

Executive Summary

Street Vendors in Durban, South Africa

The Informal Economy Monitoring Study (IEMS) seeks to provide credible, grounded evidence of the range of driving forces, both positive and negative, that affect conditions of work in the informal economy over time in 10 cities. Three sectors are being explored: home-based work, street vending and waste picking. This report examines street vending in Durban, South Africa.

Both qualitative and quantitative methods are used in this study. The qualitative component consists of a participatory informal economy appraisal (PIEA), an innovative method designed to capture systematically the perceptions and understandings of 75 informal workers, in their own words, in a focus group setting. The quantitative component consists of a survey questionnaire administered to the focus group participants, plus another approximately 75 workers who did not participate in focus groups. The questionnaire is designed to supplement the data collected through the focus groups by collecting information on the household profile and income sources of the workers; the asset profile of the workers' households; detailed information on the workers' enterprises; and linkages between the informal economy and the formal economy. The Durban sample was comprised of women and men who trade in the Central Business District, but also in outlying areas. The fieldwork was done between August and November, 2012

Findings

The findings on household characteristics suggest that profits from vending are a key source of household income. Six in every 10 respondents reported that their informal enterprise was the main source of household income while one in every two vendors had no other income earner in the household. The average household size was between four and five people.

The research reveals that vendors provide a huge diversity of goods and services. Vendors are linked into the formal economy – both because many source their goods through formal economy channels, and some sell their goods to formal enterprises. Vendors also generate employment, with 3 in 10 respondents reporting they had at least one paid employee working for them.



Photo: A. Buckland

The research suggests that turnovers are low – the average vendor in this sample reported a monthly turnover¹ of R2712 (about US \$325²). There was a significant difference between men and women, with male vendors reporting a turnover that was more than double their female counterparts.

Vendors seem to be operating in an increasingly difficult economic environment. The majority of respondents reported a decline in demand for their products and services but also an increase in the cost of supplies. They had largely absorbed these increases, saying they were not able to charge higher prices. Further fully 90 per cent of survey respondents reported they were experiencing increasing competition from new entrants, who started vending due to being unemployed. Vendors also reported an increase in competition from formal retailers. All these combined economic and value chain dynamics cause vendors to say that it is increasingly difficult to keep their enterprises viable.

Access to essential basic and work-related infrastructure was identified as a critical problem – 56 per cent of vendors surveyed did not have access to a toilet while 21 per cent did not have running water. The situation is worse in the city centre than in the outlying areas. Three quarters of the vendors interviewed have no shelter while working so are exposed to rain, sun and wind, while nearly half of the vendors surveyed did not have access to storage. The focus group data shows that when vendors do have access to storage, their goods are often stolen or spoilt while in storage. When these findings are compared to the other four IEMS cities where vendors were also interviewed – Accra, Ahmedabad, Lima and Nakuru – Durban vendors have comparatively poor access to basic amenities. Access to infrastructure was identified as *the* major issue hindering vendor businesses, cited by 14 of the 15 focus groups.

Police harassment of vendors was reported to be pervasive. Three in every four vendors operating in the periphery and one in every two operating in the centre reported being harassed by the police. The second most serious negative driving force cited by the focus groups (after poor infrastructure) was the police. More than half (53 per cent) of vendors surveyed in Durban identified confiscation of property as an important problem, more than any other city in the IEMS (the average was 32 per cent across the five cities). When goods are confiscated,



Photo: A. Buckland

vendors reported that at best their goods are damaged –at worst, they are never returned at all. Vendors also noted that the fines charged are often very onerous but vary from one officer to the next.

National and local government are regarded by the vast majority of vendors as being unhelpful to vending activities. The findings suggest that for many street vendors, the only interaction they have with local government is through harassment and fines at the hands of the police. In the focus groups interviews, the police, the municipality in general, and the Business Support Unit (BSU) in particular were identified as institutions hindering their work. Only two vendors, of the 150 surveyed, reported that they had received help from any level of government.

The study interrogated the role of intermediaries, especially vendor organizations and non-governmental organizations (NGOs). The findings suggest that while there is solidarity among vendors, their organizations are weak. NGOs, however, were identified as playing a positive role.

The study concluded by exploring the vendors' views on their contribution to the city. Vendors said they help reduce crime and keep the city clean. They bring goods close to customers and sell goods at low prices. In an interview, the City Manager stated that the municipality collects R36 million per annum from licensing fees, suggesting this group also makes a significant contribution to city coffers.

In summary the study found that street vendors have been negatively affected by a harsh economic environment, lack of access to both basic amenities and the infrastructure necessary to do business, and a largely hostile state. Although membership-based organizations (MBOs) and NGOs are active among street vendors in Durban, they have only partially ameliorated these negative forces.

¹ Turnover figures represent the respondents' reported average monthly income less reported average monthly expenditure on business expenses. However, the literature on income reveals it is very difficult to capture distinctions between turnover, gross earnings, and net earnings reliably. These data should be interpreted with caution.

² 1 South African Rand (ZAR) was equivalent to US \$0.12 on September 15, 2012 (www.xe.com, mid-market rate). All conversions in the document use this rate.

Policy Recommendations

There are 10 recommendations that stem from this study's findings.

1. *Stop police harassment:* Police actions are inappropriate for the regulation of economic activity at best, and corrupt at worst. The City Council needs to investigate the conduct of the police and, in parallel with suggestions outlined below, conduct a retraining program.
2. *Draft new bylaws:* Durban's Street Trading bylaws (which were promulgated in 1995) criminalize vending. The penalty in the case of violation is confiscation of goods and/or a fine or imprisonment. The study shows confiscation of goods has devastating implications for vendor livelihoods and the households which are dependent on income from street vending. Focus group participants especially reported difficulties paying school fees because of the costs of confiscations, both in terms of stock lost and in terms of the high interest rates they have to pay when borrowing from informal money lenders to replace the lost stock. This is an inappropriate sanction for economic activities. A bylaw redrafting process is well overdue.
3. *Review the permitting system:* While the municipality reports having issued many thousands of permits, vendors involved in this study argued more permits were needed. It is suggested that the municipal staff work with vendors, area by area, to assess the available public space and together determine a vendor "carrying capacity", then issue the appropriate number of permits. Vendors feel the requirement that the permit holder needs to be at his or her stall at all times should be removed. They also want the permit application and renewal process streamlined. One focus group suggested that permit monies be specifically earmarked for investment back into the vending sector.
4. *Provision of basic amenities and work related infrastructure:* The high proportion of vendors who do not have access to toilets and running water is a concern for the health and well-being of vendors and consumers but also the general public. Through an area-based assessment, priority areas where the city needs to provide these facilities should be identified. Shelter from the elements and storage for trading goods are key to the productivity of vendors but also to better functioning and aesthetically pleasing urban environments. Provision of these services should be a priority. Where resources are limited, the municipality should consider community-public-private partnerships.



Photo: A. Buckland

5. *Improve council-vendor relations through regular meetings:* Vendors specifically stated they wanted to meet with the municipal staff more regularly to proactively deal with issues. Although the municipal officials engage with vendors via the eThekweni Municipality Informal Economy Forum (EMIEF), many vendors point out that the leaders who attend do not represent the majority of vendors (and some even question whether they represent any traders at all). Officials need to hold regular meetings, not only with vendor leaders but also with the broader trading community.
6. *Provide business support and training:* A large majority of vendors surveyed identified poor access to support centres as a problem. There are existing support services – most notably the Small Enterprise Development Agencies supported by both the eThekweni Municipality and the national Department of Trade and Industry. These support centres need to develop programmes that specifically target the vending population.

The lack of relevant training in business skills was identified as a problem by 66 per cent of vendors surveyed. One group identified having no marketing strategy as their primary problem. The city and/or NGOs working in the sector should consider working with the Department of Labour in general and the Wholesale and Retail Sector Education and Training Association (WRSETA) in particular to design and implement appropriate training for street vendors.
7. *Develop trade specific strategies:* Street vendors are one point in a continuum of economic activities, with vendors selling different goods operating in different value chains.

Understanding where vendors fit into broader value chain dynamics holds the key to more viable and vibrant trading. Building on previous work with, for example, traditional medicine traders and card collectors, municipal staff should develop sector-based strategies for dominant trades.

8. *Strengthen vendor organizations:* The capacity of MBOs to organize and assist their members needs to be stronger. The study findings suggest that attention should be paid to strengthening internal democratic processes. Both membership and leadership might gain from capacity building programmes (including negotiation and conflict resolution skills). Although interviews with MBO leaders identified negotiating with suppliers and facilitating bulk buying as one of their activities, vendors who participated in the study did not make mention of this. This aspect of the MBOs' work could be strengthened.
9. *Address tensions among foreign and South African vendors:* The study unsurprisingly reveals tensions between foreigners (suppliers and vendors) and South African vendors. Local government officials and NGOs working in the sector should consider relationship building interventions.
10. *Consider national policy and legislative review:* This study of Durban street vendors gives detail to the challenges faced by street vendors in many South African cities and adds impetus to the call for a national policy and legislative review. There is useful international precedent in this regard. Most notably, India's 2004 National Street Vending Policy has recently become law.



Photo: A. Buckland



Inclusive Cities: Launched in 2008, the Inclusive Cities project aims to strengthen membership-based organizations (MBOs) of the working poor in the areas of organizing, policy analysis and advocacy, in order to ensure that urban informal workers have the tools necessary to make themselves heard within urban planning processes. Inclusive Cities is a collaboration between MBOs of the working poor, international alliances of MBOs and those supporting the work of MBOs.

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