working with informality to make informality work for Africa
WITH URBANIZATION ON THE RISE ACROSS THE CONTINENT AND THE ‘INFORMAL’ CONSTITUTING ITS LARGEST PART, HOW CAN URBAN AUTHORITIES INCORPORATE THE REALITIES OF INFORMALITY INTO INCLUSIVE DEVELOPMENT THAT REDUCES POVERTY AND INEQUALITY WHILE PROMOTING SUSTAINABLE ECONOMIC GROWTH?
GROWTH OF AFRICAN CITIES
Percentage increase, 2010-2015 forecast
African cities are expected to continue growing rapidly\(^1\), with much of this growth taking place in the informal sector\(^2\). To date, policy dialogues have mostly framed the informal sector in terms of disorder and illegality. As a result, informality has been ignored, marginalised and even demonised, despite the fact that at least 66% of non-agricultural employment in sub-Saharan Africa is in the informal sector\(^3\), making up about 50% of many countries' GDP\(^4\).

The idea of what an African city is, and how the informal sector fits into that picture, needs to change. Reforming the formal sector's exclusionary and rigid regulations to enable hybrid solutions that use both sectors' strengths will be key to achieving inclusive and sustainable long-term urban development.

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EXECUTIVE SUMMARY

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Decisions taken now regarding Africa's urban transition will affect the continent's future. The informal sector's resourcefulness must be used if the continent is to move towards a more prosperous, inclusive and environmentally sustainable urban society.
Policymakers and government officials need to:

- Rethink their approach to the urban informal sector, unlocking its opportunities while introducing substantial reforms to exclusionary and rigid formal sector regulations.

- Create platforms for engagement with stakeholders in the urban informal space (street trading associations, youth groups and so on) to make links between the informal and formal economies clearer, and present opportunities to leverage informal sector activities for sustainable development.

- Develop a flexible, hybrid approach that caters to the often unstructured realities of African cities, looks for new opportunities in these realities, and draws on the informal sector’s ingenuity and knowledge.

- Allow informal actors to make major contributions to the urban space and have access to the city’s resources and spaces. The unequal consumption of these resources must be addressed through commitments to reduce inequality.

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1 Pieterse & Parnell 2014; UN-Habitat 2014
2 UN-Habitat 2008, cited by Pieterse 2014: 200-201
3 Women in Informal Employment: Globalizing and Organizing 2014: 1
4 African Development Bank 2013; International Labour Organization 2013: 22
PROJECTED POPULATION DYNAMICS OF AFRICA'S FIVE MOST-POPULOUS COUNTRIES, 2010-2050 (IN THOUSANDS)

AURi POLICY BRIEF NO.2

1 UN-Habitat 2014: 17
2 Pieterse 2014: 201
3 Pieterse & Parnell 2014: 1
4 United Nations Department of Economic and Social Affairs 2011, cited by Pieterse & Parnell 2014: 1
5 UN-Habitat 2008, cited by Pieterse 2014: 200-201
6 Pieterse 2014: 201
7 UN-Habitat 2014: 17
8 Women in Informal Employment: Globalizing and Organizing 2014: 1
INTRODUCTION

African cities are growing quickly, although the exact figures are contested\(^6,8\). After Asia, Africa has the most city dwellers\(^7\). About 40% of the African population is urbanised, with an expected increase to 50% shortly after 2030\(^8\). The majority of this projected increase in city dwellers is expected to occur in the informal sector\(^9\).

“Informality” encompasses all aspects of life, including settlement, services (such as water and sanitation), socio-political organisation, and diverse trade and labour economies. Informal practices exist along a complex continuum, where definitions and functions vary between cities and countries. But there is one constant: the central role informality plays in shaping the lives of most African city dwellers and the cities themselves.

Despite its growing significance, the policy response to informality has been to ignore,\(^10\) marginalise or attempt to eliminate it.

In the context of inadequate and overburdened infrastructure networks and an insufficient tax base, urban authorities attempting to appropriately manage and support the informal sector are faced with what appears to be an impossible challenge\(^11\). But it is in this challenge that solutions lie.

The informal sector already makes up about 66% of the non-agricultural labour force\(^12\) and as much as 50% of GDP in some parts of Africa. It exists in a complementary and mutually dependent relationship with the formal sector, and need not be seen as a “problem”. Yet discriminatory attitudes and policies deprive informal sector actors – who often pay the highest costs to be in the city\(^14\) – of access to the services, institutions, jobs and land they need to develop. Balancing this inequality is possibly one of the greatest challenges in African urban politics today\(^15\).
INTEGRATING THE INFORMAL SECTOR

Authorities need to change the way they think about and respond to the informal sector\textsuperscript{16}. This change begins with understanding that many city planning regulations that define the informal sector are based on colonial bylaws that excluded the urban poor to privilege a small elite\textsuperscript{17}. This legacy of segregation is worsened by a limited vision of what a city must be\textsuperscript{18}: a grid of centralised infrastructure networks with skyscrapers that requires the informal sector to make way for its existence\textsuperscript{19}.

The global South has an opportunity to move away from these narrow definitions and reimagine what constitutes a city. In this new vision, a strict boundary separating the formal and informal is a barrier to sustainable and equitable urban development\textsuperscript{20}. The question that city authorities need to ask about the street trader living in a shantytown is not how to restrict or exclude her, but rather how to create an environment that ensures she can support her children so they can grow to be included in a productive and more equitable society. Informality should not be seen as a problem, but rather as an integral part of whatever future solutions are to be found.

The first step is to re-examine and reform the formal sector’s excessive (often colonial-era) regulations and standards, which “effectively marginalise the majority\textsuperscript{21}”. Removing exclusionary principles from the legal framework to make regulations more flexible and less complicated\textsuperscript{22} is an essential start to integrating the informal.

\textsuperscript{14} Pieterse 2014: 201  
\textsuperscript{15} UN-Habitat 2014: 43-43  
\textsuperscript{16} Pieterse 2014: 204  
\textsuperscript{17} Jenkins 2004: 210; Magure 2015: 12  
\textsuperscript{18} African Urban Research Initiative 2015; UN-Habitat 2014; Watson 2009  
\textsuperscript{19} UN-Habitat 2014  
\textsuperscript{20} Jenkins 2004: 210  
\textsuperscript{21} Ibid.
AFRICAN-LED DEVELOPMENT

The African Union’s 2063 Agenda calls for improving the “livelihoods of the great percentage of people working and living in slums and informal settlements.” This suggests an approach to development that embraces the informal sector as part of the continent’s future.

In this new vision of urban Africa, informal actors are recognised as a major economic resource, with the ability to help reduce poverty and develop social infrastructure.

Platforms for engagement with stakeholders in the urban informal space, such as street trading associations and youth groups, are urgently needed to establish clear links between the informal and formal economies. Local authorities and urban planners should engage with the informal sector so that they can understand and support it, and identify where contributions from the sector can be leveraged for sustainable development. This interaction will also help planners connect national developments like bulk infrastructure to local strategies.

Africa’s people, most of whom have no choice but to rely on the informal sector, should be recognised as important players in shaping a more equitable and sustainable future. Policy can support this by creating environments that encourage people to participate in policy debate on larger urban development agendas.

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22 Watson 2009
23 African Union 2015: 13
24 Lyons & Brown 2007: 4-5
25 UN-Habitat 2014: 52-53
26 Lyons & Brown 2007: 4; Pieterse 2014
27 Pieterse 2014: 206
HYBRID SOLUTIONS

A flexible hybrid policy approach is urgently needed to actively encourage links between the formal and informal sector and create opportunities to use informal activities for sustainable development. Many opportunities for the informal sector could be created by decentralising infrastructure provision and service delivery to create a more competitive market that gets services to all. One solution is to support the development of low-cost, labour-intensive models of service delivery. Innovative approaches can help provide infrastructure and create jobs. Urban planners need to be firm but flexible, ensuring adequate standards are followed in the provision of infrastructure and services, while avoiding unnecessarily rigid approaches.

Local authorities could also regularise informal land markets by acknowledging informal means of land access, such as reciprocity (access through mutual assistance from family and/or friends) and redistribution (where the informal role of traditional governance in distributing land is recognised)28.

BALANCING THE DIVIDE

Over the long term, the informal sector should be absorbed into the formal where possible, but in a way that opens the formal sector up to the informal sector's resourcefulness and ingenuity. Current approaches to stamping out the informal sector in economies that are not yet inclusive merely increase inequality and poverty, and stand at odds with the newly ratified Sustainable Development Goals (SDGs) and the African Union Agenda 2063.

The SDGs call for political commitment to reduce inequality and address unequal consumption. From both a resilience and resource-consumption perspective, local authorities need to consider how to balance the use of city resources. Finding incentives (such as tax cuts and infrastructure support) for property developers to devote a certain percentage of any new building projects to low-income housing, for example, could be considered. Public-private partnerships could also be reconceived in terms that empower African municipalities to improve labour standards and working conditions29.
Africa's informal workers often operate in settings vulnerable to environmental disease, traffic accidents, fire and crime, yet most are unprotected by the institutions responsible for occupational health and safety.

Informal food traders in Ghana participating in a 2009 Women in Informal Employment: Globalizing and Organizing study identified their top health and safety threats as fire, poor sanitation and waste, crime and theft, and physical harassment from local government officials. All of these threats stemmed from problems within local government and/or between local government and trader associations, including:

- Local government departments sharing jurisdiction over health and safety rarely sharing information.
- A lack of platforms for local government and traders to communicate.
- Traders' lack of access to information about laws, policies and regulations.
- Local government’s lack of regulatory power over subcontracted service delivery companies, which compromised the health and safety of traders when firms took actions like sealing off fire hydrants.

Local government is the only governance body in Ghana with the mandate and institutions to ensure health and safety conditions for informal workers in municipal public areas. Closer relationships between national occupational health and safety institutions and municipalities are needed, as well as a rethink of local government regulation of the informal sector. Traders are seen as a public health threat rather than as workers contributing to the economy and requiring protection and support to maintain a healthy and safe environment.

In response to these issues, the trader associations have partnered with a quasi-governmental organisation. The organisation hosted workshops where traders learnt to advocate for their rights with local government officials.

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OCCUPATIONAL HAZARDS

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CONCLUSION

African cities are undergoing a major transition\(^{31}\). Today's policy decisions and investments in infrastructure and institutions will decide the continent's future growth, stability and vitality\(^{32}\). The informal sector is an increasingly dominant reality in Africa\(^{33}\). As such, its continued marginalisation and exclusion is no longer tenable.

Reforming the formal to make it more inclusive will allow local authorities to better understand and use the informal sector for the benefit of all. If approached with evidence, facts and political bravery, this presents a major opportunity to address segregation in city planning\(^{34}\), to contribute to local and national development, and for Africa to take the global lead in developing balanced and sustainable cities\(^{35}\).
REFERENCES


