



# Voices *from the South*

HIGHLIGHTING VOICES FROM THE GLOBAL SOUTH WHO PROVIDE ALTERNATIVES TO THE DOMINANT PARADIGMS OF POWER, DISTRIBUTION, AND DEVELOPMENT.

*According to recent reports of the United Nations Economic Commission for Africa, informal trading is the main source of job creation in Africa, providing between 20 to 75 percent of total employment in a majority of African countries. These numbers are even higher in the Southern African Development Community (SADC). Despite its importance in the continent, however, the informal economy and informal traders remain immensely marginalized. The strategies and policies developed by governments often deal with the sector through displacement and/or repression.*

*In this month's "Voices from the South," Ms. Thembela Njenga, executive director of Karibu partner Ecumenical Service for Socio-Economic Transformation (ESSET), reflects on the challenges facing the sector, the destructive capabilities of a profit-dominated capitalist system, and the call of Christians to work for transformative socio-economic justice for the poor and marginalized everywhere.*



## Toward a solidarity economy: The case of informal traders in Southern Africa

**By: Thembela Njenga,  
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Nomcebo is a young woman around the age of 40 from Zimbabwe who now lives in South Africa. She came to South Africa at the height of the Zimbabwean economic and political crisis to try and fend for her family. She stays with her children and some of her sisters just outside of Johannesburg. For a living she sells jewellery which she makes and homemade food which she prepares and sells next to stadia during big sports events like soccer games.

In 2010, however, as part of the preparation for the FIFA World Cup in South Africa, the municipality went on a clean-up campaign. The clean-up saw Nomcebo, along with other informal traders, removed from their selling points near the stadium without any recourse or compensation.

The displacement severely crippled Nomcebo's ability to make a living, as well as support her family. With her meagre income, she feeds her family, pays her rent, and pays for transport to work. Because the rest of her family is in Zimbabwe, she sends some of the money back home whenever she can.

When asked by the Ecumenical Service for Socio-Economic Transformation (ESSET) why she became an informal trader, she makes reference to the inability of government to create employment and an economic system which continuously sheds jobs in the formal sector.

This economic system, bent on the accumulation of wealth through unfettered growth and profits for a few, is not isolated to South Africa or Zimbabwe where Nomcebo comes from, but is a widespread phenomenon throughout the world. Yet it is particularly responsible for the high levels of poverty and structural imbalances evident in the Southern...



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**THE ECUMENICAL SERVICE FOR SOCIOECONOMIC TRANSFORMATION (ESSET)**

IS AN INDEPENDENT ECUMENICAL ORGANISATION THAT WORKS FOR SOCIAL AND ECONOMIC JUSTICE AND TRANSFORMATION AGAINST THE SYSTEMATIC EXCLUSION AND EXPLOITATION OF THE POOR. ESSET STRIVES FOR THE TRANSFORMATION OF SOCIO-ECONOMIC PROCESSES, SYSTEMS AND STRUCTURES THAT UNDERMINE THE LIFE AND DIGNITY OF POOR PEOPLE. ESSET IS BASED IN JOHANNESBURG, SOUTH AFRICA.

[HTTP://WWW.ESSET.CO.ZA](http://www.esset.co.za)

African Development Community (SADC) region.

**NEOLIBERAL ECONOMIC INSTRUMENTS**

Its history in this region stems from the 1980's with the advancement of the neoliberal economic trajectory. This was characterized by the introduction of a number of "economic development" instruments and programs, which led to the reconstruction of labour in the formal sector.

Through these instruments, economic restructuring called for labour requirements that did not accommodate the human development capabilities of poor and often uneducated people.

By creating a reserve of a small segment of people employed in the formal sector, the consequence has been new forms of exclusion and marginalisation of many poor and unskilled workers. The subsequent restructuring of labour has given rise to informal forms of work where many men and women find alternatives to make a living on the outskirts of the mainstream economy.

**EXPERIENCES OF THE INFORMAL TRADERS**

A recent report made by the SADC Network of Traders ahead of the SADC Heads of States in August 2012 shows staggering statistics in this regard. It estimates that a third of South Africa's workforce is employed in the informal sector, whilst in Zambia, the number goes up to 80%. Moreover, the submission suggests that about 7.7 million workers in Mozambique were informally employed by 2005. The submission further notes that "the informal economy in sub-

Saharan Africa contributes between 20 and 50% of non-agriculture GDP".

Consultations held by ESSET in five countries of the SADC region (Lesotho, Swaziland, Zambia, Zimbabwe and South Africa) in 2012 have a lot to tell about further injustices experienced by traders across the region. In most of these countries, informal traders told of the biased nature of the legislative environment which fails to protect

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them against unfair competition with big business. As a result, their small businesses face threats of closure on a daily basis, as they find it hard to compete against the big players.

Informal traders are also rarely granted access to the formal loan and banking systems to grow their businesses. These traders are therefore left at the mercies of the highly exploitative Mashonisas (loan sharks), saving clubs (referred to as stokvels) that are run amongst themselves, or they borrow from their families and friends.

In the rare case that financial institutions open their doors to the informal market, traders experience further exploitation and tend to be trapped in more debt

cycles. This is mainly because the debt instruments used are not designed to empower them but to reap huge profits for commercial banks who have found new markets in the 'untapped' markets of poor communities.

Exacerbating all of this, the informal traders work under very difficult circumstances. They suffer long hours of work on the streets under hot summer conditions, bitter cold winter days and heavy rains.

Women, who make up a majority of the informal work force, often suffer sexual forms of violence from government officials both within their countries and at the borders as they try to weave their way out of the frustrating border requirements. Many of these women find it difficult to tell their stories as they feel they are partakers in their own abuse. For these women traders, their shepherds, who are supposed to help facilitate easy trade for them have become wolves and vultures who prey on the weak.

**LESSONS LEARNED**

The experiences of the informal traders in Southern Africa have taught us an important lesson: through our silence and daily economic practices, we have become accomplices in an economic system which, by prioritising the accumulation of wealth for a few, not only pushes the poor to the periphery of society but also undermines any efforts they make for survival.

These experiences have also taught us that any form of development that by-passes and undermines poor people's indigenous knowledge, progressive cultures and initiatives for self-reliance is not development. It omits the most important aspect of development –the people.

**IN THEIR SUBMISSIONS TO KEY LEADERS OF THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC) IN 2012, THE INFORMAL TRADERS (WITH THE SUPPORT OF ESSET) DEMANDED THE FOLLOWING;**

- Labour legislation should take into account the nature of work within the informal economy, which includes both wage workers and own account workers. The lack of legal protection means that informal economy workers are generally vulnerable to exploitation by business and government, despite the GDP contributions of their work,
- The informal economy should be considered as an integral part of the Decent Work agendas of SADC countries,
- Governments should consider the solidarity or social economy concept as a vehicle for fostering pro-poor development that is underpinned by the principles of collectivism, self-management and participatory democracy. The solidarity or social economy draws attention to the structural fault lines of the capitalist profit-driven economy,
- Specific financial assistance programmes be developed for informal cross-border traders,
- Access to public land with basic infrastructure for informal street and market trading within SADC countries,
- That government provided enterprise development and business support programmes take into account the specific needs of local informal street and market traders,
- That governments in the region promote and facilitate the participation of informal street and market traders in local economic development planning processes, and
- That informal traders need to be involved in the formulation of informal trading policies and by-laws, moreover, these policies have to be gender-sensitive.

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As such, that kind of development is merely an economic sham that is meaningless and has no power to transform our current economic structure.

Indeed, what we view as development today are elite projects that are disconnected from the realities of those who really matter. The pursuit of such forms of development will ensure that the poor remain poor, whilst a few get enriched.

The reality is that the work and contribution made by people like Nomcebo - to their families, society and the economy - defy the dominant views of economists. Whereas many have argued that the informal economy will be eliminated with the growth in industrialisation, history has proven otherwise. The informal economy continues to grow.

Whilst we cannot confidently argue that informal trade as it currently stands is the solution to the world poverty, certainly it has a lot to offer to those interested in alternative ways of development, centred

around people's agency. Already, with limited and even no support, informal traders play a major role in addressing the basic needs of many poor families, such as food, education, transport, and many more like these ones.

All of us, including informal traders, can benefit from the lessons of others who are also exploring alternatives to the deadly capitalist system such as what is termed the solidarity economy.

One of the defining features of the solidarity economy is that its practitioners consciously engage in self-reliant economic activities aimed at contesting the capitalist system. Their daily economic practices are in themselves “part of the work of transforming global economic structures” driven by values such as solidarity, respect, accountability and environmental protection.

#### **A CALL TO THE CHURCH**

As Christians, our calling is to take a position towards forms of development that put people at the centre and restore

their dignity as bearers of the image of God. This is consistent with the message and ministry of Jesus who did not only preach the good news but consistently demonstrated a Kingdom of righteousness and justice. Further, the scriptures call on us to join Jesus “outside the camp, bearing the disgrace he bore” (Hebrews 13:13). This for us requires immersion in the struggles of the poor and those pushed to the margins of society.

By stepping out of our comfort zones, these struggles can help us to see how the prevailing systems “are designed to benefit the prosperous and to keep the poor down” as Jacobsen (2001:18) would suggest.

Besides, stepping out in faith into the struggles of the poor enables us to confront our own wrong preconceptions about the poor, as we begin to see the world from their perspectives.

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