



Unity in Action!

Towards strengthening the organizational capacities of informal trader organizations and increasing the voices of street and informal cross-border traders in policy discourse in SADC countries

Presentation of the research report of a Participatory Action Research project with street and informal cross-border traders from Southern Africa

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Purpose of the PAR project

1. Through the **active participation** of street and informal cross-border traders strengthen the organizing and mobilizing capacity of informal trader organizations and associations.
2. Through the **active participation** of street and informal cross-border traders enhance the democratic quality of the mandate-seeking and participatory processes of informal trader organizations and association.
3. Through the **active participation** of street and informal cross-border traders develop the technical capacity of informal traders to participate in local and regional policy discussions.

Rationale for the PAR project

1. Promote a culture of collective problem identification, solution finding and action among informal traders in the Southern African region.
2. Spur informal traders on to move from talking to autonomous action geared towards achieving changes that promote democratic participation, strengthen the capacities of their organizations and improve their livelihoods.

Research methodology

Participatory Action Research: a democratic approach to investigation involving the active participation of a social group or community sharing a common problem. Thus, no single expert has a monopoly over the research content. The research comprises three elements, namely, collective investigation, collective analysis and collective action.

The research was conducted in five SADC countries, between April and November 2012, namely, South Africa, Swaziland, Lesotho, Zimbabwe and Zambia.

The participants were drawn from several national, provincial and local informal trader organizations/committees and associations in urban, peri-urban and rural locations.

The total number of participants was 732, which is more than double the target sample size of 300 for the project.

Research methodology

Phase 1: April – June 2012

1. Introduction of the PAR project to street and informal cross-border traders in a public meeting in each of the five SADC countries to solicit their views on and endorsement of the scope and process.
2. The public meetings were followed by focus group discussions in the different countries to identify the problems and to analyze them in detail.
3. Afterwards, one reflection meeting was organized to deepen the discussions of the focus group meetings and to assess the research process.

Phase 2: November 2012

Five public meetings were held in the different countries to identify solutions and actions to address the problems identified in first phase.

Research methodology

Some of the main methodological problems

1. A larger than anticipated number of participants – over 30 – attended most of the focus group discussions in Lesotho and Swaziland, which made it difficult for the facilitators to allow detailed discussions.
2. Language was identified as a barrier between the facilitator and the participants in some of the meetings in Lesotho.
3. In Hohho/Swaziland, traders are not allowed to meet without a municipal official being present.
4. Voice recorders could not be used in some of the focus group meetings in Lesotho, either because of the size of the group or the meeting place.

Research methodology

Level of participation

1. In Johannesburg, a good mix of trader leaders and ordinary traders participated in the public meeting, whereas in the other cities it was the leaders, who primarily attended. Most of the participants were local traders and only a small handful of them were informal cross-border traders.
2. Trader leaders dominated discussions at all five public meetings.
3. Members and non-members of organizations and associations of street and informal cross-border traders, were more vocal in the focus group discussions partly because very few trader leaders attended these meetings.
4. Women trader participants dominated the public meetings in Johannesburg, Swaziland and Zimbabwe as well as most of the focus group meetings in all five countries.
5. Men traders generally had the final say on any issue during discussions, with the exception of the focus group discussions in Chingola, Chimwemwe and the Mupedzanhamo market where only women traders attended.

The problems

1. Obstacles to effective organizing and mobilizing

1.1 A lack of knowledge about informal trader organizations prevents street and informal cross-border traders from becoming members.

1.2 Members have lost confidence in their leaders, accusing them of being unaccountable.

1.3 Trader leaders are mismanaging funds, being coopted by government and non-governmental organizations and of benefiting from the corrupt activities of government and municipal officials.

1.4 Culture and religion are hindrances to participatory democracy in informal trader organizations and associations.

1.5 The political and economic environment of some SADC countries is a hindrance to organization and mobilization in informal trader organizations and associations.

2. The ineffectiveness of non-financial support provided by government

2.1 Street and informal cross-border traders are receiving non-financial support, mainly business-related training, from their governments except for those in Swaziland and Zimbabwe. However, the benefits of the training are undermined by a lack of financial support, a disabling trade policy environment and exclusionary tendencies in government institutions, i.e. nepotism, corruption and patronage.

The problems

2.2 The training has little value unless it is complemented by other important interventions, such as finance, public land for informal trade and basic social infrastructure.

2.3 Most street traders lack sufficient public land equipped with basic social infrastructure, such as water and sanitation facilities.

2.4 The rapid development of private malls is reducing the productivity of street traders, which is determined by the amount of goods sold.

2.5 In Lesotho, the government lacks a clear public land policy, which makes it difficult for street traders to demand land. The government is allocating huge tracts of public land to Chinese-owned private shopping malls, whilst failing to build linear markets for street traders.

2.6 The cost of participating in training initiatives outweighs the benefits, as street traders are often required to spend long hours away from their trading spaces, which negatively affects their income.

2.7 The training material is generally not sensitive to the realities of street and informal cross-border traders, i.e. the majority in the informal trading sector is women, who have generally low literacy levels.

2.8 Trading policy is largely biased towards formal retailers, for they are able to drop their prices willy-nilly in order to unfairly compete with street and informal cross-border traders in the sale of cheap goods, threatening their income and livelihood.

The problems

3. The financial exclusion of street and informal cross-border traders

3.1 Private bank requirements for business loans are generally insensitive to the socioeconomic conditions of street and informal cross-border traders.

3.2 Women informal traders in Africa have fewer opportunities than men informal traders to obtain financial assistance from private banks, because their earnings are generally lower, which means lesser savings, and they lack collateral.

3.3 In Zimbabwe, some women informal traders don't trust private banks and therefore prefer to save their money at home.

3.4 In South Africa, the government's classification of Small Micro Medium Enterprises (SMMEs) serves to exclude survivalist enterprises that lack property, a financial track record and financial management skills from microfinance schemes administered by the Department of Trade and Industry.

3.5 In Zambia, women informal traders lack information about the requirements for accessing the government's microfinance schemes.

3.6 Thus, most street and informal cross-border traders rely on informal money lenders, stokvels and other monthly saving schemes or social grants to finance their trading needs.

The interventions

1. Strengthening the organizational capacities of informal trader organizations

1.1 In Johannesburg, the participants agreed on the need to strengthen the district level representative structures of informal trader organizations in South Africa's Gauteng Province or to form these structures where they don't exist. These structures should serve as a bridge and communication channel between the organization and street traders at a market or street level.

1.2 Subcommittees were identified as a mechanism for active participation and accountability in informal trader organizations.

1.3 In addition to subcommittees, they all agreed that report backs by trader leaders to their constituencies are an important measurement of the level of accountability in the organization.

1.4 Trader leaders have to be encouraged to become local councilors, who will use their position of influence to advance and protect the interest of street traders in-and-around the City.

1.5 Informal trader organizations have to assume responsibility for the trading permits and trading spaces of its members and prioritize their demands.

1.6 Informal trader organizations have to initiate leadership skills training for women informal traders, produce educational material that promotes their participation and leadership and create slogans that assert their voice in the organization.

The interventions

2. Enhancing the livelihood potential of very small and survivalist enterprises through greater non-financial support from government.

2.1 Most of the participants in the five countries identified financial literacy that will improve their ability to budget and manage their finances as an important skills training priority.

2.2. In Johannesburg, street traders want government skills training initiatives to place greater emphasis on developing their enterprise development skills.

2.3 Moreover, they agreed to

- promote the establishment of cooperatives among street traders in the Gauteng province,
- demand that the local government provide street traders access to public land for the production and selling of agricultural products,
- launch an investigation of best practices of public markets, and to
- demand that dilapidated government buildings in the central business district of Johannesburg be made available for informal trade.

2.4 Street traders in Orange Farm will be staging a march to the City of Johannesburg's Department of Economic Development to demand that a linear market with adequate social infrastructure be built in the area.

2.5 In Zambia, members of informal trader organizations want their organizations to develop strategies for engaging government and political leaders around the provision of basic social infrastructure for street trade, establish business forums for sharing knowledge and experiences and to mount educational campaigns to help street and informal cross-border traders effectively manage their businesses.

The interventions

3. Strengthening the voice of street and informal cross-border traders in policy discourse

3.1 In Lesotho, supporting organizations of street and informal cross-border traders undertook to establish a task team that will provide technical support to street and informal cross-border traders in the country. In addition, they will produce a position paper that elaborates the policy concerns of street and informal cross-border traders and initiate advocacy campaigns to increase their participation in policy discourse.

3.2 The participants agreed on the importance of participating in the country's policy-making process, especially around trade issues in order to advocate for the development and implementation of fair laws and regulations for informal trade.

3.3 They also intend to advocate for the establishment of a Trading Board, comprising government and non-government organizations, traders and experts.

3.4 In Zambia, the participants agreed to engage the relevant government departments on the harmful effects of formal retail business practices on street trade. They want the government to regulate retail prices, because unexpected reductions in big retail prices lead to a reduction in their sales.

3.5 They will demand that the government develop a tool to screen and monitor foreign businesses operating in the country in order to protect local markets against unfair competition.

The interventions

4. Breaking through the financial barrier

4.1 The participants agreed to promote the establishment of local and national finance cooperatives in their different countries. These cooperatives will operate as stokvels that pool together the savings of individual street and informal cross-border traders with the aim of assisting them with collective stock buying. Moreover, in order to help the cooperators to transition from an individualistic approach to economic activity to a collectivist/solidaritous one, political education on the abovementioned values of the solidarity economy will be an intrinsic part of these cooperatives.

4.2 In Johannesburg, street traders will engage the Departments of Trade and Industry and Economic Development and their local government on financial support for very small enterprises. The main purpose will be to challenge the government's classification of SMMEs, which, as mentioned above, denies survivalist enterprises access to microfinance support.

The interventions

5. Building regional relations between street and informal cross-border traders

5.1 The participants formed a SADC Network of Traders.

5.2 In Zambia, informal cross-border traders proposed that the Network gives priority to

- the development of a common SADC policy statement on informal trade that address the concerns of informal cross-border traders in the region,
- tax exemption for informal cross-border traders on goods worth less than \$1000,
- the establishment of cooperatives and cross-border partnerships,
- the yellow fever vaccination certificate requirement for informal cross-border trade,
- the facilitation and coordination of exchange visits for sharing knowledge and experiences among informal cross-border traders, and the
- hosting of regional cross-border trade fairs.

5.3 In Lesotho, the participants proposed that the Network advocate for the development of economic infrastructure that enables the efficient movement of goods from rural to urban areas in the SADC region. In addition, it should agitate for port and boarder services that effectively respond to the needs of informal cross-border traders.

The achievements and the way forward

The PAR project provided a rare platform for the participating street and informal cross-border traders to not only talk about their problems, but to collectively find interventions that will address them. And, even though, it was a new experience for many of them, most of the participants exhibited great willingness to address the problems they identified.

In terms of its purpose, because large numbers of street and informal cross-border traders participated in the discussions, especially women informal traders in the focus group meetings, it is fair to conclude that the project has been able to enhance the collective knowledge of both ESSET and the participants about the organizational, policy and political challenges characterizing informal trade in the five SADC countries. Moreover, the interventions that emerged from the discussions lay the foundation for addressing the organizational obstacles identified by the participants, whilst they hold the potential for enhancing the technical capacities of the leaders and members of informal trader organization.

However, the existing lack of organizational capacity and resources in most of the organizations that participated in the project may hinder the effective implementation of the interventions. Hence, it is prudent that supporting organizations, like ESSET, the Lesotho Council of NGOs and Women and Law, continue to play a nudging role without dictating a particular implementation process.