

# The informal economy: progress & policies

**Dr Andreas Scheba and Dr Irma Booyens**  
Economic Performance & Development  
Human Sciences Research Council

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Inequality [City-Regions as drivers of inclusive development]  
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## The 'informal economy'

- Diverse, fluid, hidden yet deeply interlinked with 'formal' economy → difficult to define & capture
- Over 2.5 m people work in the informal sector = 17% of workforce in 2014 (Rogan and Skinner, 2017)
- Contributes approximately 7 – 12% of GDP
- Often essential to marginalised groups (women, foreigners, low-skilled, poor)
- Important to wider society (economic buffer, space of entrepreneurialism, outlet for formal products, social and environmental impacts)
- Creates negative impacts & hazards → **need for governance**

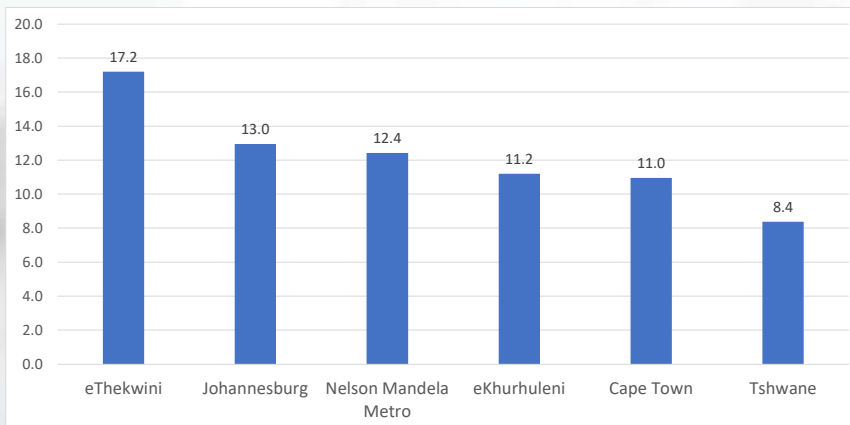




Informal enterprises in Delft, Cape Town; Source: Suraya Scheba, 2017

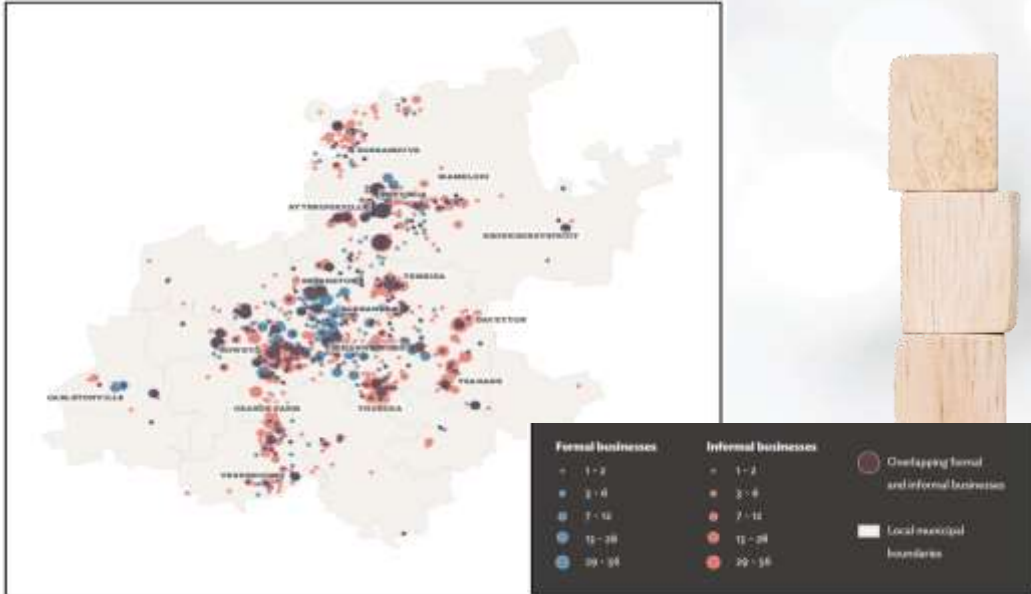
## Uneven geography across city-regions

Percentage share of informal sector employment in total employment by metro (excluding agriculture) (2014)



Source: Rogan and Skinner, 2017

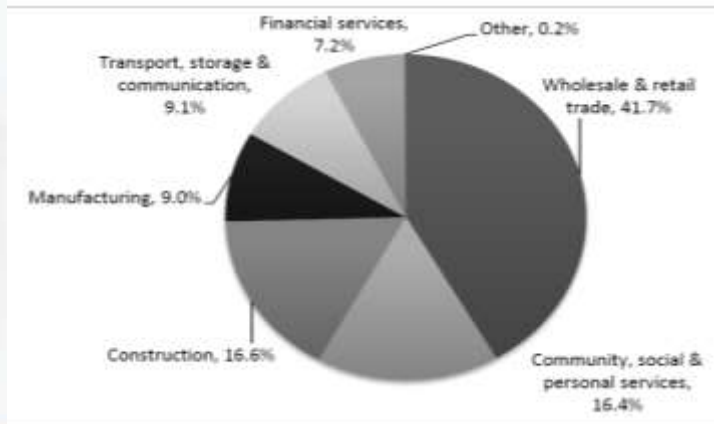
# Uneven geography within city-regions



Source: Quality of Life Survey, 2015; GCRO Map of the Month: February 2017

# Distribution across various sectors

Distribution of total non-agricultural informal sector employment across standard industry categories (2014 Q3)



Source: Rogan and Skinner, 2017

## Policy vs practice

- Growing policy support - “Township economies”
- But ambivalence in practice

Repressive  
(urban cores)

Developmental

Laissez faire  
(peripheries)

“World Class City” – restrict informality  
Lack of participation in planning  
Enforcing by-laws & regulations  
Limited infrastructure and support  
Inconsistencies, poor coordination  
Harassments, evictions, confiscations  
Relocations

Warwick Junction?  
Dreyer Street at Cavendish?

Tolerate and neglect (except shebeens)  
Insufficient investments in  
infrastructure & public services  
Limited access to markets → saturation  
& competition  
Individual harassment, bribery  
Insecurity, crime & informal  
arrangements  
Constraining regulatory framework



## Developmental approach

- Formal **recognition**, support & security
- **Participation** in planning & urban governance
- **Investments** in infrastructure and public services
- Business **support** and effective bureaucracy
- **Conducive** regulatory environment
- Spatial integration to foster linkages & **connectivity**
- **Place-based** solutions & integrated urban management



## Transformative research

- Improve basic understanding: the diverse nature, trends, needs, opportunities and challenges of informal enterprises
- Interrogate policy & (local) governance practices to understand persistence of exclusion / disempowerment
- Identify strategies of creating positive change and institutionalising a developmental approach
- Contribute to place-based solutions that enhance access to the city
- Strengthen promising formal-informal linkages



## Potential of creative tourism

- Creative tourism has potential role in reshaping township tourism
- Cultural resources has potential for opening pathways out of poverty by spreading the benefits of urban tourism to peripheral areas
- Avenues exists for catalysing direct economic opportunities; upgrading physical township spaces; and offering alternatives to voyeuristic tourism
- Creative tourism is associated the 'new tourist' interested in active learning experiences (Richards and Wilson, 2006)



## Tourism stats at a glance

Foreign arrivals	8.9 mil (2015)		10.0 mil (2016)	
Top provinces (share of foreign visitors 2016)	Gauteng- 35%	West Cape 13%	Limpopo 12%	Mpumalanga 12%
Cultural, historical and heritage activities (2016)	Americas – 45.1%	Europe – 39.1%	Asia and Aus – 22.3%	Africa Air – 15.9%
Foreign visits Soweto (15% of Gauteng visits)*	645 845 (2016)	Foreign visits to CT's townships (25% WC visits)*		392 089 (2016)
Domestic trips	24.5 mil (2015)		24.3 mil (2016)	
Domestic VFR (2016)	60-70%	VFR travel far outnumber foreign visits to townships: 'informal economy' (Rogerson and Mthombeni, 2015)		

Source: South African Tourism data (2017)

\*Proportions based on old estimations



## Current township tourism

- Developed as an urban tourism niche market since 1994; Soweto and Cape Town's townships (Langa, Gugulethu and Khayelitsha) are most visited
- A form of poverty and heritage tourism i.e. 'struggle' heritage
- The typical township tour: mainly international visitors to anti-apartheid struggle sites and spaces of poverty
- Township tourism is often regarded as voyeuristic; local residents benefit little; local entrepreneurs face barriers in terms of sustaining tourism operations





# What is creative tourism?



## Rationale

1. Creativity, based on cultural resources, is often integral to urban tourism and placemaking strategies
2. From a Southern perspective, townships are not merely places of poverty, but also has a certain dynamism, vibrancy, resourcefulness and creativity (Choplin, 2016; Pieterse, 2011)
3. Perceived latent international and domestic visitor demand for cultural tourism and leisure consumption; the current township tourism mix is limited; and cultural resources under-utilised (Booyens, 2010; George and Booyens, 2014; Rogerson and Mthombeni, 2015)



# Examples and further research

## *Examples:*

- unique visitor experiences based on music and performance art, visual arts and crafts, traditional healing, local food, storytelling, aesthetics i.e. dwellings, and street art
- multi-purpose cultural centres and tourism precincts
- cultural events promoted international and domestic visitors

## *Research needed:*

- Mapping the supply of creative forms of tourism
- Interrogating the demand
- Considering spatial planning and creative placemaking
- Understanding cultural expressions and representations
- Outlining public policy responses

