



PEOPLE'S COALITION

People's Assembly, 21 April 2020

Food Working Group

Proposals on Informal Food System: Traders, Street Vendors & Spazas

1. The nature and scale of the sector

The informal food sector in South Africa includes spaza shops, bakkie traders, street traders and hawkers, and is worth around R360 billion a year¹. This sector employs more people than the formal food and grocery sector, is an important market for farmers, and makes food more accessible to people in poverty, thus helping secure people's right to food.

Every rand spent in the informal sector by the buying public or the government creates more employment than the same money spent in supermarkets and other formal outlets and is supporting a more equitable and broad-based black ownership. This spending also supports the integration and development of migrants, particularly refugees and asylum seekers, living in South Africa. Through their informal trading, they are not only looking after their own needs, but making food more accessible for all and contributing to the economy in South Africa. Despite the overall size of the informal sector, most people in it have low incomes and few, if any, reserves. This leaves them very vulnerable when their incomes are disrupted.

Around 70% of households in poorer neighbourhoods source food from the informal sector². This is because the sector makes food accessible by selling it close to where people live and work, which saves on transport costs, and at transport nodes used in people's daily routines. Also, informal traders generally have long operating hours, sell products in quantities that people can afford, often have lower prices,³ and in some cases let regular customers buy on interest-free credit. Fresh-produce traders sell many basic products at half or one-third of the price of similar foods at

¹ <http://www.picknpayinvestor.co.za/downloads/investor-centre/annual-report/2019/iar-2019.pdf>

² Battersby, J., Marshak, M., and Mngqibisa, N., 2016. Mapping the Informal Food Economy of Cape Town, South Africa. Hungry Cities Partnership Discussion Paper, (5).

³ <http://www.702.co.za/articles/336625/foreigners-rule-informal-trading-outcompeting-even-shoprite-consumers-win>

supermarkets, making a balanced diet far more accessible⁴. Livestock sellers respond to cultural and, in some cases, taste preferences.

Despite the term “informal”, many informal-sector operators are registered in some way and do contribute to tax, such as by paying VAT on the items they buy and sell, without being able to claim a VAT refund⁵. More importantly, they form an essential part of a wider food system that goes from input suppliers, to farmers (large and small) and all the way to the final eaters and the communities that informal traders operate in. As well as contributing to food security, with their high levels of local spending these traders make a greater social and economic contribution to their local communities than larger corporate businesses.

2. COVID-19 and responses to it: Impacts on informal food traders

The main impacts on informal food traders of COVID-19 and the lockdown include:

- Loss of income for a wide range of people, especially the temporarily employed and self-employed⁶. This includes the food retailers themselves and also spaza shop landlords, wholesalers, producers, manufacturers, transporters and others. This, combined with the lockdown, has resulted in fewer customers with less money.
- Higher costs of food, because many informal suppliers who made food accessible are not operating and getting to supermarkets that are further away involves transport costs.
- Reduction in consumption of fresh fruit and vegetables, as well as meat and dairy⁷.
- We anticipate increased food and nutrition insecurity due to less healthy diets (e.g. government basic-needs packages include no fresh produce).
- Reduced market for farmers, harming their incomes and those of farm workers.
- A decrease in easily accessible (close to home) places to buy food has resulted in some people travelling greater distances to buy basic foods and queueing in the supermarkets and shops that are open. This undermines the purpose of the lockdown as it entails more physical contact due to using public transport and crowding in places that are open.

2.1 Spaza shops

Many spaza shops have been stopped from operating, due to lack of clarity on regulations and security forces acting on problematic statements from the Minister of Small Business Development that implied that only South African-owned stores could operate⁸. This impacted especially on spaza shop owners who are not South African citizens. A directive, issued by the same minister on 6 April 2020, has caused further confusion, as it requires spaza shops to possess or apply for permits to operate, whereas not all municipalities have required spaza shops to have permits. The City of Cape Town, for example, only requires spaza shops to possess a certificate of acceptability from the Department of Environmental Health. The new directive and regulations thus require some municipalities to introduce a new permitting system in the midst of a national disaster.

The regulatory uncertainty has caused significant losses and placed migrants at heightened risk of xenophobic attacks. In some cases they have been caught between being forced to close by

⁴ Wegerif, M., forthcoming.

⁵ <https://theconversation.com/south-africas-informal-sector-creates-jobs-but-shouldnt-be-romanticised-122745>

⁶ <https://www.plaas.org.za/food-in-the-time-of-the-coronavirus-why-we-should-be-very-very-afraid/>

⁷ Ibid.

⁸ <https://www.iol.co.za/capeargus/news/call-for-clarity-on-spaza-shops-during-covid-19-lockdown-45856999> and <https://www.businessinsider.co.za/which-spaza-shops-can-stay-open-during-lockdown-2020-3>

SAPS/SANDF⁹ and being accused by local community members of not opening and thus not providing for their community. Some corrupt officials and police have also attempted to use the opportunity of the mixed messaging to extort bribes from retailers. Some spaza shop owners have had their business disrupted by being stopped from collecting stock, particularly where this involves travelling to a nearby town or across district or provincial boundaries.

2.2 Street traders

Street traders were summarily stopped from trading when the lockdown was enforced, which led to complete loss of income for some and significant losses of stock, especially fresh produce that cannot be stored. Some had already lost significant business when their clients were affected by responses to COVID-19, such as the slowdown in restaurant and other entertainment activities. This is devastating for some who had no reserves, or for whom the lockdown will mean using up what little reserves they have to provide for themselves and their family. When the lockdown ends they will not have the capital to buy new stock and re-start their business.

The April 2 amendment to the regulations, pushed for by several organisations, was a welcome step that has allowed some informal food traders (excluding those selling cooked food) to go back to business. Implementation is varied with municipalities taking different approaches. Some are proactive in communicating with informal traders about accessing permits, while others limit the number of permits issued or put other obstacles in place. Some informal food traders are unaware of the changes, or are unsure if they can travel and trade, and therefore stay home. It is important to recognise that, while the amendment is a good step for traders and for food accessibility, traders are still suffering negative impacts due to the smaller and uncertain market. Also, some traders are justifiably not operating due to the health risks.

3. Recommendations

3.1. Immediate in this crisis

Informal food vendors and spaza shops should be allowed to trade without being required to comply at short notice with complicated new registration procedures. They should also be supported in ensuring social distancing and other measures to prevent COVID-19 transmission. It is possible, and a necessity, to organise informal trading spaces to avoid the spread of COVID-19¹⁰. Provision of water, sanitisers, health advice and equipment such as masks, as well as marking areas for queueing and providing security (there is an increased risk of crime and looting in these times of economic and other stress) are needed.

There is a need for clear and consistent messaging from senior leaders to avoid confusion and ensure that the public, authorities and security forces know the situation. This messaging should include a directive to SAPS and SANDF indicating that they may not close spaza shops or stop informal traders from trading. It should instruct the police and army to instead support them in implementing hygiene and other necessary measures and ensuring their security when they operate.

The issuing of permits to migrants to trade or operate a spaza shop should not be linked to the time period of their immigration documentation, particularly for asylum seekers whose

⁹ <https://www.iol.co.za/pretoria-news/covid-19-lawyers-to-rescue-harassed-spaza-shops-45973466> and <https://www.groundup.org.za/article/covid-19-police-shut-down-immigrant-owned-spaza-shops-after-minster-ntshavhenis-xenophobic-statement/> It should also be noted that some security forces have been helpful.

¹⁰ WIEGO has developed guidelines for this.

documentation has to be renewed every few months. Trading permits should be valid for a reasonable period – at least one year - so as to create certainty and reduce the administrative load on the authorities and traders. Existing traders who do not currently have valid immigration documentation should be permitted to trade during the lockdown, given that they are unlikely to be able to acquire such documentation or to leave South Africa during the lockdown and have the right to work while in South Africa.

Emergency relief is needed for informal traders, in cash and/or provision of food and essential hygiene items for those who have lost part or all of their income due to the impacts on their business of COVID-19 and responses to it.

Re-start packages for those in the informal economy – including spaza shops, food and non-food traders, bakkie traders and transporters – are essential to compensate for losses suffered and to revive this important economic activity, restore livelihoods, and make food accessible. These should at least enable traders to re-stock their enterprises. The provision of such packages should be to those who were in operation before COVID-19, but should not be contingent on formal registration or being able to show tax and other such documentation. This is because many traders and spaza shop owners have operated for years without formal registrations (there is a reason it is called the “informal” economy), registration was not being done in many areas, and informal traders should not be divided. Interventions that cause divisions will destabilise the sector, which is in no one’s interests.

The provision of this assistance can be organised with the various informal traders’ associations who know their members and where they operate. This will allow the support to be provided regardless of registration. With an approach of cooperation, the informal food sector can operate safely, assist in meeting food needs and help in other ways, such as disseminating health information to the wider public.

Any food vouchers system must be accessible and redeemable. This means that electronic vouchers should be usable by street traders and spaza shops, should not require smartphones or data, but should work on USSD codes. Otherwise, food vouchers and other public relief will only benefit supermarkets and the corporate-dominated food system.

3.2. Longer-term as we rebuild the economy and society

Town and regional planning should include trading spaces for informal food traders that keep access to food within walking distance of people’s homes. This should include market areas and also allow for street-level shops and trading that maximises economic opportunity and food access especially in residential areas. Such planning should recognise the mode of operation of informal trading and be combined with regulations that ensure affordability of trading space. This will keep barriers to entry low, food prices down and ensure availability of fresh produce.

Regulations that obstruct food trading activities need to be eased and unified across different municipalities. This can be done without reducing health and safety standards if informal means of organising and managing food safety are recognised and taken into consideration.

Public market infrastructure needs improvement for informal traders, including water and sanitation facilities, food storage facilities, shelter for traders, and links to public transport.

Informal food traders should be able to access a greater diversity of suppliers, with as few obstacles as possible and with greater resources going into local and territorial markets that create more opportunity for equitable relations between small-scale primary producers and traders.

Informal trade can be a positive part of urban and rural life. As well as providing access to food, informal trade creates economic and ownership opportunities and more liveable and safe public spaces. It creates social spaces, ‘eyes on the street’¹¹, and local economic activity, which all assist with social integration, including for migrants. The benefits arise in part from the nature of the sector, which needs to be understood rather than have formalisation imposed on it. Important is for authorities at all levels to shift to a positive attitude towards the informal sector that recognises its benefits and invests in and enables those working in it and their organisations.¹²

¹¹ See the work of Jane Jacobs, such as “The Death and Life of Great American Cities”.

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