



South Africa's Informal Economy

Research Findings from Nine Townships





OUR RESEARCH IN NUMBERS

5 years of research

4 provinces covered

9 township sites

10 842 micro-enterprises

9 956 micro-entrepreneurs

3819 in-depth interviews

Introduction

The Sustainable Livelihoods Foundation (SLF) prides itself in ground-breaking research, policy engagement and the development of appropriate innovation strategies in order to contribute towards the improvement of livelihoods in poor urban communities. Over a five-year period, SLF has undertaken empirical research into the largely understudied field of the township informal economy in South Africa. These activities were undertaken as part of the Formalising Informal Micro-Enterprises (FIME) project.

This booklet presents a summary of the ground-breaking findings of SLF's informal economy research. Some of the findings have been published in academic papers and journal articles. A list of such articles can be found at the end of this document. The document is comprised of a range of visual materials (including maps) available on the SLF website (www.livelihoods.org.za) and EmergentCity portal (www.emergentcity.co.za). The FIME micro-enterprise survey dataset can be publically accessed via the DataFirst platform (www.datafirst.uct.ac.za). The dataset comprises a record of 10,499 census points (not publically released) and 3365 survey interviews with micro-entrepreneurs in five sectors across eight of the original research sites (a ninth site has subsequently been researched).

This document is intended for policy makers, business strategists, academic researchers and development practitioners.

Why the FIME Project?

Formalising Informal Micro-Enterprises

Through advocating a developmental approach to enterprise formalisation, the FIME project has sought to identify ways in which micro-enterprises can be better accommodated within a more inclusive economy.

The challenge of “formalising the informal” requires that we examine the policy obstacles these micro-enterprises face, such as inappropriate regulation, limiting land use rights and trading restrictions. SLF has spent the past five years conducting research on these issues in four provinces of South Africa. The FIME project, therefore, provides invaluable insight into the scope and scale, business and societal trends, and growth prospects linked to South Africa’s informal micro-enterprise economy.

The overarching aim of FIME is the following:

- i. Establishing an evidential platform, based on original research, from which to encourage entrepreneurship and investment in informal businesses,
- ii. Shaping micro-enterprise strategies to enhance their competitiveness, and
- iii. Influencing government policies to best support the growth of micro-enterprises for their incorporation within South Africa’s formal economy



Research & Engagement: Timeline

1

PHASE 1

Research Methodology Development

2010 – 2011

Development of the small-area census approach (see Charman, Petersen, Piper, Liedman and Legg, 2015).

Four Western Cape Research sites: Delft South, Vrygrond, Sweet Home Farm and Browns Farm.

Qualitative research focused on grocery and liquor retail sectors and the informal economy of natural resource trade.

2

PHASE 2

Broadening of the Research Scope and Scale

2012 - 2014

Two Gauteng research sites (Ivory Park & Tembisa), one KwaZuluNatal site (KwaMashu), and one Western Cape site (Imizamo Yethu).

Research on shebeen environment in Sweet Home Farm resulting in digital stories with shebeen owners.

Research on street traders in Ivory Park resulting in photovoice project with street photographers and an exhibition on street trade. Research of value chain of food services and micro-manufacturing.

3

PHASE 3

Dissemination of Knowledge

2014 - AUG 2016

Resurvey of Delft South and exhibition event of results. Survey of Thabong in the Free State.

Social research on street traders in Cape Town; township food service businesses; micro-manufacturing; the informal encroachment of inner city market malls and the grey market for cigarettes sold through spaza shops.

Engagement with politicians, policy makers, industry experts, specialists and academics.

4

PHASE 4

New Frontiers

AUG 2016 - DEC 2016

Research will be undertaken in the following areas:

- i. Urban food security and the informal economy.
- ii. Informal finance systems.
- iii. Urban land constraints (access, land use and tenure).
- iv. Development of business innovation strategies to support inclusive economic growth.

Data Collection and method

Use of Innovative Small Area Method

- 2km² research sites
- Nine township locations

1

Census

Census of all verifiable economic activities to identify spatial distributions and patterns.

2

Survey of key sectors

Survey of respondents from key micro-enterprises in a select number of sectors.

3

Qualitative Research

Qualitative evidence from observation, informal discussions, targeted interviews and the collection of visual and audio material.

4

Participatory Engagement

- Participatory evidence through workshops, action research and focus-group discussions.
- Knowledge exchange exhibition events.

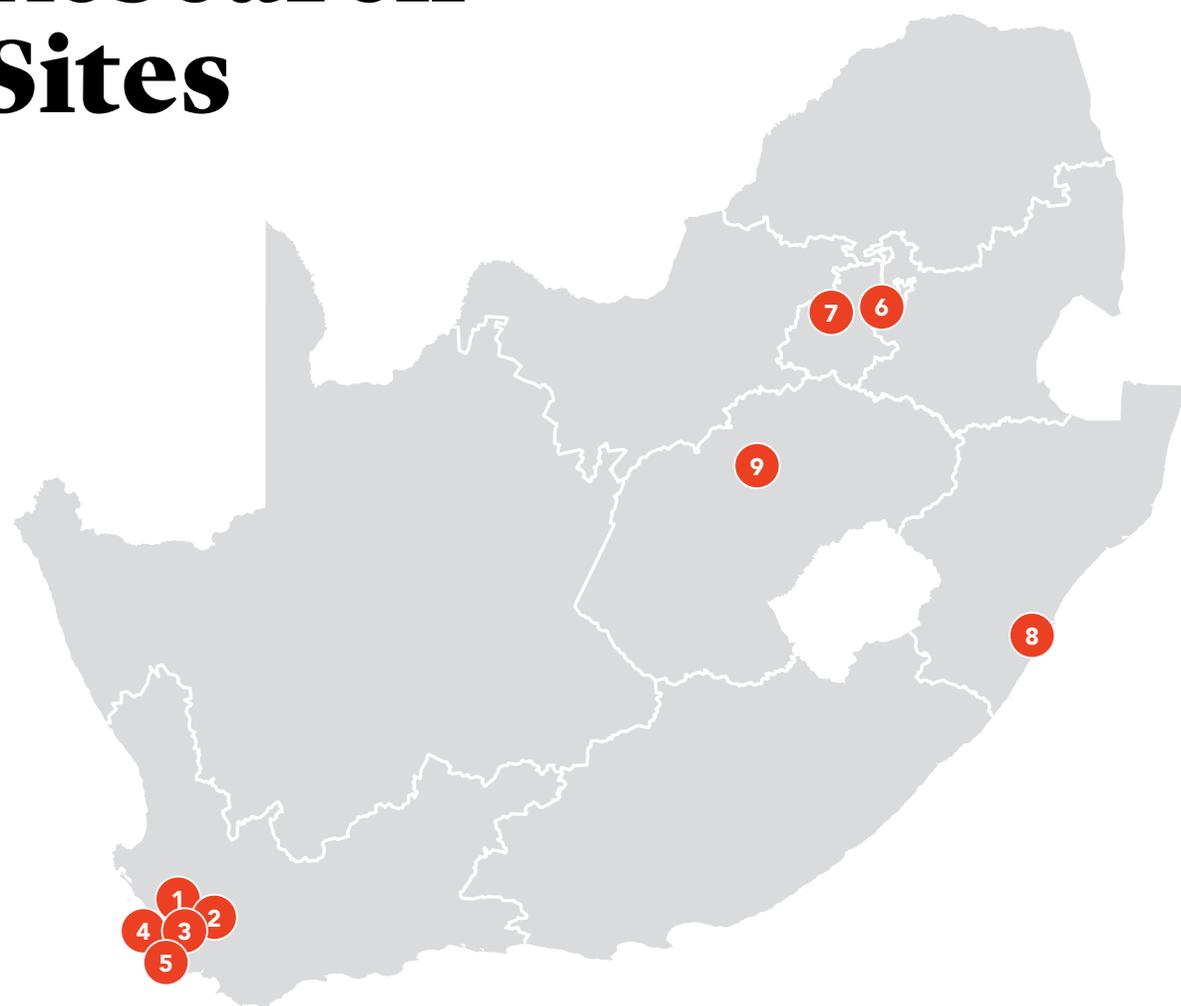


Top: The collection of data involved groups of SLF researchers travelling to each site either on bicycle or foot and recording the presence of enterprise activity on a GPS device and questionnaire tools.

Bottom Left: SLF field researchers conducted more than 3819 targeted interviews with enterprise owners in key sectors such as hair care, liquor trade and spaza stores.

Right: It was important to note the spatial location of each enterprise. Above, SLF researcher, Rory Liedeman, uses a map to spatially locate and confirm positions of micro-enterprises. This allowed researchers to examine the impact of spatial location, township design, street grids and distance to business and transport hubs on micro-enterprise activity.

The Nine Research Sites



Each of the nine sites aligns with particular sub-place boundaries. This has enabled us to obtain accurate data on population, employment trends and household income.

Western Cape

1. Browns Farm

A settlement of informal and formal housing established more than 20 years ago on the Cape Flats in the eastern part of Philippi, bordering Nyanga, between the N2 and the R300 routes.

2. Delft South

A mainly residential township on the Cape Flats east of Cape Town International Airport on the northern side of the N2 highway. It is comprised of formal housing, with most houses built in the period 1996-2000.

3. Imizamo Yethu

A settlement of both informal and formal housing, situated on the mountain slope in the suburb of Hout Bay. It emerged in the early 1980s and has become more established since the 1990s.

4. Sweet Home Farm

An informal residential settlement, situated on the Cape Flats in Philippi, adjacent to Browns Farm. The occupation of the land started in the early 1990s, although the first residents have occupied the site since the 1970s.

5. Vrygrond

Located near Muizenberg and next to the M5 highway, it comprises three adjacent but very different areas: a 1980s formal housing component (Seawinds), a 2000s private-sector-led social housing development project (Capricorn), and an informal settlement that started in 2005 (Overcome Heights).

Gauteng

6. Ivory Park

A densely populated residential area in the east of Johannesburg in the Gauteng province. It is a post-Apartheid township established in 1996. It accommodated individuals from over-crowded townships such as Alexandra and also migrant and immigrants from neighbouring countries and outlying districts. Our focus is on section 2 and 5 of Ivory Park.

7. Tembisa

A township under the City of Ekurhuleni in the province of Gauteng. The site borders Ivory Park and was established in 1957. The first generation of settlers was relocated from settlements such as Alexandra. Our focus is on the neighbourhoods of Entshonalanga, Umnonjaneni, Moedi, Khatamping, Endayini, Umfuyaneni and Umthambeka in Tembisa.

Free State

9. Thabong

A predominantly black formal settlement located in the Matjhabeng municipality in the province of the Free State. Our focus was on extension 1, 4 and SP of the Thabong settlement (which has not yet been included in DataFirst platform).

KwaZuluNatal

8. KwaMashu

A settlement 32 km north of Durban that was established in 1959 during the Group Areas Act. Most individuals were relocated here from Cato Manor.

Demographic Profile

The bustling communities that inhabit the nine townships are made up of a diverse array of cultures and ethnicities comprising a total of 321 174 persons and 96 396 households (StatisticsSA, 2011). Although the predominant demographic is black South Africans, the sites of Delft South and Vrygrond have a significant population of coloured South Africans (both 46% and 47%). The majority of households reside in formal housing (over 62%), apart from the sites of Sweet Home Farm (100% informal), Browns Farm (80% informal) and Imizamo Yethu (60% informal) where people mainly reside in informal, make-shift dwellings (or shacks).

All the research sites are very poor communities. Figure 1 shows the high level of unemployment across all nine sites. Figure 2 shows the segmented income distribution. The poor can be characterised as survivalists because they struggle from month to month to earn a living, with some not earning a living at all (averaging 21% across all sites) and having to rely on hand-outs, welfare transfers and reciprocal trade. Most of the survivalist individuals (52%) have variably low incomes fluctuating between R1 - R3000 per month (R38200 per annum). Of course, linked to this survivalist setting is the lack of ability to find formal sector jobs within the context of consistently high unemployment across all nine sites (averaging at 40%). In contrast to the situation of the poor, there are a small percentage of well-off individuals in the townships who, in the nine sites, occupy 3% of households and earn R12 000 or more a month (R153 800 per annum). Despite the socio-economic hardships, many individuals in these communities create their own entrepreneurial opportunities by operating micro-enterprise businesses that consequently support many township livelihoods.

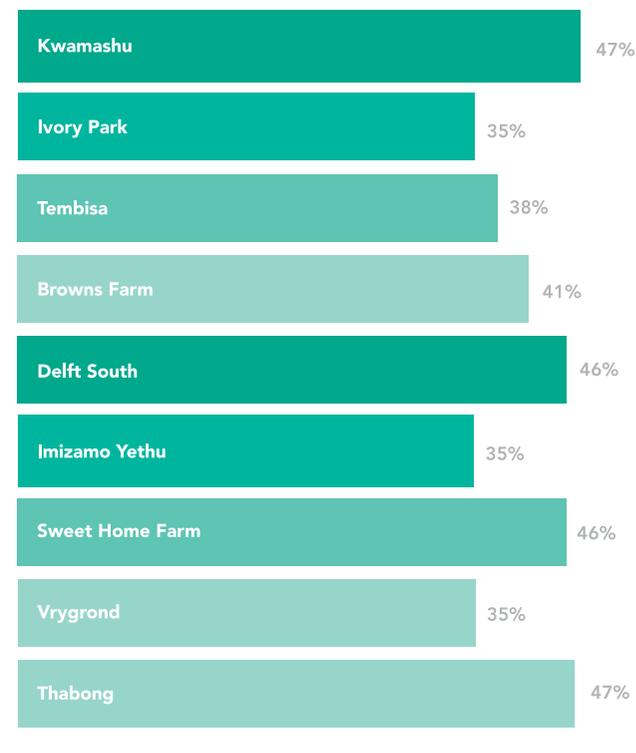


Figure 1. The percentage of formally unemployed individuals in each site (StatsSA 2011).

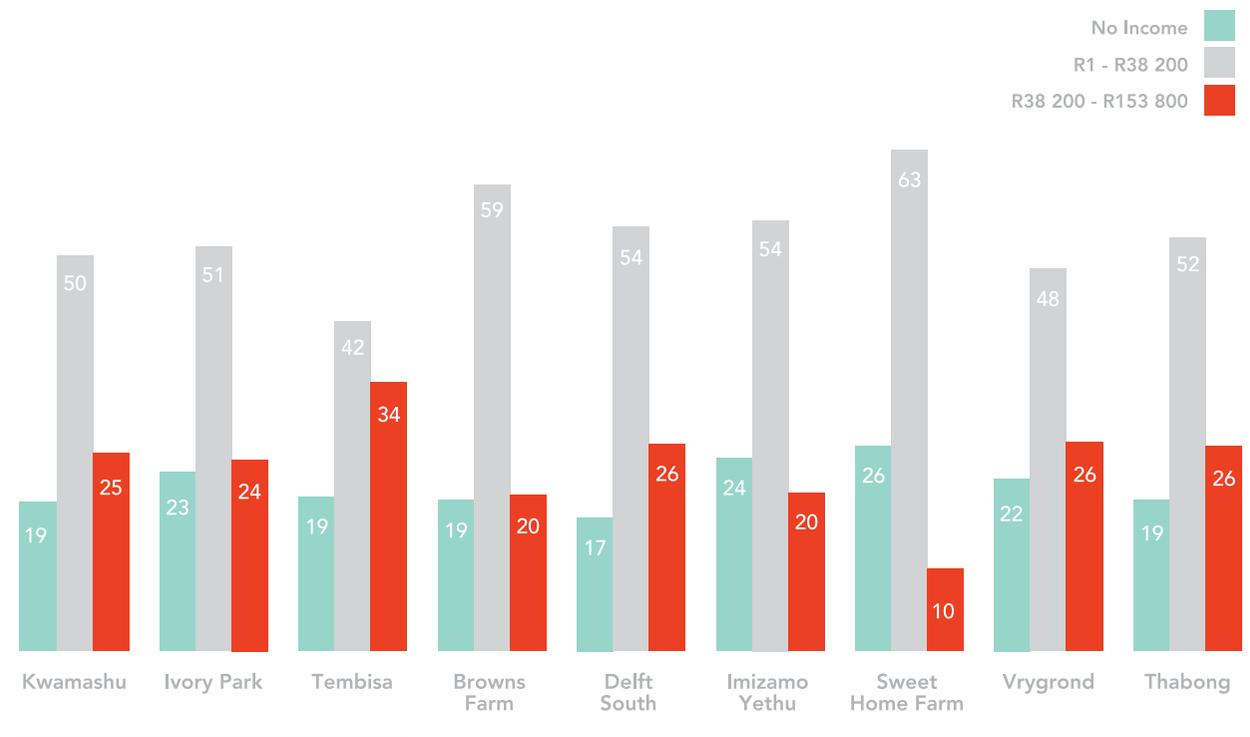


Figure 2: The percentage of individuals that fall within the brackets of i) no income, ii) R1 – R38 200 and iii) R38 200-R153 800 across all sites per annum (StatsSA, 2011).

Scale of micro-enterprises

Across all nine sites, a collective 10 842 enterprises and 9 956 micro-entrepreneurs conduct informal business with an average of 36 enterprises per 1000 people. The distribution of enterprises per unit of population is shown in Table 1. This multitude of business activity illustrates a thriving informal economy embodying these emergent urban township cities of South Africa.

The categories of micro-enterprise activity are similar across all sites. However some sites, such as Ivory Park and Sweet Home Farm, display a greater localised scale of micro-enterprise activity in comparison to Delft South and KwaMashu (Fig 3).

Site	Total (All businesses)	Population (1000s)	Total Businesses (per 1000 people)
KwaMashu	1556	74	21.02
Ivory Park	2508	45	55.73
Tembisa	1720	42	40.95
Browns Farm	1709	42	40.69
Delft South	901	43	20.95
Imizamo Yethu	595	16	37.18
Sweet Home Farm	401	8	50.12
Vrygrond	659	25	26.36
Thabong	793	26	30.08
Total	10 842		Average: 36

Table 1: Micro-enterprise activities: number and proportions.

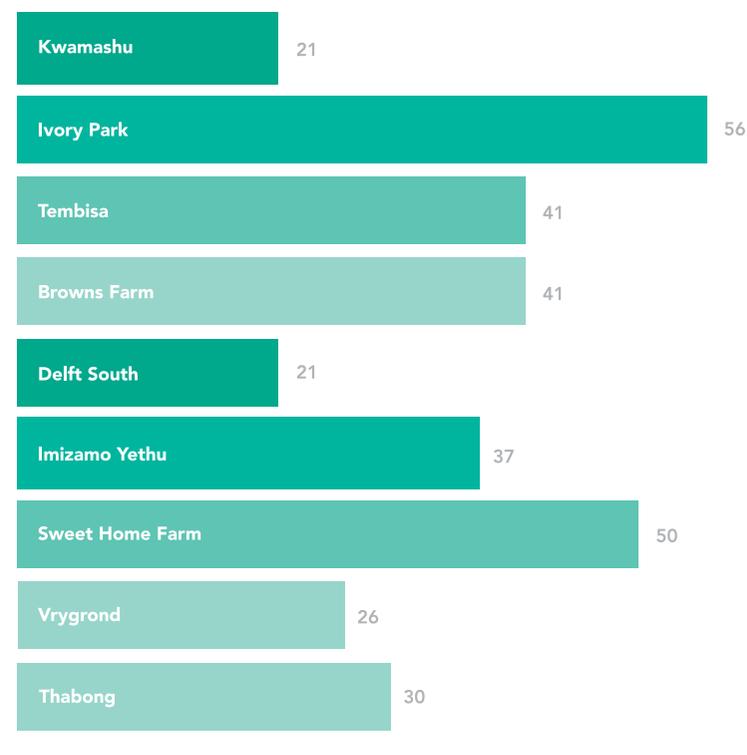


Figure 3: Total number of micro-enterprises per 1000 people per site.

Why do some townships possess a more vibrant informal economy?

The answer is certainly complex. However, one factor contributing to this contrast is the difference in the spatial design of each township. Until the release of the FIME findings, there was limited understanding of the link between the spatial layout of a township economy and its resident micro-enterprises. SLF's research using the small area census method allowed for such spatial dynamics of the distribution and functioning of micro-enterprises to be recognised. Transport links are an important spatial influence. The evidence indicates that, where the transport system results in increased pedestrian traffic and commuter flow, micro-enterprises emerge as a response to increased consumers passing by.

The street infrastructure is also crucial for the incubation of informal businesses. The research found that those townships with market space on high streets have more opportunity for successful business, as opposed to stalls situated in formal council markets, which are often situated away from pedestrian movement streams.

Furthermore, the proximity of townships to commercial shops has an impact on micro-enterprises. We have found that supermarkets both create new opportunities and affect existing businesses, particularly those that compete on product and price. The socio-economic fabric of a township influences



business activity in those sites with higher formal employment and salaried incomes who, in turn, tend to support few micro-entrepreneurs.

A substantial portion of purchases occurs from formal businesses – in particular groceries and fast food. As such, the impact of this can be seen in terms of a lower demand for goods from small township shops and street traders.

Another set of factors that hinders the operations of informal micro-enterprises are the strict implementation of legislation on licences & permits, as well as municipal law enforcement on where, when and how micro-enterprises may trade.

Scope of micro-enterprise activities

Although the range of township micro-enterprises is fairly broad, there is consistency in the key micro-enterprises that are most prevalent and used by township consumers. These are typically businesses that fulfil the local community's requirement for liquor and socialisation around drinking, food (both groceries and takeaways), household goods, airtime, hair care services, and recycling.

In absolute numbers (see Fig 4), the five most frequently occurring micro-enterprises are: house shops selling anything from cigarettes and sweets to liquor (16%), shebeens (14%), spaza shops (11%), street traders (7%) and takeaways (6%). Closely following these are hair care (6%) and recycling (5%).

Figure 5 shows the relative distribution of enterprise sectors in all sites combined. Township micro-enterprises partially fulfil the consumers' demands for basic groceries, fast food, liquor and services. The lower presence of other retail sectors such as new clothes, phones, cars, and furniture is a developmental concern, not least because it results in a loss of business opportunities. Field research indicates that consumers can satisfy these purchases at large commercial retail stores in shopping centres outside of the township.

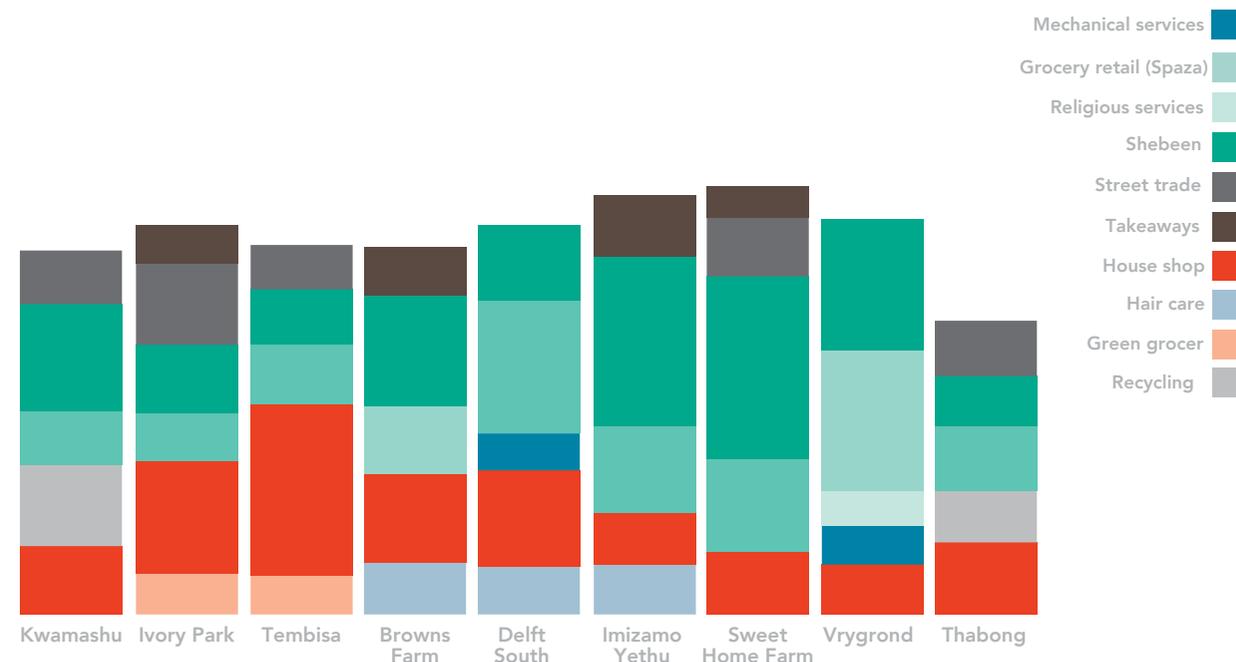


Figure 4: The micro-enterprises that occurred most frequently within each site.

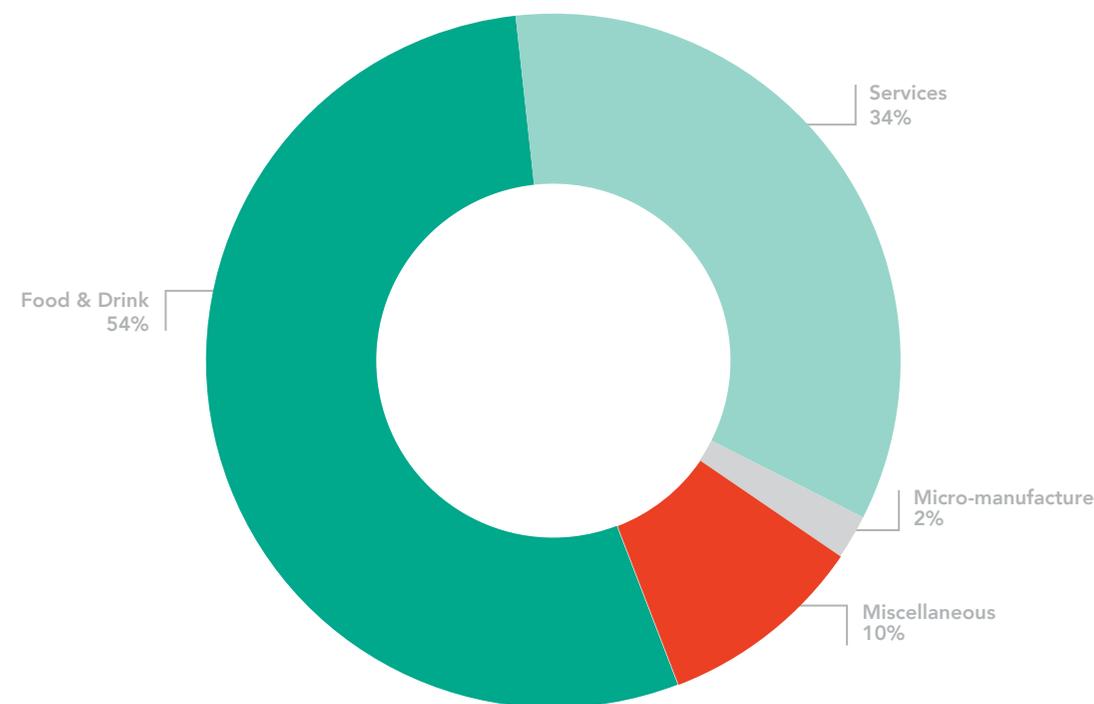


Figure 5: The percentage distribution of sectors across all sites.

Food and Drink sector

The data clearly indicates how the township informal economy prospers on sales and consumption of food, groceries and liquor, which comprises 54% of all micro-enterprise activities in all sites (see Fig 6). The large majority of these businesses are extremely small and can be classified as survivalists. Takeaways and spaza stores are the most commonly visited enterprises supplying food.

The greatest relative number of spaza stores (per 1000 people) across sites is in Delft South and Vrygrond, although such outlets are found in all sites in neighbourhood localities. The research found that the majority of South African spaza shops have ceased trading, with most shops now run by immigrant entrepreneurs. Our research of staple food prices revealed that South African shop-keepers are generally uncompetitive against the often larger and usually more price discounting businesses run by immigrants. Now that so many competing stores have closed down and local markets become consolidated, it is possible that prices could increase. It is unclear what impact commercial shopping malls have had on spaza shops, although evidence from KwaMashu indicates a loss of trade, especially in items such as bread and cooldrink, which formal retailers heavily discount.

Liquor is sold through a variety of enterprise channels, although less than half of the businesses provide

venues for on-site consumption. The diversity of liquor selling venues is owed to the niche market characteristics of the sector and liquor drinkers' preferences for small size venues that address particular social interests.

Sales of liquor through shebeens and house shops occur much more frequently than purchases of liquor from licenced taverns and supermarket retailers. Furthermore, the data shows that informal settlements have a much higher proportion of liquor retailers per population than in formal settlements. This trend is noticeable in the case of Sweet Home Farm, Imizamo Yethu and Brown's Farm. Most of these liquor retailers are survivalist businesses, run merely to supplement household income or 'put bread on the table'.

As an example of the volume of beer sold, 49% of liquor sellers in Tembisa and 44% in Ivory Park reported selling 5 or fewer crates (12x750ml) of beer per week. This would provide less than R100 in weekly profit. Some of these shebeen owners have applied for liquor licences, but have not succeeded due to zoning and other restrictions biased against micro-enterprises. Yet many of these individuals are willing to run the risk of police raids, arrest and prosecution because of their desperate need to supplement income using the assets and market opportunities at their disposal.



Left: Street braaing is an integral part of the food takeaway sector and a highly sought after source of fast-food for township communities. These micro-entrepreneurs specialise in the preparation, braaing and selling of various products from 'walkie talkies' (chicken heads and feet), offal and other meat cuts at affordable prices. These businesses are usually situated in neighbourhood side streets or commuter zones.



Bottom: Spaza stores fulfil the local need for groceries, cosmetics and household necessities at an affordable price. The pattern of increasing numbers of foreigner operated spaza stores has provided some benefit to consumers through cheaper prices for goods and greater product diversity. However, now that so many competing stores have closed down and local markets have become consolidated in certain areas, it is possible that local prices could increase. Policy recommendations include monitoring of demographic and price changes linked to township spaza markets, formalising larger shops and simple regulations.

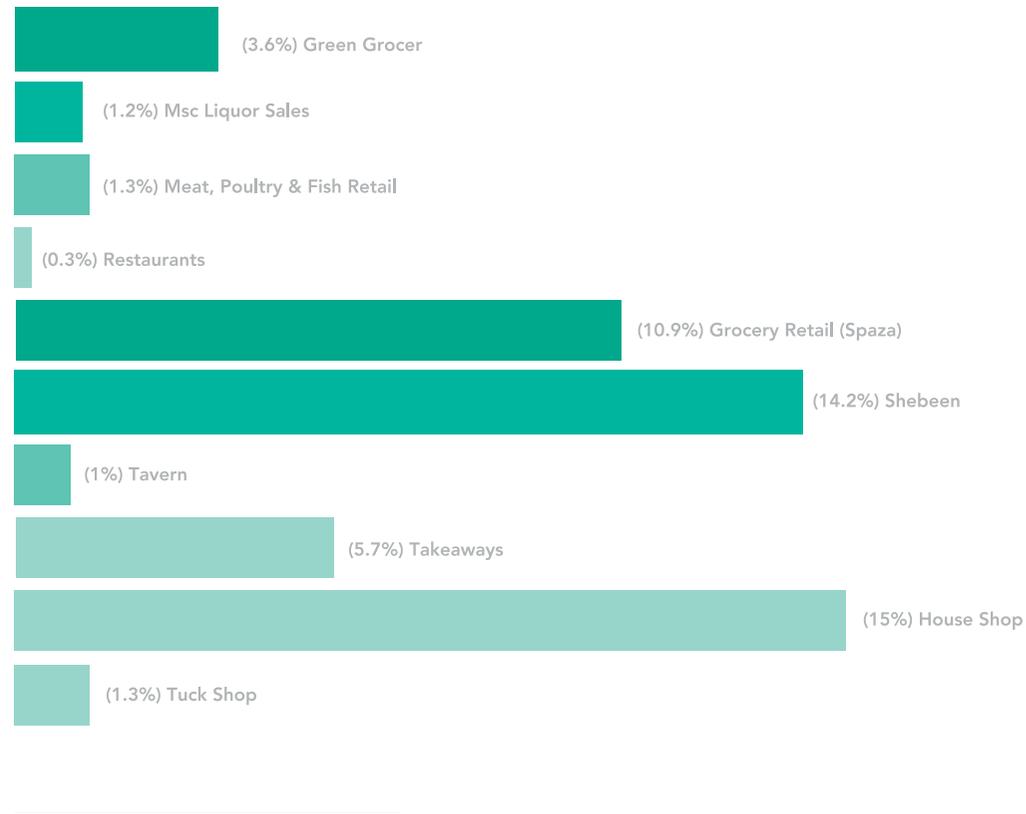


Figure 6: Total percentage of the food and drink sector across all sites.



In townships, shebeens are multi-faceted social spaces, not only providing a place to drink, but also a recreational space within communities.

Services Sector

Services are important in the township economy, with service businesses comprising 34% of all micro-enterprises. The service businesses that occur in townships most frequently are hair care and recycling (see Fig 7). Additionally, mechanical services occur in abundance and are especially noticeable in Delft South and Vrygrond. Recycling is also an important service, particularly for KwaMashu, where much of the collection of glass and bottles is undertaken by retired persons to supplement their state pension. Religious Services, which include churches, are found in all sites, although such services are especially widespread in the heterogeneous community of Vrygrond (at 5%). This finding may reflect the strong presence of missionary activity within the township.

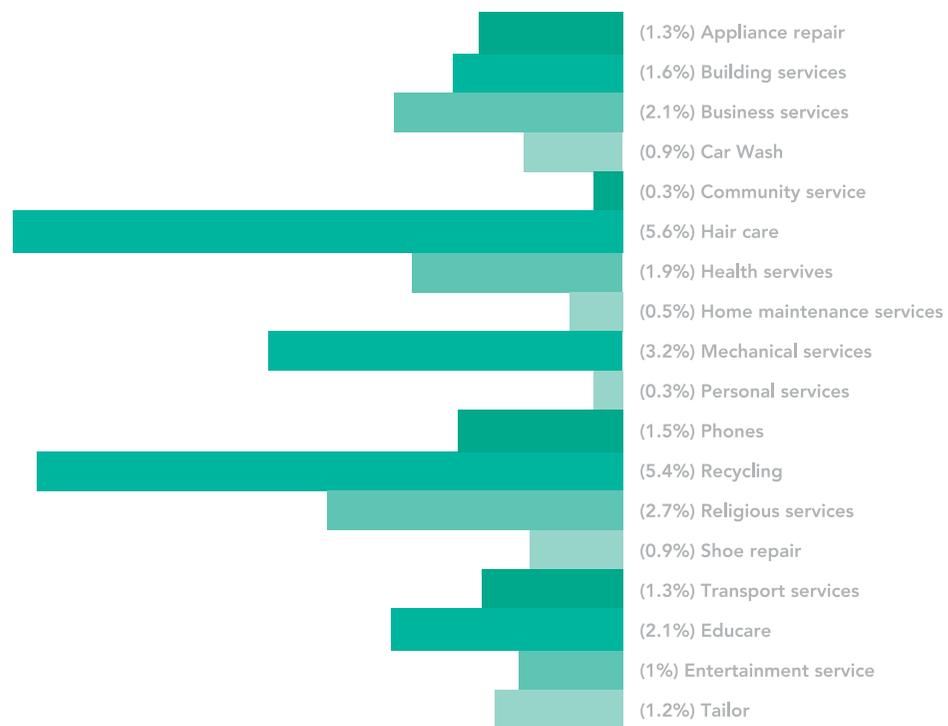
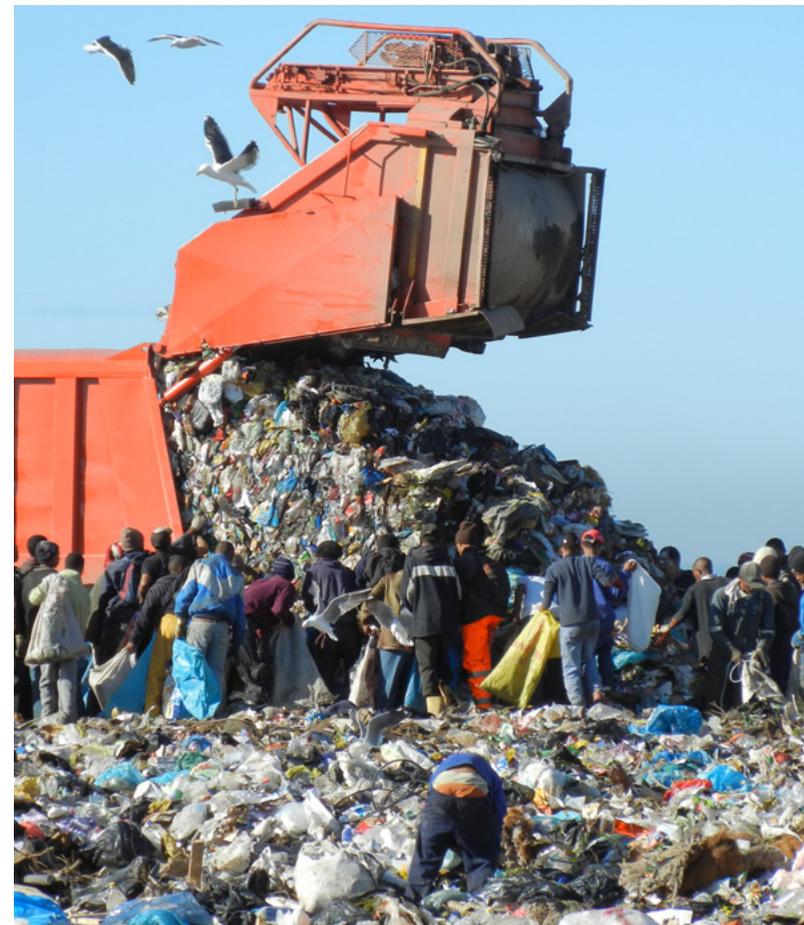


Figure 7: Total percentage of the Services Sector across all sites.



Top: Personal services, such as tailors, are important in the township community. The majority of tailors are situated in residential areas, offering their services to neighbours and households in close proximity.

Bottom: Recycling provides an income source for many livelihoods (5% of enterprises across all sites). Some are involved in subsistence waste picking - looking for recyclables in the waste that can be for personal use or turned into money.



Traditional healers play an important biomedical and social role in township communities.



Community-based educare are important components of early childhood development in all townships. The educare owners are overwhelmingly South African, female local residents working from residential properties owned either by themselves or family members. They face major challenges such as lack of resources, inadequate facilities (buildings, playgrounds, ablutions) and difficulties in registration and accessing government support.

Closed Business

Inevitably, some micro-enterprises fail and subsequently close. The field survey census process identified 210 micro-enterprises that had closed in recent times. Most of these closures were in the sectors of spaza stores (n= 77), shebeens (n= 31) and phone shops (n= 35). The sites with the largest number of closed businesses (3%) appear to be Brown's Farm and KwaMashu (see Fig 8). The reasons for the high rate of closure in Browns Farm and KwaMashu are unknown and further detailed investigation is needed. It is important to note that these are rough estimates, as the full extent of closed businesses has not been investigated in depth at all sites.

In-depth research of closed businesses was undertaken in the Delft South Re-Survey (Hartnack & Liedeman, 2016). The research found that over a 5-year period (2010-2015) a total of 187 micro-enterprises had closed. The most common enterprise closures were from the grocery retail sector, including spaza, tuck shops and house shops. The reasons for these closures are linked to broader socio-economic constraints (e.g. state regulation and competition) and unanticipated household shocks (e.g. death, family sickness and imprisonment). The research found that the owners did, nevertheless, derive some benefits from the business including skills, networking and experience of market conditions during the time of its operations.

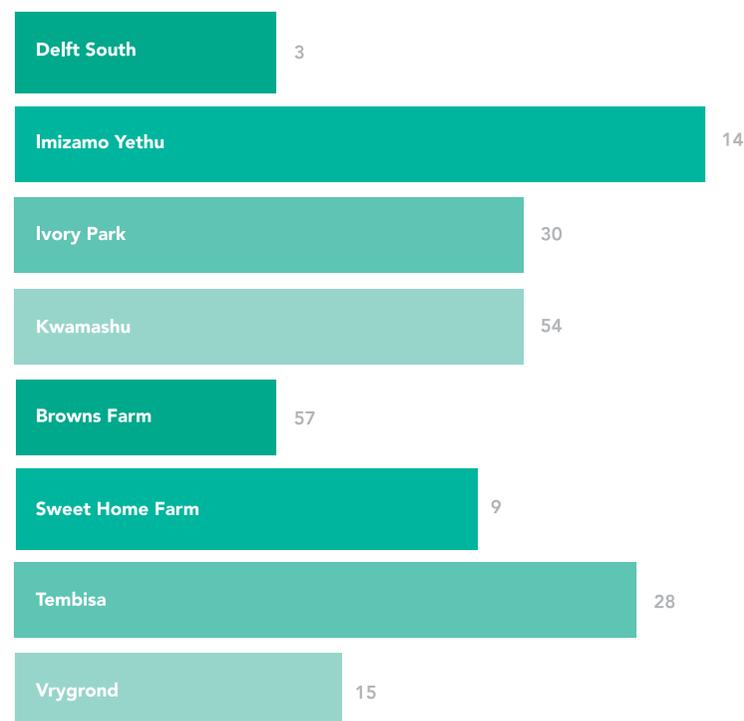


Figure 8: The number of closed businesses per site at time of survey (note Thabong was not surveyed for closed businesses).

“We just sold beers and did not try properly for a license, unlike the tavern around the corner. He was so clever, but we were so stupid: we were just selling and selling. One or other of us was arrested two or three times per week. They confiscated our stock and fined us regularly. We used to pay R1500 fine per arrest and carry on as we knew we could make it back on the weekend. If it weren't for the license I would go back to selling alcohol tomorrow”.

NOMA – EX SPAZA SHOP AND SHEBEEN OWNER (2015).

“There were two Somali shops in the area. Something told me to go to their shops and buy coffee. I did this and saw that they were selling it for R4,50 but my own cost price was R4.80 and I charged R5 to make a profit. I saw that this was also happening with milk, cigarettes, bread and Omo as well. So I felt they were undercutting our prices so that we could close shop, and then they would be able to raise their prices once they had captured the market. I tried to play their game for a while. For example, I saw who was delivering their milk and arranged to get the same deliveries, but they suddenly stopped delivering after two or three occasions”.

MAVIS – EX-SPAZA SHOP OWNER (2015).

One Township Economy Over Time

A panel study using the small area census

SLF's original survey site (Delft South) was researched in 2010. In 2015 the researchers re-applied the small area census in this locality to determine any growths or changes within and between sectors of informal micro-enterprises. This is the first study of its kind in South Africa, providing detailed insights into temporal changes of micro-enterprises within a township.

The results indicated a doubling of micro-enterprise activity (from 879 to 1798) and growth across all sectors except two: phone shops disappeared (-100%) and spaza stores declined by -14% (Fig 6). Fixed line phone stores have notably become redundant with the rise of cellphone usage and spaza stores have declined due to strong foreign competition and consolidation of enterprises within this market.

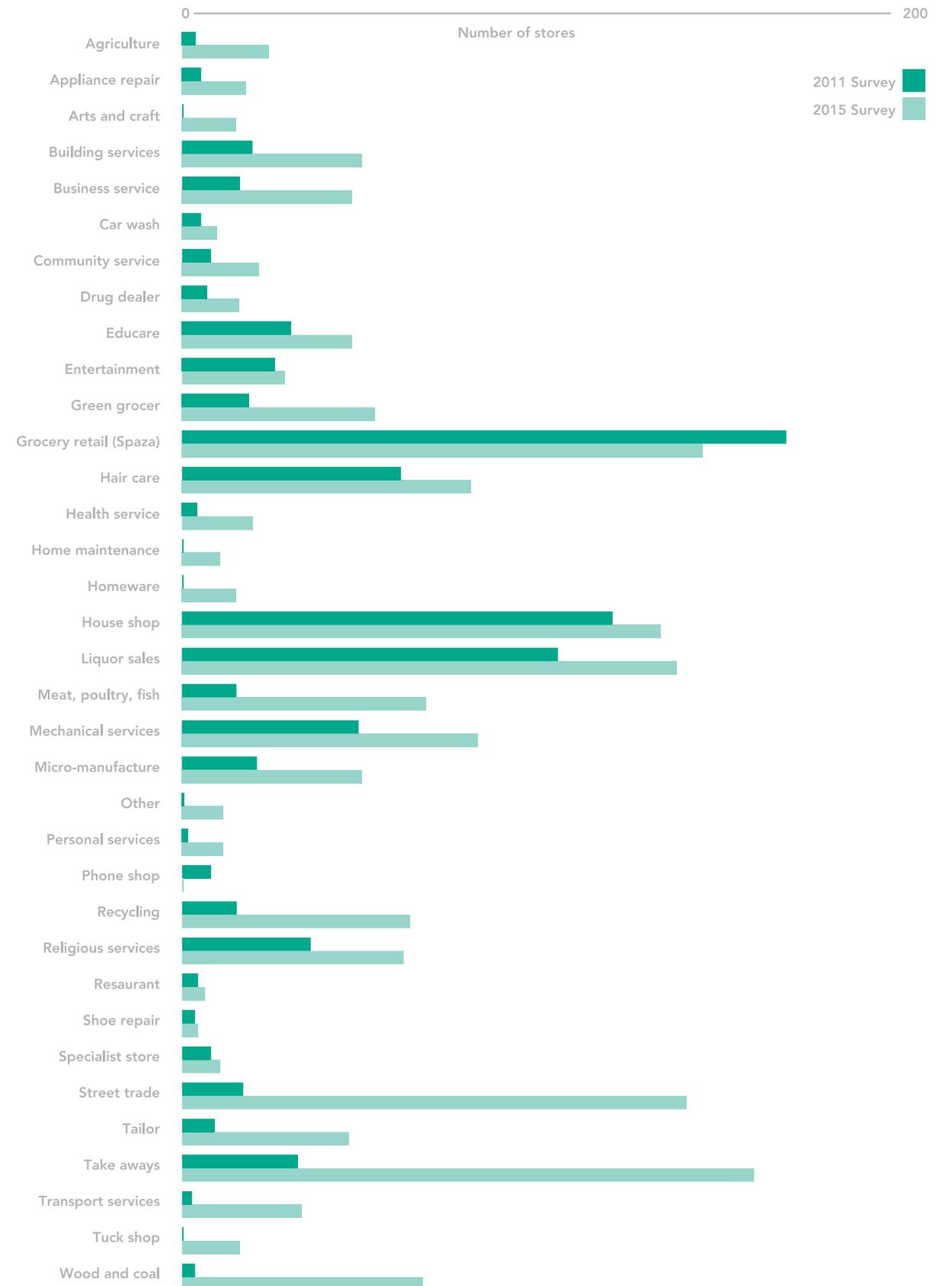


Figure 10: Micro-enterprise activities in Delft South in 2010/2011 vs 2015.

Delft & Eindhoven May 2011

MICRO-ENTERPRISE

Spaza	176
House shop	124
Shebeen	83
Personal Services	73
Mechanical / Electrical Services	58
Place of worship	38
Manufacture	36
Educare	32
Take aways	31
Trade	25
Game shop	23
Building services	22
Green grocer	21
Recycling	16
Tavern	18
Food retail	14
Business services	12
Phone shop	10
Soup kitchen	8
Butchery	7
Agriculture	6
Car wash	6
Drug dealer	6
Community	5
Restaurant	5
Fire wood	4
Transport	3
Wholesaler	2

MAP LEGEND

High street	Blue line
Main road	Red line
Minor road	Grey line
Suburb	Black outline



Delft & Eindhoven September 2015

MICRO-ENTERPRISE

Spaza	153
Street trade	146
Takeaway	145
Liquor sale	141
House shop	129
Mechanical service	84
Hair care	82
Meat, poultry, fish	67
Recycling	62
Wood and coal	60
Religious service	57
Green grocer	54
Micro-manufacture	49
Educare	47
Business Service	46
Tailor	46
Building service	45
Transport service	25
Entertainment service	24
Agriculture	22
Health service	18
Drug dealer	16
Community service	15
Homeware	15
Appliance repair	14
Tuck shop	14
Specialist store	12
Art and craft	11
Home maintenance	11
Car wash	10
Personal service	7
Restaurant	7
Shoe repair	5
Miscellaneous	2
Wholesaler	2
Phone	1

MAP LEGEND

High street	Blue line
Main road	Red line
Minor road	Grey line
Suburb	Black outline



Distribution of micro-enterprises by enterprise category: From a comparison of both maps of micro-enterprise presence in Delft South, it is visually clear that there has been a dramatic increase in informal economic activity in five years.



Above: In November 2015, SLF successfully hosted an exhibition entitled "Informality in Perspective" to show the texture of the research findings of the Delft South re-survey to a wide audience.



Above: Crime and insecurity are the daily reality of township life. Spaza shops, in particular are a target for robbery. Spaza shop owners have responded to this threat through fortifying their shops and conducting trade through tiny windows.

Spatial Analysis: The High Street vs. Residential Areas

In developed cities there is often a clear separation of residential and commercial retail areas, but in the township economy this line is blurred. Traders can be found in both residential areas and along the high streets (defined as arterial roads and major pedestrian / commuter activity streets). This presence of enterprises in residential areas is an important characteristic of the market dynamic, especially for grocery shops (spazas) and shebeens. Micro-entrepreneurs have responded to local demand by opening enterprises within close proximity to residences, thus minimising the need to travel far distances to shops.

Comparing both field observations and visual analysis of spatial maps reveals a difference in the types of enterprises that are situated in the residential areas (neighbourhood streets) and those that occur on the high streets. The total number of enterprises across eight sites (excluding Thabong) located on the high street is 2555, approximately 25% of the total. Tembisa and Ivory Park (34% and 32%) have the highest proportion of enterprises located on the high street, whereas Vrygrond and KwaMashu (11% and 12%) have the lowest proportion. In these cases, the relatively low level of high street activity reflects the spatial design of the settlement and absence of central transport routes.

The high street environment is busiest in the morning and evening as individuals make their way to work, and much quieter during the rest of the day. This pattern attracts certain micro-enterprises in response

to commuters needs. The most frequently occurring high street enterprises are: street trade (59%), appliance repair (54%), restaurants (53%), car wash (52%), hair care (51%) and green grocer (49%) (Fig 11). Services enterprises in particular are dependent on the high street commuters for business. Micro-enterprises notably absent from the high street, but occurring predominantly in residential areas are: house shops (92%), shebeens (90%), spazas (81%) and takeaways (65%). These residential neighbourhood businesses serve the immediate residences and communities that surround them.

The distribution of micro-enterprises in both residential and high street environments indicates that informal economy micro-enterprises are found throughout the township environment. The fact that enterprises populate residential areas in high numbers is important for the future planning of township economy growth prospects. Current land use approaches, including municipal land-use zoning, typically do not accommodate such mixed-use, with most township land areas formally residential only. This hinders the formalisation of businesses that require access to commercially zoned land, such as mechanics, micro-manufacturers and taverns.

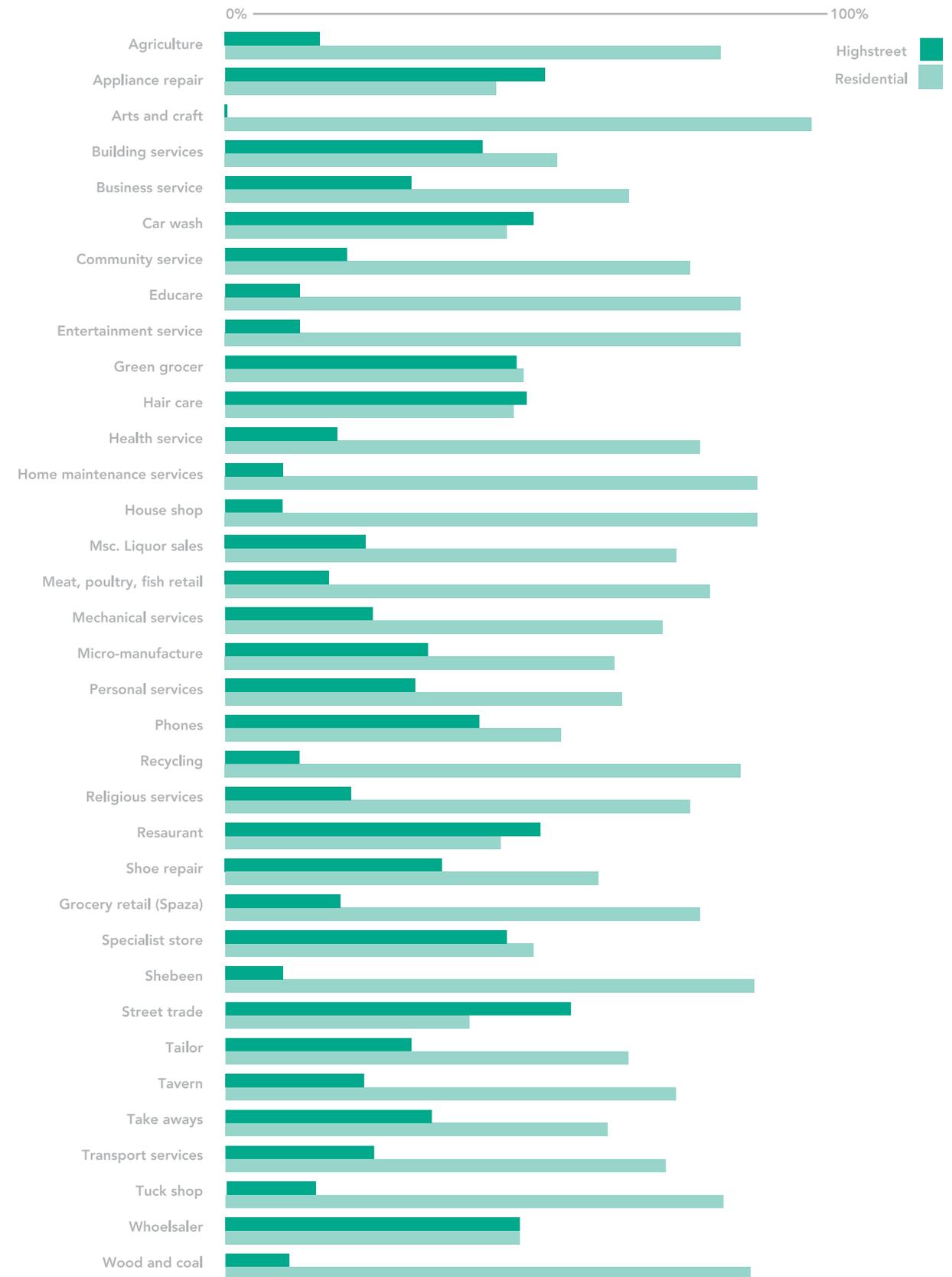


Figure 11: Comparison of % enterprises located in residential versus high street locations.

Conclusion

The FIME research over five years and across nine local area economies has made a ground-breaking contribution to understanding micro-entrepreneurship in South African townships. The research clearly illustrates the high importance of informal micro-enterprises in creating jobs (through self-employment and informal employment), alleviating poverty and supporting livelihoods. The scale of these local informal economies revealed over 10 842 micro-enterprises, averaging 36 enterprises per 1000 people. The research identified 36 different types of micro-enterprises sectors and various market niches within sectors.

Key findings from SLF FIME research:

1. There is a large diversity of micro-enterprise activity in the township economy, which plays an integral part in the community life. Through the FIME research we discovered a similar pattern in the scope and scale of these micro-enterprises across all sites. There are significant gaps in the market, especially in terms of the sale of new clothing, electrical goods and businesses services. To a certain extent, these gaps reinforce consumer dependency on shopping malls.
2. There is a different spatial construct and occurrence of enterprises between the high street and residential areas. The high street possesses enterprises that feed off of the busy pedestrian traffic such as hair care, street trade, appliance repair, car wash and green grocers.
3. FIME was able to compare the results from 2010 with data from 2015. The Delft South re-survey provided a unique insight into the temporal developments of the township economy. The research found that the number of micro-enterprises has doubled since 2010 and that the informal economy is not stagnant, but growing. Many of the new businesses are survivalists, whilst most are operated by middle-aged women.
4. The township economy is centred on the sales from the food and drink sector. The main enterprises in this respect are house shops, taverns / shebeens, spaza shops, and prepared food takeaways. The retail trade in food / drink accounts for more than half of all micro-enterprises activities. The services sector comprises, in general, personal services and mechanical and electrical repair services. Although it only comprises one third of all micro-enterprise activities, the services sector is important because these enterprises have high growth potential and can attract youth entrepreneurs.
5. The FIME research identifies some of the main challenges that hinder micro-enterprise growth. These include:
 - In the spaza sector, competition between small (locally operated) and large (immigrant operated) businesses has resulted in most South Africans closing shop and immigrant entrepreneurs dominating the sector.
 - Shebeens are unable to obtain licences and grow the business systematically to become taverns. As such, most shebeens operate covertly by downsizing the business to remain hidden to avoid police detection.
 - Educare confront an uphill battle to gain state recognition and access learner subsidies, requiring investment in infrastructure, municipal planning permission and qualified caregivers and teachers to obtain registration.
 - Across all sectors, crime and police harassment heightens the risks of doing business.
 - Other notable business constraints are: the absence of land for development; insecurity of land holding; poor linkages to public utilities and unreliable electricity support and the absence of opportunities for integration with formal business services and value chains.
6. The township transport sector has an important influence on micro-enterprise activities and the township economy in general. Transport hubs and routes enhance business opportunities, especially along the high street where street trade and services synergise with pedestrian movement. Informal taxi services provide micro-entrepreneurs with relatively affordable and efficient access to markets and suppliers. Public transport plays an important role in transporting children to school, linking workers with public transport interchanges and connecting people to townships.
7. The FIME project has been successful in identifying the scope and scale of a portion of the informal economy across South Africa, which has previously been understated. Such research is useful in providing a picture of the dynamics of the township informal economy and its importance to many livelihoods. Re-surveying the sites, as was done in Delft South, accounts for temporal changes or growth in informal enterprises, which provide evidence for policy interventions and further recommendations for fostering development in the South African informal economy.

Recommendations

There are a range of recommendations to be considered by policy makers and potential investors in South Africa's township economy. Whilst national and provincial government play an important role in enterprise development (in matters of policy, funding, security, health and education for example), municipal governments are the main providers of utility services and infrastructure providers and control land use. It is therefore, essential that municipal governments take the lead in supporting township entrepreneurship.

The following recommendations speak to enhancing the broader business environment within the township economy:

- Accept informality and micro-enterprises as a means of survival for the poor and unemployed.
- Encourage micro-enterprise formalisation for micro-enterprises with the capacity to create employment by reducing red-tape and simplifying regulatory requirements.
- Do not equate informality with survivalist businesses. Minimise business avoidance of tax and regulatory compliance for those micro-enterprises that have the financial means to operate formally.
- Intensified policing alone is a non-effective means of regulation. Efforts to regulate informal businesses should be sector inclusive, whilst providing incentives such as a licence and access to business support programmes.
- Enhance property rights by providing business stands on high streets; rezoning the townships to allow for mixed-use; making undeveloped land available for micro-entrepreneurs to purchase and providing residential home-owners with title deeds.
- Encourage policy support for the informal economy and greater investment by both the public and private sector.

Additional insight can be viewed in the following list of publications:

Charman, A. and Petersen, L. 2016. A growing informal sector: evidence from an enterprise survey in Delft. REDI 3X3 Working Paper.

Charman, A. J., Petersen, L., Piper, L. E., Liedeman, R. and Legg, T. 2015. Small area census approach to measure the township informal economy in South Africa. *Journal of Mixed Methods Research*, 1-23.

Charman, A., Herrick, C. and Petersen, L. 2014. Formalising Urban Informality: Micro-enterprises and the Regulation of Liquor in Cape Town. *The Journal of Modern African Studies*.

Charman, A., Petersen, L. and Govender, T. 2014. Shebeens as Spaces and Places of Informality, Enterprise, Drinking and Sociability. *South African Geographical Journal*. 96(1): 31-49.

Charman, A., Petersen, L., and Piper, L. 2013. Enforced informalisation: The case of liquor retailers in South Africa. *Development Southern Africa*. 30(4-5): 580-595.

Charman, A. and Piper, L. 2012. Xenophobia, Criminality and Violent Entrepreneurship: Violence against Somali Shopkeepers in Delft South, Cape Town, South Africa. *South African Review of Sociology*. 43(3): 81-105.

Charman, A., Petersen, L. and Piper, L. 2012. From Local Survivalism to Foreign Entrepreneurship: The Transformation of the Spaza Sector in Delft, Cape Town. *Transformation*. 78(1): 47-73.

Hartnack, A. and Liedeman, R. 2016. A qualitative investigation of diverse factors that contribute towards informal micro-enterprises going out of business: the case of Delft South 2010-2015. REDI 3X3 Working Paper.

Herrick, C. and Charman, A. 2013. Shebeens and Crime: The Multiple Criminalities of South Africa Liquor and Its Regulation. *SA Crime Quarterly*. 45: 25-32.

Liedeman, R. 2013. Understanding the Internal Dynamics and Organisation of Spaza Shop Operators: A case study of how social networks enable entrepreneurialism amongst Somali but not South African traders in Delft South, Cape Town. Master's thesis, University of Western Cape.

Liedeman, R., Charman, A., Piper, L. and Petersen, L. 2013. Why are foreign-run spaza shops more successful? The rapidly changing spaza sector in South Africa. REDI 3X3 Working Paper.

Petersen, L., Charman, A., Moll, E., Collins, R., and Hockings, M. 2014. 'Bush Doctors and Wild Medicine': The Scale of Trade in Cape Town's Informal Economy of Wild-Harvested Medicine and Traditional Healing. *Society & Natural Resources*. 27(3): 315-336.

Petersen, L. and Charman, A. 2010. Case Study: understanding the local economic impact of the closure of shebeens in the Western Cape as a consequence of the new Western Cape liquor act, 2008. *The Small Business Monitor*. 6(1): 104-116.



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