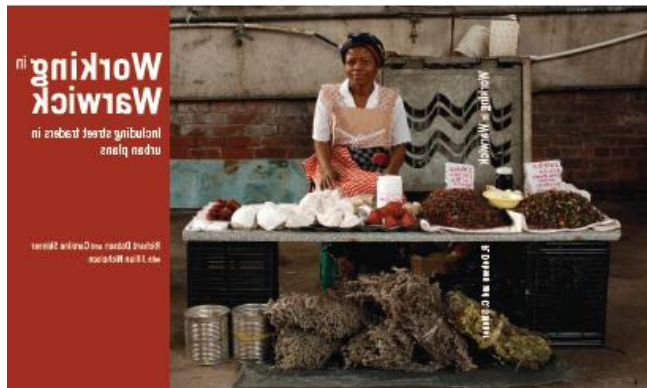


REFORM DEVELOPMENT CONSULTING

**CAN INFORMAL TRADERS INFLUENCE URBAN SPATIAL POLICIES?
CASE OF FRESH PRODUCE TRADERS AND WARWICK JUNCTION
DEVELOPMENTS IN DURBAN, SOUTH AFRICA.**

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Source: UKZN Website 2009

JULY 2009

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EXECUTIVE SUMMARY

1. The purpose of this project was to explore the challenges experienced by fresh fruit traders in the Early Morning Market (EMM), Warwick Junction in Durban. The project was situated in the broader context of considering the role of 'informal' economy in the Durban Metropolitan Area. The study sought also to explore solutions to the challenges identified by these traders, following the planned relocation by the eThekweni Municipality from their current location due to 'developments' at the Warwick junction. For the purposes of this project, fresh produce traders are defined as those traders who largely buy and sell fresh produce as their main economic activity for commercial purposes.

2. The study comprised a sample of 55 fresh produce traders. The traders participating in the project were randomly selected after an adequate sampling frame was constructed. Each trader in the market had an equal chance of being included in the population for the study. For the purposes of this project, a random sampling approach was utilized. The findings highlighted in this project are limited to those traders who participated in the survey. Hence, they cannot be taken to be representative of all fresh produce traders in the market, but they shed light into some of the critical issues that have influenced their satisfaction/dissatisfaction with the municipality in their dealings.

3. A core challenge in this survey was to secure adequate participation from most traders in the market. To promote participation, the survey employed a former trader in the market who was well-known and trusted by the traders in the market. Confidentiality was guaranteed at all times and no identifying information on any respondent was available in the dataset. Following successful interviews, referrals were utilized to seek additional respondents who also provided valuable information. The combination of these techniques was highly successful, and garnered 55 traders with adequate quality data returns. The survey focused exclusively on actual traders, whether mobile or stationary.

4. Analysis of the sample revealed that majority of the traders (85%) were dissatisfied with the way the Municipality treats them as far as trading is concerned. Furthermore, the respondents expressed concerns about their constrained relationship with the municipality over the last two years, following developments around the area. The majority claimed they were not involved in discussions leading to the development though most belonged to a market association. In their opinion, consultation should have been done openly and transparently. Apart from the above, the survey revealed that most traders were concerned about losing their incomes and livelihoods and feared facing the possibility of long-term unemployment. Furthermore, the traders expressed concerns with regards to safety and security in the market, storage facilities, a lack of adequate space for trading due to growing numbers of traders, below par services by the city generally and perceived communication breakdowns between the city and the traders.

5. Overall, the survey highlighted an urgent need by the municipal government to respond speedily to the needs of the traders and work towards improving relationship with them. There was clearly a considerable need to address the issue of relocation of the traders from the market while providing viable alternatives that would lessen the impact of the developments in the area

on their livelihoods.

2. INTRODUCTION

This survey of the fresh produce traders sought to inform an on-going broader discourse of the 'informal' economy in the Durban Metropolitan area. The ultimate aim of the survey was to explore perceived concerns around Warwick Junction developments and Early Morning Market fresh produce traders. The key questions addressed in the survey included the following:

- What are the main concerns of the traders with regards to Warwick junction developments?
- How is the proposed relocation of the market likely to impact on their livelihoods?
- What are the key challenges experienced by the traders with regards to their relationship with the city government?
- How do you rate the services provided to by the Municipality?

The survey was conducted at the time when the nation is preparing to host its inaugural sporting event (the Confederations Cup), juxtaposed between a shrinking economy and numerous labour strikes. Despite the threats posed by economic recession, most urban areas are experiencing very rapid and concentrated growth, creating an ever swelling demand for food. As it has been experienced in other emerging economies around the globe, the threats posed by the global economic recession have resulted in numerous instances of social unrest. As many scholars argue, urban unrest has placed enormous political pressure on governments almost at every level of the state. This pressure is greatly experienced at the city level because of the growing numbers of its citizens and has also the highest wage labour force. It is therefore arguable that social protests are more likely to be experienced in urban areas than rural areas due to considerable pressures exerted due to rising living expenses, food shortages or rising food prices. In this case, the most affected people are the poor, who largely make the bulk of the most cities populace and are concentrated more in informal sector in South Africa. Although this is not a South African phenomenon only, the economic constraints currently being experienced in the country continue to pose severe threats to many people in the lower ranks of our population. Sadly, these majority poor are not cushioned against the effects of recession and they stand to lose their livelihoods in many ways.

Although the informal economy is very diverse, it is undeniably visible. This feature makes trading in fresh produce one of the most rational choices for most 'informal' traders in Durban. It is perceived as a rational choice because fresh produce form part of the daily diet for most urban dwellers¹. At present, most urban dwellers find themselves in extremely tight, fast-paced lifestyles that limit their shopping opportunities. As a result, impulse-buying assumes the order of the day. Therefore, street vending located at strategic transport nodes where people meet in large numbers, offers lucrative income opportunities for fresh produce traders in particular (Romanik, 2009). Further benefits of fresh produce trading include low risks of operations generally as any surplus or unsold products can be consumed by the trader. Moreover, start-up costs are initially low compared to other business ventures, thereby making fresh produce trading an ideal entry point for individuals wishing to trade in these commodities. By and large, fresh produce trading offers not only income earning opportunities to those excluded from the formal economy but also makes food accessible to most households at levels they can afford.

This report is based on a recent survey conducted in Durban, seeking to explore the challenges experienced by fresh produce traders in the Early Morning Market. Questionnaires were administered to all respondents seeking to capture their demographic details, their product profile, business information, their location and governance issues in the market among other issues. Interviews were also conducted with street traders around the market. Although this survey was not meant to be exhaustive in exploring all the challenges the traders are facing in the market, it captured their on-going concerns, highly exacerbated by the current developments around the Warwick Junction. The proposed development project in the area, poses a serious threat to most traders' incomes and livelihoods. This is the main bone of contention. Perceived decline in their daily earnings greatly contributed to their anxiety. The following section provides the main findings of the survey.

3. THEORETICAL CONTEXT

Urbanization is a complex process that entails both spatial and social phenomena. It is undeniably an important process in our present times, which poses enormous planning challenges to most governments around the globe. It is therefore an uphill task for policymakers to constantly attempt to redefine what the process of urbanization actually is without confusing it with modernization. While this project does not attempt to discuss either of these processes in great detail, but it suffices to argue that both concepts overarch each other in different contexts. However, it worth noting that cities from the beginning have been spaces that are constantly evolving and therefore do not possess any permanent features transcending periodization. They are continuously shaped by political, economic and social forces which reconfigure how cities operate. Even though cities may be universal, the conditions for urbanization have changed dramatically over the last decade (Howard, 2003). Schematically, through time and space it is evident that even trading patterns in the cities have changed (Bromley, 2004; David, 1998).

The growing city population, the majority of whom are poor and unemployed, exerts considerable pressure on its resources to meet all their needs. These needs range from nutrition, transportation, housing, education, water and sanitation to employment. This means significant investments must be made in order to meet these varying needs. While local governments are pursuing their economic development agenda, caution needs to be exercised as cities are increasingly becoming markets for agricultural goods. This is largely as a result of their sizable populations and the fact that most households tend to spend a high proportion of their earnings on foodstuffs (Rondinelli, 1987). It is therefore possible that trading in fresh produce becomes a choice for most low income earners because the risks associated with their trade is significantly low (Witt and Mkhize, 2000). Empirical evidence suggests that approximately 30% of all the expenditures purchased relate to food, two-thirds of it from the street and vendor stalls (Rondinelli, 1987). This suggests that cities are likely to remain principal nodes for agricultural goods well into the future, especially with continued rapid urban growth during the next two decades (Martin et al, 1998).

The key question is how does the city prepare to handle the growing needs of its citizens versus its economic development growth plans? It is critical to view this challenge as positive in the

sense that while economic development is pursued, the informal sector be strengthened at the same time. Policies made must therefore incorporate the needs of those who have been excluded from the formal labour market. As Witt and Mkhize (2000) contend, any policy that underestimates the economic potential of the informal sector is out of sync with itself. A pro-poor policy would at its best attempt to provide a “regulatory environment that seeks to alleviate the conditions of those forced to extract a livelihood from the streets” (ibid: 3). It is imperative to note that informal sector vendors experience problems that are sometimes as a consequence of official policies and these problems must be redressed through reforms that take into account their concerns. Furthermore, it should also be noted that informal sector is critical for stability of any urban economy, firstly because of the income they generate and secondly, because of employment they create for households at the lowest social economic level of society (Coquery-Vidrovitch, 2004; Flynn, 2001). It is arguable that local authorities should allow the informal sector to grow and cease from illegal harassments because no amount harassment or restriction can eliminate this sector. Instead, they should allow them to operate legally -except where they are an obvious threat to public health or safety- without intimidation and encourage their expansion by providing the necessary support.

4. MAIN FINDINGS

4.1 Demographic Details

The majority of the traders were South Africans (95%), predominantly Black, while non-South African traders represented only 5% of the sample population. The non-South Africans in the market were all employed, none of them owned a stall. The majority of those South Africans employed (90%) were single, with sizeable households of about 7-14 members per household. Surprisingly, married traders (10%) had smaller families of about 4-6 members per household. Most of these family members in both categories were either unemployed (75%) or schooling (25%) at the time of the survey. As far as educational backgrounds are concerned, majority of the South African traders (85%) had up to grade 8 level of education, 10% had no schooling at all while only 5% had grade 9 to 12 level of education. Interestingly, all non-South African traders in the sample had college level of education and were predominantly from West Africa, particularly Nigeria, Togo, Ghana and Senegal. They are all married to South Africans and have school-going children, three per household of ages between 4-9 years. All of them have been in South Africa for at least nine years.

4.2 Product Profile and longevity in the market

The majority of the traders (87%) sold fruits and perishables only while only 5% fruits alone. Interestingly, most of the traders (73%) selling fresh fruits and perishables have been trading in the market for about 7-10 years while 5% of them have been in the market for over 17 years. Further, those traders who specialized with fresh fruits alone have been in the market for less than 7 years, most of whom are non-South Africans. Further probing revealed that majority of these traders(90%) vend from inside the market itself and are stationary, while 10% are mobile

within the market itself and sometimes outside on a 'bad day'. However, they all come to the market every day of the week.

ⁱ This is also noted by Witt and Mkhize (2000) in their research report the "Process of developing an effective and inclusive policy for Informal Economy for Durban North and South Central Local Councils"

4.3 Business Information

The majority of the traders (84%) claimed that they have licensed trade permits to operate in the market while 16% were either in the process of applying for an operating permit or waiting to receive one from the municipality. Amazingly, those traders who have been in the market longest (between 10-20 years) complied with all regulatory requirements necessary to trade in the market and this is the group that is highly distressed by all the developments taking place in the area. The group claimed that they have grown with the market, begun families from there, supported their children from their hard-earned incomes some up to university and now they risk losing those incomes.

"I have been here for the last 18 years....I met my wife here in this market.....we married, we have grown our children from here.....and furthermore this business was passed on to me from my grandfather.....how can I now move from this place.....this is all I know".

Interestingly, the majority of the traders (94%) buy their products directly from suppliers, are bulk buyers, buying between 15-20 bags of fresh produce each week and selling 15-18 bags of the produce on average on a good week. Bulk buying is critical to them because it allows them to negotiate for low prices and they receive huge discounts from the suppliers.

"We buy in bulk because we get good discounts and we are able to make some good profit".

Most of those traders, who have been in the market for over ten years, have developed solid relationships with their suppliers and they are able to leverage on their relationships even in times of economic distress. Other traders, who have been in the market for less than ten years, depend largely on established traders for networks of suppliers and sometimes buy their produce from them. These traders act as 'wholesalers' in the market. On further probing, it was also noted that competition is rife among the traders. It is largely driven by the quantity of produce sold per day/week, its quality (freshness) and also customer service. The majority of the traders agreed that low quality produce and poor customer service, severely affects one's business hence low earnings.

"We have to sell fresh produce and treat people nicely so that they come back again....competition is very high....if you don't do well, you will lose your customers to others".

As far as their weekly sales are concerned, most of the established traders revealed that their sales average between R6, 000 and R8, 500. This income includes both the market sales as well as the wholesale earnings. However, those traders who are still new in the market (less than 7 years), their weekly sales range between R2, 000 and R4, 000. Since markets are cyclical, during

low seasons, sales generally fall by more than 45% for established traders and 55% for younger traders on average. It is during these low seasons where most traders depend on their relationships with other established traders in the market and suppliers to re-stock their produce. New traders are often had hit because they lack this leverage and cannot most of the times keep up with the competition and buying power of the established traders.

4.4 Storage of produce

The majority of traders (70%) store their produce in the city-owned containers, while 25% store their produce in privately-owned containers. Other traders (5%) most of the times take their produce with them back home. On further enquiry, this group (5%) is very mobile and follows the cyclical itineraries of between different markets in the city. They further claimed that they often experience harassment from the metro police because they do not have permits to trade just anywhere on the street. Storage for them is a critical success factor for their business though they are few and cannot leverage any influence in the market. All traders however claimed that theft is rife in the market, storing ones goods in the storage facilities owned by the city does not guarantee their security. Other traders claimed that sometimes their goods are mixed with other peoples, a phenomenon that creates unnecessary tension and mistrust among them.

“People sometimes steal our goods....we need more secured storage facilities and police be allowed to check any criminals”.

Any excess produce is either sold at a lower price or consumed by the trader and their families. Other traders are more philanthropic, they give the produce to the less fortunate members of our society like street children.

4.5 Governance and organization in the market

Generally, the most traders (65%) belong to the market association while 35% do not. Among those who do not belong, 20% claimed that they have never heard about the association at all while 15% of them claimed that they have some knowledge of its existence but they do not know what it actually does because it is largely inactive according to them.

“We have never seen any thing happening....nothing has changed since I came to the market 7 years ago”.

Shockingly, although the majority of those traders who belong to the market association were generally satisfied of its existence, some of them claimed that they were never involved in decision making processes in the market; the top brass of the association makes all the decisions for them.

“We are not involved in the decision making processes here...the top management makes all the decisions...we only see them when the call us to tell us the decision they have reached...for instance selling the market place for 36 million to an overseas development company”.

In this case, the majority of these traders (75%) claimed that the only way to make their voices heard by the management of the market is to protest. At times they also hold crisis meetings among themselves and their representatives take their grievances to the management for action.

“When we protest, they listen to us...they come quickly to hear our concerns”.

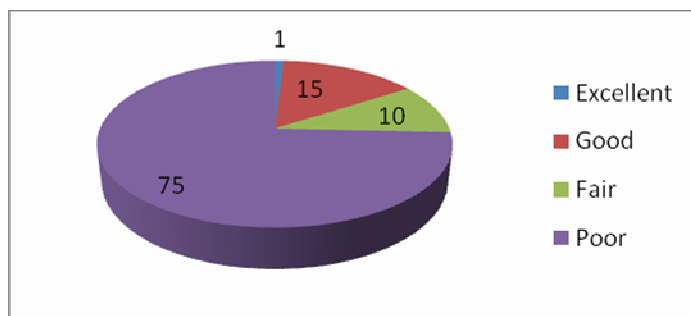
After further probing, most traders felt that their concerns do not really matter to the municipality. They expressed concerns that with the planned relocation of the market, they will lose their livelihoods and technically unemployed. They mentioned the following key challenges that they have constantly requested the municipality to attend with minimal success:

- Harassment from the metro police;
- Closure of the market without prior warning to the traders;
- Insensitivity to their safety due to rising criminal activities within the market.

4.6 Ranking of the city services in the market as provided by the municipality

The majority of the traders (75%) were dissatisfied with the city services, 15% claimed the services were good while 10% felt the services were fair as shown in figure 1 below.

Figure 1: Ranking of services provided by the municipality



This dissatisfaction stems from the on-going unresolved issues between the city and the traders. To a large extent, the respondents in the survey felt the municipality does not value the economic contribution their activities generate for them. Besides generating the much-needed revenue, they also create employment opportunities for those excluded from the formal labour market. Moreover, the majority of the traders who have been in the market for over twenty years felt the municipality is largely insensitive to their plight and it dishonor their only source of livelihood.

4.7 Allocation of trading stalls

Allocation of trading stalls is a hotly contested issue in the market. The process according to the respondents in this survey is not clear as how it is done and on what basis. The majority of the respondents (70%) claimed that stalls are allocated through the market association and the intending trader ought to liaise with the 'leadership' of the association. The other traders (30%) argued that besides liaising with the 'leadership', favoritism rules and it breeds unhealthy competition for recognition among the traders. Furthermore, it is the stall owners who make this call, their employees have no idea how this process works. Interestingly, concerns around stall allocation also revolve around the level of one's influence in the market. The greater the influence one has, the greater the possibilities of securing a stall in a better 'spot' in the market.

5. Suggested solutions to challenges faced by fresh produce traders

According to the traders, they suggest the following recommendations to the municipality to improve their situation in the market:

- The municipality ought to treat them with dignity and respect;
- It must improve the security situation in the market;
- Metro police must cease from harassing the traders;
- Upgrade the market or even build a new, spacious market to accommodate the growing numbers of traders in the market;
- The municipality must take their concerns seriously and respond to their plight;
- Relocate the permit office closer to the market to avoid wasting "precious" trading time going all the way to the city;
- Improve the 'cleanliness' of the market as the traders pay their rental fees monthly;
- Improve storage facilities in the market;
- Improve communication with the traders;
- Improve the sanitation conditions in the market and build some new ones to accommodate adequately the growing numbers of traders;

6. CONCLUSION

In conclusion, competitive and healthy local economies are largely driven by people-based interventions that are primarily important for lifting marginalized individuals excluded from formal labour market mainstream out of poverty. As is common knowledge, most informal traders are generally poor; the impact of grandeur projects like the one at Warwick Junction on their hard-earned incomes is likely to be severe. This severity renders it even more difficult to convince them of the long-term economic benefits of such projects. Ideally, policymakers and teams working on city development should involve all stakeholders in their deliberations and be more concerned about the long-term impact of such development on people. Stated differently, a combination of people and place-based initiatives such as the Early Morning Market upgrades should be utilized to facilitate excluded individuals to better participate in their local economic development outcomes. Based on the findings of the study, it was noted that (i) buying fresh produce at supermarkets is far more expensive than at a market, especially for commuters who spend most of their money on transport costs (ii) the Early Morning Market, as a locality has

both comparative and competitive advantages that could be maximized for economic growth but it needs upgrading; (iii) Municipality must be sensitive to the plight of the traders, relocating them is not a viable option as it takes away their livelihoods; (iv) safety should be improved in the market to ameliorate criminal activities; (v) the municipality should take the traders grievances seriously and should cease from harassing them; (vi) there is a need for meaningful dialogue between the city government and the traders, whose aim is to improve among other things communication between the two parties; (vii) there is a need to relocate the licensing office closer to the market; (viii) the municipality should also make efforts to improve the sanitary conditions of the market as they could endanger public health for people; (ix) trading at the EMM began about 125 years ago with second, third and fourth generation traders earning a living by selling their produce at a historical site, perhaps the municipality should be considering protecting the site by way of legislation and thus retain the trading heritage that has been associated with the market.

7. KEY LED LESSONS

7.1 It is imperative that policy makers in the city consider the immense contribution the informal traders make in the city's economy, and so they should encourage policies that encourage them to trade and not vice versa.

7.2 The legal and regulatory environment should be conducive for informal traders' development and growth. A balance ought to be considered always, not too rigid that it cannot allow flexibility and again not too regulated that it loses its essence.

7.3 Policy makers must also remember that survival of such markets as Early Morning Market is critical to its own economic wellbeing. As long as urbanization is fueled by a rapidly increasing populace, informal trading is there for a long time. It is therefore wise to improve their working conditions than harassing them and threatening their livelihoods.

7.4 The municipality in collaboration with other government departments such as DED could offer regular platforms for discussions to enlighten people on the importance of the informal trading in an economy and the responsibilities of both parties. This initiative is likely to reduce the frustrations currently being experienced by the traders.

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