

INFORMAL LOCAL ROAD PASSENGER TRANSPORT SECTOR

ORGANISATIONAL STRUCTURE,
OWNERSHIP AND DYNAMICS ON
CONTROL

THE INFORMAL ROAD PASSENGER TRANSPORT SECTOR

1. EMERGENCE OF THE INFORMAL TRANSPORT SECTOR
2. CHARACTERISTICS AND DIVERSITY IN THE SECTOR
3. CHANGES TO THE TRANSPORTATION SECTOR AND THE INFORMAL SECTOR
4. SECTOR STRUCTURE AND DYNAMICS

THE INFORMAL SECTOR

- MAJOR PROVIDER OF LOCAL ROAD TRANSPORTATION SERVICES IN DEV COUNTRIES ESPECIALLY AFRICA
- PROVISION OF SERVICES OUTSIDE OF A FORMALLY REGULATED STRUCTURE WHERE OPERATORS AND VEHICLES COMPLY WITH SAFETY, OPERATIONAL AND QUALITY STANDARDS

EMERGENCE OF THE INFORMAL SECTOR

- DEVELOPS TYPICALLY AS A CONSEQUENCE OF THE INABILITY OF THE FORMAL SECTOR TO MEET MOBILITY NEEDS OF COMMUTERS
- COMMENCES ON A SMALL SCALE INITIALLY AS UNAUTHORISED SERVICES
- VERY RARE FOR TRANSPORT AUTHORITIES TO ESTABLISH FRAMEWORKS FOR SUCH SERVICES FROM THE OUTSET
- BECOMES SIGNIFICANT OVER TIME IN TERMS OF SCOPE, PATRONS AND OTHER STAKEHOLDERS
- GAINS TANGIBLE POLITICAL SIGNIFICANCE
- TRANSPORT AUTHORITY MUST ACCEPT ITS PRESENCE AND ENGAGE WITH IT WHEN CONTEMPLATING CHANGE

CHARACTERISTICS AND DIVERSITY OF THE INFORMAL TRANSPORT SECTOR (1)

- **VEHICLE TYPE:** mostly smaller vehicles from minibuses to midibuses, cars as shared taxis, motorcycle based 3- wheelers, motorcycle taxis etc
- **SERVICE TYPE:** regular routes usually between terminals with intermediate stops (sometimes informal), feeder connections with shared taxis and hires at customer's command e.g motorcycles

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CHARACTERISTICS AND DIVERSITY OF THE INFORMAL TRANSPORT SECTOR (2)

ROLE IN HIERARCHY: primary provider of passenger transport services in most African and developing countries

SCALE: significant. Approx 100,000 Danfos (**Lagos**) approx 50,000 jeepneys (**Manila**), approx 10,000 tro-tros (**Accra**)

ORGANISATIONAL FORM: variable, mostly associations with vehicle driver and owner affiliations, highly organised in some cases (South Africa, Ghana) and weak in others (Philippines, Sri Lanka)



CHARACTERISTICS AND DIVERSITY OF THE INFORMAL TRANSPORT SECTOR (3)

- **REGULATION:** Self regulating through formal structures with fairly well defined allocation of work areas (Ghana, South Africa, Brazil)

Authorities involvement basically nominal technical regulation through annual vehicle inspection requirements, sticker payments as income generation activities for Authorities

Some Authority regulation (franchising) in Philippines

CHANGES TO THE TRANSPORTATION SECTOR AND TO THE INFORMAL SECTOR (1)

- **MOTIVATION FOR CHANGES IN INFORMAL SECTOR**
 - **PERCEIVED** AS BACKWARD, WITH POOR QUALITY VEHICLES, UNTRAINED AND RECKLESS DRIVERS WITH POOR SAFETY AND DISREGARD FOR REGULATIONS
 - **VIEWED** AS A NECESSARY EVIL TO BE DISPENSED WITH THROUGH TRANSFORMATION, MARGINALISATION OR ELIMINATION.

MOTIVATION FOR CHANGES



CHANGES TO THE TRANSPORTATION SECTOR AND TO THE INFORMAL SECTOR (2)

- **CATEGORIES OF CHANGES**

- CHANGES TO MARKET STRUCTURE, ROLE OF REGULATOR AND BASIS OF RELATIONSHIPS BETWEEN REGULATOR AND OPERATOR
- CHANGES TO NATURE, FORMAT, OWNERSHIP AND STRUCTURE OF THE OPERATORS AND MEANS OF PARTICIPATION OF PRIVATE SECTOR
- CHANGES TO TYPE, STRUCTURE, QUALITY AND SCALE OF PASSENGER TRANSPORT SERVICES

CHANGES TO THE TRANSPORTATION SECTOR AND TO THE INFORMAL SECTOR (3)

- **BROAD MEASURES AT INFORMAL SECTOR**

- FOCUS ON REGULATION, FORMALISING WHAT IS CURRENTLY PROVIDED
- FOCUS ON SAFETY, SERVICE QUALITY AND IMPROVING VEHICLE AGE/QUALITY
- FOCUS ON INTERNAL STRUCTURE, ORGANISATION, CORPORATE FORM

SECTOR STRUCTURE AND DYNAMICS

(1)

- ORIGINS IN UNAUTHORISED OR ILLEGAL OPERATIONS
- PERCEPTION THAT ADVANTAGE LIES IN MAINTAINING DYSFUNCTIONAL CONDITIONS THAT ALLOWED THEM TO EMERGE AND BECOME ESTABLISHED
- CONSIDERED UNDESIRABLE BY DECISION MAKERS WITH POLICY POSITION TO TRANSFORM, REPLACE OR ELIMINATE
- MARKET POSITION/SHARE ESTABLISHED BY OWN FORCE OF WILL AND NUMBERS
- SECTOR COMPRISING VARIOUS TYPES OF AFFILIATION OF THOUSANDS OF INDIVIDUALS EACH OWNING SMALL NUMBER OF VEHICLES AND RARELY IN THE FORM OF COPORATIONS

SECTOR STRUCTURE AND DYNAMICS

(2)

- BASED ON ENTREPRENEURIAL SPIRIT AND AVERSE TO ANY PERCEIVED EFFORT TO CONTROL OR CONSTRAIN THEM
- CONSISTS OF MULTIPLE DISCRETE STAKEHOLDERS
- STAKEHOLDER GROUPS USUALLY EXISTING IN A STATE OF COMPETITIVE TENSION WITH ONE GROUP SUCCEEDING IN LEVERAGING ADVANTAGE AND GAINING CONTROL

SECTOR STRUCTURE AND DYNAMICS

(3)

FRAME WORK OR CONTEXT CHANGES MAY
ALTER BALANCE OF POWER LEADING TO
INCUMBENTS RESISTING CHANGE

STAKEHOLDERS IN THE INFORMAL TRANSPORT SECTOR

- ☐ ASSOCIATION OFFICIALS AT NATIONAL, REGIONAL AND LOCAL LEVEL
- ☐ ORGANISERS AT TERMINALS AND STOPS, SERVICE MANAGERS AND ENFORCERS
- ☐ VEHICLE OWNERS
- ☐ VEHICLE FINANCIERS
- ☐ VEHICLE SUPPLIERS
- ☐ DRIVERS
- ☐ CONDUCTORS
- ☐ VEHICLE MAINTENANCE AND SPARE PARTS PROVIDERS
- ☐ FUEL PROVIDERS
- ☐ DECLARED FRANCHISE/PERMIT HOLDERS
- ☐ BACKGROUND FRANCHISE BENEFICIARIES
- ☐ BENEFICIARIES WHO EXTRACT FINANCE FROM SECTOR
- ☐ POLITICAL BENEFICIARIES

OWNERSHIP AND CONTROL WITHIN THE INFORMAL TRANSPORT SECTOR (1)

- VAST MAJORITY OF VEHICLES OWNED BY PEOPLE WITH LESS THAN FIVE VEHICLES
- VEHICLE OWNERS WITH VERY LITTLE TRANSPORTATION EXPERTISE AND VIEW CONTRIBUTION AS INVESTMENTS
- VEHICLE OWNERS NOT FULL TIME EMPLOYED IN THE TRANSPORTATION BUSINESS

OWNERSHIP AND CONTROL WITHIN THE INFORMAL TRANSPORT SECTOR (2)

- **IMPLICATIONS:**
- CREATES SPACE FOR FULL TIME OFFICIALS TO ORGANISE THE INFORMAL TRANSPORT SECTOR
- OWNERS EXTREMELY FRAGMENTED WITH NO BASIS TO INTERACT WITH EACH OTHER
- OWNERS MAKE ARRANGEMENTS WITH DRIVERS TO HIRE VEHICLES FROM THEM WITH LITTLE CONTROL OVER PREVAILING PRACTICE AND RATES

OWNERSHIP AND CONTROL WITHIN THE INFORMAL TRANSPORT SECTOR (3)

IMPLICATIONS:

EMERGENCE OF CONTROLLING CADRE(**ORGANISERS
AND BENEFICIARIES**) WITH CONTROL OVER

➤ **PROVIDERS OF FINANCE** (FRAGMENTED VEHICLE OWNERS)

➤ **PROVIDERS OF LABOUR** (FRAGMENTED DRIVERS AND OTHER STAFF)

OWNERSHIP AND CONTROL WITHIN THE INFORMAL TRANSPORT SECTOR (3) (ORGANISERS AND BENEFICIARIES)

ADVANTAGES

- PROVIDE ORGANISATIONAL AND OPERATIONAL MANAGEMENT CAPACITY
- MAINTAIN MARKET CONDITIONS TO ENABLE CONSIDERABLE RETURN ON INVESTMENTS IN SECTOR
- OFFER GAINFUL EMPLOYMENT
- MEET MOBILITY NEEDS PREVIOUSLY NEGLECTED BY FORMAL SECTOR

DISADVANTAGES

- EXTRACTIVE
- HINDER DEVELOPMENT OF SECTOR INIMICAL TO THEIR INTERESTS
- CANNOT BE IGNORED IF REFORMS ARE TO BE SUCCESSFUL

CHANGE IMPLICATIONS FOR THE INFORMAL TRANSPORT SECTOR

- **STAKEHOLDERS PERCEIVED PARTICIPATION IN CHANGE**
 - **PROVIDERS OF FINANCE** (used to mobilise operating resource and capacity) Can participate in the sector and make reasonable returns
 - **PROVIDERS OF LABOUR SERVICES** (drivers, conductors, terminal staff, maintenance workers etc) subject to skill development will be required in any transportation regime
 - **ORGANISERS AND BENEFICIARIES** (Officials, facilitators, background controllers and beneficiaries) do not bring any resources and highly dependent on status quo continuation and may not be required

KEY ISSUE !

**THOSE WHO CONTROL THE INFORMAL SECTOR
ARE THOSE WHO ARE MOST THREATENED BY
CHANGE !**

HOW DO WE DEAL WITH THIS?

TRO-TROS IN GHANA





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