

# Understanding the Northern Cape Informal Economy: Street Traders



**NORTHERN CAPE**  
**DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM**



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# PRESENTATION OUTLINE

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- Purpose
- Background
- Methodology and Limitations
- Findings
- Conclusion and Recommendations



# PURPOSE

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- In 2015 the Department of Economic Development and Tourism conducted a survey on Street Traders in the Central business district (CBD) in Kimberley. This led to a request that the survey be conducted in the remaining four districts of the Province.
- The following presentation summarises the findings of the research conducted in all five districts of the Northern Cape.



# DEFINITION

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- The International Labour Conference held in 2002, defines the Informal Economy as “all economic activities by workers and economic units that are- in law or in practice-not covered or insufficiently covered by formal arrangements”.



# BACKGROUND: POLICY PERSPECTIVE

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- The National Development Plan highlights the challenges faced by the informal economy, emphasizing the need to create a more enabling environment for small enterprises to grow and more entrepreneurs to enter the market.
- The National Informal Business Upliftment Strategy (NIBUS) developed by Department of Trade and Industry, aims to specifically target entrepreneurs in the informal economy.





# BACKGROUND: POLICY PERSPECTIVE

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- The main focus of the National Informal Business Upliftment Strategy (NIBUS) is not to formalise informal business, but to provide support, particularly entrepreneurs that need funding and equipment, who don't qualify for programmes aimed at the small business sector.
- In addition the intention is to develop business owners to a point where they have the option to register and qualify for better opportunities(expand).



# METHODOLOGY AND LIMITATIONS

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- The sample of study included two stakeholders i.e. municipalities(regulators) and the street traders (operators).
- **The following towns were included:**
  - ✓ Kimberley
  - ✓ Upington
  - ✓ De Aar
  - ✓ Petrusville
  - ✓ Hanover
  - ✓ Postmasburg
  - ✓ Springbok
  - ✓ Kuruman
  - ✓ Britstown
  - Phillipstown
  - Kakamas
  - Port Nolloth
  - Steinkopf



# METHODOLOGY AND LIMITATIONS

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- Two structured questionnaires were developed, one for street traders and another for municipalities.

Some limitations experienced:

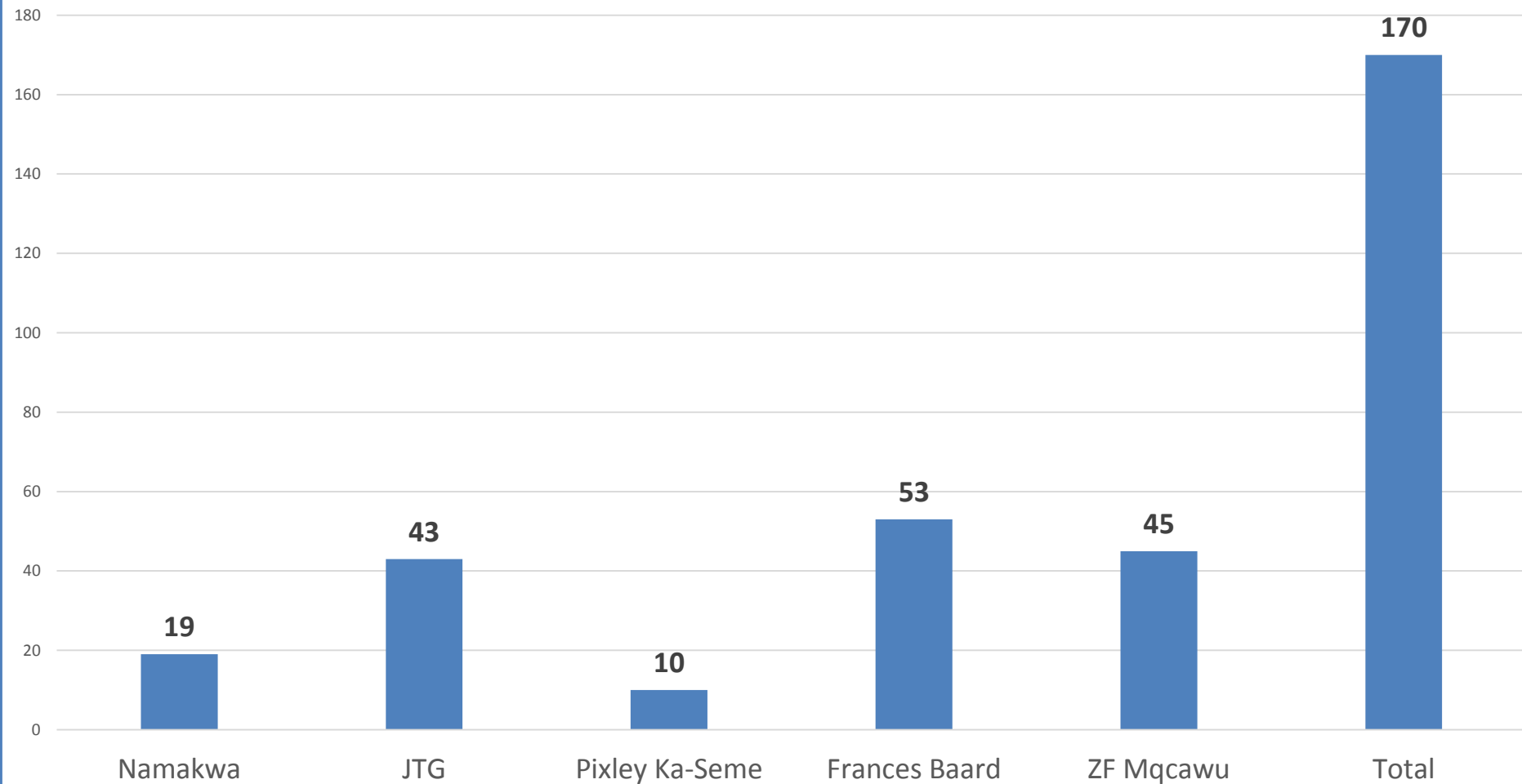
- ✓ Not all street traders were willing to participate in interviews.
- ✓ In some towns street traders were more active on weekends ( the study took place during the week, which reduced the amount of street traders that could be reached).
- ✓ Some municipalities were not available for interviews and did not complete questionnaires forwarded to their offices.
- ✓ In some instances, researchers encountered language barriers when attempting to interview street traders.





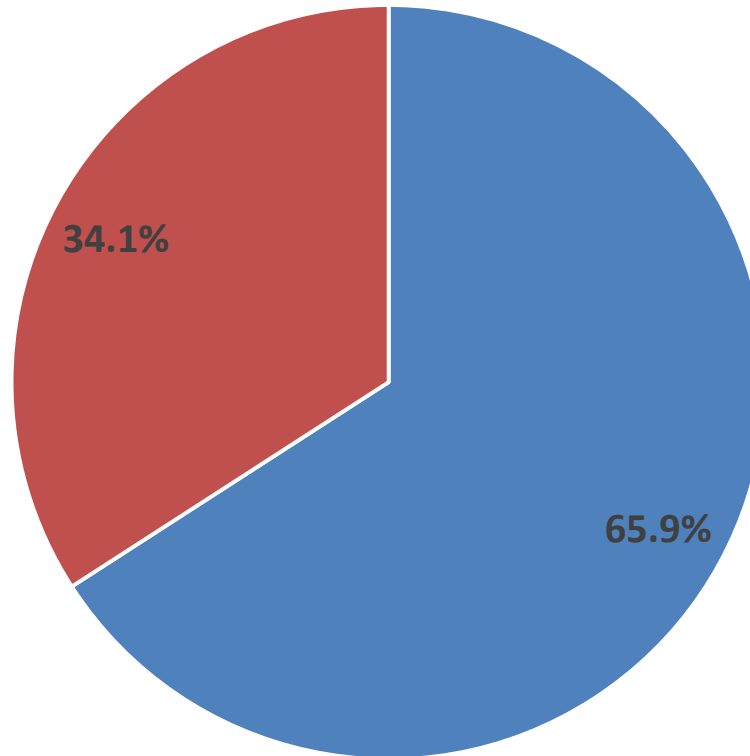
# Findings: Profile of Street Traders

Number of Street traders-interviewed per district



# Findings: Profile of Street Traders

Street traders interviewed per Gender

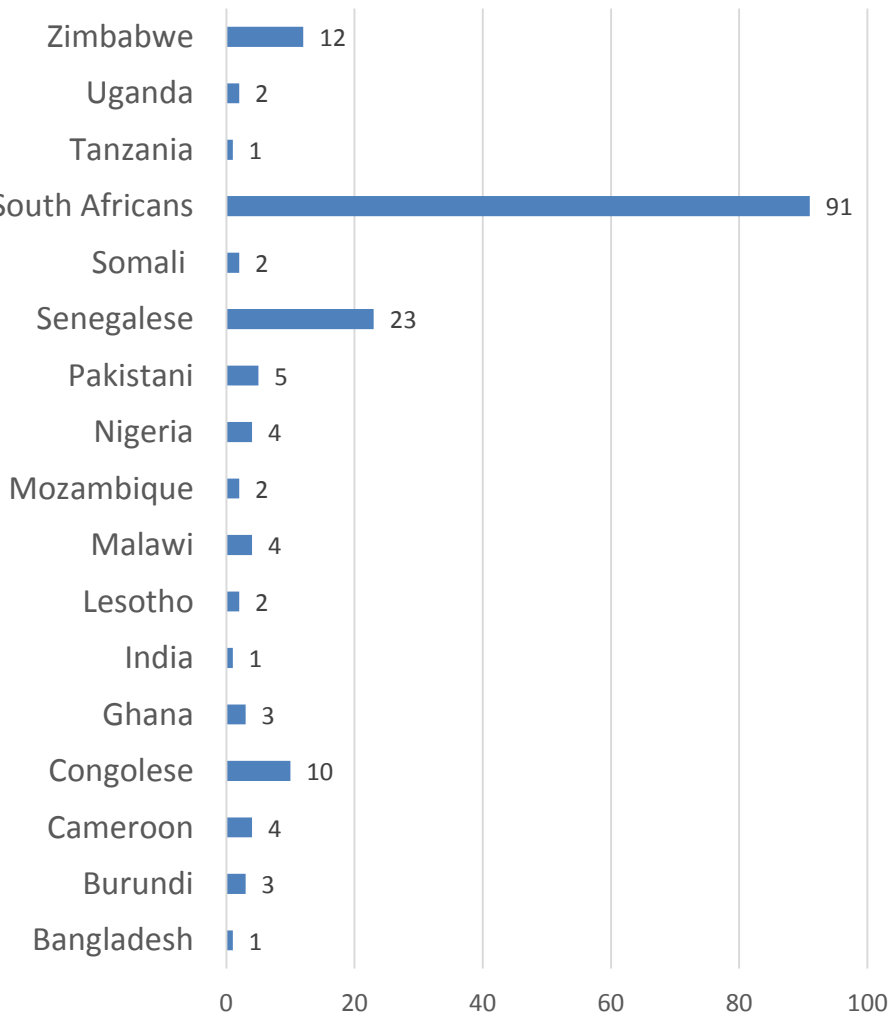


■ Male ■ Female



# Findings: Profile of Street Traders

Street trader interviewed per country of origin



- The majority of street traders interviewed were South African (91), followed by Senegalese (23), Zimbabweans (12) and Congolese (10).



# Findings: Products and Services

## Products and Services offered by street traders

**A. Clothing items**

**B. Bags**

**C. Vegetables**

**D. Fruits**

**E. Sweets & nuts**

**F. Food ( cooked)**

**G. Cell phone sales, repairs & accessories**

**H. Tailoring services**

**I. Entertainment videos/ CDs**

**J. Hairdressing**

**K. Shoe repairs**

**L. Sunglasses**

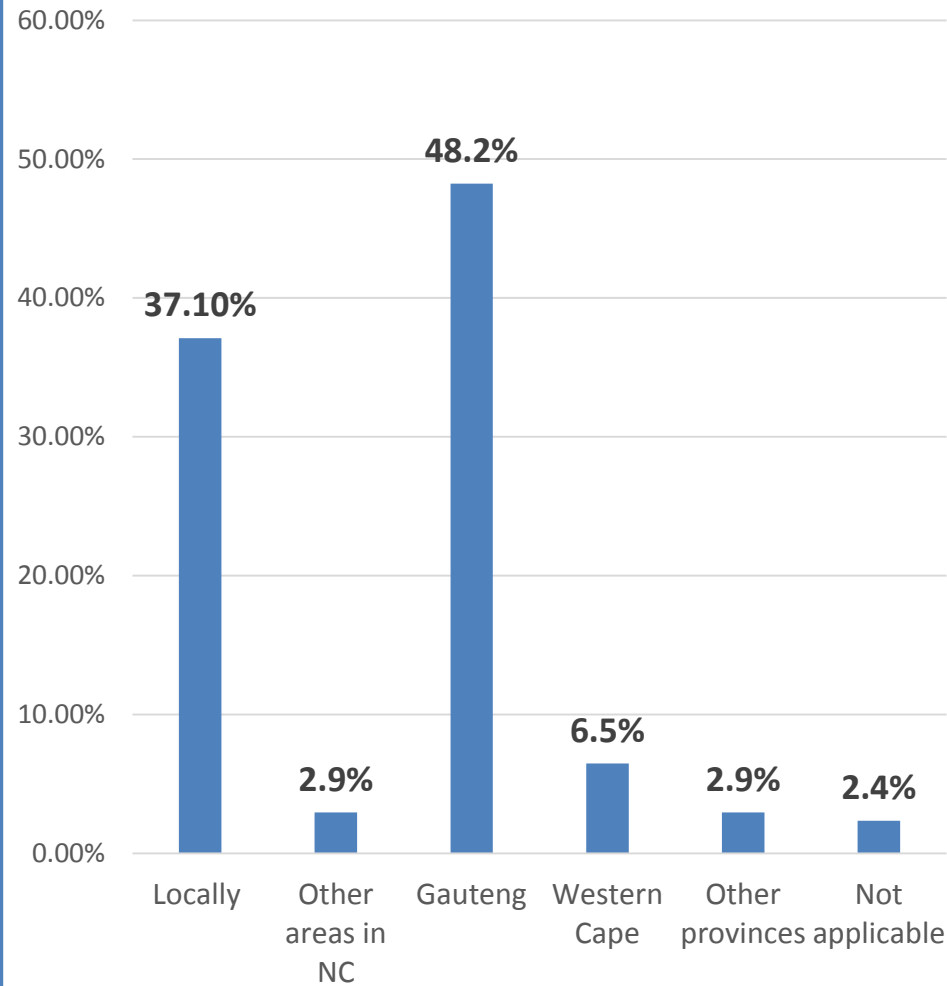
**M. Cigarettes**

**N. Herbal medicine & products**



# Findings: Source of Products

Source of products

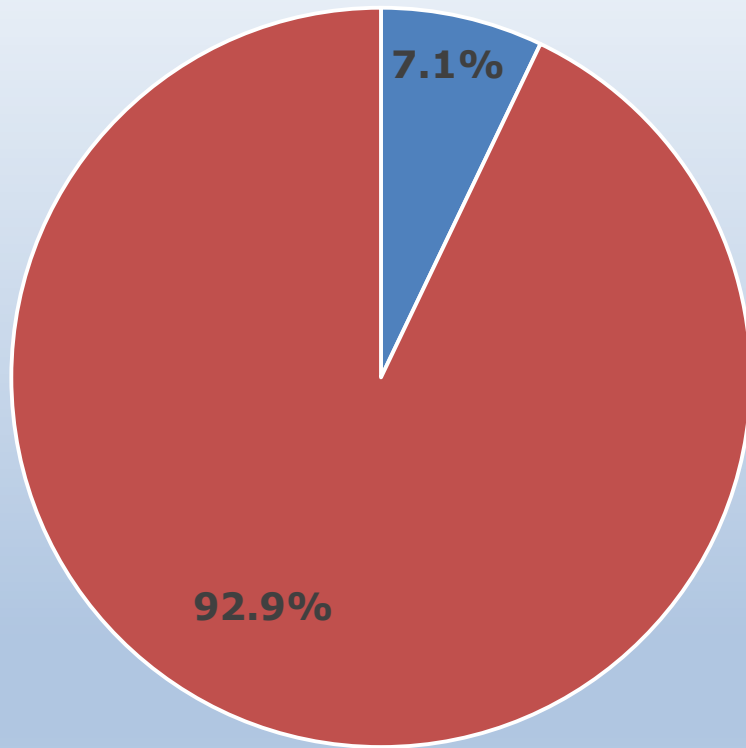


- The majority of products sold by street traders were sourced from the Gauteng province 48.2% , followed by 37.10% which is sourced locally.



# Findings: Membership to association/organisation

Membership ( chamber of commerce/ association)



■ Yes ■ No

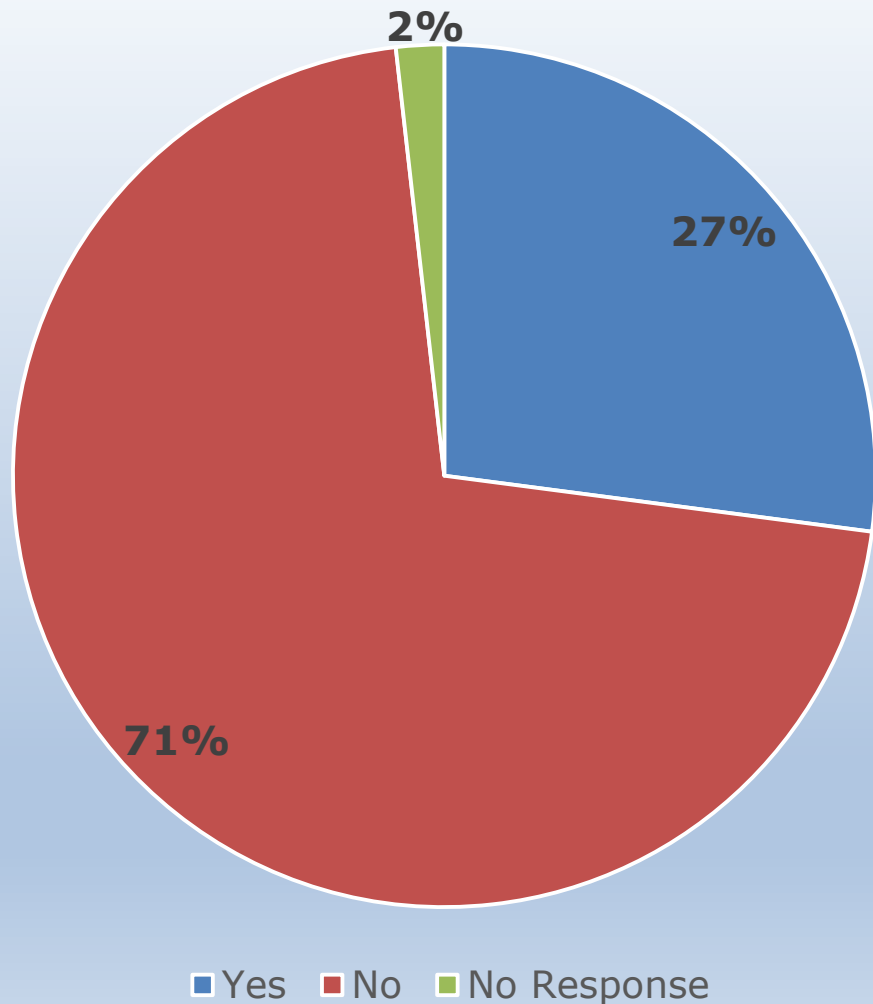
- Street traders were asked if they belong to any association or chamber of commerce. 92.9% of those interviewed, said they did not belong to any association or chamber of commerce.





# Findings: Alternative Employment

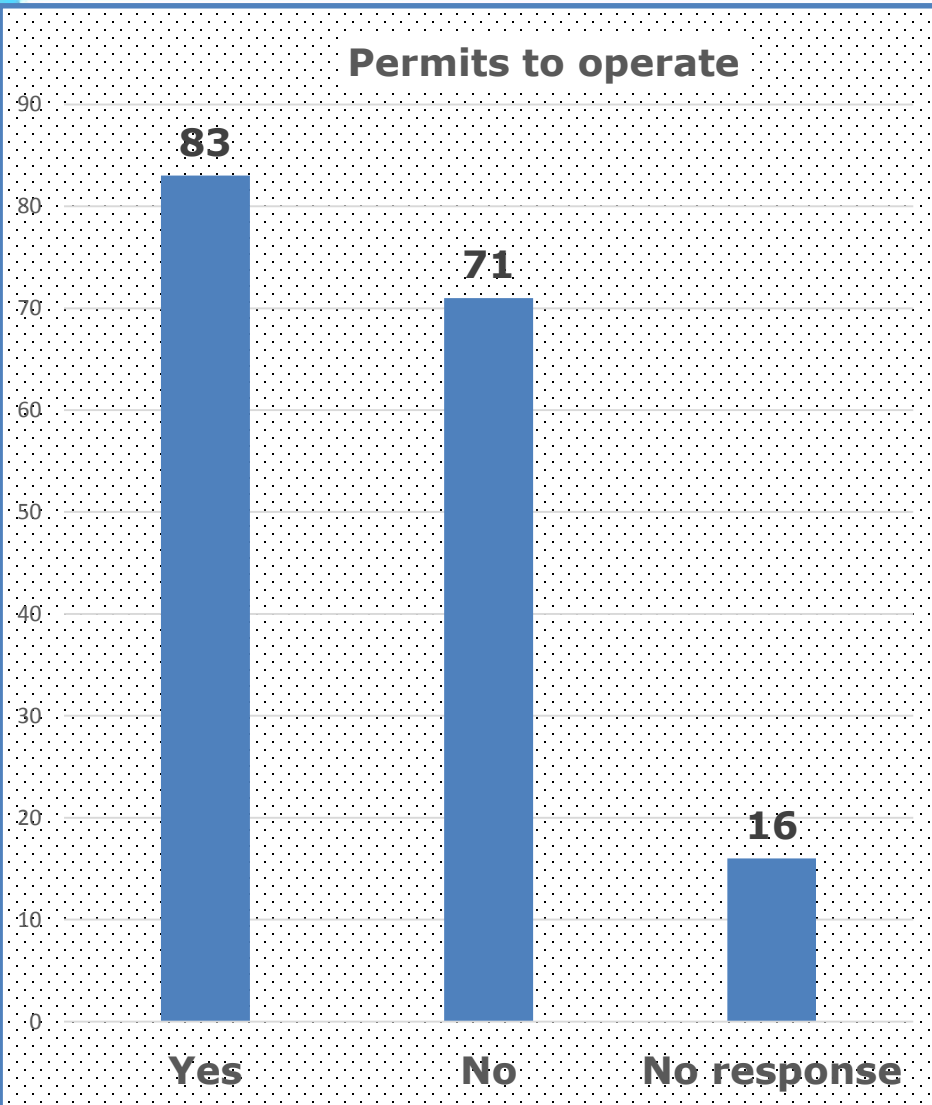
Seeking Alternative Employment



- In an attempt to separate job seekers from entrepreneurs, street traders were asked if they are currently seeking alternative employment. The majority (71%) indicated that they were not seeking alternative employment, while 27% were looking for a job or would accept a job if it became available.



# Findings: Permits

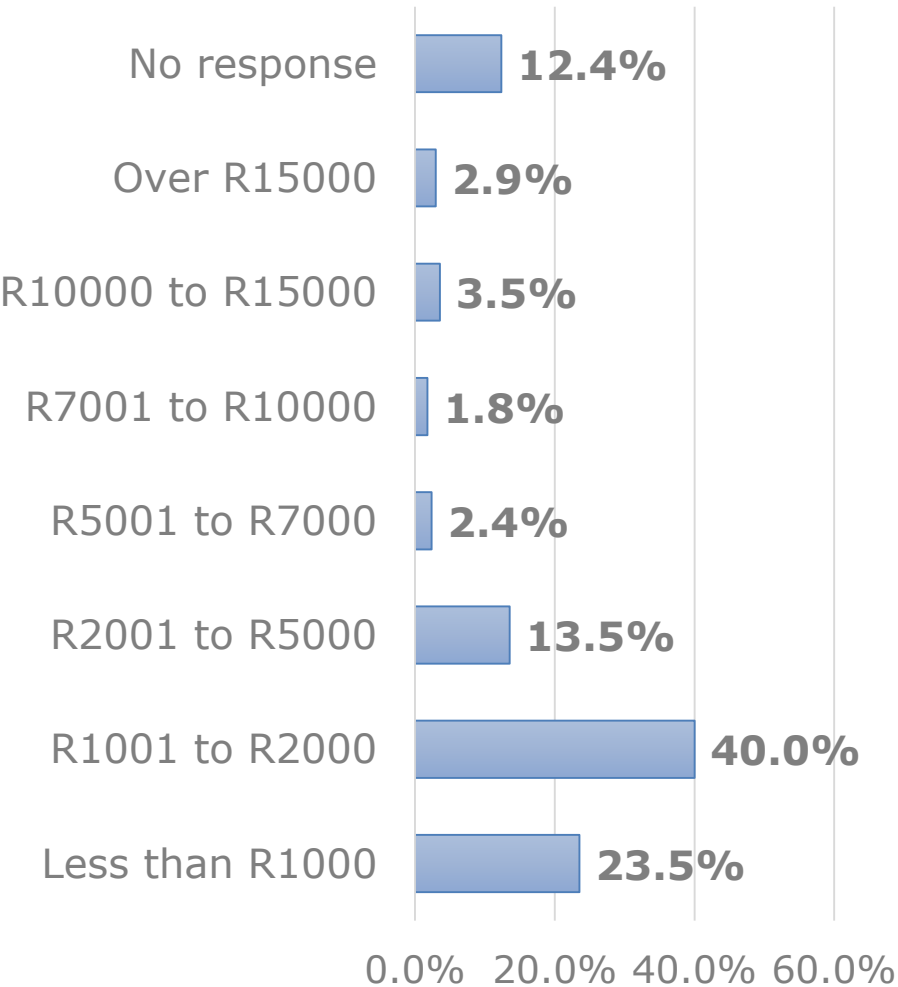


- The majority of street traders, 83 of the 170 street traders (48.8%) interviewed across the province had permits to operate, however a large number (71), which makes up 41.8% of those interviewed were operating without permits.



# Findings: Estimated Revenue

Estimated Revenue



- The majority of street traders (40%), estimated that they generated between R1000-R2000 per month, while 23.5% generated less than a R1000 per month. 12.4% of the street traders did not want to disclose their revenue.



# Findings: Assistance required

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- Storage facilities is a problem for many traders as well access to shelter and basic services.
- Financial assistance; most traders indicated that financial assistance will enable them to buy enough stock and equipment to operate their business successfully.
- Expedition of permit applications and renewals; according to most traders, municipalities are causing unnecessary delays in processing permits.



# Findings: Skills needed

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- Financial management/bookkeeping
- General Business Management
- Stock Management
- Marketing
- Customer Services
- Computer Skills



# Municipal Plans

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Some of the plans highlighted by municipalities are:

- Ga-Segonyana Local municipality plans to establish a SMME hub around the informal traders, as well as providing financial assistance with the support of relevant stakeholders.
- Tsantsabane Local Municipality plans to provide skills development as well as access to land for incubation and formal operations.





# Municipal Plans cont..

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Some of the plans highlighted by municipalities are:

- The Sol Plaatjie municipalities has acknowledged the challenges faced by street traders and are in the process of developing a strategy.
- In the Nama-Khoi municipality the office communicated that they intended to improve communication and relations through regular meetings, as well as develop more developmental trade policies and By-laws.



# Recommendations

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- Fast track permit application process and provide feedback within 30 day period.
- Relevant stakeholders to provide training needed by street traders to ensure that they manage their operations successfully.
- Municipality in collaboration with other stakeholders to provide adequate shelter for street traders and access to basic services.

