women in this industry. This will also enable Government to collect accurate statistical data concerning women in informal cross-border trade, so that their needs can be easily identified and incorporated into the development policies.
6. Informal cross-border traders be part of the supply chain for the supply of protective clothing by sourcing raw materials for manufacturers of face masks.
7. The adoption and implementation of Pillar 2 – Customs-to-Business of the World Customs Organisation Safe Framework of Standards which requires customs administrations to create relationships with the private sector business to ensure a safe and secure supply chain. These relationships should include the informal economy and not only be provided for multinational companies.
8. The Ministry of Home Affairs and the Ministry of Commerce, Industry and Trade should cross-collaborate on creating a policy which will ensure trade and migration compliance. Non-residents create unfair competition for informal traders who are legitimate residents. The women traders who are non-residents particularly in the second hand or used clothing and shoes sector import bales of clothes from the country of residence being Mozambique and sell them in Eswatini for lower price. This is due to the fact that the bales are sold to the Mozambican nationals at lower prices at source and the same does not apply for Eswatini Nationals. The rules of trade should be applied in such instances such as having a valid trading licence for non-residents who are in this particular sector because the goods are not produced in Mozambique by their nationals. Article 18 of the SACU Agreement allows for countries to maintain their own national laws which are to be complied to.