CHARACTERIZATION OF INFORMAL CROSS-BORDER TRADERS ACROSS SELECTED BOTSWANA BORDERS

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ABSTRACT

This study was cross-sectional and used the quantitative (survey methods) and qualitative methods (Focus Group Discussion and Key Informant Interviews) to characterize the informal cross-border traders drawn from four major activity border posts in the northern and southern parts of Botswana. The systematic random sampling and snow ball techniques were used in identifying the 520 informal cross-border traders who participated in the study. The study analysed the demographic characteristics of the traders, main commodities they traded on, the sources and amount of start-up income, reasons for participating in informal cross-border trade (ICBT), the extent of profit generated from the trade, major constraints faced by the traders, and factors that significantly predicted profit generated from ICBT. The study recommends that government should recognize ICBT and provide enabling facilities and infrastructure to ease delays at the border posts, minimize stiff trade completions and ease transportation for ICB traders. A nationwide study covering all the 21 border posts needs to be embarked on to provide data necessary for monitoring the informal cross border trade in Botswana.

JEL: F13, F16

KEYWORDS: ICBT, Qualitative, Quantitative, Multiple Regression, Cross-Sectional, Agricultural Products And Output, Industrial Goods, Characterization.

INTRODUCTION

Informal cross-border trade (ICBT) has been defined as a form of trade that is usually carried out by small businesses and unrecorded in official statistics; trade in legitimately produced goods and services, which escape the regulatory framework set by the government, and as such avoiding certain tax and regulatory burdens (Njiwa, 2013; Afrika and Ajumbo, 2012).

Statistics show that informal cross border trade contributes 30-40% of intra-Southern African Development Community (SADC) trade. An ILO study conducted in 2004 notes that trade is the most important source of employment among self employed women of sub-Saharan Africa, providing 60% of non-agricultural self employment (Wanjiku, 2011; Motsetsa, 2011; CSO, 2009).

Although some information about informal cross-border trade exists in the Southern African Development Community (SADC), of which Botswana is a member (Mijere, 2009; Njiwa, 2013;Njiwa et. 2010; Peberdy, 2000; Wanjku et al 2011), there has been no empirical study on the informal cross-border trade in Botswana. Appropriate information on who they are, the characteristics of these traders, the extent of their involvement in the trade, products traded on, factors that influence participation of men, women and youths in ICBT, profitability of the trade and their challenges, the number of informal cross-border traders, geographical location, funding sources and countries of destination, among other indicators are hardly available Yet these information are very crucial to the country to determine the contribution of this trade to the economy of Botswana. Specifically, for ICBT to encourage entrepreneurial activity and regional trade, and contribute

to greater food security and enhance income earnings and employment opportunities for the vast population of Botswana, an understanding of the present operations of the trade is very vital.

This paper, which is extracted from the result of a study on Informal Cross-border Trade between Botswana and its neighbouring countries (Ama and Mangadi, 2012), and carried out between January and September 2012, has been able to fill this gap in information on the informal cross-border trade activities at selected borders in Botswana. This information, together with a methodology and analytical procedure adopted in the study could enhance a nationwide study that will provide holistic information for monitoring the informal cross-border trade across the country.

The remaining part of this paper is organized as follows: The next section examines the related literature and develops the scope of this research study. We then describe our data and methodology and discuss the results of our empirical findings. The final section is the conclusion.

LITERATURE REVIEW

Unemployment and poverty have contributed to the informal sector becoming the fastest growing sector of the labour force between 1995 and 1996 in Botswana. This sector is dominated by women. The Botswana Informal Sector Survey 2007 estimates a total number of 44,277 informal traders, of which 28,183 (63.7%) were females (CSO, 2009). These were predominantly operating from homes, managed by individuals and mainly in the wholesale and retail business and contribute to a significant proportion of their livelihoods (Motseta, 2011). The 2005/2006 Botswana labour force survey indicates that of the total employed persons, 52.4% were males whilst 47.6% were females (CSO, 2008). The Household Income and Expenditure Survey 2002/2003 and the Botswana AIDS Impact Survey II (CSO, 2005) show higher unemployment rates for women compared to men.

Alusala (2010) and Njikam and Tcshouassi (2011) have stated that ICBT involves bypassing border posts, concealment of goods, under-reporting, false classification, under-invoicing and other similar tricks. In addition, it has the following characteristics: (i) it involves small entrepreneurs; (ii) traders do not access preferential tariff agreements; (iii) traders may buy, or more often sell, in informal sector markets; and (iv) traders do not always pass through formal import and export channels and may be involved in smuggling of part or all of their goods.

Although it is difficult to get an accurate overview of the extent of informal cross-border trade in Sub-Saharan Africa, in general and Botswana, in particular, surveys suggest that it still represents a significant proportion of regional cross-border trade and has been able to wield much impact in the economy of nations. For instance, trade in the Sub-Sahara Africa is the most important source of employment among self-employed women and provides 60% of non-agricultural self-employment (ILO 2002). In West and Central Africa, women in Cross-border Trade (WICBT) "employ 1.2 people in their home businesses; support on average 3.2 children as well as 3.1 dependents who are not children or spouses" (Oculi n.d, p. 8). The contributions of this trade to national GDP are as follows: 64% of value added in trade in Benin; 46% in Mali and 41% in Chad (Charmes, 2000).

Despite the fact that WICBT addresses vital issues of livelihoods such as food and income security, yet they are neglected by mainstream trade policies and institutions, thus undermining the profitability of their activities. Informal cross-border trade (ICBT) has been estimated at up to 60% of all intra-regional trade and between 30-40 percent of total intra-SADC trade (Afrika and Ajumbo, 2012). According to the United Nations Development Fund for Women (UNDFW), in the SADC region, women constitute about 70 percent of the informal cross border traders (Njiwa et al 2010). In the Western and Central parts of Africa, women constitute nearly 60 percent of informal traders. Women are said to compose up to 80% of all informal cross-border traders and the impact of informal cross border trade (ICBT) is significant (IWACU,

2012). By ignoring informal cross border trade, SADC member States could be overlooking a significant proportion of their trade.

ICBT is often considered as offering a lot of employment and income opportunities to women traders (Jackson, 1996 and Cagatay & Ozler, 1995). Thus, the ICBT appears to play a vital role in alleviating poverty and promoting women, men and youth economic empowerment (Chen et al., 2006). Traders engage in ICBT as a source of income and economic activity. Most traders have no education and raise capital from their own resources or through loans from friends and relatives. Traders are generally not bankable nor do they have assets that Banks would accept as collateral (Afrika and Ajumbo, 2012). They can also be formally registered firms evading regulations and taxes or aiming to avoid border crossing posts. Broadly speaking, those involved in ICBT fall under the following three categories (Figure 1).

Figure 1: ICBT Categories

Category A	Category B	Category C
Informal (unregistered) traders or firms operating entirely outside the formal economy	Formal (registered) firms fully evading regulations and duties (e.g. Avoiding official border crossing posts)	Formal (registered) firms partially evading trade-related regulations and duties by resorting to illegal practices

Source: OECD Trade Policy Working Paper No.86, 2009.

Those involved in this type of trade are not only men and women, but also youths and children who use various means to move merchandise in both small and large quantities across international borders.
Masinjila (2009) highlighted some of the challenges faced by women participating in this trade as follows: Lack of enough information disseminated by official sources or people who know it and the absence of official structures for disseminating such information to women and even male traders; the corruption that thrives on ignorance, fear and impunity of government officials at border posts; insufficient education and lack of access to financial services.

The objective of this paper, based on a survey of 520 ICB traders, key informant interviews and focus group discussions, is to ultimately raise awareness of the socioeconomic and demographic characteristics of the informal cross-border traders in Botswana. Specifically, the paper will determine (i) the socioeconomic and demographic characteristics of informal cross-border traders in Botswana and the commodities they trade in, (ii) the sources of income for ICBT, (iii) the factors that influence participation in ICBT (iv utility of ICBT and (iv) the business and institutional obstacles facing informal traders and how these obstacles are overcome.

DATA AND METHODOLOGY

Location of Study

The study surveyed 520 women and men in informal cross-border trade across four major entry points into Botswana: Tlokweng Gate- Koptontein (South Africa), Kazungula Ferry (Zambia), Ngoma border (Namibia) and Kazungula Road Border (Zimbabwe) between January and December 2012. These four border sites were mainly selected because of the relative importance and volume of informal cross-border trade taking place across them. The choice of women and men traders for this study was to examine the gender differentials in ICBT. The study used both quantitative and qualitative methods. In addition to the survey of the women and men, documentary analysis, key informant interviews with border officials and other government personnel and focus group discussions (FGD) were conducted..

Instrument for the Study

Two instruments were used for the study, namely the questionnaire for ICB traders and structured questions for the key informant interviews and focus group discussions (FGD). The questionnaire was developed with the assistance of the literature in ICBT (UBOS, 2008; UN Women, 2008-Tanzania) and consisted of closed and open-ended questions. The open-ended questions gave the traders an opportunity to give their opinions about the various issues involved. The questionnaires covered several areas such as demographic characteristics of the ICB traders, socioeconomic situations, access to resources and services, implications and effects of ICBT, constraints related to ICBT, and strategies they used to overcome the constraints faced.

Pre-testing of Questionnaire

The questionnaire and the structured questionnaire were pre-tested using ICB Traders at one of the border posts and necessary corrections made before being used for the main study. The Cronbaach's alpha coefficient of reliability of the instruments was calculated as 0.90.

Sampling Design

Given the fact that no data exists on the number of men, women and youths in informal cross border trade, the study used a total number of informal trade businesses owned by men, women and youth (44, 277) as a proxy for the total target population (CSO, 2009). Using the sample size calculator at 95% confidence level (allowing an error margin of 5%), the minimum statistically appropriate sample size was determined as 381 (The Creative Research System, 2012). However, 40% of this statistically determined sample size was added to allow for increased power and take care of those who may be reluctant to participate in the interview. This gave a sample size of 533 for ICBT study. This sample size of 533 was allocated to the border posts using proportional allocation to size (PPS), where the size represents the number of men, women and youth who used the border posts in the past one year.

Two sampling methods were employed in the study. The systematic random sampling whereby every third ICB trader at the border was interviewed in each of the border on a given day. This method was augmented by the snowball technique whereby an identified ICBT was asked if s/he knows any other person who is involved in informal cross-border trade. The advantage of this method is that it helped in identifying informal cross-border traders who do not use the official border posts. The snowball technique is advantageous over the house-to-house survey as the latter is associated with a largely quantitative tradition of measuring the rare event that often suffers from a lack of responses from the particular rare event such as maternal death in this study, whereas snowball sampling involves locating the household with the rare event through key informant approach. Snowball sampling has been found to be economical, efficient and effective (Snijders, 1992). Key informant persons within the Ministry of Trade and Industry, customs and immigration officers at the border posts were identified and interviewed.

Data Collection: Research assistants were trained on questionnaire administration and ethics of conducting surveys. The criteria for a person to be chosen as research assistant were based on her/his knowledge and skills in interviewing and knowledge of ICBT business. All research assistants were trained to observe keenly what was going on at the borders, what the informal cross-border traders (ICBTs) were trading in, how they were behaving in terms of apparent freedom to disclose information and their interaction with peers, customers and government officials at the border posts.

They explained to the traders the purpose of the study, assured them of confidentiality of information provided, and informed them that they was no monetary compensation for participating. Furthermore, the participants were informed that they can bow out of the study at any time they desired to do so without jeopardizing the survey. For those who accepted to participate they signed a consent form and proceeded

with the interview. As the ICBTs are on a business trip, those who could not be interviewed at the border posts gave their telephone numbers and other contact details to the researchers. They were traced to their homes or workplaces with this contact information for the interview. At the end of the study, 520 ICBTs completed the questionnaires giving a response rate of 98%. Four focus group discussions and two key informant interviews were conducted.

Limitations of the study: Trade and cross border trade in particular is a very sensitive topic when discussed by people who make their living from it. The respondents are likely to be concerned about why they were asking them the questions and what the interest of the researcher really is. They are likely to exercise fear of possibility of collecting information being passed on to government authorities such as tax departments. Others may think that the research assistants are agents of income tax department disguised as researchers. All these are likely to affect the truthfulness of respondents despite good effort to reassure respondents that information provided were not going to be divulged to any other source.

RESULTS

The demographic characteristics of the surveyed informal cross border traders are shown in Table 1. The percentage of males and females in the studied sample were 39% and 61% respectively. The majority of the female traders (29%) were between ages 31 to 35 years, followed by those 36-40 years (21%) while 30% of the males were either 26-30 years or 31-35 years. By the definition of youths in Botswana, the sample can be described as consisting of mainly youths (18-35 years) (77% of males and 67% of females).

Table 1: Demographic Characteristics of the Respondents

Demographic Characteristics of traders		**Sex of respondent**			
		Male		**Female**	
		Frequency	**%**	**Frequency**	**%**
Age of respondent	18-21	9	5%	13	4%
	22-25	24	12%	41	13%
	26-30	60	30%	59	19%
	31-35	61	30%	99	31%
	36-40	26	13%	67	21%
	41-45	12	6%	19	6%
	46 and above	9	5%	21	7%
Employment status	Employed in the public sector	22	11%	37	12%
	Employed in the private sector	32	16%	31	10%
	Self-employed	87	43%	121	38%
	Unemployed	60	30%	130	41%
Marital status	Single (never married)	85	42%	140	44%
	Married	58	29%	108	34%
	Divorced	15	8%	23	7%
	Widowed	0	0%	16	5%
	Cohabiting	43	21%	32	10%
Highest educational qualification	No schooling	16	8%	12	4%
	Primary Certificate	21	10%	29	9%
	Junior certificate of education	39	19%	67	21%
	Secondary school certificate / Diploma	61	30%	105	33%
	University Degree	37	18%	62	19%
	Professional Certificate	22	11%	44	14%
	Others	5	3%	0	0%
Number of years on ICBT	1-5	166	83%	237	74%
	6-10	29	14%	71	22%
	11-15	6	3%	11	3%

This table shows summary statistics of the sample.

More female traders (41%) than male (30%) were unemployed while more male traders (43%) than female (38%) were self- employed. While 22% of the females were employed in either the public sector or private

sector the corresponding percentage of the males was 27%. A slim majority of the female traders (33%) and male traders (30%) had secondary school certificate/Diploma; 21% of the females and 19% of the males had junior certificate while 19% of the females and 18% of the males had a university degree. More males (8%) than females (4%) had no education. The single (never married) ranked highest (44% of the females and 42% of the males); 29% of the males and 34% of the females were married while 21% of the males and 10% of the females were cohabiting. An overwhelming majority of the traders (83% of males and 74% of the females) had been in the ICBT for only 1-5 years while 15% of the males and 27% of the females had been in the trade since 6-10 years. Close to 58% of the businesses were located in Botswana, 18% were located in Zambia while about 10% were either in Namibia or Zimbabwe, respectively and 5% in South Africa.

Agricultural products and outputs (40%), industrial goods (27%), services (10%) and textiles (8%) are the four most traded commodities. The composition of goods traded on shows gender specific differences with more women (59%) engaged in trading on agricultural products and outputs than men (41%), industrial products (42%, men; 58%, women) and services (33 men; 67%, women) (Table 2). Men trade more on mining (80%) and forestry resources (67%).

Table 2: Commodities Traded

The main commodity traded on	Sex of respondent					
	Male		Female		Total	
	Number	%	Number	%	Number	%
Mining	4	80	1	20	5	100
Agricultural products and inputs	86	41	124	59	210	100
Industrial goods	59	42	82	58	141	100
Services	17	33	34	34	51	100
Forestry resources	24	67	12	33	36	100
Textiles	8	19	34	81	42	100
Cosmetics and body products	3	13	21	88	24	100
Tupper ware products	0	0	2	100	2	100
Leather shoes	0	0	7	100	7	100
Hair products	0	0	2	100	2	100
Total	201	39	319	61	520	100

This table shows commodities traded by gender.

Table 3 shows the nineteen most imported goods into Botswana by the ICB traders. The table reveals that clothes (41%), shoes (29%), bags (25%), beans (14%), cooking oil (14%), potatoes (14%), bananas (13%) and saucepans (13%) were the top most imported goods. The gender differentials in the types of products imported show that generally, and except in the importation of timber where the men exceeded the women (male, 57%; female 43%), women are greater importers of clothes (female, 71%; male, 29%), shoes (female, 61%; male, 39%), bags (female, 29%; male, 19%), beans (female,72%; male, 28%), and cooking oil (female, 62%; male, 38%).

Table 4 shows the 15 most exported products by the ICB traders from Botswana. Top of the list of the products are shoes (23%), beans (23%), maize grains (22%), clothes (18%) and aggro vet drugs (12%). When the major exports are analysed by gender participation in ICBT, the results show that more women than men export shoes (female, 57%; male, 43%), beans (female,61%; male, 19%), maize grains (female, 61%; male, 39%), clothes (female, 62%; male, 38%), agro vet drugs (female, 53%; male, 47%). On the other hand, the men are greater exporters of fish (female, 41%; male 59%), human medicine (female, 45%; male, 55%), millet (female, 47%; male, 53%) and sorghum (female, 44%; male, 56%), fishing nets (female, 39%; male, 61%). These export products are likely to be re-exports as Botswana does not produce most of commodities in bulk.

Table 3: Nineteen Most Imported Goods by the ICB Traders (n=501)

Top 19 goods imported by traders	Sex of respondent				Total	
	Male		Female			
	Number	%	Number	%	Number	%
Hair products	4	26.7	11	73.3	15	3.0
Fish Mows	4	20	16	80	20	4.0
Timber	12	57.1	9	42.9	21	4.2
Peas	7	23.3	23	76.7	30	6.0
Cosmetics	2	6.7	28	93.3	30	6.0
Fish	12	32.4	25	67.6	37	7.4
Milk	12	29.3	29	70.7	41	8.2
Rice	15	34.1	29	65.9	44	8.8
Soap	17	33.3	34	66.7	51	10.2
Coffee	22	42.3	30	57.7	52	10.4
Maize Grains	26	48.1	28	51.9	54	10.8
Saucepans	27	42.2	37	57.8	64	12.8
Bananas	22	33.8	43	66.2	65	13.0
Potatoes	26	37.7	43	62.3	69	13.8
Cooking Oil	27	38	44	62	71	14.2
Beans	20	27.8	52	72.2	72	14.4
Bags	36	28.8	89	71.2	125	25.0
Shoes	57	39.3	88	60.7	145	28.9
Clothes	60	29.1	146	70.9	206	41.1

This table shows the most imported goods by gender.

The traders were asked to indicate what prompted them to engage in ICBT. Their responses are shown in Table 5. ICBT as a source of income for the families ranks highest among the women and men (about 49%) as the push factor for participating in ICBT. More women (73%) than men (27%) consider it as a form of business/employment; as a forum to share ideas (male, 29%; female, 71%) and as a source of income for the family (male, 39%; female, 61%). On the other hand, more men (60%) than women (40%) participated in ICBT because it was a source of food security; the trade helped them to overcome poverty (male, 58%; female, 42%), and because of the peoples' demand for foreign goods (male, 55%; female, 45%) (Table 5).

ICBT is the main source of income for the families of the traders (65%). The gender differential in response to the question "what is the main source income for the family?" shows that more women than men consider ICBT (60%), spousal formal employment (69%), farming (65%) and my own employment (76%) as the main source of income for the family (Table 5).

Table 4: Fifteen Most Exported Goods by the ICB Traders (n=501)

Top 15 exported products	Sex of respondent				Total	
	Male		Female			
	Number	%	Number	%	Number	%
Shoes	29	42.6	39	57.4	68	23.1
Beans	26	38.8	41	61.2	67	22.7
Maize Grains	25	39.1	39	60.9	64	21.7
Clothes	20	37.7	33	62.3	53	18.0
Agro Vet Drugs	17	47.2	19	52.8	36	12.2
Fish	17	58.6	12	41.4	29	9.8
Sandals	9	31.0	20	69.0	29	9.8
Human Medicine	16	55.2	13	44.8	29	9.8
Maize Flour	12	42.9	16	57.1	28	9.5
Sorghum	14	56.0	11	44.0	25	8.5
Beer	11	47.8	12	52.2	23	7.8
Bed Sheets	5	26.3	14	73.7	19	6.4
Millet	10	52.6	9	47.4	19	6.4
Fishing Nets	11	61.1	7	38.9	18	6.1
Blankets	9	52.9	8	47.1	17	5.8

This table shows exported goods by gender.

One advantage of ICBT over all other forms of business enterprises is that it can be started with very small money and sometimes from family savings. The ICB traders were asked to indicate the source of the initial capital they used to start the trade. Their responses shown in Table 5 represent the main sources of the initial income for ICBT. The majority of the respondents (44%) started their trade with own savings. Among those whose start-up capital were from profits in other business, micro-lenders, relatives and friends, the majority were women. More men (61%) than women (39%) got their initial capital from trade profits.

Table 5: Main Reasons Given by the ICB Traders for Involving in the Trade, Source of Start-Up Income, The Main Source of Income for the Family and Source of Income for Expansion of ICBT

Item	Response	Sex of Respondent				Total	
		Male		Female			
		Number	%	Number	%	Number	%
The main reason for involving in Informal Cross-border Trade	Source of income	99	39	155	61	254	48.8
	Form of business/employment	33	27.5	87	72.5	120	23.1
	Food security	18	60	12	40	30	5.8
	Demand for foreign goods	16	55.2	13	44.8	29	5.6
	To share ideas	2	28.6	5	71.4	7	1.3
	Poverty	25	58.1	18	41.9	43	8.3
	To educate children and relatives	5	50	5	50	10	1.9
	I like ICBT	3	11.1	24	88.9	27	5.2
	Total	201	38.7	319	61.3	520	100.0
Main source of income for the family	ICBT	133	39.6	203	60.4	336	64.6
	Spouse formal employment	22	31.4	48	68.6	70	13.5
	Spouse informal employment	20	60.6	13	39.4	33	6.3
	Farming	15	34.9	28	65.1	43	8.3
	My own employment	5	23.8	16	76.2	21	4.0
	Other businesses	1	25	3	75	4	0.8
	My allowance from school	0	0	3	100	3	0.6
	Guardian salary	5	50	5	50	10	1.9
	Total	201	38.7	319	61.3	520	100.0
The main source of the initial capital to start ICBT	Own savings	78	34.1	151	65.9	229	44.0
	Profits from other business	36	32.7	74	67.3	110	21.2
	Trade credits	35	61.4	22	38.6	57	11.0
	Micro lenders	25	46.3	29	53.7	54	10.4
	Relatives and friends	25	44.6	31	55.4	56	10.8
	Others	2	14.2	12	85.8	14	2.8
	Total	201	38.7	319	61.3	520	100.0
Main source of the capital for the expansion and current operation of the ICBT	Own savings	57	38	93	62	150	28.8
	Profits from the business	117	37.6	194	62.4	311	59.8
	Trade credits	14	46.7	16	53.3	30	5.8
	Micro lenders	12	52.2	11	47.8	23	4.4
	Relatives and friends	1	16.7	5	83.3	6	1.2
	Total	201	38.7	319	61.3	520	100.0

This table shows characteristics of the sample by gender.

Generally, the traders used the money from profits from their business (60%) and own savings (29%) for the expansion and current operations of ICBT. More women than men obtained resources also from own savings (men, 38%; female, 62%) as well as trade credits (male, 47%; female, 53%). More men (52%) than women (48%) secured resources from micro lenders to expand their trade.

The traders were asked to state what problems they encountered in their conduct of informal cross-border trading. The responses of the traders are shown in Table 6. The table shows that delays at the border (77%), stiff competition from other traders (49%) and long hours of travel and time away from home (39%) were the most prominent problems that the ICB traders encountered. Of those who encountered these problems, the majority were women. Loss of goods and cash to immigration/customs officials/police and excessive exploitation by intermediaries appeared to be of least concern to the traders.

When asked how they have tried to overcome these problems militating against ICBT, the responses of the traders shown in Table 6 reveal that moving in groups (50%), formation of associations to help them lobby

and advocate for smart safe and successful trips across borders (44%) and sensitization of stakeholders on the operations of the cross-border traders through workshops (20%), are the top three ways of solving the problems encountered. Women were in the majority among those traders who held these views.

Table 6: Problems Encountered by Traders and Their Perception on Solutions to the Problems

Item	Response	Sex of Respondent				Total	
		Male		Female			
		Number	%	Number	%	Number	%
Top 11 problems encountered in participation in ICBT	Delays at border	151	38	246	62	397	76.5
	Stiff competition from other traders	89	35.3	163	64.7	252	48.6
	There are long hours of travel and time away from family.	68	33.5	135	66.5	203	39.1
	Stiff competition in supply of goods in the same markets	60	35.7	108	64.3	168	32.4
	High cost of transport and accidents	59	41.5	83	58.5	142	27.4
	Loss of goods and cash to thieves	40	30.1	93	69.9	133	25.6
	Lack of communication services at border level	61	46.9	69	53.1	130	25.0
	The absence of clearly laid down policies and procedures for small scale traders	49	40.2	73	59.8	122	23.5
	The informal money-changers regularly inflate the exchange rates	53	47.7	58	52.3	111	21.4
	Loss of goods and cash to immigration/customs officials/police	45	46.9	51	53.1	96	18.5
	Excessive exploitation by intermediaries	32	38.1	52	61.9	84	16.2
Top 6 ways the problems were overcome	Ensuring that we move in groups	81	32.3	170	67.7	251	49.5
	Formation of associations to help us to lobby and advocate for our smart safe and successful trips across borders	92	40.9	133	59.1	225	44.4
	Sensitization of stakeholders on the operations of the cross-border traders through workshops	50	49	52	51	102	20.1
	Training on sexual reproductive health, safe migration and human trafficking	33	44.6	41	55.4	74	14.6
	Nothing	11	40.7	16	59.3	27	5.3
	Ask for help from officials	14	63.6	8	36.4	22	4.3

This table shows problems encountered and solutions by gender.

Profits from ICBT

For the sustainability of any business venture, profit becomes the critical concern. The analysis of the opinions of the traders shows that 19% of the men and 15% of the women started their ICBT with less than P1, 000.00 (US $ 118.00). An overwhelming majority of the men (80%) and women (80%) started their informal cross-border trade with amounts between P1, 000.00 (US $ 118.00) and P10, 999.00 (US $1, 294.00) (Table7). The women have higher mean start-up capital (P 6, 101.46 or US $ 717.82) against men's mean start-up capital (P4, 648.85 or US $546.92).

The traders were asked to state their average monthly profit (Pula) from ICBT. The responses show that the mean monthly profit of the ICB traders is $P5554.80 \pm 277.33$ ($US\$653.51 \pm 32.63$). The mean monthly profit for the women (P5, 778.51 or US $ 679.83) is higher than those of men (P 5, 325.39 or US $ 626.52). The results which are summarized in Table 7 show that 67% of the traders made a profit of between P1, 000.00 (US$ 118.00) and P5, 999.00 (US$ 705.76) monthly while 20% of them made profits of between P6, 000.00 (US$ 705.88) and P10, 999.00 (US$ 1,294.00). Only 10 made a higher profit of over P11, 000.00 (US$ 1, 294.12) monthly.

Table 7: The Average Monthly Profit Made and Start-Up Capital for the ICBT Traders

The Initial Start-Up Capital (Pula) for the ICBT	Sex of Respondent					
	Male		Female		Total	
	Number	%	Number	%	Number	%
1- 999	38	18.9	48	15	86	16.5
1000-9999	161	80.1	255	79.9	416	80.0
10000-19999	2	1	4	1.3	6	1.2
20000-29999	0	0	4	1.3	4	0.8
40000-49999	0	0	8	2.5	8	1.5
Total	201	100	319	100	520	100
Monthly profit from ICBT						
Below 1000	6	3	11	3.4	17	3.3
1000-5999	140	69.7	210	65.8	350	67.3
6000-10999	37	18.4	67	21	104	20.0
11000-15999	15	7.5	16	5	31	6.0
16000-20999	2	1	7	2.2	9	1.7
21000 and above	1	0.5	8	2.5	9	1.7
Total	201	100	319	100	520	100

This table shows average monthy profits and start-up capital by gender.

A multiple regression analysis was carried out to determine how the socioeconomic variables affected the profit generated from ICBT. The dependent variable was profit (Pula) generated monthly from ICBT while the independent variables were: age of the trader, highest educational status, sex of the trader, number of years on ICBT, employment status, marital status, and initial start-up capital (Pula) for the ICBT. The multiple regression model is given in (1) as follows:

$$Y_i = \beta_0 + \beta_1 z_{1i} + \beta_2 z_{2i} + \beta_3 z_{3i} + \beta_4 z_{4i} + \beta_5 z_{5i} + \beta_6 z_{6i} + \beta_7 z_{7i} + \beta_8 z_{8i} + \beta_9 z_{9i} + \ldots\ldots\ldots + \beta_{20} z_{22i} + \varepsilon_i \quad (1)$$

Where

Y_i = the profit made by the i^{th} ICB trader

$z_{ji}, \quad j = 1, 2, \ldots\ldots, 22$ is the j^{th} independent variable for the i^{th} ICB trader: $z_{ji}, \quad j = 1, 2, \ldots\ldots, 19$ are dummies (Table 8) defined as

$$z_{ji} = \begin{pmatrix} 1, & if\ the\ i^{th}\ trader\ belongs\ to\ j^{th}\ \text{var}iable \\ 0, & if\ the\ i^{th}\ trader\ does\ not\ belong\ to\ j^{th}\ \text{var}iable \end{pmatrix} \quad (2)$$

$\beta_i's; i = 1, 2, \ldots\ldots, 22$ are the regression coefficients and measure the change in the profit made for any unit change in the j^{th} independent variable holding the other variables constant.

Table 8 shows the analysis of variance table for testing the significance of the regression model. The results show that profit generated from ICBT is significantly predicted by the socioeconomic and demographic variables, $p < 0.01$, and with high coefficient of determination, $R2 = 0.66$, showing that 66% of the variation in profit realized from ICBT has been explained by the variables in the model (1).

In Table 9, the test of the significance of the regression coefficients is shown. Column two of the table shows the least squares estimated value of the regression coefficients, β , while column four contains the Students' t-values. The last column shows the estimated probability of rejection of the null hypothesis that the regression coefficient is zero (that is, that the variable is not important in the prediction of monthly profit from ICBT). The results of the analyses show that initial start-up capital for ICBT, age of traders (18-21, 26-30, and 36-40 years), the number of trips on ICBT, employment status (employed in the private

sector) and marital status (married, divorced, cohabiting) of the traders are positively correlated with profit generated from ICBT. However, only initial start-up capital, number of years in ICBT and age of trader (36-40 years), possession of junior certificate of education and professional certificate significantly predict the profit generated from ICBT ($p < 0.01$) (Table 9). Employment status (employed in the public sector) and highest educational qualification (university degree), both indicators of economic standing, are negatively correlated with profit generated from ICBT.

Table 8: ANOVA Table of Regression of Profit Generated from ICBT on Socioeconomic Variables of ICB Traders

Source of variation	Sum of Squares	df	Mean Square	F	Sig.
Regression	11,300,899,361	23	491,343,450.5	25.772	.000**
Residual	9,456,342,693	496	19,065,207.04		
Total	20,757,242,054	519			

This table shows the ANOVA of the Profit Generation regression.

Table 9: Test of Significance of the Multiple Regression Coefficients

Variables in the Model	Unstandardized Coefficients B	Std. Error	T	Sig.
(Constant)	-8,593	982	-8.750	0**
Married (Z_1)	909	516	1.762	0.079
Divorced (Z_2)	1,374	793	1.734	0.083
Widowed (Z_3)	-268	1,188	-0.226	0.821
Cohabiting (Z_4)	935	607	1.539	0.124
Employed in the public sector (Z_5)	-1,489	739	-2.016	0.044*
Employed in the private sector (Z_6)	992	658	1.507	0.132
Unemployed (Z_7)	-401.407	473	-0.849	0.396
No schooling (Z_8)	-1,145	925	-1.238	0.216
Primary certificate (Z_9)	-39.9	798	-0.050	0.960
Junior Certificate of Education (Z_{10})	1,211	563	2.15	0.032*
University Degree (Z_{11})	-238	587	-0.406	0.685
Professional Certificate (Z_{12})	1,944	736	2.641	0.009**
Female (Z_{13})	-271	418	-0.651	0.516
Age:18-21 (Z_{14})	1,350	1,045	1.291	0.197
Age: 22-25 (Z_{15})	-540	694	-0.778	0.437
Age: 26-30 (Z_{16})	195.8	558	0.351	0.726
Age: 36-40 (Z_{17})	1,921	605	3.171	0.002**
Age: 41-45 (Z_{18})	-128.07	900.0	-0.142	0.887
Age:46 and above (Z_{19})	-84.85	975.5	-0.087	0.931
The initial start-up capital (Pula) for the ICBT (Z_{20})	5,922.6	322.7	18.353	0**
Number of years on ICBT (Z_{21})	1,453.4	432.7	3.359	0.001**
Number of trips in a year (Z_{22})	2.117	8.561	0.247	0.805

*This table shows regression coefficients and significance. **Highly significant at 0.01 level of significance; * Significant at 0.05 level of significance; $R = 0.813$; $R^2 = 0.66$; $p < 0.000$*

Table 10 shows the main use to which they put the income generated from the ICBT. The traders mostly use the income from ICBT to buy food for the households (42% male, 58% female), to reinvest in business (37% female, 63% male), buy household gadgets (40%, male; 60%, female) and pay for school fees for children and relatives (10% female, 6% male). The men (67%) spend more in pay for health care services for themselves, children and relatives than women (33%). The percentage of men and women who spend their income in building houses are the same.

Table 10: The Traders' Main Use of Income They Generated from ICBT

The Main Use of The Income Generated from ICBT	Sex of Respondent				Total	
	Male		Female			
	Number	%	Number	%	Number	%
Reinvest in business	45	37.2	76	62.8	121	23.3
Buy food for the households	84	41.8	117	58.2	201	38.7
Buy personal effects including car	14	31.8	30	68.2	44	8.5
Pay rent	13	43.3	17	56.7	30	5.8
Pay school fees for my children and relatives	11	26.2	31	73.8	42	8.1
Pay for healthcare services for self, children or relatives	2	66.7	1	33.3	3	0.6
Build a house	12	50	12	50	24	4.6
Buy household gadgets	19	39.6	29	60.4	48	9.2
Household welfare	1	14.3	6	85.7	7	1.3
Total	201	38.7	319	61.3	520	100.0

This tabled shows income use statistics.

CONCLUDING COMMENTS

This paper sets as its objectives to determine (i) the socioeconomic and demographic characteristics of informal cross-border traders in Botswana and the commodities they trade in, (ii) the sources of income for ICBT, (iii) the factors that influence participation in ICBT (iv) the utility of ICBT and (v) the business and institutional obstacles facing informal traders and how these obstacles are overcome. In order to accomplish these objectives, quantitative (survey) and qualitative approaches (key informant interviews, focus group discussions) were employed in the study. Systematic random sampling method and snow ball techniques were used in identifying the ICB traders for the study. Information on the demographic characteristics of the informal cross border traders, why they participate in the trade, sources of capital for the business, utility of the business, the types of goods traded on and frequency of the trade were collected using a questionnaire. One focus group discussion and key informant interviews were conducted at each border post with the immigration/custom officers and residents of nearby villages to the border posts who participate in the trade.

The results of the analyses of data show that were more women (61%) than men (39%) participating in the ICBT. The majority of the traders (60% of the men and 52% of the women) were within the age range 26 and 35 years; 30% of the men and 41% of the women were unemployed while 43% of the men and 38% of the women were self-employed. Most of the men (59%) and women (66%) had a secondary school certificate or higher qualification. Thus the study has shown that the traders were mainly women, youths, unemployed and educated. Since majority of the traders were youths, educated and yet unemployed, the ICBT must have served them as a means of employment after completing their educational careers. The results closely agree with the 2007 Informal Sector Survey (CSO, 2009) which shows an unemployment rate of 20.7% with the females having a higher unemployment rate of 23.6%. It is even more worrisome with Botswana's current unemployment rate at 17.8% and the youths being mostly affected (13.6% for males and 14.2% for females) (Global Economy.com, 2013; Republic of Botswana, 2012). However the Government of Botswana has put in place a number of programmes such as Youth Development Fund, Construction Industry Trust Fund, and Young Farmers Fund under the Citizen Entrepreneurial Development Agency (CEDA), to assist in creating more job opportunities, especially for the youth. A

study undertaken by Okurut and Ama (2013) showed that the youths and women are unable to access these funds because of the stringent conditions that the applicants have to meet. This includes having a registered business, having some collateral and owning a business premises. This explains why the youths and women ICB traders are unable to secure loans from finance houses to enhance the trade. The study therefore recommended a relaxation of these conditions of eligibility to the funds in order to enhance the traders' access to funds for ICBT.

On the major trading activities, the study shows that while more women trade in agricultural products and outputs, industrial products, textiles and cosmetics than men, more men than women were trading on forestry and mining products. Compared with women, the men imported timber. The women, on the other hand, imported shoes, clothes, bags and beans and also exported shoes, clothes, beans, maize grains and aggro vet drugs while the men exported mainly, human medicine, fish, millet and sorghum. It is important to point out that there are no industries in Botswana except the mining and beef production industries. The exports were mostly re-exports from those who might be trading between Botswana and Zambia and Namibia. The results are in line with studies conducted in other SADC countries (UN-Women, 2009, 2008) which showed the major imports as textiles, clothes, sweets, juices, alcohol and other cooking oil and plastic bags.

The three main reasons given by the traders participating in ICBT were that ICBT was a source of income, a form of business/employment and that it helped them to overcome poverty. The poverty rate in Botswana is high. Over 20% of the Botswana people still live below the poverty datum line. Botswana's Assistant Finance Minister, Vincent Seretse, while addressing the Parliament stated that the number of Batswana (someone from Botswana) living below the poverty datum line has declined from 30 percent to 20 percent or just over 373,000 people in 2010 (StarAfrica.com, 2013) with the most vulnerable those in rural areas, households headed by women, the uneducated and the disabled. The focus group discussions point to the fact that traders engage in ICBT to earn some quick income, be financially independent and be able to carry out some projects like building a house, buying a car which cannot be accomplished with the income from their salaries. "People get involved in ICBT so as to make extra income and earn a living. I went into ICBT because I wanted to build a house and the salary that I am getting is way too little to feed my family and at the same time involve in a project which needs money". "It requires little funds to start. This trade should be encouraged because anyone can do it, educated or not, which really makes the country to have more financially independent citizens instead of people who will be roaming the streets with nothing to eat"(Participant 2; 19/03/2013).

The study demonstrates that the sources of funding for launching and sustaining cross-border trade were usually drawn from the personal savings and profits from other businesses. Only a very small number of ICB traders applied and qualified for loans from other sources such as micro lenders, CEDA and Youth Development Fund. The ICBTs do not qualify for bank loans. Their trades were, therefore, limited to small quantities of a few commodities. These results are in line with those of Ackello-Ogutu (1997) who found out that due to insufficient working capital, the trade is characterized by quick turnover of stocks and many of the traders are forced to take risks like attempting to evade declaration of goods at the customs border posts. The traders, therefore, rely on hired transport and lack their own storage facilities. Mijere (2009), on the other hand, stated that "as the family savings are meagre, the ICBTs import small quantities of goods. They transport their merchandise by public transport such as buses or coaches and/or on foot. They carry, on average, three to four cartons, boxes and bags at one trade trip. The traders, most importantly, import essential and scarce commodities into their countries. Because the traders need income, they import goods that would sell quickly in the markets and bring money quickly". It is clear from these results that Informal Cross Border Traders (ICB traders) move small amounts of goods from country to country, often trading in informal sector markets. They work at personal and economic risks. Awang et al (2013) reported that approximately 72% of the traders used their own savings as a start-up business capital. Only 28% of the traders received financial support from family members. This lack of resources exposes the ICBT to

robbers, harassment by customs officials, and women in particular, can be raped, beaten or sexually exploited if they are not adequately protected. It is therefore important that the government intervenes on behalf of ICBT by creating an enabling environment for the traders to access fund for the trade. Bank regulations can be modified to allow them access to loan facilities.

Delay at the border is the most prominent problem that the ICBT traders encounter. This is followed by stiff competition from other traders, long hours of travel and time away from home and stiff competition in supply of goods to the same market. Delay at the border can be caused by the time taken to clear the goods by customs officials at the border, inability of the trader to fulfil all the trade requirements and the nature of goods imported or exported. Inability of the traders to accurately fill in the customs and immigration documents, and inefficient customs officials can also cause delays at the border (Mashangwa, 2013). The participants in the focus group discussions also highlighted this, "Poor customer service at the border from an immigration officer. Those who are in the business of perishable goods end up losing some of their goods due to the slow service at the border. We are vulnerable to corruption because the system frustrates us", as a major concern. The stiff competition from other traders can affect the profit margins of the trade since all the traders struggle for clients from the same environment. The long time away from home on ICBT can impact negatively on the family as children might in most cases be left under the care of househelps or relatives. This might expose the children and spouses to abuses of different kinds. In Zimbabwe, the risks were compounded by already-high numbers of women living with HIV and AIDS. The official statistics indicate that more than one in five women aged 15-49 and over one in three aged 30-39 is HIV positive – provoking the danger of re-infection and mother-to-child transmission. Women's choices are further constrained by an environment of deteriorating security, food service availability and livelihood choices (IOM, 2011).

The major problem of the ICB Traders in this study seems to differ considerably from those of Njikam and Tchouassi (2010) and UN-Women (2008, 2009), where access to financial credits topped the constraints. In fact access to financial services was of least concern to the traders in this study because the Government and banking regulations have excluded them from these services and they are fully aware of it. It is in light of this that the study solicits changes in the financial regulation of financial houses to include the ICB traders as they are also contributing indirectly to the economic growth of the nation through better living conditions for their families. The study advocates for the recognition of the importance of informal cross-border trade by putting in place trade policies that can promote growth and sustainability of cross-border trade and creating awareness of these policies through workshops. Training in sexual and reproductive health will be relevant particularly for the women so that they are able to protect themselves.

Notwithstanding that the traders start up their businesses with a very small amount of money, the gains are appreciative. The study has shown that the average monthly profit realization by the traders is about P5554.00 (US $ 653.51) with two in every trader making a profit of between P1000 (US $ 118.00) and P5999 (US $ 705.76). The traders have also invested these profits in buying food for their families, reinvested them in the business or improved the welfare of their homes. These results do confirm the popularly held views that ICBT have been used to alleviate poverty at the household level (Mashangwa, 2013; Mijere, 2009; Ackello-Ogutu, 1997). The expansion of this trade through engagement in productivity and value addition activities instead of them limiting themselves to buying and selling would further enhance the profitability of the ICBT. This would be made possible and enhanced by increased start-up income which has been shown in this paper to significantly affect the profit realized from the business. In the light of the findings of this study, we recommend as follows:

The government should recognise ICBT; assist the participants to form associations and schedule periodic meetings with them to find out the challenges the traders face. With the traders working hand in hand with government and other key stakeholder in the trade can be made lucrative and it can contribute more to the poverty alleviation programme of the country.

Facilities to reduce delays at the borders need to be provided. This would come in the form of training the customs and immigration staff to become more efficient in service delivery, training the ICB Traders on immigration formalities and how to complete the documents; Traders should be made fully aware of which commodities are allowed into the country without any tax or duty.

The Ministry of Trade should create a special sector/department for ICBT to cater specifically for the interest of ICBT.

Re-establish train services to ease the transport problems of these traders and minimize the women's vulnerability to rape and subsequent contraction of HIV and AIDS.

The government should come up with clear policies and regulations to govern the trade so as to avoid inconsistencies with officers in the determination of what goods to charge tax on and how much tax is required. This will minimize unfavourable treatment given to the traders.

The Simplified Trade Regime which is currently applicable in some of the SADC countries need to be fully entrenched in the country's trade liberalization policies. Finally, the study should be expanded to cover all the border posts in Botswana

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