

# SWAZILAND

The baseline study on women in Informal Cross Border Trade (ICBT) in Swaziland was conducted in October 2008 and focused on Lavumisa border post between Swaziland and South Africa, Lomahasha border post between Swaziland and Mozambique, and Ngwenya border post between Swaziland and South Africa. Five research methodologies were used: a desk study; a sample survey administered to 250 informal cross border traders (191 women and 59 men); focus group discussions (FGD) at the market place; institutional surveys covering various ministries, regional economic communities (RECs), associations related to ICBT, microfinance institutions and private sector associations; and in-depth case studies documenting the life story of two women traders. Although Swaziland is a small country in terms of the size of its population, the country has been experiencing poverty and therefore significantly fielding informal cross border traders particularly to South Africa and Mozambique. The context is characterized by the coexistence of a slightly developed urban sector and an impoverished rural sector, high mortality due to Aids, and increasing food imports as a result of the drought. Swaziland is a member country of the Southern Africa Development Community (SADC), the Common Market for East and Southern Africa (COMESA) and the Southern African Customs Union (SACU).

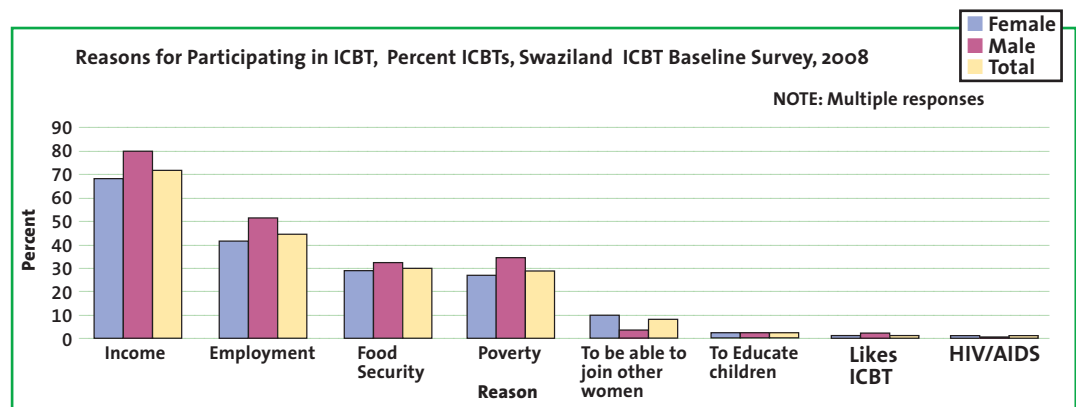
## KEY FINDINGS

**REASONS FOR ENGAGING IN ICBT:** In Swaziland, ICBT is both a wealth creation activity as well as a small scale survival strategy under harsh socio-economic conditions. Income ranks high among the push factors of ICBT for both women and men, followed by employment as shown in the figure below. Strikingly very few women and men engage in this business because they like ICBT. Therefore the lack of other income generation and employment opportunities especially in the formal sector is a key factor for engaging in ICBT. Nevertheless, 74% of the respondents indicated that they would continue with their ICBT businesses even if the economic situation in Swaziland improved.

### GOODS AND SERVICES TRADED:

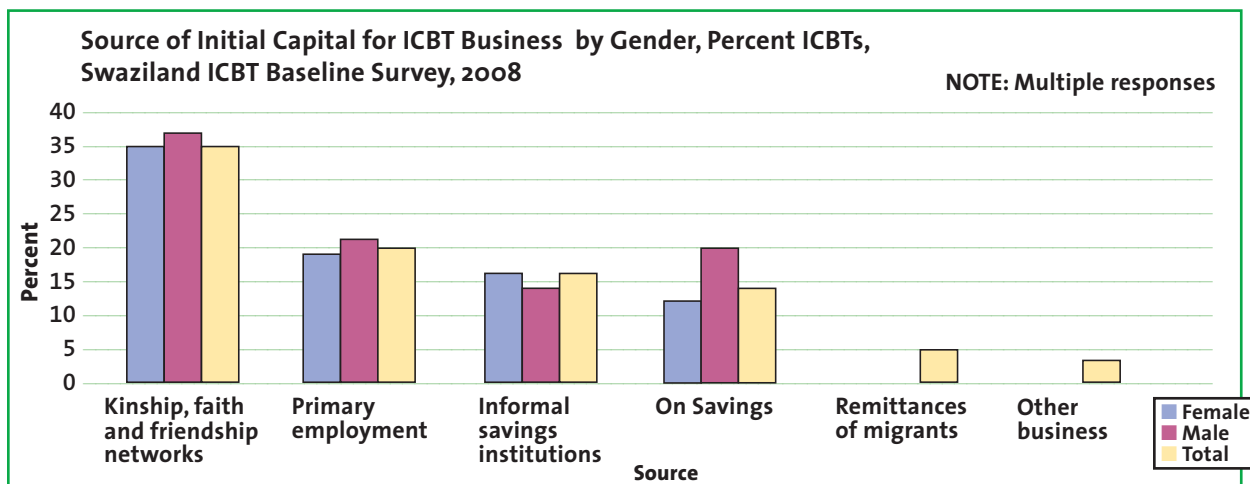
Goods exported by Swazi informal cross border traders to South Africa and Mozambique comprise mainly handcrafted items. Swaziland exports are classified into three categories, namely

handicrafts, clothing and cosmetics. Unlike in Zimbabwe, there are very few services such as hair dressing traded by Swazi informal cross borders in South Africa. The imports by Swazi traders from South Africa and Mozambique include bedding and curtains, clothing, cosmetics and food. Traders significantly sell their goods to work mates. The most popular trading markets are government

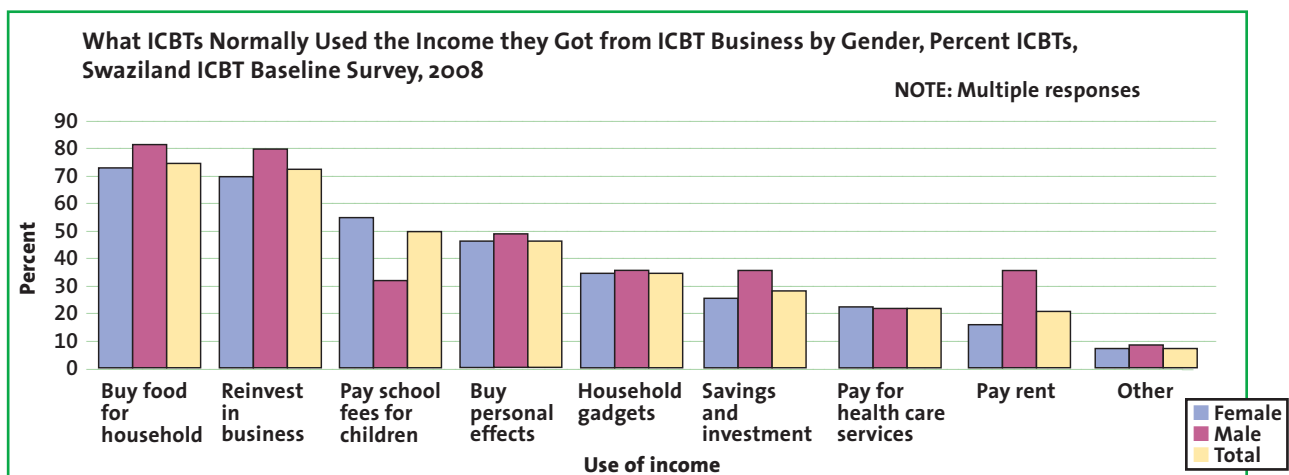


offices and open air markets. 76 % of respondents trade in urban areas in official or unofficial markets. A higher proportion of female respondents trade in rural areas compared to their male counterparts. About 9% of the traders are aware of extended cross border trade involving more than two countries, covering the following products: handicrafts, food, bedding, hair accessories and electronics. The focus group discussions revealed that extended trade had been drastically affected by the changed regulations of the Government of South Africa which prohibited extended trade in leather goods which Swazis largely sourced from Mozambique for resale in South Africa. 14% of traders are also aware of some barter trade taking place to a large and very large extent, especially with regards to clothing, handicraft and food.

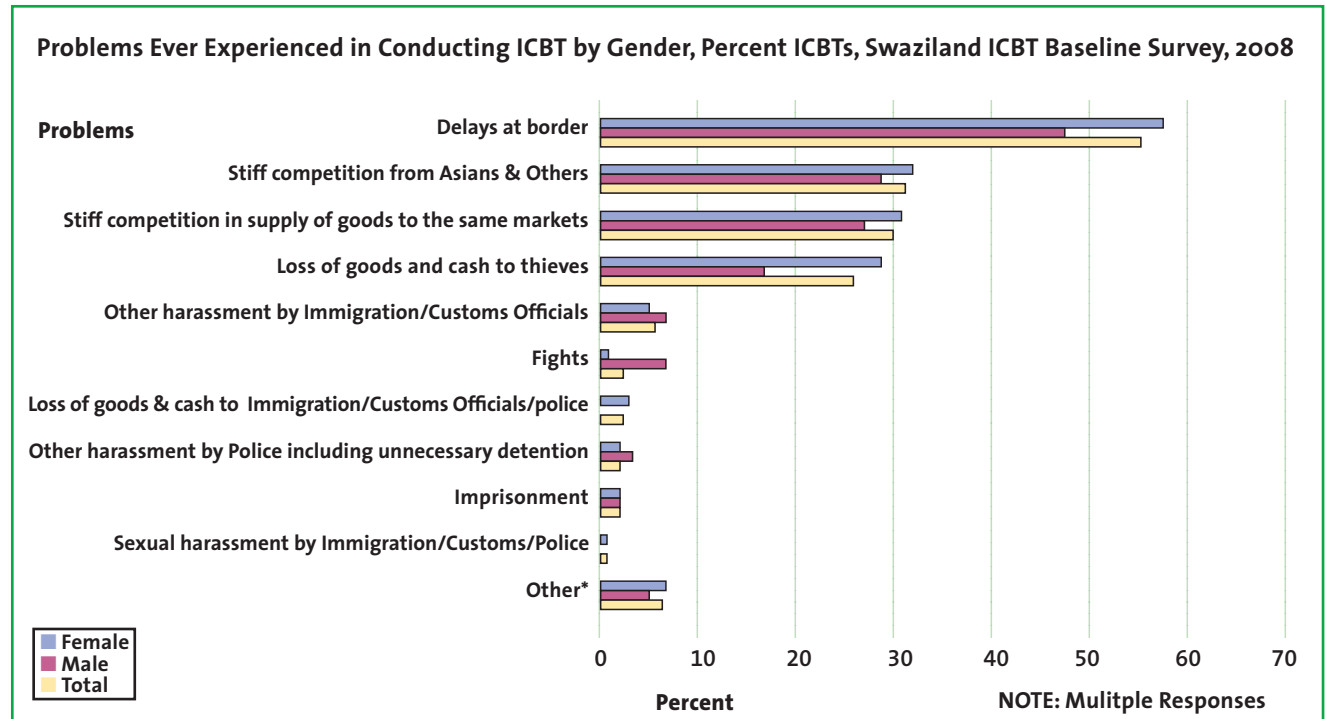
**PROFITABILITY OF ICBT BUSINESSES:** Most traders (55% of women and 49% of men) find ICBT averagely profitable, while 17% of respondents of both sex find it highly profitable, and 23% of women and 27% of men state it has a low profitability. Only 5% of women and 7% of men surveyed perceive ICBT as a non profitable business. Profits are relatively low compared to Zimbabwe, with 72% of traders of both sex earning a profit of up to US\$ 200 monthly, and only 5% of women and 15% of men earning above US\$ 400 profit. This shows that men do better in the higher profit margin than women as they trade more in higher value products. Access to capital is a main challenge with 35% of traders sourcing their initial capital for their ICBT businesses from kinship and friendship networks, 20% from primary employment, 16% from informal savings institutions, 14% from own savings, 5% from remittances of migrants and 3% from other business. It is disturbing to note that informal money lenders are an important source of ICBT capital as this source is notorious for charging exorbitant interest rates on borrowed funds.



**USE OF INCOME:** A great majority of both women and men respondents spend their money on household needs and reinvest in their ICBT business. Consistent with the sexual division of roles, a greater proportion of women (55%) pays for school fees while a greater proportion of men pays for rent. Men reinvest more in their ICBT businesses, and also have more savings and investments due to their greater earning possibilities. What traders mean by reinvestment is not necessarily to grow the business but rather to continue with their trading activities, which is one of the reasons why the size of businesses remains relatively small. Another issue is the burden of HIV and AIDS with prevalence rates in Swaziland being among the highest in the world and resulting in great numbers of orphans and vulnerable children. In response to this, a great number of women traders use their income to care for the sick and orphans.

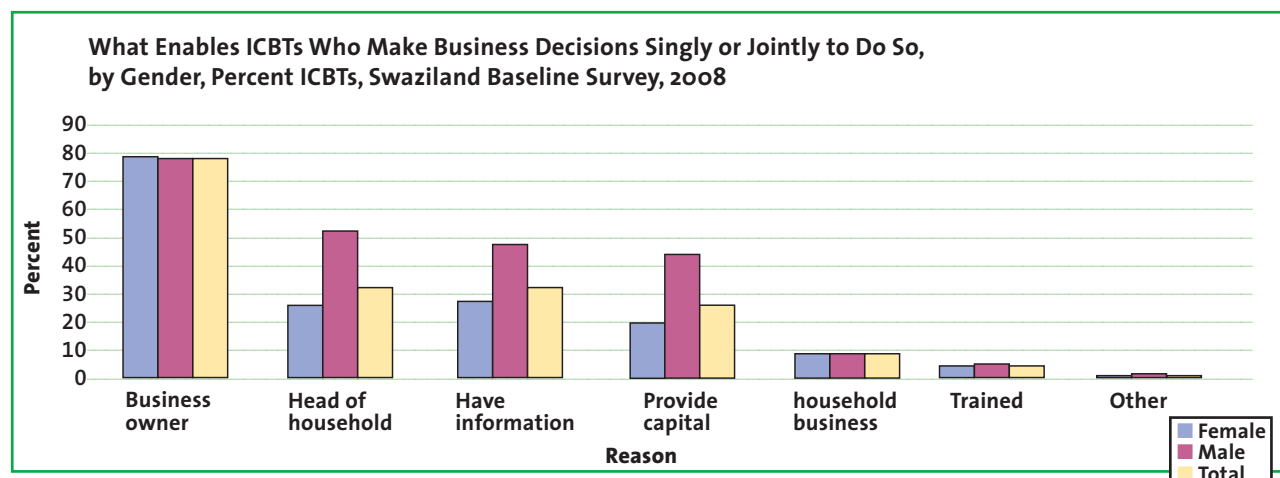


**PROBLEMS FACED BY INFORMAL CROSS BORDER TRADERS:** The main challenges of traders are delays at border posts (55%), stiff competition from Asian and other products (31%), stiff competition in supply of goods to the same market (30%) and loss of goods and cash to thieves (26%). As shown in the figure below, women are much more affected by the delays at border posts and the loss of goods and cash to thieves which seems to be increasing. According to the reports from women traders, some of these thieves boarded the same transport with the traders under the pretext that they were going to buy goods in the country of destination and stole their goods before they reached their destination places in the country of origin. The thieves also stole money when the traders were asleep in the bus. Women also reported cases of sexual harassment by immigration, customs and police officials. Men traders are much more involved in fights.



Other problems reported in accessing resources and services needed for business are: lack of knowledge and information (45% of women and 29% of men), language barriers (27% of women and 25% of men), lack of designated places (19% of women and 29% of men), violence and harassment against women (7% of women and 9% of men) and violence and harassment against men (9% of women and 9% of men). Traders also complained about corruption, inefficient transport systems and high duty tariffs.

**IMPACT OF ICBT ON DECISION MAKING:** 85% of female and 88% male traders surveyed made unilateral decisions to enter in ICBT business, while 86% of female and 88% of male traders decide on the use of their income. Both female and male traders are equally empowered to make unilateral decisions on the conduct of their businesses (92% for both). Therefore, ICBT plays a pivotal role in the empowerment of women traders in making their own decisions. Business ownership is a key factor in increasing women’s decision making power while other factors such as household headship and access to information and capital are more prominent for male traders.



**IMPACT OF ICBT ON TIME USE:** 82% of the traders surveyed spend less than a week per month away from home, with women spending more time away compared to men. Indeed 20% of women informal cross border traders spent more than a week away from home compared to 5% of men. The majority (68% for both sex) of Swazi traders spend less than eight hours a day preparing for the next business trip.

## **POLICY RECOMMENDATIONS**

**Efficiently addressing the challenges of the ICBT sector in Swaziland will require a comprehensive multistakeholder approach involving:**

- Regional Institutions such as COMESA, SADC and SACU;
- Government Ministries and Departments such as Customs and Excise, the Royal Swaziland Police, the Immigration Department, the Small and Medium Enterprise Unit, the Central Statistics Office, the Central Bank of Swaziland, the Trade Promotions Unit; the Ministry of Economic Planning and Development and Swaziland Trading House;
- Microfinance Institutions such as Microprojects and Imbita Women's Trust;
- Associations related to ICBT such as the Hawker's Association and the Swaziland Interstate Transport Association; and
- Private Sector associations such as the Federation of the Swaziland Business Community.

**Government and development partners should support the creation and consolidation of credible women informal cross border traders' associations** and encourage traders to join such associations.

**Governments in Southern Africa should promote continuous regional dialogue on ICBT** to address the identified problems and constraints, especially with regards to safe trading places, accommodation and warehouses, and basic health rights in all the countries of destination.

**The private sector and development partners should provide skills development opportunities, financial assistance, affordable and reliable transport, trading places and affordable accommodation to women informal cross border traders.** They should also support the formation of women cross border traders' associations. This will improve the business climate within which traders operate and the profitability of their businesses.

### **FOR MORE INFORMATION, PLEASE CONTACT:**

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