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**INFORMAL SECTOR CONTRIBUTION TO SUSTAINABLE
LIVELIHOODS IN KHAYELITSHA, CAPE TOWN**

by

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DEDICATION

I would like to dedicate this study to my late father Julius Bhekindlela Thwala, who passed on in 1984. His entrepreneurial wisdom and skills remain a source of inspiration to me. In the early 1980s, he managed to break the systematic racial boundaries which were established to impede people of colour from participating in some businesses. I also dedicate this work to my mother Sarah Msibi for her prayers and support in my academic journey. A special dedication goes to my wife, Mpume Mokoena-Thwala, who is my pillar of strength, cheerleader, and a source of encouragement in my studies.



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ABSTRACT

The aim of the research was to investigate the contribution of the informal sector to sustainable livelihoods using the case study of Khayelitsha township, in Cape Town. The study further examined factors affecting informal sector livelihoods in Khayelitsha in order to analyse policy gaps that impede the rationalisation of the informal sector. It also provides recommendations for improving the contribution of the informal sector to sustainable livelihoods.

This research study was conducted using the case study of Mandela Park in Khayelitsha township, Cape Town. A qualitative research design was employed in the study. Structured interviews were used for data collection. The data was analysed using thematic analysis.

Extant research states that the informal sector is commonly considered as a livelihood strategy because it offers manageable resources to fulfil basic needs (Susanto & Sudrajat, 2017). This study revealed that informal sector participants (street hawkers and small shop owners), use the income generated to support their respective families. Some have adopted the survivalist approach whereas others have aspirations for business growth and sustainability. The investigation reveals that inadequate responsive strategies, and an absence of policy support for the sector by the government affect business expansion and sustainability. A common sentiment among the informal sector participants was that the government is more interested in curtailing their business activities than in providing support.

Overall, the research work revealed the need for South African policymakers to pay more attention to the informal sector in an effort to alleviate poverty and foster sustainable livelihoods. The informal sector must be an essential policy focus point in light of the fact that the sector was included in the South African national blueprint, the National Development Plan, where it is regarded as a critical component of economic development. In general, and in light of the increasing rate of unemployment in South Africa, policymakers need to rethink their attitude towards the informal economy and provide alternative interventions that can contribute towards poverty alleviation and employment creation.

It is envisaged that the findings and recommendations of this study will contribute to the body of knowledge on the informal sector in South Africa. Further to this, the study



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will assist policymakers to identify constraints that are an impediment to informal sector policy support and implementation.



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LIST OF ABBREVIATIONS AND ACRONYMS

GDP	Gross Domestic Product
ICLS	International Conference of Labour Statistics
NDP	National Development Plan
RDP	Reconstruction Development Plan
OECD	Organisation for Economic Co-operation and Development
LFS	Labour Force Survey
QLFS	Quarterly Labour Force Survey
ILO	International Labour Organisation
IFPRI	International Food Policy Research Institute
NIDS	National Income Dynamic Study
WIEGO	Women in Informal Employment Globalizing and Organizing
UN	United Nations
UNCED	United National Conference on Environment and Development
DFID	Department for International Development
SLF	Sustainable Livelihoods Framework
NIBUS	National Informal Business Upliftment Strategy

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

The aim of the research study was to investigate the contribution of the informal sector to sustainable livelihoods using the case study of Mandela Park, which is in Khayelitsha Township, Cape Town. Khayelitsha's Mandela Park was selected for this study because of the exponential increase of informal trading in public spaces and the historical background of the township. The township is characterised by high population density and high levels of unemployment.

The informal sector is an imperative part of economic activities and supposedly remains a catalyst for local economic development and better livelihoods. According to the ILO (2018) International Conference Labour Statistics, the informal sector may be characterised as a unit that focuses on the production of goods and services with the aim of creating employment and earning income to secure livelihoods. Fourie (2018) argues that the term informal sector is associated with the economic development model which is used to describe employment or livelihood generation, primarily within developing economies. This characterisation of the informal sector provides some insight into the informal sector's significant contribution to the economy and the gross domestic product, which provides livelihoods and income for many. The informal sector has the potential to support the realization of the aspiration of South Africa's 1996 Constitution, which seeks to guarantee inclusive participation in the mainstream formal economy by all citizens.

According to Horber (2017:20), although the South African informal sector is smaller than in other developing countries, it is an important employment source, and contributes 5.2 percent to the country's Gross Domestic Product. The author further notes that it represents 16.4 percent of total employment with women making up 38 percent of total informal sector employment. Thus, the informal sector is a significant component of the economy that seeks to provide livelihoods for a sizeable number of workers and informal traders in the context of South Africa's unrelenting high unemployment. Rogan and Skinner (2019) revealed that the informal sector has the potential of creating employment to secure livelihoods. As a component of

employment creation, the informal sector is perceived to play a key role in stimulating the Gross Domestic Product (GDP) and ultimately reducing the level of poverty.

In the context of the existing potential of the informal sector, it is helpful to cease focusing only on negative narratives such as the deliberate evasion of regulations and taxation by the informal sector in South Africa. Evidence from countries such as Ghana and India reveals that the informal sector can significantly contribute to a country's GDP. Mahadea and Zogli (2018) estimate that Ghana's informal sector is contributing 42% to the country's GDP with India contributing 30% to the country's GDP. Therefore, there should be a shift to navigate, appreciate and support the ways in which the informal sector plays an important role in securing sustainable livelihoods. It is in this context that this study seeks to investigate the informal sector's contribution to sustainable livelihoods in Khayelitsha's Mandela Park, Cape Town.

1.2 Problem Statement

Although there is a large concentration of informal sector activities in the Mandela Park area of Khayelitsha, Cape Town, studies on the potential contribution of these activities to sustainable livelihood as well as factors affecting the activities are limited. Masuku and Nzewi (2021:60) state that over 85% of people in Africa are employed within the informal sector. Furthermore, the ILO (2018:29) reveals that, informal employment is the main source of employment in Africa, accounting for 85.8 percent of all employment, or 71,9 percent, excluding agriculture. The ILO (2018) report further states that within sub-Saharan Africa, informal employment is the main source of employment in central Africa (91,0 percent), Eastern Africa (91,6 percent), and Western Africa (92,4 percent).

Stats SA (2017) estimated that more than two million people in South Africa work in the informal sector or are involved in the informal sector as entrepreneurs. While South Africa's National Development Plan estimates that the informal sector will have created more than one million new jobs by the year 2030. Harper (2015) asserts that the informal sector has been perceived by many as an important sector that can lead towards improving the living conditions of the poor majority, particularly since it offers business prospects to those who are unemployed and have less skill, but the sector still provides them with income opportunities.

In the context of unemployment levels that are hovering around 32.9 percent in the last two decades (Stat SA, 2022) and the potential of the informal sector to augment incomes, the objective of this study was to investigate the potential contribution of the

informal sector towards sustainable livelihood in Mandela Park in the Khayelitsha Township, Cape Town. This research study also explored potential alternatives for investing more in the informal sector, which has often been overlooked in economic policy analyses. The case study, Khayelitsha is a high-density township characterised by high unemployment as well as an exponential increase of informal trading in public spaces. It, therefore, provides an ideal case study for the objectives of this research study. Khayelitsha is also characterised by the highest concentration of informal settlements in the Western Cape and second highest in South Africa, after Soweto and informal trading is an everyday livelihood practice (Even- Zahav, 2016:48)

According to the International Monetary Fund (2021), the unavailability of data on the informal sector may have contributed to the neglect of the sector by policymakers. A study of the informal economy is important because of the significant role it plays in the creation of jobs for the vulnerable population.

The results of this study are expected to contribute to a better understanding of how the informal sector contributes to sustainable livelihoods, employment creation and poverty alleviation. Thus, the research contributes to the already existing scientific knowledge of researchers in the area of the informal sector economy. Furthermore, it enables policymakers to glean into potential alternatives for supporting the informal sector in South Africa. This research study aimed at investigating the informal sector's contribution to sustainable livelihood using the case study in Mandela Park, Khayelitsha Cape Town.

1.3 Central Theoretical Statement

As a means of livelihood and survival strategy, the informal sector is believed to create opportunities for income generation and this reduces the level of vulnerability, thereby creating sustainable livelihoods (Fourie,2018). Informal trading is viewed as a means to enhance capabilities to generate and augment household income in poor communities.

1.4 Objective of the Study

To investigate the contribution of the informal sector to sustainable livelihoods in Mandela Park, which is in Khayelitsha Township, Cape Town.

1.4.1 Specific Objectives

1. To investigate the contribution of the informal sector to sustainable livelihoods using Mandela Park, in Khayelitsha, Cape Town, as a case study.

2. To examine the key constraints to informal sector livelihood in the case study area.
3. To analyse policy gaps that impede the rationalisation of the informal sector.
4. To provide recommendations for improving the contribution of the informal sector to sustainable livelihoods.

1.5 Research Questions

The following research questions were central to the research study;

1. What is the contribution of the informal sector to sustainable livelihood in Khayelitsha township's Mandela Park in Cape Town?
2. What are the key constraints to informal sector livelihoods in the case study area?
3. What are the possible recommendations for improving the contribution of the informal sector to sustainable livelihoods?

1.6 Significance of the Study

This study contributes to a better academic understanding of the role of the informal sector in securing sustainable livelihoods. The informal sector is understood to have the potential in stimulating the Gross Domestic Product of the economy which in turn, may create an enabling environment for the alleviation of poverty and unemployment. The study also adds to the understanding of the contribution of the informal sector in reducing the level of vulnerability.

The City of Cape Town policymakers seem to have an inconsistent policy on the informal sector. For example, Skinner and Haysom (2016:14) state that,

“The City of Cape Town policy advocates for 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 the inner-city Cape Town seems to use less draconian, but more systematic exclusion, exemplified by allocating only 410 street trading bays in the whole inner city and an on-going harassment of traders throughout the city”.

This study will assist the City of Cape Town to develop prudent policies to respond better to the plight of the informal traders. This would in turn contribute to the fight against unemployment, poverty and promotion of sustainable livelihoods. Findings of this research study may also be used in other areas, such as furthering the research agenda on the informal sector's contribution to development.



According to Stats SA (2015), there has been increasing evidence of the contribution of the informal sector to food security. This observation is further supported by the 3rd quarter of the 2016 Labour Force Survey statistics, which states that more than two million South Africans work in the informal sector and the informal sector is generally used as a survival strategy to generate income to secure livelihoods. Although the figure is far smaller than in other developing countries, this still represents a sizeable percentage of the total employment figure in South Africa. As a survival strategy to secure livelihoods, the informal sector is also viewed as a significant contributing factor towards food security and poverty alleviation (Skinner and Haysom, 2016). Cichello and Rogan (2011) states that the Informal sector is perceived to have potential to be an important component of the economy which may ensure the increased level of capabilities to secure sustainable livelihoods.

Policy makers have been focusing on regulating the informal sector more than supporting and promoting its contribution. Cichello and Rogan (2017) argues that the potential of poverty reduction from the growing informal sector has not been taken seriously in terms of policy support such as improving the regulatory environment of the informal sector, improving infrastructure and other spectrum of options. This argument raises an important aspect of the need for policy improvement to support the informal sector in South Africa.

Recommendations of this study will help promote the role of the informal sector in improving livelihoods among communities, and further contribute towards increasing the potential of the informal sector to fight against poverty, unemployment and inequality. A responsive, smart policy support may unlock the potential of the informal sector in stimulating the Gross Domestic Product (GDP). Improved working conditions for informal traders in public spaces may assist them to broaden their trade, expand their businesses and generate more income, which ultimately results in the creation of more employment.

A study commissioned by OECD (2020) argues that in countries with high rates of population growth or urbanisation, the informal sector tends to absorb most of the growing labour force in the urban areas. Further, informal sector employment is a necessary survival strategy in countries that lack social safety nets such as unemployment insurance, or where wages and pensions are too low to cover the cost of living.



The informal sector in South Africa is perceived by scholars to be an integral component of the economy and economic blueprint, and as a means to fight against poverty, unemployment and inequality with an emphasis on securing livelihood (Fourie, 2018). Special attention and investment towards policy support for the informal sector may help to deal with some stubborn social ills that the country is grappling with, such as crime.

The informal sector's contribution to sustainable livelihoods is a critical area needing attention with respect to poverty reduction and creation of job opportunities. This is supported by Stats SA (2020) which estimated that in South Africa, more than two million people find employment in the informal sector.

1.7 Research Approach

This study adopted a qualitative research approach as it focuses on gathering data from people's thoughts and experiences to get a clear understanding of what it has been to be involved in the informal sector in an endeavour to secure livelihoods. The study also attempts to generate an in-depth understanding of the unknown about the informal sector's contribution to sustainable livelihoods. Qualitative research is an approach that affords an opportunity to examine and untangle in-depth, the lived experiences of those taking part in the study (Alase, 2017). Saunders, Lewis and Thornhill (2016:168) further assert that,

“Qualitative research is often associated with interpretative philosophy. It is interpretative because researchers need to make sense of the subjective and socially constructed meanings expressed about the phenomenon being studied”.

It is in this context that the qualitative research approach was ideal for this study as it assisted with the answering of research questions where quantification was improbable. It also helped to explore the unique complexities of livelihoods. The qualitative research design also contributed to the determination of activities within the informal sector that contribute to sustainable livelihoods.

Despite all the advantages of using a qualitative research method, there are some weaknesses in adopting this strategy. Choy (2014:101) locates a sequence of limitations for adopting a qualitative study. These include the argument that it is time consuming, and requires skilled interviewers. Securing appointments with a selected sample is particularly challenging especially when the focus is on individual



experiences. Queiros et al. (2017) support this by listing drawbacks linked to the use of the qualitative method as being time consuming and that it cannot be generalised. To counter some of the shortcomings, the researcher entered into a memorandum of agreement with the university with a timeline for the completion of the qualification. Strict adherence to the deadlines was maintained in accordance with the memorandum of agreement. In addition, the researcher chose a reasonably small sample of the population within the informal sector in order to formulate an opinion which was informed by a common pattern of responses from all fifteen participants.

1.8 Case study

This research study focused on investigating the contribution of the informal sector to sustainable livelihoods in Khayelitsha township's Mandela Park in Cape Town. Rashid et al, (2019) explain that a case study involves the gathering of deep knowledge about a specific (a single case) scheme, such as what is seen and done inside the system, as well as an extensive analysis on information gathered during the research period, and identification of general ideas about the system through interviews, recordings, audio-visual records, and papers. Thus, the use of a case study enabled the researcher to get a direct in-depth understanding from informal traders who have been conducting business activities in Mandela Park, Khayelitsha. A single case study was selected for this research study because the phenomenon in question specifically required a deeper understanding of social realities of the people who are involved in the informal sector.

1.9 Population and Sampling

Sampling is an important technique used in a study to select relevant participants to obtain data from, and in turn, the data collected is analysed in an endeavour to answer the phenomenon of interest. For this research, a non-probability sampling technique called purposive sampling was used. Saunders et al, (2016:301) posits that "With purposive sampling you need to use your judgement to select cases that will best enable you to answer your research question(s) and to meet your objectives". Purposive sampling suited the research design because the selection of the participants was based on the expert knowledge that the participants had regarding the phenomenon of interest. Further to this, purposive sampling is often used when working with very small samples such as in case study research and when you wish to select cases that are particularly information rich (Palinkas et al, 2016). Saunders et al (2016:301) also asserts that "Purposive sampling is often used when working with



very small samples such as case study research and when you wish to select cases that are particularly informative”.

Sampling was extracted from the population of subsectors within the informal sector, namely, retails, agricultural goods and service providers. The rationale for the sample size selection was that the target population were informal traders in different categories of businesses such as, car wash service, repairs and sale of automobiles and sale of perishable and non-perishable food items. Not more than five participants from each subsector were selected for the study as data saturation was reached in each case.

1.10 Data Collection Instruments

In this research, the interview technique was adopted, because it provided in-depth information in relation to understanding the phenomenon of interest. (McGrath et al, 2018) confirm that the interview technique provides detailed responses. in-depth interviews, as a data collection approach, was suitable for the research design adopted for this study because the participants were given the latitude to provide personal opinions and thoughts on the phenomenon of interest. The interview questions contained specific open-ended questions for each research objective for which data needed to be gathered. The investigation questions were in the form of questions specific to the participant's involvement in the informal sector.

1.11 Data Analysis Strategy

Thematic analysis was used in this research to analyse the data collected. Thematic analysis is typically applied to a set of texts, such as an interview transcript. Caulfield (2019) asserts that the principal researcher may carefully consider the data collected to highlight common themes - ideas and patterns of meaning that come up repeatedly in the data that is collected.

The following steps were followed when conducting the thematic analysis for this study: familiarization, coding, generation of themes, review of themes, definitions, naming of themes and report writing. Familiarization of the data is a very important first step to get through the overview of all data collected before analysing it. Coding is a form of highlighting sections of expressions or sentences with codes and/or shorthand labels that describe the content. Generating themes is when one identifies patterns and begins to create themes (commonalities). Reviewing themes involves comparing themes with available data. Definition and naming of themes occur when one has a final list of themes and begins defining each of them. Finally, writing up is

the last important step when one writes up the analysis of the data. This last step requires an introduction and explanation on how thematic analysis was conducted, including the methodology describing how the data was collected. This is followed by a conclusion.

1.12 Limitations and Delimitation

The limitation that was encountered when conducting the study is the size of the sample that did not cover all important informal sector participants and other stakeholders within the sector due to time constraint. In order to minimise these limitations, the categorisation of subsectors within the informal sector assisted in covering the broader population of the informal sector which provided a deeper understanding of the informal sector. The other limitation was the unavailability of interviewees on the day of the interviews due to unforeseen commitments. In order to minimise this limitation, the interview schedules were made to be flexible in the sense that when the participants could not be available on a scheduled date or time, rescheduling was done.

In terms of delimitation, the study was confined to Mandela Park in Khayelitsha township, Cape Town in order to make the research feasible. The specific focus was on informal traders on the streets selling agricultural goods, doing electronic repairs and sales as well as car wash services. From the three categories, not more than five participants were considered as a means to minimise possibilities of collecting saturated data. According to Vasilejou et al, (2018) it is recommended that qualitative studies require a minimum sample size of at least 12.

1.13 KEY TERMS USED IN THE STUDY

Informal Sector: The informal sector is that part of the economy that is not regulated, unregistered, not taxed, and not monitored by the government (SME South Africa, 2022). It encompasses largely the unrecognised, unrecorded and unregulated small-scale business activities. It is characterised by a large number of small-scale production and service activities (ILO, 2022)

Informal sector activity: Informal sector activity means the work undertaken by the informal trader in the informal sector for a living.

Livelihood: Refers to a means of securing necessities for life to meet self and household needs on a sustainable basis. It is the ability to provide for basic needs, access resources and assets, and reduce vulnerability.



Vulnerability: Refers to the insecurity of the well-being of individuals and households in urban areas in terms of the inability to access income and resources to meet basic needs.

Household: Refers to a house collectively, a family including everyone in the house.

Economic activity: Refers to an activity required for a means of living, action that involves the production, distribution and consumption of goods and services at all levels within society.

Informal economy: Refers to the part of the economic activity that is neither taxed nor monitored by any form of government. It consists of activities that have market value but are not formally registered.

1.14 PRELIMINARY FRAMEWORK OF THE RESEARCH

Chapter One- Introduction

Chapter one gives an overview of the study, beginning with the introduction to set the scene, followed by an orientation to give the broader context. This chapter further explains the problem that the researcher seeks to investigate, reviews the theoretical framework related to the dependent variables which is followed by the formulation of the research objectives and corresponding questions of the study. Thereafter, it elaborates on the adopted research method, looks at the study limitations and concludes with the significance of the study.

Chapter Two - Conceptualisation of the Informal Sector

Chapter two contains the in-depth theoretical literature analysis of the concept of the informal sector with reference to the research question and phenomenon of the study. Conceptualisation in this study is formulated through various studies which are related to the phenomenon in question. Thus, this chapter probes deeper into the understanding of the theoretical understanding of the informal sector's contribution to sustainable livelihoods.

Chapter Three - The Informal Sector and Sustainable Livelihoods

Chapter three of the study examines the relationship between the informal sector and sustainable livelihoods. It contains a deeper literature analysis with a conceptual framework that analyses and examines the informal sector's contribution to sustainable livelihoods.



Chapter Four – Contribution of the Informal Economy to Sustainable Livelihoods in Khayelitsha

Chapter four focuses on investigating the contribution of the informal sector to sustainable livelihoods in Khayelitsha township's Mandela Park. As a survival strategy for livelihoods, informal traders give accounts of their involvement in their sector, on how their involvement contributes to their effort to secure livelihoods and reduce the level of vulnerability and increase capabilities to secure livelihoods for their households. The data collected is used to form part of the analysis which seeks to answer the main research question.

Chapter Five- Conclusion and Recommendations

Chapter five outlines the recommendations that can be implemented by authorities to provide responsive policy support that addresses the plight of informal traders who are involved in the informal sector. The recommendations also highlight the potential of the informal sector to reduce the level of poverty and unemployment.

1.15 Conclusion

This chapter discussed the background and orientation concerning the contribution of the informal sector to sustainable livelihoods. In this chapter, the problem statement and the theoretical statement, research objectives and the questions were stipulated to give clarity on what the study sought to achieve. The research methodology and approach are discussed in a way that provides the framework and guides on how the research objectives were achieved in order to answer the phenomenon in question.

CHAPTER TWO

CONCEPTUALISATION OF THE INFORMAL SECTOR

2.1 Introduction

The previous chapter covered the background and orientation of the study, the problem statement and the theoretical statement. Objectives of the study and research questions were stipulated to give clarity on what the study sought to achieve. The research methodology which was employed in this study was also discussed.

This chapter presents related literature on the informal sector so as to put this study in context. The literature review seeks to enhance an understanding of the informal sector's contribution to sustainable livelihoods. A thorough literature review in academic studies is critical to generate a detailed understanding of the phenomenon in question. Literature review plays a vital role in helping to formulate a clear method and research design. It further unlocks the ability to locate the research topic in the correct field of study. In this regard, this chapter provided an overview of the informal sector, informal sector activities and sustainable livelihoods, social activities of informal traders, an overview of the informal sector in South and the informal sector gender dimension.

2.2 The Informal Sector

According to Dell'Anno (2021), informal sector, as a concept, was coined by a British anthropologist, Keith Hart in 1973. The concept came to the fore after his 1971 study of low-income activities among unskilled migrants from the Northern region in Ghana who found themselves in Accra, the capital of the country and could not find regular wage employment. Literature has provided numerous meanings and definitions of the informal sector with diverse schools of thought, including the dualist, legalist, structuralist and voluntarist approaches. These schools of thought are discussed below in detail.

2.2.1 The Dualist School

Keith Hart played an influential role in constructing the 'dualist school' perspective when he described the informal sector as being marginalised with no relationship with the formal sector (Hart,1973). Monyebodi (2021) argues that informal sector participants are therefore not integrated in any formal sector planning and development.



The Dualist school believes that the informal economy is triggered by two factors namely, the rise in population and growth rate in modern industrial development. It further argues that, as the population increases, opportunities to succeed in subsistence farming decreases, and as a result people migrate to urban areas looking for formal employment. Urban areas equally present difficulties for migrants because of lack of skills, education and experience that is required in the formal labour market. These factors push people towards the informal sector as they are left with only one choice, that is to operate in the informal sector as an economic survival strategy (Marinescu and Valimareanu, 2019).

The Dualist perspective believes that the existence of the informal sector is attributed to unemployment. This is due to the inability of the formal sector to create jobs or absorb people. The only alternative available for people as a result, is participating in the informal sector (Sakarombe, 2020). In respect of the dualistic school of thought and given the current relationship between formal employment and population growth, South Africa is more inclined to echo the sentiments of dualism.

2.2.2 The Legalist school

The perspective of the legalist school is that informal traders in the informal sector opt to operate there in an effort to avoid administrative stringent requirements such as enterprise registration, as registered enterprise attracts financial implications. The Legalist school believes that formalization borders on compliance issues. In order for firms to be formalized, the state needs to play a more active role in ensuring that the process of formalization is less stringent (Marinescu and Valimareanu, 2019).

Traders in the informal sector tend to be reluctant to formalize their businesses as they do not see the value addition, advantages or benefits that can be associated with having formalized businesses. Informal traders not only view the process of formalization as administrative stringent, but they are also concerned with regulations that they will need to adhere to once formalised and classified as formal traders. As informal traders are not registered, employees are employed informally which affects their livelihoods negatively as they are not eligible to register with the labour department or any institution for securing social safety nets (Monyebodi, 2021:7).

Similarly, both the dualist and legalist school of thought look at the contribution of employment from both formal and informal sectors but emphasize that since the barriers to entry into the formal sector are so low, informal traders should be

appreciated as they manage to survive from their small businesses (Marinescu and Valimareanu, 2019). Furthermore, Mau-Quei and Cameron (2019) argue that the informal sector should be recognized as people who acknowledge that they need to be employed and use the informal sector to establish their businesses at low cost.

2.2.3 The Structuralist school

According to the Structuralist school of thought, capitalism and capital growth is the major objective behind the existence of the informal sector. People migrate from rural areas to urban areas in pursuit of employment opportunities in the formal sector, yet people opt to work in the informal sector (Mau-Quei and Cameron, 2019). Both the Legalist and Structuralist schools recognize that people migrate from rural to urban areas for formal employment opportunities, but at times end up in the informal sector due to lack of employment within the formal sector.

This school of thought also recognizes the informal sector as having a link with the formal sector because the informal sector supplies products and services to people who work in both the formal and informal sectors. Traders in the informal sector sell products that they buy from retailers in the formal sector (Marinescu and Valimareanu, 2019). To formalise the informal sector, structuralists suggest that government needs to have policies that address the relationship between large corporations in the formal sector with the firms that operate in the informal sector.

2.2.4 The Voluntarist School

The difference between the Legalist and the Voluntarist school is that the former focuses on the stringent process that prevents informal traders from being formalized, while the latter argues that the decision for traders to form as part of a particular sector is based on the cost/benefits analysis of each sector. If the benefit of operating in a particular sector far outweighs the cost, then the decision will be made based on that (Sakarombe, 2020).

Similar to the view of the Legalist school, the Voluntarist school of thought views informal traders as voluntarily opting to operate in the informal sector because they do not want to comply with business regulations such as tax and electricity, they would otherwise be obliged to pay if they were operating formally (Marinescu and Valimareanu, 2019).

Rakabe (2016) defines the informal sector as a business that is not regulated and registered to conduct activities to meet the needs of a particular market, yet other



authors such as Amoros, et al (2016) view the informal sector as a set of illegal activities, yet legitimate activities through which individuals exploit opportunities to secure livelihoods. This type of business is able to exist to meet particular demands without strict controls. Recent studies by Meyer et al. (2016) have problematised factors that undermine the potential of the sector to optimize benefits, and opportunities, and to grow and thrive to contribute to employment creation.

The informal sector is perceived to have the potential to become an important segment of the economy that provides sustainable livelihoods for a sizeable number of workers and informal trading participants involved in the informal sector activities (Fourie, 2018). The argument is further advanced that this segment of the economy is a missing link in the policy development discourse in most countries, South Africa included. The National Development Plan recognizes the potential of the informal sector to create employment by 2030, yet the very same National Development Plan says little about the support towards the existing informal sector operators and on how to eliminate constraints that may impede the optimal functioning of the informal sector. According to Etim and Daramola (2020:2), within Sub-Saharan Africa (SSA), informal employment and the informal sector contribute about 20 percent (South Africa, Lesotho, Namibia) to 60 percent (Nigeria, Tanzania, Benin) to national GDP. Despite the disparity in size, the informal sector in Nigeria and South Africa remains a medium where young people and women in these two countries try to earn a living through informal economic activities. Etim and Daramola (2020) further argue that the size of the informal economy is estimated to be worth about USD10 trillion and provide employment to approximately 1.8 billion populations on the globe. The authors further reveal the projection of the size of the informal sector for South Africa in 2025 to be 24.19 percent of the GDP. This brings into light the significance of the informal sector in the economy, but most importantly, its contribution to sustainable livelihoods and poverty alleviation. The bulk of employment in Africa is found in the informal sector (Mbaye, 2019). Further to this, “The appropriate policy response is to nurture Africa’s large number of informal micro-and nano enterprises, which predominates the labour market, in such a way that they can grow and generate better jobs” (Mbaye, 2019:1). Engagement in informal economic activities has become an essential strategy for survival in some countries that have poor or lack such social safety nets as unemployment benefits, or where paid employment and post-service remunerations are too low to cover the cost of living. Further, according to Chakraborty and Koley



(2018), it is understood that some people who have been absorbed by the formal sector tend to utilize the informal sector to increase their income stream in order to secure sustainable livelihoods. Hundreds of the marginalised population earn money and secure livelihoods by being active participants in the informal economy, selling a wide range of goods and services in public spaces.

In the South African context, historically, the informal sector has been used as a survival strategy, especially during the apartheid dispensation which was a culmination of the segregation laws which were designed to ensure that people of colour were confined to townships and alienated from quality education and relevant business skills acquisition (Hovsha and Meyer, 2015). Informal business activities are used in most townships especially in South Africa as a survivalist strategy to secure livelihoods and reduce the level of vulnerability for households.

Charman et al. (2019) argue that informal activities are understood to provide a means of survival and livelihoods for poor communities in South Africa. The informal economy provides livelihoods for those excluded and marginalized from formal employment and business opportunities, especially those without formal education. Importantly, it is understood to provide an incubation for the emergence of micro enterprises through affording competitive advantages over formal businesses.

Informal activities are understood to be a survivalist strategy for the vulnerable population especially in Khayelitsha where the unemployed population resort to informal trading such as, selling cooked food in public spaces. It is predominantly dominated by those who are excluded from formal education, and as a result, became unemployable, and the most affected population in this regard is women and the youth.

2.3 Informal Sector Activities and Sustainable Livelihoods

A conclusion can be reached based on the slow economic growth in many developed and developing countries including South Africa that the demand for jobs increases in the midst of a fight against global challenges of inequality, poverty and unemployment. An inclusive approach in poverty reduction needs relevant authorities to be policy focused on livelihood. Thus, increasing population dynamics and disparities prompt people to diversify their economic activities in the informal sector, particularly in public spaces and street shops. According to Chakraborty and Koley (2018), informal activities on the street and in public spaces are viewed to be the most common important component for informal traders in pursuit of secure livelihoods. Street trading forms part of the informal economy and has become an important segment of the



informal economy. It is a common informal activity in the informal sector that provides fewer constraints to informal traders in terms of location, space rental requirements, water and electricity. This form of informal activity enables informal traders to put more focus on income generation with fewer operational expenses. This in turn increases capabilities to achieve sustainable livelihood outcomes.

Informal trading in the informal sector is perceived to be an imperative survival strategy to secure livelihoods. Masuku and Nzewi (2021:60) argue that the

“informal sector is a major part of the global economy. Globally about two billion people make their living from the informal economy and over 85 percent of people in Africa are employed within it. Furthermore, the informal sector contributes about 55 percent of Sub-Saharan Africa’s gross domestic product”.

According to Stats SA (2019) and Rogan and Skinner (2017:9), the informal sector has a total share of employment with over 2.5 million people making up to 20 percent of total employment in South Africa and is estimated to contribute about 5.1 percent of the country’s GDP.

Duncan (2020:29) argues that participation in informal activities with the purpose of generating income improves capabilities of the informal traders to acquire assets, which helps recover from stress and shock. Meaning that when the vulnerable population finds itself in crisis in terms of being incapable of earning income for survival, the informal sector becomes the escape wherein income is generated.

The author further posits that asset acquisition enhances the capabilities of informal traders to provide sustainable livelihoods to their households and reduce the level of vulnerability to achieve livelihood outcomes. The long-term social security that has the potential to achieve sustainable livelihood outcomes is the ability of the informal traders to provide education to their children. This provides long-term livelihood security for informal traders’ households.

Informal traders are viewed and known to be resilient people with determination to create opportunities for themselves in an effort to increase capabilities to secure livelihoods for their households (Mdunge, 2019). This argument brings into context the livelihood strategies which informal sector participants employ in securing sustainable livelihoods in pursuit of reducing vulnerability levels for their households.

The South African informal sector ought to be viewed within the historical context because it has been shaped by the circumstances of the past, wherein, large sections of the population were deliberately isolated based on their ethnicity which culminated



in the segregation laws passed by the apartheid regime. The segregation laws prohibited people of colour from participating in formal economic activities. Informal trading within the areas in which the natives were confined, therefore became the survival strategy for sustainable livelihoods (Hovsha and Meyer, 2015).

The historical context for the South African informal sector broadens an understanding of the ways in which the informal sector can be used as a survival strategy for sustainable livelihoods. This also brings the argument about the informal sector in South Africa as a survivalist strategy with no prospects of growth towards formality. Hovsha and Meyer (2015), argue that the historical circumstance split the educational system based on ethnicity, wherein the majority of the population received inferior education which deprived some from acquiring entrepreneurial skills, hence lack of formally improved entrepreneurial skills became an impediment for informal sector growth.

2.4 Social Activities of Informal Traders

According to Jiyane (2017), participating in community social activities is an important exercise for informal traders because it is perceived to have the potential to increase opportunities to generate income and reduce levels of vulnerability. This brings to understanding the importance of the involvement of informal traders in community social activities which seek to create platforms for them to enhance and improve capabilities to secure livelihoods.

Achtenhagen, (2016) argues that small to medium enterprises that are owned by informal traders such as farmers and women are known to be investing more resources and time in social activities within the communities where they operate with the collective aim of empowering each other in their endeavour to secure livelihoods. The quest by the informal sector participants to secure livelihoods is driven by a variety of factors. For example, this may be due to the quest by informal sector participants to prioritize the education of their children as a long-term social investment. Their activities also promote food security, social networks and health care support services among other social needs.

2.5 The Informal Sector in South Africa

Aryeetey (2015) argues that as a pivotal component of the economy, the informal sector must be viewed as an important contributing factor to sustainable livelihoods and poverty reduction. It increases capabilities for informal traders to generate income with the aim to reduce the level of poverty and unemployment.



Aryeetey (2015) argument is supported by Rogan and Skinner (2019) when they argue that the informal sector has a potential to create employment, contribute to the stimulation of the Gross Domestic Product, which in turn increases capabilities for informal traders to provide for their households. The informal sector is used as a survival strategy by informal traders to secure sustainable livelihoods.

The informal traders who focus on selling food are viewed as a vital component within the informal sector because they provide services that guarantee livelihoods to many South Africans and contribute to the reduction of poverty levels. This is confirmed by Kushitor et al (2022) argument which highlights the significant impact of the informal sector on food security and job creation. According to the quarterly report by Stats SA, more than two million South Africans find work in the informal sector. According to Stats SA (2021), the informal sector is estimated to account for 18,3 percent of employment which demonstrated an increase of 2,8 percent compared to the 15,5 percent in 2013. Yet in comparison with other developing countries, Koto (2015) argues that the informal sector accounts for, on the average, 65 percent of employment in the total employment, and 30 percent of output. Koto (2015) further asserts that over 80 percent of those employed in Ghana are working in the informal sector.

South Africa's blueprint, the National Development Plan (NDP) estimates that the informal sector will create more than one million new jobs by 2030. However, not enough focus (especially through policy support) is given to the informal sector's plight or challenges. Protecting and growing the number of informal sector jobs should be a component of any plan to reduce poverty, unemployment and inequality (Cichello & Rogan, 2017).

According to Etim and Daramola (2020), between January and March 2017, approximately two million individuals were engaged, either as owners or workers in the informal sector. The introduction of the biannual Labour Force Survey (LFS) in 2002, which was succeeded by the Quarterly Labour Force Survey (QLFS) in 2008 marked the beginning of a new era of better data collection on unemployment and employment in the informal sector. As an important component of the economy, the informal sector must be viewed as a segment that needs smart policy support.

A study conducted by Dialo et al, (2017), reveals that income from informal jobs is of unparalleled importance to the national income and links informal sector earnings with poverty reduction in South Africa. Serrat (2017) further asserts that, the livelihood



approach may improve understanding in relation to the significant role the informal sector plays in poverty reduction and securing livelihood outcomes. The government ought to employ a holistic perspective in promoting informal sector interventions for effective poverty reduction. Hovsha and Meyer (2015) argue that some impediments to the development of the informal sector are among others, economic disempowerment under apartheid which currently may have an impact in the development of entrepreneurial skills and networks. Inadequate access to government support service for informal businesses, crime and lack of credit for informal traders impedes optimal functioning of the informal traders in pursuit of sustainable livelihoods.

According to the decomposition method used by Cichello and Rogan (2017) to ascertain the contribution of both the informal and formal sector based on the headcount ratio, the formal sector income is found to be a single largest means of poverty reduction, wherein the formal sector employment income alone account for a 26.9 percent reduction or 37.7 percent of all poverty reduction, in comparison, the informal sector self-employment and informal wage employment reduce poverty by just 2.5 percent and 3.1 percent point respectively. However, for purposes of this study, using income to determine poverty reduction levels may leave out the most important prospect that improves the quality of life to bring about sustainable livelihoods. Informal trading puts income in the hands of millions of people, mainly the poorest households for survival purposes, wherein some participants hold aspirations for sustainability and growth.

Furthermore, a study conducted by Cichello and Rogan (2017) demonstrated a limited contribution of the informal sector towards poverty reduction based on the smaller size of the informal sector in South Africa compared to the larger size of the formal sector. The smaller size of the informal sector in South Africa is informed by a number of contributing factors, such as the minimum prospect of success which may result in fewer people participating in the informal sector.

The informal sector in South Africa is perceived to have more of an uneducated population with a sizeable number of participants not having completed secondary level schooling and the other smaller portion of participants who completed their tertiary education but cannot find employment in the formal labour market, therefore, informal trading is perceived to be a survival strategy to secure livelihoods (Rogan and Skinner, 2017)



It is against this background that South Africa's socio-economic experience should be understood within the context of the contradictions in the Apartheid and pre-Apartheid eras which foregrounded segregation laws with the main aim to ensure that people of colour were confined to townships with lesser access to public services, such as quality education, skills development and economic development. The argument is supported by Etim and Daramola (2020) who point out that the informal sector participants are generally running small to medium businesses within the informal economy in small poor communities in townships. Moreover, it is understood that informal sector plays an important role in stimulating economic development. The informal sector is currently estimated to contribute approximately six percent to the GDP (Institute for Economic Justice, 2018). The International Monetary Fund report (2021), reveals that the informal economy is a global phenomenon, but there is great variation within and across countries, and on average, it represents 35 percent of the GDP in low and middle-income countries versus 15 percent in advanced economies. This shows the significance of the informal sector in the economy, most importantly in creating livelihoods to reduce the level of poverty and unemployment.

Hovsha and Meyer (2015) argue that the notion of sustainable livelihoods emerges from models of participatory development, which became prominent in the 1990s. They support this with the assertion that in redressing deprivation, attention be given to prospects for livelihoods as opposed to mere income. Serrat (2017) argues that Sustainable Livelihoods Framework draws on a holistic understanding of livelihoods, and as such, goes far beyond defining poverty only in terms of the absence of income and consumption and includes the absence of other capabilities such as the social and natural capitals required to meet these needs. This demonstrates that people in general, have capacity to find adequate approaches with the aim of making a living by securing income, and acquiring assets, which ultimately reduces the level of vulnerability and increases capabilities to secure sustainable livelihoods.

According to Statistics South Africa (2019), in the second quarter of 2019, the informal sector recorded the largest increase of 114 000 employment gains, with street trading recording the highest gain of 95 000 jobs created. Furthermore, 400 000 of those workers are employed in the formal economy but under precarious conditions, another 1.3 million as domestic workers and 2.8 million in the informal sector. A further interrogation of the informal sector data shows that the informal sector is largely constituted by own account workers, street and spaza shop traders among others.

According to Cichello and Rogan (2017), recent research also shows informal employment's significant contribution to poverty alleviation. While the informal sector in South Africa is relatively small compared to other developing countries and Sub-Saharan Africa, its role as a source of employment and livelihoods for millions of people must be appreciated. It is for that reason that this research study sought to investigate the contribution of the informal sector to sustainable livelihoods in Mandela Park, which is in Khayelitsha township, Cape Town.

In many cases, Informal traders' presence is evident in most open public spaces on the streets, where they conduct business activities, hawking, street vending and service provision. The study seeks to investigate the contribution of the informal sector to sustainable livelihoods. Human capital, social capital, natural capital and financial capital are amongst other factors that are understood to be contributing to sustainable livelihood needs. This illustrates that the provision of essential basic needs including food, shelter, education and community participation increases capability to reduce levels of vulnerability, and having assets increases chances of the household to future livelihoods securities.

Aiming to reduce vulnerability is a component of sustainable livelihoods which propels the ability to provide access to education for children and better health services. This in turn yields the outcome of sustainable livelihoods. Most informal sector participants experience common financial challenges to sustain their business activities within the informal sector, and often times when financial literacy is acquired, the outcomes of the informal sector contribution to sustainable livelihoods surface.

2.6 Informal sector gender dimension

According to Baah-Boateng and Vanek (2020), in Ghana, women who are involved in informal activities are estimated to account for about 92 percent of the total employment and in Accra, 87 percent of women employment is in the informal sector. Ghanaian food traders are mainly women, who trade by selling roasted plantain, as well as local food such as *banku*, and *fufu* (Anyidoho, 2013). Street trading in the informal sector is predominantly occupied by women. These women get involved in the informal activities to increase capabilities to secure livelihood for their households. It is understood that women are an important role player in the informal sector in terms of securing livelihoods for their households. According to Milgram (2011), women in Philippines have made city streets their trading business location and are involved in informal trading selling fresh produce, cooked food and manufactured goods and



services. Mdunge (2019:15) further argues that Diwakar and Renu (2014) indicated that, in India, street trading has played a prominent role in the lives of many female street traders by ensuring that they are generating an income and creating employment opportunities for unemployed women.

Rugutt (2017) states that women are generally perceived to be people who have abilities to secure livelihoods for their households. According to ILO (2018:20), out of the 2 billion workers in informal employment worldwide, women account for about 740 million by contrast, and in lower middle class income countries, women are estimated to account for a higher proportion of informal employment than men. Africa is said to demonstrate a picture of 89,9 percent of women who are employed in the informal employment. Women are generally found in vulnerable situations, hence their involvement in the informal activities such as, domestic work. The ILO (2018) further reveals that women are exposed to informal employment in more than 90 percent of sub-Saharan African countries, 89 percent in countries from Southern Asia and almost 75 percent in Latin American countries.

The role of informal trading among women has become significant for most families and street vending in the streets is regarded as an asset that is generally used to secure and sustain livelihoods of the informal traders (Sassen et al, 2018). Ruggutt (2017) further argues that the informal sector is predominantly hosting women with the majority working in public spaces as street vendors. Gamieldien and van Niekerk (2017) revealed that street vending, hawking in the public spaces, trading with vegetables, fruits, and food are activities commonly pursued by women. These items are particularly a key contributing factor to securing livelihood. For example, street vending in Nairobi is generally regarded as an important livelihood strategy for informal traders who are involved in the informal sector (Rugutt, 2017). According to Anetor (2015), street trading has allowed food street traders to generate monthly earnings by selling their wares in the streets. The informal activities with the purpose of generating income improves capabilities of the informal traders to earn a living.

Mdunge (2019) argues that South Africa is known to attract many migrants from neighbouring countries who find the informal sector as a survival strategy and instrument to secure livelihoods. Many of them are found to be female street traders who return to their country of origin such as Zimbabwe to sell goods purchased in South Africa. Women are generally understood to be playing an important role not only in the upbringing of children, but also in securing sustainable livelihoods for their

households. Informal sector activities seem to be an easy survival strategy for women in their endeavor to secure livelihoods.

Rugutt (2017) posits that the contribution of women to the economy in relation to men is estimated to be larger than their male counterparts, except for Tunisia where it accounts for a minor percentage of informal sector's contribution to the GDP. The percentage shows that women evidently play a leading role in the African informal sector. The heterogeneity in terms of sectors and countries is also a factor to consider. According to recent data collected by Stats SA (2021:8), the informal sector is estimated to have grown from 4,2 million informal jobs in 2013 to 5 million informal jobs in 2019, and these figures account for approximately a third of total employment, with 43.8 percent participants in 2019 observed to be women.

Blaauw (2017) argues that the South African informal sector is estimated to be relatively small in size, yet it is a significant component of the economy in terms of its contribution to the gross domestic product (GDP). According to the Institute for Economic Justice (2018) argues that Stats SA estimated the informal sector's contribution at 6% of the GDP. Furthermore, evidence suggests that informal retail is a significant medium for poor households and food-insecure households to get food (Skinner, 2016).

A recent report commissioned by Stats SA (2021) titled 'Gender Series Volume 6 Informal economy' (2013 - 2019) demonstrates a downward trend of women participating in the informal economy. The report showed that females were more disadvantaged in some of the informal economy outcomes as they were more likely to help without pay, had lower median earnings, and less monthly turnover than men.

Street vending is generally viewed as a common activity in the informal sector which represents a sizeable number of women involved in the informal sector. Street vending activity is commonly perceived as an important survival strategy by informal traders towards securing livelihoods and reducing vulnerability and increasing the level of capabilities to generate income and ultimately provide basic essential needs for households (Rugutt, 2017). This shows the significant role which is played by women who are involved in the informal sector in securing livelihoods for their families.

2.7 Conclusion

The theoretical literature analysis discussed in this chapter provided an understanding of the informal sector's role in society in terms of poverty alleviation and unemployment reduction. Informal trading in South Africa and other developing countries is perceived



as a significant component of the economy and ought to be understood as an instrument that may be employed to reduce poverty levels. This chapter provided an understanding of the concept of the informal sector within the context of informal traders with reference to the informal sector as a survival strategy to secure livelihoods.



CHAPTER THREE

THE INFORMAL SECTOR AND SUSTAINABLE LIVELIHOODS

3.1 Introduction

The previous chapter conceptualized the informal sector. Furthermore, the context of the informal sector in South Africa and other countries was analysed. This chapter conceptualizes what constitutes sustainability and sustainable livelihoods. The informal sector is viewed to be among other vehicles used by informal traders who are involved in informal activities to secure sustainable livelihoods through income generation.

3.2 The Concept of Sustainability

While the concept of sustainability is a relatively new idea, the movement as a whole has roots in social justice, conservationism, internationalism and other past movements with rich histories. By the end of the twentieth century, many of these ideas had come together in the call for sustainable development.

In 1983, the United Nations defined sustainable development in the Brundtland Report as development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brandtland report, 2018). It assumes that resources are finite, and so should be used conservatively and carefully to ensure that there is enough for future generations without decreasing the present quality of life. A sustainable society must be socially responsible, focusing on environmental protection and dynamic equilibrium in human and natural systems.

According to Salas-Zapata and Ortiz-Munoz (2018), the concept of sustainability is composed of three pillars, namely, environmental, social and economic, also known informally as profits, planet and people. These are in particular relevant to corporate sustainability and efforts made by companies.

3.2.1 Environmental protection

Environmental protection is the most frequently discussed element. It is concerned with the reduction of carbon footprints, water usage, non-decomposable packaging and wasteful processes as part of the supply chain. These processes can often be cost-effective and financially useful as well as important for environmental sustainability.



3.2.2 Social development

These are about treating employees fairly and ensuring responsible ethical and sustainable treatment of employees, stakeholders and the community in which a business operates. This may be achieved through more responsive benefits, like better maternity and paternity benefits. For example, businesses should operate using sustainable labour which involves fairly paid adult employees who can operate in a safe environment.

3.2.3 Economic development

Economic development is probably the simplest form of sustainability. To be economically sustainable, a business must be profitable and produce enough revenues to be continued into the future. The challenge with this form of sustainability is achieving an equilibrium. Rather than making money at any cost, companies should attempt to generate profit in accordance with other elements of sustainability. Hovsha and Meyer (2015) argues that income and employment generation become possible when people are encouraged and enabled to participate in a diverse range of livelihood activities. This argument is also enhanced by Tokaza and Chitereka (2022), who posit that a livelihood is sustainable only when people can cope with and recover from stress and shocks, maintain or enhance their capabilities and assets and provide livelihood opportunities to the next generation. Therefore, it is imperative to understand the heterogeneity of the informal economy with economic development regarding the rationalisation of securing sustainable livelihood through the informal sector.

3.3 Sustainable livelihoods

The idea of sustainable livelihoods was a core submission in the report that was published in 2007 on Environmental and Development to the United Nations by the Brundtland Commission. There is need to link socio-economic and ecological concerns in a cohesive, policy-relevant structure. The 1992 United Nations Conference on Environment and Development (UNCED) broadened the concept further, especially in terms of Agenda 21, and foregrounded the achievement of sustainable livelihoods as a broad goal for reducing poverty (Khuzwayo, 2016). Sati and Vangchhia (2017) further assert that Agenda 21 argues that achieving sustainable livelihoods may be a broad goal for poverty reduction. It stated that sustainable livelihoods could serve as an integrating factor that allows policies to address development.



The concept of sustainable livelihood can be traced back to various scholars and institutions such as the Institute for Development Studies (IDS), which defines livelihoods as comprising the capabilities, assets (including both material and social resources) and activities required for a means of living (Lisocka-Jaegerman, 2015). Sustainable livelihood connotes a livelihood that can cope with and recover from stress and shocks, and maintain or boost its capabilities and assets, while not destabilizing the ecosystem (Dautriat, 2022).

According to Ayana, Magento and Kussa (2022:2) “livelihoods is defined as comprising the assets (natural, physical, human, financial and social), the activities, and the access to these that together determine the living gained by the individual or household. Tokaza and Chitereka (2022), also argues that livelihood is sustainable only when people can cope with and recover from stress and shocks, maintain or enhance their capabilities and assets and provide livelihood opportunities to the next generation.

Livelihood outcomes are results or outputs of livelihoods strategies, and such outcomes are as a result of assets acquisition and livelihood strategies of other components of the framework which secure livelihood security (Ayana, Magento and Kussa, 2022). Gambe (2015) argues that sustainable livelihood theoretical framework is relevant as it is convenient in comprehending poverty and the set of actions and principles that can be adopted to overcome poverty, and assist in the understanding of poverty and applicable tactics that can be deployed in enlightening the lives of the poor. Sustainable livelihood is understood to be an attempt to expand understanding in relation to social realities in an effort to reduce levels of poverty. It pays more attention to the various factors and processes which either constrain or enhance poor people’s ability to make a living in an economically, ecologically, and socially sustainable manner.

The sustainable livelihood approach was adopted by the Swedish International Development Cooperation Agency Division with the intention to develop a policy on Socio-economic analysis of livelihoods that comprise of assets, social resources as well as activities that form the basis for livelihood security and reduce the level of vulnerability, shocks and stress (Takaza and Chitereka, 2022). According to Sati and Vangchhia (2017),



“A livelihood comprises the capabilities, assets (stores, resources, claims, and access), and activities required for means of living: a livelihood is sustainable if it can cope with and recover from stress and shocks, maintain, or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation”.

The sustainable livelihoods approach is believed to have the ability to foster an understanding of the connections between informal traders’ livelihoods strategies and the ways in which they use natural resources at their disposal to secure livelihoods for their households.

According to the International Labour Organisation (2021), in countries such as India where informal employment constitutes 88 percent of working men and 90 percent of working women, informal traders acquire resources and make use of them to secure future social security by investing in education for their children with the aim of reducing the level of vulnerability). In this way, informal traders acquire resources and make use of them to secure future social security with a hope of reducing the level of vulnerability. (Research Network and Support Facility, 2017). The informal sector is generally viewed as a strategy that individuals employ to meet their basic needs (Susanto and Sudrajat, 2017). It is viewed as a survival livelihood strategy because of the inherent capacity to sustain individuals without formal employment that it has. Nasution et al, (2021:4), argues that when linking the informal sector with the urban poor, two terms are used when facing a crisis situation. The first term is a survival strategy, which was first used by Charles Darwin in explaining the theory of evolution. As a survival strategy, the informal sector economy is able to provide a means for layoff victims and unemployed persons to eke a living and support others (OECD, 2020).

Optimists of the informal economy believe that players in the informal sector are able to support themselves and their dependents, while pessimists argue that the sector is subjected to the forces of global capitalism, and the survival of informal businesses become very difficult because of the conditions which threaten their security (Ohnsorge and Yu, 2019). This argument brings to the fore a better understanding of the livelihood strategies among the township residents and particularly, informal traders. It is deducible that informal business traders are using informal business activities as a survival strategy for a sustainable livelihood. This is backed by the report commissioned by the International Labour Organisation which reports that 2 billion

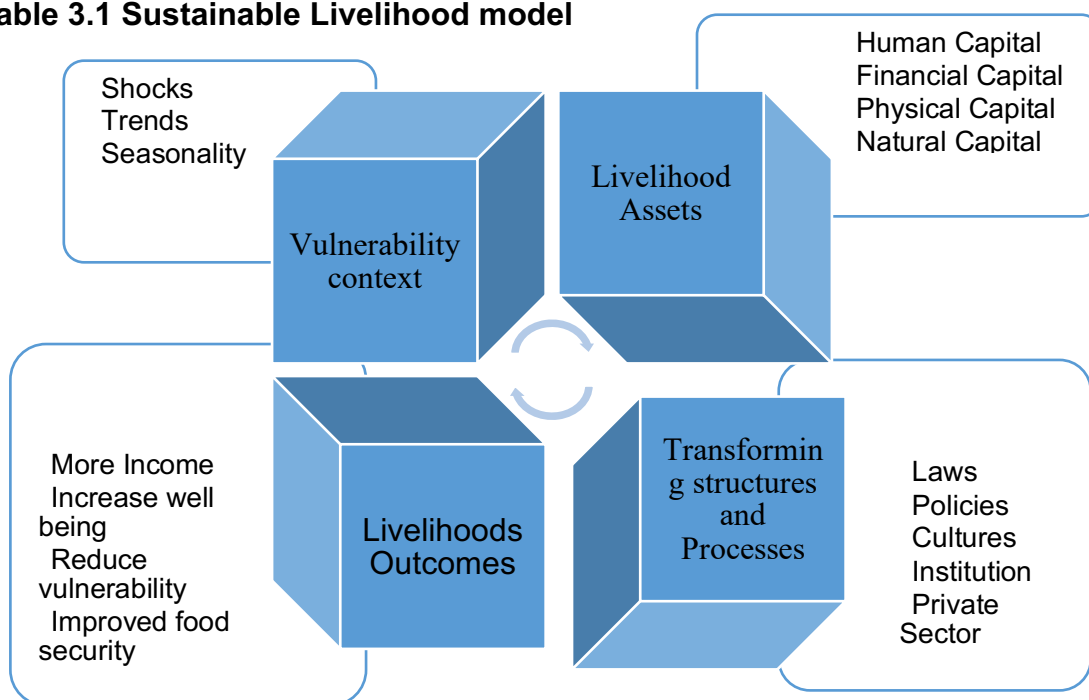
people, representing 61.2 percent of the world’s employed population work in the informal sector (ILO, 2018). Globally, 93 percent of those employed in the informal sector are from developing countries. The report further states that 88.8 percent of employment in Africa is informal (ILO, 2018).

The concept of sustainable livelihoods came from the model of participatory development, which became prevalent in the 1990s. The approach is perceived to require a change in ways in which poverty is understood and further focuses on the important priorities of poor people. Rugutt (2017) argues that in redressing poverty, attention should be given to prospects of “livelihoods” as opposed to merely income measures. This largely refers to “the means of gaining a living” and includes one’s own capabilities as well as tangible assets, shared resources and general support from others.

3.4 The Sustainable Livelihoods Model

The sustainable livelihoods model is an endeavour to put into context the social realities of livelihoods in a broader way, capturing the many complexities of livelihoods, and the challenges and opportunities that they are subjected to (see Table 3.1).

Table 3.1 Sustainable Livelihood model



Source: DFID (1999)

The challenges and opportunities are informed by various factors, ranging from the global or national level trends and structures over which individuals have no control and which many are not even aware of, to more local norms and institutions and finally, the assets to which the households or individual have direct access to (OECD,2020).



Livelihood strategy within the sustainable livelihood approach is widely viewed as a means to survival. Rugutt (2017) argues that livelihoods are informed by factors that increase the capability level to acquire assets in an endeavour to secure livelihood and reduce the level of vulnerability. The method was useful to this research study as it directed the focus on the informal sector's contribution to sustainable livelihoods, looking deep into the capabilities of the informal sector activities as directed by the guidance of the model on sustainable livelihoods.

Khuzwayo (2016) argues that it is important to understand the sustainable livelihood approach with a better knowledge in order for the vulnerable to transition from the poverty line, and the acquisition of assets play an important role. These enhance the understanding of the informal sector's contribution to sustainable livelihoods, emphasizing its significant role in reducing vulnerability.

The framework analysis draws attention to the full range of assets that people draw upon to compose a livelihood, such as human capital which represent skills, knowledge, ability to labour and good health that together enable people to pursue different livelihood strategies and achieve their livelihood objectives. The vulnerability context is important because these factors have a direct impact on the possibilities that poor people have to earn a living now and, in the future, (Serrat, 2017).

The idea of assets is central to the sustainable livelihood's strategy. Rather than understanding poverty as simply a lack of income, the sustainable livelihoods model considers the assets that poor people need in order to sustain an adequate income to live on. Based on assets and shaped by the vulnerability context and the transforming structures and processes, poor people are able to undertake a range of livelihood strategies, activities and choices that ultimately determine livelihood outcomes (da Silva Junior, 2020). This asserts the important role of structures in ensuring implementation of strategies to enhance capabilities to secure livelihoods.

Steiler and Nyirenda (2021) state that livelihoods become sustainable when they can cope with and recover from stresses and shocks and maintain or enhance people's capabilities and assets both now and in the future. Assets gain weight and value through the prevailing social, institutional and organizational environment (policies, institutions, and processes). This context decisively shapes the livelihoods strategies that are open to people in pursuit of their self-defined beneficial livelihoods outcomes. The center of the theoretical framework contains the following livelihoods assets, namely, human, social, natural, physical and financial assets. The sustainable



livelihood framework method notes that households create a better living based on acquiring assets which in turn help to increase capabilities to secure livelihoods. Eriksen et al, (2021) argue that the livelihood method or strategy recognizes that the marginalized and vulnerable groups may not be able to invest in future social investments which may be caused by affordability challenges, but they have their entrepreneurial skills, knowledge and other natural resources such as land around them to secure future social security.

3.4.1 The Vulnerability context

According to Serrat (2017:23), “Vulnerability is characterised as insecurity in the well-being of individuals, households, and communities in the face of changes in their external environment”. People move in and out of poverty and the concept of vulnerability captures the processes of change better than poverty line measurements. Vulnerability has two facets, an external side of shocks, seasonalities, and critical trends and an internal side of defencelessness caused by lack of ability and means to cope with these. The vulnerability context of cycle system, trends and shocks undermine informal trader’s household stability and security, and in many instances, is above the control of informal traders. Informal traders, because of their position in the communities they live in, are more exposed to the inability to secure livelihood that arise in the informal sector as a whole. Challenges such as lack of survival strategies, unemployment and limited availability of scarce resources are issues that contribute to vulnerabilities.

3.4.2 Livelihood Assets

The livelihood approach is focused on the understanding of people’s capabilities and strengths. This approach is believed to be founded on the belief that people require accumulation of assets to realize the desired livelihood outcome (Serrat,2017). The livelihood assets or capital have been identified in order to make a living and realize better livelihood. The types of livelihood assets are as follows, human capital, social capital, natural capital, physical capital and financial capital.

3.4.3 Transforming structures and processes

The importance of institutions and processes cannot be overemphasized because they operate at all levels, from the household to the international arena, and in all spheres, from the most private to most public. They effectively determine access to the various types of capital, livelihood strategies, decision making bodies, source of



influence, terms of exchange between different types of capitals, and return to any given livelihood strategy (da Silva Junior, 2020). Institutions and processes can determine access to assets and influence decision making processes.

The European Union (2018) argues that policy focus approach for the informal sector could be vital for poverty alleviation and unemployment. This concurs with Steiler and Nyirenda (2021)'s assertion that the heterogeneity of the informal economy provides opportunities for income generation for people with different social backgrounds. This demonstrates the importance of a policy focus approach in creating an enabling ground for informal activities to be undertaken in pursuit of livelihoods that may ultimately reduce the level of vulnerability. With regard to policies governing street vending in Tanzania, Steiler and Nyirenda (2021) posit that balanced policies and regulation are central to reducing harassment and corruption affecting street vendors but also helping municipal authorities to improve their revenue collection.

Skinner and Hayson (2016) argue that, the South African government came up with an intervention policy which seeks to address the plight of small medium enterprises with a view to integrate informal traders into government policy programs. The National Informal Business Upliftment Strategy (NIBUS) is an indication of positive mechanisms being introduced to improve the conditions of informal businesses, while reinforcing their livelihood strategies (Skinner and Haysom, 2016).

3.4.4 Livelihood Outcomes

Seratt (2017) posits that outputs of livelihoods strategies are achieved to increase wellbeing, improve food security, reduce the level of vulnerability and the usage of natural resources. Sarrat (2017) further argues that potential livelihood outcomes can include more income, increase well-being, reduced vulnerability, improved food security, more sustainable use of the natural resource base, and recovered human dignity. Livelihood strategies include the range and combination of activities and choices that people make in order to achieve their livelihood goals. It should be understood as a dynamic process in which people combine activities to meet their various needs at different times.

Informal sector involvement in the informal economy is guided by policies that seek to promote the attainment of livelihood outcomes to ensure increased capabilities to reduce vulnerability and is aimed at securing sustainable livelihoods. Strategies to achieve livelihood outcomes are facilitated by fair allocation of resource such as



access to government financial support, trading spaces and basic government services.

According to Laframboise (2019), the South African informal economy comprises of multiple unregistered, unofficial trades, wherein it generates its own markets, and brings together business activities such as the selling or rendering of services on public roads or a public space. With the increasing rate of unemployment in South Africa as a result of limited economic growth, there is a serious need to address socio-economic inequalities in an effort to empower the most vulnerable in order to secure sustainable livelihoods.

For many South Africans, participating in the informal sector is the alternative to reduce vulnerability in pursuit of sustainable livelihoods. It is for that reason that this study sought to investigate the informal sector's contribution to sustainable livelihoods using Mandela Park in Khayelitsha township, Cape Town, as a case study.

3.5 Conclusion

Sustainable livelihoods, as a concept, requires an understanding of the social conditions that poor people live under. It is understood that using the livelihoods approach requires an understanding of the processes that underlie poverty and the social, cultural, political and institutional context in which poor people live in. The Sustainable Livelihoods Framework provides an in-depth understanding of elements that influence the attainment of livelihood outcomes. The Sustainable Livelihood Framework assists to analyse the role of regulatory settings and government policies as structures and processes that are important in transforming street traders' livelihoods and making it sustainable through decreasing vulnerability and thus stabilizing their assets base. It further explores measures utilised to determine contributing factors to sustainable livelihoods as opposed to relying on income as a measure around poverty. This chapter provided a better understanding of the research objective that aimed to examine key constraints to securing informal livelihoods.



CHAPTER FOUR

LEGISLATIVE FRAMEWORK AND POLICY INFLUENCING THE INFORMAL SECTOR IN SOUTH AFRICA

4.1 Introduction

Chapter four describes the legislative and policy framework that influence the informal economy within the informal sector in South Africa. Further, the chapter highlights the shortcomings of the implementation of government policies that are ‘supposedly’ meant to govern and support the informal sector. This chapter also analyzes the responsiveness of existing policies to the current conditions and plight of the informal sector.

Legislation discussed in this chapter include the Business Act No, 71 of 1991, The Spatial Planning and Land Use Management Act No,16 of 2013, Strategy and the Act 108 (1996) Constitution of the Republic of South Africa. Policies discussed are the White Paper on National Strategy for Development and Promotion of small Business, and the National Informal Business Upliftment policy.

4.2 Legislative and Regulatory Framework influencing the Informal Sector

The legislative and policy framework affecting the informal sector in South Africa is discussed below.

4.2.1 White Paper on Small Businesses on Development and Promotion of Small Businesses

Post 1994, the democratic government in South Africa ushered in some hope to a number of hopeless citizens with expectations for a better life. In its effort to realise the aspirations of the previously marginalized population, in 1995, the government introduced the white paper on the development and promotion of Small Businesses which made it the first policy position of the post-apartheid era. The paper acknowledged the survivalist micro-enterprises as a component of small businesses (Skinner and Hayson, 2016). The South African informal sector has been understood to be a source of income for a sizeable number of people during the apartheid era. However, the white paper was not explicit on the needs of small business players in the informal economy. Again, the impact of the policy received criticism, amongst others, the policy isolated the micro-enterprises and the informal economy, the policy was viewed to be biased to only small medium size enterprises (Skinner and Hayson,2016).

4.2.2 Recommendation 204 of the International Labour Conference, 2015

In 2015, the International Labour Conference played a significant role in shifting focus on the informal economy which culminated in recommendations that seek to transition the informal to formal economy. South Africa was selected by the ILO as a test for the implementation of the recommendations, especially recommendation 204. Critical pillars of the recommendation include amongst others, recognizing public spaces as workplaces, and the need for regulated access by informal workers to public natural resources, preserving and improving livelihoods of informal workers during transition to formalization.

In the process of testing the implementation of recommendation 204, informal representatives were involved and agreed on the Decent Work Country Programme (DWCP) to be a pillar to provide a framework for the informal economy policy. This also gave grounds to identify changes in law that relates to the key pillars of recommendation 204. This was followed by the adoption of the National Development Plan which gave specific primacy to small businesses, and the informal sector to create more than two million jobs by 2030. In response to the National Development Plan, in 2014, government announced the establishment of the Department of Small Business Development (DSBD). The Department of Trade and Industry in 2014, further launched the National Informal Business Upliftment Strategy which became the first government policy approach dealing with the informal sector (Skinner and Hayson, 2016).

4.2.3 The National Informal Business Upliftment Strategy Government Policy Approach

In 2014, the Department of Small Business Development (DSBD) introduced and adopted a strategy which seeks to address the plight of informal businesses in South Africa. The National Informal Business Upliftment Strategy objective is to uplift informal businesses and ensure that appropriate structures are established to provide support to the informal businesses with the coordination of the National government at the center. The coordinated effort by various departments such as the Department of Trade and Industry, the Department of Small Business Development, the Small Enterprise Development Agency, the Small Enterprise Finance Agency and the National Youth Development Agency demonstrate that government recognizes the informal sector's role in employment creation and poverty alleviation. However, the



implementation, impact or effectiveness of the combined effort remains for researchers to examine and evaluate.

4.2.4 Local Government By-Laws

Section 156 of the Constitution of the Republic of South Africa, 1996, gives specific powers and executive authority to local government, amongst others, to make and administer by-laws for the effective administration of the matters which it has a right to administer. Business activities for both informal and formal sectors are regulated by local government through policy and by-laws with strict adherence to national policy directives. The responsibility of creating an enabling environment for informal traders through the Local Economic Development framework is located in local government. The framework is meant to support local businesses and stimulate economic development, however, does not provide necessary survivalist support to informal traders who are selling cooked food, hawkers, personal services providers, saloons and car wash in public spaces.

The introduction of NIBUS in 2014, was aimed at coordinating government effort towards the realization of substantive support for the informal sector and also place specific responsibility on each sphere of government in a well-coordinated policy approach. Yet, Local government often views informal traders in public spaces as law breakers who are a nuisance, and are selling illegal goods and services, who need to be stopped and controlled through harsh regulatory frameworks (Masuku and Nzewi, 2021). According to Etim and Daramola (2020:3), the policies that are developed specifically to provide support to the informal sector by governments are in many instances inappropriate and inadequate (Etim and Daramola, 2020).

4.2.5 Business Act No, 71 of 1991

Horber (2017), argues that during the apartheid era, government introduced policies which sought to exclude informal trading in cities, thus, preventing informal traders who are the marginalized section of the population from securing livelihoods. However, in 1991, the introduction of the Business Act 71 of 1991 removed some barriers to informal trading and gave local government powers to determine location and manner on how informal trading should be conducted. Local government viewed informal trading without a trading license issued by the municipality illegal. This was enforced by using by-laws which were in line with the principal act. In addition, contravention of

the by-law resulted in informal trading being criminalized with harsher sanctions, thus limiting informal traders from securing livelihoods (Horber, 2017).

4.2.6 Spatial Planning and land use Management Act No, 16 of 2013 (SPLUMA)

The Spatial Planning and Land Use Management Act No,16 of 2013 was promulgated by government in 2013 with the objective to provide a legal framework for spatial planning and land use management in the country. The main objective of the act is to address the past spatial and regulatory imbalances. According to the Act, all levels of government have a role to play in ensuring that racial inequality, segregation and unsustainable settlement patterns become a thing of the past and uphold the constitutional imperatives.

Turok et al, (2017) argue that government informal economy initiatives often show neglect of spatial division. Nel (2015) asserts that SPLUMA is intended to create a single spatial planning and land use management system that deals with challenges of justice, access, sustainability and efficiency facing South Africa. It also creates a planning that integrates policy, spatial planning and land use management, particularly at the local government level. Horber (2017:22) asserts that “Government often ignore differences between areas and do not acknowledge and enable connections between the formal and informal sector”.

4.2.7 The Constitution of the Republic of South Africa,1996.

Chapter seven of the Constitution of South Africa, 1996 provides for local government to make and administer by-laws which means local government is the only sphere of government which deals directly with citizens in relation to basic service delivery such as road, water, health facilities and sanitation. Since it is in direct contact with communities, it means informal traders rely mainly on local government for support such as trading spaces, land, water and sanitation etcetera.

In making by-laws, section 156 (3) of the Constitution 1996, states, “a by-law that conflict with national or provincial legislation is invalid”. These is highlighting the importance of coordinated policy approaches between all three spheres of government. According to Skinner and Haysom (2016), provinces are also mandated to play a role in regulating and supporting the informal sector, however, they do not seem to be providing the required support. Furthermore, local government is mandated to promote the Bill of Rights which reflects the nation’s values of human

dignity, equality and freedom, and uphold the principles enshrined in the Constitution (SALGA, 2015).

4.2.8 The National Development Plan

In 2012, National Government launched a national plan which became South Africa's blueprint. Among others, the objectives of the National Development Plan are to eliminate poverty, reduce inequality and accelerate growth in the economy. The NDP targeted the creation of more than ten million jobs by 2030 and argues that 90 percent of these jobs will be created by Small Micro Medium Enterprises (NPC, 2012). However, the plan failed to outline on how the existing informal businesses will be supported, yet more than 2 million jobs are estimated to be created by the informal sector. Fourie (2015) argues that the NDP failed to provide as framework on how to support the existing informal businesses or how the existing barriers to entry will be removed to generate new jobs.

4.2.9 Local Economic Development

Local Economic Development is associated with the process whereby local government works together with social partners such as NGOs, community-based groups, and the private sector in job creation and stimulating economic development activities in communities (Mashamaite and Letheko, 2018). This is supported by Kahika and Karyeija (2017:159)'s assertion that "local economic development as a development strategy has in the recent past gained widespread popularity and acceptance as a grass root-based approach especially in the developing world".

The Constitution of South Africa of 1996, declares that an imperative and fundamental objective of local government is to promote social and economic development in communities. The Local economic development strategy outlines that local government is not responsible for creating jobs but rather, responsible for ensuring that overall economic and social conditions are conducive to the creation of employment opportunities.

Municipalities are mandated to formulate an integrated development plan with local economic development forming part of the dimensions within the Integrated Development Plan, and local government is obliged to plan and pursue LED activities as a core aspect. Therefore, informal traders form part of communities residing in municipalities, which means, their plights as a marginalized group ought to be championed and taken care of by local government by integrating the informal

economy in their strategy to stimulate business and development. Masuku and Nzewu (2021) argue that local government is mandated to formulate an integrated strategy with the objective to support local businesses and stimulate economic growth, yet municipalities are currently not providing the needed survivalist support to informal traders, especially the informal street traders in public spaces. A research study conducted by Masuku and Nzewu (2021) reveals that the relationship between municipalities and informal business operators is that of exclusion and negligence.

4.2.10 United Nation's Target 8.3 of the UN Sustainable Development Goals

According to the Sustainable Development Goals vision 2030, member's states such as South Africa are given a responsibility to reduce at least by half the proportion of men, women and children of all ages living in poverty (UN, 2015). Target 8.3 of the sustainable development goals specifically direct members to promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro small and medium size enterprises including through access to financial service.

These sustainable developmental goals adopted by the UN assembly are understood to be aligned with the ILO recommendation 204 that advocates for transitioning of the informal economy to formal. The informal sector is hosting two billion people in terms of informal employment globally, and these translate to 60 percent of the global labour force and 90 percent of small and medium scale enterprises (Etim and Daramola, 2020). The International Monetary Fund (2017) reveals that within sub-Saharan Africa, informal employment and the informal sector deposit about 20 percent to 60 percent of the National GDP.

4.3 Legislative and Policy Framework Analysis

Broadway (2017) characterizes the informal sector as a source of livelihood in South Africa in a context of extreme unemployment which is estimated to be 33.9 percent according to Stats SA (2022) issued in the result of Quarterly Labour Force. The informal sector is understood to be an accessible and affordable source of basic goods and services in many parts of South Africa. Broadway (2017) asserts that informal sector plays a key role in poverty alleviation, income generation for livelihood and entrepreneurial development. Hovsha and Meyer (2015) argues that in light of the ever-increasing rate of unemployment which is a result of stagnant economic growth



as well as societal restraints, there is a need to address the socio-economic inequalities in order to empower the vulnerable groups such as women and youth. “For many South Africans, Informal trade is the alternative to unemployment” Hovsha and Meyer (2015:35).

The South African Local Government Association (SALGA) argues that the informal sector ought to be viewed as a pivotal component of government strategy to address unemployment and support livelihood creation, that seeks to increase capabilities to reduce the level of vulnerability. However, in contrast, the African Cooperative for Hawkers and Informal Business (ACHIB) reveals the sad reality that the Municipal Councils inhibit informal traders from securing livelihood within the informal economy (Hovsha and Meyer, 2015). This goes to demonstrate the level of government inconsistency and lack of commitment to salvage the informal traders from the bondage of poverty and vulnerability. Skinner and Hayson (2016:12) argue that “national government lacks a clear and coherent policy towards the informal economy”.

In 1995 the democratic government tried to integrate informal businesses into government policy programs by introducing a white paper focusing on the Development and Promotion of Small Businesses which marked the first policy position of the democratic government. According to Skinner and Hayson (2016) the white paper is silent on the needs of informal businesses yet acknowledging informal trading as a component of small businesses pursuing a survivalist strategy to secure livelihood.

In 2003, President Thabo Mbeki for the first time, announced the informal economy policy which has specifically acknowledged the informal sector as a component of government policy programs. In his address, President Mbeki conceptualized the informal economy as the second economy (or the marginalized economy), characterized by underdevelopment, contains a large percentage of the SA population, incorporates the poorest of the rural and urban poor, is structurally disconnected from both the first and the global economy, and is incapable of self-generated growth and development (Philip and Hassen, 2008). According to Skinner and Hayson (2015) the idea of the second economy received critiques amongst analysts who largely pointed out to the conceptual flaws of seeing the informal sector and formal sector being disconnected with emphasis that formal economy “first economy” is relatively working better than the second economy (informal sector).



Furthermore, Horber (2017) dispels the notion that seems to suggest that the formal economy is distinct from the so call “second economy”, and asserts, “This is a false dichotomy, as research shows that the informal and formal economies are closely interconnected” (Horber, 2017:20). Skinner and Hayson (2016) describe informal sector and formal sector relationship as closely intertwined, with mutual trading and exchange occurring. Therefore, this dispels the notion that seeks to portray the formal sector as working well alone in isolation of the contribution of the informal sector as an important segment of the gross domestic product stimulator.

The National Development Plan 2030 vision projects the creation of more than 2 million jobs by the informal sector. Fourier (2015) argues that the NDP gives particular primacy to the informal sector, yet little or nothing is mentioned on how the existing informal sector participants will be supported to achieve the target, nor how existing barriers to entry will be eliminated to generate new jobs. Skinner and Hayson (2015) make specific proposals to create an enabling environment for informal businesses, and conditions which enable new entry to survive, which include, simplifying the regulatory environment, creation of financial instruments and addressing the entrepreneurial skill gap.

In 2014, the government launched the National Informal Business Upliftment Strategy (NIBUS), a policy approach paying specific focus on the informal sector. The policy comprises of two key priorities which seeks to tackle entrepreneurial skills deficit and infrastructure in the informal sector. Provincial government working with local government have a specific role to play in ensuring that the policy is responsive to the plight of the informal sector. According to Skinner and Hayson (2015:13), “up to R2 million funding is made available to municipalities on 50.50 cost-sharing grant basis”. The National Informal Business Upliftment Strategy was introduced with much focus on infrastructure and entrepreneurial skills development. However, the policy received criticism from scholars and commentators saying the policy contains few areas of concern and that both business upliftment and the policies stated aims for entrepreneurial activities in the informal economy, with more focus on graduating into the formal economy, which may run a risk of picking the winner and neglecting the majority (Skinner and Hyson, 2016). Ernest and Olawande (2020) assert that current policy initiatives by the City of Cape Town, City of Johannesburg and eThekweni, should be fully operational, however, these policies are dualistic, focusing on cross cutting supporting measures such as training and infrastructure. According to Ernest



and Olawande (2020), all these policies fail to understand how informal sector operators fare in the administrative process which ultimately tend to favour formal sector operators. It is perceived that all the policy initiatives such as National Informal Business Upliftment Strategy lacks the ability to address the structural impediments as the informal sector tries to transition to the mainstream formal market, and thus secure sustainable livelihoods.

According to the Institute for Economic Justice Research Policy Advocacy (2018), the Government Department of Small Business Development reported to Parliament in 2017 that they had trained over 4 400 informal sector operators, yet during the same period 2.8 million people were estimated to have been registered as working in the informal sector. This further demonstrate the lack of focused policy and implementation.

In 2014 the Western Cape government released a framework referring to the informal sector role in securing livelihoods, yet the City of Cape Town seems to have used draconian by-laws with systematic exclusion features in allocating at least 410 street trading bays in the whole inner city (Bukasa, 2014). Provinces have been slow in supporting the informal sector regardless of their mandate to do so (Skinner and Hayson, 2016). Street trading in the City of Cape Town plays a pivotal role in the local economy and urban landscape (Horber, 2017). This is supported by the survey conducted by a Central City Improvement District (CCID) in the city center in 2014, which reveals that 73 percent of respondents shopped from the informal traders (CCID, 2015).

Furthermore, Turok et al (2017) argue that government initiatives about the informal sector often show neglect of spatial divisions and that government strategies hardly revise or streamline existing legislation that hinders informal businesses. Policy makers ought to understand the importance of social realities affecting the informal traders and the evolving industrial composition for proper responsive and focused policy formulation.

The Institute for Economic Justice Research Policy Advocate (2018), notes that a detailed analysis of local, provincial and national policy responses to the informal sector in the post-apartheid period concluded that there has been a mix of ambiguity, omission and repression. Notable cases of destruction of livelihoods cited are the violent removal of 6000 inner city street traders in Johannesburg in 2013, the closure of 600 informal businesses by the Limpopo government in 2012, but also ongoing



confiscation of informal goods (Skinner, 2018). When the informal sector is addressed, it tends to be regarded as micro and/ survivalist small businesses predominantly requiring micro-finance, training and removal of regulatory constraints. The first and only to have a national coordinated informal sector policy-the National Informal Business Upliftment Strategy or NIBUS (DSDB, 2014) has attempted to enable interventions, but a much more comprehensive and nuanced approach is required. In fact, Ravi Kanbur (2017) argues that policy discourses and the frameworks which dominate economic analysis are flawed because they take incorrect views about formality and as a result, they come up with inappropriate policy and prescriptions. According to Ntoyanto and Khumalo (2021), providing support to informal businesses may assist to expediate transition to formalization, which may assist the businesses to contribute to employment creation. They further argue that such a position is informed by a research study which was conducted in the United Kingdom on opportunity employment which can be created by informal businesses.

4.4 Conclusion

This chapter examined the legislative and regulatory framework governing the informal sector in South Africa. It was followed by an impact analysis of the policy interventions and highlighted the mixed outcomes brought by the interventions.

The current regulatory framework and administrative processes are in many ways unsupportive and inappropriate, which result in enforced informality. In other words, people who are already vulnerable are pushed into operating in the unregulated economy without formal protections and it is understood that compliance with many businesses laws and regulations imposes unrealistic costs on entrepreneurs and thus hinders formalization and growth. There is a need to formulate policies that seek to address the problems of unemployment, poverty, lawlessness, and tax evasion by informal sector participants. These approaches may increase the tax base for government and collection of more revenue.

CHAPTER FIVE

CONTRIBUTION OF THE INFORMAL SECTOR TO SUSTAINABLE LIVELIHOODS IN MANDELA PARK, KHAYELITSHA TOWNSHIP

5.1 Introduction

The previous chapter focused on the legislative framework and policy influencing the informal sector in South Africa with more emphasis on past and present government intervention in an endeavor to regulate and support the informal sector. The legislative and policy framework analysis in the previous chapter provided in-depth understanding of the informal sector in South African context.

This chapter presents the results of the study and discusses how the findings have provided answers to the research question on the contribution of the informal sector to sustainable livelihoods in Khayelitsha's Mandela Park, in Cape Town. This chapter also examines key constraints to secure informal livelihoods in Khayelitsha's Mandela Park, analyses policy gaps that impede rationalization of the informal sector and paves way for recommendations for improving the contribution of the informal sector to sustainable livelihoods. The qualitative research method was used to conduct the study and primary data was considered.

A case study approach assisted in conducting the study because it enabled an in-depth exploration of complex issues in their real-life settings and experience in a smaller area. Purposive sampling was used because it enabled the selection of informal sector participant only.

The sample was divided into two categories. The first category was extracted from the population of subsectors within the informal sector, namely, retails, agricultural goods and service providers. The second category was within the subsectors and not more than five participants were sampled from each subsector. Structured interview technique was used as a data collection instrument because interviews provide an opportunity for in-depth conversations with respondents, enabling more detailed information to be collected in pursuit of understanding the phenomenon of interest.

Thematic analysis was employed in this research study to analyse the collected data. This type of analysis is usually applied to a set of texts such as interviews or transcripts. Caulfield (2019) argues that the researcher conducting a research study analyses the data collected from the participants through interview to highlight common trends and ideas or comments that have similarities.



5.2 The Study Area

The study was conducted in Mandela Park, Khayelitsha township within the City of Cape Town, Western Cape Province in South Africa. Mandela Park which is in Khayelitsha township covers 1.86 Square kilometers (0.72 sq mi). It was established by the apartheid government in 1986 using the segregation laws to demarcate areas for black South Africans. It has a population of up to 18,747 according to City of Cape Town Census (2011).

Graphic 1: Khayelitsha Township Map



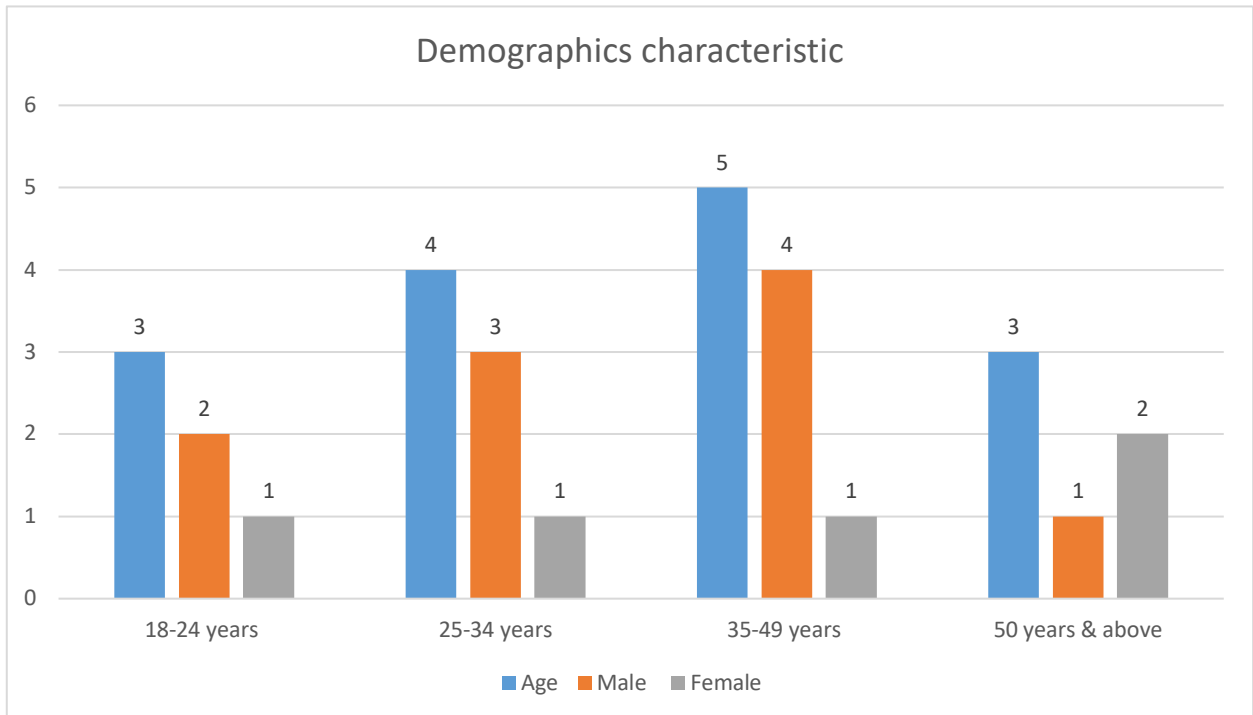
Source: City of Cape Town

5.3 Demographic Characteristics of Respondents

This section reflects on the background information of the participants. The research participants were requested to disclose their age categories. Young people, according to South African Constitution, who are between the ages of 18 and 34 years old, account for almost half of the sampled population. With this finding of the study, it can be concluded that young people are the ones most affected by the high unemployment rate, hence their involvement into the informal economy as a means to secure sustainable livelihoods. The International Labour organization (2018:30) reveals that 94.9 percent of persons between age 15 and 24 are in employment of the informal sector.



Table 1: Demographic characteristics of the study??



This research study was further focused on investigating the household composition of research participants and findings are presented below.

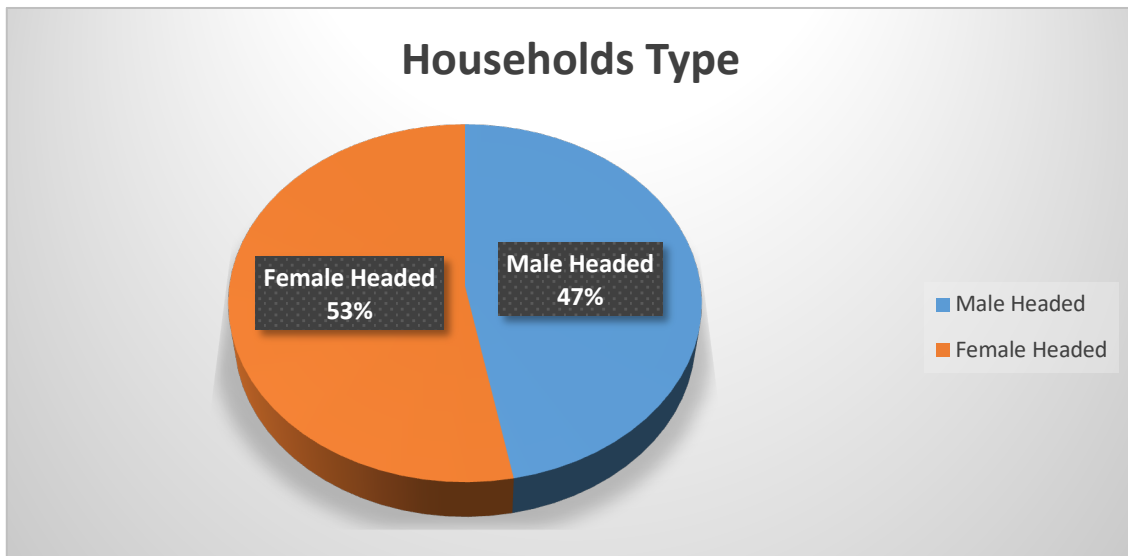


Table 2: Household Type of Respondents

The research findings revealed that most informal traders who are involved in the informal sector in Khayelitsha, Mandela Park are females who are household heads. This finding is supported by Magardle (2019:7), who says, “it is also worth considering the gender dimension: there has been a year-on-year increase in the number of women gaining employment in the informal sector”. The International Labour Organization (2018:30) shows that in sub-Saharan Africa, except South Africa, more

than 90 percent of women are in informal employment compared to 86,4 percent of men”.

5.4 Registration status of the Business

This section focuses on the respondents’ affiliation to other bodies and government structures. The findings revealed that most informal traders do not belong to any organized group or government registers. The study revealed that lack of education could be a contributing factor for non-participation in organized groups or engagement with the City Council for operating permits. That brings to life the argument that most informal traders are involved in the informal sector for survival purpose instead of growth and expansion.

5.5 Categories for Informal Sector Activities and Supplies

Information in relation to the respondents’ source of their stock which they are selling or services which they are willing to render was sought and the frequency thereof determined.

The study revealed that the informal sector is wide yet categorized by subsectors. Findings of this study show that 33.33 percent of the sampled population were involved in selling food items, while other 33.33 percent was involved in service based informal activities, such as, automobile services and sales, saloons and car wash. The other 33.33 percent of the respondents were involved in non- food items such as toiletries, airtime, clothing and metal tools. These kinds of informal activities provide informal traders with vast choices, especially in the provision of basic essential needs like food and shelter. These findings show that the informal sector is broad and categorized in subsectors, making it an important segment of the economy. The findings of the study are supported by the European Union (2022) which asserts, that the informal sector economy plays an important key role in employment creation and ultimately contributes to the Gross Domestic Product (GDP) of the country.



Table 3: Informal activities and categories

Items	Category of items	Responses	Frequency of buying trading stock
Food items	Fruits & vegetables, Foods, Sweets, Eggs, Soda, Juice, Fish	5	Weekly
Service Based	Car wash, Saloon, automobile repairs	5	Fortnightly
Non-Food Items	Toiletries, Airtime, Cigarettes, Clothing and Metal Tools	5	Weekly

5.6 Period and Motivation for involvement in the informal Sector Activities

The study revealed that participants were motivated by the need to earn income for their respective families, be self-employed and creating job opportunities for others. The findings show the choice of place by informal traders to conduct their informal activities as an important aspect in ensuring that the business is able to function and increase capabilities to secure livelihood. Respondents expressed preference to operate within the proximity of market spaces in Khayelitsha, Cape Town. Respondents were able to share their experiences in relation to their motivation to be involved in the informal trading activities. For example, respondent number five revealed that *“I have been able to build a decent house from the money I get through my informal trading on the streets and also pay school fees for my children”*. Respondent number three’s response supported this, by saying that *“It has been very helpful in paying school fees and buying assets”*. Both responses further matched with the responses of respondent number seven where the respondent said *“During holidays such as Christmas, I am able to buy food in bulk and clothing for the children.”* With this finding of the study, it is established that the informal sector plays a significant role in ensuring sustainable livelihood in Mandela Park, Khayelitsha, Cape Town. The result of the study also shows that informal traders who are involved in the informal sector in Khayelitsha’s Mandela Park, Cape Town increased their capabilities to meet the needs of their respective households to secure sustainable livelihoods. The period of involvement in the informal sector activities is meant to ascertain the resilient nature of the respondent and also provide insight with a deeper understanding of the reasons that motivated the respondent to be involved in the informal activities.



According to the findings of this research study, most respondents, especially those with the objective of generating income to secure livelihoods for their households revealed that the period of their involvement in the informal sector is more than 15 years.

Table 4: Results for the period and motivation of involvement in informal trading

Motivation	Category	Duration	Responses
Generate Income	Family support Moving out of poverty Meeting household needs Income	Above 15 years	7
Employment	Self-reliant Own boss Creating jobs	Below 10 years	5
Business Interest	Uneducated Job loss General Business Interest	Above 5 years	3

5.7 Respondents' skills and Financial Management training

This subtheme sought to examine and ascertain the skills levels of the respondents with the aim to determine capabilities to expand the informal activities which in turn may increase the capability to generate more income in order to secure livelihoods for households. Respondents with basic financial management skills may stand a better chance to increase capabilities to secure livelihoods in relation to diversifying income stream.

This section sought to establish the level of financial literacy from the respondents and ascertain if there is a need for a respondent to be equipped with basic financial management skills. The section also sought to reveal challenges to the informal sector activities. The study revealed that few respondents have matric certificates, amongst other reasons, is the previously disadvantaged family background which encourages their involvement in the informal trading mainly to have the ability to provide for essential needs to their households and break the chain of poverty.

The hope to change the household environment for the better is observed to be a phenomenon among most respondents. The study further revealed that 7 of the respondents completed their matric, while 2 out of the 7 have post matric qualifications. The findings reveal that 8 respondents did not complete high school

level. This implies that a relatively bigger fraction of the respondents is illiterate and lacked adequate educational skills that could enable them to manage their finances better.

5.8 Contribution of informal sector to sustainable livelihood

The main objective of this research study was to investigate the informal sector's contribution to sustainable livelihoods. Findings of this research study are analysed with the understanding of a case study in Khayelitsha township's Mandela Park in Cape Town.

Key aspects analysed which become a common phenomenon among the respondents were generating income for households, job creation for other vulnerable persons and business interest.

5.8.1 Income Generation

The study revealed that most of the fifteen respondents, believed that their involvement in the informal sector generated income and, in turn, helped contribute to securing their livelihood. They believed that the income generated from informal activities come in handy in the fight against poverty.

Respondent one said, *"Informal activity has helped me generate income that helped me to raise my children well by making sure that they go to school, put food on the table"*. Respondent number eight gave a similar perspective by pointing out that *"I used the profit generated from informal activity to build a house at home in the Eastern Cape and pay university fees for my daughter"*.

This view is supported by Cichello at al. (2010) who established that in Cape Town, informal traders generate income to sustain livelihoods, however crime is identified as hindrance or constraints. The findings show that income generation seems to be the main objective for informal traders who are involved in the informal activities. The study revealed that income earned from informal activities play an important role in securing livelihood. Some of the income is used to invest in children's education to secure future social security with the aim to reduce levels of vulnerability.

5.8.2 Family support

The information about respondent's family profiling was sought, and further, the impact of the business in the family livelihoods. The study found that most respondents are involved in the informal trading in order to secure livelihoods for their households. The study further revealed that the income generated by respondents who are involved in



informal trading, is spread to a relatively large number of uses such as, education fees, food and shelter. The study revealed that 53 percent of the study respondents had 9 or above dependents while 27 percent had between 5-9 dependents. It was also found that 20 percent of the study respondents have dependents who are not more than four. This study shows that most respondents have more than 9 dependents in their respective households that are solely dependent on the income generated from informal activities. This could explain the persistence and resilience of informal traders in their endeavor to secure livelihoods. Respondent number seven said; *“Being involved in informal activities enables me to secure income in order to meet the immediate needs of my household and for my late sister’s children”*. Respondent number three also supported this by saying,

“with the income I generate from the informal activity, I am able to look after my children’s essential needs and also send money at home in the Eastern Cape to my family, mother, siblings and Aunt to be able to buy groceries for the month”

Respondent number six reveals that through the involvement in informal trading she managed to secure shelter for her family, *“I have solved the shelter issues, I no longer pay rent, I built my family a house, and I am educating my children”*. Similarly, respondent number eleven says, *“The work helped me especially in educating my children to college level.”* Furthermore, respondent number three confirmed that,

“business helped me in a way that today my children have a decent shelter, they never went to bed without food, and I bought a Toyota Avanza for the business and my family because of the income generated from the informal activities”.

The findings based on the respondents’ excerpts bring about the significant role of informal traders who are involved in informal sector activities in securing livelihood assets to provide basic needs for households, in particular, decent housing and education for the children in pursuit to secure sustainable livelihood and future social security. The findings reveal that informal traders in the informal sector activities have the potential to access resources and assets.

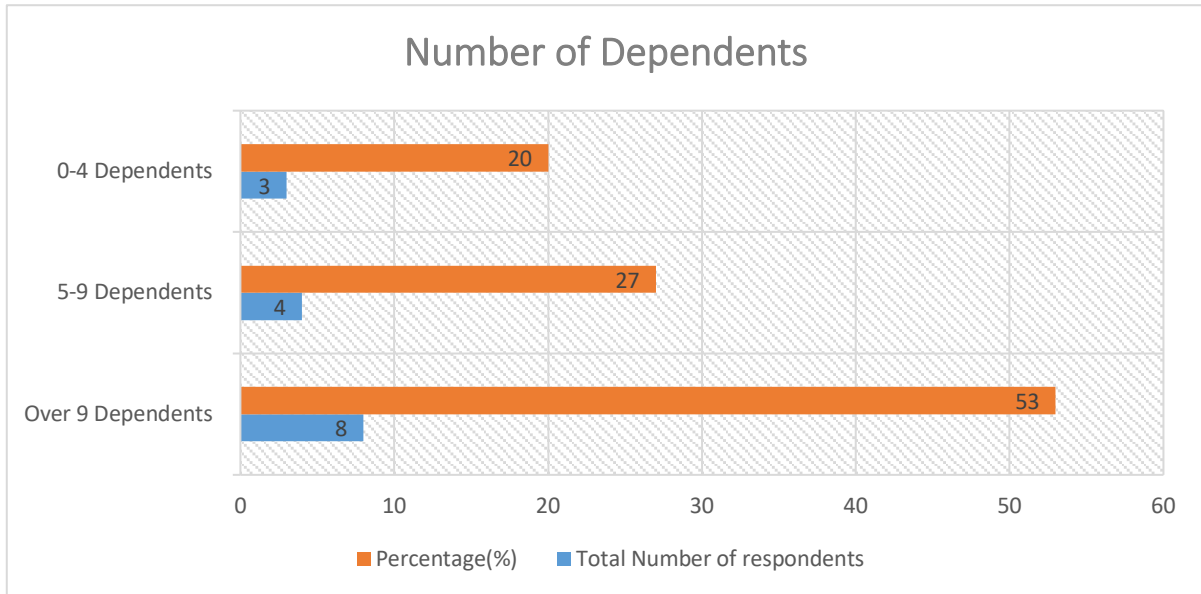


Table 5: Types of Respondents Household

5.8.3 Employment

Respondents revealed that their motivation to be involved in the informal activities of the informal sector is mainly because they seek to be self-reliant and increase capabilities to create more employment for the unemployed. They also indicated that their motivation involved the desire to be able to reduce the level of vulnerability in securing informal sustainable livelihoods. For example, respondent number eleven stated as follows,

“This informal activity enabled me to generate income for my family and also managed to open employment opportunities for seventeen young people who are full time here”.

Similarly, respondent number fifteen said, *“I am involved in the informal activity because I did not finish school and I can’t find work, therefore, I decided to start this business to ensure that I generate income for myself in order to increase capability to provide for my family”.*

Respondent number thirteen also said *“I resigned from my previous job because I hated to be treated like a child who can’t think, I then decided to become my own boss”*

The findings of this study demonstrate that the involvement of informal traders enables them to increase capabilities to reduce levels of vulnerability to secure livelihoods. For some respondents, informal trading is the only way to secure livelihoods because of the level of education which renders them unemployable in the formal labour market.



In some instances, the objective of informal trading is to create employment in an effort to increase capabilities to secure livelihood.

In light of the high levels of unemployment in South Africa and the prevailing poverty, the findings resonate with Horber (2020) who positions the informal sector as a survivalist livelihood strategy. During a crisis, the informal sector appears as the survival livelihood strategy undertaken by layoff victims and unemployed persons because it enables them to create opportunities to earn an income. According to Hailemichael (2018), given that it helps a large number of individuals earn money and cover their living expense, this employment option plays a vital role in the economic and social development of society, and this has a significant impact on reducing poverty. Also, this confirms WIEGO (2019)'s findings that indicated that 2.8 million South Africans are employed in the informal sector, and the total employment is approximately 15.6 million.

5.8.4 Business Interest

The research findings show that some of the respondents who are involved in the informal activities in the informal sector are doing so because of their love for business and the findings further revealed that the level of education is viewed as a constraint to find employment in the formal labour market. Another finding was that the informal sector acts as a business incubator providing and equipping people with business acumen. That is the ability to understand first-hand the basics of how business is done and how to get things done, as well as to take over business and experiment with different approaches. This again is supported by findings from Williams (2014), who stated that the informal sector is one of the breeding grounds for enterprise creation where business start-ups test and trade the validity of their business ambitions before deciding to establish a sustainable business. Isaac (2012) states that the informal sector acts as “an incubator for business potential and transitional base for accessibility and graduation to the formal economy”.

The most common phenomenon in question was for respondents to enhance capabilities to secure sustainable livelihoods for households. Respondents revealed their motivation to be involved in the informal activities. Respondent number fourteen said, *“I became involved in the informal business activities after being introduced by my father who used his business to generate income that ensured that our family essential needs are met”* and respondent number



five also said that *“I got involved because of my love for selling and providing solutions, when I was growing up, I used to sell sweets at school”*

While Respondent number ten’s response was *“My late husband introduced me to the informal business activities and I loved it since then, and decided to continue even after his passing”*

The above findings reveal that entry in the informal sector does not require much, only commitment and passion may gain you entry and that there are no constraints mentioned that may prevent entry to the informal economy. Passion and resilience are perceived to be common qualities which are demonstrated by most respondents who are involved in the informal activities that enabled securing of sustainable livelihood.

5.8.5 Relationship among informal traders

The findings revealed that some traders were motivated to join informal trading activities due to the fact that one family member was involved and therefore, joining would improve the income stream within the households. In some developing countries such as South Africa most households are perceived to be adopting strategies where they are engaged in informal sector activities for sustainable livelihoods (Mdunge,2019).

Findings of this study show that some respondents are engaged in the informal sector activities in the public spaces because one family member is able to generate income for the household, therefore, they see it prudent to increase the income stream for their households by joining the informal sector activities.

This finding of the research revealed that some informal businesses have become family business because one family member started being involved in the informal activities with the sole objective of increasing capabilities to secure livelihoods for the household. Then other family members got recruited to join in order to increase the capacity to generate income. For example, Respondent number seven explained, *“I used to help my late husband in selling in his business when he went to buy trading stock and I managed to establish customer base, which later made me realized that I can start my business”*. Further respondent number ten says *“My late husband introduced me to the informal business activities and I loved it since then, and decided to continue even after his passing”*



The above findings show that entry into the informal sector may be based on relationships and family history of participation.

5.8.6 Reducing vulnerability of women

The study findings in this research are supported by the UN (2015) that women are found to be most likely to resort to informal activities that are not measurable, such as home-based informal activities and domestic activities. Their involvement motivation is mainly to secure livelihoods for their households and ensure that future social security is achieved. Findings of this study reveal that female respondents in this study account for 53 percent, with male counterparts accounting for 47 percent. This concurs with the study conducted in Kenya characterizing female street vendors in Nairobi, where Gugutt (2017) argues that in some cities within the African continent, women are generally known to be playing a significant role in a relatively small-scale market trade. This further demonstrates the significant role of the informal sector in contributing to sustainable livelihoods. These informal traders are involved in the informal sector activities to provide livelihoods for most households.

5.8.7 Types of Assets Acquired

Findings of the study reveal the acquisition assets type which culminates from conducting informal activities by participants who are involved in the informal sector that reflect on the positive impact of the informal sector to sustainable livelihoods. Some 40.00 percent of the respondents were found to have decent houses, while 26.70 percent respondents were able to purchase tools and equipment for work purpose and another 26.70 percent were able to acquire household furniture, and only 6.70 percent which account for 1 respondent managed to acquire a motor vehicle for the business. This study reveals that informal traders who are involved in informal sector activities had opportunities to reduce the level of vulnerability for their households by acquiring assets.

The choice by informal traders to invest in educating their children, enables social investment which is aimed at managing household economic changes. It is geared towards minimizing shocks and stress that informal traders encounter. Respondent number six revealed that through informal trading livelihood has been secured for households, the respondent said *“I have solved shelter issues, I no longer pay rent, I built my family a house and I am educating my children”*. Similarity respondent number

eleven says, “*The work really helped me especially in educating my children to college level*”. Furthermore, respondent number three confirmed that,

“The business helped me in a way that today my children have a decent shelter, they never went to bed without food and I bought a Toyota Avanza for the business and my family because of the income generated from the informal activities”.

The findings based on the respondents’ excerpts clearly bring out the significant role of informal traders who are involved in informal sector activities in securing capabilities to providing basic needs for households, in particular, decent housing and education for the children in pursuit to secure sustainable livelihood and future social security. The findings reveal that informal traders in the informal sector activities had potential to access resources and assets. Participants argue that their involvement in their particular informal activities has enhanced their chances to access resources and assets.

The research findings for this study reveals that informal traders believed that individuals who are involved in the informal sector have an increased capability to provide and secure sustainable livelihoods to their households.

Categories of Assets	Frequency	Percentage (%)
Decent housing	6	40.00
Tools and equipment for work	4	26.70
Household furniture	4	26.70
Motor vehicle	1	6.70

Table 6: Assets Acquired

5.9 Key constraints to secure informal livelihoods in Mandela Park, Khayelitsha

The second objective of the study seeks to investigate the key constraints for informal traders to secure livelihoods in Khayelitsha’s Mandela Park. Findings on constrains to secure livelihoods are discussed below.

5.9.1 Spontaneous evictions by law enforcement agents

The major constraint is the spontaneous evictions by law enforcement, with no regard of the expenses incurred when purchasing trading stock. Informal trading is viewed by some people as unregistered, and unregulated business. In this regard, findings of this research study revealed that informal trading is not supported by authorities which

becomes a constraint to informal traders to secure livelihoods for their households. Respondent number seven stated,

“Our government is failing us the poor people, when we try to earn a living to support our families because of unemployment, law enforcement harasses us by evicting our tables and trading stock, reason being that we do not have operating permits which is not easy to get”.

A similar sentiment was shared by respondent number thirteen who said, *“police always prevent us from engaging in informal trading, yet the city is not willing to provide us with a public space to conduct our informal trading”.*

The conduct of the law enforcement officers is also confirmed by Fourie (2018:8), who argues that “A related view may be that the informal sector is a ‘problem sector’ owing to perceived transgressions of zoning laws and urban planning norms”.

These findings reveal the misunderstanding or inconsistent application of the law by authorities and lack of understanding and appreciation of the important role the informal sector plays in providing capabilities to reduce levels of vulnerability and to secure livelihoods.

5.9.2 Lack of access to financial support from government and financial institutions.

Most of the respondents indicated that access to financial support from government and financial institutions in the form of grants or credit facilities is a big challenge for informal sector participants in securing livelihoods in Mandela Park, Khayelitsha. This is especially the case during this difficult period where the South African economy is reported to be stagnant, and the buying power of customers supporting the informal traders has reduced. Respondent number four posits that,

“it is not easy to conduct informal trading these days because of effects of covid-19 and the escalating fuel price which influence prices of all goods and services, our banks do not consider us as legitimate businesses and also covid-19 relief funds for small medium enterprises do not accommodate informal traders. It is not easy to operate without any form of assistance especially during these difficult times,”

This finding revealed and exposes the policy gap that impedes the rationalisation of informal trading to enable secure sustainable livelihoods. Lack of support for informal traders is a constraint for informal trading participants to secure livelihoods. According to Fundie, Chisoro and Karodia (2015), credit for informal traders is found to be a



constraint and perceived as a primary barrier to entry in the informal sector activities which in turn reduces capabilities level to secure livelihood to alleviate poverty.

5.9.3 High Crime

Most respondents also revealed that crime caused major constraints for their informal business activities. The informal sector as described by scholars, relates to unregistered businesses operating in unprotected public spaces, and the environment in which the informal activities take place is known to be exposed to various challenges which include among others, crime and non-safety. Respondents in the study revealed that safety is a major concern for most traders who are involved in the informal sector. Most respondents from the study revealed that they feel unsafe in areas where they pursue informal trading activities, mainly in the public spaces on the streets. As a result, this impedes them from achieving sustainable outcomes that may enable them to reduce the level of vulnerability. Important to note is that 53% of the participants were women, and they revealed a level of fear for their lives when working late afternoon, especially during holidays and weekends.

Due to the neglect of the informal sector trading areas, Respondent number three revealed that,

“I feel unsafe as a woman, especially with high crime rate and murder in Khayelitsha, there is no police visibility in these public spaces where we conduct informal activities. We witness people being robbed especially when it gets darker during winter”. On the other hand, respondent two argued, *“Street lights can assist us to work till late because most people come back from work when it gets dark and during that time it is when we sell more. Only if the government could help us with street lights, maybe the crime rate will drop.”* Further to this, respondent four stated that *“One day I came in the morning to find that my wooden table and chairs were stolen”* while respondent eight said, *“We can work better and feel safer, if the government can install street lights for us”*

These research findings revealed that crime in public spaces where informal activities are undertaken reduce the level of securing livelihood by informal traders. Sassen et al, (2018) argues that crime is the primary deterrent to entry in the informal sector, taken from a longitudinal database from Cape Town, South Africa. The study revealed



that informal traders in Khayelitsha view crime as a constraint that impedes the rationalization of sustainable livelihoods.

Trading environment

The informal sector as an unregistered business operating in unprotected public spaces is exposed to various challenges which include among others non-safety. Thus, informal traders feel neglected by authorities who seem not to care about their well beings and livelihoods. Instead, authorities only care about regulating the existence of informal traders. Hlengwa (2016) observed that authorities who are charged with the responsibility to ensure urban planning consider street vendors who are involved in informal activities a nuisance. The findings highlighted this as an impediment to secure livelihoods for informal traders' households. Respondent number one said, "you can see how the rain is affecting us, it makes things difficult for us informal traders to generate enough money for our families". Respondent number twelve also said "rainy weather prevents us from generating income and I am glad that you came on the day like this when the weather is terrible".

5.9.5 Trading shelters

Street vendors are generally known to operate their informal activities in public spaces, streets and demarcated areas. The findings of this study reveal that most informal traders operating in the informal sector rely on self-made shelters, some of which do not withstand harsh weather conditions. Lack of shelters is found to be an impediment and constraint for informal traders to secure informal livelihoods. Respondent number one said, "*You can see how the rain is affecting us and becoming a constraint to informal traders to secure sustainable livelihoods*". And respondent number twelve also said "*rainy weather prevents us from generating income, I am glad that you came on the day like this when the weather is terrible*". Furthermore, respondent number three posed that "*We don't have proper shelters to accommodate us during rainy days and we would appreciate if the authorities could assist with tables and chairs*".

These findings demonstrate that there is lack of infrastructure for informal traders. This comes as a result of an ineffective implementation of the National Business Upliftment Strategy (NIBS), which aimed at tackling infrastructure and skills deficit within the informal sector. The Informal Business Upliftment Facility as a component of the NIBS, was established by the DTI in 2014 to provide funding for new infrastructure and



upgrading or maintaining the existing informal sector infrastructure (Skinner and Haysom, 2016).

5.9.6 Storages

Findings of this study reveal that most informal traders who are involved in the informal sector in Khayelitsha, Mandela Park, especially those that trade by selling food items such as, meat, vegetables, fruits and other perishable food items do not have storages for their products, and as a result, some items get rotten.

Most respondents highlighted the lack of storage facilities as a major constraint for them to secure sustainable livelihoods. In some instances, they incur losses due to an absence of storage or poor storage conditions. Respondent number five said,

“if we can be provided with refrigerated storages to store our stock after working hours, it may help to reduce losses that we usual incur, having storages may go a long way for us informal traders in terms of profit making”.

In addition, respondent number twelve said,

“our stock gets stolen by thugs because we don’t have storage facilities, we always hope for the almighty to protect us and our assets that we use to make a living for our families”.

Further, a response by Respondent number thirteen supported the other two respondents as follows, *“we need storages, even if paying rent for it, we would appreciate that because we suffer huge losses for not having storages”.* And respondent number two concluded by saying *“We don’t have storage facilities to keep our stock after working hours and sometimes the meat get rotten during summer.”*

Therefore, findings of this study reveal that there is lack of storage facilities for informal sector participants. Potential future government policy support for the informal sector must also consider addressing the issue of storage facilities for the informal sector. Petersen et al (2017), (cited in Krige, 2017) argue that the installation of bulk refrigeration to help keep stock fresh for street food traders could go a long way in assisting informal traders in their endeavour to securing livelihood.

5.9.7 Demarcated Trading spaces

Findings of the study confirm the intervention that was put in place in the past by local authorities which was meant to assist informal traders to operate in a coordinated fashion and also for authorities to be able to enforce regulatory measures such as health and safety. However, the infrastructure gradually debilitated and is currently in



a state of collapse. The findings also reveal that the interventions no longer accommodate the ever-increasing numbers of informal traders in Khayelitsha's Mandela Park. Out of fifteen respondents for the study, only two respondents were found to be conducting their informal activities in the demarcated public space which was provided by the authorities' years ago. A respondent who is female revealed that she was placed in the demarcated public place 26 years ago. Respondent number nine revealed that *"The space which was built by government is too small to accommodate us and is neglected, not looked after, dirty, in a state of collapse, no electricity, no water supply"*. This was supported by respondent number eleven as follows,

"It is not easy to sell meat in a place that does not have water supply system and electricity, we conduct our business under difficult conditions, but we are compelled to find enabling ways to make money for our families". And a similar plea by Respondent number one was that *"A much bigger public space with appropriate facilities may help us to improve our trading activity"*

These findings reveal that informal traders lack dedicated public space to conduct informal activities. Furthermore, the findings show that making space available for informal trading may increase entry into the informal sector and promote an entrepreneurial culture which in turn may reduce levels of poverty.

5.9.8 Garbage Removal

The study reveals that 60 percent of the respondents conducting activities in the informal sector in Khayelitsha appreciate the removal of garbage in the public places where they are conducting informal trading, however, they cited that the frequency of removals can be improved. They revealed that sometimes they are provided with plastic bags to store garbage. Respondent number three argues that,

"Hygiene is important for us who trade by selling meat. More dustbins and plastic bags for us to store dirt may improve cleanliness within the public places in which we operate, we appeal for government to assist us. Some people are discouraged to come and buy our product because of the state of hygiene"

These findings of the study reveal that there is need to improve hygiene in public spaces where informal activities are taking place.

5.10 Policy gaps that impedes rationalization of the informal sector

The third objective of the study sought to analyse policy gaps that impede rationalisation for the informal sector.

One component of the Sustainable Livelihoods Strategy Framework (SLF) recognizes that policy and institutions play a significant role in ensuring that set policies and legislations are appropriately implemented in a manner that seek to deliver services which ultimately effect livelihoods. Furthermore, livelihood strategies and outcomes are not only dependent on access to capital assets but they are also transformed by the environment of structures and processes. Government structures and processes that seeks to deliver services in accordance to the needs can determine access to assets and influence decision making processes.

The government ought to ensure that the creation of jobs in the informal sector be a vital strategic component to reduce poverty. However, that can only be achieved through effective policy implementation. So far, since 2014 when the Government introduced the national policy on informal businesses, the National Informal Business Upliftment Strategy (NIBUS), which was aimed at increasing interest in Township economy, the informal sector is still the same as it was before 2014 (Skinner and Hayson,2016). There is no evidence that suggest improvement in the informal economy with specific focus on the township economies as it was anticipated by the NIBUS. This is despite the fact that the issue of the informal sector was part of the Reconstruction and Development Plan which was aimed at cultivating an inclusive economic environment for South Africa.

Furthermore, the National Development Plan which became South Africa's national blueprint projected the informal sector to be creating jobs by 2030 in an effort to alleviate poverty, unemployment and inequality. Most respondents in the study reveal that authorities are more obsessed with law enforcement in public spaces which adversely affects the informal traders in their pursuit to secure livelihoods for their households. This demonstrates poor policy implementation on the side of government and huge disregard for monitoring and evaluation as an important tool for effective and efficient public policy implementation.

Until such a time when the informal sector is regarded an important segment of the economy that has a potential to stimulate economic growth (GDP) and alleviate poverty and unemployment, it would be the beginning of the journey towards resolving some of the social ills, such as poverty and unemployment that the South African



government is grappling with. The government has the primary responsibility to ensure that its policies become responsive to the material conditions of its citizen and should put in place measures that seek to enforce effective policy implementation.

Monitoring and evaluation plays a significant role in policy implementation. Respondent number one posit that *“Unfortunately I am not aware of any policy meant to help improve conditions of the informal sector participants”*. Similarly, respondent number six stated,

“I am not able to comment because I don’t know any government policy for informal traders other than by-laws that we are told about that prohibits us from conducting informal business activities on the streets”.

Furthermore, respondent number three suggested that,

“The economy is not doing well and customers buying power is reduced as a result and the main challenge is that we cannot access credit facilities from any financial institution and government”.

These findings of the research show the substantive disconnect between the general public who are involved in the informal activities with authorities who are supposed to consult groups that maybe affected by any public policy or law. The shocking revelation was the fact that respondents are not familiar with regulations and laws that ought to be a guiding framework on how their business activities ought to be undertaken. The policy gap in relation to the informal sector is viewed as a primary constraint that impedes the rationalization of the sector. Skinner and Hayson (2017:1:17) posit that *“National government lacks a clear and coherent policy toward the informal economy”*. This lack of support from authorities impedes the informal traders from securing sustainable livelihood and reducing the levels of vulnerability and poverty.

5.11 Government support to the Informal sector

This section covers inputs and suggestions of the respondents to policy makers for the creation of smart policy support for the informal traders to effectively address their plights. Findings on the table below show that 60 percent of the study participants felt that they were not getting sufficient support from the authorities, Government in particular. Some 13.33 percent were satisfied, while the other 26.66 percent were on average. The common phenomenon coming out from the findings of this study is that respondents who are involved in the informal sector feel that authorities are not



concerned about the wellbeing of informal traders operating in public spaces and streets, but instead, law enforcement is what the authorities are more interested in. The findings further reveal that informal traders had the likelihood to provide for basic essential needs and have abilities to reduce vulnerability levels within the informal traders' households. The study also reveals the significant capabilities of the informal traders engaged in informal activities in public spaces. Despite the challenges of minimal policy support from authorities, they are still able to contribute to sustainable livelihoods.

Level of Support	Frequency	Percentage (%)
Sufficient	2	13.33
Average	4	26.66
Minimal	9	60.00

Table 7: Government support to the informal sector

5.12 Conclusion

The findings of this study reveal a greater need for authorities to put more focus on the informal sector and ensure a better understanding of its existence within communities. The theoretical literature also provided the basis for government to embrace the informal sector as a significant role player in the South African economy. The related literature concurs with the findings of this study that the informal sector has a potential to contribute towards alleviating unemployment and poverty.

It must be noted that the City of Cape Town (2013) claims to be an advocate of the thriving informal trading sector within the City of Cape Town which seeks to integrate the informal sector into the economic life, urban landscape and social activities within the city. However, findings of this study conducted in Khayelitsha reveal the contrary.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The previous chapter provided the contextual understanding of the research study findings which was guided by the case study of Mandela Park in Khayelitsha, Cape Town. This chapter presents the summary, conclusion and recommendations based on the findings of the research.

This study sought to determine the informal sector's contribution to sustainable livelihoods in Mandela Park, in Khayelitsha township, Cape Town. The study adopted a qualitative research design in analysing the collected data. A total of 15 respondents were drawn from participants who are involved in subsectors of the informal sector. The final number of participants was determined when the interviews reached saturation. The study depended on the data collected from the research participants through the use of scheduled interviews. Interviews were conducted with respondents through the use of scheduled interviews.

6.2 Summary

This chapter's main purpose is to draw a contextual understanding of the phenomenon of interest and arrive to a conclusion based on the research findings. The study sought to investigate the informal sector's contribution to sustainable livelihoods using a case study of Mandela Park in Khayelitsha township, Cape Town. The study relied on the information obtained from respondents through structured interviews. The findings of this study managed to meet the objectives of the study. The objectives were; to investigate the contribution of the informal sector to sustainable livelihood using the case study of Mandela Park in Khayelitsha, Cape Town, to examine key constraints to secure informal sector livelihoods in Mandela Park, Khayelitsha, to analyse policy gaps that impede the rationalization of the informal sector, and to provide recommendations for improving the contribution of the informal sector to sustainable livelihoods.

Chapter One of this research study focused on the development of a theoretical framework which guided the study with the selection of an appropriate research design suited for the research phenomenon in question. The chapter also provided



techniques and approaches suited for the study, which ultimately provided instruments used for the collection of data and analysis thereof.

Chapter Two covered the literature review which sought to enhance academic understanding of the research phenomenon in question. Chapter Two provided an in-depth theoretical understanding of the informal sector's contribution to livelihoods. The use of the Sustainable Livelihood Framework to analyse the informal sector's contribution to sustainable livelihoods provided a more in-depth understanding to the concern of the present research.

Chapter Three of this research study examined the linkage between the informal sector and sustainable livelihoods. The chapter dealt in detail, with the broader definition of the two concepts which in turn provided the basis on which the linkage was theoretically determined.

Chapter Four of this research examined the legislative and policy framework influencing the informal sector in South Africa. These included the white paper on Small Businesses on Development and Promotion of Small Businesses, recommendation 204 of the International Labour Conference 2015, the National Informal Business Upliftment Strategy Government Policy, Local Government By-laws, Business Act NO, 71 of 1991, Spatial Planning and Land use Management Act No, 16 of 2013(SPLUMA), the Constitution of South Africa 1996, National Development plan, Local Economic Development, International Labour Organisation Recommendations and United Nation's Target 8.3 of the UN Sustainable Development Goals.

Chapter Five of this research focused on data collection of the research phenomenon in question. This section of the research study sought to examine whether the objectives of the research study have been met. With the collected data and findings, it became evident that the contribution of the informal sector to sustainable livelihoods plays a significant role in securing future social security such as education

6.3 Key Findings of the Research

The research study had a number of key findings around the informal sector's contribution to sustainable livelihoods, namely, income generation to secure livelihoods, employment, business interest and the type of assets acquired by informal traders who are involved in the informal sector activities.

6.3.1 Informal sector contribution to sustainable livelihoods

The findings of this research study reveal that income generation has become the main objective for informal sector participants to be involved in the informal activities which ultimately provides capabilities to reduce the level of vulnerability. Further revelation is that the informal sector has a potential to create employment for the majority of vulnerable groups such as, women and the youth.

The findings show that the informal sector is able to even absorb people that have given up on finding formal employment within the formal labour market with secure safety nets. The findings confirm that the informal sector has a potential to create employment. The research findings also revealed that respondents with intentions to own self sufficient businesses also find entry into the informal sector not difficult, whilst in their quest to establish businesses, they are also able to increase their capabilities to secure livelihood for households.

The research study also established that respondents who are involved in informal trading were able to create opportunities for themselves to acquire assets which in turn could increase their capabilities to reduce the level of vulnerability and at the same time achieve livelihoods outcomes.

The study established that the involvement of informal traders in the informal sector increases their capabilities to provide sustainable livelihoods to their households. This implies that the contribution of the informal sector to livelihoods in Mandela Park in Khayelitsha township, Cape Town plays a significant role in enhancing sustainable livelihoods. Using the sustainable livelihoods framework approach, income generated by informal traders in Khayelitsha's Mandela Park enables them to invest in their children's education in an effort to secure social securities and reduce vulnerabilities. The findings further reveal the gender dimensions within the informal sector, which is supported by the assertion by Rugutt (2017) who illustrated the important role of women in informal activities in Africa. The findings reveal that the majority of informal traders who were sampled for the study were women. This brings to light the significant role that women play in society and their respective households in their endeavor to secure sustainable livelihoods. According to ILO (2013), the majority of street vendors in the African continent are women with Ghana accounting for more women who are involved in the informal activities, followed by Kenya and South Africa. This is supported by the general perception about women being instrumental role players in securing livelihoods for households.

According to SME South Africa (2022) argues that Stats SA reveals that informal activities contribute significantly to the Gross Domestic Product (GDP), and estimated the informal sector to have contributed 6 percent to the GDP. In view of the findings of the study, one can easily observe that informal traders are using the informal business activities as a survival strategy for sustainable livelihoods.

6.3.2 Key Constraints

The findings of this research study show the resilient nature of the informal sector. With the key constraints revealed, informal traders have been able to achieve livelihood outcomes and reduce the level of vulnerabilities. The key constraints coded from the collected data which became a common phenomenon among informal traders are as follows; lack of storage facilities, lack of public shelters to conduct informal business activities, lack of street lights to mitigate against crime and theft and insufficient basic services such as water and electricity.

In light of the findings, one could conclude that informal traders who are conducting informal trading in the informal sector, in Mandela Park, Khayelitsha feel neglected by government. This implies that the government is either unable to implement its policies or the existing policies are not responsive to the plight of the informal traders in the informal sector, particularly in Mandela Park, Khayelitsha. The findings show that the constraints revealed by most respondents impede informal traders to secure sustainable livelihoods in Mandela Park.

6.4 Empirical Conclusion

This research study sought to examine and investigate the informal sector's contribution to sustainable livelihoods in Mandela Park, Khayelitsha township in Cape Town. The study findings relating to the informal sector's contribution to sustainable livelihoods were established in Mandela Park, in Khayelitsha township, Cape Town.

The findings of the study established that informal activities conducted by informal traders in Khayelitsha's Mandela Park in Cape Town had a significant contribution to sustainable livelihoods for their households.

The study also reveals that informal activities increase the abilities of informal participants to increase capabilities to secure livelihoods for their household, reduced vulnerabilities and enabled access to resources. With these findings, one can reach a conclusion that informal sector activities have a significant influence on sustainable livelihoods in Khayelitsha's Mandela Park in Cape Town.



The second aim of the research study sought to examine key constraints to secure informal livelihoods in Mandela Park in Khayelitsha. The findings reveal that the selling of food items, non-food items and services is the main source of income for respondents in the study and has a positive contribution to sustainable livelihoods in Khayelitsha's Mandela Park. The study also reveals that the major constraint to securing a fully dependable informal sector livelihood is the constant evictions from public spaces and streets by local authorities. This places a huge burden on the informal traders because their stock gets destroyed during evictions. In addition, re-assembling their stalls after removals by authorities becomes costly for most respondents.

The findings of the study also reveal that crime and theft impedes informal traders to secure informal livelihoods in Mandela Park, Khayelitsha. Respondents in the study further expressed their safety concerns in areas where they conduct informal activities to secure sustainable livelihoods. They felt that local authorities are more concerned about regulating informal business activities and careless about the safety of informal traders in public spaces and streets. According to this finding, a conclusion is made that informal traders within the informal sector in Mandela Park, Khayelitsha, in their endeavour to secure sustainable livelihoods, feel unsafe, and unprotected by authorities.

The third objective of the study sought to analyse policy gaps that impede the rationalization of the informal sector. The findings reveal that most respondents in the study feel unsupported by authorities in terms of policies that enable informal trading in public spaces and streets to thrive and improve conditions. A common phenomenon expressed by most respondents in the study is that authorities seem ignorant to the existence of the informal sector as a significant role player in stimulating the Gross Domestic Product in the economy. The respondents' sentiments reveal government failure to adequately support the informal sector. This lack of support even continues after the informal sector was included in the Reconstruction and Development plan, and further identified by the National Development plan as a key role player in the fight against poverty and unemployment. The NDP projected the informal sector to create more than one million jobs by 2030. Yet, no practical policy support towards the informal sector is practically in place.

With these findings of the study, it can be concluded that there is need for government to recognize that more attention must be paid to the various factors and processes

which either constrain or enhance disadvantaged people's abilities to make a living in an economically, ecologically and socially sustainable manner.

6.5 Theoretical Conclusion

The researcher chose to utilize the sustainable livelihood framework. The framework considers a holistic approach and in-depth understanding of livelihoods with cross-sectional approaches to social human realities. This method is utilized by most developing countries with a focus on a number of trading activities such as the informal sector.

This research study sought to examine and investigate the informal sector's positive impact that contributes to sustainable livelihoods. The concept of livelihoods as outlined in the Sustainable Livelihoods Framework includes the abilities needed to pursue for livelihood outcomes. The reason why the framework was adopted is that it focuses on the ways of enhancing the understanding of practical realities and priorities of informal traders in the informal sector, who seek to provide for their households and are able to acquire assets to meet the needs.

The findings of the study reveal that the abilities of respondents to generate income had a positive role in influencing sustainable livelihoods in Mandela Park, Khayelitsha in Cape Town. The highlight was that an ability to invest in children's education creates better social outcomes in the future and further reduces vulnerabilities.

The SLF was an important tool of analysis in terms of theoretical understanding in guiding the study. The Sustainable Livelihoods Framework method gave an in-depth understanding in analysing the positives that may lead to practical attainment of outcomes to secure sustainable livelihoods.

6.6 Recommendations

Following the findings of this study, the following recommendations are proposed;

- Based on the findings of this research study, it is established that the relatively small number of public shelters that were created long back are in a very bad state which may cause safety hazard and health risks. The study recommends that the Municipality should increase formal trading shelters for informal sector participants as this would improve self-employment.
- The findings of this research study show that crime is a key constraint to sustainable livelihoods in the informal sector. This study recommends that authorities ought to make sure that a safe environment is created speedily because it is the constitutional mandate for authorities to create safe



environments for its citizens. Safe environment can be created by putting streetlights in the public spaces where informal traders are conducting their informal businesses in an effort to mitigate against crime and theft. This may also attract more people to the public spaces where informal activities are taking place which in turn, may improve sales for the informal traders.

- Most of the respondents indicated that access to financial support from government and financial institutions in the form of grants or credit facilities is a big challenge for informal sector participants in securing livelihoods in Mandela Park, Khayelitsha. This study recommends that the government develop policies that give preferential support in loans and grants to the informal sector as it is a critical sector of employment creation.
- Informal traders experience spontaneous evictions by law enforcement, with no regard of the expenses incurred when purchasing trading stock as informal trading is viewed as unregistered and an unregulated business. The government should develop a national framework for registering and regulating informal traders through municipal councils.

6.7 Areas for Further Research

This research focused on examining the informal sector's contribution to sustainable livelihoods in Mandela Park, Khayelitsha township in Cape Town. The study adopted a qualitative research design. Another study needs to be conducted adopting phenomenological research underpinned by the principles of interpretative theory to cover areas that are excluded by this study. This may improve the theoretical understandings of the informal sector.

Another research study may be conducted about qualifying the informal sector's contribution to sustainable livelihoods using analysis and findings to compare with findings of this study. This may further enrich understanding regarding the contribution of the informal sector to sustainable livelihoods. Lastly, another study important to conduct is a further investigation of the relevance of the sustainable livelihood approach to effective poverty reduction.

This study found that informal traders are within the informal sector for various reasons with the common reason among participants being income generation and sustaining livelihoods for households. It would be interesting to establish if the different reasons for participants' involvement in informal sector activities make a significant difference in their successes.



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ANNEXURE A: INTERVIEW SCHEDULE

Research title: Informal sector contribution to sustainable livelihoods in Khayelitsha, Cape Town

Interviewer: Mr. Sinhle Vincent Thwala

Date: August 2022

Approximate duration of interview: 45 minutes.

The contribution of the informal sector to sustainable livelihoods using the case study of Khayelitsha, Mandela Park, Cape Town.

- a) Which age group do you belong to?
- b) Is your business registered with government or any other business body?
- c) How do you buy the goods that you are selling and how often do you buy stock from your suppliers?
- d) How many dependents do you have and do you have other income other than income generated from the business?
- e) How has the informal business change the living condition in your family and those around you?

Key constraints to securer informal livelihoods in Khayelitsha, Mandela Park.

- a) For how long have you been involved in the business?
- b) How did you raise the capital contribution for the business?
- c) How do you rate your financial business management capabilities? How can it be improved if needed?
- d) What are the key challenges that are experienced by conducting an informal business in Khayelitsha?

Policy gaps that impedes rationalisation of the informal sector.

- a) How has the National Informal Business Upliftment Strategy helped your business, since it has been introduced by the Government?
- b) How would you like the City of Cape Town government to support informal traders?

Recommendations for improving the contribution of the informal sector to sustainable livelihood.

- a) How is government assisting the informal sector in uplifting and polishing informal trader's intrapreneurial skills?
- b) How has the business helped in poverty and unemployment alleviating?
- c) What are the possible recommendations for improving the contribution of the informal sector to sustainable livelihood?
- d) How can the government improve in reaching out to the informal sector?



ANNEXURE B: LETTER OF INTRODUCTION AND INFORMED CONSENT



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA
Faculty of Economic and

Management Sciences

Letter of Introduction and Informed Consent Dept. of Public Management and Administration

Title of the study

Informal sector contribution to sustainable livelihoods in Khayelitsha Cape Town

Research conducted by:

Mr. SV Thwala Student No.22953622, Cell: 079 877 9301

Ms. I.Q. Intellect (10100000)

Cell: 080 123 4567

Dear Participant

You are invited to participate in an academic research study conducted by Sinhle Vincent Thwala, Masters student from the Department Public Management and Administration at the University of Pretoria.

The purpose of the study is to investigate the contribution of informal sector to sustainable livelihoods using the case study of Khayelitsha in Cape Town, examine key constraints to secure informal sector livelihoods in Khayelitsha, Analyse policy gaps that impede rationalisation of the informal sector and further provide recommendations for improving the contribution of the informal sector to sustainable livelihoods.

Please note the following:

This is an anonymous study survey as your name will not appear on the questionnaire. The answers you give will be treated as strictly confidential as you cannot be identified in person based on the answers you give.

- a) Your participation in this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- b) Please answer the questions in the attached questionnaire as completely and honestly as possible. This should not take more than 45 minutes of your time.
- c) The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.

Please contact my study leader, Dr T Masiya Cell: 064 396 1576 and email tyanai.masiya@up.ac.za if you have any questions or comments regarding the study.

In research of this nature the study leader may wish to contact respondents to verify the authenticity of data gathered by the researcher. It is understood that any personal contact details that you may provide will be used only for this purpose, and will not compromise your anonymity or the confidentiality of your participation.

Please sign the form to indicate that:

- a) You have read and understand the information provided above.
- b) You give your consent to participate in the study on a voluntary basis.

Participant's signature

Date



ANNEXURE C: ETHICS APPROVAL LETTER

 UNIVERSITEIT VAN PRETORIA UNIVERSITY OF PRETORIA YUNIBESITHI YA PRETORIA	RESEARCH ETHICS COMMITTEE
Faculty of Economic and Management Sciences	

Approval Certificate

30 August 2022

Mr SV Thwala
Department: School of Public Management and Administration

Dear Mr SV Thwala

The application for ethical clearance for the research project described below served before this committee on: 2022-08-19

Protocol No:	EMS 145/22
Principal researcher:	Mr SV Thwala
Research title:	Informal sector contribution to sustainable livelihoods in Khayelitsha, Cape Town
Student/Staff No:	22959622
Degree:	Masters
Supervisor/Promoter:	Dr T Masiya
Department:	School of Public Management and Administration

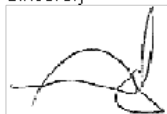
The decision by the committee is reflected below:

Decision:	Approved
Conditions (if applicable):	
Period of approval:	2022-08-31 - 2023-08-31

The approval is subject to the researcher abiding by the principles and parameters set out in the application and research proposal in the actual execution of the research. The approval does not imply that the researcher is relieved of any accountability in terms of the Codes of Research Ethics of the University of Pretoria if action is taken beyond the approved proposal. If during the course of the research it becomes apparent that the nature and/or extent of the research deviates significantly from the original proposal, a new application for ethics clearance must be submitted for review.

We wish you success with the project.

Sincerely



pp PROF JA NEL
CHAIR: COMMITTEE FOR RESEARCH ETHICS



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UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

ANNEXURE D: EDITING CONFIRMATION LETTER

CONFIRMATION LETTER

TO WHOM IT MAY CONCERN

This document certifies that the manuscript listed below was edited for proper English language, grammar, punctuation, spelling and overall style.

by

SINHLE THWALA
[SPMA]

MANUSCRIPT TITLE

INFORMAL SECTOR CONTRIBUTION TO SUSTAINABLE LIVELIHOODS IN
KHAYELITSHA, CAPE TOWN

DATED JAN 30, 2023

Neither the research nor the author's intentions were altered during the editing process. Documents receiving this certification should be English-ready for publication. The author has the right to accept or reject the suggestions and changes.

Thank you

Dr Tinashe Mawere