Durban, South Africa, has set out on a process of policy making to support its informal economy. This has entailed elaborating a vision for the role of the informal economy in long-term economic plans, turning that vision into policy, and setting up an implementation strategy with institutional structures. A crucial element for this policy process has been strengthening organisations of informal traders so that the government has strong partners with whom to negotiate.

Under apartheid South Africa harshly over-regulated the informal entrepreneurial activities of black South Africans. Under the apartheid system, street traders were forbidden access to the central city and simply chased off the streets by the city police. In the 1980s, the struggle for space in the city and the right to trade as a mechanism to survive intensified to the point that urban apartheid began to collapse and influx control was abandoned. The Business Act of 1991 was a reversal of policy, curtailing the rights of local authorities to regulate street trading and protecting the rights of traders. Following this, the 1990s saw a major influx into the city centres, adding to the already large numbers of people trading in public places.

In 1994, with the advent of democratic government, the new South African constitution mandated local government to promote local economic development and adopt pro-poor urban policies emphasising participation and consultation. The local government reform process in Durban saw the integration of forty-eight local structures into a single...
metropolitan council. The north central and south central local councils, who were responsible for the management of Durban’s central business district, took the lead in engaging with this new institutional framework and, following the first democratic local government elections in 1996, began a sustained process of policy development to guide the city in its support for and control of the informal economy.

The first phase of this process was to undertake preparatory research on the informal sector and to make recommendations for its spatial regulation within the city centre. Three options for regulation where outlined: high regulation and strict enforcement; minimum regulation, dealing with health and safety issues only; and the favoured option - labelled the managed market city approach - founded on a system of regulations which were to be applied geographically and based on the predominant character of each area, with a system of demarcated public market places.

The next phase of the development of policy for the regulation of street trading by the North Central and South Central Local Councils, which began in 1999, was qualitatively different. The major shift lay in the emphasis placed on the interdependence of the formal and the informal economies of Durban.

Early in the process, the policy team adopted a shared vision of the role and importance of the informal economy as a job creator and contributor to the city’s economy. They saw street traders as workers who were an integral part of the city’s life and economy, not as survivalists or welfare cases.

To support this policy making, research was undertaken on specific trade sectors, including clothing and accessories, traditional medicine, fruits and vegetables. Included in the informal economy was the less visible, but increasingly important category of home-based workers. Additionally, the policy formulation had to be much more gender-sensitive, given that women constitute a large majority of street traders and home workers in the informal economy of Durban.

An inclusive consultation process was designed, with the aim of informing interested parties about the policy making process and gaining information on their views on key questions. Lists of ‘interested and affected parties’ were drawn up and the people and organisations concerned were then offered a variety of methods to express their views, ranging from mass meetings, and workshops, to personal interviews. Groups consulted included informal and formal business associations, councillors, officials, trade unions, civic groups and development forums, with special attention paid to reaching out to less articulate, less centrally situated groups of informal workers.

The policy development process also benefited from the existence of a number of pilot projects in urban renewal and health, through which officials learned the importance of street level management and negotiation. For example, the City Health Department had already done ground-breaking work in negotiating with street traders about conditions of cleanliness, and providing certified courses for improving standards of stalls.

The establishment of an implementation team followed the eighteen-month policy development process. Some practical aspects of the policy and its implementation in this period include:

- simplification of registration costs for vendors and home workers, with incentives for registration;
- representation of informal trader organizations on planning and policy committees, in the same way that formal business associations are represented;
- provision of support to trader organizations (meeting places, legal advice, and secretarial help), using existing municipal assets;
- cooperation between city officials and traders to improve the image of the informal economy;
- development of an information system that links management, registration and support functions.

The new Informal Economy Policy Framework for the North Central and South Central Local Councils was accepted by the Development and Planning Committee in October 2000, and ratified by the Metropolitan Council in December 2001. The Durban policy also aims to actively support organisations in the informal economy, some of which have already played a central role in the process of policy making. These include The Self Employed Women’s Union, The Informal Traders Management Board, Traders Against Crime, and the StreetNet Association.

Mr. Jeremy Grest
Political Science Programme
Human Sciences Faculty
University of Natal
Durban 4014
SOUTH AFRICA

grest@nu.ac.za


www.wiego.org
www.streetnet.org.za