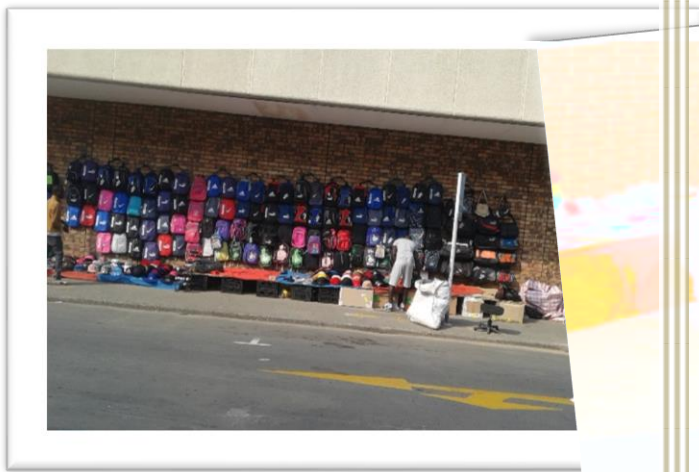




2015



# Understanding Northern Cape Informal Economy

Kimberley Central Business District - Street Traders

**Research and Development**

**Department of Economic Development and Tourism**

**Northern Cape**

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## 1. Background

Over the last decade, both national and local governments have realised that the informal economy has become a crucial factor in economic development, particularly in developing and emerging countries, and that it offers significant job and income generation opportunities (SA LED Network, SALGA & LEDNA, 2012). In South Africa, the informal economy forms a key component of strategies to address unemployment, poverty and creation of sustainable livelihoods. This is to the extent that the sector serves as a buffer between employment and unemployment. It is therefore imperative that policy frameworks and strategies aimed at the informal economy must be developed as a matter of priority. Such policy framework and strategies ought to be cognisant in not hampering the potential of the sector for economic growth.

According to the Quarterly Labour Force survey published by Statistics South Africa, there were 2, 4 million people in South Africa active in the informal economy (excluding the agricultural sector) in the first quarter of 2015, as compared to the 10.7 million in the non- agricultural formal sector (Statistics South Africa, 2015). Hence it is unanimously contended that without the informal economy, both the provincial and national unemployment rates would be much higher than the current estimates.

Whilst the importance of the informal economic sector cannot be disputed, the negative effects it poses to the overall economy also cannot be disregarded. For instance, unregistered and unregulated informal economic activities are a potential source of tax evasion and create an unfair advantage over the formal sector. At the same time lack of or poor appropriate regulations are also closely associated with lower labour, health and environmental standards (United Nations Human Settlements Programme, 2006). Furthermore, informal economic activities in urban areas, notably street vending, occasionally exacerbate congestion in city centres.

As a result of the negative aspects of informality, national governments and municipal authorities in many countries have tended to regard the informal economy as undesirable. However, whilst there has since been a notable transition from this stance specifically in the national and provincial government spheres in South Africa which have led to the necessary recognition of the informal sector, the same cannot be said of local government. Various municipal by-laws still adopt a non-developmental approach particularly in respect of street traders. Furthermore, perceptions of the informal economy, both within municipalities and some formal businesses continuously contribute to the marginalisation of the informal economy in official planning and economy strategy documents.

The informal economy is most often considered by municipal planners as a spatial problem (i.e. where to locate informal trading zones) rather than as an integral part of the local economy and a key factor preventing even higher levels of unemployment (SA LED Network, SALGA & LEDNA, 2012). It is thus crucial that the transition seen in national and provincial government spheres infiltrates to the local government sphere such that municipalities expedite the development of innovative, inclusive and supportive policies and regulatory frameworks that recognise the value of the informal economy and the people working in this field.

In fair realisation of the fact that national and provincial spheres often necessarily fall outside the operating environment or parameters facing the informal sector, the responsibility lies with the local economic development practitioners to collectively

embrace and acknowledge the informal economy in the development of local economies and poverty alleviation.

The research and development unit recently conducted a survey with the street traders in the Kimberly CBD. The report captures findings of this survey, in anticipation that, firstly consideration will be given to the challenges respondents indicate. Secondly, possible tensions existing between local authorities and street traders. And lastly, that this report will be invaluable in crafting provincial interventions aimed at addressing the blockages and growing the informal economy.

## 2. Study Purpose

Regional Enterprise Development Support unit within the Department of Economic Development and Tourism (DEDaT) indicated the need of undertaking a research study on understanding the informal economy in the Northern Cape to the Research and Development (R&D) Unit. R&D viewed this research need as a priority particularly given the expectation on local governments in South Africa to embrace a more developmental approach towards the informal economy, especially informal trading.

In full recognition of DEDaT's mandate of creating a conducive environment for economic growth in the province, the research study on understanding the informal economy in the province is expected to enable stakeholders and policy makers to develop policies, legislation and strategies that take into consideration the importance of the informal economy in addressing unemployment and sustainable livelihoods as well as challenges faced by the participants (especially municipalities and informal traders). The study will thus help the department and stakeholders to introduce appropriate interventions to support informal economy operators.

## 3. Research Methodology

The research team used both secondary and primary research methodologies to undertake the study. Reviewing various case studies and documents relating to informal economy in South Africa and abroad.

For primary research, the team drafted two (2) structured questionnaires- one for Sol Plaatje Local Municipality (SPM) and the other one for informal street traders/ vendors. It was important to consider both role players (that is the regulator and operator) in the municipal informal economy.

Informal economy comprises of various activities and roleplayers, however, due to resource constraints (e.g. Time, human and financial), the research team took a decision to interview only informal street traders in the Kimberley Central Business District. Supplementary work could be undertaken provided the necessary Programme addresses the mentioned resource constraints. The survey administered with the street traders will thus serve as a baseline study in understanding the informal economy in the province.

According to the SPM By-laws, *Street trader is defined as a person who does business in, at or from a public place but shall not include a person selling newspapers. In addition, Public place includes any land, park or open space, road, street, sanitary passage or thoroughfare, bridge, building or structure which is used by the public and is the property of the municipality.*

Research team conducted face-to-face interviews with informal traders and questionnaires were completed. The, questions were written in a simple and basic manner taking into

consideration respondent's literacy levels. The questionnaire covered various issues including type of products they sell, permits, basic infrastructure, reason for starting the business etc. Moreover, the municipal official in the SPM responsible for the informal traders or informal economy was sent a questionnaire via email and had to complete and sent back to research team. Some of the areas addressed by the questionnaire included the challenges the municipality is facing regarding informal traders, by-laws, designated areas, permits and infrastructure development for street traders.

It must be mentioned that the team faced reluctance from some traders who indicated they were too busy to participate in the survey, as well as reluctance in answering certain questions such as revenue related. But In the overall, the survey can be considered a success.

#### 4. What is Informal Economy?

It is imperative from the onset to have a definition of informal economy. In June 2002, the International Labour Conference (ILC) adopted a resolution and conclusions concerning decent work and the informal economy that defined the informal economy broadly as “*all economic activities by workers and economic units that are -in law or in practice- not covered or insufficiently covered by the formal arrangements*”.

The broadened term- informal economy rather than informal sector, took account of the considerable diversity of workers and economic units, in different sectors of the economy and across rural and urban contexts that are particularly vulnerable and insecure (Economic Development Department, 2015).

While there are disagreements on the definition of the informal economy, most definitions nevertheless emphasise the following characteristics:

- *Small scale, low level of organisation and low productivity*
- *happens outside of state licencing and regulation framework*
- *legal and economically sound activities*

These characteristics are reflected in the classical 1993 International Labour Organisation (ILO) definition of the informal economy:

“The informal sector is broadly characterised as consisting of units engaged in the production of goods and services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organisation, with little or no division between labour and capital as factors of production and on a small scale. Labour relations- where they exist are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangement with formal guarantees”.

Therefore, the term “informal economy” refers to a wide range of economic activities and participants, from home-based activities to street trading from waste collectors to small service businesses, each with its spatial specificities and linked into the formal economy in different ways. Each municipality should attempt to understand and acknowledge the informal economy in it's entirety (South African Local Government Association (SALGA), 2012).

## 5. Policy review

### 5.1 National Development Plan

According to the National Development Plan (NDP), South Africa needs faster growth and more inclusive growth. Key elements of this strategy include raising exports, improving skills development, lowering the cost of living for the poor, investing in a competitive infrastructure, reducing the regulatory burden on small businesses. The informal economy is assumed to fare relatively well during crises and provides a cushion for those who lose formal sector jobs or need to supplement their formal incomes during crises. In addition, nearly 80 percent of small businesses in South Africa offer retail services and the remaining 20 percent provide services (National Planning Commission, 2012).

The NDP advocates that there is also little support for the informal economy, while township economies are unable to retain local spending power or attract productive investment. The challenge is to create a more enabling environment for small enterprises to grow, expand their operations and employ more people and secondly, to create conditions under which start-ups can flourish and more entrepreneurs enter the market. Interventions to support these outcomes will be mutually reinforcing for the sector. The current weakness of the NDP is that it is silent on proposing interventions to address the challenges it cites as facing the informal economy in the country.

### 5.2 National Informal Business Upliftment Strategy

The National Informal Business Upliftment Strategy (NIBUS) was developed by the Enterprise Development Unit of the Broadening Participation Division of the Department of Trade and Industry (the dti) in 2012 and 2013 to address the development void identified at the lower base of the Small, Medium and Micro Enterprise (SMME) and Co-operatives Development strategies. The dti developed the strategy specifically to target entrepreneurs in the informal economy. This sector has been identified as critical in addressing the key development goals of the Government, namely sustainable livelihoods (poverty), job creation (unemployment) and equality (inequality).

Moreover, NIBUS is the culmination of years of work by government, the private sector, and relevant stakeholders into how better to assist and use informal businesses to strengthen the economy. The main focus of the strategy is not so much to formalise these businesses, but to provide them with much-needed assistance. More than two million South African informal businesses are expected to benefit from this initiative.

These are entrepreneurs who need funding and equipment and do not yet qualify for programmes that are aimed at the formal small business sector. The strategy advocates that business owners be developed to a graduation point wherein they have the option to register and thereby qualify for better opportunities.

The **implementation** of the Informal Business Upliftment programme will comprise the following instruments, which will be phased in at different intervals:

- I. **Shared Economic Infrastructure Facility (SEIF)** - This will cover the funding of a common infrastructure that is new or upgraded, maintained and shared by an agreed number of informal businesses, SMMEs and co-operatives. It is a 50:50 cost sharing grant to a maximum of R 5 million and it is proposed that SEIF be administered under the Critical Infrastructure Programme (CIP), which is one of the dti's incentives schemes. The Project has been rolled out nationally and the municipalities can apply to participate in the implementation of the SEIF.

- II. **Informal Business Upliftment Facility (IBUF)** - To be targeted at informal businesses and prioritising women, youth and people with disabilities owning businesses based in townships, rural areas and depressed areas in town and cities.

**Eligible activities:**

- Skills development (technical, business and computer skills etc.)
- Marketing and branding (promotional material, brochures, signage etc.)
- Product improvements (standards, quality, recipes, manuals etc.)
- Technology support (software procurement, installation, point of sale etc.)
- Stock, raw materials, supplies etc.
- Tools, machinery and equipment ( heavy, fixed and immovable)
- Basic compliance (business registrations at municipalities or CIPC, tax, UIF, PAYE, Accreditation, licensing etc.)
- Up to R60 000 worth of assistance and support per enterprises at the lower end

**Municipalities (Eligible activities)**

- Capacity development for delivery
- Skills development (LED, policy etc.)
- Upgrade or development of shared economic infrastructure
- Human resources support
- Technology (database system to capture informal businesses) etc.

According to the DTI, the IBUF is not yet implemented as they are finalising the guidelines before rolling out the project nationally.

In addition, there is also **Informal Traders Upliftment Project (ITUP)**, the aim is to develop capacity of informal traders/retailers to increase the competitiveness of local traders and develop decent jobs within the sector.

**Eligible activities**

- Training of 1 000 informal retailers over 18 months in the pilot phase
- Skills development and equipment ( infrastructure) upgrading for beneficiaries of the training

**5.3 Sol Plaatje Local Municipality (Street Trading Control By-Law, 2006)**

Municipal By-Laws are used to provide for the control and regulation of street trading in the municipality. This By-Law covers various issues like application to trade, designated areas and hours of trade, general conduct of street traders, restrictions and penalties for offences by street traders. According to SPM, no person shall do business as a street trader-

- a) ~~only~~ ~~with~~ the prior written permission of the Municipality and in accordance with the conditions set out in the permissions;
- b) unless he or she is a South African citizen or has been granted the right of permanent residency or a work permit by the immigration authorities;
- c) Outside a designated area; and
- d) .# 0 0 0 1 131.3 455.71 Tm(t)5(ec)-2(hn)5(o)4(lo)6(gy)(ig)4(rat)6(io)7(n au)5(t)5(ho)7426(ec)M(11)T





## UNDERSTANDING NORTHERN CAPE INFORMAL ECONOMY

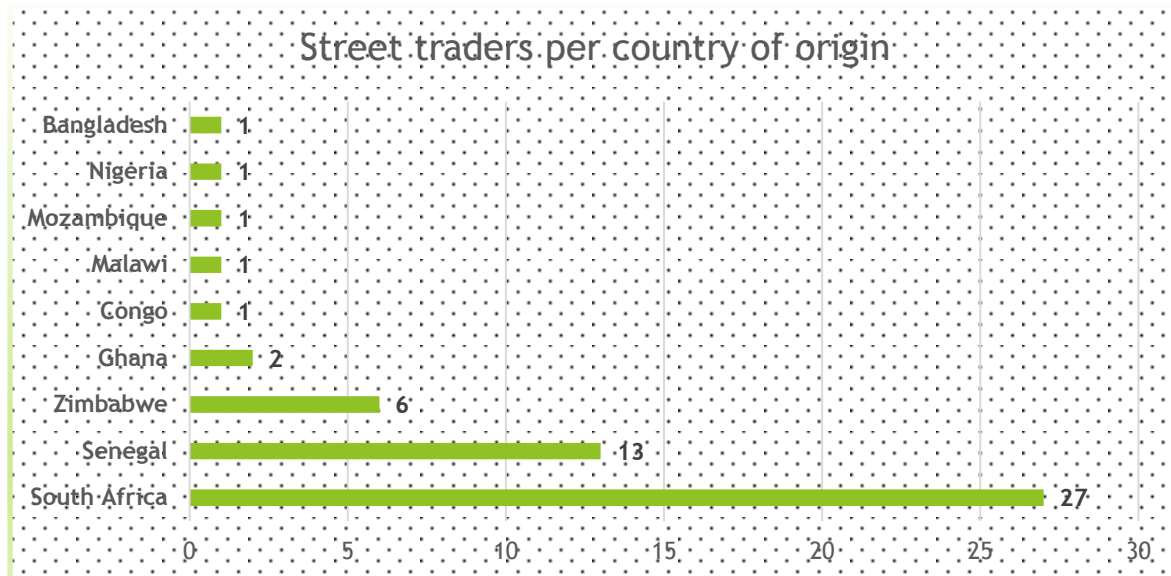
35-44	18	34.0%
45-60	15	28.3%
60 +	1	1.9%
<b>Total</b>	<b>53</b>	<b>100.0%</b>

Source: (Research and Development Unit, 2015)

Figure 6.2 illustrate the number of street trader per country of origin. This information is crucial as it indicated the proportion of traders that are from foreign countries and the necessity this present towards appropriate interventions if need be. For example, only South African citizens will be eligible to receive assistance from the National Informal Business Upliftment Programme, and if the trader profile in the Northern Cape will therefore lead to growth in the informal economy.

The majority (27) of street traders interviewed are South African, followed by Senegalese nationals (13) and Zimbabweans (6). Other street traders come from countries such as Bangladesh, Nigeria, Mozambique, Malawi and Congo.

**Figure 6.2 Street traders per country of origin**

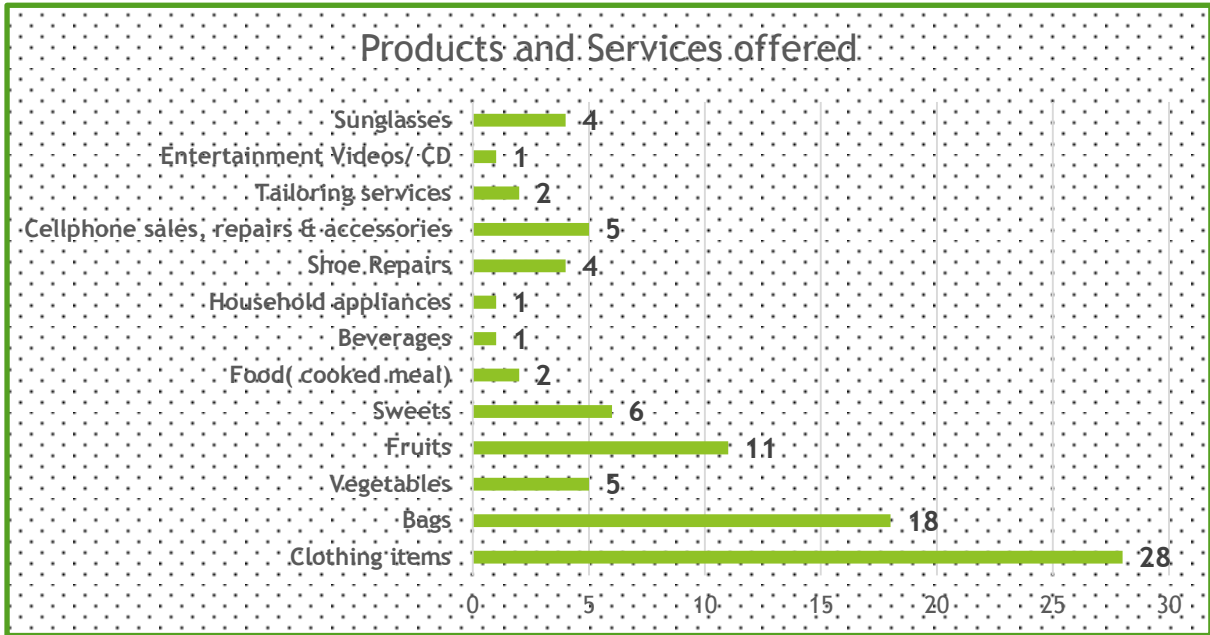


Source: (Research and Development Unit, 2015)

### 6.2 Operations

Retail activity dominates South Africa's informal economy with trade of goods and services being the most important sub-sector (SA LED Network, SALGA & LEDNA, 2012). Figure 6.3 below depicts the products and services offered by the street traders that were interviewed. The majority of traders sell clothing items (28) and bags (18), followed by fruits (11), sweets and vegetables. Five (5) street traders offer Cell phone sales, repairs & accessories.

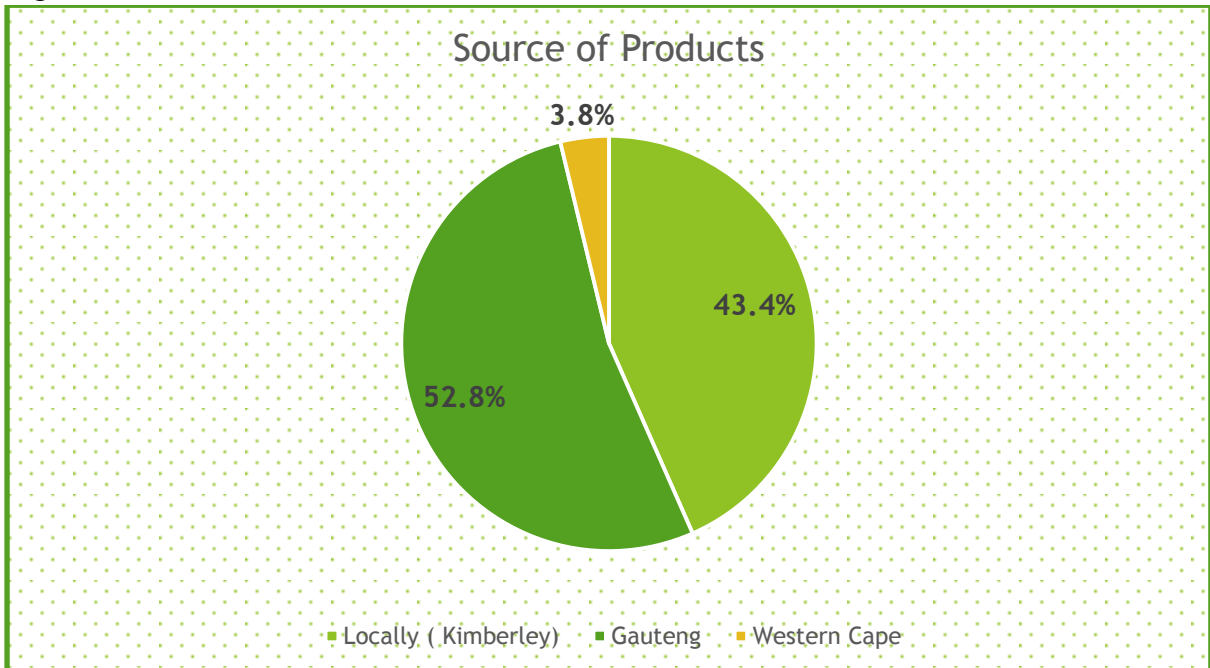
**Figure 6.3: Products and services offered**



Source: (Research and Development Unit, 2015)

Based on Figure 6.4 below, 52.8% of products sold by street traders are sourced from Gauteng, while 43, 4% are sourced locally in Kimberley and the remainder 3.8% are sourced from Western Cape. Most products sourced from Gauteng are Clothing items and bags while products sourced locally include among others fruits and vegetables. **Moreover, all products are sourced from Gauteng can be manufactured locally. This represent an opportunity for manufacturing low quality and affordable clothing items and bags in the province and this will also reduce transportation costs incurred by street traders to travel to other provinces like Gauteng.**

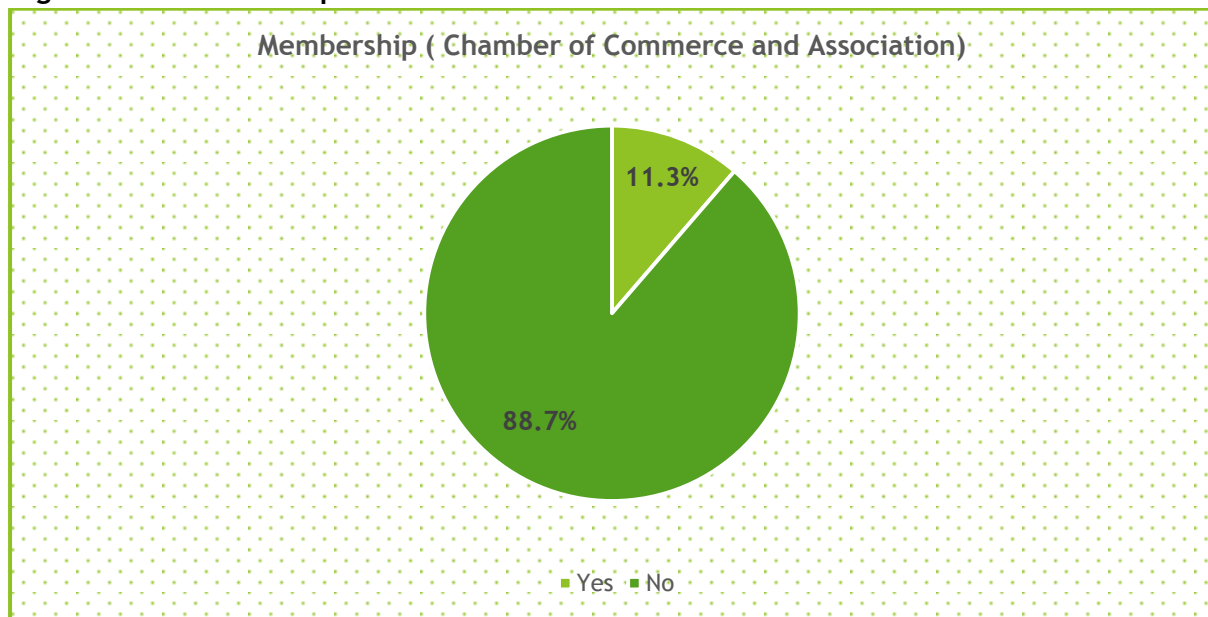
Figure 6.4: Source of Products



Source: (Research and Development Unit, 2015)

Moreover, based on Figure 6.5, only 11.3% of the street traders interviewed responded that they belong to a particular business association or group and the majority **88.7% are not members of any association**. The Senegalese nationals have their own business association or support group, they use the same warehouse or storage to store their products unlike their South African counterparts who are not organised and operate individually. In most cases, the South African traders have to transport their products daily from home to their operating space, incurring daily transport costs. According to the SPM they encourage traders to form or organise informal traders associations. This is crucial as the municipality would be able to communicate with traders more effectively and address challenges swiftly than on the current individual basis.

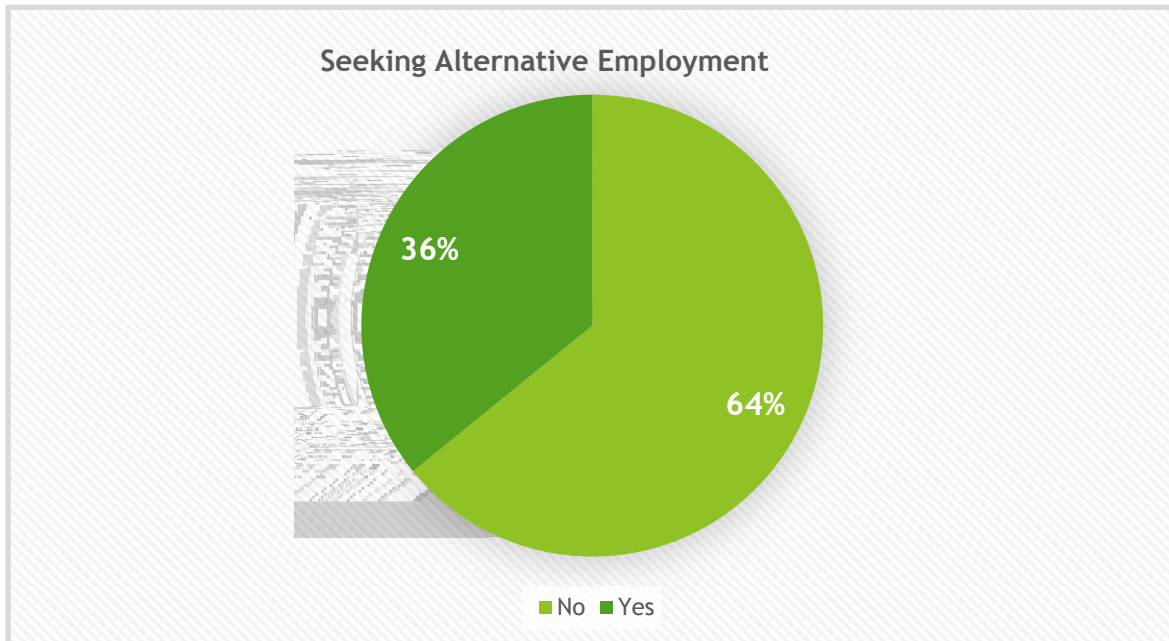
**Figure 6.5: Membership of chamber of commerce or business association**



Source: (Research and Development Unit, 2015)

Moreover, the street traders were asked what motivated them to start their business, the majority of them said they **could not find employment** and it was the easiest means to support their family and in addition, few of them said they always wanted to be their own boss. Furthermore, based on Figure 6.6, the majority (64.2%) of the traders mentioned that they were committed to their business venture and they are not seeking alternative employment. However, 36.8% responded that if they find a suitable job they are willing to work. In most instances, street traders from foreign countries said they are not looking for any employment and want to grow their businesses; these entrepreneurs have been involved in trading for most of their lives.

**Figure 6.6: Seeking Alternative Employment**



Source: (Research and Development Unit, 2015)

### 6.2.1 Permits

One of the burning issues that the street traders were very vocal about is the applications' processing of permits. According to the Sol Plaatje Street Traders Control By-law, no person shall do business as a street trader, except with the prior written permission of the Municipality and in accordance with the conditions set out in the permission. That said, the majority of street traders interviewed said they experience delays from Municipality when applying or renewing permits which ***affect their business and income generation.***

The Municipality by-law stipulate that the Municipal Manager must consider the application and grant or refuse permission ***within 30 days after the receipt of the application;*** which according to the street traders is not practiced. Majority (34 street traders) responded that they have valid permit to operate but some cited that they have temporary permits (valid for 3 months only). However, 19 traders indicated they did not have permits and were still awaiting the Municipality to renew or issue permits. Operating without permits places the traders at risk of goods confiscation by law enforcement officers. The general consensus among street traders is that **the Municipality is not helpful in terms of issuing and renewing permits.** Few South African informal traders expressed their anger towards their foreign counterparts and they feel that foreign traders are accorded special treatment by the Municipality. One of the traders said that because foreign traders have money, they bribe Municipal officials to expedite permits applications and renewal process. This warrants necessary investigation by the Department and provincial government.

Moreover, 29 traders indicated being familiar with by-laws and the remainder (24) said they were not that familiar with municipal by-laws; which suggest that the Municipality must ensure that all street traders are familiar and understand By Laws to avoid confiscation of goods and payment of fines. Generally, the street traders emphasised that they have a good relationship with law enforcement officers, provided they (traders) have the necessary permits and do not sell counterfeit products like CDs, entertainment videos etc.

### 6.2.2 Access to Shelter and basic services

Moreover, one of the challenges that the street traders face is access to proper shelter/ building and storage facilities. Almost all of the street traders interviewed cited this as a big challenge and it affects their livelihood and revenue. One trader said in rainy days they cannot operate and as a result they lose income that was supposed to be generated on that day. In addition, Irvin (*former prisoner and informal trader selling Fruits at Last Stop Taxi Rank*), Said “*my products are damaged by sun because I don’t have proper shelter and I also have to transport my products daily from home and spent lot of money because I don’t have a safe storage space*”.

Furthermore, majority of traders said they don’t really need electricity as they are resellers. However, ***the informal traders emphasised strongly that they don’t have access to water and sanitation***, they have to buy water from other shops or bring water from home. This is a huge challenge as it can have health consequences, especially lack of sanitation. Municipality must find ways to provide traders with water and sanitation even if it based on user-pay principle.

### 6.2.3 Assistance required by the informal street traders

During our interactions with street traders, the Research team posed a question of what type of assistance traders require in order to operate optimally and successfully.

Their responses are as follows in order of importance:

- a. **Financial assistance:** the majority of street traders mentioned that if they receive financial assistance then they will be able to buy enough stock and equipment required for successful operation of their respective businesses.
- b. **Expedition of permit application and renewal processes:** As alluded to in the previous section, the traders feel that the Municipality is unnecessarily delaying the processing of permit to trade and they require the Municipality to process their application timeously.
- c. **Access to shelter, storage facilities and basic services:** Most of the informal traders interviewed operate without proper shelter/ building and have no storage facilities which can exacerbate the operational costs by transporting products to and from home on a daily basis. Some of the traders suggested that the Municipality can build shelter for traders and they can pay an affordable monthly rental and the shelter remains the property of the municipality. The shelter can be equipped with basic services like water.

The research team noted that in most cases the South African informal traders mention that they required financial assistance vis-a-vis their foreign counterparts; who only require the permit application process and renewals to be expedited.

Moreover, providing financial assistance to informal traders must be carried out with caution, within stringent guidelines and proper monitoring as it can lead to wasteful expenditures and abuse by traders not using the money to expand their businesses.

### 6.3 Skills

The street traders were asked what type of skills they require in order to manage the business successfully, this was an open-ended questions whereby traders can choose more than one skill.

Figure 6.7: Skills requirements



Source: (Research and Development Unit, 2015)

Based on the figure above, 15 street traders mentioned that they need **financial management/ cash flow management** skills in order to manage their business successfully, they also pointed out it is difficult to manage money they receive daily and some end up without having money to buy stock. That being said, it will be worth considering for government and related stakeholders to give informal traders financial management training. Secondly, other traders identified **general business management** as a important skill for them to run their enterprises profitably. In addition, a sizeable number of traders (15) said they don't need any skills, they are doing fine with their knowledge. Furthermore, 8 traders did not respond to this question even after the research team tried to explain the question further.

Furthermore, six (6) out of 53 street traders said they have received some form of training; only two were offered by the Sol Plaatje Local Municipality. The remainder (47) have not received any training or workshop from the Municipality or relevant stakeholders; which represent a “gap” that need to be addressed.

### 6.4 Employment

Based on the survey, **32 or 60%** of street traders interviewed operate and manage their businesses alone. This is attributed to the size of the business, scale of operations and revenue that do not allow them to hire helpers or workers. In total over **85 people<sup>1</sup>** operate or work in the informal trading market in the Kimberley CBD area. This is the number the research team obtained after interviews with traders and it include owners

<sup>1</sup> Based only on the street traders interviewed

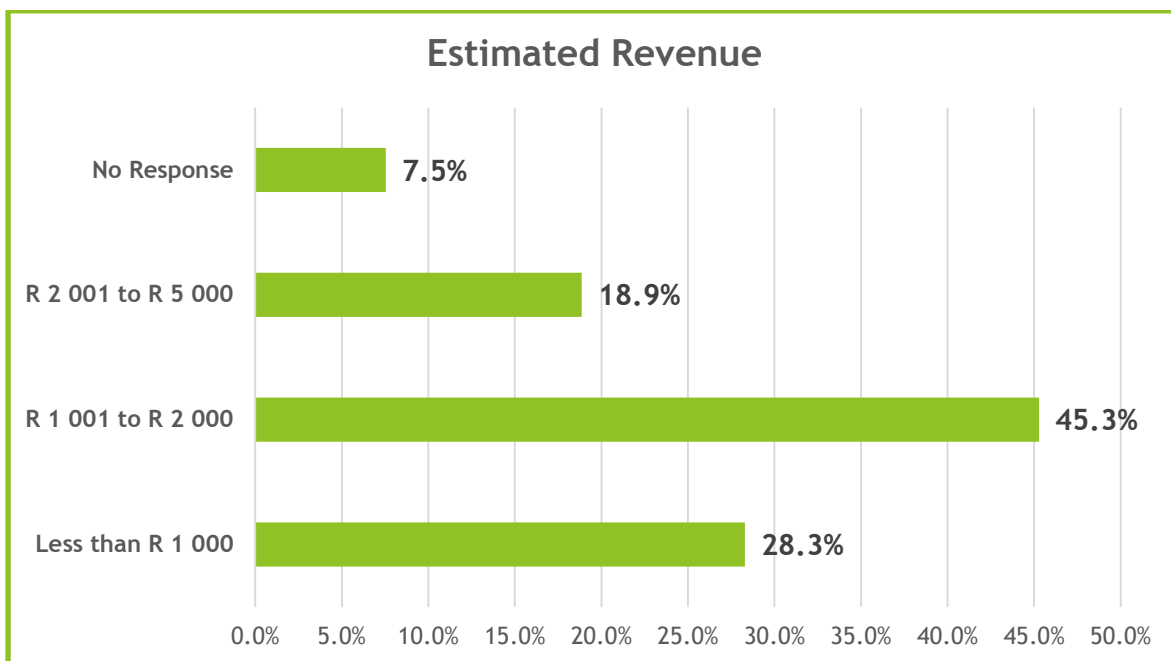
and helpers/ assistants. However, it must be noted that the actual number of informal trading participants might be higher than the reported number as some of the informal street traders were not interviewed due to reasons explained in Section 3. According to traders they are willing to hire more workers or helpers only if their business operations expand and sales improve.

### 6.5 Revenue

The primary reason for the existence of informal street trading is to generate income in order to support their families and make profit. Hence, the research team saw it fit to include a question on revenue in order to understand their financial position. Based on Figure 6.8 below, the majority of traders (45.3%) estimated that they earn between R 1 000 and R 2 000, while 28.3% generate less than R 1 000 per month. Furthermore, 18, 9% responded that they make between R 2 001 and R 5 000 every month and 7.5% were not comfortable with answering this question and therefore constituted a no response.

By and large, all the street traders interviewed estimated their income below R 5 000, however the accuracy of their estimates cannot be verified because most of them do not keep records of sales. They also emphasised that their income fluctuates daily, where some days you generate lot of money and the other day nothing or less.

Figure 6.8



Source: (Research and Development Unit, 2015)

Based on our observations, the majority of traders lack skills in cash flow management, stock management and record keeping. One of the traders said, sometimes they don't have money to buy stock because they have used that money to buy household essentials. Hence, we suggest that traders must be skilled in financial management as it is important to the survival of their businesses. Moreover, it was noted that the majority of traders do not have a clear forward-looking plan for their business and were not able to explain where they would like to see their business in five years' time. Only few informal traders said they want to have their own shops and supply to bigger market.

## 6.6 Municipal Plans for the Informal Economy

According to the SPM, the Integrated Development Plan (IDP) dictates that Local Economic Development must focus on the support and development of informal trading activities, however, their support is non-financial in nature and they endeavour to respond faster to applications by traders. However, based on our interactions with traders they cited delays on the part of the Municipality regarding operational permits.

Regarding the implementation of the National Informal Business Upliftment Strategy the Municipality indicated that the DTI has identified few areas to pilot the project and Sol Plaatje was not chosen and thus the programme will only be implemented in their jurisdiction once DTI has rolled the programme over to Northern Cape. However, based on interactions with the DTI and Department of Small Business Development, the Shared Economic Infrastructure Facility (SEIF) and Informal Traders Upliftment Project (ITUP) has been implemented nationally and all municipalities are encourage to apply to participate.

Moreover, in term of training the Municipality has offered training on the Informal Trade Upliftment Project to 27 candidates from 29 June 2015 and 10 July 2015. In addition, the Municipality and University of Pretoria collaborated on offering continuous education training for 100 informal traders in Ritchie for a period of 2 days.

Some of the challenges that the Municipality cited relating to informal trading include among others, overtrading, going forward, the Municipality proposes to develop Informal Trading Policy. The Municipal representative acknowledges that issues relating to the informal economy are not adequately addressed in Municipal documents (i.e. IDP, LED).

Lastly the Municipality said some of the challenges they encounter when dealing with informal economy participants include overtrading, enforcement, littering, and tension about foreigners seeking work and public health hazards among others.

## 7. Conclusion & Recommendations

The survey covered one of the many economic activities included in the informal economy, which is street trading in the Kimberley CBD area. A positive observation is that majority of products traded in the CBD fall within the manufacturing sector, specifically clothing and textiles. However, that the traders source these from outside the province presents a key opportunity for local production within the province, which would support development of manufacturing as a sector.

Based on the responses, one also observes that street trading is gender biased to males, and age biased to the elderly. The survey acknowledges the significant role of the informal economy in employment provision and generation and its function as buffer between employment and unemployment. In a province plagued with high youth unemployment levels, there is a need to re-engineer the sector bias in support of the vulnerable groups, the youth and women.

Concerning the operating environment, the survey findings largely point to the regulatory framework (specifically by-laws) hindering growth of the informal economy, particularly so



given that the municipal role is regulatory. Traders unanimously cite the non-provision of operating spaces and water and sanitation services as impeding to their growth as they incur transportation costs associated with daily stock transportation. On the other hand, the municipality states health hazards as their challenge in dealing with the informal sector. Sol Plaatje Municipality should therefore consider supporting the informal economy through operating space and essential basic services. Whilst the for provision of operating spaces will support the informal economy, it would eliminate most of the challenges cited by the municipality particularly overtrading, littering and potential public health hazards. Operating spaces would also assist with enhancing municipal revenue.

The municipal regulatory function is not effectively implemented. Sol Plaatje Municipality by-laws stipulate that the Municipal Manager must consider the application and grant or refuse permission within 30 days after the receipt of the application; which according to the street traders is not practiced. Municipality practises must be in compliance to their Street Trading Control By-Law. Traders indicate that the municipality is inefficient in terms of issuing permits and renewal; to their detriment as they are then compelled to trade illegally. This inefficiency points to a need for improvement in the municipal administration processes in support of the traders/informal sector. Furthermore, regular interactions are essential between the municipality and traders, beyond applications' stage as currently is the case. Failure to do so implies unfair practice by the municipality and a disabling operating environment to the informal economy.

The survey also reveals to a better organised foreign national informal community in Kimberley, thus having competitive advantage over their local counterparts. It is however concerning that municipal processes also seem to be biased towards the foreign national traders. Traders cite bribes as a means to ensure expedition of permit application processing for foreign nationals which places them in a better compliance position. The Municipality alludes that there are tensions between the foreign and local traders and concedes that there is a need for organised informal traders associations for local traders for effectiveness of the informal sector. The unfair advantage and biased practises unfortunately hinder the growth of the sector in the overall.

The prevalent lack of essential skills for survival and growth of traders is worrisome and also a key finding. Informal traders interviewed generate monthly revenue of less than R 5000, with majority of them generating income between R 1000 to R 2000. Cash flow management or lack thereof implies that majority of traders operate for survival/subsistence with bleak future growth prospects. This is seen through failure to re-invest income in the business but instead usage of such to cover household and living expenses. Relevant stakeholders (NYDA, Department of Economic Development and Tourism, SEDA and Municipalities) must offer relevant training to informal economy participants including financial management and cash flow management skills.

Whilst most of the findings are specific to Sol Plaatje Municipality, the general conclusion is that to the extent that it is relevant, this report be used as a baseline in assessing and re-engineering the informal economy in the province. Issues relating to informal economy appear to be inadequately addressed in local government planning documents (i.e. LEDs and IDPs) and there is a need for provincial government to drive the vital paradigm shift in terms of how municipalities view or treat the informal economy participants. Also, the general support needs cited by the traders should be seriously considered. The potential

of the informal sector in creating employment and alleviating poverty cannot be downplayed hence the recommendation.

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