

CAVENDISH UNIVERSITY ZAMBIA

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**ANALYSIS OF THE INFORMAL TRADE AS A SOURCE OF HOUSEHOLD
INCOME: A CASE OF CROSSBORDER FISH TRADERS IN ZAMBIA**

BY

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i. ABSTRACT

The general objective of this study was to analyze the informal trade as source of household income with a special focus on cross border fish traders in Zambia. The study covers findings from border site fish markets in Nakonde, Kasumbalesa, Luangwa and Katimamulilo border posts. These locations represent massive movements of fish products across borders. Descriptive statistics were used to analyze the data.

The author learnt that informal fish trade plays an important role in the income of people in various communities in Zambia, with at least 108,000 people engaged as full time informal cross border fish traders and 171,177,420 USD worthy of fish sold through informal routes. In terms of tonnage, the fish entering Zambia has been increasing from 77,199 tons in 2015 to 126,345 tons in 2016. However, the study established that only 23.13 percent of imported fish is sold within Zambia. The rest of the imported fish (97,119.06 tons) ends up in the DRC by informal trading through Kasumbalesa border post. The bulk of this was frozen horse mackerel traded through Katimamulilo border post to Kasumbalesa border to DRC. In other border posts, small sized and dried fish species dominated the markets. Despite of this, cross border fish traders face a lot of challenges to penetrate the lucrative markets in the neighboring countries. The formal sector is less attractive and this encourages traders to continue trading informally. The study recommends that organizations working with fish traders including the ministry responsible for fisheries should encourage efficient movement of fisheries commodities across the borders. Zambia has greater opportunities for trade in fisheries products in the region provided impediments to intra-regional trade are minimized. Successful trade provides crucial source of foreign exchange to help a nation's balance of payments, and also leads to increased employment as trade is directly linked to production. Furthermore, the multiplier effect in other businesses would further foster economic growth and improved livelihood for fishery-dependent communities.

i. DEDICATION

I dedicate this paper to my son Keagan Kakwasha Junior for his patience during the study. Seeing him growing up whilst pursuing my studies has been so inspirational. To my wife Beauty, you are so amazing! You created a good environment for me to study without stress. I put all this work in the hands of God the Almighty for His endless love and FAVOUR upon my life.

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Sincere acknowledgements go to the Border Inspectors under the Ministry of Fisheries and Livestock in the study locations. Their support and introduction to the respondents in the study sites was instrumental in getting the data. I also learnt a lot from them to understand the informal trade in their respective areas. Lastly, am highly grateful to cross border traders who willingly opened up and gave me the details of informal trade and the secrets involved, and it is on this basis that I have also found it important to report their concerns in this study.

IV. DECLARATION

I hereby declare that this thesis is the original research undertaken by me under the guidance of my supervisor. No part of the study has been presented in any form for any degree or certificate in another institute of study. I also declare that, all references and assistance received from various people have been duly acknowledged.

.....
Keagan Kakwasha

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Date

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Mr. Machila Mweemba; Supervisor

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Date

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List of Acronyms

ASYCUDA	Automated System for Customs Data and Management
AU-IBAR	African Union Inter-African Bureau for Animal Resources
CBTA	Cross Border Trade Association
COMESA	Common Market for Eastern and Southern Africa
CSO	Central Statistical Office
CUZ	Cavendish University Zambia
DRC	Democratic Republic of Congo
FAO	Food and Agriculture Organization
FTA	Free Trade Area
GDP	Gross Domestic Product
GRZ	Government of the Republic Of Zambia
HBES	Home Based Enterprises
ICBT	Informal Cross Border Trade
ICT	Information and Communications Technology
ILO	International Labour Organization
LCMS	Living Conditions and Monitoring Survey
MDGs	Millennium Development Goals
MT	Metric Ton
NEPAD	New Partnership for Africa's Development
OECD	Organization for Economic Cooperation and Development
OSBP	One Stop Border Post
RECs	Regional Economic Communities
SA	South Africa
SADC	Southern African Customs Union
SNDP	Sixth National Development Plan

SSA	Sub Saharan Africa
STR	Simplified Trade Regime
UN	United Nations
UNECA	United Nations Economic Commission for Africa
UNIFEM	United Nations Development Fund for Women
USD	United States Dollar
WB	World Bank
ZABS	Zambia Bureau of Standards
ZMW	Zambian Kwacha
ZRA	Zambia Revenue Authority

CHAPTER ONE: INTRODUCTION

1.1 Background to the study

Globally, there is renewed interest in the informal economy. This is because a large share of the global workforce and economy is informal and because the informal economy is growing in many contexts and appearing in new places and guises. It was widely assumed during the 1950s and 1960s that, with the right mix of economic policies and resources, low-income traditional economies could be transformed into dynamic modern economies. In the process, the traditional sector comprised of petty trade, small-scale production, and a range of casual jobs would be absorbed into the modern capitalist or formal economy and, thereby, disappear. This perspective was reflected in the prediction by W. Arthur Lewis, in the 1954 essay for which he received a Nobel Prize in Economics, that economic development in developing countries would, in the long-term, generate enough modern jobs to absorb surplus labour from the traditional economy. This would lead to a turning point when wages would begin to rise above the subsistence level: what is referred to even today as the “Lewis Turning Point” (Lewis 1954).

This perspective was reinforced by the successful rebuilding of Europe and Japan after World War II and the expansion of mass production in Europe and North America during the 1950s and 1960s. By the mid-1960s, however, the optimism about the prospects for economic growth in developing countries began to give way to concerns about persistent widespread unemployment.

In Africa, it is estimated that the informal trade represents 43 percent of official Gross Domestic Product (GDP), thus being almost equivalent to the formal sector. While this phenomenon may provide short-term solutions to poor households, in the longer term, it can seriously challenge the economic development of African countries. However, if properly regulated, informal trade can in the short and medium-term encourage entrepreneurial activity and regional trade, and therefore contribute to greater food security and enhance income earnings and employment opportunities for poor. When the incidence of informal transactions and tax evasion is high, formal traders carry the tax burden, which reduces their incentives to invest in the formal economy. This reduces prospects of the longer-term prospects for Africa’s economic development.

By definition, informal cross-border trade (ICBT) refers to trade in legitimately produced goods and services, which escape the regulatory framework, set by the government, as such avoiding certain tax and regulatory burdens (Lesser and Moisé-Leeman, 2009). This trade constitutes a significant proportion of regional cross-border trade in many African countries with between 30-40% of total intra- South African Development Community (SADC) trade attributed to ICBT; while the average estimate value of ICBT from this region are an impressive US\$17.6 billion annually (Afrika and Ajumbo, 2012).

While it is difficult to get an accurate overview of the extent of informal cross-border trade in Sub- Saharan Africa, reviewed surveys suggest that such trade still represents a significant proportion of regional cross-border trade. The informal trade often consists of small consignments, is mainly conducted by individual traders of which a large proportion are women, and small and medium-sized enterprises. Some of these traders operate entirely outside the formal economy; others are registered domestically yet escape fully or partially trade-related regulations and duties such as avoiding official border posts. Some of those that pass through official posts perform illegal practices such as under-invoicing, misclassification of goods and misdeclaration of country of origin. Some traders especially fish traders, take small quantities across the borders and bulk on the side of the importing country. Due to these mal-practices, the countries miss the opportunities to quantify economic contributions of the informal trade commodities.

In Zambia, the informal sector has been growing rapidly since the liberalization of the economy. The informal sector consists of small-scale, self-employed activities with or without hired workers, typically at a low level of organization and technology with the primary objective of generating employment and incomes (Tshuma and Jari, 2013). This sector attracts a lot of people especially those with average or no education. This is because the sector typically requires relatively small capital which in most cases comes from the traders' own personal savings.

The sector is also not standardized and can come in almost any form. For example, it can cover the sale of dried and fresh fish products, sale of used clothing, the barber shops, street vendors in the cities i.e in Lusaka and many others. The International Conference of Labour Statisticians (ICLS) in 2002 expanded the definition of the informal sector. This

expanded definition extends the focus from enterprises that are not legally regulated to include employment relationships that are not legally regulated or socially protected. ICLS sub-divide informal sector into self-employment such as contributing family workers, and wage employment like casual or day labourers, temporary or part-time workers and home workers.

Martha Alter Chen (2012) contends that those who work on the streets or in the open air are the most visible informal workers. Other informal workers are engaged in small shops and workshops that repair bicycles and motorcycles. The least visible informal workers are home-based workers and the majorities here are women (Chen, 2012). Whilst most of those engaging in this sector are those that could not be accommodated within the formal sector either due to their lack of education or skills, Fidler and Webster (1996) found that in the context of Latin America, some of these traders deliberately join the sector solely for the purpose of evading taxation or regulatory burdens.

The informal sector may be viewed as the driving force in the job creation process since it typically includes many small and micro-enterprises. It gives an opportunity for unskilled and illiterate a chance to earn an income. Zambia's Living Conditions and Monitoring Survey (2010) revealed that about 83 per cent and about 84 per cent of employed persons were engaged in the informal sector in 2010 and 2006 respectively. More females than males (about 90 per cent of females and around 76 per cent of males) were employed in the informal sector in both years (CSO, 2010).

In support of this, Zambia's Sixth National Development Plan 2011-2015 (SNDP) reported that total employment increased from 4.1 million in 2005 to 5.2 million in 2008, representing 26.4 percent increase. SNDP believes that this was largely attributed to informal sector employment which grew by 47.6 percent to 4.7 million in Population aged 15 to 64 years (GRZ, 2015). This study analyses the informal trade as a source of household income in the selected Zambia's main borders in order to identify which trade facilitation measures have the potential to encourage cross border traders to switch from informal to formal trade. Due the multitude of goods sold in the informal trade, the study chose to focus on cross border fish traders. Fish is one of the commodities traded in the region with a lot documentation requirement for it to be cleared at the border. Bringing informal traders back to the formal economy would not only help broaden the

tax base and, as a consequence, potentially permit to lower tax rates, but would also help create a level playing field for the business people within the importing country.

1.2 Problem statement

Income generation as way to reduce hunger and poverty in the country is one of the hottest debate in the development arenas today. Recently, the government of the republic of Zambia decided to put fisheries on top of its development agendas by creating a new Ministry to spearhead the fish industry in the country. The fisheries sector has potential to boost economic growth through job creation as fish industries such fishing, processing, transport, storage and marketing creates employment for people who cannot be accommodated in the formal sector employment.

However, trade in the fisheries sector is basically done on informal basis. The nature of informal trade makes it difficult for government to understand the quantity and value of fish traded in the region hence the sector has been characterized as unproductive because it does not significantly contribute to national income and economic growth. Statistics show that the fisheries sector's contribution to GDP is averaged at 3%. This paper therefore analyzed the informal fish trade as a source of household income with a special focus on cross border fish traders.

1.3 Purpose of the study

The purpose of the study was to present the socioeconomic characteristics of the people involved informal fish trade in order to generate a clearer understanding of the full contribution informal trade and its economic potential, with a view to create wealth within fisheries sector in the country. The study also analyzed the reasons for continued existence of this kind of trade, and made recommendations as to how to ameliorate trade in the fisheries sector as way to improve livelihood and boost the sectors' contribution to national income.

1.4 Objectives of study

1.4.1 General objective of study

The general objective of this study was to analyze the informal sector as source of income and also investigate problems facing informal businesses, and suggest strategies and policies which can be used to assist this sector and its dependents. The study adopted a case of cross border fish traders in Zambia's borders with high movement of fish.

1.4.2 Specific Objectives of study

1. To determine the extent to which informal cross border trade is a source of income to cross border traders
2. To estimate the volume and value of informal cross border fish trade between Zambia and her neighbours
3. To examine the informal traders' revenue gains as a result of informal cross border trade
4. Investigate problems facing informal cross border fish traders and suggest strategies and policies which can be put in place by government in order to assist this sector and people that dependent on it.

1.5 Research Questions

1. How much income do informal cross border fish traders earn for their households?
2. What is the volume and value of informal cross fish border trade between Zambia and her neighbors?
3. What are the traders' revenue gains as a result of informal cross border trade
4. What are the main challenges facing informal cross border fish traders and how can these challenges be addressed?

1.6 Significance and justification of the study

Analysis of the informal sector is very significance in developing countries such as Zambia, where most of the economic activities are basically run on informal basis. In Zambia, the informal sector's contribution to household income with a special focus on the fish commodities is very significant as information generated could be used for programme planning and policy formulation in the new Ministry of Fisheries and Livestock (MFL).

The study is also important to WorldFish; an international research non-governmental organization that harnesses the potential of fisheries and aquaculture to reduce hunger and poverty. WorldFish is implementing a project titled *Improving Food Security through Intra-regional Fish Trade in SSA*, in partnership with two African Union institutions, NEPAD Agency and AU-IBAR. The aim of project is to improve food and nutritional securities in Sub-Saharan Africa (SSA). This study was funded by WorldFish with support from the European Union; therefore, it is very important as it generated information that is used for crucial policy decisions at country, regional and continental levels.

Furthermore, this study was being conducted as a requirement for partial fulfillment for the award of a Master of Development Studies with Cavendish University Zambia (CUZ).

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the available literature on informal trade. The purpose of this chapter was to gain knowledge on the existing research results in the study area and also to present both empirical and theoretical literature for the topic. The main study concepts of “informality” and “cross-border trade” are examined from different perspectives in this chapter. It begins with discussions on the theoretical framework.

The reviewed materials were acknowledged in the acknowledgement section. Reviewed materials include published articles, books, journals related to informal sector. Kumar (2011, 31) asserts that literature review is an integral part of the research process and makes valuable contributions to almost every operational step. It helps in establishing the theoretical roots of the study as well as in developing the research methodology. Furthermore, this chapter helped to integrate the research findings with the existing body of knowledge.

2.2 Conceptual Frame work

This conceptual framework attempts to explain and predict cross border traders’ behavior so as to gain an understanding of the decisions and choices traders make on whether to use informal routes or not. There are four schools of thought that explain factors that influence cross border traders’ decision to participate in informal trade (refer to figure 2.1).

In figure 2.1, the dualist believes that the informal economy is pre-modern sector acting as an intermediate space between mainstream formal system and complete unemployment. The scholars focused on survivalist activities by the working poor with few links with the formal economy. Thus the study had predicted that the registered and unregistered firms would evaluate the complexity of border procedures when transporting their commodities across the border. In case where border procedures are not efficient, the duo would opt to use informal channels to get their merchandise to the market, in this case fish products.

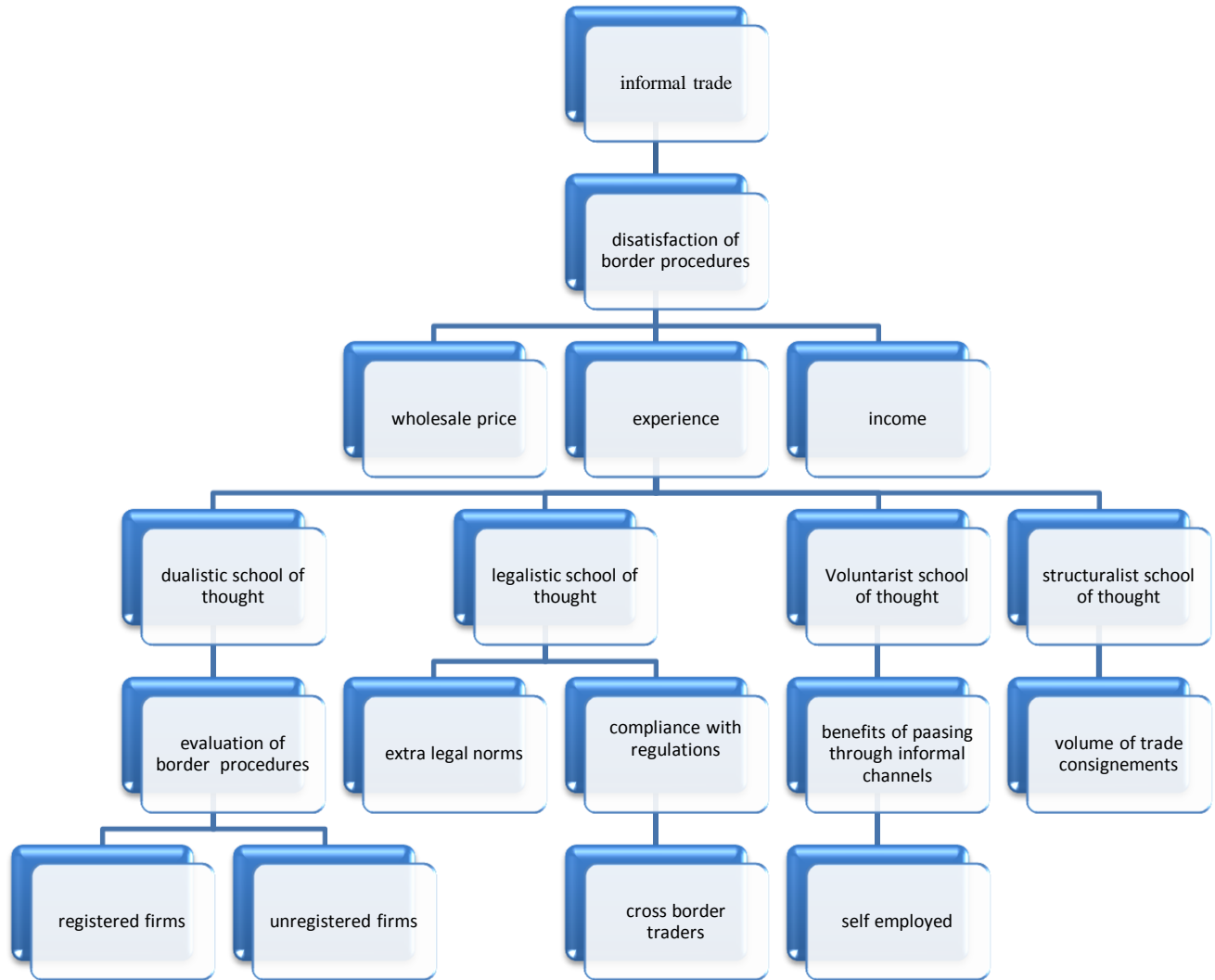


Figure 2.1: illustration of informal cross border trade

This was influenced by labour supply which by far exceeds the demand brought about industrialization. The study would recommend for more state regulations designed to foster informal productivity and more appropriate forms of access to resources, including capital, in addition to the removal of unnecessary state restrictions (Hart, 1973; ILO; 1972: 105).

On the other hand, the legalist component in the diagram (figure 2.1) entails that the informal economy is caused by excessive state regulations. The informal economy is a market-led response by entrepreneurs to excessive state regulation as opposed to a temporary condition of excess labour supply. The small scale cross border traders would be forced to engage in informal routes due to extra norms of cross border formalities, compliance with border rules and

regulations. De Soto (2000: 53) suggests that to formalize trade, there would be need for policies that aligned to less state regulation and more free market policies designed to unlock the growth potential of informal entrepreneurs particularly through the legalisation of informal property rights.

In trying to understand the informal trade, the study also looked at the voluntarist school of thought. Cross border fish traders are prompted to take part in the informal trade as a result of efforts to avoid taxation and costly regulation in the formal economy. The informal economy is a result of producers and traders who choose to operate informally after weighing the costs and benefits of informality versus formality. Bringing of informal firms and their workers into the formal regulatory environment in order to increase the tax base and reduce unfair competition to formal businesses.

The volume of a consignment would also influence decision of cross border traders to participate in informal channel. Large consignment with higher monetary value pay higher levies on import and export charges hence traders would opt to cheat the volume of trade consignment as a way of evading taxes. Chen (2012: 4-6) explains that the structuralist views the informal trade is caused by capitalist growth in the context of economic crises. The informal economy is an attempt by formal sector capital, acting with the complicity of the state, to reduce wages and enhance flexibility by exploiting unprotected informal workers. This school of thought focuses on vulnerable traders exploited by formal sector capital through higher charges at the borders.

2.2.1 Schools of thought on informality by Chen, 2012

The scholars of the informal school of thought first recognised the importance of the informal economy, and how its presence confounded the conventional rhetoric of planning. The legalist school has emphasised the entrepreneurial potential of parts of the informal trade, identifying some of the negative ways in which the state has inhibited this potential through excessive regulation and failing to provide the legal basis and in particular the property rights for informal producers to compete and accumulate capital. The voluntarist school has emphasised the negative parts of the informal economy, pointing to some of the dangers associated with the failure of the state to engage constructively with small enterprises and low-income workers. The structuralist school has pointed to those segments of the informal economy with close links to formal enterprises, and the ways in which parts of the informal economy can serve powerful

private interests in the formal economy more than informal workers themselves. Whatever school one favours, it is important to recognise that their generalisations tend to apply more to some parts of the informal economy and less to others, and that important research has been undertaken within each school.

Dualists may be inclined to advocate more explicit recognition of the urban informal economy and its dynamics as a precondition for achieving economic growth and consequently food security in an economy. Approaches that focus solely on the formal economy, and ignore the extent to which actual practices depart from formally accepted arrangements and practices, are unlikely to succeed. They risk ignoring a wide range of urban informal activities that need to be encouraged or changed if economic growth is to be achieved. As long as the informal economy is large, and especially if it is growing, it is critical to find better ways of supporting its contribution to national income and this will not be achieved simply by promulgating more formal but unrealistic regulations. Thus this study seeks to quantify informal trade, its contribution to household income and generate detailed information that would be tabled for a discussion on how to integrate this kind of economy into national development agendas.

Legalists, often of neoliberal persuasion, may be inclined to advocate market and property based solutions to environmental problems in the urban informal economy. They are more likely to focus on those disadvantaged segments such as women folks where enterprises and workers lack the legal basis for economically efficient production, and point to the negative environmental consequences of resulting economic inefficiencies. They would emphasise the importance of tapping the innovative potential of informal enterprises through stronger property rights for those operating in the urban informal sector, achieving greater productivity (enhancing inclusion), and greater efficiency and resource efficiency.

Voluntarists may be inclined to advocate extending border regulations as part of a necessary formalisation process, leading to a better regulated economy. They would likely emphasise segments that are not so disadvantaged, along with the barriers to cross border trade that arise as the result of allowing an important part of the economy to persist outside of formal regulatory frameworks and compete ‘unfairly’ with formal enterprises. And formalisation would reduce the trade-off between inclusion, by helping to secure social protection and benefits for the previously informal traders.

Structuralists may be inclined to advocate measures making large formal enterprises more accountable for the increase in informal trade brought about by their informal partners. They would be inclined to emphasise situations where, for example, more formal enterprises are contracting informal activities to informal enterprises whose practices are not being regulated. Under such circumstances, informal enterprises are not so much competing with formal enterprises as serving them. The structuralists would also pay attention to how processes like globalisation can influence the role of informality.

2.2.2 The emergence of an inclusionist school

Another school of thought has begun to emerge from a growing body of literature on the economic and political linkages between formality and informality. Two of the approaches that Meagher (2013) identifies in the literature are of interest here: pro-poor urban planning (Miraftab, 2009; Watson, 2009a ; Watson, 2009b; see also Walnycki et al., 2013) and collective organisation (Lindell, 2010 ; Mitlin, 2008). The pro-poor urban planning and collective organisation approaches are included because they pay specific attention to gender and environmental dynamics involving informality. They also support an emerging post-colonial framework promoting a new epistemology of planning that is capable of engaging with informality as a dominant mode of urban development rather than as an unplannable ‘state of exception’ (Roy, 2005; for a review see Brenner & Schmid, 2015).

This paper thus adds a fifth ‘inclusionist’ school of thought to bring the pro-poor urban planning and collective organisation approaches more explicitly into the debate. While there are some tensions between the two approaches, we believe they are similar enough to justify combining into one. Both approaches emphasise the role of organised citizens and grassroots collectives in reconfiguring the power relations that determine the terms upon which poor women and men are included or excluded from living and working in the city, with a focus on actions that take place outside, or in partnership with, the state.

Table 2.1 The emergence of an inclusionist school of thought on the informal economy.by Lindel, 2010

School of thought	General view and focus	Causal roots of informal economy	Policy response
Inclusionist	The informal economy is a result of anti-poor policies and regulations and systems of governance that exclude the poorest informal producers and traders from accessing formal employment, basic urban services and space in the city to both live and work. Focused on the political agency of poor informal dwellers and workers in cities.	Anti-poor policies and regulations, and increasingly neoliberal systems of urban governance.	Collective mobilisation among informal residents and workers as a counter-hegemonic practice of resistance and inclusion. Holding local governments accountable to urban poor dwellers and workers in the process.

There are, however, varying degrees and forms of inclusion and exclusion that need to be considered. For example, what is affordable in cities is often inadequate, and what is adequate is often unaffordable (McGranahan, 2015: 2401). There are also adverse forms of inclusion whereby the poor are included under such unfavourable terms that they may prefer less constrained exclusion (Hickey & du Toit, 2007: 3). Generally, however, the terms are used to refer to situations where people want to be included in the state, markets and civil society, and to avoid exclusion. In this way, the two approaches outlined here support the negotiation of more forms of inclusion advantageous to the public in general and the poorest groups, in particular. This is intended to lead to greater acceptance by and support from officialdom, but not necessarily to formalisation.

The implicit suggestion from the pro-poor urban planning side is that collective organisation needs to be supported along with other means of rendering the zones of contestation between the informal and formal sectors more favourable to those less well-represented in formal arenas. In contrast to the legalist school, the inclusionist school would resist any attempts to place stronger property rights at the centre of a reform agenda; in contrast to the voluntarist school, it would resist the notion that formalisation is inherently beneficial to either disadvantaged groups or the environment; and in contrast to the structuralist school, its collective organisation side would be sanguine about the potential for resisting the economic dominance of large formal enterprises. Like the structuralist school, however, the inclusionist school would recognise the constraints of resisting domination and oppression within broader capitalist economic systems, but would emphasise the political agency of poor women and men to co-produce grassroots solutions in

partnership with the state and civil society, as exemplified by Mitlin & Satterthwaite (2013: 1) and alliances of informal workers (Lindell, 2010: 89).

The diversity of the urban informal economy and its varied relations with formal arrangements and regulations defies simple generalisations about how a formalised economy can be achieved. The challenge of finding solutions is further compounded by the range of planning and governance capacities across different urban centres, both internationally and intra-nationally (Dodman and Satterthwaite, 2008 ; UN-Habitat, 2009).

Moreover, there are informal enterprises that deserve support, and others that do not. There are regulations that deserve to be enforced, and those that should not exist. There are governments interested in optimising the potential of the informal economy, others more concerned with suppressing or exploiting it. There are informal enterprises and workers willing to engage in environmental improvements, others that are not. Within this variety, there is enormous scope for engaging the urban informal economy in the transition to a greener economy, but no simple solutions to apply.

What follows are principles that can at best help to guide the search for local solutions. Importantly, these solutions entail a strong role for local governments in reforming regulatory frameworks, encouraging more collaborative governance arrangements, and supporting more inclusive urban planning approaches. Many local governments do not currently have the capacity to take on this role, highlighting a key priority area for the green economy agenda.

2.2.3 Strengthen the contribution of formal regulations by recognizing their limitations

Well-designed and enforced regulations can be used to support urban economic opportunities for the poorest segments of society, and to shift the economy toward more environmentally desirable pathways. However, desired behaviours cannot simply be regulated into being, and attempts to do so can be counterproductive and exclusionary. Indeed, urban informality often arises in response to unrealistic, inappropriate or unenforceable regulations. Small enterprises run by poor women and men with limited access to capital are prone to falling foul of regulatory systems, particularly when these systems are designed with larger and better resourced enterprises in

mind, are intentionally exclusionary, or are developed in response to more powerful interests. In order to adapt regulatory systems to support the informal economy in the transition to a formalized economy, it may be necessary to:

- Prune the regulatory systems that are meant to apply to informal enterprises, reducing duplication, facilitating compliance, and recognising the rights and contributions as well as the obligations and burdens of small, capital-poor enterprises;
- Assess regulations in terms of their actual effects rather than assuming compliance, and align the regulatory system with the local capacity to implement the regulations equitably;
- Identify and prioritise areas where regulations can help to create a formalized economy, benefiting all segments of society and not just the more powerful; and
- Adapt and develop new regulations in collaboration with those affected, including disadvantaged residents and traders.

2.2.4 Collaborate with informal traders to improve the welfare of the people and the economy

Since many of the activities undertaken in the informal economy are ill-suited to formal regulatory systems, it is important for local governments to find alternative means of engagement. By adopting a more collaborative approach, it should be possible for local governments to coproduce formal outcomes in partnership with informal traders, as with the work of WIEGO (2013) with waste pickers. Ideally, such coproduction would shift informal traders toward inclusivity, and create the basis for the sort of city-wide collective action needed to achieve the national development outcomes.

Organisations of informal traders, and women's organisations in particular (Kabeer et al., 2013), can play an important role in supporting such action. Opportunities to support these organisations as well as to build the capacity of local governments are increasing as new mechanisms for financing the formal economy transition. However, the power relations, gender dimensions and distributional effects within organisations that represent informal traders need to be better

understood to ensure that collaborative efforts do not further marginalise women and other vulnerable groups (Meagher, 2013).

2.2.5 Recognise and support women's contribution to household income and care through informal businesses

The vital role played by women's unpaid reproductive labour in a value-producing economy is increasingly recognised (Chant, 2013; Rakodi, 1991; Tacoli, 2012; UN-Habitat, 2013). There is potential to involve women in promoting formal economic outcomes through informal upgrading and housing improvement at the household and neighbourhood scales. However, reproductive labour remains excluded from the conventional definition of the informal economy. This omission risks missing important opportunities not only to promote these outcomes, but also to redress the burdens that constrain women's productive labour and that reinforce gender disadvantages among poor urban women (Tacoli, 2012: 761). The overlap between informal productive and reproductive labour further suggests that these forms of work ought to be considered together, not separately.

The different segments of the informal economy can and should be treated differently, not just through regulations, but also through other public and civil society processes. Informal economic activities that are environmentally deleterious should be held to account. Conversely, informal economic activities that promote environmental improvements should be supported and protected from being put out of business. In almost all cities, there should be ways of shifting the informal economy to contribute to greener economies. Further research is thus required to better understand the environmental performance of different informal activities so that urban policymakers and civil society practitioners can make informed judgements about which activities deserve support, and which do not.

2.2.6 Upgrade informal to Formal Traders

The gendered division of labour in and around the home has revealed the interconnections between urban economic and spatial informality and the need to address them together. Many informal enterprises are located in informal settlements where workspaces are often embedded in living spaces, and vice versa, at the household and neighbourhood scales (Kudva, 2009). In addition, many of those working in the urban informal economy outside of informal settlements

commute from informal settlements. Many of the challenges faced by governments working with informal enterprises are also encountered while working with residents of informal settlements, and many of the more successful strategies of collaboration and coproduction bear similarities in addressing political exclusion and anti-poor practices (Satterthwaite & Mitlin, 2014: 52 and 58 respectively).

So long as informal workers are not recognized as economic actors and not incorporated into economic and urban planning, they remain outside the protective arm but within the punitive arm of government” (Dimova & Nordman, 2014: 391; paraphrasing Chen, 2014). On the other hand, some planning regimes are sufficiently biased that recognition also brings punishment. Thus, from a planning perspective, the urban informal economy needs to be both recognised and incorporated in a manner that gives full recognition to the rights of the people who depend on this economy for their livelihoods. The application of more pro-poor urban planning and collective action, such as that discussed above, could be an important first step toward economies that are more inclusive.

2.3 Previous studies

2.3.1 Key features of the informal trade

The informal trade is generally understood to include economic activities that fall largely outside the purview of official regulation, whether because the regulations do not apply or through some combination of weak enforcement and evasion (Sinha & Kanbur, 2012: 208). The informal sector includes a wide array of activities, from street vending to domestic service, from home-based enterprises to the informal employees of formal enterprises, and from waste picking to urban agriculture. While those operating in the informal economy are often open to sanction for not conforming to official regulations, informal economic activities should not be confused with the illegal goods and services (ILO, 2002b: 12).

There are four features of the informal economy that make it particularly important for reducing poverty through enhanced income generation whilst building economies that are more inclusive. Firstly, the informal economy is not only large, especially in terms of employment, but is growing. No serious attempt to transform the global economy, socially and environmentally, can

ignore it. Secondly, relations between local authorities and the informal sector are usually strained, and often dysfunctional. Improving these relations is critical if national development agendas are to be pursued inclusively. Thirdly, the informal economy displays enormous variation in environmental performance. While there is potential for engaging it constructively, engagement must be discriminating. Fourthly, the informal sector is not only critically important to many of the poorest households, but is highly gendered, with important implications for the pursuit of both social and environmental agendas.

2.3.2 Persistent growth of the informal sector

Following its ‘discovery’ by Hart (1973), the informal sector was commonly viewed as a marginal and transitory phenomenon that inevitably would be absorbed by the modernising urban industrial sector. Despite this view, however, the informal economy has grown persistently, and is still where the majority of the world’s population lives and works (ILO, 2013; Vanek et al., 2014: 7).

For instance, since the introduction of free trade economy in 1991, Zambia has seen tremendous growth in the informal sector economy. Ongoing trends indicate that the non-agricultural informal economy is expanding in urban areas, especially in countries experiencing rapid urbanisation (Elgin and Oyvat, 2013: 127; Mitlin and Satterthwaite, 2013; Potts, 2008; UN-Habitat, 2003: 1). According to recent statistics, informal employment, which includes informal employees in formal enterprises, accounts for more than half of non-agricultural employment in most of the world’s ‘developing’ regions, and considerably more in those regions amid their urban transitions: 82 per cent in South Asia, 66 per cent in Sub-Saharan Africa, 65 per cent in East and Southeast Asia (Vanek et al., 2014: 12).

Statistics on the contribution of the informal economy to national and regional incomes are somewhat less impressive and more uncertain, but demonstrate that the informal economy is important to overall incomes and to employment. Schneider and Enste (2013: 4) estimate that in the 2000s, the informal sector accounted for 19 percent of gross domestic product (GDP) in OECD countries, 30 percent in transition countries and 45 percent in developing countries. Such estimates are sometimes taken to represent the contribution of the informal sector (as in Benjamin, Beegle, Recanatini, & Santini, 2014: 6), despite their rather different definitions.

Charmes (2012: 119) used labour and national account statistics from the United Nations to estimate that the informal economy account for as much as 50 to 70 percent of non-agricultural employment at a regional level, and that the informal sector contributes between 25 and 50 percent of non-agricultural GDP.

By the 1990s, the persistence of the informal economy shifted the debate towards looking to informal activities for opportunities for poverty reduction and economic growth (for example, Rakowski, 1994 ; Tokman, 1989). This shift has yet to occur in the economic growth debate, however. As Benson (2014) points out, this raises questions about whether greening requires formalisation through new or existing regulations, and whether such regulations are even appropriate given their exclusionary tendencies. Building on Benson, this paper argues that the national development agenda must engage constructively with the informal economy if it is to have any meaningful impact on the transition to an economy that is not only food secure, but also inclusive of disadvantaged women and men.

2.3.3 Bad relations with local authorities

Local authorities are inclined to view informal vendors and producers as illicit or even ‘illegal’, to the extent that their processes and arrangements do not conform to regulatory frameworks, and may interfere with the formal economy. Informal vendors and producers are inclined to view local authorities as an obstacle rather than an ally, to the extent that they are treated without respect, especially if they are regularly moved or fined.

As most of the literature makes clear, however, informal workers and operators, many of whom also live in informal settlements, should not be seen as evaders of regulations designed in the public interest. As Hart (2006) the first to identify the informal sector has observed, the sheer scale of informality reflects a large gap between the bureaucratic regulatory systems of the government and economic realities of most citizens. This gap can be attributed in large part to the many regulatory regimes designed for cities that policymakers would like to have, but not for the cities that most of their populations live in, or could afford to live in. This applies to low-income informal settlements.

If the poorest residents and traders cannot afford to conform to regulations, authorities may not enforce the regulations because they sympathise with their financial plight; a concern perhaps

reinforced by fear of disturbances, attendant social and economic losses, and the difficulty of enforcing punitive regulations. After a point, however, enforcement failure tends to corrode the regulatory system. Good regulations are forged in the struggle between regulated and regulator. With no such struggle, the distance between the rule and the feasible realities is likely to grow.

Alternatively, officials can also be notoriously unsympathetic to those living and working in poverty. Formal regulations can be a means of harassment. This can become a particular problem when urban officials and elites believe that their cities are being degraded by excessive rural-urban migration. In such circumstances, strict regulations often become a means to try to keep out those who cannot afford to live up to acceptable standards, even if they end up having to live and work in even worse conditions elsewhere. Even unsympathetic officials can often be resisted, however, and informality can be the uneasy compromise between authorities that would rather informal residents and workers were not in the city at all, and the informal residents and workers who would like to be fully accepted.

When relations between local authorities and informal dwellers and workers are bad, using environmental regulations to drive the economy in a green direction could force the informal economy further underground, or undermine it in ways that are harmful to those dependent upon it. Even informal activities that produce clear environmental benefits are likely to find it difficult to adhere to environmental regulations, particularly if these regulations are promulgated primarily in consultation with the formal private sector. More generally, it is hard to imagine a transformation towards a greener and more inclusive global economy without better relations between many local authorities and those operating in the informal sector.

2.3.4 Informal sector and gender

Although more women are engaged in paid employment than ever before, they tend to be more concentrated than men in lower-quality, lower-paid, irregular and informal employment (Chant, 2013; Chant and Pedwell, 2008; Chen, 2010; Chen et al., 2004; Heintz, 2010 ; Herrera et al., 2012).

Women face numerous disadvantages in the informal sector attributed generally to their restricted mobility and use of space; limited skills and work experience; minimal access to capital; discrimination in the home and labour market; limited representation in formal

governance structures; additional responsibilities involving unpaid domestic and care work (e.g. cooking and cleaning, fetching water, caring for the sick and injured, tending to children, etc.), and secondary roles in family businesses (Chant, 2013 ; UN-Habitat, 2013). Many women in face additional disadvantages arising from a combination of low-income, inadequate and expensive accommodation, limited access to basic services, exposure to environmental hazards, and high rates of crime and violence (Tacoli, 2012). The additional burdens on domestic and care work created by these conditions have led many women to engage in income-generating activities in or around the home, often in home-based enterprises (HBEs) in informal settlements (Gough et al., 2003; Lawanson and Olanrewaju, 2012 ; Rogerson, 1991).

While women's work for the market economy and their work for the unpaid care economy are often treated as separate, the temporal and spatial overlaps between them in the urban informal economy make them difficult to distinguish (Chant, 2013; Rakodi, 1991 ; UN-Habitat, 2013). This also applies to women's involvement in collective efforts to improve living and working conditions in informal settlements. For example, many women affiliated with Slum/Shack Dwellers International (SDI) are leading upgrading projects (Patel & Mitlin, 2010) that benefit the economy by reducing the environmental problems that worsen reproductive work burdens and that often spill over to effect small enterprises and the labour force (Tacoli, 2012), addressing the development deficits that underpin climate vulnerability in the home, workplace and neighbourhood (Dobson et al., 2015; Jabeen et al., 2010 ; Satterthwaite et al.), and creating employment and skills development opportunities for low-income communities (Goodenough & Klug, 2005). Women's savings groups also provide micro loans to small enterprises run by poor women and men (Archer, 2012 ; Patel and Mitlin, 2010).

These efforts illustrate the value of women's labour outside the market in contributing to the performance of the economy, including the extent to which it is inclusive. However, the International Labour Office (ILO) the international agency dedicated to the informal economy and its statistics excludes the reproductive or care economy from its definition³ "because the informal economy is defined as part of the market economy: that is, as producing goods and services for sale or some other form of remuneration" (ILO, 2002b: 12). Even the recent path-breaking Recommendation Concerning the Transition from the Informal to the Formal Economy adopted by the General Conference of the ILO (2015) fails to acknowledge the role of women's

unpaid reproductive work, despite some mention of the need to provide “childcare and other care services” as a means of reducing gender inequalities. This omission may have a certain statistical logic, but risks further devaluing women’s unpaid reproductive labour a concern long voiced in development circles (Chant, 2013; Rakodi, 1991; Tacoli, 2012; UN-Habitat, 2013).

2.4 The Informal Sector as a Source of Household Income

The social and economic situation in SADC has become more acute and the crisis of unemployment, poverty and HIV/AIDS cries out for attention. As the battle to survive intensifies, informal and cross border trade has become a viable alternative (UNIFEM, 2010). People in the region are being drawn to it because of the changing socio-economic environment, where opportunities for formal employment are shrinking. But there are also many instances, certainly in the case of Zimbabwe at the height of the economic crisis in that country, where even those who were employed were forced to resort to ICBT or were at least being supported through it. Income generated from ICBT among parents in Zimbabwe was reported to be used in paying school fees for children among other things.

“I sent my children to school through cross border trade. Now they are married, but I still continue buying and selling things because the cost of life in Zimbabwe is now very expensive and you need to work. My son is a teacher but I look after him, because his salary can’t buy even a bar of soap (Marvis Chito/parent, 2008).”

A study carried out by UNIFEM (2010) contends that 75 percent of Swaziland’s informal cross border traders and 43 percent of Zimbabwean traders would continue with ICBT even if the economic condition in their respective countries improved. What is sad is that many governments do not recognize informal trade and look upon it negatively as they associate it with criminal activity and tax evasion. However, robust informal trade has continued to thrive in SADC despite the negative labels attached to it (UNIFEM, 2010).

The International Labour Organisation (ILO) (1991, 21) reports that informal trade is the most important source of employment among self-employed women in sub-Saharan Africa. Women therefore play a critical role in addressing vital issues of livelihoods such as food and income security. The SADC Gender Protocol is also recognizes the critical role informal cross border trade play in supporting livelihood among women. SADC Gender Protocol, Article 17 on

economic empowerment states that adopt policies and enact laws which ensure equal access, benefit and opportunities for women and men in trade and entrepreneurship, taking into account the contribution of women in the formal and informal sectors.

Malik (1996) adds his voice and asserts that the informal sector plays an important role in employment creation and poverty alleviation by providing incomes to unskilled and semiskilled workers who otherwise would be unemployed. Malik emphasizes that the informal sector provides jobs and income to millions of people in urban areas of developing countries, where formal jobs are not available.

Literature by Fidler and Webster (1996) also pointed out that the informal sector provides employment to the poor, absorbing some of the labour that cannot find employment in the formal sector. The sector plays a supplementary role in employment and income generation. It also plays a complementary role in the provision of goods and services. Fidler and Webster (1996) added that the urban informal sector is a major provider of employment and income to three categories of socio-economic groups in urban areas: survivalists (very poor people who work part-time in income generating activities), the self-employed (people who produce goods for sale, purchase goods for resale or offer services), and very small businesses (micro-enterprises that usually operate from a fixed location with more or less regular hours).

The Save the Children's Fund and a few other non-governmental organizations argue that the informal sector can build markets, expand trade, manage natural resources, fight poverty, generate employment, strengthen communities, support families and feed most of the world's children (as cited in Salter, 1998). The sector also utilizes waste materials such as old tyres, metal, disposed equipment to produce goods some of which otherwise would have been imported, and to provide services which could be too expensive for low income earners.

The urban informal sector can also have a negative role by raising the expectation of potential migrants to urban areas that opportunities exist for them to move into (ILO, 1999). However, lack of opportunities may eventually lead some of the migrants to engage in crime and other unlawful activities. Furthermore, the rising urban population resulting from these expectations may lead to urban environmental problems due to the inability of the urban system to handle the sudden influx of the rising population.

The proportion of urban employment accounted for by the informal sector in developing countries varies widely. Studies reveal that the share of the urban labour force engaged in informal sector activities ranges from 20 to 70 percent, the average being around 50 percent (Todaro and Smith, 2012). The proportion of informal sector employment to the total urban employment is highest in Africa followed by Asia, Latin America and the Caribbean. Estimates in some South East Asian and South Asian cities put the share of informal employment to the total workforce at around 50 to 60 per cent.

In urban areas, the lack of opportunities in the formal sector tends to concentrate a large share of the population in the informal sector. In a survey conducted in Manila, 87 per cent of the city's slum dwellers were found to work in the informal sector. The informal sector also absorbs a large proportion of the migrant population from the rural areas. A study in Dhaka shows that migrants comprised 70 percent of the informal sector labour force, against 37 percent in the formal sector. Another survey of selected capital cities showed that 93 percent of the migrants in Dhaka, 63 percent in New Delhi, 97 percent in Jakarta and 80 percent in Bangkok worked in the informal sector (Fidler and Webster, 1996).

2.5 Loss of Revenue Linked to Informal Trade

According to Dendukuri (2014), there is a significant contribution of informal sector to Gross Domestic Product (GDP) to economies across the world. Estimates have been made of the contribution; these estimates indicate that the contribution of informal enterprises to DGP varies from a low of 27 percent in Northern Africa to a high of 41 percent in Sub-Saharan Africa. The contribution of informal sector to GDP is 29 percent for Latin America and 41 percent for Asia. The fact that such a large number of countries have significant contribution of the informal sector to total GDP shows the role played by the informal sector in these economies.

Tshuma and Jari (2013) ascertains that the sector's contribution towards Gross Domestic Product (GDP) comes from the fact that they grow at a very rapid rate and gives even the unskilled and illiterate a chance to earn an income. This has made this sector to be one of the leading sectors in many national economies. For example, in South Africa, small businesses are estimated to contribute about 30% to GDP (Kromberg, 2005). Most of these

small businesses do not register so as to avoid paying taxes, but if they were all to register and their output captured in the government records, then their true contribution to GDP would be seen to be higher than is currently predicted. Secondly, if the sector is promoted and given more support, then its contribution can exceed these figures and go beyond 30% with time. Skinner (2006) is of the opinion that the individual contributions of the informal traders remain modest but collectively they do make a sizeable contribution towards the national GDP.

Similarly, the literature for Chen (2012) shows that during the period between 1975 and 1995, the GNP per capita has increased in most countries except in Asia. This was due to the dramatic growth of the labour force. For instance, the urban unemployment rates have passed beyond two digits in North Africa and in sub-Saharan Africa and they are rapidly reaching this threshold in Latin America.

Certainly this trend is partly due to the progress in measurement of a phenomenon which remained unknown for a long time in countries where it is not subsidised: in the absence of compensations, such high rates mean the dissatisfaction of the youth entering a labour market which is unable to provide them with jobs adequate to the qualifications they have been more and more numerous to acquire in the education system (Chen, 2012). When asked whether they are working, they respond they do not, even if they are engaged in informal activities: in fact, they envisage those activities as a shame at worst, and at best as provisional and transitory and as such not to be considered as real work. Unemployment rates are very high in most countries, but these figures significantly drop when complementary questions are raised or when time-use is measured.

ICBT has contributed enormously to food security, for example in 2004 when there were food problems within the SADC region. Food security is defined by the Food Agricultural Organisation (FAO) as encompassing the ability of all consumers to have both physical and economic means of access to food requirement at all times (Macamo, 1999, 46). The most important ingredients of food security include (i) ensuring adequacy of food supply, (ii) maintaining supply stability, and (iii) ensuring supplies for all consumers. In the quarter ending September 2004, informal trade in maize between six southern African countries through 24

monitored borders amounted to close to 36,000 metric tonnes (MT). Malawi accounted for about 94 percent of the trade, with the bulk of the maize sourced from Mozambique.

2.6 Challenges of the Informal Traders

A recent study carried out by Manjokoto and Ranga (2017: 25-39) assessed the opportunities and challenges faced by women involved in informal cross-border trade in the city of Mutare during a prolonged economic crisis in Zimbabwe. Sixteen women informal cross-border traders were interviewed in depth while two cross-border bus drivers and two customs officials provided key information, which was categorized and discussed along emerging themes. The women were mainly middle-aged single parents who engaged in ICBT for survival. On average, they were educated but forced into ICBT by economic hardships and lack of jobs associated with the closure of industries that started in the late 1990s.

The study revealed that deindustrialization created opportunity for the women to obtain Zimbabwean passports and import clothes, blankets, electrical gadgets and vehicle spare parts from South Africa (Manjokoto and Ranga, 2017: 25-39). However, a delay in obtaining the passport which costs US\$51 and issued within six months was the women's first challenge. Desperate to save meager incomes as most Zimbabweans resorted to ICBT, most of them slept in the open while in SA. Local authorities harassed them searching and confiscating undeclared goods. The women's children suffered as they missed their mothers' attention, control and love. Instead of helping the women's businesses flourish, government proposed banning imports to revive Zimbabwe's industrial sector.

The SADC gender protocol indicates that gender inequality is one of the major challenges faced by informal cross border women traders. Women make up the majority of informal traders, they are more directly affected than men in the way they make their living. For example, informal cross border trade contains a large degree of travel both within the country as well as across borders, making women more vulnerable to sexual harassment and abuse. There is further harassment when they get back to their home countries and start selling their wares. Women street vendors are continuously harassed by the police and civic authorities who regard their businesses as illegal.

Tshuma and Jari (2013: 41) contends that the informal sector face a lot of challenges internally on the way the business is managed and the availability of the necessary resources. These barriers include lack of information, lack of capital and insufficient management skills. The biggest and probably the most dominant constraint faced by the informal business sector is lack of finance which is very much needed to bear possible losses. It is difficult to obtain credit from the formal financial sector such as banks due to the lack of enough collateral (Adisu, 2006: 137).

Financial institutions in developing nations share a common characteristic of considerable amount of default rate. Consequently, Adisu (2006: 140) states that informal traders are therefore forced to resort to informal sources of credit such as money lenders (kaloba) who charge them exorbitant interest rates that they cannot easily repay or cannot afford to repay at all. Women in most cases form a group where they agree to contribute a certain amount of money which is given to one member of the group after an agreed period of time, mostly one month. This kind of resource mobilization is called chilimba.

Kirsten, et al. (2006: 61) holds the view that some informal traders are discouraged from borrowing by the fact that their future earnings are usually less than the value of their assets (collateral). Another simple reason for these small informal businesses not getting financial support is that they are not registered and this makes it very difficult for the willing financial organizations to reach out to them as they do not know where to find them. There is also lack of tools and equipment as well as technical skills for improving productivity due to lack of adequate finance with which to source these resources. Limited finance has made it difficult for the small businesses to advance technologically, higher expert labour, buy inputs in bulk to enjoy scale economies and even grow in size (Kirsten et al., 2006).

With time, some of the small businesses grow and try to join the formal sector (Tshuma and Jari, 2013). However, this transition into the formal sector brings with it many constraints such as the complicated and expensive legal requirements for registration. In most countries, the legal processes involve very long procedures and paper work and there are also licenses that cannot be obtained easily or cheaply. At times applications for licenses take too long to be processed since small business owners lack the influence or bargaining power enjoyed by bigger firms. Such

factors force some entrepreneurs to resort to what McGee (1996) termed “rent-seeking” (bribes) as they try to make the government officials to speed up the processing of their applications.

Literature provided by Tshuma and Jari (2013) show that informal traders dealing in cross border trade are constrained by technical trade restrictions, bureaucratic procedures, marketing and distribution problems, lack of risk assurance and in the more underdeveloped countries, high transportation costs and communication problems. There are a lot of restrictions that informal traders face when trying to export their products or even when taking them to the local markets for sale. These restrictions come in the form of quality requirements, conformity assessment, packaging and labeling.

Liedholm and Chuta (1999) highlight that all products meant for trade have to be checked first in order to make sure that they meet the required standards such as taste, size and even quality in terms of durability and side effects (especially in the case of food). There are institutions such as the Zambia Revenue Authority and the Zambia Bureau of Standards (ZABS) where such quality checks are done but these checks come at a price. Luiz (2002) identifies lack of skill and initiative in marketing as some of the contributions towards their lack of proper market access. Dealing with these barriers requires that small businesses spend the little money they have to pay to access the market or at least to have their products to undergo quality checks. The marketing aspect of small businesses is affected by the lack of adequate finance which makes it very difficult for the traders to take their products to the most viable market places.

High transportation costs further constrain especially the informal businesses located either too far from their raw materials or the markets. The costs are exacerbated by the small amount of products that these businesses transport per trip since transportation is charged per mileage and not per weight as posited by Boomgard (1983). Therefore, since these traders need small amounts of raw material and also produce very little output, they face very high transport costs and thus fail to enjoy the economies of scale enjoyed by larger businesses that make full use of trucks by transporting as much products at once as possible.

Rumia Begum and Chandana Goswami (2017: 209) highlight that operational problems and prospects of the informal enterprises particularly street vendors and Home Based Enterprises (HBEs) of Assam in India. The study was exploratory in nature and total 687 respondents from

three districts of Assam, viz. Kamrup (metro), Nagaon and Cachar participated in the study. It is found that Street vendors and HBEs faced several problems during procurement and selling of the products such as problem of finance, lack of institutional credit, and problem of harassment, competition among themselves and from formal sector. The Scholars of this study concluded that working in the informal sector is a challenging task, but the survivors were very positive about the future prospect of the occupation and they want to continue the same occupation if some facilities such as suitable establishment, access to loan registration and technical training were provided.

Informal markets are important given the increase in migrants seeking a better life in cities and the need to formulate appropriate development policies (Vermaak, 2016: 53-63). Jaco Vermaak, (2016) assessed the social development and informal markets at Thohoyandou Market in South Africa. The methodology used involved a literature study that focused on social adaptation, and fieldwork done at an informal market in South Africa. The results show that informal traders are able to adapt to difficult circumstances by using informal networks, and also that they can remain victims trapped in poverty if they accept their powerless situations.

Informal trade continues to thrive between India and Pakistan despite recent measures undertaken by the two countries to normalize trade and reduce transport impediments. Taneja and Bimal (2016: 245-269) (i) identifies factors determining informal trade, (ii) prepares estimates of India's informal trade with Pakistan, (iii) examines the modalities of informal trade, (iv) analyzes the transaction cost incurred in trading formally and informally, and (v) proposes recommendations needed to shift informal trade to formal channels.

The analysis carried out on the basis of an extensive survey conducted in India and Dubai estimates informal trade to be US\$ 4.71 billion. Of this, India's informal exports to Pakistan are estimated to be USD 3.99 billion and imports from Pakistan USD 0.72 billion. The study concludes that informal traders in India and Pakistan have developed efficient mechanisms for contract enforcement, information flows, risk sharing, and risk mitigation. Further, even though the transaction costs of trading in the informal channel are significantly higher than the formal channel, traders prefer to trade through the informal channel since it is more efficient than the formal channel. An important policy implication is that unless the environment of the formal

trade improves, informal trade will not only continue to coexist with formal trade, but it will also impact its potential magnitude in the coming years (Taneja and Bimal, 2016: 245-269).

Kim and Shida (2017) measured the informal economy and shortages of consumer goods in the Soviet republics from 1965 to 1989 to estimate the relationships between these two variables. Using estimation methods, including a fixed-effect model and the instrumental variable approach, we find that the informal economy and shortages reinforced each other. Results indicate that the Soviet central planning system was difficult to sustain. Substantial heterogeneities across the Soviet republics exist not only in the extent of the informal economy and shortages, but also in the associations between the two variables (Kim and Shida, 2017).

2.4 Research gaps

A number of scholars from different schools of thought have discussed on the existence of the informal trade. However, much of the information available does not point out the magnitude of income gained by informal traders at household level. In addition, informal trade or informal economy has been associated with criminal activity hence literature does not provide information on how this kind of trade can be formalised. Therefore, this study was designed to address these gaps and made policy recommendations on how people who have their livelihood depend on informal sector could be helped in order to improve their livelihood through better trade policies. Furthermore, understanding the informal sector would raise awareness on the number of people who benefit from it.

2.5 Research variables arising from literature review

Table 2.5.1 show some of the variables identified from the existing literature that were analyzed in order to understand the topic under study.

Table 2.5.1: *Variable Identified from Literature*

Dependent Variables	Independent Variables
Informal trade	Monthly income
	Value of tax
	Value of trade
	Quantity traded
	Constraints to trade

2.6 Conclusion

This chapter discussed literature and theories in informal trade. The four theoretical viewpoints of informality were summarised and linked to informal trade. The other theoretical framework on international trade was the border effects theory. Different authors have argued either for or against the informal trade. Some have contended that the informal sector was illegal and an impediment to the growth of the formal sector. Many factors have been discussed in the literature as influencing the people's involvement in the informal sector. These include, lack of jobs in the formal sector (Akinboade, 2005) and the unavailability or low availability of certain commodities between countries due to environmental or other factors (Lesser & Moise-Leeman, 2009). The literature further suggests that women dominate in the informal economic activities in most of the countries in Southern Africa.

The informal sector is extremely diverse, and the informal economy is not generally amenable to the same sort of policies as the formal economy. Access to capital is very limited and existing regulatory systems are poorly adapted to the realities of the informal economy, and the needs of those who depend on it. If informal economies are ignored when attempts are made to green the formal economy, activities that undermine these environmental goals may be displaced to the informal economy, as it is less regulated. However, if the response is to impose regulations designed with the formal economy in mind, those working in or dependent on the informal economy are likely to suffer. The heavily gendered and largely unpaid care economy, not officially even considered part of the informal economy, is also likely to be adversely affected by policies that, whether intentionally or unintentionally, burden the informal economy and informal settlements.

Engaging with the informal economy is likely to require a consultative and negotiated process, of the sort advocated by proponents of pro-poor urban planning and inclusive urban development. There are parallels here to the sort of formal private sector engagement advocated in relation to

the green economy, but for reasons outlined above the appropriate processes and forums are likely to be quite different.

3.0 CHAPTER THREE: METHODOLOGY AND DESIGN

3.1 Introduction

This chapter describes the research philosophy that was adopted by the study, the research strategy employed and so the research instruments utilised in the pursuit of the research objectives and the quest for the research question. In other words the purpose of this chapter is to: discuss the research philosophy in relation to other philosophies; expound our research strategy, including the research methodologies adopted; introduce the research instruments that were used in the pursuit of the goals. This was done to help with the presentation of results and the provision of appropriate policy recommendations in the last two chapters respectively.

3.2 Research Philosophy and approach

The study adopted an innovative methodology that is distinctive in scope and organization. This included desk literature reviews and analysis, fieldwork and surveys. Desk reviews and analysis of existing documents was done prior to the field data collection. Information generated from these reviews was used to inform the field work and also assist in providing information on policy and institutional structures existing.

3.3 Research strategy

The study used a survey research strategy to enable the researcher obtain data on informal trade at one point in time through questionnaires. Quantitative analytical techniques were then used to draw inferences from this data regarding existing relationships; for example the relationship between informal trade and household income. Briggs and Marianne (2007) say that quantitative methods involves the generation of data in numeric form which is used in rigorous statistical analysis. This approach meant that results findings from both Katimamulilo and Kasumbalesa border posts were employed to draw inferences to the entire population of informal traders in Zambia at large.

3.3.1 Research choice

The study chose quantitative research in order to analyze the informal trade as a source of household income. This was because of the variables that were identified from the research

objectives. The variables required quantitative or statistical analysis in order to establish the relationship between variables. According to Saunders et al. (2007: 146), the two main methods of data collection are quantitative data collection and qualitative data collection. Qualitative data that is used in research would be usually a non-numerical data. It has open-ended information. Example: Pictures or video clips. Quantitative data that is used in data would be numerical data consisting of graphs or statistics. It includes close-ended information such as attitude, behaviour of performance instruments. (John and Vicki, 2007).

3.3.2 Source of data

This survey heavily depended on primary sources of data. The main source of data was from survey responses from informal cross border traders and transporters from the two border sites using a questionnaire.

3.4 Sampling frame

A sampling frame is a list of all the items in your population. It is a complete list of everyone or everything you want to study (Carl-Erik Särndal et al., 2003). This study was looking at informal cross border fish traders, who could not want to be recognized due to the nature of their business which is deemed illegal. Respondents were drawn from all identified informal cross border fish traders and transporters of fish products at Katimamulilo and Kasumbalesa border posts particularly in the hide out or secret routes. Prior assessment was made to develop a rapport on how these participants were going to be identified and selected to participate in the study.

3.5 Sampling techniques

Systematic random sampling method was used to select study participants. This method was adopted in order to eliminate the bias which could arise from sampling. The study looked at the population of cross border fish traders at each border post to calculate a sampling $(n+1)^{th}$ interval. In this case, every n^{th} cross border trader was selected to participate in the study.

3.6 Data collection techniques

Primary data was collected using a questionnaire. A questionnaire was administered to each respondent selected to participate in the study. This study was quantitative in nature hence a

questionnaire was appropriate because it could be used to collect large data sets that was analyzed with a statistical analysis (Kumar, 2011).

3.6.1 Fieldwork

Collecting data on informal cross border trade in Zambia’s main borders was main focus of this study. This was aimed at generating rich data from selected borders focused on understanding dynamics, drivers and trends in informal fish trade and volumes, paying particular attention to policy and institutional issues, access to markets for different stakeholders, and implications for livelihoods and poverty reduction.

3.6.2 Data processing and analysis

Descriptive statistics were used to analyze raw data from field survey. Data from filed was checked for consistencies before entering the data file in a Statistical Package for Social Scientists (SPSS) computer programme. Percentages, ratios, frequencies and tabulations were used to interpret research findings. Estimates of fish trade volumes in informal cross border trade was done using the following formula adopted from Ackello-Ogutu (1996) and Nkendah (2013):

$$ADTV = \left[\sum_{i=1}^n Qd i \right] / J \dots\dots\dots (i)$$

$$ATV = M N \left[\sum_{i=1}^n Qd i \right] \dots\dots\dots (ii)$$

$$AV = M N \left[\sum_{i=1}^n Qd i \right] P \dots\dots\dots (iii)$$

Where;

- ✚ **ADTV** is average daily trade volume;
- ✚ **ATV** is annual trade volume;
- ✚ **AV** is annual trade value;

- ✚ N is the days in a month a trader exported or imported fish from or to the market;
- ✚ M is the number of months in a year during which a trader exported or imported fish;
- ✚ Q_d is the quantity of fish exported or imported per day;
- ✚ J is the total number of day's data was collected;
- ✚ P is the average price of fish per unit; and
- ✚ i is the trader index

3.7 Reliability & Validity

Reliability and Validity are important concepts in research as they are used for enhancing the accuracy of the assessment and evaluation of a research work (Tavakol and Dennick, 2011, 53). They have different meanings under the different types of research i.e. quantitative and qualitative research (Creswell, 2014, 201). Reliability refers to the consistency, stability and repeatability of results; that is, the result of a researcher is considered reliable if consistent results have been obtained in identical situations but different circumstances (Twycross and Shields, 2004, 36). On the other hand, validity is the extent to which any measuring instrument measures what it is intended to measure (Thatcher, 2010, 125). It is possible for a measurement to be reliable but invalid; however, if a measurement is unreliable, then it cannot be valid (Thatcher, 2010, 125; Twycross and Shields, 2004, 36). This study ensured all stipulated methods in this chapter were followed in order to ensure that reliable and valid results are obtained and are free from biasness.

3.8 Ethical considerations

The study ensured that the research ethics were taken into consideration throughout the research process. On the respondent's side, the researcher made sure that participants were informed of the main purpose of the study before engaging them into the study. Participation was based on voluntary basis; consent was obtained from the potential respondents. Respondents were also guaranteed of privacy and confidentiality of data. There was no recording of names or any personal identification during data collection and data was analyzed in aggregate. Furthermore, the researcher watched over the proposed research methodology for conducting the study throughout the study. This means that there was no doctoring or alteration of the research findings aimed at satisfying (suit) the researcher's views.

There are a number of key phrases that describe the system of ethical protections that the contemporary social and medical research establishment have created to try to protect better the rights of their research participants. The principle of voluntary participation requires that people not be coerced into participating in research. Closely related to the notion of voluntary participation is the requirement of informed consent.

Essentially, this means that prospective research participants must be fully informed about the procedures and risks involved in research and must give their consent to participate. Ethical standards also require that researchers not put participants in a situation where they might be at risk of harm as a result of their participation. Harm can be defined as both physical and psychological. There are two standards that are applied in order to help protect the privacy of research participants. The stricter standard is the principle of anonymity which essentially means that the participant would remain anonymous throughout the study even to the researchers themselves.

4.0 CHAPTER FOUR- DATA ANALYSIS

4.1 Introduction

This chapter presents statistical data and research findings on the assessment of informal trade as a source of household income. The information was generated from informal cross border fish traders at Kasumbalesa and Katimamulilo border posts. Graphs, tables and pie charts were used to present the research findings from the questionnaire. In addition, this chapter comprises of subsections coined from each research objective of this study.

4.2 Socioeconomic Characteristics of the Respondents

A total of 284 respondents participated in this study. Table 4.2.1 displays results on the gender and marital status of the respondents. Slightly above half, 52.1% of the respondents were females and males were only 47.9%. The table also shows that the majority, 81% were married whilst the least, 3.2% reported that they had lost their spouse. Further, the research findings indicate that cross border traders with different marital status participate in informal trade for livelihood. This background information is very important as it used later in this paper to explain how such information effect the decision to participate in illegal trade and income distribution at household level.

Table 4.2.1: Gender and Marital Status of the Respondents

Marital status	Female	Male	Total
Married	134 (47.2%)	96 (33.8%)	230 (81.0%)
Divorced	8 (2.8%)	20 (7.0%)	28 (9.9%)
Never married	-	17 (6.0%)	17 (6.0%)
Widowed	6 (2.1%)	3 (1.1%)	9 (3.2%)
Total	148 (52.1%)	136 (47.9%)	284 (100.0%)

4.2.1 Age of the Respondents

Age of the respondents was analyzed. The study thought it was important to observe age of the participants as it influences decision making at household level. Figure 4.2.1 shows the age distribution of the respondents. The results show that age was normally distributed and on average each respondents was 38 years old, with a standard deviation of 13.774 years. In other words, the study findings indicate that on average the study participants were either 13 years below or above 38 years of age (38 ± 13.774 years). This also shows that the respondents were adults hence could give satisfactory information with regards to the contribution of informal cross border trade to household income.



Figure 4.2.1: Age of the Respondents

4.2.2 Head of a Household

The respondents were asked to disclose whether they were head of the household or not. Statistics revealed that most (96%) of the respondents were household heads and only a small segment (4%) reported that they were not heads of household (Figure 4.2.2).

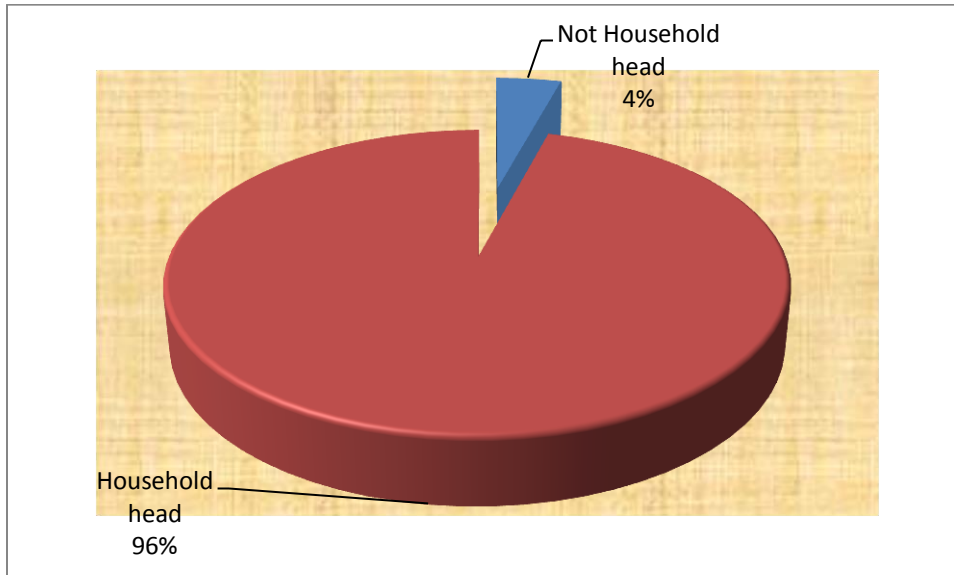


Figure 4.2.2: Head of a Household

4.2.3 Occupation of the Respondents

Respondents were asked to disclose the main occupation they had for their livelihood. The results in figure 4.2.3 shows that 75% were cross border traders, 18% were bicycle transporters of goods across the border and 7% were truck drivers.

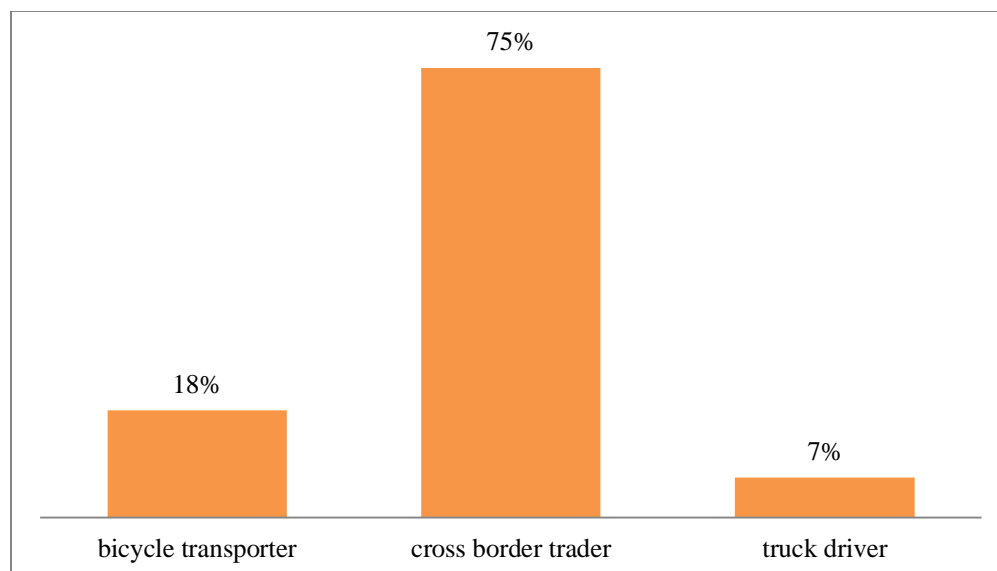


Figure 4.2.3: Occupation of the respondents

4.3 Informal Cross Border Trade and Household Income

Informal cross border fish traders at both Kasumbalesa and Katimamulilo border posts gave responses on the extent to which informal trade was a source of income to their households. The traders disclosed that selling fish was the main source of income their households. Table 4.3.1 indicates that 36 % of the female traders at Kasumbalesa border revealed that they earned an average of ZMW 4,396.56 per month. The results also shows that average family size for traders at Kasumbalesa border site was higher than for traders at Katimamulilo border site (7 compared to 5).

Table 4.3.1: Gender, Income and Family Size of Informal Cross border Traders

Border site	Gender	Frequency (n=284)	Average monthly income ZMW	Average family size
Kasumbalesa	Female	103 (36%)	4,396.56	7
	Male	92 (32%)	4,488.15	7
Katimamulilo	Female	45 (16%)	2,414.6	5
	Male	44 (15%)	2,092.36	5

Respondents were asked a follow up question to indicate how they used the income earned from selling their fish products. Figure 4.3.1 shows that most of the respondents said that they use the money to buy food (44.7%) whilst 25 % ascertained that income from their business was used to buy other household necessities. The least, 2.8% asserted that some of the income realised from selling fish was used to build a house.

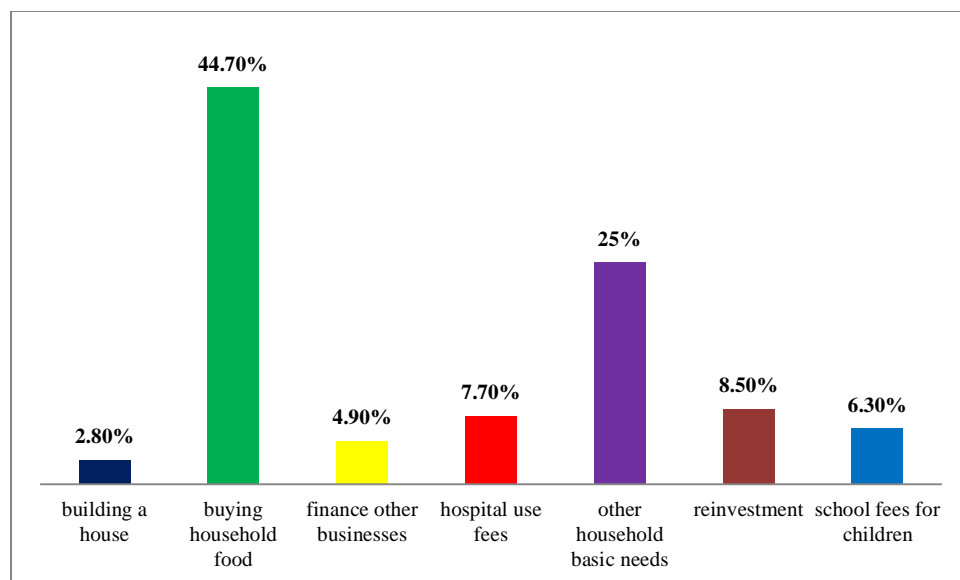


Figure 4.3.1: Income distribution for informal cross border traders

4.4 Volume and Value Informal Fish Exports and Imports in Zambia's Main Borders

Table 4.4.1 shows that 102,263.9 tons of fish valued at ZMW 1,574,832,260 were informally traded between Zambia and her neighbors in 2016. The results in table 4.4.1 further shows that the majority (97,119.06 tons valued at ZMW 1,261,440,000) of the fish traded informally was exported to DRC.

Table 4.4.1: Volume and Value informal fish trade between Zambia and her neighbors

Border Post	Volume (tons)	Monetary Value ZMW	Monetary Value in USD
Luangwa	3,228.59	206,629,760	22,459,757
Nakonde	1,642.50	84,862,500	9,224,185
Katimamulilo	273.75	21,900,000	2,380,435
Kasumbalesa	97,119.06	1,261,440,000	137,113,043
Total	102,263.90	1,574,832,260	171,177,420

Field observations revealed that most of the refrigerated trucks destined to DRC offloads on the Zambian side and deliver the fish across the border using bicycle transporters, making use of the COMESA Simplified Trade Regime (STR), where traders don't pay customs fees for goods

under the value of US\$ 1,000. This process of conveying fish across the border not only masks the massive informal re-exports, but it could also be a way of evading tax.

Kasumbalesa market accommodates various cross border traders in the region. During the enumeration period, there were cross border fish traders dealing in both dried and frozen fish products at Kasumbalesa border site market. Furthermore, there were 148 containers of frozen fish stationed at Kasumbalesa border site market and 76 fish depots for dried fish products. Cross border traders from Mozambique, Botswana, Namibia and local Zambian traders were seen doing their businesses in their respective depots. Tanzanians were also found on the market corridors, vending their merchandise.

4.4.1 Value of informal fish traded at Nakonde (Zambia/Tanzania) border

A 30kg bag (Figure 3.4 left) of popa was selling at between ZMW 350 and ZMW 400. Daga was selling at ZMW 1,700 and ZMW 1,800. One truck of 15 tons (Figure 3.4 Right) can carry between 400 to 420 of 30 kg bags. Bicycle transporters from Tunduma informal market in Tanzania used informal routes to transport fish across the border to Zambia. Figure 3.4 shows a bicycle transporter crossing TAZARA rail route to bypass the Zambia Revenue Authority agents and Fisheries officials from both Zambia and Tanzania.



Figure 3.4: *Left: A bag of Popa/fulu on its way to Zambia. Right: Offloading a truck*

Table 4.4.2: Volume and Value of Fish Traded informally at Nakonde Border

Supply Period	Fish Species	No. of 30kg bags traded per day	Price of 30kg bags traded daily	Monetary Value (ZMW)
January-March	Popa/Fulu	120	350.00	42,000.00
January-March	Dagaa	30	1,800.00	54,000.00
April-December	Dagaa	60	1,600.00	96,000.00
April-December	Popa/Fulu	90	450.00	40,500.00
Total value of informal trade per day				232,500.00
Total Value of informal trade per month				6,975,000.00
Total value of informal trade per year				84,862,500.00

Traders indicated that on average about 150 bags (4.5 tons) crosses the border on a daily basis at Nakonde (Zambia/Tanzania) border informally. On the other hand the fisheries officers at the border estimate that about 33 bags (about 1ton) crosses the border informally. Given that there are two fish species that crosses the border, it was noted that during the period between January to March or every year about 80% of Fulu is exported to Zambia while 20% of Dagaa is exported to Democratic Republic of Congo (DRC). Between April and December, 40% of Dagaa and 60% of popa/fulu was imported into Zambia. These are estimates of both the fish traders and fisheries officers. The high levels of popa/fulu imports in January-March are explained by the closure of fisheries in Zambia. From these estimates therefore fish imports at Nakonde border through informal trade is valued at ZMW 84,862,500.00 annually (table 4.4.2).

4.4.2 Fish Trade Routes

The study further assessed the informal fish trade routes used by the cross border traders. In Nakonde, border between Zambia and Tanzania, it was observed that crossing the border with fish depended on whether the trader has paid the required taxes or not. If the taxes were paid then fish would be transported right through formal channels at the border. In most cases a bicycle was used (Figure 3.5). On the other hand, if taxes were not paid, then transporters used the route through which they could by-pass the border authorities without being noticed. The transporters pointed out that the authorities were aware of all the routes and once in while border authorities made unannounced checks on those routes. The transporters themselves revealed that they would however find a way of ensuring that they cross the border to Zambia from Tanzania without being noticed.

Almost all the fish traders (dealing in dried fish products) confirmed that fish sold at Tunduma border site market was sourced from Lake Victoria. The main fishing villages reported were Chato and Nkome in Geita and Musoma in Mwanza. The fish from this water body reaches Tunduma by containerized trucks.



(a). Bicycle transporter ready to cross with Popa/fulu

(b). The transporter has taken a by-pass to avoid taxes



(c). The transporter goes through TAZARA into Zambia



(d) Already crossed and still by-passing Zambian authorities



(e and f). Reached the bus stop where he off loads and popa/fulu packed into a waiting public transport

Figure 3.5: Route of a bicycle transporter evading taxes and authority Photos by Keagan

Respondents further argued that some traders from Zambia's Nakonde border town buy fish from Tunduma informal market in smaller quantities to sell in their local market while other Zambian traders from Lusaka, Copperbelt and other Provinces buy fish from Tunduma informal market in large quantities. Congolese were also reported to be buying fish in bulk. One of the respondents ascertained that most of the fish sold at Tunduma market is destined to Zambia and DRC. Tanzanians in the surrounding villages were also reported to buy fish from Tunduma but not in large quantities.

4.4.3 Why do traders use informal routes?

Informal cross border traders were asked to give reasons for engaging in informal trade, and the results are displayed in Table 4.4.3. The majority, 27.5% said that they use informal channels in order to avoid double taxation at the border posts; 26.4% said that they chose to use informal

routes to avoid border restrictions; 25.7% reported that use of informal routes to reduces additional expenses on their businesses whilst 16.2% said that they spend less time when passing through illegal routes than when they follow the laid down border procedures. The traders added that they were charged twice at the border post for similar commodity; that is, they were charged from each side of the country due to differences in import/export requirements between the trading countries.

Table 4.4.3: Reasons for trading informally

Reasons for informal trade	Frequency	Percent
na	12	4.2
Avoid double taxation	78	27.5
Reduce expenses	73	25.7
Spend less time	46	16.2
Avoid restrictions	75	26.4
Total	284	100

‘na’ denotes not applicable

4.5 Challenges of Informal Cross Border Traders

Table 4.5.1 shows that the majority (32%) of the respondents said that immigration restrictions were not good for their businesses.

Table 4.5.1: Challenges faced by Informal cross border traders

Challenges	Female	Male	Total
Inadequate security	6 (2.1%)	4 (1.4%)	10 (3.5%)
Harassment by Customs Authorities	43 (15.1%)	27 (9.5%)	70 (24.6%)
High transport cost	10 (3.5%)	9 (3.2%)	19 (6.7%)
Immigration restrictions	45 (15.8%)	46 (16.2%)	91 (32.0%)
Poor sanitation in the markets	13 (4.6%)	18 (6.3%)	31 (10.9%)
Too many tax charges	13 (4.6%)	21 (7.4%)	34 (12.0%)
Unstable exchange rate	18 (6.3%)	11 (3.9%)	29 (10.2%)
Total	148 (52.1%)	136 (47.9%)	284 (100.0%)

“I buy fish in Botswana, but the unfortunate thing is that when I go to buy some orders, I find the whole sale prices have gone up; the exchange rate is also not doing fine hence I have to further reduce the budget for my orders (Grace Mukuta, Kasumbalesa).”

5.0 CHAPTER FIVE: DISCUSSION OF THE RESEARCH FINDINGS

5.1 Introduction

The chapter presents discussion of the research findings. It specifically discusses the results according to research objectives. This chapter answers research questions that were raised in the research proposal in order to address the research objectives. It focuses on discussing what was reported from the current field research findings in relation to what has been reported in literature.

5.2 How much income do informal cross border fish traders earn for their households?

The previous chapter presented results on average monthly income for fish traders in the informal sector. Fish is very important in Zambia, with over 108,000 traders in the informal sector reporting fish trade as the main source of income for their households. Similarly, UNIFEM (2010) reports that people are being drawn into cross border trade because of the changing socio-economic environment, where opportunities for formal employment are shrinking. For instance in Zimbabwe even those who were employed were forced to resort to informal cross border trade or were at least being supported through it at the height of the economic crisis (Ibid).

Todaro and Smith (2012) also contends that most of the households, particularly women headed households in sub-Saharan Africa have informal trade as the main source income to support their children with school fees and other household basic needs. However, the sad thing is that many governments do not recognize informal trade and look upon it negatively as they associate it with criminal activity and tax evasion. However, robust informal trade has continued to thrive in SADC despite the negative labels attached to it. Fish supports livelihoods and can be used to as a tool to reduce income poverty in the communities that depend on fisheries, especially among women and youths. The United Nations should strongly integrate fisheries in their development agendas as a way of achieving the sustainable development goals, particularly goal number one and two; (no poverty and zero hunger, respectively) and other cross cutting issues such as women and gender equality (UNDP, 2016).

5.4 What is the volume and value of fish passing through informal channels?

Trade is an important element of development and economic growth of a country. Globally, progression from low income to middle and upper income country status rests heavily on successful trade in regional and global markets. The previous chapter indicated that Zambia is greatly engaged in fish trade with other countries in the region. Most the fish products that is traded in the region is done so through informal routes hence unrecorded in the national statistics. And because of this, the actual volume and value of fish traded between Zambia and other countries is not accurately recorded in the national statistics. In addition, fish traders use various instruments to package their fish products, making it even more difficult to quantify the volume of fish being exported or imported into the country. Most of the available statistics depends on the authors' estimates.

However, despite these challenges, this study undertook a rigorous monitoring of the movement of fish in Zambia's main borders. Econometric models were used to estimate the volume and value of fish traded through informal channels. The findings revealed there is a lot of fish trade going on between Zambia and other countries in the region. Atleast 108,000 people were engaged as full time informal cross border fish traders with 102,263.9 tons of fish valued at ZMW 1,574,832,260 (171,177,420 USD) were informally traded between Zambia and her neighbors. Informal trade is normally not reported in the national statistics thereby giving inaccurate reporting on fisheries' contribution to national income. CCARDESA (2016) reported that Zambia's fisheries sector contributes less than 1% to the country's GDP and employs about 300,000 people, with 6,860 employed in the aquaculture subsector.

Similarly, Taneja and Bimal (2016: 245-269) discovered that USD 4.71 billion of India's informal trade exports to Pakistan were not reported in the national records. In support of this, Kim and Shida (2017) assert that traders prefer to trade through the informal channel since it is more efficient than the formal channel. This makes it difficult for authorities to accurately estimate the value of fisheries' contribution to GDP. An important policy implication is that unless the environment of the formal trade improves, informal trade will not only continue to coexist with formal trade, but it will also impact its potential magnitude in the coming years (Ibid). This being the case, government authorities should not associate informal trade with illegal activities if it is to be harmonized. Instead they should work with local groups such as the

cross border traders' association to harness informal transactions into the national records. Dualist theorists contends that it is critical to find better ways of supporting the informal sectors' contribution to national income since this sector coexist with formal economy (Chan, 2012).

In 2016, Zambia's fish imports were recorded at 126,345 tons whilst exports were at 271 tons (DoF, 2016). This study has shade some light on what happens to the country's imports. The author learnt that not all the fish that is imported into the country is consumed locally as the study findings revealed that above 90 percent of the fish imports for Zambia ends up in the DRC through informal routes. This means that there is a greater market to produce fish for domestic consumption and export the surplus to regional markets. With the creation of a stand-alone government ministry to oversee fisheries, the country could become a model of massive fish production and trade in the region by efficiently utilizing the available resources to produce fish above domestic demand and export the surplus to regional markets.

Successful trade provides crucial source of foreign exchange to help a nation's balance of payments, and also leads to increased employment as trade is directly linked to production. In addition, the multiplier effect in other businesses would further foster economic growth and improved livelihood for the country at large. In addition, increase in domestic production triggers import substitution led policies, and at the same time enhance domestic manufacturing capacity like fish growing business and processing factories. The end result will be increased participation in the global trade in fisheries products as value addition attracts demand for fish from the Zambian market. Today, international trade is at the heart of the global economy and is responsible for much of the development and prosperity of the modern industrialized world.

5.5 What are the main challenges facing informal cross border fish traders?

The previous chapter indicated some of the various challenges affecting the cross border fish traders. Fish products are normally sourced from point of surplus to point of deficit, and this involves covering long distances. Conventional economic theories indicate that traders are rational being who always want to maximize profits (Nicolaas, 1995). Thus cross border fish traders cover long distances to source fish products in places where it is readily available so that they can enjoy huge profit margins. However, interaction with traders revealed that apart from transport cost, there are various challenges and cost that they have to incur when

transporting their commodities to the market. Trade is constrained by customs clearance authorities at the borders for traders who cannot meet the documentation required at the border check points. These include import/export permit, certificate of origin and travel documents.

The majority of the fish traders do not understand the procedures for getting these documents and this makes their businesses very difficult for they have to be subjected a lot of delays at the border.

COMESA has been making efforts to encourage small scale traders to participate in Free Trade Area by abolishing duty on nearly all goods produced locally and sold in members of the Regional Economic Communities (RECs) such as SADC and COMESA. The introduction of simplified trade formalities for small scale traders meant that small scale traders depending what they are bringing into the country, they can enjoy duty free access with simplified documents (Trademark Southern Africa, 2013). However, due to inadequate information on products that eligible for COMESA STR, cross border fish traders are not sufficiently benefiting from this policy instrument. COMESA STR has three elements:

1. A simplified certificate of origin from customs as the trader leaves the country to certify the origin of the goods.
2. A common list of eligible goods that may use the STR.
3. A simplified customs document, that is filled in as the trader enters the country he/she is exporting to.

Other issues that affected cross border traders were the general performance of the economy as a result of massive power cuts. This affected industrial performance as whole including the fisheries sector. Cross border traders reported volatile exchange rate coupled with inflation as one of the issues that negatively affected their businesses. And because this, the traders were not willing to pay customs related costs at the borders, further forcing them to use informal routes. Volatile exchange rate causes a lot of cost on the businesses especially for cross border traders who depend on foreign currency when doing their business. Inflation reduces the real purchasing power. Zambia's economy is dependent on the mining sector hence there is need to invest more is the fisheries sector. There are greater opportunities for investment in the fisheries sector in Zambia.

6.0 CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter presents a conclusion from the previous discussions of this paper. The general objective of this study was to analyse the informal trade as a source of household income with special interest on cross border fish traders in Zambia's main borders. Study findings have been analysed and this chapter presents a conclusion and evidence based policy recommendations.

6.2 Conclusion

The general objective of this study was to analyze the informal trade as source of household income with a special focus on cross border fish traders in Zambia. The author learnt that fish plays an important role in the income of people in various communities in Zambia, with at least 108,000 people engaged as full time cross border fish traders in the informal sector. There is massive movement of fish across the borders and this is done through informal processes. The number of people employed in the informal trade is increasing as a result of an increase in the country's population. Trade has become the main driver of the economy for a country like Zambia, characterized with limited manufacturing industries and high unemployment levels. However, cross border fish traders face a lot of challenges to penetrate the lucrative markets in the neighboring countries. And because of these challenges, trade in fisheries products is basically conducted through informal routes.

Informal trade is not likely to come to an end as long as the formal sector remains less attractive. People involved in informal fish trade would rather sell their commodities informally and ignore laid down government procedures and regulations due to increased cost of doing business in the formal sector. Therefore, ministry responsible for fisheries needs to make it easy for cross border fish traders to export and import fish products by creating a framework that would make entry to cross border trade attractive. Zambia has greater opportunities for trade in fisheries products in the region provided there is an expansion in local production as well as a reduction in the impediments to intra-regional trade. With the creation of a stand-alone government ministry to oversee fisheries, the country could be a model of fish production and trade in the region by efficiently utilizing the available resources to produce fish above domestic demand and sell the surplus in the regional markets. Successful trade provides crucial source of foreign exchange to help a nation's balance of payments, and also leads to increased employment as trade is directly

linked to production. In addition, the multiplier effect in other businesses would further foster economic growth and improved livelihood for the country at large.

6.3 Recommendation

Make customs formalities at the border attractive. In order to adapt regulatory systems to support the informal economy in the transition to a formalized economy, it may be necessary to:

- ❖ Prune the regulatory systems that are meant to apply to informal enterprises, reducing duplication, facilitating compliance, and recognizing the rights and contributions as well as the obligations and burdens of small and medium enterprises;
- ❖ Assess regulations in terms of their actual effects rather than assuming compliance, and align the regulatory system with the local capacity to implement the regulations equitably;
- ❖ Identify and prioritize areas where regulations can help to create a formalized economy, benefiting all segments of society and not just the more powerful; and
- ❖ Adapt and develop new regulations in collaboration with those affected, including disadvantaged traders.

Revise the national protocol for data collection, analysis and dissemination to reflect the informal trade volumes. Governments should revise their national cross-border fisheries data collection methods to ensure that all fish species and quantities being traded informally are also recorded. This will improve the official national fisheries import and export statistics by capturing informal fish trade that are currently overlooked and consequently undermining the importance of fish in the national economy. This will also enhance the importance of fish in the national accounting, including the contribution of fish to the economy, food and nutrition security.

Establish fish traders associations. Governments and NGOs with interest in fisheries should promote the establishment of fish traders' associations. These institutions will also help improve dialogue between traders and government agents involved in facilitating cross-border trade and help expose malpractices. Civil society organizations should help identify “women champions” who raise the debate about women’s role in cross-border fish trade. These champions could work within the framework of Citizen Economic Empowerment Commission (CEEC). This will also help in enhance compliance through participatory approach; that is, working with the fish traders themselves to promote and strengthen fish health standards.

Address informal costs to trade, especially corruption. The national governments and non-governmental organizations should help to create the necessary environment to make corruption impossible, including making cross-border trade rules and regulations transparent. Governments should commit to addressing corruption by empowering traders and communities to anonymously report offenders and punishing those found engaging in corrupt practice.

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Appendix A: INFORMAL TRADE QUESTIONNAIRE

Name of Enumerator:

Date of interview:

Checked by:

Dear respondent,

I am doing a survey on informal trade and its contribution to household income. The data I collect will be only used for research purposes and will help come up with policy recommendations to improve benefits from fish trade in the country, region and Africa as a whole. I hope that you will be free to provide me with true and accurate data and information. Please feel free to ask any questions or raise any issues you might have. You can terminate this interview at any point should you wish so. Thank you for your participation.

1) Province.....

3) District.....

4) Border post.....

- 5) Nationality of the respondent.....
- 6) Type of respondent's activity/ occupation.....
- 7) Respondent gender (male/female) and age
- 8) Age of the respondent.....
- 9) State the family size (*how many are you in your household*)?.....

10) Please indicate fish species that are traded informally through this border?

Fish Species (local names)	Quantity	Country of origin	Country of destination

- 11. How many cross border fish traders informally trade through this border per day?.....
- 12. How much does it cost to buy a bundle (200kg) of dried fish from the source?.....
- 13. How much do you sell one bundle of fish at the market?.....
- 14. How much do you pay on transport per bundle of fish?
- 15. How many bundles do you load per truck?.....

16. How much do you pay in taxes when exporting fish across the border?

- A. Amount charged for exports per bundle.....
- B. Amount charged for imports per bundle.....
- C. Amount charged for council levy.....
- D. Other charges specify.....

17. Kindly indicate the prices of the fish species you have mentioned in Q10?

Fish Species	Buying price	Unit quantity	Selling price	Unit quantity

18. Is your business main source of income for your household?

- a) Yes
- No

19. How much do you earn from your business in one month?.....

20. If yes to Q12, kindly list the items for distribution of your income (*multiple response*)?

- A. Household food
- B. School fees
- C. Electricity bills
- D. Water bills
- E. Household rentals
- F. Others specify.....

21. What was the source of capital for your business?

- a) Self
- b) Family & friends
- c) Money lenders (kaloba)
- d) Community/group savings
- e) Other specify.....

22. Do you need a license for you to do your business?

- a) Yes
- b) No

23. Do you have a license to sell fish in region?

- a) Yes
- b) No

24. What challenges do you face in your business?.....

.....

25. Suggest ways in which your challenges can be addressed?.....

.....

End of the interview; thank you for your time.

Appendix B: ACTION PLAN

Activity	Responsibility	Time Frame						
		28 th Feb	24 th Mar	10 th Mar	1 st April	18 th April	1 st May	31 st May
Development of a topic	Author							
Desk review on informal trade	Author							
Proposal development	Author							
Data collection	Author							
Data entry & cleaning	Author							
Report writing	Author							
Submission of a report	Author							