



**Dealing With the Informal Economy:
A Challenge for Trade Unions in Southern Africa**

**Informal Economy Organisations in Southern Africa:
Challenges, Achievements and what is needed from trade unions**

By

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Informal Economy Organisations in Southern Africa: Challenges, Achievements and what is needed from trade unions

1. We assume that the majority of workers in the SADC region are working outside of the formal economy – the percentage quoted by SWOP is that 90% of workers in the region are outside of the formal economy.
2. ILO Convention 87 (Freedom of Association) and Convention 98 (the right to organize and bargain collectively) apply in theory to all workers irrespective of whether they work in the formal or informal economy. However, in practice, trade unions have not always been open to informal and precarious workers to assist them in the exercise of these rights.
3. **Challenges** for the trade union movement:
 - 3.1 Political will: getting trade union leadership to prioritise the organisation of workers in the informal economy, and to make human and financial resources available to implement this.
 - 3.2 Legal changes: if a country's laws are an obstacle to organising workers in the informal economy, unions need to lobby for the necessary changes to the laws.
 - 3.3 Constitutional changes: changing trade union constitutions where this is the obstacle to organising informal workers.
 - 3.4 New organising strategies: learning new organising strategies which are more appropriate for workers in the informal economy. This could mean identifying new negotiating partners (e.g. municipalities in the case of street vendors, rather than employers) and new collective bargaining strategies and demands.
 - 3.5 Women leadership: overcoming the traditional male bias in formal sector trade unions in order to have significant leadership by women (who are in the majority, esp. in the lowest income-earning work) in the informal economy.
 - 3.6 Learning from those doing it already: by means of exchange visits or other engagement, unions can learn from the experiences of those who are already organising in the informal economy, avoid some of the mistakes and replicate the more successful strategies – rather than re-invent the wheel. There are many different models operating in different African countries – so sometimes a combination of different models can be applied where no single one fits exactly.
 - 3.7 Organising workers in the informal economy as workers and as equals: because of the greater marginalisation of workers in the informal economy, their often lower levels of formal education, there is often a tendency for formal workers to want to do things on their behalf instead of organising for them to represent themselves and set their own organisational agenda. Formal workers need to be conscious to avoid this tendency – remembering the struggles they previously had to wage to represent themselves instead of being represented by others.
 - 3.8 Joint campaigns: for successful joint campaigns, there must be demands set by the workers in the informal economy as well as the demands of the formal

- workers. If the formal workers set all the demands and the agenda and expect the support of workers in the informal economy when there is nothing in it for them, it will not work.
- 3.9 **Tackling globalisation**: workers need to confront the negative consequences of globalisation in a unified way (i.e. formal and informal workers should identify their common ground and organise around that) in order to find ways of influencing or acting on the way in which they are affected by globalisation.
- 3.10 **Taking a lead in civil society**: if trade unions are sufficiently representative of the working people (which is usually the majority of adults) in any society, they are the natural leaders of any civil society or social movement. They become much more representative of the wider working class if they genuinely represent the workers in the informal economy, and are then much better equipped to take up a leading civil society role.
4. Fortunately, developments already under way on organizing workers in the informal economy – examples in the SADC region are:
- 4.1 **Lesotho**: The National Union of Retail & Allied Workers (NURAW) has provided organizational infrastructure to a national street vendors' association **Khathang Tema Baits'okoli** which is now affiliated to StreetNet International. Khathang Tema has joined a national alliance of 5 street vendors' and other informal economy associations.
- 4.2 **Malawi**: The **Malawi Union for the Informal Sector** was formed by retrenched Presidents and General Secretaries of unions affiliates to the Malawi Congress of Trade Unions (MCTU). This union, affiliated to StreetNet International, waged a battle to be registered by the authorities, and was finally registered in late 2004.
- 4.2 **Mocambique**: The Organizacao dos Trabalhadores de Mocambique (OTM) formed an informal sector association, **Associacao dos Operadores e Trabalhadores do Sector Informal (ASSOTSI)** in the Maputo province, with the intention of developing ASSOTSI to become a national union. ASSOTSI, which is also affiliated to StreetNet International, has since also expanded to other regions (October 2005) with the assistance of OTM's organizational infrastructure. ASSOTSI is directly affiliated to OTM.
- 4.3 **South Africa**: Since the enforced liquidation of the Self-Employed Women's Union (SEWU) there is no national organization in South Africa of workers in the informal economy. StreetNet International (whose office is based in Durban, South Africa) has only a provincially-based affiliate, the **Eastern Cape Street Vendors' Alliance**, in South Africa. However, the Congress of South African Trade Unions (COSATU) held a national strategizing workshop in February 2005 on implementing their resolutions on organizing workers in the informal economy – with technical support from StreetNet.

The South African Municipal Workers Union (SAMWU) has also been assisting StreetNet in its efforts to create a national alliance of street vendors in South Africa. COSATU affiliates which are organizing informal and/or “atypical” workers in their sectors are NUM (construction), SACCAWU (casual shop workers), SACTWU (industrial homeworkers), SATAWU (minibus taxi drivers, security guards, cleaning workers). Seasonal farm workers in the Western Cape are organized by a new union established by the Women on Farms Project, **Sikhula Sonke**.

- 4.5 **Swaziland:** The **Swaziland Federation of Trade Unions (SFTU)** has been assisting street vendors in their struggles against eviction from their trading sites from time to time. SFTU hosted a visit by SEWU in 2002 to talk to groups of women in Swaziland’s informal economy about how to organize themselves into unions.
- 4.6 **Tanzania:** The **Industrial & Commercial Union (ICU)** of Tanzania has started to organize workers in the informal economy.
- 4.7 **Zambia:** The Workers Education Association of Zambia (WEAZ) established by the Zambia Congress of Trade Unions (ZCTU) assisted informal economy associations in Zambia to establish the **Alliance of Zambian Informal Economy Associations (AZIEA)** which is now affiliated as an associate member of the ZCTU. AZIEA is also affiliated to StreetNet International.
- 4.8 **Zimbabwe:** As a result of a project of the Zimbabwe Congress of Trade Unions (ZCTU) supported by the Commonwealth Trade Union Congress (CTUC) the **Zimbabwean Chamber of Informal Economy Associations (ZCIEA)** has been formed, and works in close co-operation with the ZCTU through a Memorandum of Understanding (MOU) which specifies the terms of reference for their working relationship. ZCIEA is also affiliated to StreetNet international.

5. Achievements of these organizations:

- Recognition by local government authorities (Malawi, Mocambique, Zambia, Zimbabwe) and in some cases also national government
- Voice and representation for informal workers, even if *ad hoc*
- Means for informal workers to exercise their rights in respect of ILO Convention 87 (Freedom of Association) and Convention 98 (the right to organize and bargain collectively)
- Means for informal workers to affiliate internationally and enjoy international solidarity (e.g. when street vendors are being harassed)
- Means for informal workers to be represented in international forums (e.g. at International Labour Conferences of the ILO as part of the Workers Group (India, Thailand, Zambia in 2002) or StreetNet (accredited in 2004 and 2006 as international representative of street vendors)

6. **“Pros and cons for leaving the informal economy to business and not to organized labour”** – This notion assumes that everybody in the informal economy and the small business sector has the same class interest – a questionable assumption. Refer to Clause 4 of the ILO’s Conclusions on Decent Work and the Informal Economy: *“Workers in the informal economy include both wage workers and own-account workers. Most own-account workers are as insecure and vulnerable as wage workers, and move from one situation to the other. Because they lack protection, rights and representation, these workers often remain trapped in poverty.”* <http://www.ilo.org/public/english/standards/reim/ilc/ilc90/pdf/pr-25res.pdf>

The business sector needs to occupy itself with the needs and interests of the business component of the informal economy, e.g. small entrepreneurs and employers, intermediaries (including sub-contractors, labour brokers, etc.) – rather than the workers. Clauses 31 to 34 of the ILO’s Conclusions on Decent Work and the Informal Economy are very clear about the roles of both trade unions and employers’ organizations, with Clause 33 focussing on the specific business support services that employers’ organizations can offer.

7. In “Creating Opportunities for Fair Globalisation in Southern Africa: a response to the ILO’s World Commission on the Social Dimension of Globalisation”, Edward Webster and Andries Bezuidenhout of the Sociology of Work Unit, University of the Witwatersrand, suggest that trade unions should “consider developing a dual organizing strategy, including a ‘community based’ approach to organizing, in conjunction with other ‘shopfloor’ organizing methods”. This suggestion is made in recognition of the fact that representing workers in the informal economy requires “new organizational forms and new strategies”. However, another (more direct) way would be for unions to develop a new approach to the workplace of workers in the informal economy (where the workplace is the streets, the homes of workers, or any other place where informal workers work) and for unions to define their organizing activities and strategies according to the types of workplaces where their members are working – still organizing their members primarily as workers rather than as community members or consumers.

8. **Regional informal economy initiatives in SADC:**

- 7.1 War on Want: Forces for Change: Informal economy organizations in Africa (*Ghana, Malawi, Mocambique, Zambia*) – recently completed.
- 7.2 IFWEA: Southern and East Africa Organising in the Informal Economy Project (*project work in Malawi, Tanzania, Zambia, Zimbabwe, secondary involvement of organizations in Kenya, Mocambique, Uganda*) – currently ongoing.
- 7.3 StreetNet – SATUCC joint regional workshop to be held in 2007 with follow-up organizing activities in 4 countries (*Angola, Swaziland, Tanzania, Zimbabwe*)

9. **Suggested areas for new regional work:**

Angola, Botswana, Namibia.