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COVID-19 AND THE PLIGHT OF INFORMAL CROSS BORDER TRADERS IN ZIMBABWE

Working Paper

By: Denboy Kudejira

PhD Researcher, Department of Anthropology, Memorial University, dkudejira@mun.ca

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The Context

In February 2020, the government of Zimbabwe, through the Zimbabwe National Statistics Agency (Zimstat), published the ‘2019 Labour Force and Child Labour Survey (LFCLS) Report’, which shows that as of May 2019, the unemployment rate of the country stood at 16.4%, compared to 4.8% in 2014. According to the report, “around 2.2 million of the employed population were informally employed constituting about 76 percent of the total employment” (Zimstat 2020, p xxix). While the LFCLS report does not specifically account for the proportion of ‘informal employees’ engaged in cross-border trading, it is common knowledge that this sub-sector contributes significantly to the labour force indicators on which the LFCLSs are based.

Publication of the 2019 LFCLS report coincided with the time that the world was awakening to a deadly virus, the “severe acute respiratory syndrome coronavirus 2” (SARS-CoV-2) that causes the novel coronavirus disease (COVID-19) (World Health Organization, 2020). The disease was first detected in Wuhan, Hubei Province in China in December 2019, and confirmed cases of the virus continue to surge globally at a worrisome rate thereby paralysing the global economy. As of 8 May 2020, nearly 4 million confirmed cases of COVID-19 infections have been recorded around the globe with more than 270 000 people having succumbed to the disease (World Health Organization, 2020).

Zimbabwe has contributed its share to the global statistics, registering 35 confirmed cases and 4 deaths by the same period. Because of the viciousness of the pandemic, governments around the world, Zimbabwe included, were forced to impose lockdowns as a way of trying to contain the spread of COVID-19 infections. While the lockdowns differed in form and scale, one common denominator is that the purpose of these

measures has been to limit people’s mobility through the closure of national borders and imposition of curfews and stay-home orders. This paper assesses the impact of the COVID-19 pandemic on the informal sector in Zimbabwe. It will particularly look at the implications of government initiated emergency measures and policy responses on individuals and households whose livelihoods are anchored on informal cross border trading (ICBT).

Contribution of ICBT to Livelihoods in Zimbabwe

The Herald of 06 November 2011 published a remarkable and inspirational story of Sandra, a Zimbabwean woman, “[who] spends long hours travelling to and from South Africa where she buys clothes for resale”. Sandra, according to the newspaper, “has been in this trade for over seven years now ... she rents two rooms in Kuwadzana [a low-income suburb in Harare] and gets just enough money to buy food and to pay school fees for her two children” (The Herald, 2011).

Sandra’s story is not a peculiar one, it reflects the situation of thousands, if not millions, of Zimbabweans whose survival is anchored on ICBT. The story also signals the gender dimensions that the implications of COVID-19 on ICBT in Zimbabwe ought to be analysed. The United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) estimates that ICBTs account for 30 – 40% of intra trade within the Southern African Development Community (SADC), and that women comprise at least 70% of the informal cross border traders (Blumberg, et al., 2016). Therefore, ICBT activities are not only important for contributing to the livelihoods of poor families, but they also serve as conduits for the



Photo: Informal traders selling wares on the streets in Harare

Photo Credit: [Tsvangirayi Mukwazhi/AP](#)

economic emancipation and empowerment of women.

While there are no official figures on the contribution of ICBT to Zimbabwe's economy, studies have shown that these activities have played a critical role of cushioning vulnerable households against the effects of financial and food crises (Ndiaye, 2010). ICBT emerged as an important alternative livelihood strategy in the aftermath of the Economic Structural Adjustment Programme (ESAP) of the mid-1990s and the post-2000 economic collapse, which pushed Zimbabwe into a highly 'informalised' economy. The demise of the manufacturing sector, and the subsequent decline in formal sector jobs, created market opportunities for informal cross-border trading (Chikanda & Tawodzera, 2017; Zimwara & Mbohwa, 2015). A huge number of people travel to nearby countries (mostly South Africa, Botswana, Zambia and Mozambique), as well as China and the United Arab Emirates, among other global destinations, where they buy goods for resale. Chikanda and Tawodzera (2017)'s study

further reveals how ICBT have provided some form of employment to the youths, who according to the Zimstat 2019 LFCLS, constitute over 2.5 million of the working-age population. A curious mind would then ask;

- *What then has been the impact of COVID-19 responses on ICBT-dependent households?*
- *What measures has the government of Zimbabwe put in place to assist ICBT-dependent households?*
- *How effective have been these measures?*
- *What support systems should be put in place to enhance the post-COVID-19 recovery of cross border traders?*

Some of these questions are difficult to answer with precision, especially when the world, in general, is still in the middle of containing the pandemic, and the Zimbabwean government, in particular, is ceased with the additional struggle of ensuring that the economy

remains functional. The paragraphs that follow, therefore, make use of evidence from media commentaries, official government publications and other sources, including NGO reports) to highlight some of the most important aspects of ICBT that have been evolving together with the COVID-19 pandemic thereby providing possible answers to the above questions.

The COVID-19 Pandemic: Trajectory, impact and government policy responses

The first confirmed case of COVID-19 in Zimbabwe was announced on the 20th of March, 2020 by the health ministry. This was a Victoria Falls resident, who had travelled to Britain, and there were fears that he could have infected a lot more people in the popular tourist destination (Anna & Mutsaka, 2020). By the 31st of March, the cases rose to 8, including one death, and to date, 35 positive cases and 4 deaths have been confirmed.

Figure 1 shows the trajectory of COVID-19 infections in Zimbabwe.

The period between 29 April and 2 May is of particular interest. On the 29th of April, the government published a report which revealed that the number of infections had gone up to 40, but revised down the number of cases to 34, after it was found that the “6 cases from Harare previously recorded as positive on 29 April have been confirmed negative after Quality Assurance” (Ministry of Health, 2020). During the previous week, the government had again revised the statistics downwards after “a case from the second city of Bulawayo was counted twice” (The Standard, 2020). These mistakes may not present a big issue now but they have implications for the future of ICBT activities. On one hand, it shows that the government lacks a clear quality assurance strategy before publishing official records. On the other hand, it raises questions on Zimbabwe’s handling of the COVID-19 pandemic especially on the testing process

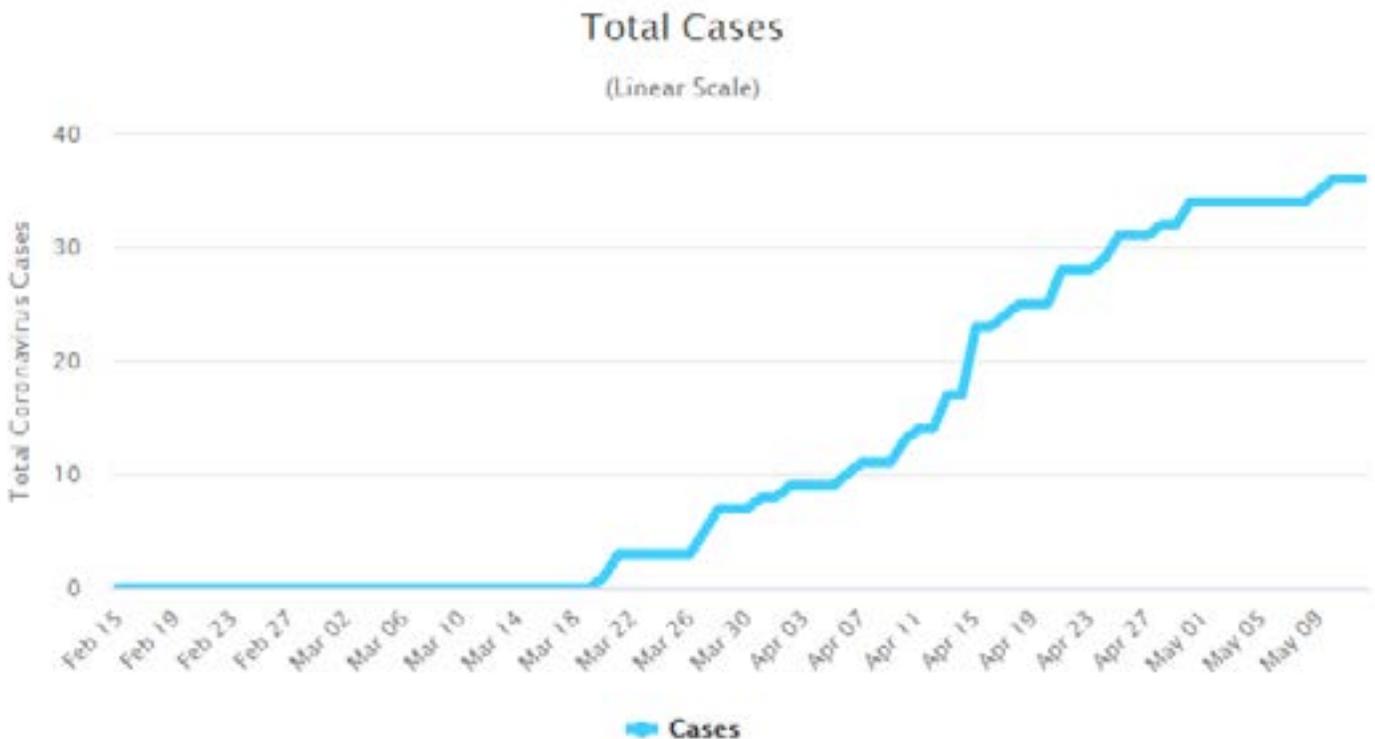


Figure 1: The Trajectory of COVID-19 Infections in Zimbabwe (Worldometer, 2020).

thereby reducing public confidence (including of many ICBT destinations) on the country's public health system. It is, therefore, likely that when neighbouring countries begin to relax international travel restrictions, Zimbabwean cross border traders may be subjected to strict screening procedures at the ports of entry that may negatively affect the livelihoods of many Zimbabweans.

While the infection rate has not been as dramatic as in other parts of the world - China, the USA, Italy, Spain and the UK for instance - the wrath of the COVID-19 pandemic is already being felt by the majority of Zimbabweans who depend on precarious sources of livelihoods, including ICBT. Following the World Health Organization (WHO)'s characterisation of COVID-19 as a global pandemic on 11 March 2020 (World Health Organization, 2020), the Zimbabwean government, just like other authorities around the world, declared the pandemic as a national disaster. Restrictions on public gatherings were followed by stricter measures, which included a full 'lockdown' of the country. Among other provisions, Statutory Instrument 83 of 2020 (SI83 2020), through which the initial phase of lockdown was affected (the first phase was for 21 days but it was later extended by another 14 days), ordered that every individual be confined to their homes, and only leave to buy basic commodities or medication, or for work, if they are employed as essential workers. Further, SI83 2020 ordered the closure of borders, except for returning residents (Government of Zimbabwe, 2020). These measures were put in place after South Africa, the main ICBT destination in southern Africa, had previously announced its lockdown, including the closure of its borders.

Three critical implications of the lockdown on ICBT-dependent Zimbabweans are worth mentioning here.

Firstly; the restrictions on mobility and the closure of borders translated to a loss of employment and income for the traders. In a media statement published on 12 April 2020, The Public Service, Labor and Social Welfare Ministry issued a statement urging warning employers to "uphold fair labour standards, as some companies have started slashing salaries and sending employees on unforced leave during the COVID-19 lockdown". Employers were warned to "refrain from imposing unpaid leave measures, retrenchments and unfair terminations" (CGTN Africa, 2020). These pronouncements have nothing to do with ICBT-dependent households, who in most cases are self-employed.

Secondly; the order to close all businesses except those that offer 'essential services', can be opined as not well thought out given the LFCLS findings that about 2.2 million of the employed population in 2019 were informally employed. Most of the 'informally employed' do not depend on wages from employers, and in some cases, they employ other family members or a small compliment of staffers themselves. The restrictions, therefore, have a 'knockdown' effect on both the employer and employee.

Thirdly; while most countries that effected 'full lockdowns' already had functional and effective social safety nets for the poor and unemployed (social grants in South Africa for example), this is not the case for Zimbabwe. Although the National Social Security Authority (NSSA), established in terms of the NSSA Act of 1989, is mandated with the task of providing social security to the poor and vulnerable members of society, for years the operations of this 'important' institution have been affected by inefficiencies and high degrees of corruption (The Herald, 2019).

For struggling Zimbabweans in general, and ICBT-dependent households in particular, the lockdown, therefore, meant being 'locked-

out' of their basic means of survival. In effect, the lockdown decision did not only fail to contextualise the situation of most vulnerable households, but it has also led to the expansion and strengthening of networks of 'informality' among various ICBT players who have resorted to illicit ways of continuing with their businesses – some not because they are stubborn against the law, but because 'of the stubborn realities' of being 'locked-down' for more than a month without any source of income. Media reports have shown that goods have been smuggled through undesignated points from South Africa to Zimbabwe, and vice versa since lockdowns were imposed in the two countries (Bulawayo 24, 2020).

The three vignettes highlighted above point to one 'misstep' that the government of Zimbabwe, and many other governments in similar situations, made in their responses to the COVID-19 pandemic. Measures taken (including the imposition of lockdowns) have not been based on analysis of in-country capacities and resources, rather, they have just followed general guidelines suggested by the WHO – and we all know which part of the world influences the operation of WHO

the most! Notwithstanding the misstep, the government of Zimbabwe, the private sector, international donors, political parties, and individuals have joined hands to mobilize resources to respond to local health and livelihood emergencies induced by the global pandemic. For this paper, I will look at some of the measures that the government has put in place to assist businesses that have been affected by the pandemic and interrogate the significance of these measures to the situation of ICBT-dependent households.

Government support to businesses affected by COVID-19

On 1 May, the president of Zimbabwe unveiled an 18.02 Billion ZW\$ (720 million US\$) stimulus package aimed at assisting individuals, businesses and families who have been affected by the COVID-19 pandemic. The proposed allocations are given in Table 1.

From the table, one would assume that because of their micro-level activities, informal cross border traders would fit in the category of 'SME sector fund'.

Table 1: COVID-19 Economic Recovery & Stimulus Package (Pindula News, 2020)
Interbank rate of 1USD:25ZW\$ as at 7 May 2020 has been used

Support Fund	Amount (Billions) (ZW\$)	US\$ Equivalence
Agriculture sector	6.08	0.24
Working capital fund	3.02	0.12
Mining sector fund	1.00	0.04
SME sector fund	0.50	0.02
Tourism support fund	0.50	0.02
Arts Sector fund	0.02	0.00
Liquidity Release from statutory reserves	2.00	0.08
Health sector support fund	1.00	0.04
Broad relief measures	1.50	0.06
Food grant	2.40	0.10
Total	18.02	0.72

Unfortunately, the mechanism and modalities of implementing the stimulus package were designed to elbow out the majority of ICBT players. A statement by the Minister of Finance and Economic Development, which accompanied the budget breakdown stated that government would distribute the SME support funds through capitalization of the Small and Medium Enterprises Development Corporation (SMEDCO), the Women's Bank and Empowerment Bank. The statement emphasized that the private sector would remain "a key engine for the execution of the stimulus scheme ... with the government playing a facilitating role" (Taku, 2020).

The institutions mentioned above have not been accessible to many deserving citizens, especially for individuals engaged in informal activities, mainly because of the stringent requirements. For instance, a study conducted in Chinhoyi by Mishi & Kapingura (2012) revealed that women struggle with finance to fund their informal "businesses due to lack of collateral security, and other unofficial screening criteria" (p. 8667). Furthermore, from the minister's statement, it appears that the stimulus facility will only be accessible to 'formalised' SMEs, and yet, many informal cross border traders are not registered. While such facilities, in the long-term, play a critical role of persuading small business players to register their enterprises (so that they can qualify) and contribute to the national purse through paying taxes, the mechanism and modalities of implementing the 'COVID-19 Economic Recovery & Stimulus Package' ought to take into consideration the urgent needs of unregistered ICBT activities. This could be achieved by working with NGOs, ICBT associations and other interest groups to help unregistered traders to also access emergency funding, while at the same time guiding them through the process of formalising their operations.

Conclusion

In wrapping up this paper, I would like to emphasise the following key observations and suggestions. Firstly, while ICBT activities contribute immensely to the sustenance of the Zimbabwean economy, their scale of contribution has greatly been affected by the COVID-19 pandemic. So far, the country has not recorded as many cases as many pessimistic Zimbabweans feared, but the risk level is still very high, especially among informal cross-border traders. Secondly, government testing and reporting of COVID-19 cases have been shrouded with inconsistencies and 'lack of transparency'. It was only through an urgent application with the High Court filed by the Media Institute of Southern Africa (MISA) Zimbabwe on 9 April 2020 that the government was ordered to immediately publish and disseminate information on the private and public testing and treatment centres at national, provincial and district hospitals allocated for dealing with COVID-19 cases (Media Institute of Southern Africa, 2020). Such inconsistencies and lack of transparency would only widen the 'dent' on the name 'Zimbabwe', which is already tainted in the Southern Africa region and beyond.

The post-COVID-19 recovery of ICBT activities will not only depend on individual investments or support provided by the Zimbabwean government, but they will also be determined by public health measures put in place in the countries where Zimbabwean informal cross-border traders travel to buy their wares. It is, therefore, critical that the country maintains COVID-19 testing systems and reporting procedures that are not questionable. Otherwise, informal cross-border traders from Zimbabwe will be subjected to unnecessary screening processes at the port of entries of countries that the travel to buy their goods in the near future. Thirdly, it is appraisable that the

government has set aside the ZW\$ 18.02 Billion COVID-19 Economic Recovery & Stimulus Package. However, if proper targeting is not done, the most deserving businesses, including ICBT activities, will not benefit from the facility. Instead of only restricting execution of the stimulus facility to the 'private sector', the government should consider roping in NGOs, ICBT groups and other players who are already engaging with vulnerable informal cross-border traders.

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