

ABSTRACT: UNDERSTANDING THE NORTHERN CAPE INFORMAL ECONOMY: STREET TRADERS

This study investigates the status of the informal economy in the Northern Cape and how the state could be more developmental towards this critical sector, specifically informal traders. The informal sector is the main source of employment for a considerable portion of the urban poor and accounts for a significant share of economic output in most developing countries. According to Statistics South Africa, over two million people were active in the informal economy (excluding agriculture), in 2015.

The study tries to shine a light on the regulatory strain placed by government, and more broadly, the state on the provincial informal trading sector. Governments have realised in recent years that the informal sector offers significant job and income creation opportunities, particularly in developing and emerging countries.

Both secondary and primary research methodologies were employed. In terms of primary research, questionnaires were administered to both informal traders and the municipalities as regulators. The report captures findings of the surveys conducted in John Taolo Gaetsewe, ZF Mgcawu, Pixley ka Seme and the Namakwa districts of the Northern Cape in 2016. The latter are an extension of similar survey study completed for Frances Baard District Municipality in 2015.

The informal economy is most often considered by municipal planners as a spatial problem i.e. where to locate informal trading zones, rather than as an integral part of the local economy and a key factor against ever higher unemployment. It is therefore quite obvious that the regulation of business activity of an informal nature is the responsibility of local government.

The research is pretty much a first of its kind in the province as no local government bodies or institutions were found to have conducted surveys amongst informal traders in their municipal borders in the province. There are a number of limitations attendant to the study and these are outlined in the paper. These limitations temper the results of the research and also indicate areas for future research.