

## CITIZEN GOVERNANCE, THE INFORMAL ECONOMY AND ENTERPRISE DEVELOPMENT

Southern (Johannesburg, South Africa) and West Africa (Accra, Ghana)



Good Governance Africa is a registered pan-African non-profit organisation. Through cutting-edge research and trend analysis, regular publications and advocacy work, we aim to improve governance across our five key areas:

LOCAL GOVERNANCE | NATURAL RESOURCES | NATIONAL SECURITY | CHILD DEVELOPMENT AND YOUTH FORMATION  
ETHICAL VALUES AND SPIRITUALITY







# GOOD GOVERNANCE AFRICA

CITIZEN GOVERNANCE,  
THE INFORMAL ECONOMY  
AND ENTERPRISE DEVELOPMENT

Southern (Johannesburg, South Africa) and West Africa (Accra, Ghana)



# Contents

Introduction	4
Background to the study	4
Methodology	4
Research findings	6
Needs assessment and prioritisation	23
Concluding remarks	24
Recommendations	25
Convening event report	26
Appendix A: Maps	36
Appendix B: Convening agenda	46
Appendix C: Convening biographies	47

## Introduction

The informal economy accounts for 35.2% of total non-agricultural employment in South Africa, according to the World Bank Development Indicators (2018); and in Ghana, about 88 % of the workforce is employed in the informal sector.

Economic and social factors often influence participation in the employment sector. In South Africa and Ghana, disparate socio-economic factors might necessitate participation in occupations considered to be “less desirable”. This study investigated the dynamics of the informal economy through a survey of informal traders in densely populated regions of Johannesburg and Accra, with an emphasis on citizen governance, enterprise development and livelihoods.

The latest figures show unemployment in South Africa and Ghana stand at 27.6% and 6.7% respectively; for sub-Saharan African countries the unemployment rate is 6.1%. While unemployment is low in Ghana relative to South Africa, informal-sector employment is higher there compared to South Africa.

The needs of informal workers are likely to vary depending on geographic location as well as social and economic factors. Nevertheless, a good start would be to ensure that the regulatory environment, basic social protections and urban infrastructure are supportive.

This research is envisioned to contribute to policy development, backed by effective implementation, to improve livelihoods in the informal economy. The study also seeks to support a bottom-up multidisciplinary movement of actors in support of the informal economy.

## Background to the study

In May 2017, GGA developed a business survey tool to probe the informal economy in Mbizana along a 32km transect. In October 2017, GGA published an issue of *Africa in Fact* that focused on Africa’s informal economies. Researchers and authors from across the continent were commissioned to address relevant topics, including an examination of whether Africa’s informal economy was the “real economy” of Africa.

Other articles examined the role of the formal sector in building a more enabling business environment for informal enterprises, the informal transport industry in Freetown, Sierra Leone, and artisanal and small-scale mining in Zambia and the DRC.

Following from the Mbizana research, GGA convened a meeting of members of parliament, informal economy specialists, representatives from informal economy associations as well as the GGA team and people from other NGOs under the umbrella of “promoting grassroots democracy and sustainable livelihoods”. The study used a unique survey tool tailor-made to further examine the informal economy in two major cities in May this year- Johannesburg, South Africa and Accra, Ghana.

## Methodology

To maximise the research outcome, a mixed methodology was adopted, comprising of both qualitative and quantitative methods. Purposive sampling was applied to better focus on the target population, informal traders.

The main goal of purposive sampling is to focus on particular characteristics of a population that are of interest, which will best enable the researcher to address their research objectives. In this instance, informal traders in five research sites were purposively identified and targeted in an attempt to address the following objectives of the study:

- To generate knowledge and data on citizen governance, the informal economy and enterprise development research in South Africa and Ghana.
- To support a bottom-up multidisciplinary movement of actors in support of the informal economy.

The in-house developed survey tool included a questionnaire with structures as well as open-ended questions. Using CommCare software, the tool was uploaded onto the tablets used by GGA’s field researchers. Areas



commonly populated with informal traders were selected in both countries.

In Johannesburg, South Africa, data was collected in Soweto and Tembisa. In Ghana, data was collected in the following areas of Accra- Ghana Central, Ashaiman and La Nkwantanang Madina.

The study aimed to survey at least 2,000 informal traders – 1,000 in South Africa and 1,000 in Ghana. Soweto has a population of 1,271,628 while Tembisa 463,109 (Stats SA Census 2011) - 1,734,737 combined. The research tool Table for Determining Sample Size of a known Population was applied, which required a sample of 783 respondents for the combined population.

In Accra, Ashaiman has a population of 190,972, with 111,926 in La Nkwantanang and 2,201,863 in Ghana Central, according to the Ghana 2010 Population and Housing Census. The combined population of 2,504,761 [CD1] required a sample size of 784. This number was exceeded in both countries and the sample is presented in detail in the findings section.

Informal traders were identified as people trading goods and services within the community without formal business registration or operating from an informal and unstructured establishment, such as the roadside or a community market area. Individuals under 18 years of age were excluded from the study due to ethical considerations around consent.

The methodology had three phases as detailed below:

### **Phase One: Exploratory phase**

GGA commissioned Commcare consultant Ameera Hamid to upload the research questionnaire onto the researchers' tablets. GGA also commissioned Kifilwe Ndaba and a team from the South African Informal Traders Alliance (SAITA) to moderate the fieldwork.

Fieldworkers were given a full-day training session at the GGA (SADC) offices in Johannesburg, while GGA-Ghana fieldworkers had their training independently.

The survey tool had five sections:

- Section A explored the population demographics among informal traders in their selected communities.
- Section B explored the opinion of the informal trader about local government and the service delivery provided within their municipality.
- Section C explored the economic development opportunities for informal businesses.
- Section D gathered detailed information about the informal business and the participants' rationale behind their business, and lastly;
- Section E explored priorities and needs for local government to focus on from the perspective of the informal trader.

### **Phase Two: Data collection**

Carefully selected and trained fieldworkers collected the data over two days in each city. The fieldworkers were also used to facilitate comprehension and overcome any language barriers participants faced answering survey questions. Fieldworkers identified and approached participants by following the description of informal traders outlined in the research methodology. Following an introduction and overview of the research goal, they recorded participants' verbal consent. Participation in the study was on a voluntary basis and participants could withdraw consent at any time during the interview. The data was evaluated, analysed and interpreted to produce the survey report.

### **Phase Three: Data elaboration – stakeholder feedback**

This report presents a statistical profile of citizen governance and enterprise development for informal trading in South Africa and Ghana using an informal economy survey tool. In particular, the report uses descriptive

analysis to identify the extent and composition of informal employment and its recent trends. It describes the nature of informal work in South Africa and Ghana and highlights heterogeneity in the types of work activities, the industries of work and the returns to informal work.

It also attempts to identify the social and economic factors affecting the informal economy. GGA held an Informal Economies Convening Workshop in May 2019 to present the findings of the study and to facilitate dialogue among informal economy stakeholders.

The workshop was intended to engage key stakeholders, traders and informal economy representatives, members of government, multilaterals, the private sector and civil society at large. This was an open platform for presentations and discussions as well as an opportunity for debating potential solutions to challenges facing the informal economy. The workshop specifically spoke to the second research objective of the study of supporting a bottom-up multidisciplinary movement of actors in support of the informal economy.

### Limitations of the study

1. Restricted study area; the study was limited to the selected sample area due to limited resources, particularly in terms of time.
2. While the data is representative of the research sites, we recognise that it does not necessarily represent the holistic informal economy dynamics.
3. The reluctance of respondents to fully participate. Some fieldworkers reported that they faced challenges in this regard with some participants; this is represented by the refusals to participate in the study.

The main findings of the report are summarised in the next section.

## Research findings

The findings are presented in five sections directly addressing the research objectives:

- Demographics;
- The informal traders' experience of local government and service delivery;
- Economic development and the informal economy;
- Informal business owners;
- Informal traders' needs assessment.

### Demographics

In Johannesburg, a total of 1,178 informal traders in Soweto and Tembisa were approached and invited to participate in the survey. Only 1,093 of these respondents consented to participating and of these 51% were trading in the Soweto area and 49% in the Tembisa area.

In Accra, 1,079 informal traders in Ghana Central, Ashaiman and La Nkwantanang Madina were approached and invited to participate in the survey. Only 994 respondents consented; 32% in Ghana Central, 33% in Ashaiman and 34% in La Nkwantanang Madina. This exceeded the required 783 and 784 respondents for Johannesburg and Accra respectively.

In South Africa, the survey observed a greater proportion of non-citizen traders than in Ghana. This might be due to national diversity in the informal economy because it is easier for a foreign national to be employed or self-employed in the informal sector as opposed to the formal sector. In the Johannesburg sample 59% were South African citizens, 31% were non-citizens and 10% did not respond. The largest proportion of non-South African traders were from neighbouring countries such as Mozambique (50%) and Zimbabwe (24%). Other countries represented included Congo, Ghana, India, Lesotho, Malawi, Nigeria, Senegal and Somalia.

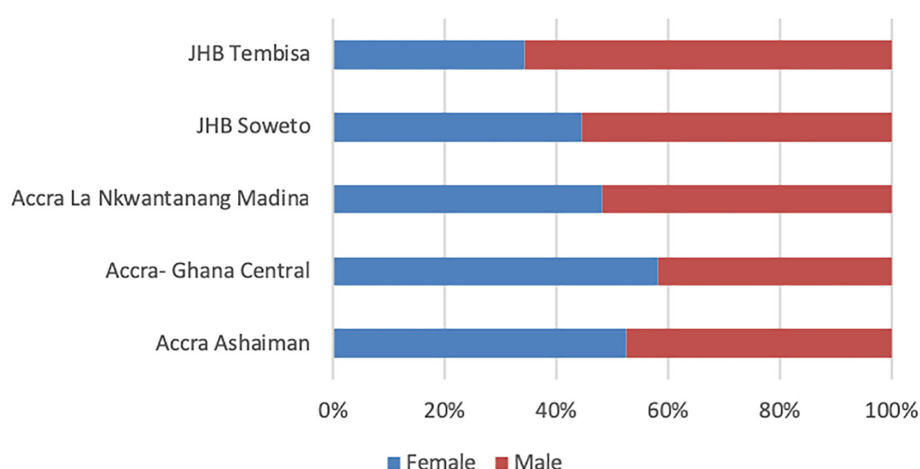


In the Accra sample 92% were Ghanaian citizens, 4% were non-citizens and the remaining 4% did not respond. In Accra, a majority of the non-citizen traders were from Nigeria. Traders from other countries included nationals from Togo, Benin, Côte d’Ivoire, Guinea and Libya.

In the samples from both countries it was observed that traders from neighbouring provinces often relocate to large urban areas (such as the areas under study) to seek better business opportunities. In the Johannesburg sample, the majority of traders who were not originally from Johannesburg had relocated from the provinces of Limpopo, Mpumalanga and KwaZulu-Natal. In Accra, a majority of traders originated from Greater Accra, eastern and Volta regions.

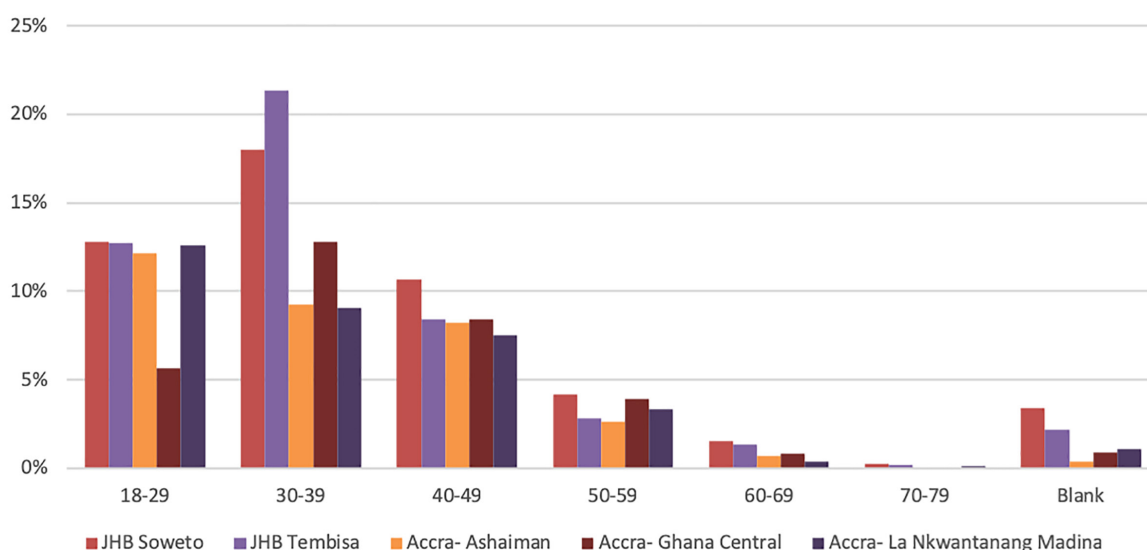
The gender distribution of participants differed significantly between Johannesburg and Accra. In Johannesburg, the survey observed more male traders than female. This is in contrast to the gender distribution in Ghana where there were more female traders than male. As mentioned in the limitations of the study, the data may be skewed by the locations where the survey was done.

**Chart 1: Gender distribution - JHB sample and Accra Sample**

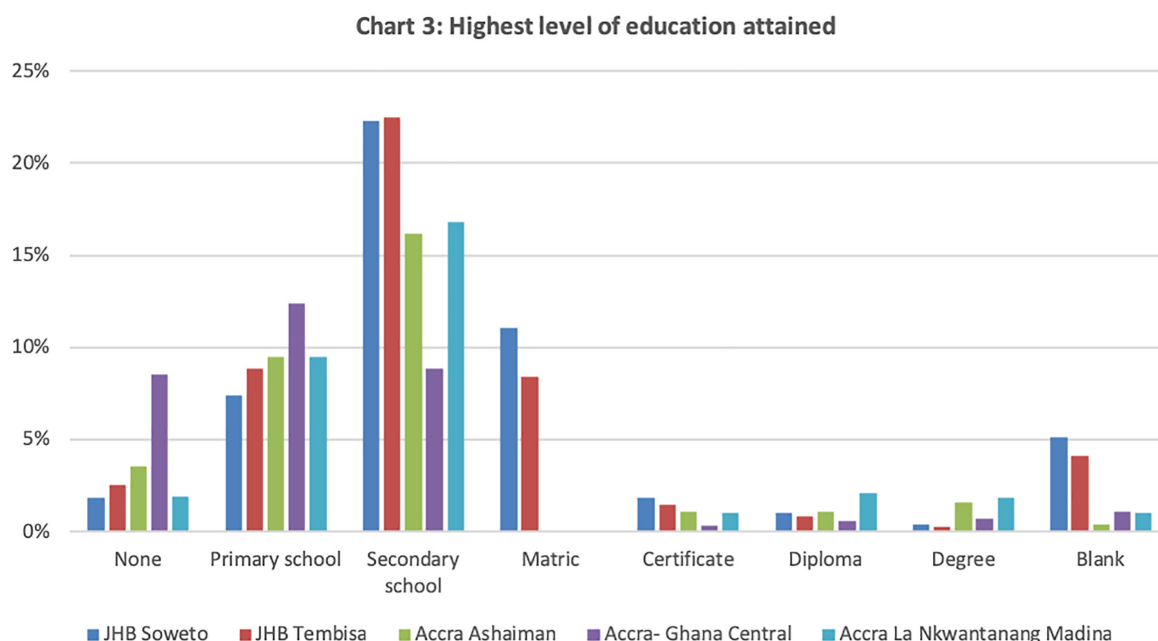


The age distribution of participants was fairly consistent between Johannesburg and Accra. The largest age group represented among the Johannesburg participants was between the ages of 30 and 39 years old (39%). It was noted that in Accra there was a tie between the age groups 18-29 years old and 30-39 years old (both 31%). The higher number of younger informal traders can be linked to low levels of higher education among the sample population in both Johannesburg and Accra.

**Chart 2: Age distribution - JHB sample and Accra sample**



In both Johannesburg (45%) and Accra (42%), the data reveals that most informal traders largely had secondary school education as their highest level of education attained. A small percentage of participants also held higher education qualifications in various fields, indicating the severity of unemployment in both cities. From the Johannesburg sample, 3% had certificates, 2% had diplomas, while less than 1% had degrees as their highest education qualification attained. From the Accra sample, 2% had certificates, 4% had diplomas and 5% had degrees.



To understand the profitability and sustainability of the informal economy, the survey asked participants to report on their monthly income. The data is displayed in Tables 1 and 2 below. In both South Africa and Ghana, more than 50% of informal traders earn in the lowest income bands.

**Table 1: Individual monthly income in Johannesburg**

	<R2299	R2300 - R4999	R5000 - R9999	R10000 - R14999	R15000 - R19999	R20000 or more	No response
<i>Soweto</i>	268	65	3				221
<i>Tembisa</i>	289	76	15	2	2	1	151
<b>Grand Total</b>	<b>557</b>	<b>141</b>	<b>18</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>372</b>
<b>Total percentage</b>	<b>51,0%</b>	<b>12,9%</b>	<b>1,6%</b>	<b>0,2%</b>	<b>0,2%</b>	<b>0,1%</b>	<b>34,0%</b>

The South African poverty threshold is R2,300, according to the 2011 Stats SA Census. The majority (51%) of informal traders earn an individual monthly income of less than R2,300. This implies that more than half of the informal traders in the Johannesburg sample barely make enough money to survive on a monthly basis, particularly those with two to three dependants.

The percentage of individual monthly income declined sharply as the income bracket increased. This indicates that the earnings of informal traders decreases as the individual monthly income bracket increases. It was also observed that there were significant levels of resistance among some respondents (34%) to reveal their monthly income.



**Table 2: Individual monthly income in Accra**

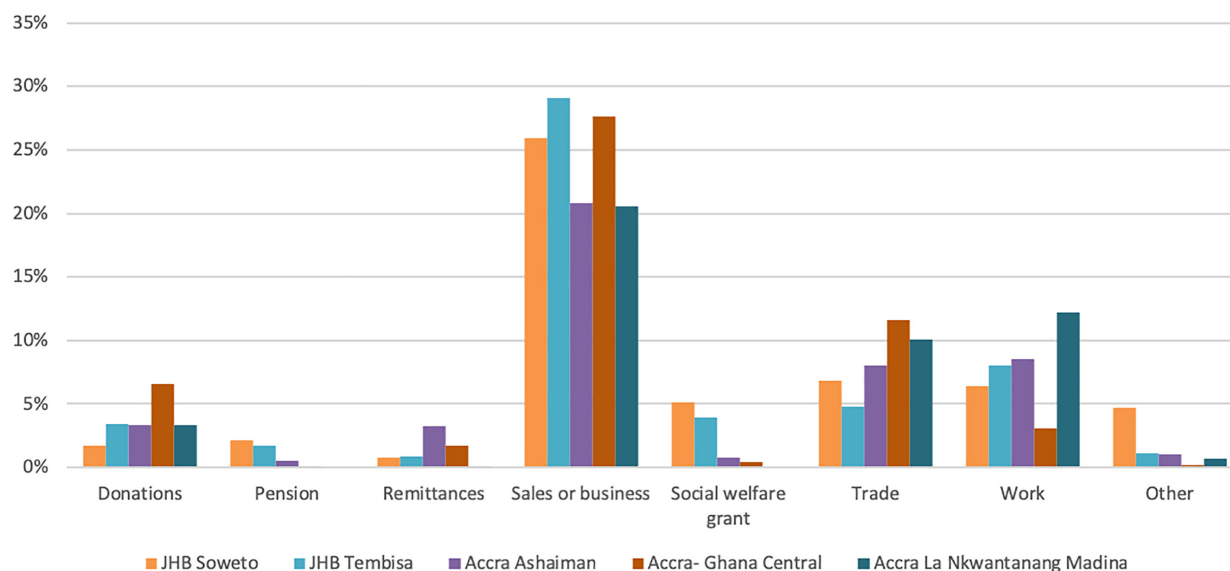
	Less than GSH 999	GSH 1000 - 2999	GSH 3000 - 4999	GSH 5000 - 9999	GSH 10000 - 14999	GSH 15000 - 19999	GSH 20000 and above	No response
<i>Ashaiman</i>	182	97	38	9	1	1		4
<i>Ghana Central</i>	161	104	31	10	4	1		12
<i>La Nkwantanang Madina</i>	240	66	16	4		1	2	10
<b>Grand Total</b>	<b>548</b>	<b>267</b>	<b>84</b>	<b>23</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>26</b>
<b>Total Percentage</b>	<b>55%</b>	<b>27%</b>	<b>8%</b>	<b>2%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>3%</b>

In Accra, 55% of the informal traders had a monthly income of less than GSH 999 (about R2,700). As in Johannesburg, individual monthly income declined steeply as the individual monthly income bracket increased. It was noted that the respondents in Accra were more open to sharing their income information, with only 3% declining to answer.

The survey also explored the household dynamics of the respondents, to understand their domestic responsibilities. The data indicates that, on average, informal traders in both cities live in households with three or more individuals and where at least 2-3 people are dependent on them.

Sales or business was predominately the source of income in both Johannesburg (55%) and Accra (70%). In the Johannesburg sample, of the respondents who had a monthly income of less than R2,300, 21% had one

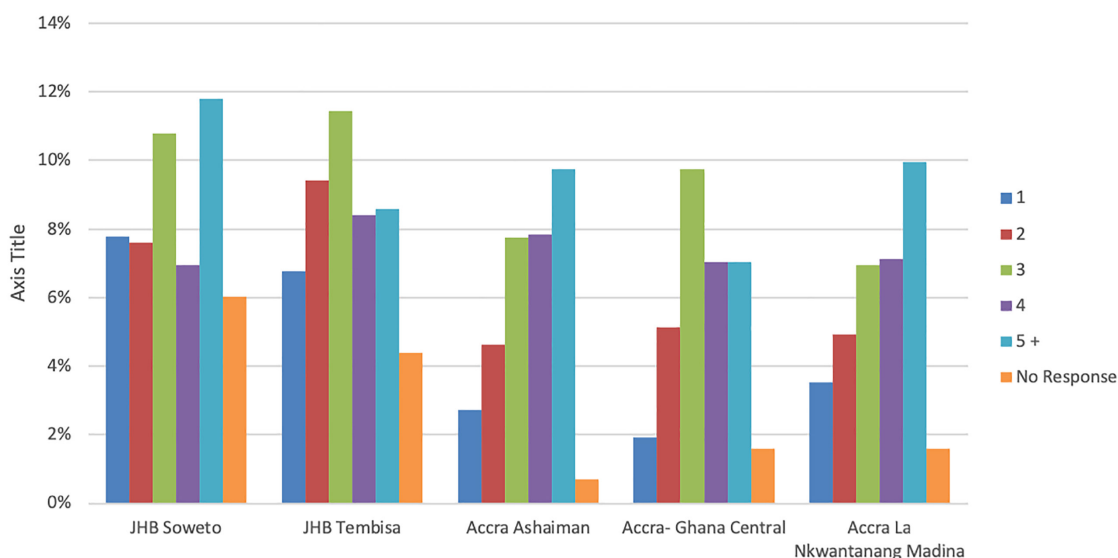
**Chart 4: Sources of income for informal traders in JHB and Accra**



dependant, 27% had two dependants, 22% had three dependants, 10% had four dependants and 14% had more than five or more dependants. Six percent of the sample did not respond to this question.

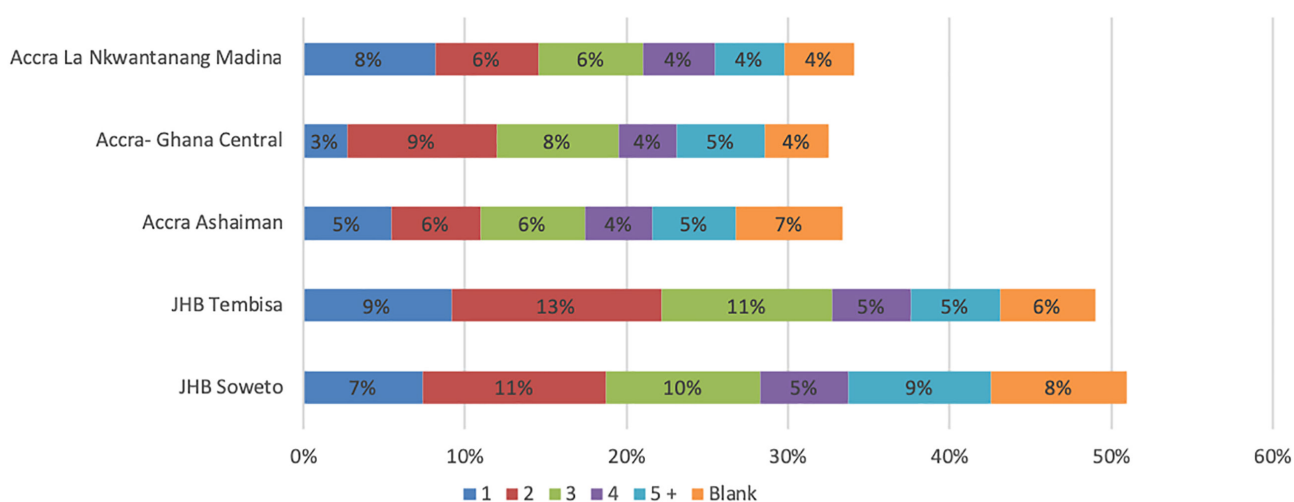
In the Accra sample, of the respondents who had a monthly income of less than GSH 999, 19% had one dependant, 27% had two dependants, 18% had three dependants, 9% had four dependants and 13% had five or more dependants. Fourteen percent of the sample did not respond to this question.

**Chart 5: Number of people residing in the household**



In the Johannesburg sample, 15% were living with one other person in the household, 17% with two people, 22% with three people, 15% with four people, and 21% lived with five or more people, and 10% did not respond to the question. The dependants' chart, below, illustrates the percentage of informal traders' dependants in the five research sites.

**Chart 6: Number of dependants**

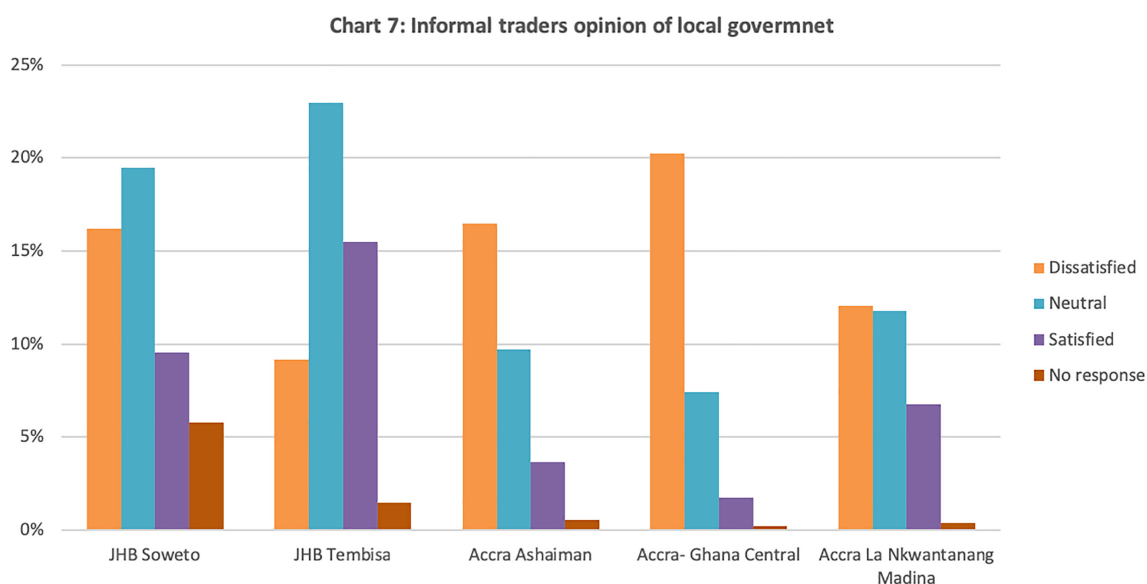




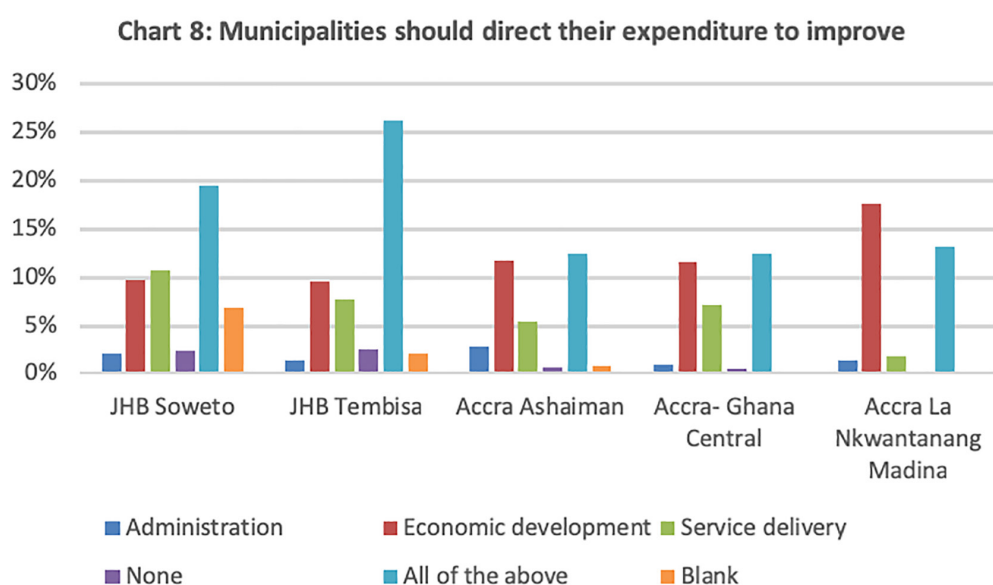
## Experience of Local Government

The aim of this section was to explore informal traders' views on local government, service delivery and their satisfaction with services. Informal traders were also asked how they perceived the local municipality to be achieving set goals towards its community.

Consistently, in both Johannesburg and Accra, participants were disappointed with the performance of their local government and their municipalities, and the second-largest response indicated that participants felt there was room for improvement with regard to municipalities achieving their goals for the community. In



Johannesburg, 25% were satisfied with local government, while in Accra only 13% were satisfied. There was a general lack of knowledge among participants about their local government officials and their responsibilities towards the community.



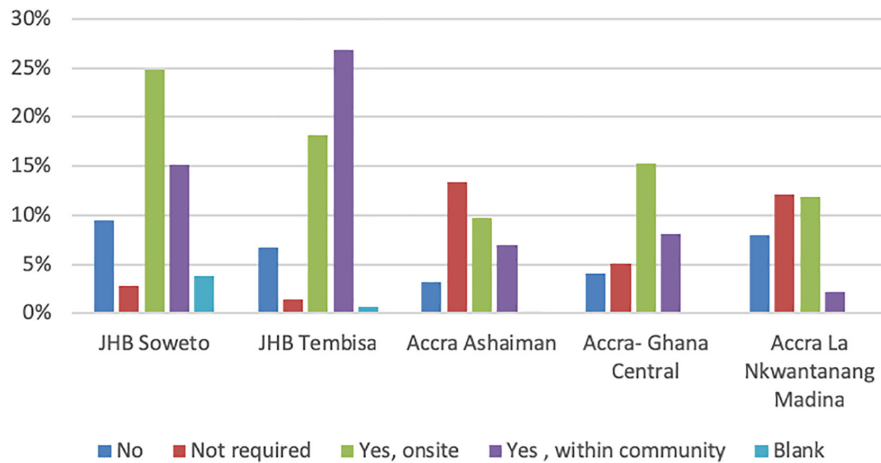






When asked to what areas municipal expenditure needed to be directed for improvement, participants in both Johannesburg (45%) and Accra (37%) identified administration, economic development and service delivery as needing improvement. However, isolating these three areas, economic development seemed to be of great concern to participants, indicating their plea for local government to consider their sector when developing policies and programmes for further development. Chart 8 illustrates informal traders' views on how municipal funds should be directed.

**Chart 9: Access to piped water**

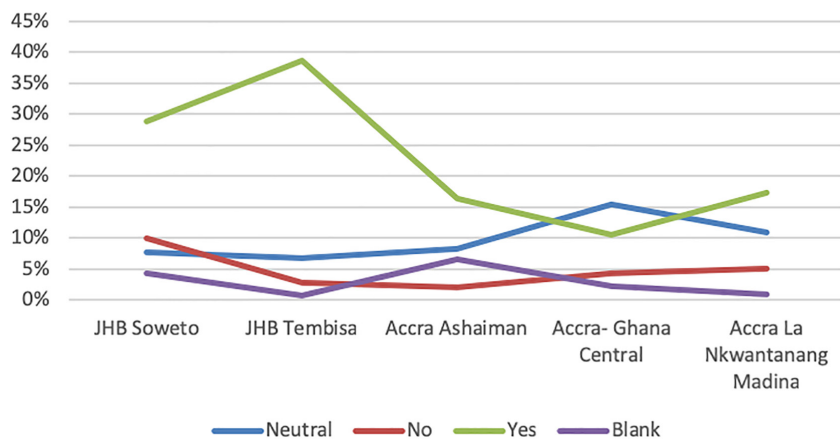


### Service Delivery

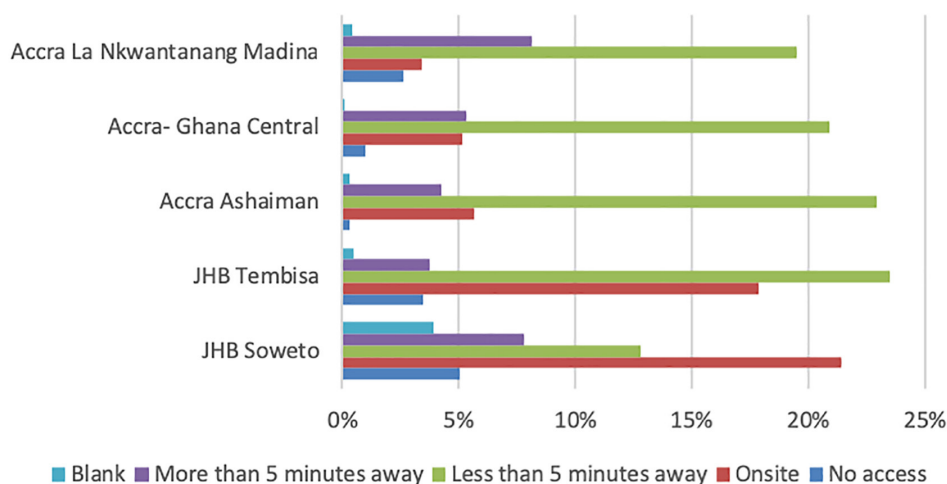
In addition to the performance of local government in the municipal region, the survey investigated service delivery to facilitate business sustainability for informal traders. Here, participants were asked to comment on the provision of basic public services in their area of trade such as water, sanitation, electricity, refuse removal, and health and safety; how they accessed these; and whether they were satisfied with service delivery. The graphs, below, illustrate the opinions of informal traders in this study.

Participants in both countries indicated that access to water was generally available within their area of work, either on site or within the community. In Johannesburg, 43% had access to water on site, 42% within the community, while 4% did not require water. In Accra, 37% had access to piped water on site, 17% had access to piped water within the community, while 30% did not require water for their informal trading. It is evident from the data that in the Accra sample there are more informal traders who don't require water compared to

**Chart 10: Satisfaction with quality of water**



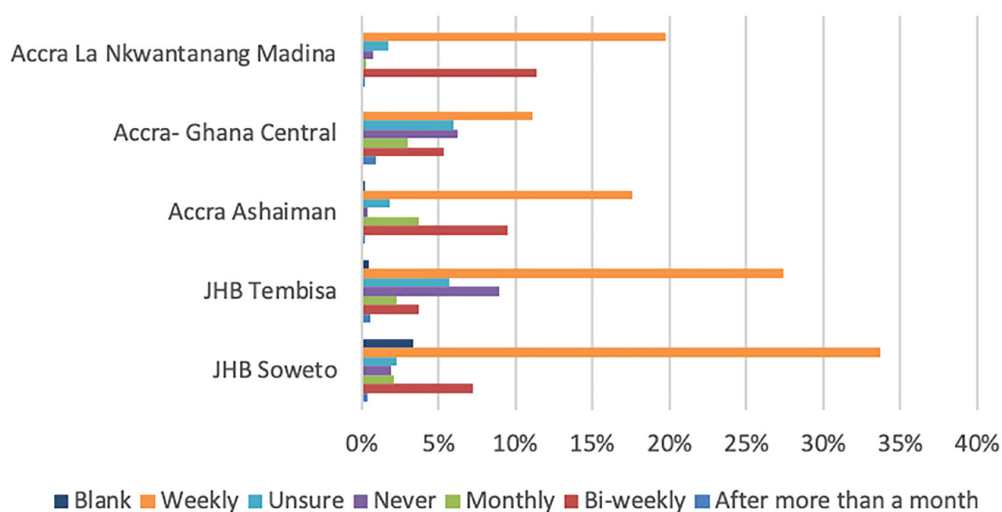
**Chart 11: Access to a working toilet**



Johannesburg. On probing further to investigate alternative sources of water, participants indicated that they usually obtained their water from nearby homes and shops (mostly garages and from a mall) or from communal taps in the area and public bathrooms.

Obtaining water from a public bathroom might present a health risk, particularly if the water was used in the

**Chart 12: Refuse collection**



preparation of consumables. Informal traders also indicated that access to water extended to buying water. In some cases, traders brought water from home, and one may assume that their business was adversely affected in the event that they ran out of water during the day. In the case of traders who bought water, one might assume this increased their operating expenses.

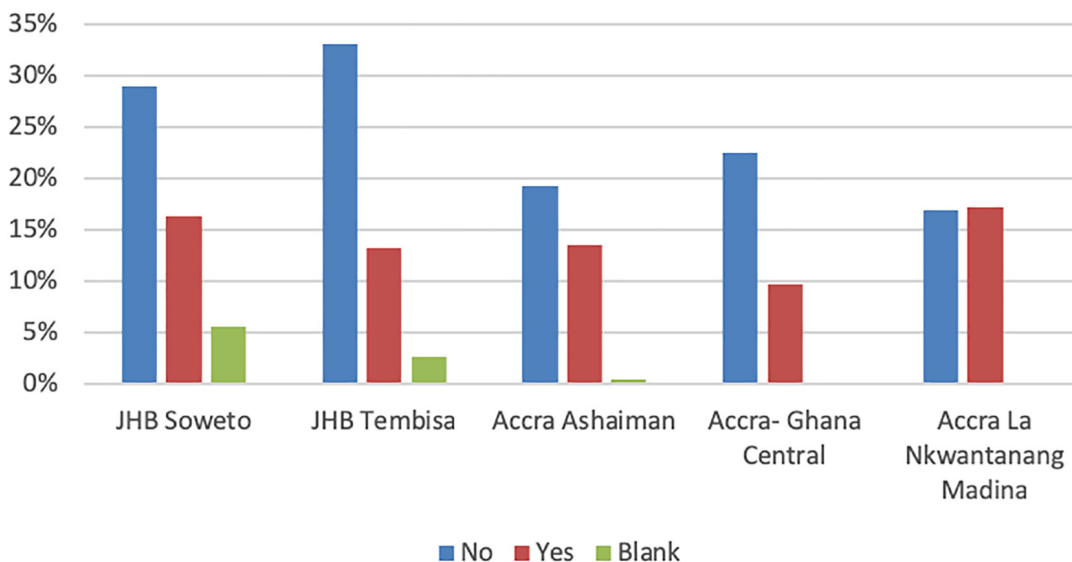
While most participants in Chart 11 indicated that they had access to a working toilet within the vicinity of their business, it was found that participants would have to pay to use these facilities in some areas. During the course of data collection it was observed that if an informal trader had to leave their business to access the bathroom, a fellow trader would step in and oversee any sales that may take place. This displayed a form of togetherness and unity among the informal traders.

As indicated in Chart 12, weekly refuse removal was higher in both cities with Johannesburg at 61% and Accra



at 51%. However, respondents at some sites in Tembisa (9%) and Ghana Central (6%) indicated that refuse was never collected. This is concerning, a health hazard for not only the informal traders but also the community in those areas.

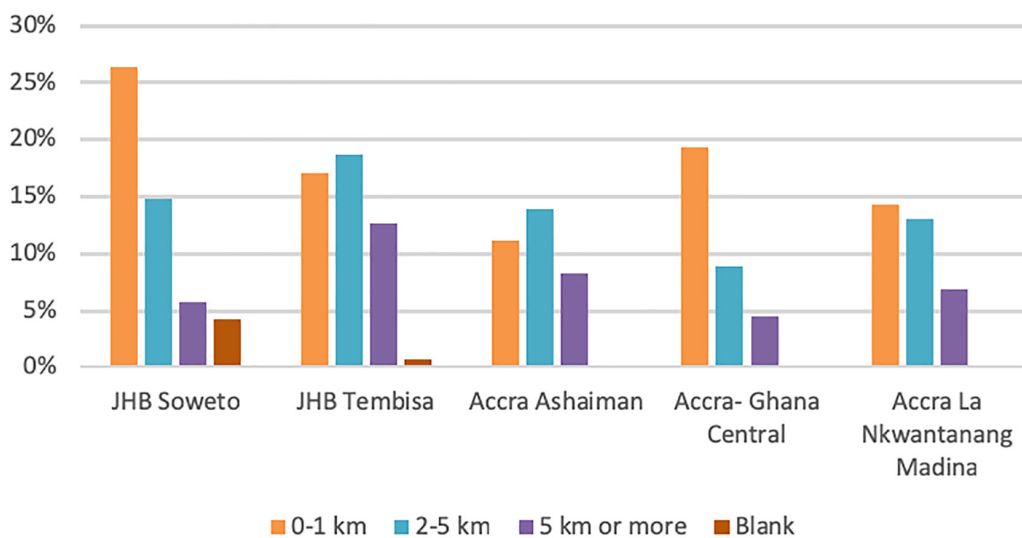
**Chart 13: Require access to electricity?**



The study has revealed that 59% of informal traders in the Accra sample and 62% of informal traders in the Johannesburg sample do not rely on electricity to run their business, and among those who do, some traders indicated they used alternative power sources such as truck batteries.

The respondents were also asked how they used electricity in their business. The majority said they

**Chart 14: Nearest public health care facility**



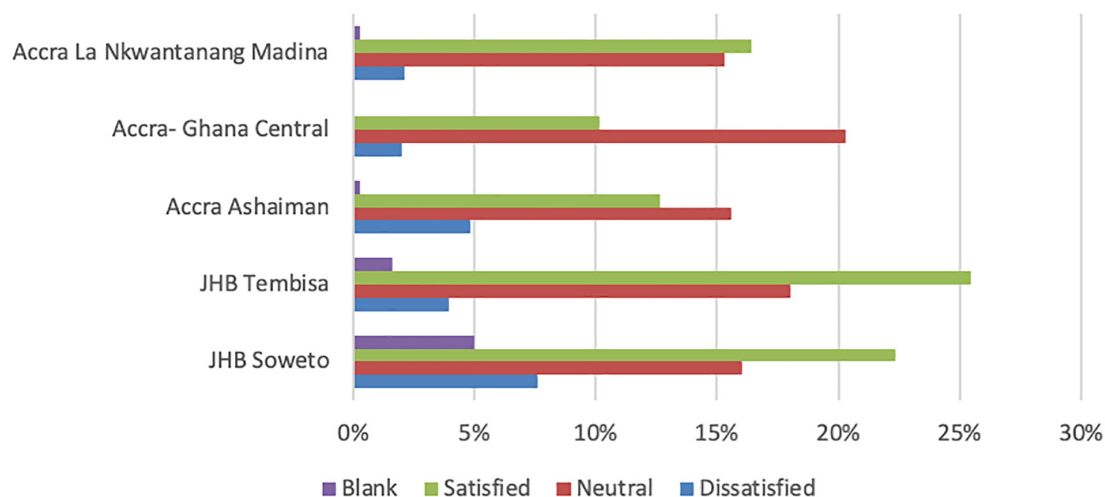
used electricity either directly in providing their product and services or indirectly for operating support services, such as providing lighting, playing the radio to attract and entertain customers, and testing equipment before a sale. It was observed that there was a high reliance on electricity for lighting as some of the traders worked beyond traditional business hours to make a sustainable income. Depending on the positioning of their business, extended working hours also made traders vulnerable to high crime rates.

Participants who used electricity were asked if they were satisfied with the electricity supply in their area. The majority of participants in the Accra sample did not respond to the question, while the majority of the

Johannesburg sample indicated that they were happy with electricity supply. The data from Ghana indicated an unusual hesitation on the part of participants in providing a response.

Participants had health care facilities within close range, less than 1 km away, making health care accessible

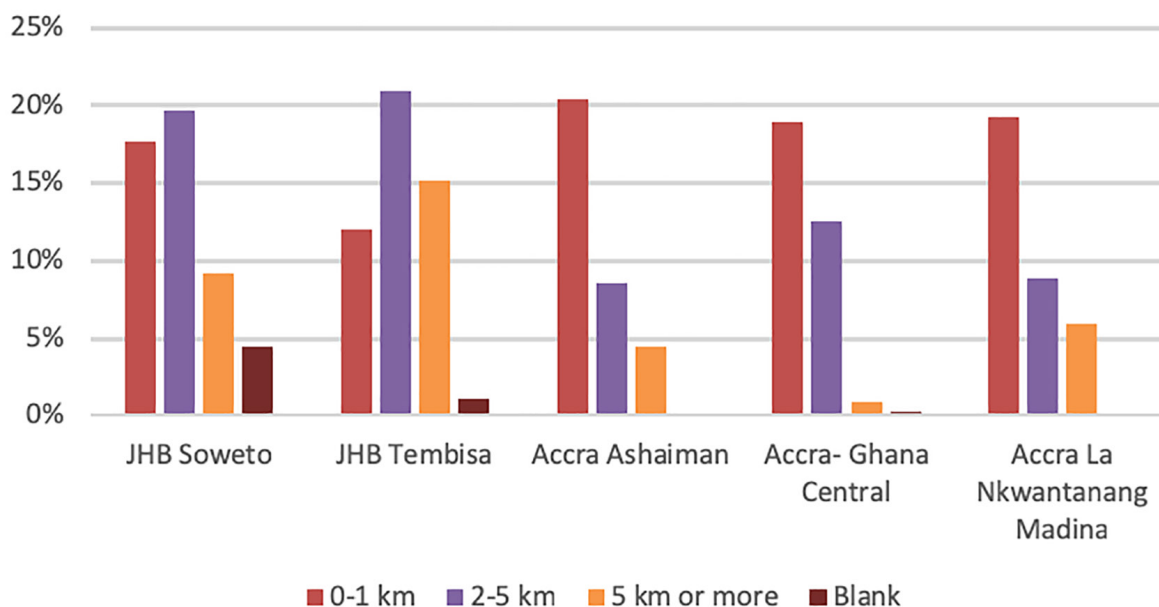
**Chart 15: Satisfaction with services at the nearest public health care facility**



for any emergencies during working hours. This could also be due to the area being dense with potential consumers and thus a common area for traders to conduct business; or because informal traders prefer areas closer to health care facilities due to higher levels of foot traffic for their business.

When asked about their satisfaction with the services provided at public health facilities, most participants were

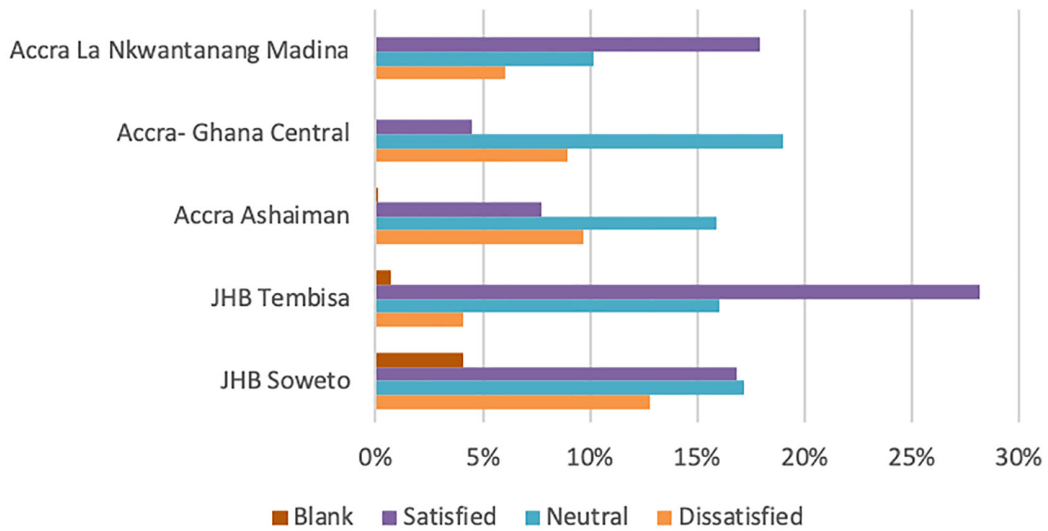
**Chart 16: Nearest police station**



satisfied and largely neutral about the services provided. Chart 15 details the public health care satisfaction responses.

Trading from unstructured establishments makes many informal traders victims of crime in the area, so access to police services can be important for the sustainability of their businesses. Most participants in the Accra

**Chart 17: Satisfaction with police services**



sample (58%) indicated that police services were less than under 1 km away from their area of business. In the Johannesburg sample, the majority (41%) indicated that police services were within a 2-5 km radius.

Again, this might be due to the study sites being densely populated or a source of a larger consumer base and increased foot traffic. When asked for their opinion of police services in the area, most participants were satisfied. Chart 17 illustrates that satisfaction was higher in Tembisa (28%), followed by La Nkwantanang (18%), closely tailed by Soweto (17%), Ashaima (8%) and, last, Ghana Central (5%).

**Chart 18: Creation of sustainable business opportunities by municipality?**

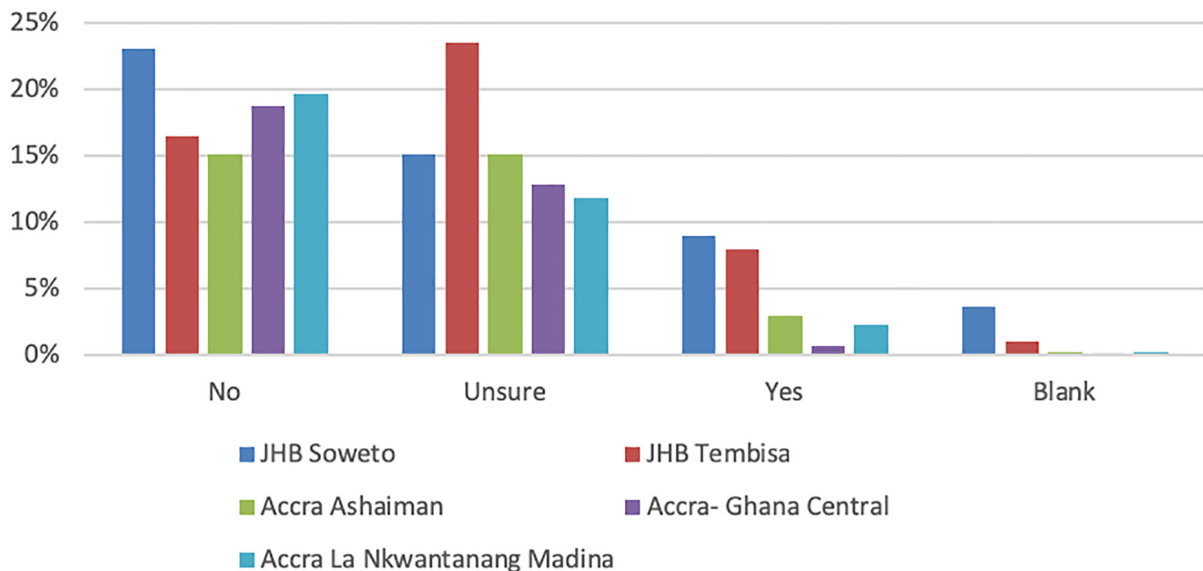


Chart 19: Registered with association?

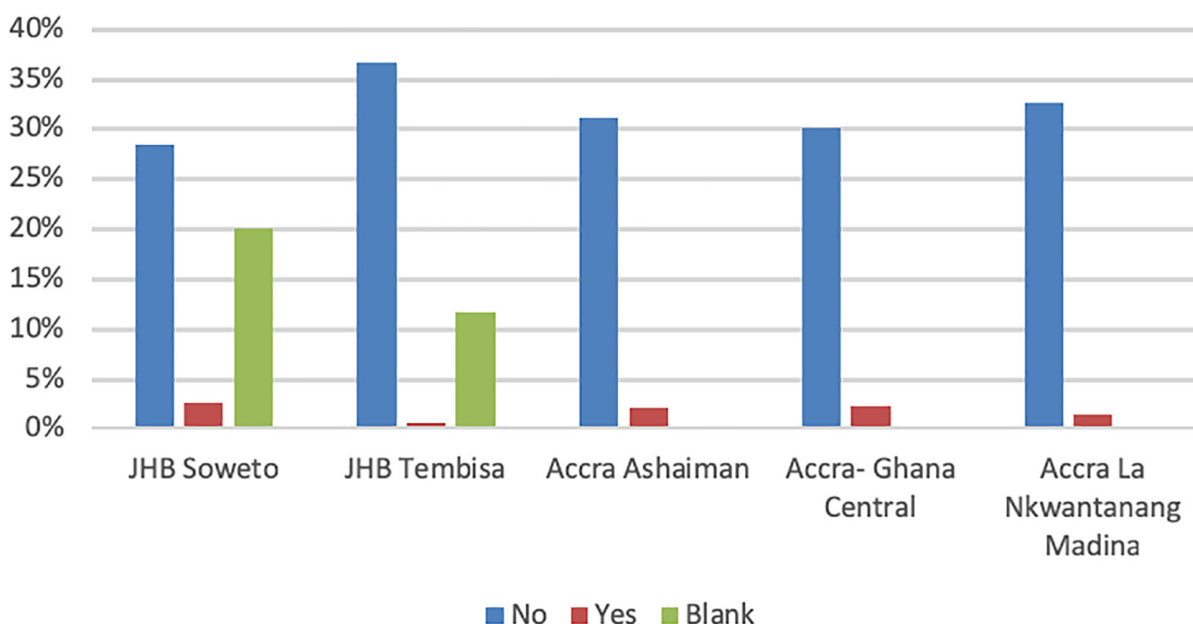
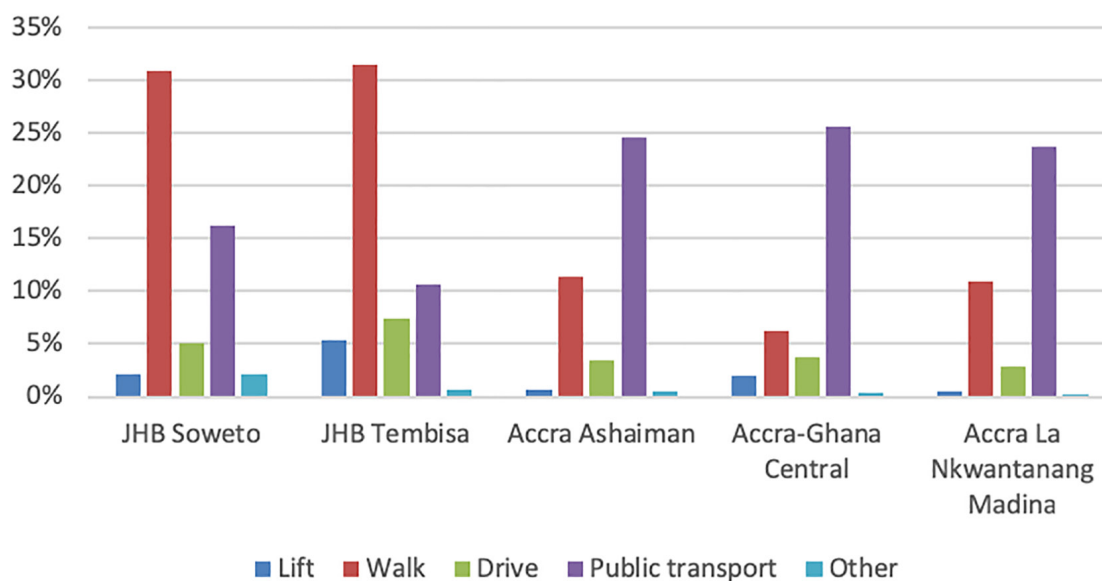


Chart 20: Transport to place of work



### Economic development and the informal economy

In the view of informal traders, the municipality was not creating sustainable business opportunities in all five study sites. Chart 18 fully articulates the respondents' views.

The traders were asked if they were registered with a formal association. In the Johannesburg sample, 65% said they were not registered, 32% did not respond, while only 3% of the sample was formally registered. In the Accra sample, 94% were not registered, 4% were, while 2% did not respond. From this it can be assumed that formalising the informal economy may pose a challenge.

Registered associations in SA included the Companies and Intellectual Property Commission (CIPC), the South



African Spaza and Tuck-Shop Association (SASTA), the Department of Social Development and the Vilakazi Ngakane Trader’s Union. Registered associations in Ghana included the Eagles Club.

In this section, participants were asked how they travelled to work every day. A variety of modes were reported and are displayed in Chart 20. Public transport or free transport (walking) was the most common mode of transport. This is probably because other means of transport are more expensive. Participants also mentioned that they were not trading in a fixed area and they often had to walk around in the community to find potential customers. Few respondents indicated using their own car to travel.

### Informal Business Owners

Respondents were asked questions relating to the day-to-day running of their business and the overall purpose of the business. Detailed responses to the line of business are illustrated in Table 21.

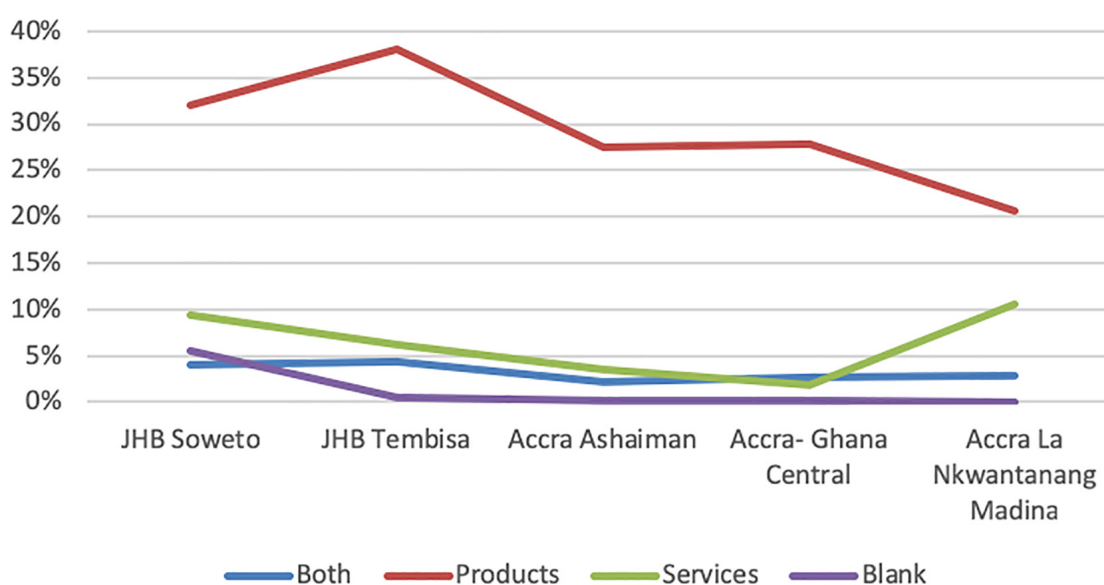
Product types included but were not restricted to:

- Food products (most prevalent);
- Electronics;
- Clothing, including accessories (second most prevalent);
- Traditional medicine;
- Cosmetics and related products;
- Cigarettes and other smoking aids;
- Jewellery;
- Stationery; and
- Household goods (carpets).

Service types included but were not restricted to:

- Shoe repairs;
- Cosmetic services (hair and nails);
- Repairs and general maintenance work;
- Transport, mechanical services;
- Welding and related trade;
- Electrical repairs;
- Car wash; and

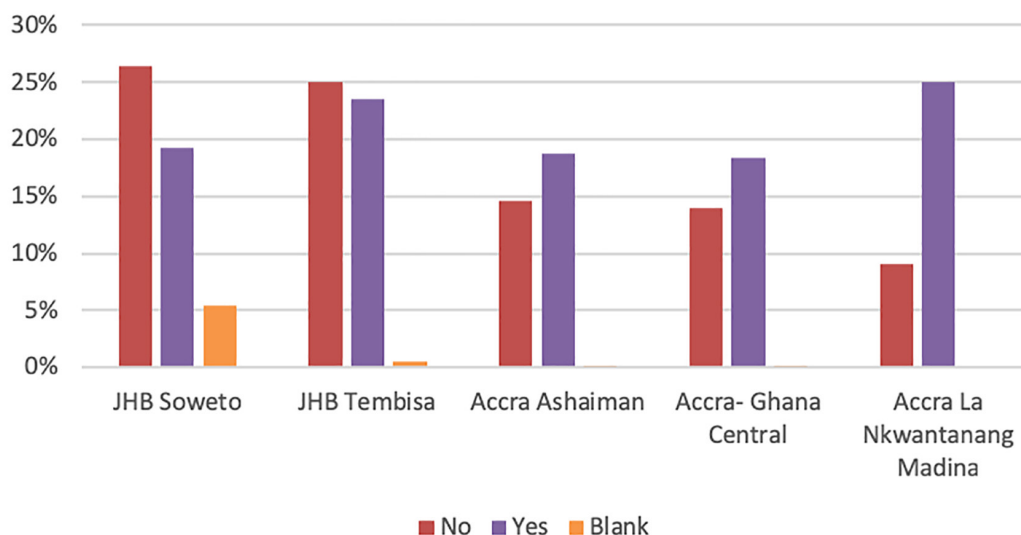
**Chart 21: Line of business**



- Mobile money services.

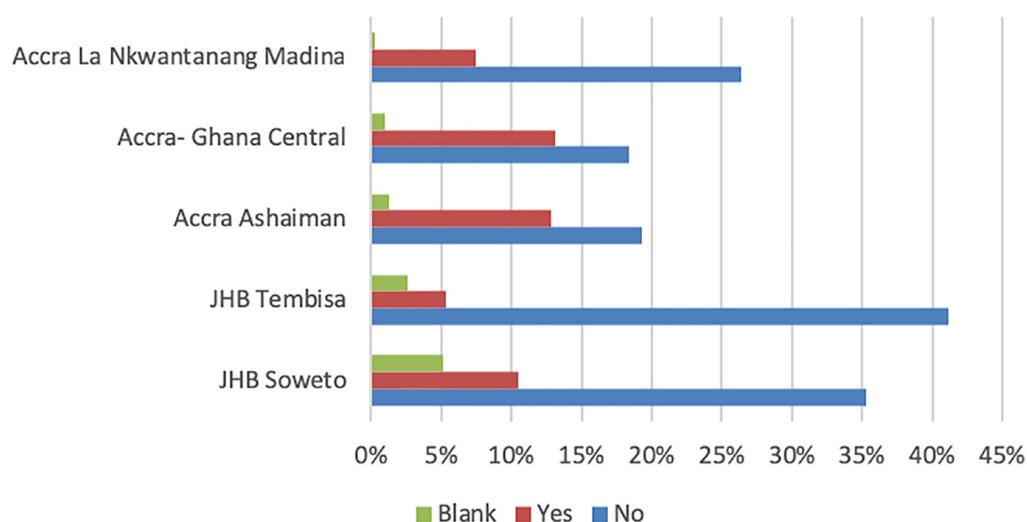
The most common products sold in Johannesburg were food products and clothing, including accessories. The most common products sold in Accra were electronics.

**Chart 22: Meet sales target?**



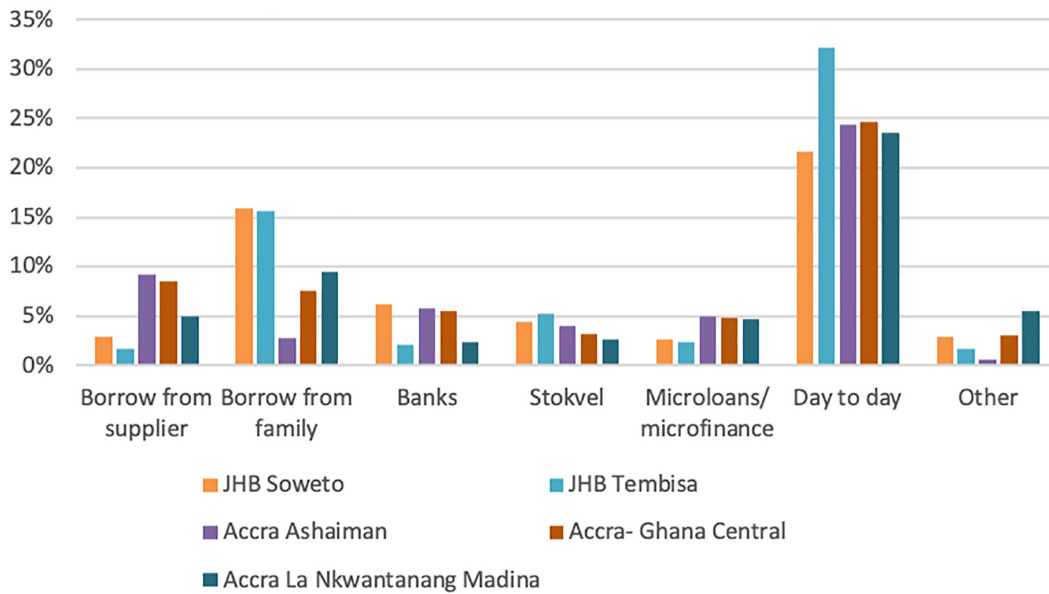
Informal traders were asked if they had met their target the previous month. The question was specifically

**Chart 23: Access to financial services**

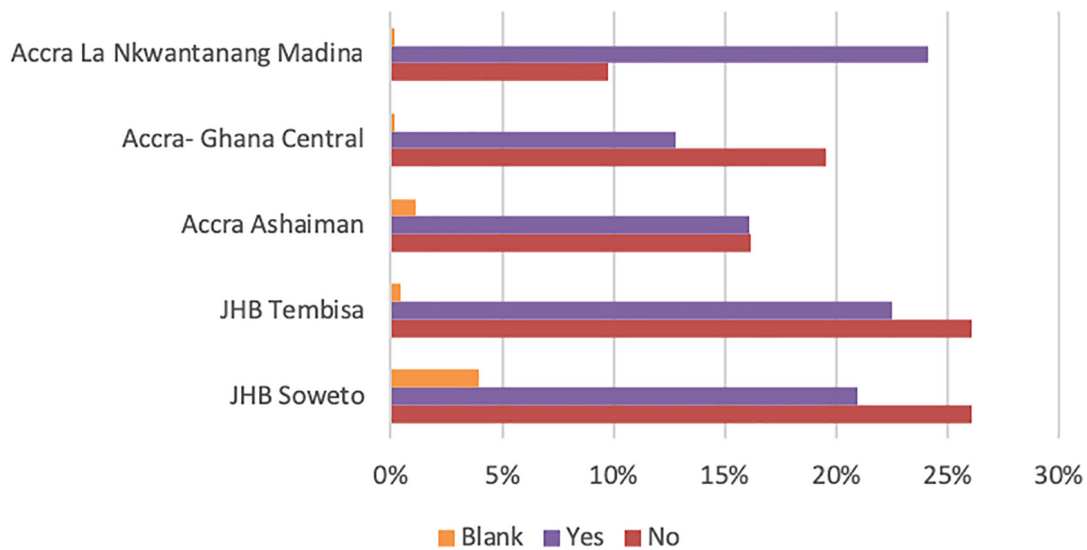


designed to ascertain the amount of money they needed to survive. In Johannesburg, the majority of traders had not met their target, while in Accra the majority had met their target. Chart 22 depicts informal traders' responses. Informal traders were asked if they had access to financial services. In Johannesburg, 76% said "no", while 63% of the Accra sample said "no". It is evident that the majority of informal workers in both the Johannesburg and Accra samples do not have access to financial services. Chart 23 illustrates respondents' access to financial services. From these responses, alternative sources of finance were investigated. It was found that the vast majority of traders got their sources of finance on a day-to-day basis. Borrowing from family was the second most common source of finance, followed by borrowing from suppliers and financing from stokvels. Chart 24 shows informal traders' alternative sources of finance.

**Chart 24: Informal traders' sources of finance**



**Chart 25: Require help to run the business?**

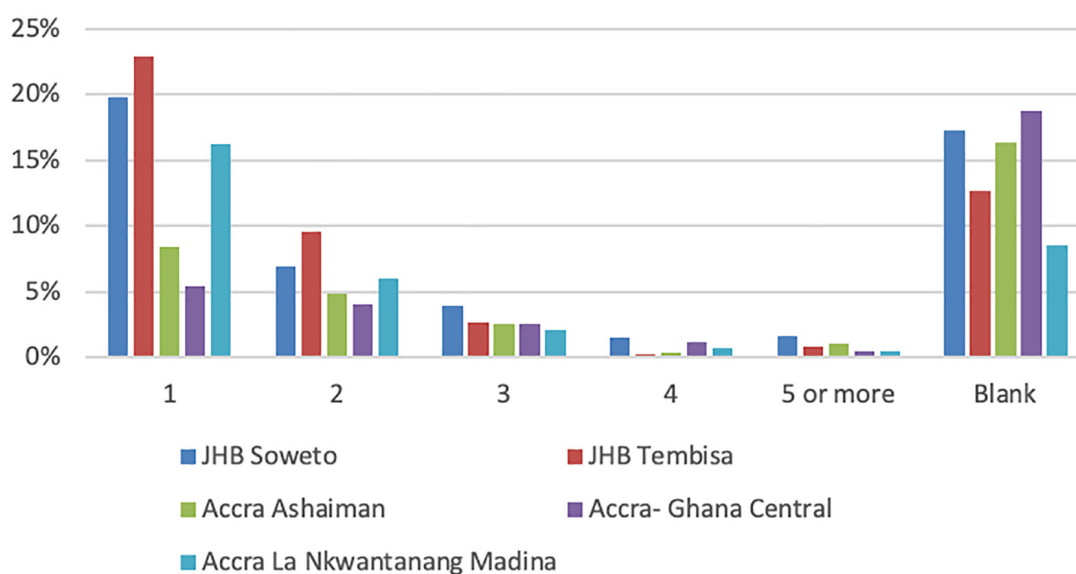


Respondents were asked if they required help in running their business. In Johannesburg, 44% said “yes”, 52% said “no”, while 4% did not respond to the question. In the Accra sample, 53% said “yes”, 46% said “no” and only 1% did not respond.

Chart 25 shows that the majority of informal business owners do not need assistance in running their businesses.

Those who responded “yes” to the question were also asked how many helpers they needed. Chart 26 shows that the majority of business owners needed one assistant. A significant proportion of the respondents did not respond to the question.

Chart 26: Number of helpers needed



## Needs assessment and prioritisation

In the last section of the survey participants were asked to identify the top three priorities for the government to focus on.

The top three priorities for Accra informal traders were:

- i. Health care and nutrition;
- ii. Water and sanitation;
- iii. Social and community development.

The top three priorities for Johannesburg informal traders were:

- iv. Safety and security;
- v. Health care and nutrition;
- vi. Transport and infrastructure.



## Concluding remarks

Overall, there was a fair blend of dissatisfaction with local government and indifference to local government. However, when analysed separately, there was more dissatisfaction with government among respondents at the Accra sites than in Johannesburg.

There was a high density of informal traders close to public health care facilities and police services due to higher levels of foot traffic for their businesses.

The study found that there was very little formalisation of the informal economy (registered informal traders) and the majority of informal traders were self-employed/business owners. There is a strong sense of *ubuntu* and togetherness in the informal sector.

In both Accra and Johannesburg, the income of informal traders was in the lower bracket because the majority of them did not meet their sales targets. Electronic goods were the most common products sold in Accra, while food products and clothing and accessories were the most common in Johannesburg.

The vast majority of informal traders do not have access to financial services and as a result their finance comes mainly from day-to-day selling, borrowing from their families or suppliers, as well as from stokvels.

## Recommendations

1. Municipalities to create more sustainable business opportunities;
2. Municipalities should direct their expenditure to improving administration, economic development and service delivery;
3. Municipal management must be made aware of the top three priorities informal traders identified; and
4. Encourage a participatory, grassroots approach to the informal economy, enterprise development and sustainable livelihoods.





## Convening event report

Organisation: Good Governance Africa	Seminar: Informal Economies: Convening
Date: Thursday, 16 May 2019 Time: 09:30 – 16:30	Seminar Location: SADC Office, The Mall Offices, 11 Cradock Avenue, Rosebank, 2196 Johannesburg
Number of Participants	77

### Introduction

The seminar was hosted by GGA and OSISA and was held at the GGA offices in Rosebank, Johannesburg. The purpose of the seminar was to present the study and findings with regards to citizens governance, the informal economy and enterprise development as well as to engage with informal economy stakeholders.

The informal economy is broad and there is no single definition of it. In the study, the concept of the informal economy was consciously kept flexible to accommodate variations in geographic and country situations. The convening was mainly focused on the informal traders, their access to basic services, economic support, basic social protection and urban infrastructure support. Both the study and the convening aimed to contribute to policy development and sought to support a bottom-up multidisciplinary approach to support the informal economy.

For all its events GGA observes the Chatham House rule and therefore while the convening document reports information disclosed at the event, the sources of the information are not identified.

### Methodology

The convening was phase three of the research methodology, which was targeted at providing stakeholder feedback from the study as well as providing a platform for dialogue among informal traders and informal trader representatives, the government, the private sector and other stakeholders.

The convening comprised an opening and welcome, an introduction to the survey, panel discussions, tea and lunch breaks and the closure and vote of thanks. The event programme and panellists' biographies are available in the appendixes.

### Discussion of research experience and findings

- The findings showed that in both Accra and Johannesburg study sites there were more male traders than female. The study had its limitations because different geographical locations have different demographic dynamics and one might find that there are actually more female traders in the informal economy.
- With regards to the highest level of education, most respondents had a secondary school education and the least number had a higher education.
- In Accra and Johannesburg, there was a high density of informal traders close to taxi ranks, public healthcare facilities and police services, because of the high levels of congestion in these areas.
- In both Accra and Johannesburg, the income of informal traders is in the lower bracket, with a higher percentage of dependants on that low income.
- Most of the informal traders are self-employed and business owners, who are generating their source of income through the products they are selling and they are not registered informal traders.



- Traders stated that they do not have access to financial service support, they are dependent on what they make from the day-to-day running of their businesses. However, few stated that they do have financial support.
- In Accra, most traders deal in electronics (one may assume that this may be in relation to the Agboghloshie slums) while those in Johannesburg mostly sell food products and clothes and accessories.
- Service delivery is an issue, both in Accra and Johannesburg, and most traders do not meet their sales targets.
- Traders in Accra noted that there is a need for the municipality to improve health and malnutrition, water and sanitation, social and community development.
- In Johannesburg, the traders stated that there is a need for the municipality to improve safety and security, health care and malnutrition, transportation and infrastructure.
- The traders, mostly those in Accra, were dissatisfied with their local government; those in Johannesburg expressed relatively lower dissatisfaction with local government, and they stated that municipalities must direct their revenue to administration, service delivery and economic development.
- There is unity among traders. In Johannesburg, however, it was noted there is a notable separation between citizens and foreign traders.

## Panel Discussions

### Panel One: The state of informal economies in South Africa and the rest of Africa

A panellist was of the opinion that the informal economy is uncapped and it needed the same scale of recognition as formal business. There is also a need for the growth of the informal sector in a collective manner into an alternate economy. The panellist emphasised, “when you want to develop the sector speak to the sector” and added that it is vital that there is engagement with the informal sector to identify the needs of the sector before implementing developmental plans. The informal economy is linked to the formal economy in that 60% of the clients of the fruit and vegetable formal market are from the informal sector. The panellist concluded that formalisation of the informal economy may include social protection, an enabling





work environment, training and legal protection as well as the use of public space.

The Ghanaian economy has seen formal sector and economic transformation following the discovery of oil 10 years ago. The panellist described the informal sector as the backbone of the Ghanaian economy. An example was given of how the Ghanaian government’s attempts to relocate the informal traders in Agbogbloshie failed. Agbogbloshie was described as the world’s largest e-waste dump (*The Guardian*, 27 February 2014).

Informal traders in Ghana generate a significant portion of the economy’s income but the informal sector is



not properly serviced. One of the residents of the slums was quoted in an interview as saying that “planners and government should forget about evictions as they would rather sleep in dirt than move”. The panellist added that the people in the slums highlighted how they are “rich in their poverty”. In conclusion, the panellist pointed out the need for the state to provide services that will enable the informal traders’ businesses to thrive. The panellist also highlighted that communication must change and there is a need to educate informal traders about tax before attempting to formalise or tax the informal economy.

Poverty, unemployment and inequality have made a significant contribution to decades of the informal economy. The informal economy has also played a role as a source of income and a means of survival. The

panellist emphasised the need to rethink the role of the informal economy as a bottom-up economic growth stimulant. The panellist advised that policymakers look at the linkages between formal and informal economies and how these links can be enhanced.

After the first panel discussion, the discussion was opened for questions and comments from the floor. Taxation was identified as the elephant in the room and multilaterals were called out to contribute to SME development.



## Panel two: Economic opportunities, financing and support

There are similar challenges in different provinces in South Africa and these challenges restrict the growth opportunities for women in formal and informal businesses. The acquisition of more land is critical to expand growth opportunities. The panellist highlighted the need to eradicate the status quo by soft peddling the approach to business and making efforts for more inclusions in the planning processes.

The panellist also highlighted the biggest challenge informal businesses faced when seeking finance: the lack of trust from the economy is the least-funded but economy. There is a need for structures of formal and informal capacity. The panellist concluded workshops to grow awareness such as compliance and perpetual funding for informal

Opportunities for SMEs are data, whereby 70% of SMEs are of them are unaccounted for. SME as low in various sectors. The the least transformed (because shortages in tourist-attraction prospects were noted in the and social media platforms. The literacy training is needed in the informal sector because most of the informal traders lack the skill to access finance.



various investors. The informal contributes significantly to the collaboration within the existing business to increase business by recommending finance around funding requirements knowledge of how to get businesses.

positive, according to statistical informal, 27% are formal and 3% profitability growth was identified tourism sector was identified as of visa requirements and water areas like Cape Town). Growth agriculture sector and in digital

panellist concluded that financial

Another panellist was of the view that there are opportunities for SME funding, and he shared his business experiences, how, thus far, he had not faced challenges accessing finance. The panellist also pointed out how legislation such as the minimum wage affects small businesses and how he had to lay off almost half his workforce (10 workers) because to sustain the business, he could not afford to pay all his workers the minimum wage. The panellist concluded that there is a need for including stakeholders in policy planning and implementation.





The final panellist was of the view that opportunities for small and informal businesses are there. However, there is little access to information about how to qualify for these opportunities. The panellist outlined how his line of work develops action plans for the growth of small businesses using “business incubation”. Business incubation ensures businesses are prepared to be able to collaborate with bigger players. Business incubation entails business management training as well as tailormade business training. The panellist concluded by emphasising the need for informal and small business to get the right information pertaining to funding.





### Panel three: Innovation and rural stimulation - regulation and mainstreaming

Innovation in the informal sector includes paying DSTV and buying electricity at a Spaza shop. The panellist emphasised the importance of innovation for the growth and sustainability of the informal economy.

The panellist added that small and informal businesses need to make haste with their innovations because they are often formalised by the multilaterals in the formal sector.

A fellow panellist concurred with this, adding that after preparing her business proposal for months, her idea was stolen in the public sector and implemented without giving her any credit or recognition. This gives rise to the need for empowerment of small and informal businesses with regards to innovation.

It is important for informal traders to understand the value chain and shift their mindsets towards business ownership. A panellist suggested building a platform for innovation based on the bottom-up approach.

There is a vast amount of riches in the informal economy, particularly in the townships. The panellist cited the example of a stokvel in the township that had a balance of R2 million in December 2018 for bulk buying for the holidays and festivities. The panellist pointed out that the informal economy is not one-sided in that it is not characterised by poverty and suffering; there are thriving traders and informal businesses in the informal sector.

In concluding, the third discussion panellists agreed that the government cannot create entrepreneurs but merely enable entrepreneurship. Informal traders need to use innovation.

A panellist concluded with the following remarks:

“They say education is key, I have the key but the door is locked and it won’t open; this is because there are too many people on the other side of that door with the same key. Innovation is needed to create another door and more work and employment opportunities.”



### Key questions from the convening:

- What is the total percentage of informal traders?
- What is it that government can do for informal traders?
- Is the informal economy a means of survival, or is it a source of stable employment and income?
- What type of innovation is best suited for the informal economy?
- Do we really need to formalise the informal economy?
- Where does the informal economy fit in the unemployment rate?

### Recommendations

In addition to the recommendations of the study, the convening had the following recommendations:

- A grassroots approach to development planning and adopting a framework that incorporates the informal sector.
- A SITA programme designed for informal traders to recognise their learning ability and help them graduate from being informal traders to entrepreneurs. Training on trade and competition (for example, too many informal traders in the same area selling the same products) and training on micro-businesses and financial management.
- Policymakers are to look at the links between formal and informal economies and how these links can be enhanced.
- There is a need for collaboration within existing structures of formal and informal business to increase business capacity.





### Key Outcomes of the convening

The state of informal economies – issues to consider:

- Research shows that informal trading is not recognised as work.
- Formalising informal trading means: providing informal traders with an enabling environment.
- Academics need to support sectors; there is an informal trading policy in South Africa that aims to protect and provide for traders. However, the research done by the African Centre of Cities shows that most of traders in Johannesburg are still being harassed by the police.
- Due to the transportation issue in Accra, most traders face more theft in their homes because they must leave home early to beat the traffic, and these traders occupy dirty places.

### Economic opportunities:

- The banking sector must support informal traders because they are contributors to GDP, they are one of the big job creators and they alleviate poverty.
- Twenty seven percent of SMEs who are in the formal sector are job creators. However, the recently imposed minimum wage is affecting this sector and it is contributing to the high percentage of unemployment.
- SMEs lack financial literacy because they are not funding ready. However, they need to be trained to come up with good strategies by using technology.
- Access to information and communication is vital; government does have funding and supports SMEs. However, most people are not aware of this.

### Regulations, mainstreaming and innovation:

- There is a lack of deliberate planning for the informal economy. Government must create engagement platforms that will enable informal traders to have a voice.
- SMEs and entrepreneurs must move into the third revolution. Research has shown that technology is vital for the growth of businesses and it is the fastest way to increase sales.

### Recommendations for future study:

1. Access to storage facilities for informal traders.
2. Costs associated with access to basic services (water and sanitation for informal traders).
3. The Agbogbloshie slums and livelihoods in the slums in Accra, Ghana.

**Good Governance Africa would like to thank the Open Societies Foundation and Open Societies Initiative for Southern Africa for making this research and convening possible.**







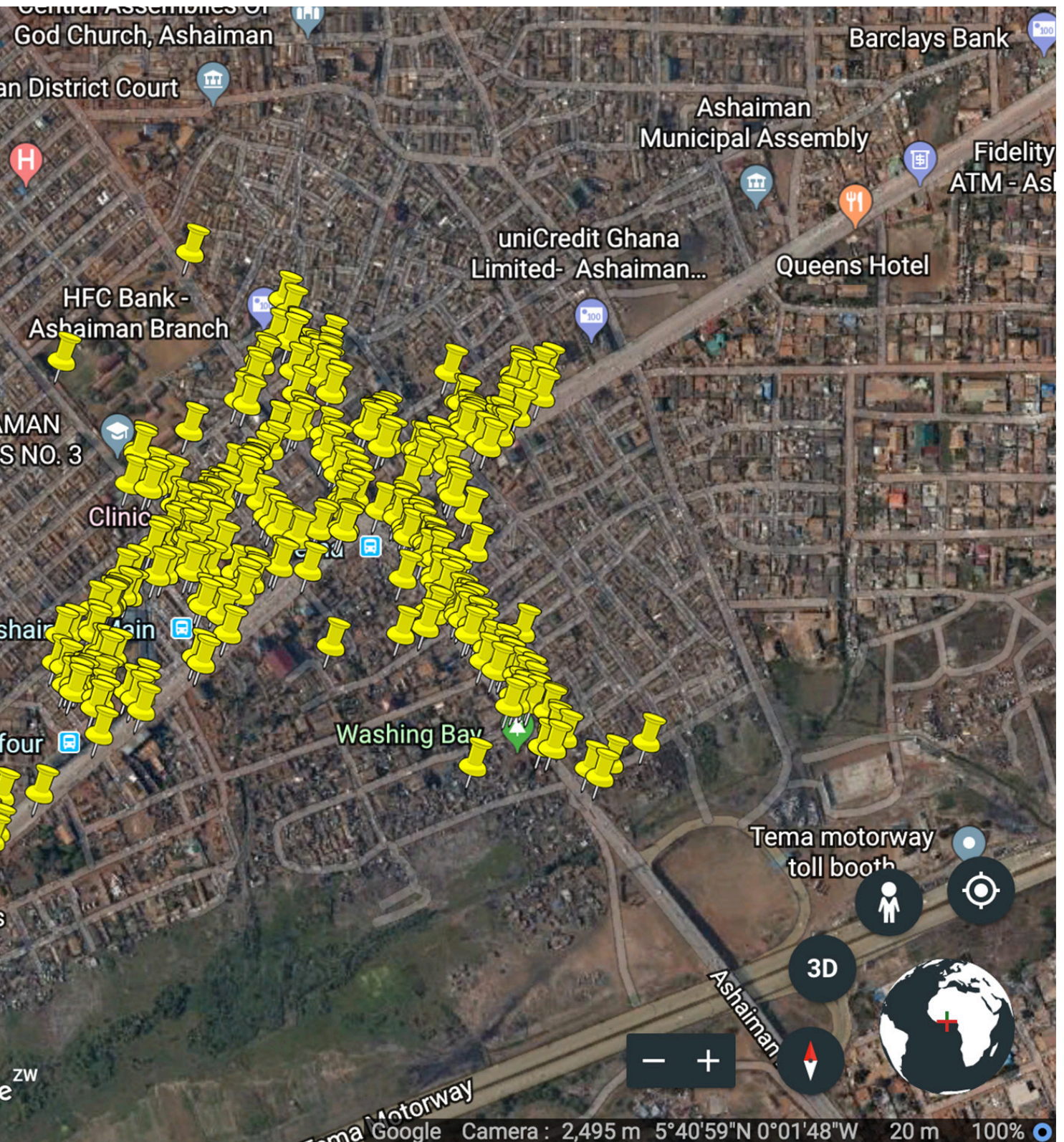


## Appendix A: Maps

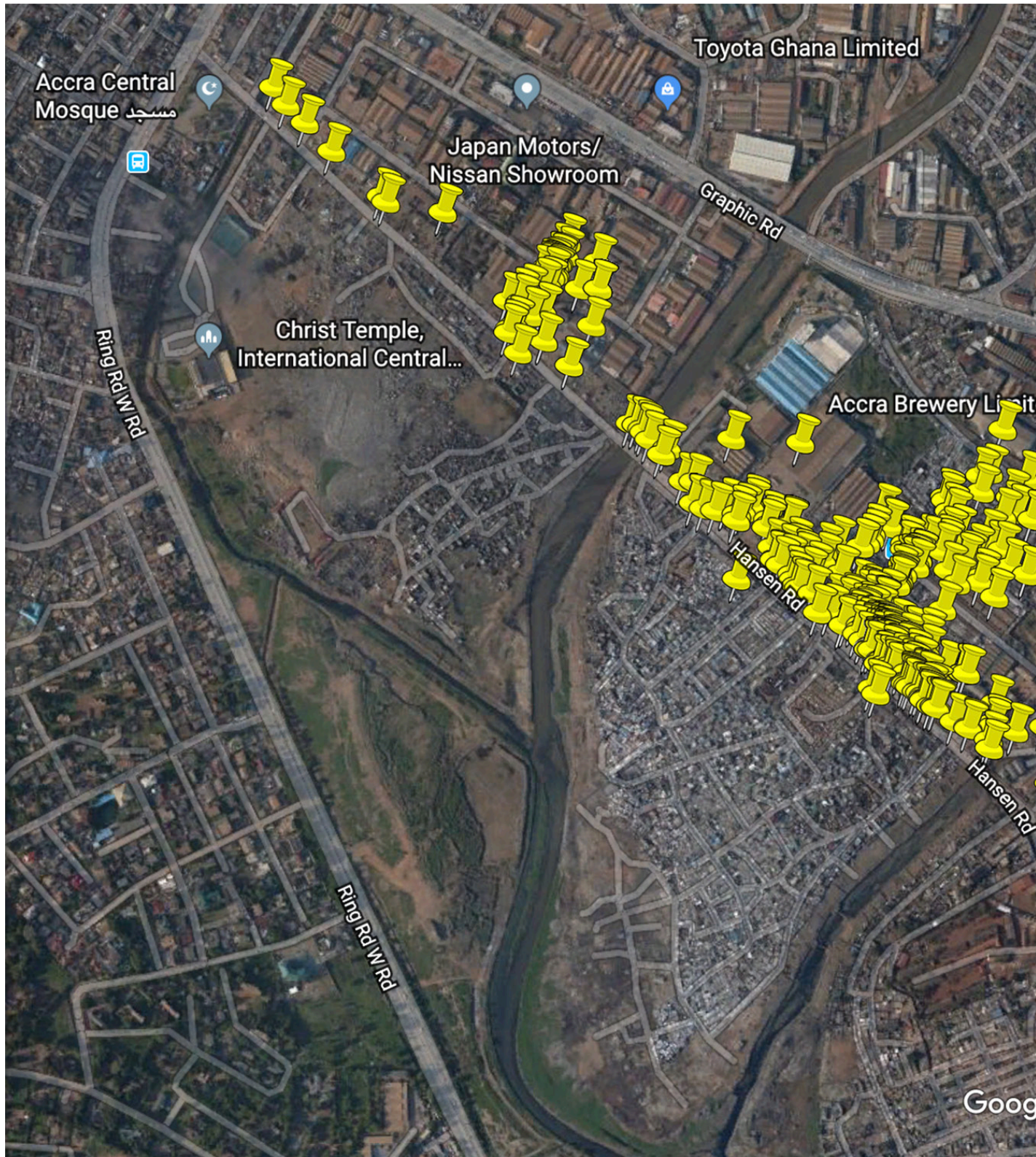




# ACCRA, ASHAIMAN

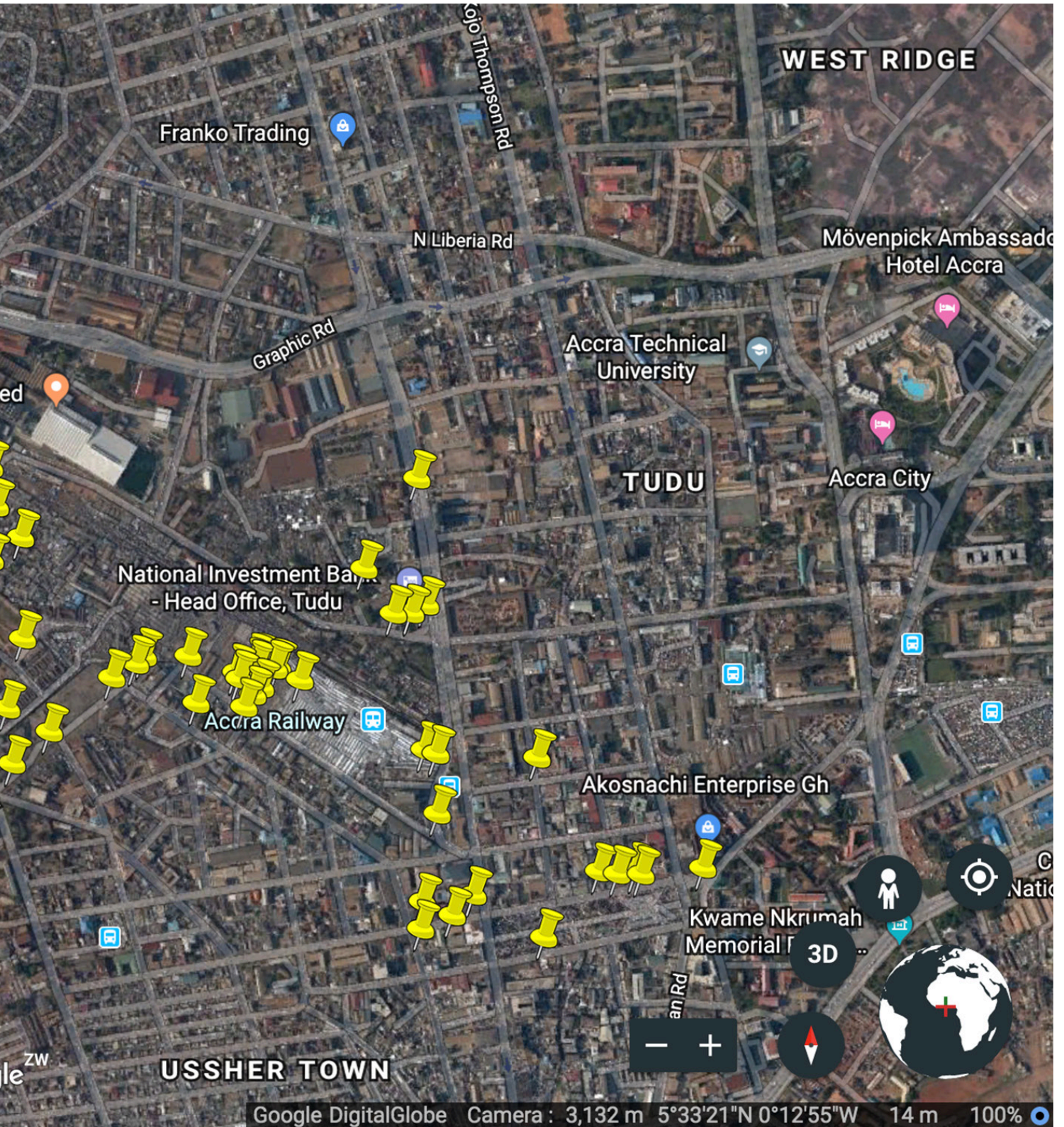




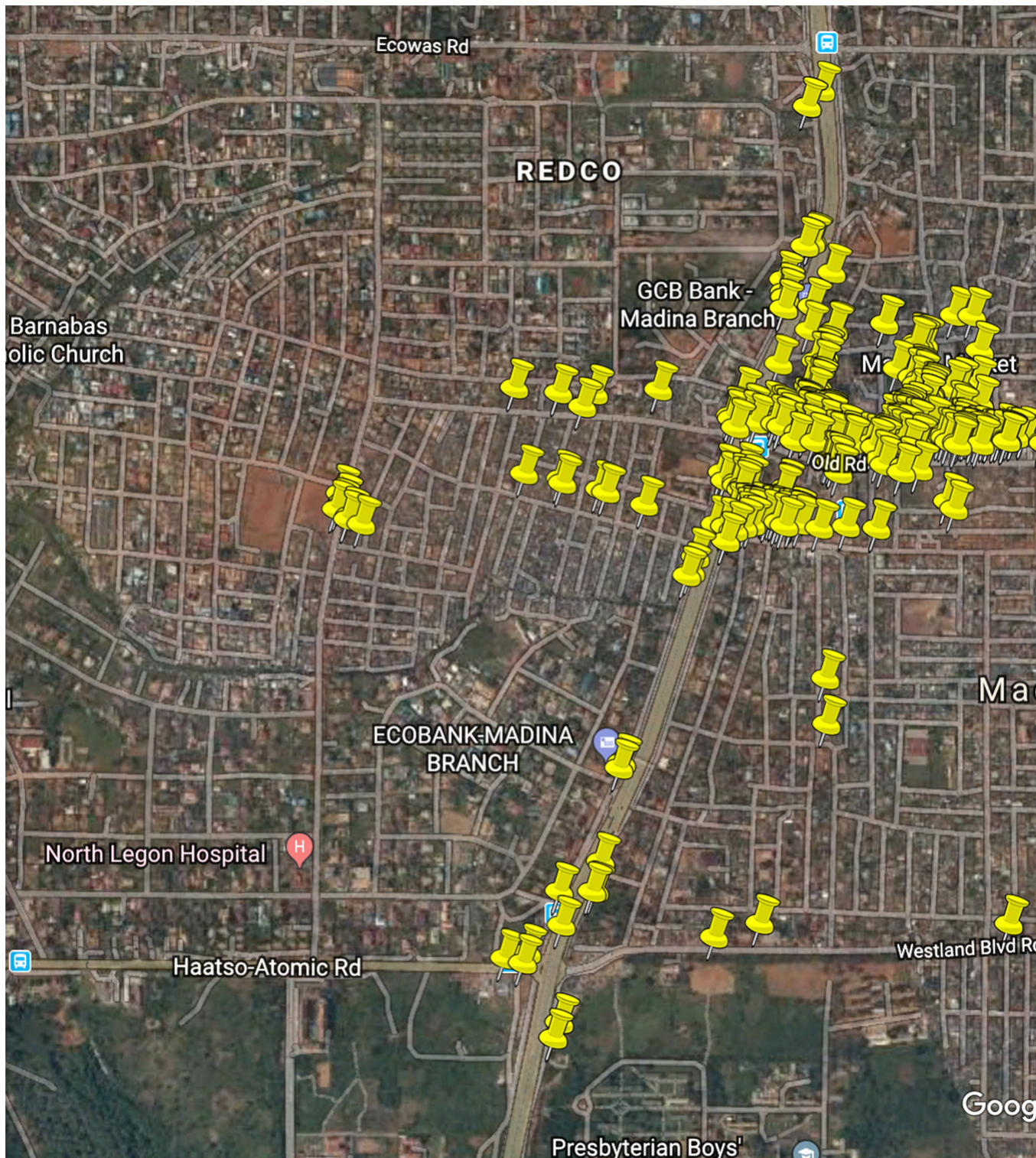




# ACCRA, GHANA CENTRAL





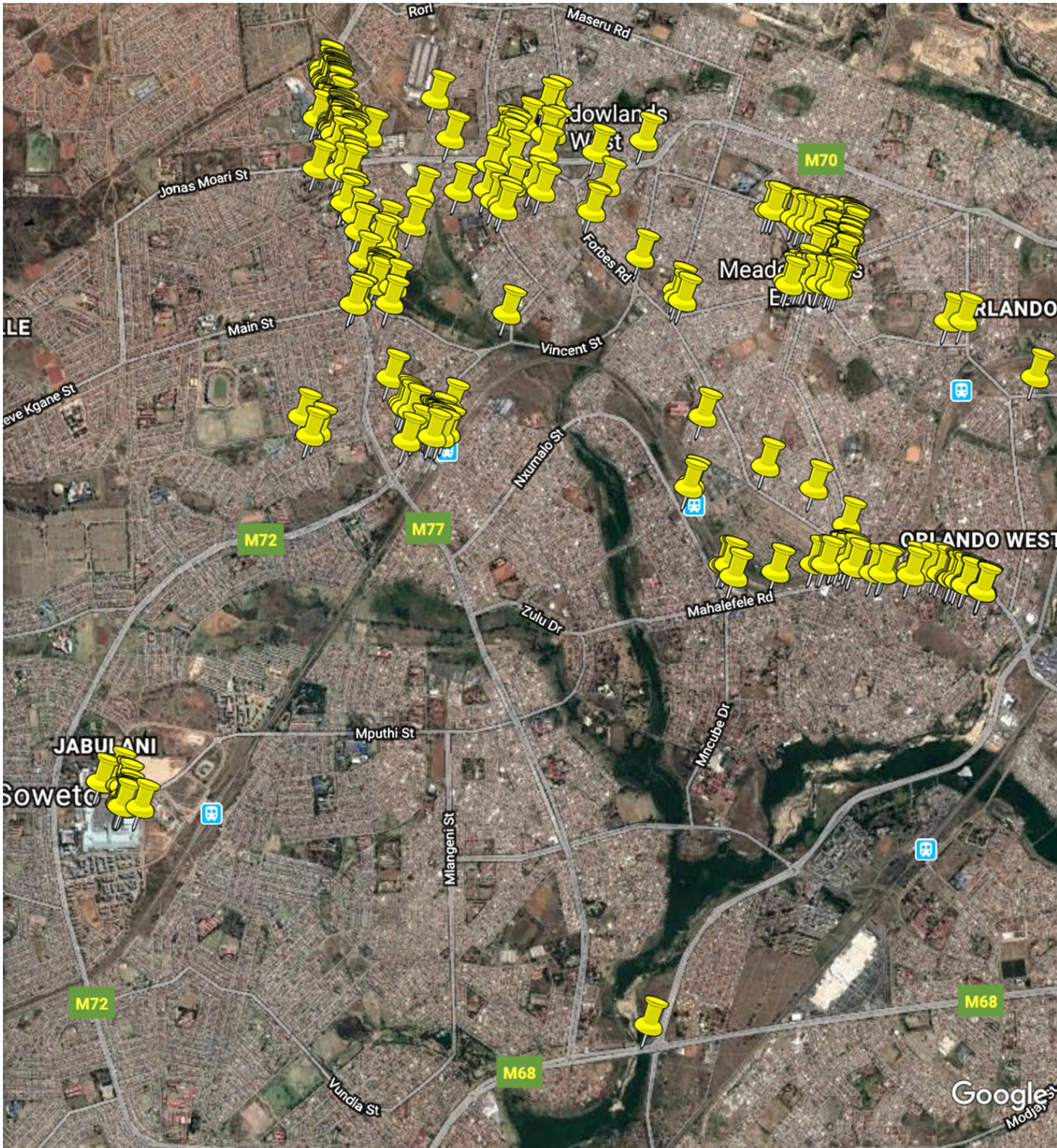




# ACCRA, LA NKWANTANANG MADINA

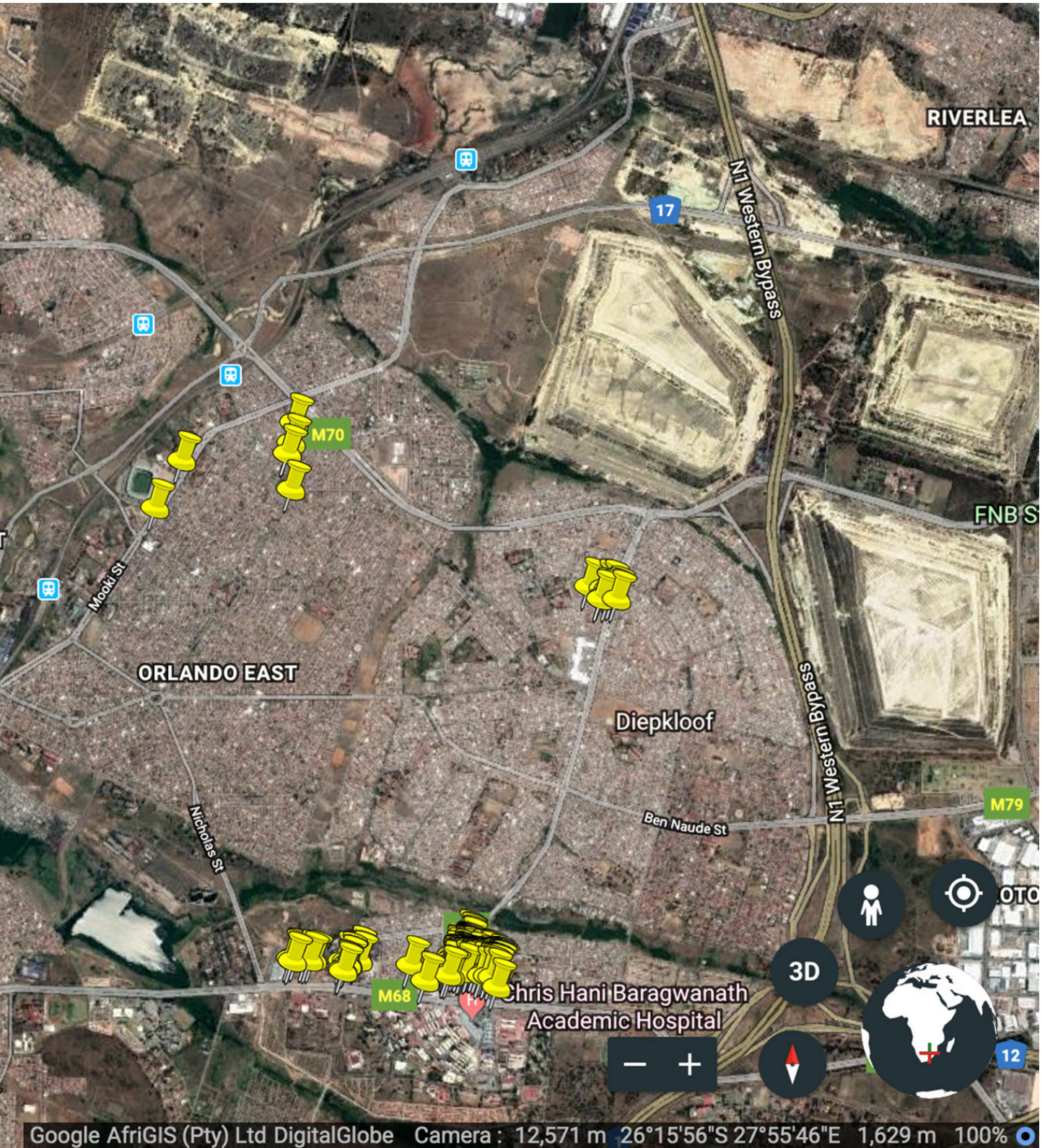




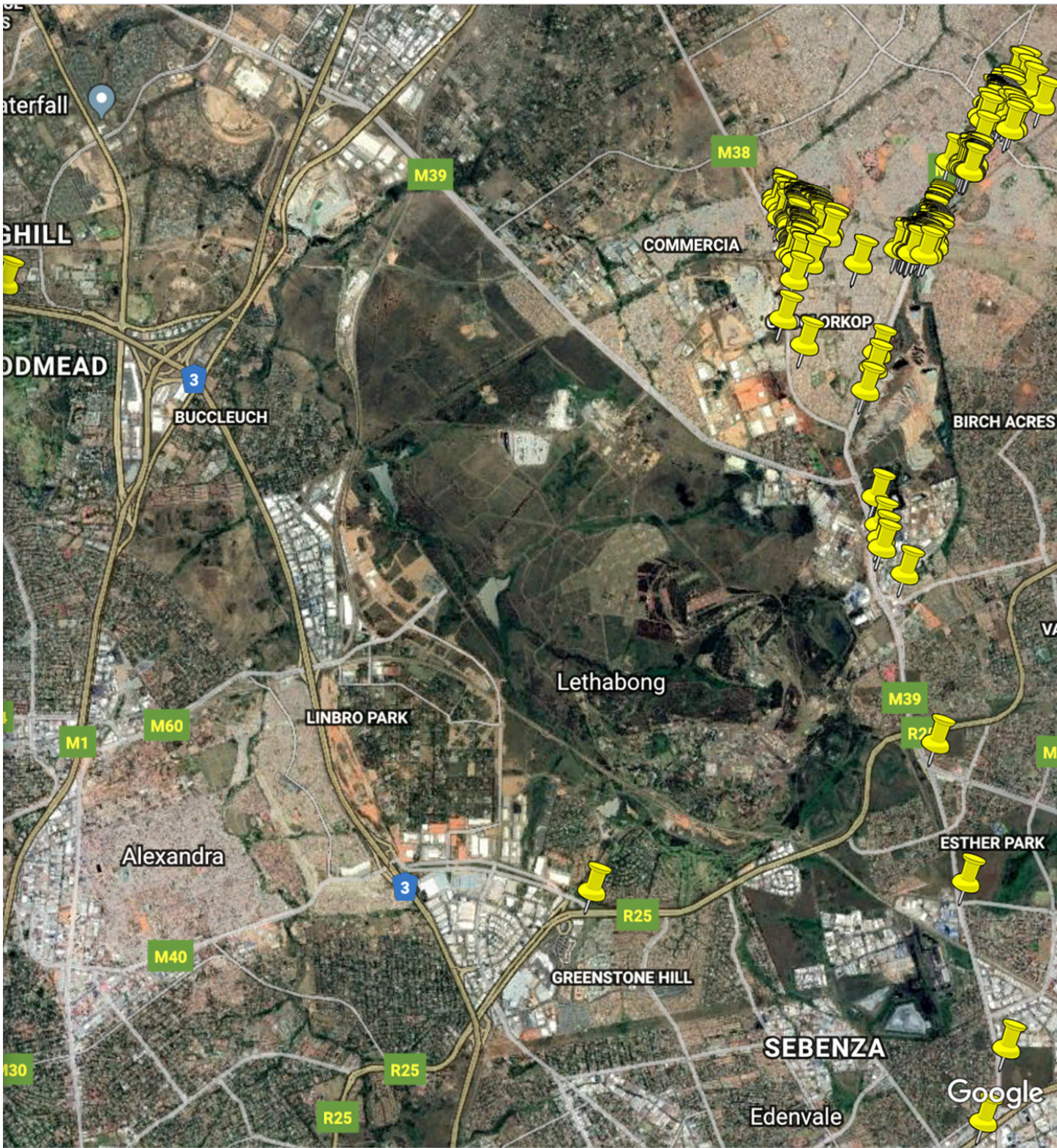




# JOHANNESBURG, SOWETO

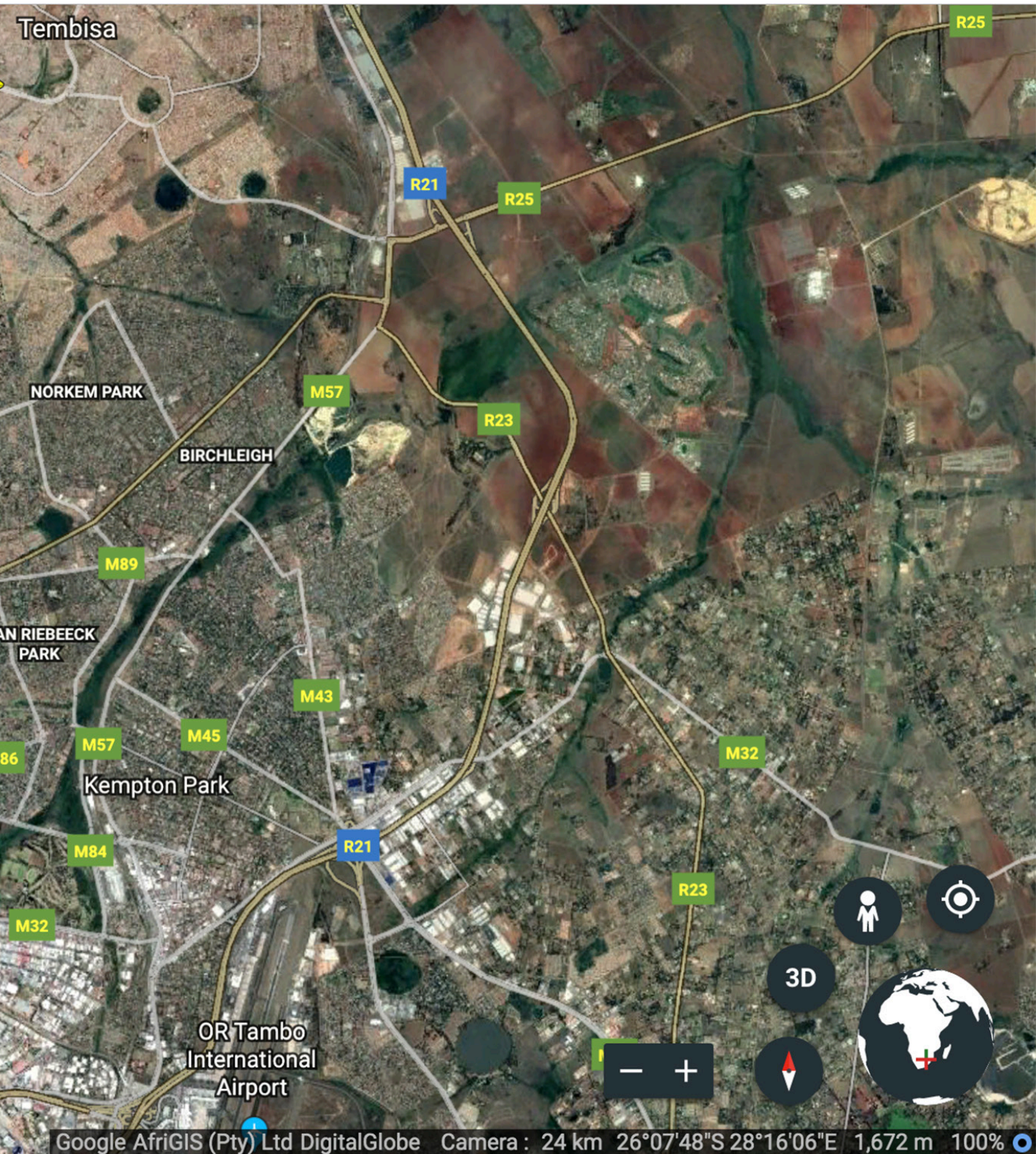








# JOHANNESBURG, TEMBISA





## INFORMAL ECONOMIES: CONVENING

THURSDAY, 16 MAY 2019

9:00 - 9:30	Registration	Delegates
9:30 - 9:45	Event Opening	<ul style="list-style-type: none"> <li>• <b>Michelle Venter</b>, General Manager, GGA</li> </ul>
9:45 - 10:30	Introduction to the survey, methodology and findings	<ul style="list-style-type: none"> <li>• <b>Chrissy Dube</b>, Lead Researcher, GGA</li> </ul>
10:30 - 11:00	Tea and Coffee	
11:00 - 12:30	<b>Panel Discussion 1:</b> The state of informal economies in South Africa and the rest of Africa	<ul style="list-style-type: none"> <li>• <b>Roshida Muller</b> – President, SAITA</li> <li>• <b>Prof Pundy Pillay</b> – School of Governance, WITS University</li> <li>• <b>Edward Sarpong</b> – Ghana Urban Think Tank</li> </ul>
12:30 - 13:30	Lunch	
13:30 - 14:30	<b>Panel Discussion 2:</b> Economic opportunities, financing and support	<ul style="list-style-type: none"> <li>• <b>Richard Chauke</b> – MD, Value Waste</li> <li>• <b>Sibusiso Sepeng</b> – MD, Carotex</li> <li>• <b>Mzingaye Kahla</b> - Shanduka Black Umbrellas</li> <li>• <b>Thoba Mavimbela Karl-Halla</b> – Ladies in Tourism</li> </ul>
14:30 - 16:00	<b>Panel Discussion 3:</b> Innovation and rural stimulation Regulation & mainstreaming	<ul style="list-style-type: none"> <li>• <b>Lebo Motshegoa</b> – MD, Foshizi Consumer Insights Agency</li> <li>• <b>Charlene Heyburgh</b> – Editor, Spotong Magazine</li> <li>• <b>Clint Davies</b> – PhD Entrepreneurship candidate, University of Pretoria</li> <li>• <b>Kefilwe Ndaba</b> – Kitso-Bothale Development Services</li> <li>• <b>Mamokete Matjomane</b> – Gauteng City Region Observatory</li> </ul>
16:00 - 16:15	Closure	<ul style="list-style-type: none"> <li>• <b>Chrissy Dube</b></li> </ul>
16:15 - 16:30	Tea and Coffee	



### PARTICIPANT BIOGRAPHIES

**MICHELLE VENTER:** The General Manager, Good Governance Africa, Michelle is a media specialist with more than 15 years management experience in print and publishing. She has worked for South Africa's most influential media groups, including Media24, Times Media (Tiso Blackstar) and Entrepreneur Media, where she gained considerable experience in client management, circulation and subscription services for magazines, newspapers and digital media. Michelle also spent two years at digital NPO Digerati Advertising and worked on the publishing awards known as The Bookmarks. Michelle gained several years' experience in television and radio production, working for a top advertising agency, and she has extensive experience in organising events. Her overall focus is marketing and brand management.

**CHRISSE DUBE:** Good Governance Africa's lead researcher in the Programmes department, Chrissy completed her Bachelor of Social Sciences degree in industrial, organisational and labour studies in 2011, before completing her Honours in commerce in 2012 and her Masters of Commerce in Research at the University of KwaZulu-Natal in 2013. Her experience includes sales, marketing, finance and administration.

**ROSHIDA MULLER:** A community worker and informal business sector champion, Roshida is a former high school educator-turned-micro-businessperson/entrepreneur with a passion for organising. With a tertiary degree (BA) and 12 years' teaching experience, Roshida felt the need to expand her horizons. She left teaching in 1987 and with her husband started Touch Base clothing, manufacturing puffer jackets. The company exists to this day! Operating in informal markets, she was exposed to the dynamics of informal trading and soon shared the hopes, dreams and challenges that traders faced. At some juncture she felt both a desire and a need to champion the cause of informal traders and to assist in improving the lot of the most marginalised and vulnerable work force in South Africa. Roshida has served on many committees and associations, including as chairperson of the Cape Town Station Traders Association in 1989, the Green Point Independent Traders Association in 1990 and the Grand Parade United Traders Association. She also created Enclodek Limited, the country's first public company of informal trader shareholders. Roshida has also served on the Western Cape Small Business Council, has been a Labone Woman of Worth recipient, the Fabcos Woman of the year 2004, a board member of TopVest Limited, a founder member of the Western Cape Informal Traders Coalition (WCITC), and a founder member of the South African Informal Traders Alliance (SAITA) for which she is currently serving as president.

**PUNDY PILLAY:** Pundy is Professor of Economics and Public Finance and Research Director at the School of Governance, Wits University. He has also been a visiting professor at the Berlin School of Economics and the Universities of Johannesburg, Oslo, and the Western Cape. His academic qualifications are: PhD Economics, Cape Town; MA Economics, Cape Town; BA Hons, Wits; BA, South Africa; and a BSc, Durban-Westville. Pundy's previous positions include: Senior Economist, RTI International; head of the Policy Unit, Office of the President, South Africa; Director, Financial and Fiscal Commission, South Africa; and Senior Lecturer, Economics, University of Cape Town. Other than South Africa, he has worked in Bangladesh, Egypt, Kenya, Iran, Lesotho, Namibia, Nigeria, Pakistan, Rwanda, Uganda and Zambia, as well as other countries in the Southern Africa Development Community (SADC). His research interests are in public finance, the economics of education, inequality and poverty, and economics and public policy.

**EDWARD TEYE SARPONG:** Edward is a governance and urban development consultant with more than nine years in international cooperation and private sector development. He holds a Masters' degree in Development Management and a Bachelors' in Development Planning from the Ghana Institute of Management and Public Administration (GIMPA) and the Kwame Nkrumah University of Science and Technology (KNUST). Edward rose through the ranks to become the senior urban development advisor for the German Agency for International Cooperation (GIZ) in Ghana from 2009 to 2016. With GIZ-Ghana, he led the facilitation of the processes that resulted in the formulation of Ghana's first-ever urban policy, street naming and property address policy/guidelines. He also coordinated the implementation of several projects aimed at urban poverty reduction. Edward is a member of the Ghana Institute of Planners (GIP) and currently sits on the Ghana Urbanization Think Tank.

**RICHARD CHAUKE:** Richard is the Managing Director of Value Waste, a waste management and recycling company in Soshanguve. Richard has a wealth of knowledge about the challenges and opportunities that come from operating in the township economy, and he has made personal contributions such as opening a recycling buy-back centre for his community.

**SIBUSISO SEPENG:** With an educational background in finance, Sibusiso has worked in banking and with business chambers such as the Greater Soweto Business Forum (GSBF), where as Programme and Project Manager he conceptualised SMME development programmes. Sibusiso worked for NAFCO in the office of the National Secretary as a strategist and where he developed programmes, raised funding for conferences and secured an MoU for NAFCO and the Department of Small Business. He is also founder and MD of Carotex, which is a Retail Financial Intermediary facilitating access to finance for the informal sector and registered SMMEs. Sibusiso was recently a moderator for a JCCI pre-election debate.

**MZINGAYE KAHLA:** Mzingaye has extensive experience within the enterprise and supplier development ecosystem. He has a background in insurance and investment via previous roles as a financial advisor for a JSE-listed insurance company and as an analyst with a proprietary trading firm. From there he moved into consulting, specialising in industrial design, conducting research and assisting in the commercialisation of innovative products and services for corporates and SMMEs. Clients ranged from multinationals to local corporates. Mzingaye then became a business coach, helping SMMEs to formalise and grow their businesses; he has worked with over 2000 SMMEs. He has since moved on to manage two incubators, one with a focus on ESD Fund management and the other focused on business development services, fundraising and market linkage. Both incubators are market leaders within their respective fields. Mzingaye has managed numerous independent ESD projects for corporate clients, overseeing project design, implementation, monitoring and evaluation. He is also an entrepreneur and is a partner in two organisations - LeoTAU Auctioneers, which disposes of fixed and moveable property for the private and public sector, and 3 TIER DESIGNS, an industrial design consultancy that assists entrepreneurs and corporates develop innovative products.

**THOBA MAVIMBELA KARL-HALLA:** A multi-skilled, self-motivated and enthusiastic professional, Thoba has a marketing and public relations background with a proven track record in providing leadership and instructional resources. She has been in the tourism industry since 1991, going on to establish PeterFrank Tours and Travel in 1997 in commemoration of her husband, and later operated Macheroni Tours and Travel. Thoba is an innovative, creative and goal-driven professional with 10 years of successful event management in the hospitality industry, including project.

**LEBO MOTSHOGA:** Lebo is the founder of Foshizi Consumer Insights Agency, a research company that has established a niche in the market as the go-to for insights into the black consumer. With a career that includes experience as a journalist, linguist, lecturer, columnist, researcher, copywriter, creative, salesman, director and shareholder, Lebo is a seasoned public speaker able to relate to any corporate audience.

He is also the author and publisher of township lingo dictionaries, which have won him awards and recognition as an authority on black consumers. Lebo has an impressive client list that includes organisations such as Cell C, the Gordon Institute of Business Science and Pick n Pay.



**CHARLENE HEYBURGH:** Charlene is the editor of *Spotong*, South Africa's foremost township trade magazine, speaking directly to business owners in townships across the country. The aim of the magazine is to help its readers empower themselves and grow their businesses while tackling the industry issues they face daily as entrepreneurs. Charlene has edited numerous magazines over the past 12 years, but she considers *Spotong* the highlight of her editing career and it is the magazine about which she is most passionate. She considers it a blessing and a privilege to work together with dynamic and influential township entrepreneurs and to witness and share their success stories through the magazine. Through *Spotong*, it is her mission to change the perception of South Africa's townships.

**CLINT DAVIES:** Clint is a full-time PhD Entrepreneurship candidate at the University of Pretoria, working towards completing his doctorate in 2020. Clint obtained his MCom Management degree, BCom (Hon) degree and a Post-graduate diploma in Management from the University of the Western Cape. He currently lives mainly in Maputo, Mozambique, where he is involved in the informal business sector, including a hair salon start-up. His current research interests are entrepreneurship training, business growth and business innovation. The South African Informal Traders Alliance is a key research partner for his PhD research project. Clint's past research accomplishments in the informal sector include his role as the lead researcher for an informal sector formalisation project for 10 micro-entrepreneurs in Cape Town over a one-year period.

**KEFILWE NDABA:** Kefilwe's areas of specialty are presentation, motivation, training and facilitations. The former computer company owner (IT) and former director of the Tsa-Botsogo Community Centre (2001-2009), Kefilwe is the current owner of Kitso-Botlhale Development Services cc. She is also the founder of the Bokamoso Community Project based in Dobsonville that caters for orphans and vulnerable children as well as the elderly. Kefilwe is a founder member of the South African Women Entrepreneur Movement (SAWEM) and a ward committee member for economic development for Ward 48, Dobsonville. Kefilwe is a part-time actress and has a young daughter.

**MAMOKETE MATJOMANE:** Mamokete is a researcher at the Gauteng City- Region Observatory (GCRO) and a PhD student at the University of the Witwatersrand, School of Architecture and Planning. Her main areas of research centre on the informal economy in cities of the South, with a focus on informal trading governance issues. In 2018, she wrote a chapter on the contestations of street trading between various stakeholders in inner-city Johannesburg as part of the GCRO's Taking Streets Seriously research project. She is currently undertaking a research project investigating the role and influence of informal trader leaders on policy and practice in Tshwane, Johannesburg, Ekurhuleni and Ahmedabad (India).



Better Governance  
Better Lives

## **A BRIGHTER FUTURE**

Good Governance Africa (GGA) is a not-for-profit organisation which seeks to build bridges between government and the private sector in all African countries, while strengthening civil society and promoting democracy.

### **RESEARCH**

Research, analyses and interpreting fact-based knowledge in several fundamental areas, including local governance, natural resources, national security, child development and youth formation, and the promotion of ethical values and spirituality.

### **DEVELOPMENT**

Bespoke services including: advocacy, events, training and skills development.

### **PUBLICATIONS**

This knowledge is disseminated through flagship publications which are read the world over.

**AFRICA IN FACT**  
Reportage and analysis on diverse themes by leading writers across Africa and the world.

### **AFRICA SURVEY**

Trend analysis and exceptional data featuring 3,000 social, political and economic indicators with 210,000 data points on all African countries.



**RECENTLY  
LAUNCHED  
BOOKS**

Join our community as an individual or corporate member and reap the many benefits. Find out more at [www.gga.org](http://www.gga.org)

**Striving to improve the lives of all citizens**

+27 11 268 0479 • [info@gga.org](mailto:info@gga.org) • [sales@gga.org](mailto:sales@gga.org) • [www.gga.org](http://www.gga.org)



**GOOD  
GOVERNANCE  
AFRICA**