

SADC STR Implementation



ABSTRACT

The Southern African Development Community's (SADC) Regional Indicative Strategic Development Plan (RISDP) 2020–2030 draws impetus from the organisation's Vision 2050, which envisages “a peaceful, inclusive, competitive, middle- to high-income industrialised region, where all citizens enjoy sustainable economic well-being, justice, and freedom”. The strategic framework informing RISDP 2020–2030 includes a commitment to upholding the core principles of the Community, namely, the sovereign equality of all Member States; solidarity, peace, and security; human rights, democracy, and the rule of law; equity, balance, and mutual benefit; and the peaceful settlement of disputes. Building on this, the organisation's Mission 2050 connects RISDP 2020–2030 to the aspirations of SADC Vision 2050, by resolving to “leverage areas of excellence and implementing priorities to achieve sustainable and inclusive socio-economic development, through good governance and durable peace and security in the region as well as the removal of all barriers to deeper integration; and guided by the purposes and principles of the SADC Treaty and Agenda”.

The movement of goods and services in the SADC region has been increasing and trade facilitation is an important mechanism to create a better trading environment. It is estimated that 70 percent of small-scale traders in the SADC region are women who face several challenges in conducting cross-border trade. Implementation of trade facilitation programs such as the simplified trade regime is becoming more critical in the SADC region. Reducing barriers to trade and high transaction costs could yield significant positive results.

This case study will focus on the possibilities of implantation of the simplified trade regime (STR) which is already implemented in COMESA and three of the SADC countries namely Malawi, Zambia, and Zimbabwe.

The main aim of the study is to assess the impact of trade facilitation performance using the case of the Common Market for Eastern and Southern Africa (COMESA) Simplified Trade Regime (STR) and the assessment of the impact of STR in Zambia, Malawi, and Zimbabwe.

ABBREVIATIONS

COMESA – Common Market for Eastern and Southern Africa

EAC - Eastern and Southern African Community

PACRA - Patent and Company Registration Agency (Zambia)

SADC - Southern African Development Community

STR - Simplified Trade Regime

SACBTA- Southern Africa Cross Border Traders Association.

TIDO - Trade Information Desk Officer

WTO - World Trade Organisation

GATT- - General Agreement on Tariffs and Trade

Introduction

The Southern African Development Community (SADC) is making steady progress on its programs to facilitate industrial development, finance, and investment, and trade in goods and services among Member States. This emerged out of the Trade, Industry, Finance, and Investment (TIFI) Thematic Group hybrid meeting held on 16 June 2022 to discuss progress on the implementation of its programs to deepen regional economic integration.

According to a joint update from the SADC directorates of Finance, Investment and Customs and of Industrial Development and Trade, 25 percent of the 64 outputs or deliverables from the TIFI Multi-Year Action Plan 2021-2023 have been completed with support from International Cooperating Partners (ICPs) such as the European Union, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (GIZ), World Bank and the African Development Bank (AfDB).

A further 70 percent of milestones are on course in being attained, while only five percent of target projects have not made progress since November 2021 due to various challenges that are being addressed. The highest number of completed outputs are under the cluster on Industry and Standardisation, Quality Assurance and Metrology (SQAM) where nine deliverables have been attained out of the 28 set out in the action plan. This is followed by a second cluster focusing on Macroeconomic Convergence, Finance, and Investment where four deliverables have been completed out of 18. The remaining 14 deliverables are at various stages of implementation. Three deliverables under the third cluster on Trade and Customs have been attained while 14 others are ongoing. Work is yet to commence on only one output under this cluster.

Among the deliverables attained is the development of the SADC Simplified Trade Regime (STR) for small cross-border traders. The STR framework aims to reduce barriers to trade by simplifying the customs procedures and processes. Its implementation will support small traders by lowering transaction costs associated with formal trade.

It's against this background that several efforts and initiatives have been developed to advocate for the implementation of the simplified trade regime (STR) in the SADC region. In 2009 five (5) countries in the SADC region namely Eswatini, Malawi, Mozambique, Zambia, and Zimbabwe came up with the Southern Africa Cross Border Traders Association (SACBTA) to create a regional platform for the facilitation of small informal cross-border traders in the SADC region.

This case study will compare the implementation of STR in the Common Market for Eastern and Southern Africa (COMESA) and will examine the feasibility of implementation in the SADC region.

Background

Across the world, evidence suggests that trade is an engine of growth (US Government Fact Sheet 2008). Agriculture on the other hand remains central to poverty reduction in the region.

It provides a livelihood, including subsistence, employment, and income, particularly for the majority of the people living in rural areas. According to the SADC Statistical Year Book (2015), both trade and agriculture contributed approximately 20 percent of the region's Gross Domestic Product in that same year.

Women play a key role in trade and agriculture in SADC, yet they face enormous challenges that hinder their full potential as farmers and traders. In trade, women make a major contribution through their involvement in the production and sale of tradeable goods and as managers and owners of firms involved in trade. They feature significantly in informal trade, selling both agricultural commodities that they produce, as well as other merchandise that they buy from other countries to trade mainly in their home countries. It is estimated that the value of trade conducted by women in the SADC region is approximately US\$20 billion annually (USAID 2016). It is also estimated that 70 percent of Informal Cross Border Traders (ICBTs) in the region are women and that 30-40 percent of intra-SADC trade comes from informal cross-border trade (UN Women 2010). According to the SADC Food Nutrition Security Strategy, women also play a critical role in ensuring food and nutrition security. The Strategy indicates that in SADC, women contribute more than 60 percent to total food production, provide the largest labor force in the agricultural sector and in some Member States, perform more than 70 percent of agriculture work.

1. Research Methodology

This study will carry out an exhaustive analysis and undertake desk research and telephone interviews on the following topics:

- What is the Feasibility of introducing a Simplified Trade Regime (STR) in the SADC Region? What are the challenges, opportunities, and bottlenecks that have impeded the introduction of STRs in SADC for Zambia and the Region?

This is to be governed by the strategic pillars of the SADC Vision 2050 and RISDP 2020-30 to identify the gaps and areas of interest that can be focused on in amplifying the impact of regional integration

This case study makes an assessment of the performance and the feasibility of implementing a Simplified Trade Regime in SADC. The study aims to assess the measures that have been put in place through the implementation of the STR, and how it has or has not translated into enhancing more trade. The focus of the study is on the Zambian and Malawi border but also made comparisons with other border areas, particularly Zambia / Zimbabwe at Victoria Falls and Zambia /Democratic Republic of Congo (Kasumbalesa)

The study will use qualitative research methodology to evaluate the impact of the STR tools on export and import trade in Zambia, Malawi, and Zimbabwe. The research instrument used was a desk review of various policies on STR and telephone interviews to

- Cross-border traders,
- policymakers
- custom officials

The stakeholders were selected using purposive sampling based on their knowledge of the interaction with the COMESA STR. In addition, documentary analysis was used to collect data from existing reports from various stakeholders that have interfaced with the STR. Data analysis was done using thematic content analysis.

The findings from this study will provide insight as to whether the implementation of STR in Zambia, Malawi, and Zimbabwe is feasible. The recommendations will provide some guidelines along which the participating governments of Zambia, Malawi, and Zimbabwe, could reform the tools for implementing the STR.

1. Problem Statement

Cross-border trade is an important economic activity that has the potential to contribute significantly to trade and economic growth. Existing research has shown that informal cross-border trade contributes 30-43% of intra-SADC trade, amounting to an estimated US\$ 17.6 million per year. At the continental level, 42% of Africans are involved in cross-border trade in one way or another and 70% of those traders are women. In the World Bank study on promoting trade and competitiveness Kumar (2014), estimated cross-border transactions between Zambia and Malawi comprise twenty to thirty thousand Small traders who undertake cross-border transactions every month at mwami/muchinji (Malawi); fifteen to twenty thousand at Chirundu (Zambia and Zimbabwe) and twelve to thirteen thousand at Livingstone /Victoria falls (Zambia and Zimbabwe) . The monthly value of small-scale trade at those three borders is roughly estimated at over USD 7.7 Million around 40% of which is informal.

Despite these many transactions, small-scale traders experience a number of challenges. The first challenge is the delay experienced during border crossing. These delays were identified as one of the top non-tariff barriers that increase trade costs. Another problem is that traders have limited knowledge on meeting customs sanitary and phytosanitary standards. Another obstacle is that traders have low literacy levels, which makes it difficult to meet the above. Some of the procedures to be completed require clear information on export and import procedures, of which many have limited knowledge. Border officials also facilitate, the implementation of a random application of rules, which is also an obstacle traders may have to face, which may, in turn, affect levels of export

Implementation of Simplified Trade Regime (STR)

Trade Facilitation 'is defined as the simplification, modernisation, and harmonisation of the export and import process, which will quicken the movement, release, and clearance of goods across borders. Furthermore, trade facilitation is able to reduce cumbersome procedures and costs associated with the importation or exportation of commodities. It includes a process of reviewing customs management; non – non-tariff barriers to trade; and border costs associated with the institution and business environment among others. First Steps Towards Facilitating Trade for Women and Small-Scale Traders in SADC

Small-scale, often informal, cross-border trade (CBT) plays a significant role in Africa's trade environment; informal trade represents over a third of SADC's intra-regional trade (an estimated value of almost \$18 billion per year. More significant than the economic proportion of intra-regional trade that small-scale CBT represents, is its role as a primary source of sustainable livelihoods for families and individuals with few alternative options. For instance, a 2012 World Bank survey found that 50% of EAC traders interviewed were pre-literates with almost no formal employment opportunities. Additionally, small-scale informal CBT also contributes significantly to food security; in 2013 approximately three million metric tons of staple food commodities were traded informally in East Africa, with maize, rice, beans, and sorghum accounting for 64% of the informal staple food trade. Despite this importance, it seldom receives the attention that formal and inter-regional or international trade receives from organisations and treaties that promote trade as a driver of economic development and an empowerment vehicle in Africa.

COMESA made a concerted effort to rectify this situation in 2010 when it launched a Simplified Trade Regime (STR) to facilitate and help formalise small-scale trade. The EAC introduced its own version (closely aligned to COMESA) shortly thereafter. Imani Development recently started working closely with the Secretariat (supported by GIZ) to develop a comprehensive framework for a SADC STR. Whilst SADC's initial reception to the STR was not as speedy as that of COMESA or the EAC, they have made significant progress since, and are now championing its implementation in the region. Following extensive consultations and border visits, a workshop with Member States was held in September 2022 to validate the findings. The final report – which sets out the proposed legal approach for a SADC STR – has now been accepted.

This is an important first step. Of course, the proposed approach will have to be adequately implemented to bear fruit; poor implementation could result in a lack of buy-in from Member States, particularly those who are not overly receptive to the concept but could also alienate informal traders keen on formalising. Moreover, the practice in COMESA has shown that the STR in itself is not adequate for small-scale traders to see the benefits of crossing legally compared to using bush or 'Zalewa' routes.

SACBTA work in the region has evidently shown that an all-inclusive method is required. We have also learned many lessons from working with traders at border posts in Botswana, DRC, Malawi, Tanzania, Zambia, and Zimbabwe in recent years. Working with Southern African Trust we have made strides through the SADCCNGO to be recognised as a regional platform advocating for the implementation of STR in the SADC region.

The STR was introduced to overcome trade barriers by easing and streamlining trade. It was to simplify the procedures for clearing goods through customs and to enable small-scale traders to benefit from duty exemption of traded goods. The main barriers to trade identified in the three countries, Zambia, Zimbabwe, and Malawi included

- Significant delays at border posts coupled with burdensome administrative and border procedures
- limited coordination among border agencies and
- lack of decentralization of trade services such as the issuance of border permits

In order to assess whether STR is feasible in the three countries in overcoming the identified barriers to trade or not, we assessed the tools implemented to address the barriers these include:

- STR value for imports and exports;
- common list of goods by participating countries;
- implementation of the trade information desk;
- introduction of simplified customs documents

Simplified Trade Regime (STR) Threshold

Common Market for Eastern and Southern Africa (COMESA) Simplified Trade Regime (STR) is a trade arrangement that allows cross-border traders in the COMESA region to enjoy duty-free status when they import goods originating from member states.

Through COMESA STR, the COMESA regional bloc encourages “free trade” by extending the benefits of a free trade area between countries by abolishing duty on all goods produced locally and sold in members of these regional groupings.

STR overcomes problems in proving goods originate in a member country and therefore are not subject to duty. However, taxes become payable if the goods attract Excise Duty and Value Added Tax (VAT). STR is designed for small consignments that have a value of \$2,000 or less. The processing fee for customs declaration is now US\$1.

Malawi launched COMESA STR with Zambia in May 2010 and with Zimbabwe in August 2012. Currently, the borders that are involved in STR transactions are Nyamapanda-Mwanza for Malawi and Zimbabwe and Mwami-Mchinji for Malawi and Zambia.

There are Common Lists of Products that are agreed between COMESA member states to be traded under the STR arrangement. In essence, there are agreed lists of products between Malawi and Zambia, Malawi and Zimbabwe, and Zambia and Zimbabwe.

The list of eligible products includes some agricultural products, live animals, food products, furniture, stationery, and other assorted items. Therefore, traders enjoy duty-free status on such goods originating from any of the three member states. The proof of origin required at the border under COMESA STR is the agreed common list of products. Some goods such as agricultural products obviously originate in one country. Other items, especially manufactured goods, may be made up of parts from other countries outside COMESA.

Findings.

The STR between Malawi and Zambia has been working effectively and it started with a low threshold of \$500 and now has increased to \$2000. This signifies the importance of the implementation of STR in the whole SADC region to increase the Export and import business by small traders. Many have attested that the business has created opportunities to educate their children and address the poverty levels experienced.

Trade Information Desk office

The trade information desk office mostly implementing STR has assisted in the filling of customs and clearance documents that have been simplified and consolidated on a one-page form for quick clearance of the listed goods by small cross-border traders. The \$1 dollar charge helps to maintain the desk as the STR project was funded as a pilot project by the COMESA through support from the EU under the EDF11.

Case Study Justification

The Common Market for Eastern and Southern Africa (COMESA) STR is an initiative implemented by COMESA to help increase trade by small -scale cross border traders dealing in small quantities of goods

The initiative aims at simplifying clearing procedures as well as reducing the cost of trading for exporting and importing to enable small-scale cross-border traders to undertake more cross-border trade. Traders can import and export products with a threshold value of \$2000 to benefit from tariff preferences available under COMESA. The COMESA STR is currently being implemented in three SADC countries i.e., Malawi, Zambia, and Zimbabwe

The implementation of the trade regime uses four key tools;

- Simplified Certificate of Origin,
- Simplified Customs Documents,
- the Common Lists, and the Threshold (value of products traded under the STR).
- The Trade Information Desk Office (TIDO) is another important feature of STR

At the multilateral level, the World Trade Organisation (WTO) – Particularly Article 8 of the WTO General Agreement on Tariffs and Trade (GATT) -makes provisions for the simplification and harmonization of customs procedures and proposes the development and implementation of simplified trade procedures for eligible small scale traders. The WTO Trade Facilitation Agreement also makes provisions to decrease and simplify documentation requirements to reduce fixed costs and create new opportunities for increased trade (Beverelli, Neumueller and 2015)

Trade facilitation plays an important role in a country’s economic development as it enhances competitiveness by reducing transaction costs to import and export. Simplified transparent trade procedures are a key component of good trade policy and vital for economic growth. This is particularly important for developing countries as they strive to increase exports and overall trade and strengthen domestic economic activities.

Research has shown that the expansion of international trade has been essential to development and poverty reduction, while poverty disproportionately affects women, international trade has created new opportunities for women by empowering them and assisting them in dealing with poverty. Over the last 3 decades, the world has seen increased trade openness which has brought new job opportunities, often increasing returns for women working in export-oriented sectors. New information and communication technology (ICT) together with declines in trade barriers have reduced transaction costs and increased the access to markets for many women and in some cases have even increased women’s wages relative to men.

1. IMPACT OF SIMPLIFIED TRADE REGIME (STR)

1. Awareness and Usage of the Simplified Trade Regime

The first step in the analysis of the data was to consider the level of awareness of the STR among traders

Therefore, in May and June 2021, the Southern Africa Cross Border Traders Association (SACBTA) in collaboration with Southern Africa Trust (SAT) embarked on the project entitled: Making trade work for Women in Southern Africa. The project looked at the simplification of STR processes through a booklet translated into various languages that outlined the procedures for clearing goods using the STR. The project comprised a range of activities, including interviews and focus group discussions with stakeholders.

During the period May 2021 and June 2021 two training workshops for informal cross-border traders, especially women, were conducted in Lusaka and Kasumbalesa.

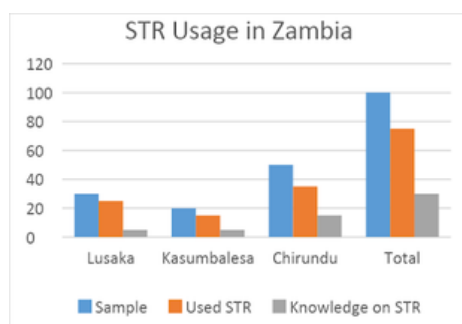
1. METHODOLOGY OF THE IMPACT ASSESSMENT

The impact assessment of the project activities was based on an approach of using interviews and a survey. The findings were supplemented by information readily available at the borders and the results of previous analytical work conducted by SACBTA.

The first part of the assessment strategy relied on a series of interviews targeting informal cross-border traders who participated in the training workshop organised by SACBTA in 2021 in Lusaka, Kasumbalesa, and Chirundu in Zambia. Interviews were designed to gain a more in-depth understanding of the impact of the Simplified Trade Regime (STR) in consideration of the activities of the service on the objectives, and the training program.

A quantitative sample of 100 participants in the selected towns in the Republic of Zambia were selected randomly from among the pool of trainees. SACBTA conducted interviews telephonically with those 100 participants across the four towns in 2022 (table 1). The qualitative results of those interviews were collected and analysed and are presented in the following section of the report.

The question about their knowledge about using the main trade instruments of the three trade blocs – i.e., the STRs of COMESA and EAC – 75 percent indicated that they were extremely familiar with STR and used the facility, 30 percent indicated that they were very much familiar but did not use the STR.



RESULTS OF THE IMPACT ASSESSMENT

The results of assessments are based on the following components involving the impact of the training programme on participants

- Familiarity with trade rules, custom procedures and traders, rights and obligations
- Enhanced use of official border posts

Our research has shown that most of the formal and small-scale cross -border traders in the three towns in Zambia namely; Lusaka, Kasumbalesa and Chirundu in Zambia particularly women traders are often able to identify the rules that apply to trade across borders. Specifically, this involves their knowledge of the trade rules no COMESA STR.

Navigating the different trade regimes that apply under the three regional groupings is proving challenging for many cross-border traders who has a result, use informal routes to conduct their business

Country	Trade Regime in Place
Malawi	COMESA STR
Zambia	COMESA STR
Zimbabwe	COMESA STR
DRC	COMESA STR

One of the objectives of the training was to equip informal cross border traders, particularly women with knowledge and understanding of the trade rules and customs procedures and their rights and obligations as traders, as well as introducing traders to the process and benefits of formalizing their businesses.

The assessment results revealed that following their training experience, most participants were familiar to varying degrees with the main features of all trade rule processes and were aware of their rights and obligations at the border.

The quantitative results from the interviews with past trainees, illustrated that 85% percent of respondents were extremely familiar with their rights, while 15 percent were very much familiar with their rights. Furthermore, relating to whether they had a better understanding of their obligations, 85 percent stated that they were extremely familiar with their obligations, while 10 percent indicated that they were very much familiar and 5 percent indicated that they were adequately familiar. Figure 2 summarises findings from the interviews.



The quantitative data from the interviews reveal additional insights responses indicated that the new awareness about trade rules and traders' rights and obligations has helped traders become more effective cross border traders. Notably they acquired knowledge about the common list of products under COMESA STRs and the EAC STRs, enabling them to benefit from these instruments put in place to facilitate small scale cross -border trade.

Another useful information mentioned by participants was that they had become aware that, while crossing the borders, they had to separate their personal belongings from their business goods. This would allow them to benefit from the "personal tax rebate," with no duties imposed on their personal goods. Finally, some circumstantial evidence from interviewees provides further insights on the impact of the training activities.

Further , insights from Chirundu respondents revealed that training participants had become familiar with duties and taxes due to implementation of one stop border post (OSBP) at Chirundu border .This knowledge contributed to their decisions to trade using the formal border posts .In addition they had realised that paying taxes established according to the rules was less than what they would spend paying bribes , a common feature of crossing borders informally overall , the qualitative and quantitative results from the interviews indicate that the training programme had the desired impact .

The results from the interviews with traders were analysed across the country in all the border posts.40 % percent of respondents found SACBTA training activities extremely useful also state that SACBTA training programme approved beneficial to the traders by strengthening their knowledge on rules applied at the border. These results clearly indicates that many cross-border traders engage in informal trade because they are unaware of their rights and obligation and of trade rules and procedures including existing schemes such as STRs designed to facilitate their business

CASE STUDIES

MARY TEMBO

Marry Tembo is a 50-year-old Zambian cross-border trader conducting business at the Nakonde/Tunduma border between the United Republic of Tanzania and Zambia. She has been operating as an informal cross-border trader for the past 10 years. She trades in rice, beans, sweet potatoes, and groundnuts she can count on a working capital of 60,000 Zambian Kwacha (approximately US\$ 3,000) built up over the years. She sells to wholesale distributors who in turn sell them to institutions, like boarding schools and hospitals



Trading Informally

Since starting her business, Ms Tembo had always operated it informally, until recently. She did not register the business with PACRA, because of its small size and fear of heavy taxation that would impact business profitability and survival. As she bluntly put it," the tax man is an enemy to the business and should be avoided at all costs." After she was introduced to cross- border trade, she learned tactics from friends and fellow cross- border traders to avoid police, immigration and customs officers and get her goods across the border using informal route, she ran into customs officials who confiscated her goods worth about 20,000

Transactions and she put in place a cash book system to issue and record all business receipts. Finally, Ms Tembo decided she was ready to use official borders for her crossings. She said she was pleasantly surprised by what she encountered: "The procedures and processes at the official border posts were much easier and simpler than I thought."



Ms. Tembo learned that she could benefit from the Common Market for Eastern and Southern Africa STR because the goods she was trading in were included in the STR Common List. Moreover, thanks to the training program, she realised that the goods would be duty-free.

Mitigating The Impact of COVID-19

Ms Tembo's business was negatively affected by the COVID-19 pandemic and the closure of the borders, for example, she could no longer cross the border to buy beans in Mbeya in the United Republic of Tanzania a key component of her business. As a result, she decided to diversify and opened a stationary business in addition to continuing her cross-border activities. **Zambian Kwacha** (approximately US\$ 1,000). Even then MS Tembo did not consider turning to formal trade

Journey To Formalisation

Following her participation in the SACBTA training program, Ms Tembo was determined to implement what she had learned and decided to switch the way she operated her business. As a first step, she registered her business at PACRA under the name Takeneth Enterprises. She said that registering was easy because one of the practical assignments during the training workshop was to collect registration information from PACRA. She also opened business and personal bank accounts in Nakonde in order to separate her personal expenditures from business

Overview of Future Plans

Ms Tembo indicated that she had plans to expand her business and open a business branch in another district. She highlighted that having a formal business would open new opportunities such as selling her goods directly to institutions like boarding schools and hospitals

GLADYS NWENYAMA ZAMBIA

Gladys Ngwenyama is a 38-year-old Cross border from Zambia who operates at the Mwami/Muchini border post between Zambia and Malawi. She has been an informal Cross-Border trader for the past 10 years. During this period, she has been trading in women's apparel, including chitenge fabrics, clothes, and other accessories, she buys her products from Malawi and sells them in Chipata, Zambia. Her business is currently operating with a working capital of 50,000 kwacha (around US\$ 2,500) that she has built over the years

Trading Informally

Until recently MS Ngwenyama had never registered or considered registering her business with the Zambia Patent and Company Registration Agency (PACRA). Since the start of her activities over a decade ago. She thought that registering a business was only for large companies, not for small ones like hers. All of her business transactions were informal. To buy the goods to sell in a market stall in the kapata market in Chipata, Gladys relied on informal routes to cross the Mwami/ Mchinji border, known as zalewa which means to avoid '. However, because of the absence of security on those informal routs, Ms. Ngwenyama remembers, occasions when her goods were confiscated by customs border patrols, including once when they seized her merchandise worth 10,000 kwacha (approximately US\$ 500) on another occasion while using the zalewa route, she was caught by the patrol and had to pay a fine of 15,000 Kwacha (approximately US\$ 750) to cross the border, an amount equivalent to the value of goods she was carrying . She did not receive any receipt proving the payment of the fine or its fairness and she could not complain to anyone, since her business was informal.Ms Ngwenyama also said that she



Journey to Formalization

Ms. Ngwenyama decided to put into practice what she had learned through the training program. As a first step, she approached PACRA to register her business under the name of Upendi General Dealers. The business registration process was smooth, in part because during the training participants had been asked to go to PACRA and obtain business registration information including the various steps to follow to register. Registration allowed MS Ngwenya to open a business bank account in Chipata. She started collecting and keeping records of all business transactions, one of the recommendations made at the training sessions, as a second key step. She stopped using the informal route and started crossing at official borders. She noted that the training program made this possible because one of the assignments was to collect information from customs and immigration officials about customs procedures

anyone, since her business was informal. Ms Ngwenyama also said that she would pay bribes equivalent to 5,000 kwacha (approximately US\$ 250) to carry out her business. She continued to run her business informally until the beginning of August 2022

SACBTA TRAINING

Ms Ngwenyama is a member of the SACBTA. In May 2021 she attended the SACBTA training sessions held in Chipata for informal and small-scale traders operating at the Mwami / Mwanji border, she said that the program was helpful because it provided the opportunity to learn about trade rules and procedures applied at the border. Before, this training experience, her knowledge about those rules and procedures was based on rumors and stories shared by other informal Cross – Border traders, premised on the view that the best option was to avoid any official crossing route. SACBTA training program demystified this assumption. First, when attending the training sessions, MS Ngwenyama noted that border officials, including customs, immigration, and police officers, were in the same conference hall as cross-border traders. Second, she noted that the training sessions were conducted in clear and straightforward language, clarifying the distinct roles of officials and traders. She said that the sessions focussing on traders' rights and obligations were a particular eye-opener for her since she was not aware of these matters. Moreover, she became familiar with the simplified trade regime (STR), a new trade tool for her. The two-day training program made MS Nwenyama, consider changing her way of trading., as a result, she was able to visit the border and become familiar with procedures and processes. MS Ngwenyama concluded that, overall, crossing the border through official border posts was a better option than using the informal crossings, because it was less expensive and the costs were transparent and predictable. Moreover, she realised that she could benefit from STR established by the Common Market for Eastern and Southern Africa (COMESA)

Diversification

As a result of the training program and particularly the entrepreneurship component. Ms Ngwenyama decided to diversify her business and start selling apparel for weddings as well as party decorations and accessories since the demand for weddings was still high despite the pandemic. The new business does not involve any cross-border trade and is an addition to the original cross-border trade business.

Mitigating the Impact of COVID-19

Like most other cross-border trade, Ms Ngwenyama's business was not spared from the effects of COVID-19. She indicated that her business suffered from declining sales and a significantly reduced number of clients, which is what led her to open her new business related to weddings.

CONCLUSIONS & RECOMMENDATIONS

Effective Implementation of the STR

Firstly, it is important to be acutely aware that the movement of goods cannot be separated from the movement of traders when it comes to informal trade. This must be accommodated in agreements and protocols relating to services and the movement of people.

1. Ensuring the goods traded are safe is still a challenge under the STR. Stakeholders need to explore a more appropriate approach to standards compliance (technical regulations and SPS) for small-scale trade that does not compromise human, animal, or plant health.
2. Moreover, traders need complementary support in terms of access to information and compliance with the formalities of trade.
3. Authorities will have to institutionalise Trade Information Desks at key borders to make the STR work.
4. Related to this is the need to support and build the capacity of Cross Border Trade Associations as an important supporting mechanism for small-scale traders in SADC.
5. Congestion is often a big constraint. Adequate provision of infrastructure is regularly a significant problem at borders, but commitments to providing infrastructure specifically for small-scale trade are of paramount importance.
6. Women are more likely to fall victim to harassment and corruption at the borders. It is crucial that they are encouraged to use formal channels and have access to harassment reporting mechanisms, as well as appropriate sanitation and security facilities.

In conclusion, for governments to make informed policy decisions on Cross Border Trade, better data is needed. Authorities at a national and regional level, as well as complementary stakeholders, have a primary role to play in harmonising and centralising CBT data collection among member states.

SADC must act based on the experience of COMESA STR implementation with an increased threshold, SADC can and will play a fundamental role in a people-led integration of our economies.

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