INSTITUTE FOR POVERTY, LAND AND AGRARIAN STUDIES (PLAAS)

WORKING Paper 44

The informal sector's role in food security

A missing link in policy debates?

12 September 2016

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PLAAS Working Paper 44: The informal sector's role in food security: A missing link in policy debates?

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Partners: *The project is supported by:*
The DST-NRF Centre of Excellence in Food Security, hosted by UWC and co-hosted by the University of Pretoria
The African Centre for Cities and Labour and Enterprise Policy Research Group, University of Cape Town

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Series Editor: Rebecca Pointer
Design & Layout: Rebecca Pointer

Cite as: Skinner, C., Haysom, G. 2016. The informal sector's role in food security: A missing link in policy debates? *Working Paper 44*. Cape Town: PLAAS, UWC and Centre of Excellence on Food Security.

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Acknowledgements

The authors would like to acknowledge comments and inputs from colleagues who participated in the initial planning workshop. Our thanks to Prof Andries du Toit at PLAAS and in the Centre of Excellence in Food Security for their support and to Dr Shane Godfrey at LEP for his review, comments and support in this process. Thanks to Rebecca Pointer for editing and publication support.

In addition, we would like to recognise the IDRC funded project, the Hungry Cities Partnership and the DFID/ESRC funded project, the Consuming Urban Poverty project. Each provided additional funding to support this work.

Abstract

This paper aims to review what is currently known about the role played by the informal sector in general and informal retailers in particular, in the accessibility of food in South Africa. The review seeks to identify policy relevant research gaps. Drawing on Statistics South Africa data, we show that the informal sector is an important source of employment, dominated by informal trade with the sale of food a significant subsector within this trade. We then turn our attention to what is known about the informal sector's role in food sourcing of poorer households. African Food Security Urban Network's surveys show that urban residents and particularly low income households regularly sourced food from the informal sector and we explore why this might be the case through an expanded view of access. We then consider existing evidence on the implications of increased supermarket penetration for informal retailers and food security. Having established the importance of the informal sector, we turn our attention to the policy environment. First we assess the food security policy position and then the post-apartheid policy response to the informal sector – nationally, in provinces, and in key urban centres. We trace a productionist and rural bias in the food security agenda and argue that the policy environment for informal operators is at best benign neglect and at worse actively destructive, with serious food security implications. Throughout the paper we draw on regional and international evidence to locate the South African issues within wider related trends.

Keywords: food security, food access, informal sector, informal economy, informal food economy, informality, urban economies

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ACRONYMS

AFSUN	African Food Security Urban Network
DSBD	Department of Small Business Development
DTI	Department of Trade and Industry
FAO	Food and Agriculture Organisation
GAIN	Global Agricultural Information Network
GDP	Gross Domestic Product
IBUF	Informal Business Upliftment Facility
IFSS	Integrated Food Security Strategy
ILO	International Labour Organization
KZN	KwaZulu-Natal
LFS	Labour Force Survey
LSM	Living Standard Measure
MEC	Member of the Executive Council
MTES	Medium Term Expenditure Strategy
NDP	National Development Plan
NIBUS	National Informal Business Upliftment Strategy
NPFNS	National Policy on Food and Nutrition Security
PACSA	Pietermaritzburg Agency for Community Social Action
QLFS	Quarterly Labour Force Survey
RDA	Recommended Daily Allowance
SAMP	Southern Africa Migration Programme
SANHANES	South African National Health and Nutrition Environment Survey
SEIF	Shared Economic Infrastructure Facility
SLF	Sustainable Livelihoods Foundation
SMME	Small, Medium and Micro Enterprise
Stats SA	Statistics South Africa
UN Habitat	United Nations United Nations Human Settlements Programme

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1. Introduction

The Food and Agriculture Organisation (FAO) defines food security as a situation in which all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life (FAO 1996). This definition implies four critical dimensions of food security: availability, access, utilisation, and stability. Food security debates have unduly focused on availability. Crush and Frayne (2011a: 544) note that the new global and African food security agenda is 'overwhelmingly productionist and rural in its orientation, and is based on the premise that food insecurity is primarily a rural problem requiring a massive increase in smallholder production'. They go on to note that this agenda is proceeding despite 'overwhelming evidence of rapid urbanisation and the growing likelihood of an urban future for the majority of Africans'. In a subsequent article, Crush and Frayne (2011b: 781) expand on the notion of access, noting that it 'hinges primarily on the individual or household's ability to purchase foodstuffs, which in turn depends on household income, the price of food and the location of food outlets'. This paper aims to interrogate what is currently known about the role of the informal sector in general, and informal retailers in particular, in accessibility of food in South Africa. For communities, being able to access food within the context of stable food price environments provides confidence in the urban food system that enables a measure of planning and budgeting. While the primary focus of this article is on the accessibility dimension of food security, having a stable food environment is embedded within wider accessibility questions.

The paper starts by reviewing the international context – urbanisation trends and the latest estimates on the size and contribution of the informal sector. The urbanisation trends confirm Crush and Frayne's (2011a) contention that an urban future is likely for most Africans and the informal sector trends suggest that informal work is a key source of non-agricultural employment in most regions of the Global South. Attention is then turned to the South African informal sector which, although smaller than our developing country counterparts, is still a significant source of employment. The informal sector is thus playing an important role in household income – a key aspect of accessibility. The paper then outlines the evidence on the informal sector's role in food sourcing of poorer households. Having argued that the informal sector is playing a significant role in food security we turn our attention the current policy environment. First we assess the food security policy position in South Africa and then the post-apartheid policy response to the informal sector, both nationally, in key provinces, and in urban centres. We trace a productionist and rural bias in the food security agenda and argue that the policy environment for informal operators is at best benign neglect, and at worse actively destructive, with significant implications for food security.

2. International and regional context

Cities in the South will absorb 95% of urban growth in the next two decades and by 2030 will be home to almost 4 billion people (or 80% of the world's urban population) (UN Habitat 2007). Urban growth will be most intense in the cities of Asia and Africa. About 50% (±750 million) of Africa's population is likely to be living in urban areas by 2030. Southern Africa is currently one of the fastest urbanising regions in the world (UN Habitat 2008). African cities are characterised by high and ever-expanding degrees of informality. The type and nature of the African urban transition is such that old models suggesting that industrial opportunities will provide employment in industrial urban centres (and employment to recent rural migrants to the urban spaces) is no longer valid in the African city. Pieterse (2008), Swilling (2011) and Simone (2010) refer to this as the second urban transition, which demands new ways of understanding the urbanisation process, and reconceptualising how the urban economy functions (amongst other urban processes). Outdated dualistic ideas of an economically and territorially bounded "informal sector", temporarily used by desperate people as a survival strategy until they can access the "formal sector", have given way to the reality that informality is permanent for many new urbanites, and defines the landscape, politics and economy of contemporary African cities (Tranberg-Hansen&Vaa 2002; Simone 2004; Simone&Abouhani 2005; Potts 2007; Sparks&Barnett 2010). As Simone (1999: online) argues:

> *[A]ccelerated urbanisation in Africa has produced cities whose formal physical, political and social infrastructures are largely unable to absorb, apprehend or utilize the needs, aspirations and resourcefulness of those who live within them. As a result, the efforts to secure livelihoods depend on informalised processes and a wide range of provisional and ephemeral institutions which cultivate specific orientations toward, knowledge of, and practices for, dealing with urban life. … [The rapid and accelerated urbanisation in Africa means that] the majority of Africans live in peri-urban and informal settlements often at the physical, if not necessarily social, margins of the city.*

The extent and importance of informality in African cities and to African economies is often underestimated and as a result, disregarded, even trivialised. In most African cities informality is the 'main game in town' (Kessides: 2005). Informal sector employment[1] comprises 69% in South Asia, 57% in East and Southeast Asia (excluding China), 53% in Sub-Saharan African, and 34% in Latin America (Vanek et al. 2014: 10). Although informal workers' individual incomes are often low, cumulatively their activities contribute significantly to gross domestic product (GDP) suggesting that rather than being marginal, these activities are a central part of the economy in many countries (see *Table 1*).

Table 1: GDP contribution of the informal sector (excluding agriculture) in select African and Middle Eastern countries

Sub-Saharan Africa		Middle East and North Africa	
Benin (2000)	61.8%	Algeria (2003)	30.4%
Burkina Faso (2000)	36.2%	Egypt (2008)	16.9%
Cameroon (2003)	46.3%	Iran (2007)	31.1%
Niger (2009)	51.5%	Tunisia (2004)	34.1%
Senegal (2000)	48.8%	Palestine (2007	33.4%
Togo (2000)	56.4%		

Adapted from: ILO 2013:2.

Within informal employment, trade is a dominant activity, constituting 43% and 33% of non-agricultural informal employment in Sub-Saharan Africa and Latin America respectively (Vanek et al. 2014: 13). Recent data on the share of informal traders in African cities for which there is data are reflected in *Table 2*.

Table 2: Share of informal traders and street vendors in total non-agricultural informal employment

	Informal traders			...Of which street vendors		
	Total	Men	Women	Total	Men	Women
Niamey	31.9%	28.8%	36.7%	13.5%	12.9%	14.4%
Ouagadougou	42.9%	37.0%	50.1%	16.7%	17.1%	16.3%
Bamako	48.3%	32.6%	64.9%	19.9%	12.0%	28.2%
Dakar	32.1%	20.0%	46.6%	13.0%	9.4%	17.3%
Abidjan	40.5%	23.1%	56.6%	16.0%	8.2%	23.3%
Lomé	44.6%	20.8%	62.7%	24.0%	9.6%	35.0%
Cotonou	43.8%	19.7%	61.6%	18.8%	7.9%	26.9%
Antananarivo	33.5%	31.6%	35.3%	15.3%	13.2%	17.3%

Compiled from: Herrera et al. (2012).

The weight of informal trade as an activity is evident in the size of the street vending population at the city level, which ranges from 13% (Dakar) to 24% (Lomé) of all those engaged in non-agricultural informal employment (*Table 2*). Notably, street vending also accounts for a large share of women's informal employment in the region: as much as 35% in Lomé and 28% in Bamako. In most cities a greater proportion of women are in informal employment and street

[1] This paper uses international statistical norms according to which the *informal sector* refers to employment and production that takes place in unincorporated, small or unregistered enterprises while *informal employment* refers to employment without social protection through work both inside and outside the informal sector. The *informal economy* refers to all units, activities, and workers so defined and the output from them

trade than men: indeed, in West African cities, less than 10% of women in the labour force have a formal job (see Roever&Skinner (2016) for more detail). Labour force surveys often include questions about the type of product sold – specifically food verses nonfood, but these data are not cited in official submissions to the International Labour Organization (ILO) database on informal employment. The data are also not included in country-level statistical releases, and so figures can only be established by analyzing the original data; regularly reporting this data would make visible the role of the informal sector in the food system.

The informal sector needs to be viewed as more than just an economic activity. As we will argue, the informal sector enables food access, and having access to affordable and reliable food further contributes to the utilisation dimension of the FAO food security definition. Several studies interrogate the role played by informal retailers in nutrition. The Steyn et al. (2013) review is a useful entry point. They draw on 23 studies, mostly conducted in Africa (Kenya, Nigeria, Ghana, Benin, Mali, South Africa, Uganda, and Burkina Faso) and assess the daily energy intake from 'street foods'. While noting significant differences between places, overall their review found that the daily energy intake from street foods in adults was 13%–50%, and 13%–40% in children. Similarly, they calculate that street foods contribute significantly to daily protein intake, often at 50% of the recommended daily allowance (RDA). They conclude that street foods make a significant contribution to energy and protein intakes in developing countries and that their 'use should be encouraged', adding the caveat provided that 'they are healthy traditional foods' (Steyn et al. 2013:1).

3. Size and nature of South Africa's informal (food) sector

According to Statistics South Africa's (Stats SA 2016: vi) April–June 2016 Quarterly Labour Force Survey (QLFS), 2 565 000 South Africans reported working in the informal sector.[2] Although this figure is far less than our developing country counterparts, it is still 16.4% of South Africa's total employment. Stats SA Africa (2015) estimates the informal sector contributes 5.2% to GDP. In the rest of the region, the informal sector is a disproportionate source of employment for women[3]; South Africa is however an outlier – in the second quarter of 2016, 960 000 women reported working in the informal sector – only 38% of total informal sector employment (2016: 2), and down from 45% in the first quarter of 2008, when the survey was first introduced.

Of those reporting to work in the informal sector in the second quarter of 2016, 1 015 000 or 40.5% are in trade. In the second quarter of 2008, 46% of those working in the informal sector were working in trade, which is down from 53% recorded in the February 2000 Labour Force Survey (Essop&Yu 2008:46), and suggests that retail as a proportion of total informal sector employment is declining. Existing evidence suggests that informal retail is dominated by food trade. Rogan and Skinner (forthcoming: 13) using third quarter 2014 QLFS data, estimate 67% of street traders were selling food while Devey et al. (2006a) using 2000–2001 data estimate 72%–82% of street traders sell food, again suggesting a change over time.

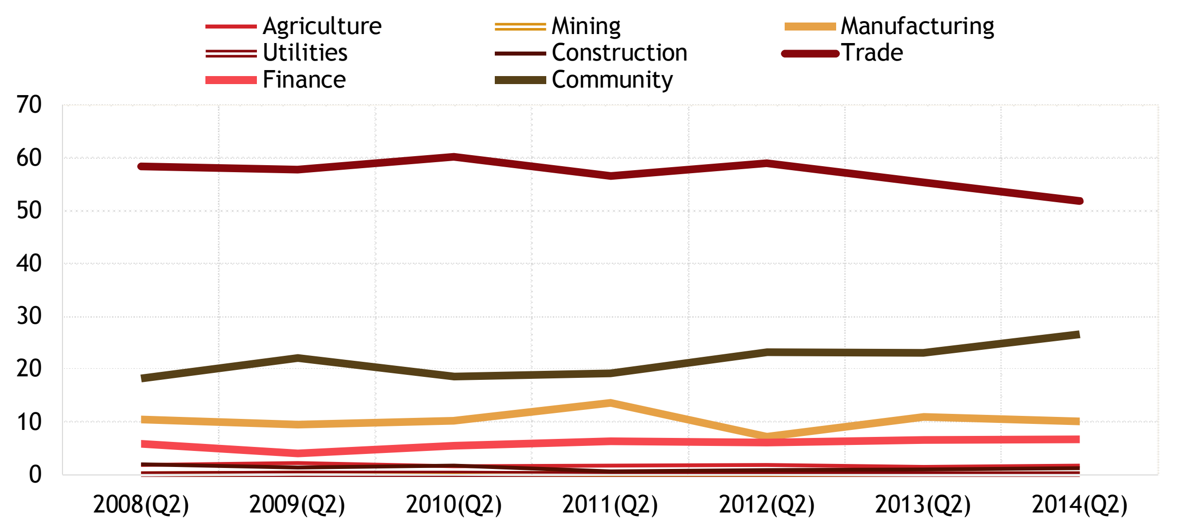
Informal sector dynamics are often critically shaped by those in the formal sector. Weatherspoon and Reardon (2003) reported there were about 920 South African supermarkets, while 10 years later, Vink (2013: 11) estimated there were 3 167 supermarkets. The rapid expansion of the formal retail sector is likely to be a critical factor in explaining the proportional decline in employment in informal sector retail. The exact extent and nature of the impact of the expansion of formal retailers on their informal counterparts needs greater exploration.

[2] Stats SA (2016:xxiii) define the informal sector as having: 'i) Employees working in establishments that employ fewer than five employees, who do not deduct income tax from their salaries/wages; and ii) Employers, own-account workers and persons helping unpaid in their household business who are not registered for either income tax or value-added tax.'

[3] On average 59% of women vs. 49% of men in non-agricultural employment work in the informal sector (Vanek et al. 2014: 10).

In interrogating the change in composition of the South Africa informal sector, Skinner and Rogan (forthcoming: 13) consider the combination of declining proportions of women and of trade (see *Figure 1*), and conclude 'informal trade has traditionally been a bigger component of informal sector employment, for women relative to men, but much of the decrease in total female informal sector employment occurred in wholesale and retail trading between 2008 and 2014'.

Figure 1: Female informal sector employment (% of workforce), disaggregated by industry*



*Own calculations from the QLFS. The data are weighted. Sample not restricted to the working age population. Estimates exclude work in private households.
Source: Rogan and Skinner (forthcoming).

These statistics suggest that there are important changes happening in the South African informal sector, which need further interrogation. That said the informal sector is still a key source of employment and, therefore, income for poor households. The labour force statistics are unlikely to adequately capture international migrants – especially undocumented migrants, asylum seekers, and refugees – who are largely excluded from the formal labour market and have little choice but to create their own employment (Crush et al. 2015). A 2010 Southern Africa Migration Programme (SAMP) survey of post-2005 Zimbabwean migrants in Johannesburg and Cape Town, for example, found that 20% of all migrants were working in the informal economy (Crush&Tawodzera 2011). Studies of other migrant groups, for example Somalis, suggest much higher rates of informal sector participation (Jinnah 2010). Although difficult to quantify countrywide, smaller scale studies suggest that informal food retail is a particularly important source of employment for foreign migrants (Gastrow&Amit 2015; Piper&Charman 2016).

The informal sector is not isolated and/or operating outside of the formal sector, neither is it a uniform sector which can be categorised as a single system. The informal sector is a collection of many systems, operating at multiple horizontal and vertical scales. Further, the informal and the formal sectors are closely linked with mutual trade and exchanges taking place between them. Research on the sourcing strategies of informal food retailers for example repeatedly shows that formal retailers (Shoprite, Makro, and Metro Cash and Carry, among others) are the dominant source (Ligthelm 2005; Skinner 2005; Dube et al. 2013; Crush et al. 2015). A significant proportion of the final point of sale for many of the big formal retail players – Massmart, Unilever, and South African Breweries among others – is the informal sector. Plastow (2015), a retail industry insider, for example, assessed that about half of Massmart's 2010 group sales came from *spaza*[4] shop sales. The supply chains of some key food

[4] Spaza = informal store in a township.

and beverage 'staples' – including bread (e.g. Premier undated), soft drinks (Moore School of Business 2005), and beer (Charman et al, 2013) further highlight the mutual inter-dependence between large scale 'formal' businesses, even multinationals, and traders in the informal sector. Many large firms engage the informal sector in formal business transactions where deliveries and collections are scheduled in accordance with pre-determined supply schedules, even into informal settlements, demonstrating robust and mutually beneficial linkages. Further research is needed to make visible these interconnections, a starting point could be tracing the value chains of a few key stable food products, identifying where the formal and informal interconnect.

4. Food Access: The informal vs. the formal sector

While the literature on informal food traders and street food often acknowledges their role in providing affordable, accessible meals, particularly for low-income households (see Skinner 2016), this is seldom quantified. This is with the exception of research conducted under the African Food Security Urban Network (AFSUN). AFSUN administered household food security surveys in eleven Southern African cities.[5] A total of 6 453 households were surveyed in specific poorer localities within these 11 cities on a range of food security issues, including where they source their food. Crush and Frayne (2011b) provide a summary of results. The survey found that some 70% of households normally sourced food from informal outlets (Crush&Frayne 2011b). Nearly one third (32%) of households said they patronised the informal food economy almost every day and nearly two thirds (59%) did so at least once a week (ibid). The data suggests that in the neighbourhoods and cities surveyed, the more food insecure and income poor households are, the more likely to be dependent on the informal sector to secure food.

This research also provides critical insights into supermarket use and the role of urban agriculture: 79% of interviewees reported purchasing from supermarkets, but a high ratio of respondents reported that they only shopped at supermarkets once a month (ibid). This suggests that there was a pattern of bulk buying staples from supermarkets, and relying on the informal food economy for other foodstuffs. Regarding urban agriculture, only 22% of surveyed households said they normally grow some of their own food (Crush et al. 2011). Starkly contrasting with the figures for formal and informal outlets, only 8% of the respondents obtained food from urban agriculture at least once a week and 3% at least once a month (Crush et al. 2011).

A selection of the results for South African cities included in the survey are presented in *Table 3*. This shows how the importance of informal markets and street foods varies considerably across cities – from a high of 85% in Johannesburg to a low of only 42 % in Msunduzi.[6] Supermarket use was consistently high (94–97%) across the cities.

Table 3: Sources normally used to obtain food (% households surveyed)

	Cape Town	Mzunduzi	Johannesburg	Total
Informal market/ street food	66	42	85	70
Small restaurant/ shop/ take away	75	40	80	68
Supermarket	94	97	96	79
Food transfers from rural household	17	24	14	28
Urban agriculture	5	30	9	22
Borrowed food from others	29	24	6	21
Shared meals with neighbours and/or other household	45	18	14	21
Food provided by neighbours and/or another household	34	21	13	20

Adapted from: Crush and Frayne (2011b:799).

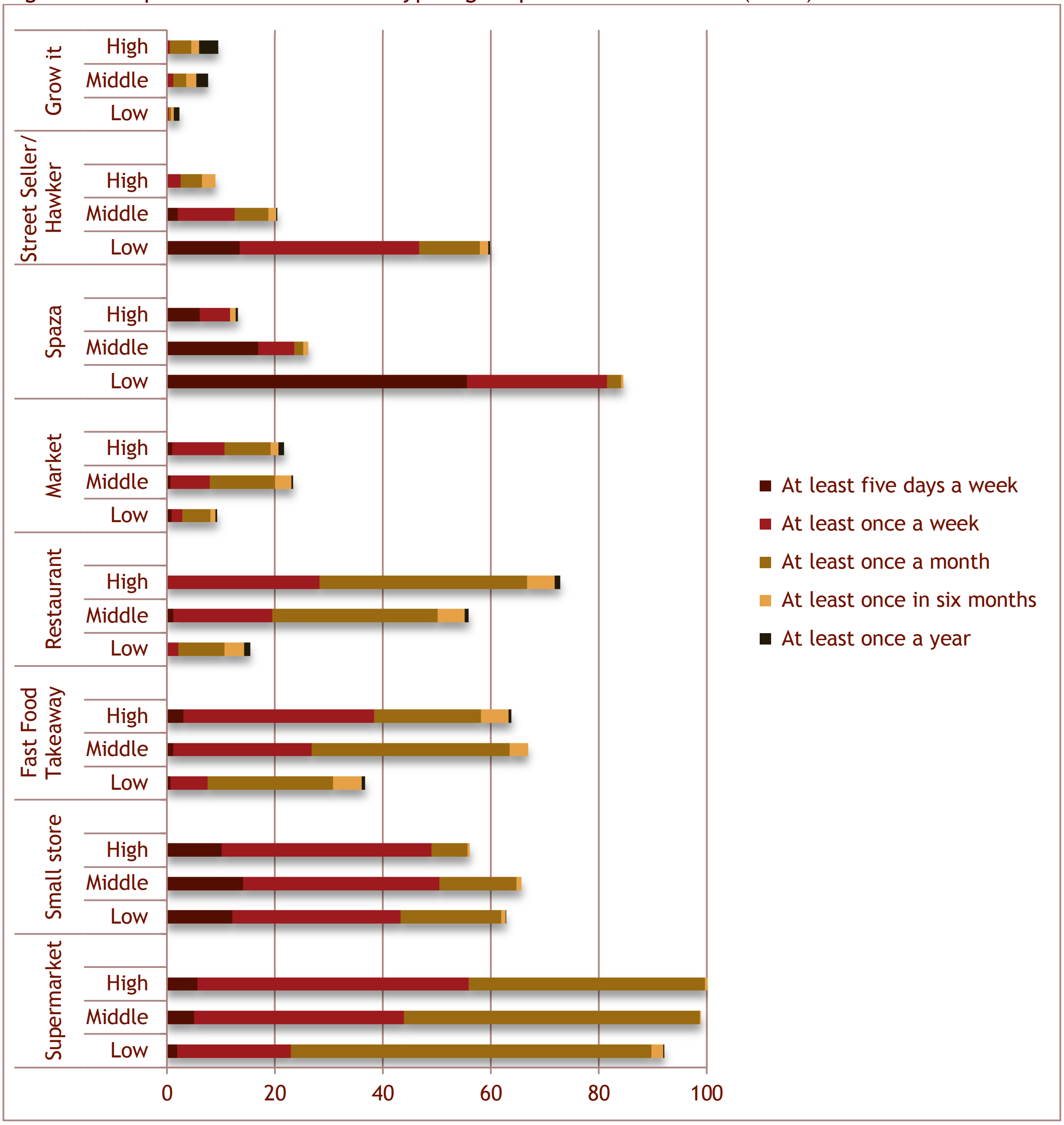
[5] The cities are Blantyre City, Malawi; Cape Town, Johannesburg, Msunduzi in South Africa; Gaborone, Botswana; Harare, Zimbabwe; Lusaka, Zambia; Manzini, Swaziland; Maputo, Mozambique; Maseru, Lesotho; and, Windhoek, Namibia.

[6] See AFSUN city reports for more details (available at http://www.afsun.org/).

In larger cities, where more than one area was sampled, the differences were not as significant as expected. In Johannesburg, for example, over 80% of surveyed households sourced informal food in each area (Alexandra, the Inner City, and Orange Farm). Such inter-city variability, but absent intra-city variation is striking, and cannot easily be explained without more research to fill the knowledge gap on the size and nature of each city's the informal food economy (Crush&Frayne 2011a).

In Cape Town, food access typologies vary across income terciles (see *Figure 2*). While being cautious of making generalisations, it is useful to note that Johannesburg had similar food access typologies. Cape Town figures reflect a very different food retail environment than is often imagined in policy and by city managers: most urban residents use the formal sector (supermarkets and smaller formal stores), but lower income terciles use the formal sector less frequently. For urban poorer residents, food is mostly accessed through informal sector outlets.

Figure 2: Cape Town food access typologies per income tercile (2013)



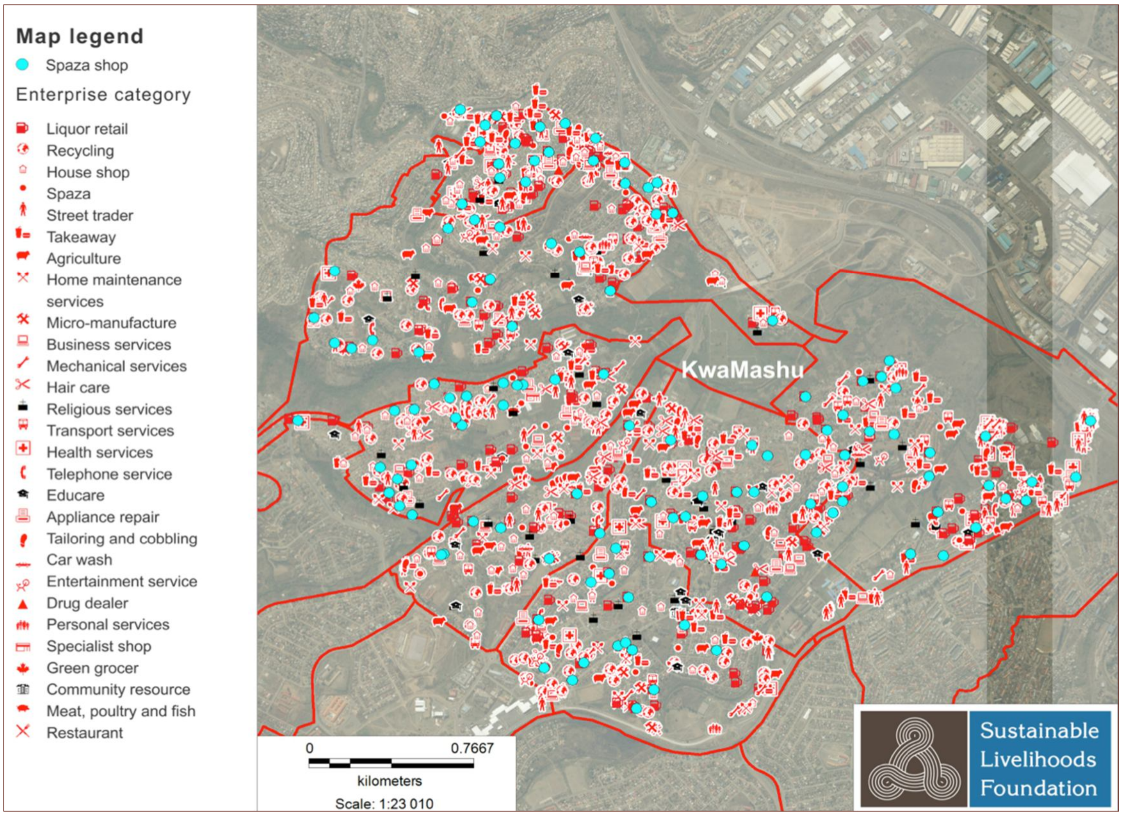
Source: Caesar and Crush (2015).

Despite supermarket penetration (Vink 2013; Battersby 2012a), the AFSUN data powerfully shows that the urban poor continue to choose to source their food in the informal sector, likely due to several factors, including:

1. Spatial accessibility: Street traders tend to gravitate to areas where there is foot traffic like commuter points while spaza shops are often evenly distributed throughout townships and informal settlements as evidenced by the Sustainable Livelihood Foundation's (SLF)[7] mapping of township enterprises. As an example, the figure below reflects findings from the July 2013 mapping exercise in KwaMashu (an established township settlement in Durban).

   The map suggests that spaza shops are often in walking distance of consumers' homes. Because of the combination of high transport costs (due to apartheid spatial planning) and low employment levels, proximity is important. Crush and Frayne (2011b: 791) also note that in contexts where there is no or erratic electricity and/or no refrigeration, fresh food must be bought daily and physical proximity becomes particularly critical.

Figure 3: Spatial distribution of food outlets in KwaMashu, Durban[8]



Source: Geofusion Mapping and SLF (2015).

2. Low prices: In 2009 Skinner compared the prices of 53 products sold by informal traders in the Warwick Junction area in inner city Durban (including fresh produce and fast foods) to the equivalent in a range of formal retailers. On average the cost in formal shops was 76% more than the same product sold by informal traders (Skinner 2010). The differences were particularly acute in fresh produce:

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[7] See www.livelihoods.org.za for further examples.

[8] The head of the SLF noted that, as can be seen on the map, there is a large shopping mall outside the KwaMashu area, but bordering it in the north east corner (above the word KwaMashu). While we were conducting research, a Pick 'n Pay was established in the centre of the settlement (Correspondence, 7 December 2015). Given the existing baseline data, KwaMashu would be an interesting case study for assessing the impact of supermarket penetration on informal food retailers.

For a basket of nine staple goods including onions, tomatoes and potatoes, consumers paid 112 – 125% premium to purchase the exact same quantity of goods in their local supermarket.

Source: Skinner (2010: 102–103).

Other studies have found that supermarkets in poorer communities may offer cheaper average prices for staples but fresh fruit and vegetable choices are often limited, of poorer quality and are more expensive (Battersby&Peyton 2014). Informal fruit and vegetable traders often locate near these supermarkets and offer greater variety of fruit and vegetables, at lower prices (Cooke 2012). The evidence of the price difference between formal and informal outlets however is mixed, suggesting that this is context and seasonal specific.

3. Appropriate quantities: Battersby (2012a) points out that informal retailers often sell products in small quantities so 'break bulk', which might be more expensive per unit, but is more affordable to the urban poor. The need to buy smaller amounts is likely driven by low and inconsistent incomes, and limited storage space. Methvin's (2015) study of Kanana informal settlement in Cape Town found that only 31% of residents had access to a refrigerator; 49% used cupboards, and 15% used buckets to store food.

4. Spatial food geographies: The prevalence of fast food traders close to education facilities reflects an entrenched challenge that most scholars face in accessing education. Due to high levels of informality and few adequate education facilities in their own communities, scholars leave their homes early, often without breakfast, and then use fast food traders near schools (Lemon&Battersby-Lennard 2011). KwaMashu trade is also clustered in the far northern part of the settlement – close to a denser settlement, but also nearer more "formal" retail facilities. This position reflects the strategic approach to store location (and viability), but also the symbiotic relationship between different types of retail, from street traders and house shops to chain stores.

5. Access to credit: Existing research suggests that spaza shops often offer credit, making it possible to "buy" food without cash in times of shortage. Two separate studies on spaza's owned by international migrants in Ivory Park and Soweto in Johannesburg, and by Somalians in Cape Town, suggest that offering credit was a key part of their business model (Crush et al. 2015:13). Ligtehelm's (2005) study, albeit more dated confirms this finding on credit provided.

This suggests that an expanded view of what is meant by food access is needed. Locality, transport options, dwelling typology, refrigeration, employment patterns and places of work all determine the food access options open (or not) to urban residents. While the AFSUN data gives insight into the place and frequency of purchase for a few cities, not enough is known about the rationale for poorer households' purchasing decisions. Crush and Frayne (2010) suggest that consumers prefer to bulk buy in the formal economy and make smaller purchases in the informal sector, but this needs further investigation. While not providing specific evidence about Kanana residents' motivations for shopping and quantities purchased at different retail outlets, Methvin's (2015) study found that location informed purchase for 49%, followed by price (42%), and quality (9%).

However, more research is needed as to the type and quantity of goods that are purchased from formal verses informal retailers and why. Relatedly (and mindful of the differentiation between different types of both formal and informal outlets), what are the perceived advantages and disadvantages of each type? One approach would be to look at a basket of basic necessities contrasting the sourcing strategies in formal verses informal outlets for low income consumers. Price is obviously a key. The PACSA food price barometer survey (Smith&Abrahams 2015) tracks food price inflation for a basket of 36 basic foods often purchased by low-income households around Pietermaritzburg. While the survey provides important insights, little attention is paid to costs at different types of outlets. Informed by a nuanced sense of actual costs (including, for example, transportation) what is the price difference between formal and informal outlets for a range of basic commodities? Belo Horizonte, Brazil, is widely regarded as a food security success story. A key intervention there is food price monitoring across food outlets. This data is widely disseminated through the media, providing transparency about food prices to citizens. It is also used to inform projects and policy (Rocha and Lessa, 2009) (Rocha&Lessa 2009).

More detailed monitoring of food prices and clarity on food purchasing choices is critical to designing better national and city-level policy, and local area planning. Such data could also assist in demonstrating the role of the informal and formal sectors in addressing food security.

5. IMPACT OF INCREASED SUPERMARKET PENETRATION ON INFORMAL RETAILERS AND FOOD SECURITY

More than a decade ago, Weatherspoon and Reardon (2003) noted the rise of supermarkets in Africa. In the past 5–10 years' supermarket expansion was extremely rapid in parts of Eastern and Southern Africa, and further expansion appears set to take off in the rest of the sub-region. For example, in 2002 Shoprite had 77 retail stores in 13 African countries (excluding South Africa), but by 2012 it had expanded to 168 stores in 18 countries; by August 2013 it had expanded at the rate of one new store every two weeks to reach 193 outlets (Vink 2013). Due to supermarket expansion, by 2013 there were 3 741 stores in Sub Saharan Africa (Vink 2013).

As with most food retail activities, broad generalisations can obscure specific trends and practices, so context is critical. However, the rapid expansion of supermarkets into South Africa's low income suburbs is well documented (Battersby&Peyton 2014; GAIN 2012; Magwaza 2013). The trends differ with smaller supermarket operations, often former trading stall-type operations such as Boxer establishing themselves in certain areas. In other areas, larger stand-alone supermarkets operate. An emerging trend is for mini-mall developments, where an anchor supermarket tenant is supported by several other retail operations; such as fast food outlets, a furniture store (often offering expensive credit facilities) and service outlets such as banks, and a post office.

Supporters of supermarket expansion argue that their greater purchasing power and economies of scale will benefit the urban poor because of lower prices, but the evidence on this is quite mixed. Battersby and Peyton's (2014:158) mapping to supermarkets in Cape Town found:

> *The distribution of supermarkets is shown to be highly unequal and the distance of low-income from high-income areas hinders access to supermarkets for the urban poor ... supermarkets in low-income areas typically stock less healthy foods than those in wealthier areas and, as a result, the supermarkets do not increase access to healthy foods and may, in fact, accelerate the nutrition transition.*

There are concerns the supermarkets have made highly-processed foods more spatially and economically accessible, without necessarily increasing accessibility or reducing the price of fresh produce (Igumbor et al. 2012, Monteiro et al. 2013, Reardon et al. 2007). Evidence suggests that in some cases this has impacted negatively on informal retail while in others the formal and informal co-exist. South African research into the relationship between the different retail typologies is limited and requires further investigation. In Cape Town there is evidence to suggest a strong and co-dependent relationship between street traders and the formal food system. One example of this is seen in the day-to-day engagements and relationships between informal traders and formal fresh produce markets (Ortiz 2015). Observational evidence in township areas suggests traders, if allowed, will locate themselves near formal retail facilities. However, a detailed study is needed to investigate how these spaces are negotiated, and why this is evident in some places but not others.

In the globalised food system 'competition for a market share of food purchases tends to intensify with entry into the system of powerful new players, such as large multinational fast food and supermarket chains. The losers tend to be the small local agents and traditional food markets and, to some extent, merchants selling "street foods" and other items' (Kennedy et al. 2004: 1). However, country and city level evidence suggests that the extent to which supermarkets displace small local traders is context specific. In Botswana despite the penetration of South African retailers, informal food retailing persisted at that time (Lane et al. 2011), but it is unclear if informal retailers were more numerous before supermarket penetration. Supermarket expansion into Zambia presents 'a considerable challenge to the claims that supermarkets transform food economies … [informal traders are] progressively more resilient and competitive, despite the growth of supermarkets' (Abrahams 2010: 115). In a Ghanain study, informal traders were found to 'important to the success of the malls' (Oteng-Ababio&Arthur 2015: 151).

In South Africa, Ligthelm's (2008: 52) study of the impact of shopping mall development on small township retailers found that the 'net balance sheet on the impact of shopping mall development on small township retailers clearly suggests a decline in the township retailers' market share'. However, a study of supermarket penetration in Cape Town's low-income communities found that supermarket expansion is 'often incompatible with the consumption strategies of the poorest households, revealing the significance of the informal economy' (Peyton et al. 2015: 36).

The emerging research highlights that supermarkets, often enclosed within shopping mall developments, are not necessarily delivering the imagined food security access opportunities. Supermarkets are certainly a point of food access but they are not the only "game in town" and are used interchangeably with the informal sector. Urban food security is enabled through citizens using multiple, varied food access strategies.

For better informed policy and planning further research on the impact of supermarket penetration in poorer neighbourhoods, considering several interconnected issues, including:

- What is the real impact on various types of informal retailers in the short, medium and longer term across different contexts?
- What impact do supermarkets have on the type of goods purchased and consumed and the quantities purchased at the different retail options, from spaza to large supermarket (having data on the purchasing frequency is interesting but to inform policy, a greater understanding of the mix of products and volumes sold is essential).
- Where supermarkets are impacting on the viability of informal traders – what type of traders are disproportionately affected in terms of gender, store size, location, types of products sold and how does this change over time?
- When formal and informal food retailers coexist, what factors have led to this coexistence?
- How has supermarket expansion into townships impacted on the food security of the urban poor?

6. Food Insecurity in South Africa and Policy Debates

There are currently high levels of food insecurity in South Africa. The South African National Health and Nutrition Environment Survey (SANHANES) found that, nationally, 28% of households were at risk of hunger, and 26% were experiencing (Shisana et al. 2013). The equivalent figures in urban informal areas were 32% and 36% respectively (Shisana et al. 2013). The variance suggests that *urban* food security is particularly high, which is consistently backed up by other studies (e.g. Rudolf et al. 2012; Battersby 2011; Caesar et al. 2013). With regard to trends, national food insecurity was in decline, but seems to have plateaued (Shisana et al. 2013). Ever-increasing food prices and other price shocks suggest that urban food security is unlikely to improve, especially considering the impact of the late-2015 drought, anticipated downstream restructuring of the entire food system, further compounded by a weak currency.

The (albeit limited) commitment to addressing global food security was reaffirmed at the 1996 World Food Summit, the Hunger Goals of the Millennium Development Goals (in 2000), and the 2015 Sustainable Development Goals (Fukuda Parr&Orr 2015). South Africa's initial approach to food security was informed by large national surveys in 1999 and 2005 which showed high levels of stunting and underweight (Chopra et al. 2009; Drimie&Ruysenaar 2010). The study findings prompted a national process in which disparate government agencies (Health, Social Development, Agriculture, etc.) engaged in food security issues and developed the Integrated Food Security Strategy (DoA 2002). The strategy is designed to integrate various food security approaches into a single inter-ministerial entity operating at multiple scales. Despite the laudable intentions, departments still operated in silos in implementing the strategy, resulting in limited impact (Drimie&Ruysenaar 2010). More recently, the National Development Plan expressly articulated food security as a key strategic imperative (NPC 2012). However, the NDP offers various perspectives of food security, ranging from recommendations to grow or procure sufficient food to feed the nation − a calorific intake perspective, through food fortification – a supplementation approach, to linking food security to land reform initiatives – a productionist approach (NPC 2012: 231−232). The NDP speaks in very general terms about food insecurity and provides very little insight into contextually informed food security issues. One such example of this is that no reference is made to the increasing levels of food insecurity in urban areas., nor any reference to the differences between formal and informal areas as highlighted by Shisana et al (2013).

As Battersby (2012b) had noted the rural bias in food security planning reflects a skewed approach to food security. The rural bias disproportionately focuses on production as the primary means to respond to food insecurity (Haysom, 2015). The productionist approach only considers one component of food security − availability. When this bias translates into policy, other essential dimensions of food security are lost. The rural bias is evident is South Africa's IFSS of 2002, and now the National Policy on Food and Nutrition Security (NPFNS) (gazetted in 2014) (DAFF 2013), which systematically disregard other elements of food security despite their inclusion in the definition of food security.

The rural bias and focus on production miss the key components of food access and use. When policy drafters and urban managers respond to urban food security issues, the general trend is to apply the same rural and productionist lens, as shown by the prevalence of urban agriculture projects in response to urban food insecurity. This approach misses the deeply systemic food system problems, so the root causes of food security are never addressed. Such responses also fail to investigate, appreciate, understand and generally acknowledge the multiple food access strategies that the poor apply to enable food security.

7. NATIONAL GOVERNMENT'S INFORMAL SECTOR POLICY STANCE

The 1995 *White Paper on the Development and Promotion of Small Businesses* was one of the first policy positions of the post-apartheid government. While acknowledging survivalist and micro-enterprises as a component of small business (RSA 1995), the paper is silent on the specific needs of these smaller players. Ten years on, a review of the impact of government's small, medium and micro enterprise (SMME) programmes concluded that 'existing government SMME programmes largely have been biased towards the groups of small and medium-sized enterprises and to a large extent have by-passed micro-enterprises and the informal economy' (Rogerson 2004: 765). At a similar time, a detailed analysis of the budgetary allocations for the informal sector across all national government departments found that although some departments had made progress towards recognising the informal economy, support measures were 'few and far between, patchy and incoherent, and largely ineffective … national government lacks a clear and coherent policy toward the informal economy' (Budlender et al. 2004:87).

Introducing the idea of a 'second economy', President Mbeki's November 2003 address to the National Council of Provinces was a watershed moment for national informal economy policy. For the first time since the end of apartheid the informal sector was given a high profile. Mbeki conceptualised the informal economy as:

> *The second economy (or the marginalised economy) is characterised by underdevelopment, contributes little to GDP, contains a large percentage of our population, incorporates the poorest of our rural and urban poor, is structurally disconnected from both the first and the global economy, and is incapable of self-generated growth and development.*

The idea of the 'second economy' elicited a flurry of critique among analysts (e.g. Aliber et al. 2006; Devey et al. 2006b; du Toit&Neves 2007) who largely pointed to the conceptual flaw of seeing the formal and informal as being 'structurally disconnected'. The 'second economy' arguments were based on the premise that:

> *… the mainstream of the economy is working rather well, and government action is needed to enhance the linkages between the first and second economy and where appropriate to provide relief, such as public works programmes, to those locked into the informal economy.*

Source: Devey et al. (2006b:242)

This research showed the many ways in which the formal and informal economies are intertwined. Unsurprisingly, subsequent policy pronouncements suggested that the informal sector should be eradicated. For example, the Accelerated Shared Growth Initiative of South Africa, the next major statement on economic policy imperatives, called for the 'elimination of the second economy' (RSA 2006:11). In 2008, the Presidency initiated the Second Economy Strategy Project, which highlighted the extent to which 'high inequality is an outcome of common processes, with wealth and poverty in South Africa connected and interdependent in a range of complex ways' and proposed sophisticated interventions (Philip&Hassen 2008; Philip 2009). Cabinet approved the strategic framework and headline strategies arising from this process in January 2009. However, when Mbeki was recalled in September 2008, arguably his close association with the notion of the second economy meant that the strategy was an unfortunate casualty of his recall.

The Medium Term Expenditure Strategy (MTES) is the main guide to planning and resource allocation across all spheres of government. The 2009 version for 2009–2014 committed the government to 'faster (*and more inclusive*) economic growth, *decent work* and sustainable *livelihoods'* (National Treasury 2009: 7, emphasis added). While endorsing the Second Economy Strategy, the MTES focused on one element – the expanded public works programme, and by 2015 no mention is made either of the second economy or the informal sector (National Treasury 2015).

The National Development Plan gives particular primacy to small business, targeting 11 million jobs by 2030 and arguing that 90% of these new jobs will be created by SMMEs. Depending on the scenario, the plan projects that the informal sector will create 1 171 000–2 090 000 jobs. But the NDP says little or nothing about how existing informal sector operators will be supported, nor how existing barriers to entry will be eliminated to generate new jobs (Fourie 2015). Specific proposals to create 'a more enabling environment for small enterprises' and 'conditions under which start-ups can flourish' are: (1) simplifying the regulatory environment; (2) creating financial instruments (debt and equity finance); (3) establishing small-business support services; and (4) addressing the entrepreneurship skills gaps (ibid). These proposals are mainly relevant for formal sector small and medium enterprises (ibid). In May 2014, the President announced the establishment of the Department of Small Business Development (DSBD) as a response to the NDP's focus on small business.

Even before the DSBD was established, it was clear that national government was keen to regulate the informal sector and in 2013 it released the Draft Business Licensing Bill (DTI 2013). The draft Bill specified that anyone involved in business activities – no matter how small – would need a licence. Foreign migrants could only be licensed if they first received a business permit under the Immigration Act[9] or a refugee permit under the Refugee Act (RSA 2013).[10] Business permits have to be applied for in the country of origin and are only granted if the applicant can demonstrate that they have R2.5 million to invest in South Africa. Few, if any, of the cross-border traders and migrant entrepreneurs currently operating in South Africa's informal economy would qualify. The draft Bill was introduced in a climate of anti-foreign sentiment among officials:

> *The scourge of South Africans in townships selling and renting their businesses to foreigners unfortunately does not assist us as government in our efforts to support and grow these informal businesses … You still find many spaza shops with African names, but when you go in to buy you find your Mohammeds and most of them are not even registered …*
>
> *Source: Deputy Trade and Industry Minister Elizabeth Thabethe in City Press (SAPA 2013).*

While widespread reaction against the draft Bill led to it being sent back for redrafting, DSBD staff said the bill was not scrapped, but was being redrafted (Personal Interview, 19 August 2015).

In mid-March 2014, the DTI launched the National Informal Business Upliftment Strategy (NIBUS), the first post-apartheid nationally-coordinated policy approach to dealing with the informal sector. NIBUS has two key delivery arms – the Shared Economic Infrastructure Facility (SEIF) and the Informal Business Upliftment Facility (IBUF), tackling infrastructure and skills deficits respectively. SEIF provides funding for new infrastructure, and upgrading or maintaining existing infrastructure shared by informal businesses; up to R2 million funding is available to municipalities on a 50:50 cost-sharing grant basis. IBUF focuses on skills development, promotional material, product improvement, technology support, equipment, and help with registration; it is being piloted by training 1 000 informal traders in a partnership with the Wholesale and Retail Sector Education and Training Authority.

On the positive side, this was the first time the DTI has explicitly focused on the informal sector/economy/business. National government is tackling two critical needs – infrastructure and skills development. However, the policy has a few concerning elements: (1) the policy targets '*entrepreneurial* activities in the informal economy'; and (2) 'business upliftment' targets entrepreneurial activity in the informal economy. Combined with an emphasis on 'graduation' to the formal economy, these elements run the risk of 'picking winners' and neglecting the majority.

The policy approach, however, is also driven by an anti-migrant disposition, identifying a 'foreign trader challenge' (NIBUS 2013:10), noting that 'there is evidence of violence and unhappiness of local communities with regard to the takeover of local business by foreign nationals', and that

[9] See Immigration Act, 2002 (Act No.13 of 2002) and Immigration Amendment Act 19 of 2004
[10] See Refugees Act 130 of 1998 and Notice 955 in Government Gazette 37122, dated 6 December 2013

there are 'no regulatory restrictions in controlling the influx of foreigners' (NIBUS 2013:22). NIBUS (2013) then highlights the case of Ghana where a raft of regulatory controls restricts the economic activities of international migrants.

The anti-foreign sentiment reinforces a generally punitive approach to the informal sector, that focuses on regulation and control. The November 2015 report of the parliamentary committee which investigated the 2015 xenophobic attacks that targeted immigrants working informally, recommended regulation of particularly township businesses. The report states, for example, that municipal governments must improve systems for providing and monitoring business permits, noting a 'tendency of issuing too many licenses' to businesses operating out of residential dwellings, many of which do not comply municipal by-laws (Parliament of South Africa 2015: 38–39). This approach is likely to be negative for South Africans and immigrant informal operators alike.

None of the policy documents make any reference to the role that the informal sector plays in food security. The Second Economy strategy suggests there could be incentives for home-based food production (Philip 2009: 11), but NIBUS makes no reference to food. While the NDP pays considerable attention to food security, the informal sector's role in access is not mentioned.

8. Provincial and city-level responses to informal trade

Provinces are also mandated to play a role in regulating and supporting the informal sector, but seem to have been slow in addressing the issue. After an eight-year process KwaZulu-Natal (KZN) produced an Informal Economy Policy in 2011, but it still has not been developed into a White Paper, suggesting it is not priority. The Western Cape released an Informal Sector Framework in 2014 while the Gauteng Province released the Gauteng Informal Business Development Strategy 2015. Only the Western Cape Framework makes reference to the informal sector's role in food security, noting research that informal traders were able to provide superior quality products at lower prices than their giant retail counterparts (City of Cape Town 2014: 12).

While all these documents commit to supporting the informal sector, implementation requires further scrutiny. In KZN, for example, the provincial government's thrust has been to form and fund the KZN Provincial Association of Traders and traders' training academies in various districts. At the April 2005 launch of the initiative, a Member of the Executive Council (MEC) stated:

> *We have to bring back our general dealer stores that used to be seen in our townships and villages. Those stores no longer exist and those that do have been sold to foreign nationals. This association is aimed at renewing those stores. We need to bring back our businesses.*

Source: News24 (2015).

This suggests that the provincial government aims to 'level the playing fields' between South African and immigrant operators, a thrust not reflected in the KZN Informal Economy Policy.[11]

While local level policy statements affirm the positive contribution of the informal economy, implementation contradicts policy. For example, regarding highly visible street trading, the City of Johannesburg (2009: 3) in its street trading policy states that 'informal trading is a positive development in the micro business sector as it contributes to the creation of jobs and alleviation of poverty and has the potential to expand further the City's economic base'. The City of Cape Town's (2013: 8) policy advocates a 'thriving informal trading sector that is valued and integrated into the economic life, urban landscape and social activities within the City of Cape Town'. Yet in late 2013, the Johannesburg City Council violently removed and confiscated the inventory of about 6 000

[11] Thanks to Glen Robbins for his reflections on the current policy environment.

inner-city street traders, many of them migrants. A group of traders took the City to court and in April 2014 the Constitutional Court ruled in their favour; Acting Chief Justice Moseneke stated that 'Operation Clean Sweep' was an act of 'humiliation and degradation' and that City's attitude 'may well border on the cynical'.[12] Street traders have returned to the streets but their future remains uncertain. The City has commissioned a project to consider alternatives while, at the same time, seeking to declare large inner city areas restricted and prohibited trade zones. Detailed analysis shows that the city has long been ambivalent, if not actively hostile, to the informal economy (Wafer 2011).

Inner-city Cape Town seems to use less draconian, but more systemic exclusion, exemplified by allocating only 410 street-trading bays in the whole inner city (Bukasa 2014) and ongoing harassment of traders throughout the city (Schroeder 2012; SA Breaking News 2013). Although the policy environment differs in different parts of the city and between different segments of the informal economy, the modernist vision of a "world-class city" with its associated antipathy to informality dominates, and informal space and activity is pathologised.

In contrast, Durban was once hailed as having a relatively progressive stance on the informal economy (Lund&Skinner 2004 and Dobson&Skinner). A progressive informal economy policy was unanimously accepted by the Council in 2001 and is still the official policy. The Councils actions however reflect a more ambivalent approach. For example, a 2009 Council-approved mall development at the inner-city transport node – Warwick Junction – threatened 6 000 traders operating there, and it was only halted by a legal challenge (Skinner 2010). In 2013, traders in both the inner city and outlying areas identified harassment by the police as the key business challenge (Dube et al. 2013). In 2015, traders won a legal case challenging the constitutionality of confiscating street traders' goods, forcing the city to redraft the street trader by-laws. Again, the courts were the final point of recourse.

Analysis of references to food in the three cities' policies on informal trade/ economy revealed that none of them mentioned the role of informal retailers in food security. Food was only mentioned when the policies referred to the need to regulate food sellers (especially adherence to the R912 Regulations and the Certificate of Acceptability)[13], which is important in terms of food safety. However, reviews of the toxicology of South African street foods (including Lues et al. 2006; Mboganie Mwangi et al. 2001) found that 'street food vendors in South Africa were capable of producing relatively safe foods, with low bacterial counts', but there is still 'a need for proper hygiene conditions and access to basic sanitary facilities' (von Holy&Makhoane2006: 89). Public health concerns are often used to justify removing informal traders, but municipalities who seek to remove traders are, ironically, meant to – but often do not – provide suitable infrastructure and services to make hygienic provision for street foods. The practice of authorities' highlighting health concerns, when they are responsible for infrastructure that could defray health issues is an intriguing contradiction.

9. CONCLUSION

Analysis of the national, regional and local policy environment for informal operators in South Africa shows that it is, at best, benignly neglectful, and at worse, actively destructive, especially for foreigners. This paper has shown that the informal economy is a vital, if not the main means by which the poor in South Africa attain a measure of food security. If policy approaches do not formally recognise the importance of the informal sector, the negative consequences will not only be shrinking employment and greater reliance on a resource-poor state, but growing food insecurity, manifesting in the short, medium and long term, and placing extra burdens on the state and society.

[12] Findings by Acting Chief Justice Moseneke in the matter between the South African Informal Traders Forum and 1211 additional traders and the City of Johannesburg and others. Case CCT 173/73 and CCT 174/73.

[13] Regulations governing the general hygiene requirements for food premises and the transport of food.

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Legal case

1. South African Informal Traders Forum and Others vs. City of Johannesburg and Others; South African National Traders Retail Association vs. City of Johannesburg and Others (CCT 173/13 ; CCT 174/14) [2014] ZACC 8; 2014 (6) BCLR 726 (CC); 2014 (4) SA 371 (CC) (4 April 2014).