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*Working Paper on
the Informal Economy*

The Informal Sector in Sub-Saharan Africa

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Foreword

This report is the first of a series of papers that were commissioned under the auspices of the ILO Inter-Sectoral Task Force on the Informal Economy in preparation for the general discussion on the informal economy at the 90th International Labour Conference (ILC) in Geneva in June 2002. The papers in this series include studies of regional trends, selected country level studies and thematic investigations at the global level. Most of them seek to identify new trends and patterns that have emerged over the last several years and to go into more depth regarding the factors underlying the continuing growth of the informal economy, not only in developing countries, but also in advanced countries and countries undergoing transition. Particular attention has been paid to the impact of globalization, liberalization, privatisation, migration, industrial reorganization and macro-economic policies prompting these trends.

The present paper, “The Informal Sector in Sub-Saharan Africa”, has been prepared by Pat Horn, StreetNet, Durban, South Africa; Shirin Motala, consultant; and Jantjie Xaba, Trade Union Research Project, South Africa. The study provides information on 13 predominantly anglophone Sub-Saharan countries. Despite the lack of comparability of data, the authors nonetheless find certain general trends. These include a decline or stagnation in formal employment opportunities; an increase in informal sector activities, sometimes outnumbering formal sector activities; and an increasingly important contribution by the informal economy to a country’s GDP. Women are highly active in the informal economy, often a majority of such workers. However, they are over-represented in low-income activities and under-represented in higher income activities. Examples of a number of innovative and successful policies and programmes for workers and enterprises in the informal economy are described, some of which are already being replicated elsewhere in Africa and have good potential for promoting more decent work in the informal economies of Sub-Saharan African countries.

The reader will observe that nearly all of the papers in this series attempt to tackle the problem of conceptualising the informal sector. The development of a conceptual framework for the International Labour Conference report was carried out at the same time as the production and finalization of the papers included in this series. As such it was not possible to agree in advance upon a single concept for use by the authors of these papers.

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Abbreviations/Acronyms

ACP	Africa Caribbean Pacific
CBD	Central Business District
DRC	Democratic Republic of the Congo
GDP	Gross Domestic Product
ICLS	International Conference of Labour Statisticians
IPEC	International Programme on the Elimination of Child Labour
LED	Local Economic Development
MNC	Multi-National Corporation
OH	Occupational Health
OSH	Occupational Safety and Health
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAMP	Southern African Migration Project
SAP	Structural Adjustment Programme
SME	Small and Medium Enterprise
SMME	Small Medium and Micro Enterprise
SNA	System of National Accounts
SSA	Sub-Saharan Africa
UNICEF	United Nations Children's Fund
WIEGO	Women in Informal Employment: Globalising and Organising

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1. Introduction

This report attempts to provide an analysis of available secondary data on the informal sector in Sub-Saharan Africa (SSA). This region has been divided into four sub-regions for the purposes of this study, and data have been presented as far as possible within a regional context. The four regions are noted below, with the countries for which we were able to obtain data in the available time:

West Africa: Gambia, Ghana, and Nigeria
Central Africa: Cameroon, Gabon, Democratic Republic of Congo (DRC)
East Africa: Kenya, Tanzania and Uganda
Southern Africa: Angola, Botswana, Mozambique, South Africa, Swaziland, Zambia and Zimbabwe.

2. Key factors specific to Sub-Saharan Africa (SSA)

2.1 Population trends¹

The population in the SSA region (including Francophone Africa) is anticipated to reach one billion by 2007. By 2005, half of the population is expected to reside in urban settlements.

2.2 Political change²

Over thirty multi-party elections have taken place during the 1990's in SSA. However, independent governments have inherited colonial structures and systems, as well as entrenched privileges and inequitably distributed resources. Addressing these legacies will take many decades.

2.3 Economic development indicators³

SSA Gross Domestic Product (GDP) grew at an annual rate of 1.7% in the 1980's and 2.4% in the 1990's. However, due to rapid population growth rates, per capita income declined over the last two decades. SSA is still reliant on primary commodities, mainly in agriculture and mining, for 89% of its total exports. Aid to poor countries now averages only 0,27% of rich nation's GDP, considerably less than the 1% target of the 1970's. External debt increased between 1975 and 1994, and so did debt service charges.

¹ Hassim, Y. 1996, p.2.

² *ibid.*

³ World Bank, 2001b.

2.4 Poverty indicators

SSA remains a poverty-prone continent with nearly half of its population living in poverty.⁴ It is estimated that 46.3% of SSA's population lives on less than \$1 a day.⁵ This income poverty measure has declined since 1990 by only 0,3% in SSA.⁶

2.5 HIV/AIDs in Sub-Saharan Africa

According to the United Nations Development Programme, in nine countries in SSA, (namely Botswana, Kenya, Malawi, Mozambique, Namibia, Rwanda, South Africa, Zambia and Zimbabwe), life expectancy is expected to decline by an average of 17 years because of AIDS in the early part of the 21st century.⁷ The 20 countries with the highest HIV prevalence rates in the world are located in SSA, and an estimated 70% of those infected with HIV.⁸ Of the 13 countries in the world with the highest maternal mortality rates (exceeding 500 deaths per 100,000 live births), 12 are in SSA.⁸

2.6 Socio-demographic profile of the Sub-Saharan region

A general economic profile of the region obtained from available statistics (see Table 1 below) does not indicate much about the informal economy because such statistics either do not exist or are difficult to access. Where they are accessible, they have not been derived from a consistent definition or using the same data-gathering techniques, which makes comparisons difficult if not impossible. Collecting proper statistics on the informal economy is very difficult. There is a tendency to under-report and under-estimate the size of the informal economy as people do not necessarily consider what they are doing as 'work'. Additionally, national statistical agencies tend to register enterprises rather than workers. These are important provisos, or necessary qualifying statements, for the data which follow.

⁴ Mihyo, P., 1997.

⁵ World Bank, 2001b, p.23.

⁶ Ibid.

⁷ UNDP, 2000.

⁸ World Bank, 2001b, p. 182.

Table 1: Socio-demographic profile of the Sub-Saharan region⁹

Country	Population in millions	Total Labour Force 1997	GNP per capita (US \$) 1998	GNP Annual Growth Rate in per cent	
				1975 - 85.	1990 - 98
Central Africa					
Cameroon	14.7	5.650m	610	5.4	0.5
DRC	49.8	20.074m	680	3.8	1.5
East Africa					
Tanzania	32.9	16.170m	220	-	3.4
Kenya	30	14.376m	350	4.8	2.4
Uganda	21.5	10.309m	310	-	7.1
Southern Africa					
Angola	12.4	5.298m	380	-	-3.3
Mozambique	17.3	9.484m	210	-	5.8
South Africa	42.1	17.035m	3,310	1.7	1.7
Swaziland	0.98 ¹¹	0.326m	1,400	6.0	3
Zambia	9.9	3.546m	330	0.6	1.4
Zimbabwe	11.9	5.383m	620	3.0	1.8
West Africa					
Ghana	11.9	8.632m	390	1.7	4.3
Nigeria	123.9	46.791m	300	1.5	3.5

The profile, which emerges of this continent, is one of poor economic performance and deepening poverty for the vast majority of the residents. It is important, however, to categorise and characterise the poor. A recent World Bank report¹¹ identifies three overlapping categories of the poor, namely: chronic poverty versus transitory poverty; poor versus destitute; and dependent versus economically active poor. The report suggests that female-headed households and households with elderly, disabled, and orphaned persons are usually among the poorest.

The percentage of the labour force in the informal economy and estimated rates of economic contribution to overall GDP are discussed below.

3. Informal economy in the 21st century - Changing nature and trends¹²

3.1 Magnitude and Size

Table 2: Size of the informal economy in Sub-Saharan Africa

Size of the Informal Economy on the African Continent	
Informal economy as share of	percent
Non-Agricultural Employment	78
Urban Employment	61
New Jobs	93

Source: Chen, M.A., 2001.

⁹ Ibid, and ILO 1998.

¹⁰ <http://www.fao.org/giews/english/basedocs/swa/swapop/e.stm>

¹¹ World Bank, 2001

¹² Unless otherwise specified, figures are derived from tables presented in World Bank 2001b, pp.274-316. Informal sector figures are based on Charmes, J., 1998b and Sethuraman, S.V., 1997b.

Whereas in 1990, 21% of SSA's 227 million labour force was working in the informal economy¹³, by 1998 it was estimated to comprise 40-60% of urban employment.

Table 3: Employment in the informal economy in SSA (1980s)

Countries (years)	Informal economy as a share of				Women in the informal economy as a share of	
	Total Employment	Total GDP	Total Non-Agric Employment	Total Non Agric GDP	Total GDP	Total Informal GDP
DRC (1984)	18	17.2	38.3	37.9	14.9	39.3
Gambia (1983)	13.5	3.8	51.4	35.8		25.1
Zambia (1986)	17.3	3.3*	51.8	45.4		34.3

* Excluding subsistence agriculture.

Source: Charmes, J., 1998b.

Central Africa

Reliable data on Central Africa are scarce. The information below does not present regional trends. Much of this region has been engulfed in wars, inevitably affecting the economies of the countries in the region and reducing the possibilities of gathering reliable data or doing proper research.

Cameroon

The total population has increased from 8.7 million in 1980 to 14.7 million in 1999. In that time period, the total labour force increased from 4 million to 6 million. However, the GDP growth rate decreased from 3.4 in 1980 to 1.3 in 1990. This change was largely the result of a decrease in the service and industrial sectors. In Yaounde, in 1992, it was believed that 80% of all new jobs created were in the informal economy. The use of child labour in the informal sector has increased as a result of this economic crisis.¹⁴

DRC

This country's population was 49.8 million in 1999, with 20 million economically active people. Of this, women comprised 43%. The GDP growth rate was -5.1% in 1999. There is no official definition of the informal sector for policy purposes in DRC, and no regulatory or legal framework. This should be understood within the political and historical context, which has seen the DRC engulfed in political turmoil for the last two decades.

¹³ Charmes, J., 1998b.

¹⁴ Trade Union World, 2001.

East Africa

Research available shows trends in the three countries below, but we cannot be sure that it all comes from comparable sources. In Tanzania, for example, statistics have clearly been affected by changing definitions as a result of economic liberalisation.

Tanzania

The *World Development Report* (2000/2001) claims that Tanzania has a population of 32.9 million, with a 3.2% average annual growth rate from 1980 to 1990. In spite of this population growth rate, the growth rate of the formal labour force between the 1980/90 and 1990/99 periods dropped from 3.3% to 2.6%. The average percentage of female labour force was fairly constant being 50% in 1980-1990 and 49% in 1990-1999. The Tanzanian Government believes that a third of the GDP originates from the small and medium enterprise (SME) sector. The SMEs operating in the informal sector alone consist of more than 1.7 million businesses engaging about 3 million people, or about 20% of the Tanzanian labour force.¹⁵ The Government estimates that there are about 700,000 new entrants into the labour force annually. The GDP was US\$ 8.777m in 1999, compared to the GDP of US\$4.220m measured in 1990.¹⁶

One study on how to define and measure the size of the informal sector has challenged the earlier methods used. Presently, the informal sector is measured according to the volume of retail trade, volume of travel per capita, degree of urbanization and level of income taxation.¹⁷ The study shows that the recognised informal sector has grown because of liberalization resulting in legalisation of some of the “black market” activities, such as sale of televisions, video-recorders, bicycles, etc. According to recent reports, “close to 60% of Tanzanian business comes from informal economic activity”.¹⁸ However, in 1990, the informal sector was estimated to be contributing only 33% to the GDP of Tanzania.

Kenya

The latest population figures shows that there were 30 million people in Kenya in 1999, of whom 15 million people were employed. Between 1991 and 1994, the informal sector grew by 16.1% - faster than the formal sector, which only grew at 1.6% during that period. Women constitute 46% of informal sector entrepreneurs, and 40% of the employees.¹⁹ The informal economy now accounts for around 40% of urban employment; between 1985 and 1990 the informal economy grew at an estimated rate of 9% per year.²⁰

¹⁵ Ministry of Trade and Industry, Tanzania, 2001, p.9.

¹⁶ World Bank, 2001b.

¹⁷ Bagachwa, M. S. D. and Naho, A., 1995.

¹⁸ Financial Mail, 25 May 2001.

¹⁹ Alder, G. et al, 1998.

²⁰ Sethuraman, S.V., 1997b

Uganda

The Ugandan population was 21.5 million in 1999, compared to 12.8 million in 1980. The total labour force was 11 million in 1999. Of this total, female employment was 48%. Informal sector employment exceeds formal sector employment. The dominant activity in the informal economy is retail trading - 50% of all informal workers are involved in street or market vending.

Southern Africa

Similarly in this region, there is no real basis for comparison between countries. Different studies have produced the results detailed below.

Angola

The latest population figures show that there were 12,4 million people in 1999, and the total labour force was 6 million, 46% women. The GDP growth rate was 3,4% during 1980-1990, and decreased in 1990-1999 to 0,8%, after of 30 years of civil war, resulting in the collapse of the country's service and agricultural sectors.²¹ The informal economy apparently had not been measured in Angola until 1977-78, but by the 1990s, 36% of all non-farm employment was believed to be in the informal sector. The dominant activity is retail trade, with over 50% engaged in this kind of work.

Mozambique

The overall population increased from 12.1 million in 1980 to 17.3 million in 1999. About 71.3% of women in rural areas live in conditions of abject poverty. Research on the informal sector highlights several reasons for these conditions. Most Mozambican men were part of the forced migrant labour system called *chibalo* (employed in South African mines and farms). A large number of women were employed in the agriculture sector. The adoption of Structural Adjustment Programmes (SAPs) in the late 1990s led to job losses in the formal sector, decline in income of women, long hours of work, lack of job security, and cuts in food, fuel and essential services, which forced women to work intensively in the informal economy to supplement their incomes.²² One factor shaping the Mozambican informal economy was refugees relocating to urban areas because of war in the 1990s.²³ The research further suggests that the size of the informal sector is affected by the economy not being able to absorb migrants from rural areas. The two largest demographic groups involved in the informal economy are women and children. A study²⁴ of the incidence of women working in the informal and the formal economy found that 73% of women said that work in the formal sector is their primary activity, but 96% (i.e. 23% higher), which includes both those doing informal work as a primary activity and those doing it as a secondary activity, said informal self-employment was a better option for them. The main economic activities in the informal economy are trade and agriculture. Between 30 and 40% of

²¹ World Bank, 2001b.

²² Monteiro, Natahna Teixeira. *Women in the Informal Economy, Mozambique* (accessed on <http://dana.ucc.nau.edu/~nm5/precis.html>) on 15 June 2001.

²³ Muleide, 1994.

²⁴ *ibid*, p.5.

urban households are dependent on the informal economy. There is a lack of rigorous research in Mozambique, however, on the operational definition and methodology to measure the informal economy.

South Africa

South Africa is the most recent country in the Southern African region to become a democratic state (in 1994). Unemployment has been increasing among the African population since 1990. According to the World Development Report, South Africa had a population of 42.1 million in 1999 of whom only 17 million people were economically active. South Africa's GDP average annual growth was 1.0% in 1980/90. From 1990 to 1999, it rose to 1.9%.²⁵ The change of Government, the acceptance of South Africa into the global economy in the second half of the 1990s, the reduction of the tariff protective policies, and adoption of other macro-economic policy reforms are some of the reasons that are argued by some to have led to the increased growth of GDP in the 1990/1999 period.

Statistics on the informal sector in South Africa are still highly unreliable for the following reasons: until the 1990s, under the apartheid system, statistics in South Africa excluded all South Africans living in the so-called "homelands" or "Bantustans", resulting in all South African statistics being significantly skewed. After 1994, the Government for some time avoided adopting a policy on the informal sector or the informal economy, preferring to relate rather to the small, medium and micro enterprises (SMME) sector.

Statistics are only now starting to be more systematically collected. The October Household Survey of 2000 (the main source of unemployment information) showed that there were 3.2 million unemployed people in 1999, 10.4 million people employed in the formal economy, and 1.9 million in the informal economy. This appears to be an under-estimation of the informal economy, which leads us to look at how unemployment and informal sector are defined. South Africa uses two standard definitions of unemployment, i.e. the official or narrow definition and the expanded definition. The official (narrow) definition says people are unemployed if:

- 1) they are part of the economically active population;
- 2) they did not work in seven days before they were interviewed;
- 3) they want to work and are available to start work within a week of interview; and
- 4) they have taken steps to look for employment or start some form of self-employment in the four weeks before being interviewed.

The expanded definition uses only the first two criteria to measure and define unemployment.

Since it is unclear how work - or the economically active population - is defined by statisticians and interviewees, the informal sector in all probability, therefore, includes people who are officially employed as well as people who are officially unemployed, according to the statistics. *Statistics South Africa* defines the informal sector as those businesses that are not

²⁵ World Bank, 2001b, p.295.

registered. They are generally small in nature, and are seldom run from business premises.²⁶ Instead, they are run from homes, street pavements or other informal arrangements. However, self-employed individuals have not yet been included as part of informal sector.

Swaziland

The urban informal economy in the 1980s accounted for 10% of national employment and was growing by an average annual rate of 15% contrasting sharply with the decline of formal wage employment of 1% annually. By the 1990s, the informal economy was contributing 22% to the national employment.²⁷

Zambia

Population figures show that there were 10 million people in 1999. The average annual GDP growth rate was 2.6% and 4 million people employed. The informal economy is growing faster than the formal economy, and some formal shop owners are selling their goods largely to operators in the informal economy in order to evade paying tax.²⁸ About 43% of urban employment is in the informal economy.²⁹

Zimbabwe

Zimbabwe's economic profile shows that out of 11.9 million population in 1999, only 247,000 people have access to telephones. The formal economy has shown negative job growth, and some jobs in the informal economy have shown positive growth³⁰. In 1996, 1.56 million people worked in the informal economy compared to 1.26 million people in the formal economy. The total labour force increased from 3 million in 1980 to 5 million in 1999, 44 % of whom were women.

A recent study³¹ found that 31% of women in the informal economy are traders selling fruit and vegetables. Other women are involved in cross-border activities (19.5%), which forms the second largest economic activity in the Zimbabwean informal economy. Home-based work in Harare is widespread, but it is not well documented. This work involves simple, unskilled, labour-intensive tasks mostly subcontracted by manufacturing companies. However, this and other forms of informal work such as small businesses, vendors and "illegal" trade lack recognition by the Government. The country has a high unemployment rate (65%) and has an estimated potential to absorb only 200,000 new entrants to the job market each year.

²⁶ Statistics South Africa, 2000.

²⁷ Matsebula, S.M., 1996.

²⁸ Mupedziswa, R. and Gumbo, P., 2001.

²⁹ Sethuraman, S.V., 1997b.

³⁰ Latham, S., 1998.

³¹ Mupedziswa, R and Gumbo, P., 2001.

West Africa

Ghana

The population was 18.9 million in 1999, about 80% higher than the 10.7 million in 1980. The labour force is 9 million people, with women forming 51%. The informal sector employs 89% of the total labour force. Of this, 56% are engaged in agriculture and 21% in retail trade. Women constitute 77% of the informal labour force. Informal trading is a major source of employment for women, men, youth and children. Since 1990, the annual growth rate of GDP has increased from 3.0% to 4.3%.³²

Nigeria

In 1999, there were 123.9 million people, making Nigeria the most populous country in Africa with an official labour force of 50 million. The oil industry contributes 40% to the annual GDP. This oil-producing country saw a dramatic increase in the informal economy when the price of oil declined in 1980. The informal economy accounts for about a third of the urban labour force.³³ The main economic activity in the informal economy is retail trade. Most workers in the informal economy run front shops, stalls, kiosks or hawk goods.

3.2 Informal economy in SSA

The table below summarises the trends regarding the informal economy in SSA (excluding Francophone West Africa)

Table 4: Trends in the growth and size of the informal economy in SSA

Country	Growth of Informal Economy
Central Africa	
Cameroon	In 1992, 80% of all jobs created were in the informal economy
DRC	No figures available for the informal economy
East Africa	
Tanzania	1990 - Informal economy contributed 33% of GDP
Kenya	1995 - Informal sector employed 2.2 m people while formal economy employed 1.6m.
Uganda	Informal economy employment exceeds formal employment
Southern Africa	
Angola	By 1990's 26% of all non-farm employment was believed to be in the informal economy.
Mozambique	30-40% of urban households dependent on informal economy in the 1990's.
South Africa	In 1996 the urban informal economy employed 1 m people. In 1999, this increased to 1.9 million. ³⁴
Swaziland	By the 1990's, informal sector contributed 22% of national employment compared to 10% in the 1980's.
Zambia	43% of urban employment is in the informal economy.
Zimbabwe	In 1996, the informal economy employed 1.56m people as compared with 1.26 m people in the formal economy.

³² World Bank, 2001.

³³ Simon, P.B., 1998.

³⁴ Increase due to improved data-gathering techniques, not dramatic increase in numbers.

West Africa	
Ghana	89% of labour force employed in the informal economy
Nigeria	Informal economy employs 1/3 of urban labour force

The pattern emerging appears to be fairly uniform across all countries in the SSA region and reflects the following:

- a decline or stagnation in the growth of formal employment;
- increase in informal sector activities in the region. In some instances the informal economy plays a far more significant role in the country's economy than the formal economy, as reflected in the number of economically active people working in the informal economy;
- in addition, the informal economy is making an important contribution to the country's economic growth, as the GDP data reflects; and
- growth in the informal economy, while being more rapid in urban areas, is also evident in rural communities.

4. Conceptual and measurement issues

There are almost as many definitions of the informal sector as there are writers about the informal sector. The phenomenon includes various and numerous kinds of activities, which makes it hard for researchers to analyse labour market changes in developing countries.³⁵

Jhabvala, in *"Definition and Measurement of the Informal Sector"*³⁶, emphasised that the issues of definition and measurement could not be separated from each other. She pointed out that the definition of informal sector given by the 15th ICLS/1993 SNA is biased towards estimating the contribution of the informal sector in national accounts through an enterprise approach wherein a large number of workers, such as home-based workers, women agricultural workers, street vendors, and certain other workers in the informal economy remain unaccounted and invisible.

She suggested, instead, that a household approach be utilised to capture the informal economy for purposes of measuring its size. This approach would involve first finding the informal workers within the household through a household survey and then identifying the enterprises through these workers.

WIEGO has identified other groups of informal workers which include: self-employed (in own-account activities and family businesses), paid workers in informal enterprises, unpaid workers in family businesses, casual workers without fixed employer, sub-contract workers linked to informal enterprises, and sub-contract workers linked to formal enterprises.³⁷

Charmes argues that it is imperative that the labour market surveys used by most countries be changed for two reasons:

³⁵ Charmes J., 1998.

³⁶ http://www.nic.in/stat.def_measure.htm

³⁷ WIEGO, 1999.

- 1) to regularly provide reliable indicators about the growth of employment in the informal economy (by tracking down the workers); and
- 2) to provide information about enterprises or locations where workers in the informal economy perform their operations.³⁸

It is within this framework that this analysis has been approached.

5. Old and new characteristics

According to Mhone, the development of the informal economy in different regions of SSA was shaped by the colonial legacy of each particular region, i.e. whether settlers dominated an economy, or whether the colony relied on revenue from cheap migrant labour prior to independence, after which informal economies flourished everywhere. Compared to other Third World countries, and West Africa in particular, in Southern Africa the initial conditions pertaining to the conjuncture of traditional socio-economic systems and colonialism were not conducive to the full-fledged development of the informal economy. On the advent of colonialism, traditional African socio-economic systems in Southern Africa had not evolved sophisticated craft industries and market economies, such as obtained in West Africa and elsewhere, that could have formed a nucleus for small-scale indigenous entrepreneurship and enterprise similar to those that have been a part of the informal economy elsewhere.³⁹ However, as these economies failed to “generate adequate productive employment in the face of increasing population and urbanisation”,⁴⁰ the informal economy developed even in Southern Africa. Since independence from colonialism, major political disturbances, destruction of institutions and policy reform processes including deregulation have further impacted on the growth of the informal economy.

Tokman⁴¹ provides a useful assessment of old and new characteristics of informal sector. Traditionally, the informal sector was perceived as compressing mainly ‘survivalist’ activities. Various negative aspects were used to describe the informal sector ranging from undeclared labour, tax evasion, unregulated enterprises, illegal and criminal activity. The informal economy was also seen as providing employment and reducing poverty. But the adoption of neo-liberal policies by most governments has led to the development of new features of the informal economy. One way that this has happened is through the spread of contractual employment including those in the formal economy, and the increase in small and micro enterprises, which traditionally, formed part of the informal economy.

5.1 Definition of the informal economy

Some have questioned the relevance of the term ‘informal sector’ because it implies that part of the economy is outside government regulation. Moreover, it has been suggested by others that the use of the term ‘informal sector’ should not be limited only to activities that are not

³⁸ Charmes, J. (on line)

³⁹ Mhone, 1996, p. 11.

⁴⁰ *ibid.* p.13.

⁴¹ Cited in ILO, 2001.

regulated or subject to control by government, but should include activities that are linked to the formal economy as well, for example through subcontracting.

The ILO aims to meet the global challenge of reducing the “decent work deficit in the informal economy”.⁴² “Decent work” is work with fair and equal treatment, decent remuneration, fair conditions of employment, safety and social protection, opportunities for training and development, and collective participation.⁴³

A particular category of informal work, which has been given attention in the ILO in recent years is home-based work. Chen, Sebstad and O’Connell⁴⁴ provide a description of home-based work in the textile and garment industry as an increasing type of work in the informal economy. The research defines home-based work as remunerative work carried out by workers within their homes, i.e. subcontracted workers and independent own-account workers. The prevalence of home-based work in industrial (and less industrial) countries in both urban and rural areas is evidence that home-based work is an important source of informal work in the garment and textile industry. Evidence further suggests that home-based work is an important source of employment throughout the world and in SSA, especially in manufacturing and service activities.⁴⁵ The terms ‘home-based work’ and ‘home work’ are often used interchangeably. The ILO Convention No.177 on Home Work which defines ‘homeworkers’ as ‘employees’, and therefore distinct from ‘home-based own-account workers’ who are more independent and not ‘employed’ by ‘employers’ as such. However, in a study on home-based work carried out in South Africa in preparation for the discussion on this Convention in 1995, “of the total number of (601) home-based workers interviewed, only 20 (3%) were on contract to someone else, and can thus be regarded as homeworkers”.⁴⁶ We have come across no evidence to suggest a higher incidence of home-based workers as defined by the ILO Convention as home-workers elsewhere in SSA. However, home-based work is widely prevalent as indicated in Table 5.

Chen⁴⁷ suggests that the more invisible informal workers, namely home-based workers or industrial outworkers, contribute more to global trade than other sectors of the informal economy. She argues that home-based workers comprise a significant share of the workforce in key export industries, particularly those involving simple manual tasks such as labour-intensive operations, simple machines or portable technology. This is largely applicable to the textile, garments and footwear industry.

⁴² ILO 2001 (a)

⁴³ Egger P. and Sengenberger W., 2001, p.1.

⁴⁴ Chen, Sebstad and O’Connell, 1999, p.605.

⁴⁵ Chen, M. et al, 1999

⁴⁶ Budlender, D. and Theron, J., 1995.

⁴⁷ Chen, M. A., 2001.

Table 5: Home-based work

Country	Percentage of enterprises which are home-based	Nature of Study	Data Source
South Africa	71% of enterprises are located within the home or homestead	Survey of 5253 enterprises in two urban communities	Liedholm and McPherson, 1991
Botswana	77% of enterprises are home-based	Nationwide survey of a sample of 1362 enterprises	Gemini Group, 1992
Lesotho	60% of enterprises, 88% of women's manufacturing enterprises and 57% of women's service enterprises are home-based	Not known	Fisseha, 1991
Swaziland	68% of enterprises are home-based	Nationwide baseline survey of 2759 enterprises	Fisseha & McPherson, 1991
Zimbabwe	77% of enterprises are home-based	Nationwide baseline survey of 5575 enterprises	McPherson, 1991
Kenya	32% of enterprises, 37% of rural and 16% of urban enterprises are home-based	Nationwide survey of a sample of 5353 current businesses and 1990 previous businesses	Parker & Torres, 1994
Malawi	54% of enterprises are home-based	Not known	Liedholm & Mead, 1994

5.2. Segmentation and heterogeneity

When defining the informal economy, Chen, Sebstad and O'Connell⁴⁸ argue that the concept encompasses many different economic activities, including home-based work, street vendors, entrepreneurs who employ other workers, self-employed and casual workers whose work is seasonal or who work in outsourced industries. Although the informal economy employs both men and women and allows women greater ease of access (because women can work in the informal economy at the same time as attending to many of their domestic responsibilities, something which is not always possible to balance in formal employment), women tend to be concentrated in low-productivity and often unremunerated jobs.⁴⁹

Charmes⁵⁰ distinguishes between the following sub-categories of enterprises in the informal economy:

- 1) family enterprises comprised of independent owners and family workers; and
- 2) micro-enterprises that consist of less than ten employees or which are not registered as enterprises.

For the purpose of measuring the informal economy, Charmes suggested the following further segmentation:

- 1) Home-based workers, those workers whose work is largely casualised and undertaken at domestic premises;
- 2) Seasonal or temporary jobs;

⁴⁸ Chen, Sebstad and O'Connel, 1999.

⁴⁹ WIEGO, 1999, p.10.

⁵⁰ Charmes, J., 1998.

- 3) Second job; and
- 4) Street vendors.

The informal economy is dynamic, and the multiplicity of activities shows that there is still more research to be done to properly understand the heterogeneity of the sector.

5.3 Specific sub-groups

Gender

An effect of the growing informalization of the economy has been a rise in the number of women participating in the informal economy.⁵¹ Available data do not always accurately reflect the extent of women's involvement in the informal economy. This is because much of women's informal work is uncounted in official statistics, or unpaid, or both.

According to Chen,⁵² most women in the informal economy in Africa are either self-employed or unpaid workers in family enterprises. Average incomes are lower in informal than in formal employment. The gender gap in income appears higher in the informal economy due to two interrelated factors:

- a) informal incomes decline as one moves across different types of employment from employer to self-employed, casual wage worker, etc. ; and
- b) women are under-represented in high income activities and over-represented in low-income activities such as subcontracted work. A majority of women in the informal economy are own-account traders and producers or casual and subcontracted workers. Relatively few are employers who hire paid workers.

In some countries in SSA, Chen notes that virtually all of the female non-agricultural labour force is in the informal sector (see Table 6).

Table 6: Women in the informal economy in the African continent

Size and contribution of informal economy in trade, and women traders in informal trade in Africa,				
	Informal sector as a share of:		Women traders as a share of:	
	Total Trade Employment	Total Trade GDP	Total Informal Trade Employment	Total Informal Trade GDP
Benin	99.1	69.8	92.2	64.3
Burkina Faso	94.7	45.7	65.9	30.1
Chad	99.2	66.7	61.8	41.2
Mali	98.1	56.7	81.3	46.1
Tunisia	87.6	55.6	7.9	4.4
Kenya	84.9	61.5	50.2	27.3

Source: Charmes, J. World Development Report, 2000

⁵¹ World Labour Report, 1997.

⁵² Chen, M.A., 2001.

The data for Tunisia, a predominantly Islamic country, differ significantly from the other countries in this table due to the strictly-enforced practice of *purdah*, which discourages women to work outside the home. This was also found in a study in the predominantly Islamic province of Kaduna, Nigeria⁵³, where 72% of participants in informal retailing were men. In the rest of the countries in the table, women are highly represented in informal work, though less so in informal trade GDP, which indicates that they are concentrated in low-income work in the informal economy.

Table 7: Women and men in non-agricultural labour in the informal economy

Percentage of non -agricultural labour force in the informal economy (1991/1997)		
Africa	Women	Men
Benin	97	83
Chad	97	59
Guinea	84	61
Kenya	83	59
Mali	96	91
South Africa	30	14

Source: Charmes, J., cited in "The World's Women 2000", United Nations, New York.

The pattern emerging from the country data appears to confirm Chen's analysis (2001) that women are over-represented in the informal economy worldwide.

Child labour

The two main sources of information on child labour used in this report are the ILO's International Programme on the Elimination of Child Labour (IPEC) and UNICEF-studies. The ILO and others distinguish between child work and child labour, with the latter term being used to describe less acceptable practices. The ILO uses the concept of "hazardous" to distinguish between "work" and "labour" with characteristics such as:

- working at too young an age;
- working for hours that are too long;
- working under strain;
- working on the streets;
- working for inadequate pay;
- working without stimulation;
- assuming too much responsibility; and
- being subject to intimidation.

A further definition to which the Child's Rights Convention refers is the right of every child "to be protected from economic exploitation and from any work that is likely to be hazardous or interfere with the child's education, or be harmful to the child's health, or physical, mental, spiritual, moral or social development".⁵⁴

⁵³ Simon, P.B. 1998 and Amin, A.A. 1994.

⁵⁴ UN Children's Rights Convention (Article 32.1).

The ILO has undertaken studies on child labour in Kenya, Malawi, South Africa, Tanzania and Zimbabwe. It is estimated that there was a 32% incidence of child labour in Africa in 1998, i.e. 61% of the world's⁵⁵ children engaged in economic activities aged between 5 and 14 years. UNICEF studies showed that, in the year 2000, the incidence of child labour was particularly high in West and Central African countries such as Benin, Burkina Faso, Cameroon, Gabon and Nigeria.

Central Africa

Cameroon has seen increased incidence of child labour since its economy showed some signs of decline in mid-1990s.⁵⁶ With the informal economy becoming very important for the survival of many, the incidence of child labour increased. Child labour is practised in different forms in rural and urban environments. In the rural areas, children are mainly involved in agricultural activities, including 'invisible' child labour (i.e. forced labour)⁵⁷, although they also perform domestic tasks. In the urban environment, child labour takes the form of domestic labour, street child labour, and apprenticeships.

West Africa

Ghana has a high incidence of child labour, particularly of girl children. The World Bank Report (1998) estimated child labour to be at 28%, and of this percentage, 13% were children under 14 years. Accra and other urban centres where street vending is active, account for 12% of child labour. Only 1.4% of these children combine work with schooling.⁵⁸ Interestingly, a survey conducted by the Ghana Education Service in 1989 on school drop-outs between the ages of 7-15 years found a large number engaged in hawking goods or in other income-generating activities on the streets.⁵⁹

Nigeria: In 1992, three large scale studies of working children funded by the Ford Foundation and UNICEF in Nigeria found six categories of children working on the streets in urban areas: 64.3% were street vendors in mobile or stationary positions and were largely female. The other five categories included shoe-shine boys (3.9%), car washers/watchers (5.9%) and head loaders/feet washers in markets (7.6%). In these other categories of work boys predominated. Millions of children of both sexes engaged in hawking as part and full-time activity in urban and semi-urban areas such as Lagos, Ibadan, Oshogbo, Aba, Onitsha, Kano, Maiduguri and Abuja.⁶⁰ A study on Nigerian informal traders found that 10% of informal traders were children between the ages of 5 and 14.⁶¹

⁵⁵ ILO, 1998, p.14.

⁵⁶ Amin, A.A., 1994.

⁵⁷ Trade Union World, 2001.

⁵⁸ Accra Municipal Assembly, 1999.

⁵⁹ Arthur, E., 1995.

⁶⁰ Oyerinde, T., 2001.

⁶¹ Trade Union World, 2000b.

East Africa

The ILO estimates that of the 17 million working children in the African region, 32.9% are in East Africa.⁶² In **Kenya**, children constitute 20 to 30% of casual labour force on all types of plantations. Two types of child labour can be identified: 1) family work, which occurs when children work on family farms for which no payment is involved; and 2) child wage labour in which children work outside the family farm, for which they are paid. The impact of child labour on the education level in Kenya is significant. The ILO estimated that in 1997 there were more than 3 million children between the age of 6 and 14 years who either had no formal education at all or had dropped out of school.⁶³

In **Tanzania**, an ILO study shows that children aged 7-15 are employed mostly in the plantations as labourers in their own right. The conditions under which children work are characterised by lack of medical examination or facilities, no contracts, food, accommodation or transportation. Children are expected to work the same as adults and earn the same wage as adults.⁶⁴

Southern Africa

The ILO reports that children in **South Africa** work in farms with their parents as security for employment and to avoid eviction from the farms where they live. This is a tradition that was borne out of apartheid wherein people were allowed to stay on farms as labour tenants to serve as a “reserve army” of workers for the farmers.

Research undertaken in South Africa found that despite the promulgation of legislation protecting children under 16 years of age from engaging in employment, the lack of effective monitoring and other measures to reduce the incidence and deal with offenders has meant that child labour activities have continued. In fact, some of the most hazardous forms of child labour concern the increasing involvement of young children in commercial sex activities.⁶⁵

A report⁶⁶ on the effects of globalisation on children’s rights raises concerns about the increasing risk of more children being drawn into the labour market, especially in the informal economy. It is clear that eradication of the most harmful forms of child labour will necessitate promoting efforts to reduce poverty.

Migrants

Southern Africa

The most comprehensive study on migrants in the informal economy was done by the Southern African Migration Project (SAMP)⁶⁷ borne out of initiatives aimed at providing

⁶² ILO, 1997, p.4.

⁶³ ILO, 1997 (IPEC policy).

⁶⁴ *ibid.*

⁶⁵ Unpublished data, personal involvement of researcher Shirin Motala in that initiative.

⁶⁶ Norton, A. et al., 2000.

⁶⁷ Perbedy, S. 1998.

information about migration within the Southern African region. SAMP found that there is a negative perception among South Africans about migrants, which has led to negative stereotyping of migrants in the informal sector. In its 1998 report, SAMP showed that informal cross-border trade existed within South Africa before 1994 when the democratic government came into power. The study found the following:

- nearly 40% of migrants had formal educational qualifications including university experience;
- the motive for travelling across the border is not always political, but economic as well. SAMP found that 78% of SADC migrants buy goods from South African retail and manufacturing sectors to trade in other countries;
- over 20% of foreign traders employ South Africans in their business operations; and
- many migrants who are street traders are women, most enter on visitor visas, and men come mainly from Mozambique, Zimbabwe, Botswana and Zambia.

Angola and Mozambique: Migration from rural to urban areas was reported in Mozambique and Angola.⁶⁸ The study found that most such migrants end up in the informal sector. The reasons for this type of migration were political turmoil, civil wars, destruction of infrastructure and the departure of the settler population, all of which have substantially reduced the capacity of these countries to manage and produce income-generating opportunities for the rural population.

South Africa: A study on migrants in the informal sector was undertaken in Durban by SAMP in 1998. South Africa had started making inroads in the development of the informal sector by changing its anti-immigration policies to allow flexible cross-border trade between informal sector participants. The South African Government issued a White Paper on International Migration in 1999. This policy seeks to protect South Africa against an influx of “illegal immigrants” from Southern Africa by recognising the existence of informal cross-border traders, and recommends the introduction of a renewable three-month visitors' visa which would legalise the economic activities of traders entering South Africa.⁶⁹

Zimbabwe: Nearly 20% of Zimbabwean women involved in cross-border trade obtain their goods from South Africa and Zambia.⁷⁰

West Africa

A study by WIDTECH⁷¹ in West African countries found that, parallel to the process of eliminating trade barriers in the region, women in the informal sector are involved in cross-border trade, usually carried out informally. Cross-border traders in West Africa are of three types. The first group includes retailers who own small businesses and sell imported goods. The second group includes wholesalers/retailers who trade and travel across the region and to even the Far East and European cities. Their preferred markets are Dubai and Hong Kong where prices are

⁶⁸ Sethuraman, S.V., 1997b.

⁶⁹ Perdeby, S., 1998.

⁷⁰ Latham, S., 1998.

⁷¹ Dejene, Y., 2001.

lower and the selection and quality of goods is higher. The third group includes wholesalers who import goods directly from manufacturers (not necessarily in the informal sector only) in the region.

People with disabilities

Very little is known or documented about workers with disabilities in the informal sector. In many developing countries, the chances of disabled persons finding salaried employment or work in the formal sector are far smaller than for their able-bodied peers. The lack of information about the size, composition and situation of working age people with disabilities in many countries including the African continent remains a barrier to formulating policies and programmes to address their needs. However, where this information exists, there is a high level of unemployment among working age individuals with disabilities, and here again women fare worse than men.⁷²

According to a discussion document by Susan Parker of the ILO,⁷³ disability leaders are focussing on the right to work as an important focal point within overall human rights. Parker notes that in Africa they are doing so through the OAU-proclaimed African Decade for Disabled Persons, now in its second year. She identified some examples of interventions aimed at supporting employment for disabled workers:

- In Bulawayo, Zimbabwe, an NGO serves as an administrative umbrella for about 20 co-operatives organized some years ago in the informal economy;
- In some war-torn countries, organizations of disabled persons have identified opportunities in the marketplace such as coffin-making in a township in South Africa, and prostheses-making at the height of wars in Liberia and Sierra Leone. These are generally sheltered employment centres as they are often state- or donor-funded and are non-competitive.

6. Nature of linkages between formal and informal sector

There are a few studies that have attempted to understand the extent to which the informal economy is integrated into the national economy and particularly its relationship to the formal economy. There are forward linkages (to markets beyond the borders of the informal economy) and backward linkages (in the form of inputs from outside the informal economy). Meagher⁷⁴ observed that linkages between formal and informal economy in developing countries warrant further research, especially when the informal economy becomes a refuge from the formal economy. A similar study done by May and Stavrou⁷⁵ found that in South Africa the formal economy depends on the informal economy to act as a source of goods and services and to provide a market for its own produce.

⁷² Parker, S. Personal communication.

⁷³ Comments based on a review by Susan Parker of the Annotated outline of the Report for the General Discussion on the Informal Sector, International Labour Conference, 2002.

⁷⁴ Meagher, K., 1989, p.13.

⁷⁵ May, J.D. and Stavrou, S.E., 1989; p.13.

However, Meagher argues that in the third world countries, the linkages between informal and formal economy have led to informalisation of work in the formal economy as a means to enhance the profit of the firms. She argues that this linkage has negative consequences for informal labour because it has cheapened labour, and working conditions have deteriorated. Further, informal workers in Kenya and Nigeria (the two countries she studied) work longer hours, demand no formal wages and have minimal overheads.

She found that in South Africa and Nigeria, formal distributors and manufacturers are beginning to use informal operators to extend their market to a wider public, and even into rural areas. Further, the market for goods and services produced in the informal economy becomes a formal economy market, and amongst participants in the informal economy there is fierce competition for consumers in low-income groups.

There is a growing body of research focussing on value chains of goods and services.⁷⁶ Value chains involve the full range of activities and stakeholders who are involved in bringing a product from conception, sourcing of raw materials, marketing, distribution and delivery to the final consumer. It is evident that stakeholders in the informal economy, in the manufacturing and more particularly the retailing of goods, play a significant role in many of these value chains.

East Africa

Bullock⁷⁷ found that some sectors of the formal economy in Tanzania and Kenya like manufacturing, services and agriculture are linked to the informal economy through production and consumption. The Tanzanian Government SME policy states that the informal economy complements large industries by performing certain operations, providing raw materials for the latter and utilising their outputs to produce other products. Many large enterprises serve as a training ground for entrepreneurial and managerial development. In the garment and textile industries, companies have found it easier to subcontract work to women who work at home.

South Africa

A South African study by May and Stavrou⁷⁸ also found the following forms of linkages that exist between the formal and the informal economy. First, there are informal workers who collect paper, glass and metal recyclable goods. These workers are integrally linked to the formal economy through recycling of waste materials, so their fortunes depend on demand for waste products from the formal economy. Second, the study found the utilisation of casual workers by subcontractors in the formal economy. South Africa's employment of casual workers has increased further with the growth of the global economy.

Two other studies undertaken in Durban show clearly the complementary relationship between the two sectors. A study by Witt⁷⁹ on fruit and vegetable trading in the informal economy found that the physical movement of fresh produce from the point of production to the

⁷⁶ <http://www.ids.ac.uk/ids/global/valchn.html> and Baden, S., 2001.

⁷⁷ Bullock, S., 1995.

⁷⁸ op cit.

⁷⁹ Witt, H., 2000.

point of consumption may be along various channels. Some of these channels are obviously 'formal' - the products are recorded, officially graded, inspected and so forth. Other channels are less 'formal'. Another study by Motala⁸⁰ on garment trading in the informal economy found that the formal economy traders provide storage facilities to informal traders on their property. It also found that:

- formal manufacturers are important suppliers of goods to street traders;
- formal import firms supply imported goods to street traders; and
- some formal Central Business District (CBD) traders rely directly and almost exclusively on informal traders for their livelihoods.

7. Globalisation and macro-economic issues

Not enough is known yet about the exact impact of globalisation on the informal economy, whether globalisation presents new possibilities for workers in the informal economy to enter global markets or how practically accessible such possibilities are - these are all areas in which further research is needed.

Globalisation is a process in which economic institutions compete with the help of the latest technology and policies for markets, products, customer services, suppliers and best prices and quality. From the perspective of survivalists in the informal economy, the process has been very biased, i.e. has privileged powerful economic institutions like multi-national corporations (MNCs), but not women and small economies (WIEGO, 1999, p.12).

The Southern African Development Community (SADC) is presently involved in prolonged and contentious negotiations to establish a free trade area for the region based on the SADC protocol on trade and development. Because most of the SSA countries suffered from colonial oppression over the years, many developing countries have come to regard the promotion of informal work and small, medium and micro enterprises (SMMEs) as an important part of the process of economic reform and institutional restructuring.

The SADC trade protocol seeks to promote liberalisation of trade and investment, finance, and free movement of people and goods by reducing tariff barriers. SSA countries have adopted different responses to globalisation. Some have adopted Structural Adjustment Programmes (SAPs) - others have joined regional organisations such as the SADC, the Southern African Customs Union (SACU) and the African Caribbean Pacific (ACP).

WIEGO and HomeNet have developed some hypotheses as to possible negative consequences of globalisation for workers in the lower end of the informal economy⁸¹ as seen below in Tables 8 and 9.

⁸⁰ Motala, S., 2000.

⁸¹ Lazo, L., 2000.

Table 8: Potential negative economic impacts of globalisation on the informal economy

Effects	Informal sector workers	Informal sector producers
Employment	Layoff resulting in: Unemployment, shifts to self-employment, casual work, migration (urban, rural, overseas)	Loss of livelihood, shifts to subcontract work. Shifts between sectors, e.g. to agriculture Intensification of work migration (urban, rural, overseas)
Production		Scarcity of raw materials Drop in market demand Loss of marketing outlets Competition + crowding Drop in volume of production
Income	Drop in real wages	Rise in cost of living Rise in input
Public Spending	Lack of public services Rise in cost of public services	Lack of public services Rise in costs of public services

Table 9: Potential negative social and welfare impacts of globalisation on workers in the informal economy

Health	Education	Social
Decline in health services	Decline in Education Services	Rise in alcohol and drug addiction
Decline in reproductive services	Decline in School Enrolments	Rise in violence and workplace
Rise in health care costs	Rise in school dropouts	Rise in child labour
Rise in contraceptive costs	Rise in absenteeism	Rise in prostitution
Rise in malnutrition		
Rise in incidence of certain diseases e.g. HIV/AIDs		
Psychological	Security	Demography
Rise in stress	Rise in crime	Rise in fertility
Rise in mental health problems, depression	Rise in civil unrest	
Rise in suicide rate	Rise in human rights violations	

However, the challenge for the informal economy is to gain from globalisation and global markets. Another benefit hoped for in the long term would be trade linkages and inflow of capital investments into the formal economy, potentially eventually absorbing part of the informal economy. It is likely that collective grassroots responses to globalisation, especially those whose organisation is enhanced by the “exploitation of information and communication technology by women to build profile and links and strengthen their information networks, etc., across borders”⁸² will start showing some more significant positive consequences of globalisation for the poorer section of the informal economy in the developing world including SSA, particularly women. But this has yet to be thoroughly recorded, monitored and analysed.

⁸² Horn, P., 2001.

8. Fundamental principles and rights at work - extent of ratification of core standards, and other relevant international labour standards

In some parts of the African region, the struggle against inhuman working conditions in the informal economy has taken different forms. The Universal Declaration of Human Rights recognizes the right to work, to freely choose employment and to have just and favourable working conditions. Unions have experienced globalisation as putting pressure on workers' incomes, causing rights and protections to be compromised, and the concern has developed that labour rights should be regarded as important as human rights. A look at ratification of the ILO core Conventions in SSA shows that many have been ratified. However, those dealing with child labour (Conventions Nos.138 and 182) have still not been ratified by many countries (see Table 10).

Table 10: Extent of ratification of fundamental labour rights conventions by countries in SSA⁸³

Countries	Forced and compulsory labour		FOA and collective bargaining		Discrimination in employment and occupation		Abolition of child labour	
	C 29	C 105	C 87	C 98	C 100	C 111	C 138	C 182
DRC	20/09/60	20/09/60	20/09/60	16/06/69	16/06/69	20/06/01	20/06/01	20/06/01
Somalia	18/11/63	08/12/61	X	X	X	08/12/61	X	X
Uganda	04/06/63	04/06/63	X	04/06/63	X	X	X	21/06/01
Lesotho	03/10/66	14/06/01	31/10/66	31/10/66	27/01/99	27/01/98	14/06/01	14/06/01
Mozambique	X	06/0/677	23/12/96	23/12/96	06/06/77	06/06/77	X	X
Cameroon	07/06/60	03/09/62	07/06/60	03/09/62	25/05/70	13/05/88	13/08/01	X
Nigeria	17/10/60	17/10/60	17/10/60	17/10/60	08/05/74	X	X	X
Swaziland	26/04/78	28/02/79	26/04/78	26/04/78	05/06/81	05/06/81	X	X
Burkina Faso	21/11/60	25/08/97	21/11/60	16/04/62	30/06/69	16/04/62	11/02/99	25/07/01
Tanzania	30/01/62	30/01/62	18/04/00	30/01/62	26/02/02	26/02/02	16/12/98	12/09/01
Ethiopia	X	24/03/99	04/06/83	04/06/83	24/03/99	11/06/66	27/05/99	X
Zimbabwe	27/08/98	27/08/98	X	27/08/98	14/12/89	23/06/99	06/06/00	11/12/00
Ghana	20/05/57	15/12/58	02/06/65	02/07/59	14/03/68	04/04/61	X	13/06/00
Zambia	02/12/64	22/02/65	02/09/96	02/09/96	02/06/72	23/10/79	09/02/76	10/12/01

Source: ILO (2002) Note that the crosses indicate conventions not ratified by countries.

Several countries (Angola, South Africa, Rwanda, DRC, Lesotho, Burkina Faso, Tanzania, Zambia, Senegal, and Togo) have ratified all the core ILO Conventions. Nevertheless, most African countries have not ratified the ILO Conventions that are essential to reducing the decent work deficit, especially for informal workers in agricultural and home-based work activities.

8.1 Conventions relevant to the informal sector

None of the countries in Africa has ratified Convention No.177 on homework since it was adopted in 1996. Convention No.175 on Part-time Work, adopted in 1994, has not been ratified by countries covered by this report. Mauritius is the only African country that has ratified this

⁸³ As of 1st May 2002.

Convention. However, this Convention really deals with what is commonly called ‘atypical’ (rather than informal) work.

With regard to the Conventions that are specific to agriculture, Convention No.99 (Minimum Wage-Fixing Machinery, 1951) has been ratified by Cameroon, Central African Republic, Côte d’Ivoire, Sierra Leone, Senegal, Gabon, Kenya, Zimbabwe, Swaziland, Malawi and Zambia.⁸⁴ The only countries in Africa that have ratified Convention No.129 (Labour Inspections in Agriculture, 1969) are Burkina Faso, Côte d’Ivoire, Kenya, Malawi and Zimbabwe.

Another Convention that is crucial to the development of the conditions of work for rural people is Convention No.141 and Recommendation No.149 (Rural Workers’ Organisation, 1975). This Convention has only been ratified by four African States, namely Zambia, Mali, Kenya and Burkina Faso. The importance of this Convention and Recommendation lies in the recognition of the rights of rural workers to organise and represent their interests by improving the conditions of work and the lives of the people involved in rural work.

8.2 Regulatory frameworks

The regulatory frameworks in many African countries reflect a colonial legacy of exclusion. Many regulations appear more concerned with controlling and obstructing than with facilitating and channelling efforts of informal sector traders. This kind of regulation exacerbates underdevelopment. According to Mhone, “ in countries where settler interests were dominant... a barrage of laws and regulations controlling labour flows and African urban settlement was instituted to ensure that African labour was dependent on formal sector employment. Simultaneously, educational, agricultural, taxation and land policies were instituted to ensure that Africans did not develop independent market-oriented activities ”.⁸⁵ However, even in Ghana, when hawkers wish to trade on the streets they have to secure permits to erect a stall. The local authority has to approve this, but to grant such approval a plan has to be submitted - even if only a crude trading structure is being constructed. Once approved, the stall cannot be inherited, transferred, leased, exchanged or assigned. In a study on the laws relating to street vending in Accra, Ghana, the regulatory environment has been noted⁸⁶ as an impediment to the provision of meaningful support by the State to the informal sector. The Accra Metropolitan Assembly (Hawkers Permit) By-Laws 1995 regulates the legal status of Ghanaian street vendors.

Most informal traders do not (or are unable to) comply with regulations concerning registration, licensing, tax payments, occupational safety, health, and working conditions. This inability is ascribed to a number of factors, including cumbersome bureaucracies, high costs, unreasonable demands, ambiguous regulations and negative state attitudes to workers in the informal economy.⁸⁷

⁸⁴ ILO website.

⁸⁵ Mhone, G., 1996, pp.11-12.

⁸⁶ Arthur, E., 1995.

⁸⁷ ILO, 1998.

9. Entrepreneurship and micro-enterprise development

The capacity of the informal economy to create jobs has tended to be overemphasised by those who hope that the informal economy can succeed in job creation where the formal economy has failed. For this reason, there have been a number of government interventions aimed at developing the informal economy and SMMEs. There is sometimes a mistaken assumption that SMMEs and the informal economy are the same phenomenon. While it is possible to document a number of initiatives aimed at developing entrepreneurship and micro-enterprises in SSA (as we have done below), the effectiveness of such initiatives is not always well documented.

Three countries considered in this report - South Africa, Tanzania and Nigeria - have adopted macro-economic strategies advocating the development of a vibrant small, medium and micro-enterprise (SMME) sector.

South Africa

The reconstruction initiatives of post-apartheid South Africa, promoting and supporting the development of the small, medium and micro-enterprise (SMME) sector, including the informal economy, have been of major policy significance. The new Government's first intervention started with the enactment of a national White Paper on Small Business under the guidance of the Department of Trade and Industry. The vision for SMME development was to integrate small businesses into the core of South African economic life. Accordingly, the policy objective was to develop a new institutional framework for SMME development.

One of the objectives of the Government is "to enable all existing and would-be entrepreneurs in small, micro and medium-sized enterprises to have access to high quality business support services." A policy in South Africa that seeks to promote entrepreneurship (because of the anticipated potential of SMMEs to create employment and generate income) is called Small Business Strategy. In 1996, it was estimated that SMMEs contributed over 60% of the country's GDP.⁸⁸ For the purposes of this strategy, SMMEs are defined as enterprises with a total annual turnover of up to R 0.5 million, total assets value of up to R 0.1 million and up to 4 full-time employees.

This definition ignores other actors in the informal economy, most of whom are engaged in survivalist activities, viz. as casual workers and home-based workers. This overemphasis on SMMEs results in the following unintended consequences:

- Lack of mobility from informal economy into the mainstream of economic activity where economic opportunities are sustainable. Women, youth, the disabled; rural and poor people are not generally elevated to the economic mainstream - instead, they remain mired in survivalist activities.

⁸⁸ Khula, 1999.

- Failure to distinguish between the SMME sector and survivalist enterprises. The two are not the same. The South African Government reported in 1998 that there were 3.5 million people within the informal survivalist economy, and 800 000 in the SMME sector.⁸⁹
- Failure of governments to promote access of informal operators/workers to finance, marketing of products and services, adequate infrastructure and entrepreneurial culture.

In fact, just prior to the second democratic election in South Africa in 1999, the Department of Trade and Industry acknowledged that the Small Business strategy had not been successful in relation to the poorest and most marginalised people it had been designed to assist. On the other hand, Local Government is constitutionally committed to promoting Local Economic Development (LED) and this is the level of government that probably impacts most on those working in the informal economy.

Tanzania

The Tanzanian Government has developed a national policy called “SMEs Development Policy 2000/2001” which is aimed at unleashing the potential of small, medium and micro-enterprises through private-sector-led growth. The Tanzanian Government reports that SMMEs contribute about 50% of industrial products’ GDP.⁹⁰ The SMMEs Development policy recognises the SMEs as a tool to increase the share of business growth and employment creation. SMMEs are labour-intensive, create employment opportunities at relatively low levels of investment per job created, and many SMMEs serve as a training ground for entrepreneurial and management development.⁹¹

Nigeria

The Nigerian Government reports that SMMEs account for over 95% of non-oil productive activities outside agriculture.⁹² In 1999, the Government developed an industrial policy aimed at reforming SMMEs. The policy seeks to achieve the following objectives (among others):

- increase the role of private sector organisations in SMME promotion and development;
- promote the development of entrepreneurship and trade skills;
- increase utilisation of local raw materials, technologies and skills to enhance value addition;
- create employment opportunities and sustainable livelihoods; and
- promote rural development and dispersal of industries.

⁸⁹ Jobs Summit Resolutions, South African Government (1998).

⁹⁰ Financial Mail, 25 May 2001.

⁹¹ Ministry of Trade and Industry, 2001 (Tanzania).

⁹² Ariyo, D., 1999.

General Observation

The ILO (1998/1999) sees training as being important for workers in the informal economy. The continuing erosion of low-skilled jobs in many countries as a result of globalisation and technological changes has affected most people, who are now joining the informal economy to survive. However, lack of training for workers in the informal economy seems to be a common shortcoming in the policies of the three Governments considered above.

10. Access to skills development to promote mobility and diversification

Developing countries often have relatively large populations with low or poor education. Earnings in different types of informal work vary greatly as does the level of education of the workers.

West Africa

In a survey of TV and radio repairers and hairdressers - occupations which are considered “attractive” – 83% and 85%, respectively, of the traders had some school education. In the less attractive meat and fish trade, fewer than 17% of the traders had been to school ⁹³

East Africa

The ILO conducted a study in 1995 on training, using mainly Kenya and Tanzania as a case study. They found that lack of jobs in the formal economy and lack of skills in a large part of labour force are the main reasons for growth of the informal economy. Thus, the question of productivity and survival of informal enterprises is linked to access to markets and skills. The main informal training system operating in the informal economy is traditional apprenticeship.⁹⁴ Apprenticeship denotes three different kinds of training: (a) on-the-job-training; (b) traditional apprenticeship; and (c) learning from relatives. Kenya is the only East African country with a well-developed formal training system, and there are more apprentices enrolled in the informal economy than trainees in the formal economy. However, there is little research on the impact of training on earnings in the informal economy.

Kenya has led the rest of Africa in educational innovations, with a particular emphasis on promoting self-employment and self-reliance. The inclusion of Business Education, Home Science and Arts and Crafts in the school curriculum and the development of Vocational Training Institutions, which draw their trainees directly from primary schools, reflect the advances made by the Kenyan Government. In the early 1990s, there were no fewer than 573 Youth Polytechnics with an enrolment of some 40,000 students, constituting by far the largest post-school training being provided.⁹⁵

⁹³ ILO, 1998.

⁹⁴ *ibid.*

⁹⁵ King, K., 1995.

World Bank support for institutional training for the *juakali*⁹⁶ sector has included provision of funding for a voucher programme, which provides coupons to self-employed people with which they can purchase training in business management and other specific skills. A pilot scheme funded by the World Bank in 1993 trained over 550 *juakali* clients. However, most of these training interventions in Kenya have been externally funded (mostly one-off funding) raising serious questions about their sustainability.⁹⁷

General observation

There are several ways in which governments in the last decade have tried to change schooling and training in such a way as to affect employment. Some of this has been achieved through increasing access to vocational training, either within schooling curricula or through post-school training opportunities for school leavers and unemployed individuals. According to the ILO,⁹⁸ the informal apprenticeship system, such as being practised by *juakali* operators in Kenya, has proven effective in the transfer of skills in the informal economy. It is important to recognise that not all apprenticeship training has come from informal sources. According to King,⁹⁹ a substantial number of workers in the informal economy acquire their major skills in the formal economy, as a result of the shrinking formal labour market.

11. Expansion of micro-credit and savings facilities

Micro-credit has been regarded by many as a central component of poverty alleviation and the promotion of small, micro and medium enterprises (SMMEs) operating in the informal economy. It is recognised that the lack of access to micro-finance is a major impediment to growth in the informal economy on the African continent. There is great diversity among SMMEs - at the poorest level they are survivalist operators, who attempt to secure economic livelihoods through informal work - while the larger enterprises have been targeted as important vehicles for creating employment and local economic development.

In the absence of accessible and affordable financial services, the poor often turn to a range of informal financial institutions, which operate parallel to the formal financial system. They usually specialise in one particular financial product, unlike formal financial institutions, which offer a wide range of services.

Southern Africa

In **Zimbabwe**, Nyathi¹⁰⁰ reported that informal businesses have established an association called ZISA to facilitate the financing for enterprises and to secure bank loans, mobilize donors funding in order to meet the financial needs of operators in the informal economy.

⁹⁶ Kenyan term referring to the informal manufacturing sector (meaning “under the hot sun”).

⁹⁷ King, K., 1995.

⁹⁸ *ibid.*

⁹⁹ *op.cit.*

¹⁰⁰ Nyathi, N., 1997.

Mozambican data shows that 36% of finance in the informal economy comes from ‘*xitique*’ (*stokvels* or group savings clubs).¹⁰¹

In **South Africa**, a study by Lund and van der Ruit shows that informal savings institutions take the form of rotating savings and credit associations (ROSCAs), or *stokvels*. These are group savings clubs where members pool their money. Members are paid out lump sums on a rotational basis. This method of saving allows people to access large sums of money at specific times of the year, to pay for big expenses. For example, one woman who belongs to a *stokvel* requested that she be paid out in October, so that she could afford to plough her fields and purchase seeds in November. Other popular forms of saving are grocery clubs and Christmas *stokvels*. The grocery clubs collect money and then purchase staple foods in bulk, which are distributed to all the members. People who belong to Christmas *stokvels* make regular contributions throughout the year and then receive a pay-out before Christmas.¹⁰²

East Africa

A **Kenyan** study¹⁰³ revealed serious limitations in access by women to credit facilities. About 85.4% had never tried to obtain access while 14.6% had tried and failed. About 19.4% of those who had access to credit obtained it from relatives and friends.

Buckley¹⁰⁴ argues that institutional finance for micro-enterprises is a fairly new phenomenon in Kenya, Ghana and Malawi. However, informal finance has always been an integral part of this economy. Informal finance may be casual loans obtained from micro-lenders, or gifts from families and friends. The most common source of enterprise finance is a rotating savings and credit association (ROSCA).

Research on East African Micro-Finance Institutions (MFIs)¹⁰⁵ concluded that, despite the mission of many of the MFIs to work with ‘poor entrepreneurs’ and micro-entrepreneurs, they were clearly experiencing a problem with targeting. The report found that the focus was largely on those “not so poor individuals and those who have an asset base that can serve as collateral or *quasi* collateral”.

12. Social protection

12.1 Social security

One of the key current global problems is the fact that more than half of the world’s population (workers and their dependants) are not included in any type of statutory social protection. They are neither covered by a contribution-based social insurance scheme nor by tax-financed social assistance. In Sub-Saharan Africa, statutory social security coverage is estimated at 5 to 10% of the working population and decreasing.

¹⁰¹ Muleide, 1994.

¹⁰² Lund, F. and van der Ruit, C., forthcoming.

¹⁰³ Alder, G. et al., 1998.

¹⁰⁴ Buckley, G., 1997.

¹⁰⁵ Hulme, D., 1999.

The fundamental reason for low social security coverage in developing countries is that many workers outside the formal sector are not able or willing to contribute a relatively high percentage of their incomes to finance social security benefits, especially if they do not meet their priority needs. In general, they give priority to more immediate needs, such as health and education, in particular where structural adjustment measures have reduced or eliminated access to free health care and primary education. In terms of pension benefits, they seek protection in case of death and disability rather than for old age. In addition, they may not be familiar with, and/or distrust, the way statutory social security schemes are managed. As a result, some groups of workers outside the formal economy have set up schemes that better meet with their priority needs and contributory capacity.

Pensions

With the exception of South Africa, non-contributory pensions such as the Old Age pension available to women over 60 and men over 65 years of age is non-existent elsewhere in SSA, except sometimes on large commercial farming concerns. Research by Ardington and Lund has shown that pensions in South Africa play an important role in the provision of credit for informal work.¹⁰⁶

12.2 Social insurance

Health care

Few countries in SSA have free comprehensive health care services available to its citizens. In some places, state-funded health care has completely disappeared. In those that offer a limited service, there has been a steady movement back towards a 'user pays' principle. Despite common perceptions to the contrary, the cost of traditional healers is often as expensive as formal medical care. In addition, health care services have been overwhelmed by the high incidence of HIV/AIDS.

In many low-income developing countries, governments can no longer guarantee free access to health care, with the result that working people themselves have started to organize their own access to such services. The UMASIDA scheme in Tanzania is self-financing and independent (see Case Study below).

In most low-income developing countries, such as Tanzania, not more than 5-15% of the working population and their dependants are covered by statutory social insurance, mainly for pensions and health. Extension and reform of the statutory social insurance system could reach another 5-10% of the population, i.e. most so far uncovered regular workers and some casual workers in the formal sector. At the other side of the income scale are the 30% of poor households who can probably only be helped by tax-financed social assistance, social services and poverty alleviation measures. In between these two groups are the bulk of the working population (about 40-60%) who are above the poverty line but not eligible for statutory social insurance. They have some contributory capacity and may be interested in contributing to social insurance programmes tailored to their needs.

¹⁰⁶ Ardington, E. and Lund, F., 1995.

Schemes set up by informal workers tend to provide mutual support through the pooling of resources based on the principles of insurance. In some cases, they also extend help to those in need within the overall framework of certain basic regulatory conditions. In this system, it is the group itself that decides on the size and source of contributions by group members. The collection and management of contributions, as well as the disbursement of benefits, are matters for the group to consider and arrange.

The analysis of such schemes (van Ginneken, 1996) has shown that there are two fundamental requirements for setting up self-financed social insurance schemes:

- the existence of an association based on trust;
- an administration that is capable of collecting contributions and paying benefits.

Case Study: UMASIDA¹⁰⁷ Health Insurance Scheme – Tanzania

UMASIDA is an umbrella health insurance organization for the informal economy in Dar es Salaam, Tanzania. UMASIDA is an abbreviation in *ki-Swahili* (Umoja wa Matibabu katika Sekta Isiyo Rasmi Dar es Salaam), which means in English: *health care community fund for the informal sector in Dar es Salaam*. It grew out of an ILO/UNDP project that, in 1994-96, experimented with the provision of integrated services for the urban informal sector in Bogota, Dar es Salaam and Manila.¹⁰⁸

The main objective of the scheme is to provide health care to all its members and their families on an insurance basis. One of the innovations of the project was that it not only concentrated on economic services, such as the provision of credit and training in finance, production, management and marketing, but also on social services, such as access to health care as well as occupational safety and health measures. The idea behind this concept is that access to social services has a strong impact on productivity, and that organizations of informal sector workers would be an appropriate vehicle for organizing such services.

Until 1993, the whole Tanzanian population was treated by the National Health Service free of charge, but since that time the Government has put in place cost-sharing arrangements so that people have to pay part of their medical bills themselves. In addition, the Government opened up health services to the private sector, resulting in the emergence of many private clinics and dispensaries, particularly in the cities. Safety and health services are generally only provided in the formal economy through the Inspectorate of Factories in the Ministry of Labour.

The main advantage of health insurance schemes for informal workers is that they improve health expenditure efficiency (the relation between quality and cost of health services). There are basically three reasons why informal workers would prefer group schemes to individual spending and financing¹⁰⁹

- by making regular contributions, the problem of indebtedness brought about by high medical bills can be overcome;
- the financial power of the group may enable administrators to negotiate services of better quality or representing better value for money from private health care providers; and
- the group may be willing to spend on preventive and health promotion activities so as to keep down the cost of curative services.

¹⁰⁷ Kiwara, A.D., 1997.

¹⁰⁸ ILO, 1999.

¹⁰⁹ van Ginneken, W., 1998.

Child care

In SSA countries, child care is modelled along colonial lines. Hence, where the British were the occupying power, the system is not very strong, while in Francophone Africa (which is modelled along French lines) the system is much better.

Assumptions are often made that women prefer to work in the informal sector due to the ease of child care. This assumption is usually inaccurate and it is far more likely that if the children are young (not of school-going age) and if the country does not provide free or comprehensive education for children then mothers are more likely to be found working alongside their children in the informal economy, either in the streets, at home or in the fields.

Food security

A study in Accra, Ghana, found that food insecurity was associated with the type of employment and household structure. Female-headed households and those occupational groups that are predominantly female (e.g. petty trading and food vending) have the highest levels of vulnerability to food price shocks or income shocks.¹¹⁰

Burial costs

Informal and formal funeral insurance schemes have emerged as a way of enabling households to cope with the enormous costs of paying for funerals, which normally cost 15 times the household's average monthly income. In the context of HIV/AIDS, the need to ensure the sustainability and growth of informal insurers is vital. More research is required on this aspect of social protection.

13. Occupational safety and health issues

Inadequate occupational safety and health standards and environmental hazards are evident in the informal economy, and it is clear that informal workers do not have the necessary awareness and resources to implement health and safety measures. Torres¹¹¹ cites ILO work, which has found that informal employees "often work in appalling, often dangerous and unhealthy conditions, without even basic sanitary facilities, in the shanty towns of urban areas".

Bullock¹¹² found that in Tanzania, Kenya and Sierra Leone, home-based workers work in sweatshop conditions. Firms sometimes use home-based work because they can ignore regulations, such as health and safety standards, which apply to workplaces.

In Côte d'Ivoire, the National Union of Informal Sector Women (SYNAFSI), established in 1990, demanded provision of drinking fountains, lavatories in the market places, and the

¹¹⁰ Levin et al., 1999.

¹¹¹ Torres, L., 1998.

¹¹² Bullock, S., 1994.

provision of first aid posts.¹¹³ From these demands the poor health and safety conditions of market women can be extrapolated.

Home-based enterprises studied in Zimbabwe were found to pose considerable health, safety and environmental risks in terms of vulnerability of wooden housing structures to fire hazards and the large number of children that have contact with such enterprises.¹¹⁴

Case study: Measures to promote occupational health and safety of informal traders in Dar es Salaam, Tanzania¹¹⁵

In 1994, the ILO launched an Interdepartmental Project on the Informal Sector (INTERDEP) with the view to designing a comprehensive approach to occupational safety and health (OSH) of informal workers. Three country case studies were undertaken, including one in Tanzania, which is reported here.

The objective of the project was to improve health and safety standards through the introduction of simple low-cost measures for the improvement of informal sector working and living conditions and the reduction of diseases and accidents.

The project involved public awareness-raising of occupational health and safety hazards at a selected number of clusters in the informal sector in Dar es Salaam and provision of occupational and preventative services. It covered ten business clusters, encouraged the formation and training of safety and health committees within the micro-enterprises in each cluster and the training of one of the members of the committee as a First-Aider.

Cluster committees received on-the-spot guidance weekly from a safety engineer, posters to build public awareness were developed and 28 health care workers from the City Council were trained on occupational health and safety and are referred patients by the First-Aider of a cluster if needed. Health nurses also visited the clusters, undertook health promotion work including basic sanitation, immunization campaigns and maintained contact with the First-Aiders.

Outcomes of the project:

- Eleven informal sector operators from 10 clusters were trained in First Aid and 28 health workers in occupational health services;
- First aid services of 9 of the clusters were started. Operators' health was checked by visiting health care workers. Health education was also given on various topics;
- A total of 61 operators (10 women and 51 men) who were members of the Safety and Health Committees from 8 trades were trained;
- Some practical improvements were carried out in 4 clusters including cleaning of worksites, clothes and uniforms and the daily collection of waste;
- Four other clusters have started mobilizing funds for maintaining toilets;
- Waste disposal was improved in one cluster; and
- City Council sanitary services to the clusters have generally improved.

A number of prerequisites for sustainable short- and long-term strategies on OSH for the informal sector in Dar es Salaam were identified in the report:

- Enhancing the knowledge and skills of the operators involved in the improvement of their working conditions and working environment;
- Provision of institutional support for services vital for the improvement of the working conditions of the informal sector clusters, including the provision of occupational health services;

¹¹³ Gahe-Mahan, B., 1994.

¹¹⁴ TARSC Monograph, 9/95, 1995.

¹¹⁵ ILO, 1999.

- Land acquisition and financial empowerment to enable the operators to make improvement of working conditions and environment in their workplace; and
- A clear government policy and/or enabling political will to provide and improve OSH for the informal economy.

The report also identifies a number of priorities. These include improving access to drinking water, improving general sanitation and providing First Aid services, including the training of First Aid officers. Access to occupational health services, in particular health promotion programmes and periodic health examinations, were also noted as a priority issue. Improved working conditions, such as better ventilation, waste-water drainage and lighting were mentioned in the list of priorities as well. Other priority areas pertain mainly to the organization of work and the work process such as: safe use of materials and equipment, use of personal protective equipment, reduction of monotony and other work processes which induce fatigue and loss of productivity. Awareness-raising is an important aspect of most of the above-mentioned points.

The report also emphasizes the need for initiatives to be low-cost and designed in a practical way that will promote sustainability. As is widely known for development projects in general, and is pointed out in the paper, all too often outside initiatives fail as soon as external resources are depleted.

Source: A working paper of the Interdepartmental project that was run between 1994/95, was produced in 1996 by V. Forastieri, P. G. Riwa and D. Swai. *Promoting Productivity and Social Protection in the Urban Informal Sector: Dar es Salaam, Occupational Safety and Health in the Informal Sector* (Report on Intervention Strategies) (Ref. IDP INF./WP-6).

14. Organisation and representation of role players in the informal sector

Workers in the informal economy are often referred to as the unorganised sector. However, this is not an accurate description, as there are many instances of organisation of workers in the informal economy. In the World Labour Report 1997-98, the following grounds for informal workers joining together and organising were identified:

- To address problems and demands that members cannot solve individually and/or the State is unable to meet;
- To overcome business constraints;
- In response to government or non-government programmes to deal with specific problems; and
- In response to support provided by donor and development agencies to initiatives aimed at combating gender discrimination and inequalities.¹¹⁶

The report goes on to identify the existence of the following types of informal workers' organisations:

- Neighbourhood associations;
- Trade-based associations, made up of operators who share similar trade interests, who often deal with the same suppliers and middlemen, who relate to the same government institutions and have to comply with the same regulations, and who are confronted with the same constraints in terms of access to services, assets and markets;
- Multi-trade, area-based associations whose members share common concerns such as keeping their immediate surroundings clean as a service to the clientele, thus avoiding the

¹¹⁶ World Labour Report, 1997-98, pp.196-197.

attention of health inspectors or trade officers, and preventing police harassment and/or theft; and

- Solidarity groups of common ethnic, religious or geographic origin.¹¹⁷

However, the report points out that “a characteristic common to most informal sector organisations is their fragility. They often disband even before achieving their objectives or as soon as these are reached, or pass periodically from activity to hibernation. Only rarely do they evolve into more settled, structured institutions pursuing long-term development and political objectives.”¹¹⁸

Awuah also points out that “market trader mobilisation is at a grassroots level”, and shows how such mobilisation has been effective in articulating demands vis-à-vis the State and local government. However, he also points to certain limitations experienced in such organisations, and observes that “the changes which they are able to secure tend not to be transformative, but rather based on reforms in the existing social structure”.¹¹⁹

We can safely infer that examples of self-organisation along the lines described above abound among workers in the informal sector. An in-depth study in progress of informal sector associations in Zimbabwe certainly bears this out.¹²⁰ A study of street vendor organisations in South Africa¹²¹ has, however, attempted to go further and identify what it takes for organisations to be more able to represent the interests of its members in a sustained way. The study compares eight different street traders’ organisations in different parts of South Africa and assesses the various functions, which they either partially or fully perform.¹²² Barriers to effective organisation and representation experienced by these organisations are examined¹²³ before coming to some conclusions.¹²⁴ Among the conclusions drawn is that membership-based organisations can more effectively represent informal traders than service organisations, which means that organisations need to be “democratically constituted, and accountable to members ... linked to membership control and accountability”.¹²⁵ The importance of negotiations is also stressed. These characteristics are largely defining trade unions.

Not surprisingly therefore, there are examples of organisation along trade union lines which have emerged among workers in the informal sector in Africa, and informal sector organisations with strong links with the trade union movement, although these are less prolific than the associations.

West Africa¹²⁶

¹¹⁷ *ibid*, pp.197-198.

¹¹⁸ *ibid*, p.199.

¹¹⁹ Awuah, E., 1997, p.420.

¹²⁰ ILO/SAMAT.

¹²¹ Lund, F. and Skinner, C., 1999.

¹²² *ibid* (chapter 5).

¹²³ *ibid* (chapter 6).

¹²⁴ *ibid* (chapter 7).

¹²⁵ *ibid* (chapter 7, p.45).

¹²⁶ In November 1996, the International Federation of Chemical, Energy, Mine and General Workers Unions (ICEM) commissioned Pat Horn and Ruth Masikane from the Self-Employed Women’s Union (SEWU) in South Africa to

In **Ghana**, the General Agricultural Workers Union (GAWU) of the Trades Union Congress (TUC) started organising informal sector agricultural workers in 1979. As a result of structural adjustment programmes, formal employment in the agricultural sector declined and GAWU's membership dropped from 130,000 to 30,000, which prompted the union to see its future in organising the informal sector. The jurisdiction of the union is described as follows in its amended constitution: "... all employment in Agricultural services or undertakings generally, including Rural Workers and self-employed Peasant Labour".¹²⁷ GAWU was supported in its initiatives to organise workers in the informal sector by the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) and the International Labour Organisation (ILO).

The Industrial and Commercial Union (ICU) also affiliated to the TUC of Ghana, then started to organise informal home-based hairdressers into the Ghana Hairdressers and Beauticians Association (GHABA) which was formed as one of the organised sectors of the ICU. Having started this initiative, the ICU was then approached by other self-employed informal workers such as home-based seamstresses, to form a sector of the union for them too. With the assistance of the Danish women workers union (KAD), the ICU launched a campaign to organise informal workers in other sectors in February 1999.

By this time, the whole Ghana TUC had already committed itself to organising workers in the informal sector. At its conference in August 1996 the TUC, which is the only national trade union centre in Ghana, committed itself to the organisation of workers in the informal sector.¹²⁸ In terms of this commitment, every affiliate of the TUC was obliged to identify that part of the informal sector linked to its area of activity, and to organise the workers in that part of the informal sector.

In **Senegal**, in 1996, the national trade union centre (CNTS) had the following informal sector affiliates, which were also affiliated to the IUF:

- Syndicat National des Travailleurs Ruraux (SYNTR) for rural workers;
- Syndicat National des Pêcheurs Artisans du Sénégal (SYNAPAS) for fisher-artisans, formed in September 1996 with 10,000 members.

In addition at the time, the CNTS was investigating ways to organise self-employed informal sector artisans such as tailors, carpenters, metal-workers, panel-beaters and vehicle-repairers. The women's wing of the CNTS was initiating a campaign to organise young girls working as domestic workers (including family labour).¹²⁹

undertake an investigation of informal sector workers' organisations in five countries in West Africa. The information about Ghana, Senegal, Côte d'Ivoire and Benin was learnt first-hand during this investigation.

¹²⁷ GAWU constitution Article 4(a) p.6.

¹²⁸ Secretary-General's address in *The Ghanaian Worker*, 1996, p.10.

¹²⁹ Discussions with Mody Guirot, General Secretary of the Senegal Mine Workers Union, and Fatou Ndiaye Gueye, President of women's department of CNTS, November 1996, in Dakar.

In **Côte d'Ivoire**, some of the trade unions have formed working relationships with market vendors' associations, building their collective bargaining capacity and assisting them with some of their struggles. SYNASEG, affiliated to the ICEM and the national trade union centre FESACI, has a strong working relationship with COVIMY, the vendors' association operating in the Marcory market in Abidjan. Dignité, an independent union affiliated to the IUF, has been organising in the informal sector and has developed working relationships with the vendors' associations in other markets in Abidjan. A woman unionist formerly from Dignité formed a union for women in the informal sector working in markets and in rural village co-operatives, called SYNAFSI, also affiliated to FESACI.¹³⁰

There are many informal sector workers' unions in **Benin**, including:

- SYNAPAAB (fishing workers - 1500 members*)
- House & Restaurant workers (1000 members*)
- Sheet-metal workers (500 members*)
- ONPB (agricultural workers – 4000 members*)
- SYNAMEMOB (motor-cycle mechanics – 348 members*)
- SYNEBOPAB (bakery workers – 225 members*)
- SYNATRASA (sand loaders – 125 members*)
- UNPB (plumbers – 420 members*)
- CODEBE (used-car dealers – 217 members*).

* the membership figures as of October 1996.

There is also a market vendors' union at Danktopa market in Cotonou, with 2400 members (as of October 1996) known as SYNAMAVAB. This organisation describes itself as a trade union and not a business association, because it does not focus primarily on business development, but takes on social projects such as literacy and skills training for its more disadvantaged members, and has initiated a creche project to provide child care for all its members. Both market stall owners and their employees belong to the union, which makes its class-base relatively varied.

The women's committee of the cement workers' union SYNTRAUCIB, which was working in partnership with ICEM, based at Onigbolo near Pobe in the East of Benin, formed a women's association to promote the organisation of women in the informal sector. This association, GBENONKPO, consisted of formal sector women workers from SYNTRAUCIB as well as groups of women involved in informal economic activities in the villages around Onigbolo. After five years hard work by the women factory workers at gaining the confidence of informal sector women in them and their intentions, GBENONKPO had 128 members by 1996, the majority of whom were in the informal economy.¹³¹

¹³⁰ Discussions with Basile Gahe-Mahan, General Secretary of Dignité, June 1995 in Geneva, and Nancelle Claire Kuoassi and Adelaide Clemence Deya, Chairperson and Vice-Chair of women's department of SYNASEG, and Rosemary Ossoue of SYNAFSI, November 1996, in Abidjan.

¹³¹ Discussions with Emmanuel Zounon and Claire Houessinon, General Secretary and head of women's department of SYNTRAUCIB, and Françoise Codjon and Justine Chodaton, International Relations officer and President of

In **Burkina Faso**, according to M. Cisse, the national trade union centre ONSL “has since its inception included men and women workers from the informal sector among its members”.¹³² She describes the organisation of market women in Ouagadougou by the ONSL since the 1980s as well as the formation of the Cissin-Natenga Women’s Association in 1984, which then affiliated to the ONSL in April 1985. These activities were supported by the Women’s Bureau of the International Confederation of Free Trade unions (ICFTU) as well as the Belgian trade union central FGTB.

The Syndicat National des Travailleurs de l’Industrie du **Niger**, an affiliate of the International Textile, Garment and Leather Workers’ Federation, is organising workers in the informal economy.

East Africa

In 1994, the **Kenya** Women Workers’ Organisation (KEWWO) was formed, initially by women working in the formal sector belonging to the affiliates of the Kenya national centre, COTU. KEWWO became an important part of the general struggle for democracy in Kenya during that time. Women in formal employment in KEWWO decided to reach out to women in the informal sector, and started organising rural informal sector women.

KEWWO’s founder was the IUF’s African Regional Secretary based in its Nairobi office, and the organisation enjoyed the support of the IUF internationally. KEWWO is still affiliated to the International Federation of Workers’ Education Associations (IFWEA). By 1996, KEWWO had more members in the informal sector than in formal sector employment.¹³³

In **Uganda**, the second largest affiliate of the National Organisation of Trade Unions (NOTU), which is the sole national trade union centre of Uganda, is the Uganda Public Employees Union, with 13,000 members.¹³⁴ NOTU affiliates have been discussing for some time now how to increase their declining numbers, and have agreed that they have to do this by organising workers in the informal sector. For most of them, this means that they have to amend their constitutions. The Uganda Public Employees Union has amended its constitution in 1999 by introducing several categories of membership. One of the new categories of membership is informal workers, whose membership will be by “affiliation through informal sector workers’ associations”.¹³⁵ In this way the union has devised a creative way of dealing with two of the difficulties normally faced by informal sector trade unions. The one is a practical means of collecting the membership subscriptions of its informal members, i.e. through the associations through which they will be affiliated. The second is representation at the statutory bargaining forum, which is an automatic right for union members in Uganda. The new mission statement contained in the amended constitution is “to recruit, inform, train, organise and democratically

SYNAVAMAB, in Benin in November 1996 through December 1998, when five GNBENONKPO members made a follow-up visit to SEWU in South Africa.

¹³² Cisse, M., 1994, p.1.

¹³³ Address by Kathini Maloba-Caines, General Secretary of KEWWO, to 1996 Annual Conference of the Self-Employed Women’s Union (SEWU) at Botha’s Hill, Durban, South Africa.

¹³⁴ NOTU, 1999 (Table 1).

¹³⁵ UPEU Constitution, Article 7 Clause 7(a) and (b), p.7.

represent workers in the public and informal sectors and to negotiate for better conditions in an acceptable legal framework that allows for the free expression of workers' rights".¹³⁶ The union started to implement its new organising strategy in the year 2000, and it will be an interesting one to watch.¹³⁷

Southern Africa

In 1994, the Self-Employed Women's Union (SEWU) was launched in Durban, **South Africa**, along the lines of the Self-Employed Women's Association (SEWA) in India. Like SEWA, SEWU is a trade union of women who work in the informal economy. By 2001, SEWU had approximately 4,000 members in three provinces in South Africa. "SEWU is organised on the principles of direct democracy, and the focus is on the empowerment of membership".¹³⁸ Lund and Skinner go on to describe and illustrate the democratic constitutional structure of SEWU. After comparing the organising strategies of SEWU and 7 other informal sector organisations, they observe "Our study of other organisations convinces us of the extreme importance of the precedent set by SEWU to date. It is one organisation that has organised amongst poorer survivalists, that is clearly accountable to its members, and that has a clean track record."¹³⁹

SEWU is affiliated to UNI (the newly-merged Union Network International) and has applied to the IUF, ICEM and ITGLWF (International Textile, Garment and Leather Workers' Federation) for affiliation, after having worked together with them in different ways on the promotion of organisation of workers in the informal sector. SEWU has been integrally involved in several international campaigns initiated by SEWA for the promotion and protection of workers in the informal economy. These include (1) the campaign for the adoption of the ILO Convention on Homework which resulted in the formation of HomeNet, an international alliance of home-based workers' organisations with an international office in Leeds, UK, and a Convention and Recommendation being adopted at the International Labour Conference in 1996; and (2) an international campaign for the legal rights of street vendors which has resulted in the formation of StreetNet, an international alliance of street vendors, with an international office in Durban, South Africa.

In 1999, the Congress of South African Trade Unions (COSATU) took a decision to start organising workers in the informal sector. The South African Clothing and Textile Workers Union (SACTWU), a COSATU affiliate, took a decision to start organising industrial homeworkers. COSATU has also received an approach from the African Council of Hawkers and Informal Businesses (ACHIB), a national association of street vendors with its head office in Johannesburg, for affiliation or associate membership.¹⁴⁰

¹³⁶ UPEU Constitution.

¹³⁷ Discussions with Robert Matukhu, General Secretary of the Uganda Public Employees Union, September 2000 in Kampala.

¹³⁸ Lund, F. and Skinner, C., 1999, p.30.

¹³⁹ *ibid* (p.45).

¹⁴⁰ Meeting with Bheki Ntshalintshali, previously Organising Secretary and now Assistant General Secretary of COSATU, at SEWU office early in 2000, and telephone conference with Ebrahim Patel, General Secretary of SACTWU, later in 2000.

In **Mozambique**, there are two national trade union centres, OTM and CONSILMO. The Maputo Provincial Secretary of the Sindicato dos Trabalhadores da Industria Metalurgica Metalomecanica e Energia (SINTIME), Jose Titus Lipeze Zunguza, also doubles as an organiser for the OTM, in which capacity he has organised informal sector workers into an association called Associao dos Operadores e Trabalhadores do Sector Informal (ASSOTSI). At this stage, ASSOTSI is only organised in the capital city of Maputo, and it is an association affiliated to the OTM.¹⁴¹

The market vendors in central Mbabane in the small kingdom of **Swaziland** approached the Swaziland Federation of Trade Unions (SFTU) in the early 1990s when they were being harassed by government officials. The SFTU has had a history of active opposition to the Government throughout the 1990s to the present, demanding that a democratic constitution be adopted by the king. The SFTU and the market women were able to join hands in their struggles for a time. Since then, the SFTU has been looking for more sustainable ways to organise the market women along trade union lines.¹⁴²

The Hawkers and Vendors' Association of **Zimbabwe** (HAVAZ) approached the Zimbabwe Congress of Trade Unions (ZCTU) for affiliation in 1995. The ZCTU seriously considered the approach as they were keen to develop a working relationship with informal sector organisations. HAVAZ fragmented while their approach was in the process of being considered and ZCTU then investigated more viable ways in which to work together with street vendors' organisations. The head of the Women's Desk, who has had contact with SEWA (India) and SEWU (South Africa) assumed responsibility for creating a viable way for informal sector workers to be organised in Zimbabwe.¹⁴³

The **Zambia** Confederation of Trade Unions (also ZCTU) initiated the formation of the Centre for Informal Sector Employment Promotion (CISEP), in 1998 with the assistance of the German donor organisation GTZ and the Friedrich Ebert Stiftung (FES) in order to assist retrenched workers to form trade associations. Further, with the assistance of the Workers' Education Association (WEA) of the U.K., the ZCTU initiated the formation of the Workers' Education Association of Zambia (WEAZ) with a national co-ordinator from the trade union movement. WEAZ undertook grassroots surveys to establish workers' education needs, and found that most of the needs expressed related to workers in the informal sector. As a result, WEAZ has started to meet different informal economy organisations and initiated an informal economy project involving a workshop on organising in the informal economy, with follow-up exchange visits between informal sector workers in Zambia, SEWU in South Africa and SEWA in India. The trade union orientation of WEAZ places it in a unique position to build and enhance the capacity of informal economy organisations in Zambia along trade union lines.¹⁴⁴

¹⁴¹ Discussion with Zunguza and Innocentia Ernesta Tembe, Women's Co-ordinator for SINTIME Maputo City and Maputo Province, October 2000 in Maputo.

¹⁴² Discussions with Jan Sithole, General Secretary of SFTU, 1995 in Geneva, and Zodwa Mkhonta, Vice-President of SFTU, from 1995 in Durban through 1999 in Turin, Swaziland, South Africa.

¹⁴³ Discussions with Morgan Tsvangirai, then General Secretary of ZCTU, 1995/6 in Harare, and Muriro Pswarai, head of Women's Desk of ZCTU, 1995 in Harare and Durban through 2000.

¹⁴⁴ Discussions with Mike Chungu, national co-ordinator of WEAZ, Jan/Feb 2001 in Kitwe, and Dave Spooner, international officer of WEA, April 2000 in Durban through 2001 in Geneva and Kitwe.

Conclusions

Organisations of workers in the informal economy survive better when they are membership-based, their objectives clearly articulated and the members see tangible benefits from being collectively organised. It also appears that a pattern is emerging in SSA of the African trade union movement moving seriously into organising workers in the informal economy as the formal economy continues to shrink, and even going further and finding creative ways of supporting and linking up with self-organisation in the informal economy.

15. Integrating provision of space and basic services for the informal sector into urban planning exercises and urban management systems

The Bellagio Declaration formulated in 1995 by the International Alliance of Street Vendors calls for specific attention to be paid by national and local governments to measures which would make street vending a component of urban development, promote participation of vendors in local governance and ensure that often conflicting needs of stakeholders are mutually satisfied including pedestrians, vendors, health officials and others.¹⁴⁵

The two case studies below illustrate examples of best practices attempted in Accra, Ghana and Durban, South Africa.

¹⁴⁵ Skinner, C., 1999.

Case Study – Accra, Ghana Working Group on Street Trading and Hawking¹⁴⁶

Accra has a population of between 2-3 million, which is just over 10% of Ghana's population. The city faces a major strain on its infrastructural resources and about 3% of this population is homeless and seeks shelter under *-hawking along the streets, in open spaces, pavements, walkways etc., often forcing pedestrians onto the roads and obstructing the flow of both human and vehicular traffic.

Measures to deal with this problem, including relocation, have been futile and have met with resistance from the traders. In 1999, the Accra Sustainable Programme (ASP) and the Accra Metropolitan Assembly (AMA) organised a mini-consultation of all stakeholders to address these problems. Arising from this consultation, a Working Group on Street Trading and Hawking was inaugurated to develop long-term solutions.

It set out as its objectives the following:

- To develop strategies to address problems associated with street trading;
- To identify and plan demonstration projects for the CBD of Accra; and
- To make inputs into the development of an integrated multi-sectoral action plan and overall development strategy for Accra.

The working group was comprised of city authorities, market women, traders and hawkers and officials from the Department of Roads, Ministry of Health, Department of Social Welfare, Police Services and Transport Union. However, only three of the 15 committee members were women.

To plan its approach, the Working Group reviewed similar studies undertaken in Tanzania and India, undertook site visits to gather first hand information and undertook discussions with stakeholders to find possible solutions to various issues. The Working Group met from December 1997 to February 1998, with special provision made to accommodate traders' needs.

The Interim Report published by this Working Group made several recommendations, which have been and continue to be implemented. The recommendations included the following:

- creation of several hawker markets (7 in total) instead of street markets;
- relocation of markets in the CBD with the consensus of traders;
- request for bylaws to be reviewed;
- trader Associations to play a stronger role in the enforcement of bylaws;
- audit of training needs was developed;
- environmental sanitation needs must be accommodated via provision of toilet facilities; and
- registration of all traders with city officials.

Through this participatory decision-making process, it would appear that long-term sustainable solutions were found.

¹⁴⁶ Accra Municipal Assembly, 1999.

Case Study: Durban Metropolitan Local Government (South Africa) developing dedicated policies for supporting the informal economy

Introduction

In post-apartheid South Africa, local government has been transformed into a third and independent sphere of government, which is recognized as being closest to citizens, and given important responsibilities for promoting local economic development and facilitating participatory governance.

The Durban Metro has embraced this dual responsibility with great vigour and innovation as is demonstrated in the “Informal Economy Policy” adopted in October 2000, something which makes enormous economic sense as the informal sector makes important contributions to Durban’s economy as indicated below. The informal economy is an important source of job creation, with estimates of over 20,000 street traders operating in the DMA (Durban Metropolitan Authority) and an unknown number operating from their homes, a large majority of these traders being women. In addition, the informal economy generates work along a chain of supply and distribution. The “*muthi*” (traditional medicine) industry is one such example which is estimated to generate about 14,000 jobs in Durban.

Considerable monetary resources flow through the informal economy. It is noted that in 1998, black householders in the DMA area spent more than R 500 million in informal outlets. The informal economy provides accessible and affordable informal shopping outlets to large numbers of commuters.

Background Context

It is important, before we examine more fully the process and content of this Informal Economy Policy, to understand the context within which it was developed. The growth of the informal economy in South Africa in general, and in Durban in particular, has been phenomenal in the 1990s. According to a four-city comparative study on local governments’ approach to street trading undertaken by Skinner (2000), Durban stood out as the city that was doing the most to ensure that street traders were incorporated into city planning processes. It did this in a number of ways including:

- Establishing institutional capacity through the development of a dedicated Department of Informal Trade and Small Business Opportunities in the 1990s and other specialized services for informal traders, such as the City Health Department setting up a training programme focusing specifically on hygienic food preparation;
- Provision of resources to improve street trading infrastructure such as shelter, ablution facilities and storage space, thereby improving the quality of traders’ work environment; and
- Establishment of Consultative Forums, which have led to self-regulation with respect to maintaining health standards and reducing crime.

It was clear that the narrow focus of providing support to street traders was problematic as the less visible informal activities engaged in mainly by home-based workers had not benefited much from these initiatives and, even with the existing approach, there was no over-arching framework - resulting in different departments within local government developing their own (sometimes conflicting) responses.

Policy Development Process

Hence, in 1999, Durban Metro established a Technical Task Team comprised of representatives from the various local government departments whose work in some way impacted on the informal economy, to develop proposals for developing a policy framework to ensure local government support to the informal economy.

The process of developing the policy was just as important as the content. Of critical importance was the fact that the Council willingly allocated resources for a policy process which involved both primary and secondary data-gathering to build a deeper understanding of the informal economy in Durban, use of various mechanisms for facilitating information dissemination and consultation between the Council and a wide range of stakeholders including informal and formal business associations, trade unions, Councillors, development fora and civic structures. Interviews, workshops, radio announcements and distribution of relevant documents were some of the tools harnessed for this process.

Although it is hardly ever likely that a policy will please all stakeholders, great effort was made to ensure that concerns of more marginalized stakeholders were heard and compromises were negotiated rather than imposed.

Informal Economy Policy – A paradigm shift

In a case study on Durban's Informal Economy Policy, Skinner and Valodia (2001) identified five significant shifts in thinking which this policy has embraced:

- The first is the recognition that the informal economy has a critical role to play in Durban's economic development and not merely as a mechanism for alleviating poverty;
- Second, the policy values all kinds of work. Street traders and home-based workers all require support services and these services need to be developed taking into account their different needs and circumstances;
- A third shift argues for viewing the economy of Durban holistically, with the informal and formal economies being complementary to each other and dependent on each other rather than as competitors;
- The policy importantly recognizes the value of organizations of workers in the informal economy and sets out a capacity-building programme to strengthen such organizations and local government officials working alongside them.

- Finally, the policy has suggested a number of innovative strategies for facilitating the implementation of the policy framework such as area-based management, introduction of pilot projects to test new ideas and approaches, and ensuring active stakeholder participation in planning, decision-making and self-regulation. Examples of this include the involvement of "muthi traders" who previously sold traditional medicine on the pavement and for whom a dedicated market has been built and the cooperation between Self-Employed Women's Union (SEWU) and local government regarding the provision of affordable accommodation for "muthi traders".

Critical factors contributing to the success in developing the policy

The policy has only been recently developed and implementation has only just begun. Hence it is not possible to say at this stage how successful the policy is or what impact it is making.

Skinner and Valodia¹⁴⁸ have identified two critical factors, which they suggest have made the policy development process possible. The first is the relatively strong financial position of Durban's local government both in terms of monetary and human resources. The second is the extent to which informal sector workers in Durban have been organized. These points are elaborated on briefly below.

Debt Free Durban

Durban Metro has been proudly holding the flag of a "debt free" local authority when all around it local authorities have fallen deeply into debt or have completely collapsed. This is attributed to a history of sound financial planning, a sustained investment strategy and an equally strong and well-skilled human resource pool. Credit for this human resource pool goes to the fact that Durban Metro is one of the first cities to have a dedicated human-resource training unit.

Existence of SEWU

The Self-Employed Women's Union has been in existence since 1993 and is actively involved in organizing women working in the survivalist sectors of the economy. SEWU's active lobby with local government has resulted in tangible improvements for street traders in terms of the provision of shelters, storage facilities, accessible ablution blocks, child care and overnight accommodation. In this Informal Economy Policy process, SEWU members were actively involved in making important contributions on the draft policy document during workshops.

Conclusion

In their analysis of Durban's Informal Economy Policy, Skinner and Valodia (2001) conclude that the "consultative and innovative local government interventions", which Durban has committed itself to making, have assisted in mainstreaming the concerns of those working in the informal sector and facilitated development of a workable and practical policy. In fact, they go one step further in suggesting that national policy-makers look to the

¹⁴⁸ Skinner and Valodia, 2001.

Areas for further research

A rapid appraisal of available data more often than not will draw our attention to the information gaps. While the list is always enormous, this study clearly points to some urgent priority studies being undertaken if the data do not already exist. This study was unable to access data on the following:

- Sectoral breakdown within the informal economy of nature of activity people are involved in. This study has not been able to provide data on the typical informal activities in each of the countries;
- In addition, it would appear that the data provided have a strong urban bias. Urban/rural disaggregation of data is required;
- Data which reflect the extent of women's involvement in the informal economy and the nature of their involvement;
- Income levels in the informal economy by type of work done and by gender disaggregation.

Other areas of further research would be:

- Impact of globalisation on the informal sector. What have different stakeholders done to mitigate negative effects and to reap benefits?. What policy initiatives are working to protect the vulnerable?
- Nature of linkages between the formal and informal sectors. For example, we know that across the world, the end-products of millions of home-based workers are processed and sold through formal sector channels in foreign countries. It would be interesting to know to what extent this is happening in SSA. This would then also provide more empirical evidence on the impact of globalisation and liberalisation of markets on the informal economies in SSA countries; and
- Further improvements on macro-level data, both on the contribution of the informal economy to the GDP and the number of people working in the informal economy.

Agreement is needed on the ways and means to enhance data collection on the informal economy through normal statistical systems, whether it is economic contribution to the national GDP or employment, and its characteristics in SSA countries and internationally.

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