

# **Towards connecting green economy with informal economy in South Africa: A review and way forward**

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1 *The informal economy is a vibrant and growing phenomenon, offering both*  
2 *opportunities and lessons on resilience and innovation. When considering global*  
3 *social, economic and environmental challenges, resilience and innovation are*  
4 *valuable response strategies. The notion of a green economy has similarly inspired a*  
5 *number of ideological, geopolitical and institutional responses, yet a review of the*  
6 *dominant approach indicates the propensity to undervalue or ignore the informal*  
7 *economy. Within the context of sustainable development and poverty eradication,*  
8 *connecting the informal economy with the green economy is imperative. This paper*  
9 *explores possible connections between the green economy and the informal economy*  
10 *in South Africa and argues that by engaging the informal economy in discussions on*  
11 *the green economy, a more informed policy and planning environment may ensue,*  
12 *resulting in more socially equitable and environmentally sustainable development.*

13

14 **Keywords:** green jobs; inclusive green economy; green growth; informal economy;  
15 second economy; South Africa

## 16 **1. Introduction**

17 Though difficult to define, the informal economy is visible in different guises ranging  
18 from survivalist business activities being run from pavements, pedestrian malls,  
19 transport interchanges and homes, to agrarian activities found in both urban and rural  
20 areas. The informal economy relates to ‘economic activities by workers and economic  
21 units that are – in law or in practice – not covered or insufficiently covered by formal  
22 arrangements’ (ILO, 2003). Various terminologies are used synonymously with the  
23 term ‘informal economy’, including informal sector, second economy, informality and  
24 shadow economy (Rogerson, 2007). The informal economy plays an important role in  
25 the overall economy of a country. In fact, for many countries across the globe, the  
26 informal sector employs more persons than the formal sector (ILO, 2012). For  
27 instance, in sub-Saharan Africa, the informal economy accounts for up to 72% of  
28 employment, rendering it significant in the context of sustainable development and  
29 poverty eradication (Dawa & Kinyanjui, 2012). In Brazil and India, the proportion of  
30 persons employed in the informal economy is 42.2% and 83.6% respectively. This is  
31 much higher in comparison with South Africa, which is 37.2% (ILO, 2012). However,  
32 the sector still plays an important role in the share of employment in various  
33 economic activities (ILO, 2012). The importance of the informal economy to the  
34 urban and rural poor, and especially to women, is also acknowledged (Chambwera et  
35 al., 2011).

36

37 Despite the above benefits, the informal economy poses a number of social,  
38 economic, environmental and political challenges worldwide; many of which remain  
39 under-unexplored (e.g. Dreher & Schneider, 2010; Buehn & Schneider, 2012). Of  
40 particular interest to this paper are the recent discussions on the need to acknowledge

41 the informal economy in the green economy agenda (e.g. Dawa & Kinyanjui, 2012).  
42 Solutions need to be found to questions such as: Can the informal economy contribute  
43 to a green economy? or Can the green economy be planned in such a way that it will  
44 help provide solutions to the challenges that dominate in the informal economy?

45

46 As a starting point to addressing the above questions, the authors undertook a critical  
47 literature review to (i) provide a macro perspective and understanding of the green  
48 economy landscape; (ii) understand the reality of a green economy in South Africa;  
49 (iii) trace various perspectives and approaches to ‘managing’ the informal economy;  
50 and (iv) identify the role and value of the informal economy to sustainable  
51 development and a green economy.

52

## 53 **2. Global perspectives and pathways for a green economy**

54 The transition to a green economy is well on its way, yet several issues hinder its  
55 conceptualisation and implementation (UNDESA, 2014). These issues also impact the  
56 realisation of an ‘inclusive green economy’ and are expanded on in the following  
57 section.

58

### 59 **2.1 Issues of divergent definitions and principles**

60 The many definitions for ‘green economy’ are indicative of the myriad of approaches  
61 to and perspectives on what should be ‘greened’ and how that could be done. Initial  
62 definitions of the green economy indicated little emphasis on the social dimension of  
63 sustainable development (Allen, 2012). To address emerging concerns, the concept  
64 was redefined at Rio+20, expanding the concept to ‘inclusive green economy’ and

65 ‘inclusive green growth’, whilst situating the green economy ‘in the context of  
66 sustainable development and poverty eradication’ (Allen, 2012).

67

## 68 **2.2 Aspects of power and participation**

69 Despite efforts to redefine the green economy, concerns remain as to how the social  
70 dimension is interpreted and applied. Cook et al. (2012), for example, problematise  
71 narrow interpretations of stakeholder engagement. The green economy is also  
72 criticised for generally disregarding, undervaluing or overlooking the informal  
73 economy (Dawa & Kinyanjui, 2012).

74

75 According to Cook et al. (2012), further contestations about the green economy relate  
76 to geopolitical, ideological and disciplinary disparities. Clapp & Dauvergne (2011)  
77 identify four leading approaches to the green economy. Cook et al. (2012) expand on  
78 these by connecting them to current major transition pathways (see Table 1). These  
79 approaches are not necessarily distinct and there are some overlaps. However, the  
80 market-liberalist approach championing green growth is recognised as dominating the  
81 international stage (Clapp & Dauvergne, 2011).

82

83 **Table 1: Dominant approaches and transition pathways to a green economy**

	<b>Green Growth</b>	<b>Strong Sustainability</b>	<b>Social Economy</b>	<b>Limits to Growth</b>
<i>Worldview</i>	<i>Market liberal</i>	<i>Institutionalist</i>	<i>Social green</i>	<i>Bioenvironmental</i>
Social	Green jobs Social protection for vulnerable groups Equality of opportunity Stakeholder consultation Green consumerism	Global cooperation Redistribution (income) Stronger institutions Inter- and intra-generational equity Capacity building Social dialogue	Redistribution (income, wealth and power) Rights-based Social justice Equality of outcomes Empowerment Citizen action	Radical decrease in consumption and population growth Inclusivity Needs

Environmental	Eco-efficiency Technology transfer Reducing Emissions from Deforestation and Forest Degradation (REDD)	Eco-regulation Strengthen global governance regimes REDD+	Environmental justice Agro-ecology Grassroots action	Eco-centric valuing of nature for its own sake Enforced regulation of global commons
Economy	Green growth Voluntary Corporate Social Responsibility (CRS) Carbon markets, Payment for Ecosystem Services (PES) Production focused Private governance	North-South trade reform Green finance Green taxes State Governance Clean Development Mechanism (CDM)	De-globalization Localization Institutional reform Regional solidarity	No-growth/de-growth Measures beyond GDP
Indicative organizations	World Trade Organization (WTO), International Monetary Fund (IMF), World Business Council for Sustainable Development (WBCSD)	UNEP, United Nations Framework Convention on Climate Change (UNFCCC), Global Environment Facility	World Social Forum Third World Network	World Watch Institute, Pachamama

84 *Source:* Compilation by Cook et al. (2012) drawing on Clapp and Dauvergne

85

86 For Söderbaum (2013), the dominant approach appears problematic, as it is  
87 underpinned by neoclassical economics that tend to be intolerant of alternative modes  
88 of thinking, thus negating true democracy. Söderbaum (2013) accordingly argues that  
89 a broadened dialogue and a ‘pluralism of perspectives’ are required to confront issues  
90 of power and participation.

91

### 92 **2.3 Issues with related concepts**

93 The concepts of green economy, green growth and low-carbon development have  
94 diverse origins, yet over time their meaning and use have become analogous in  
95 economic decision-making and planning (Allen & Clouth, 2012). However, these  
96 concepts are contested on several fronts. The first one relates to relying on market

97 based solutions for the green economy. These have been criticised for reinforcing  
98 inequalities and power structures (Smith, 2011; Cook et al., 2012); commodifying the  
99 commons and creating corporate capture (Boehnert, 2013); and for creating  
100 disincentives for reconfiguring unsustainable production and consumption patterns  
101 (Smith, 2011; Cook et al., 2012). The second one relates to certain assumptions  
102 underpinning the logic of the green growth approach that are considered to be  
103 integrally inadequate and weak (Smith, 2011). Green growth is viewed as a solution  
104 to poverty (Allen & Clouth, 2012) and while acknowledging the importance of  
105 economic growth for any large-scale poverty reduction, Dercon (2012) warns of the  
106 existence of trade-offs that increase social costs. Hence, if not explicitly addressed,  
107 green growth may not be good for the poor. Thirdly, is the continued use of gross  
108 domestic product (GDP) as measure of progress. Several authors suggest that GDP is  
109 an inadequate and inappropriate measure for sustainable development, and therefore  
110 should be adjusted, supplemented or replaced (Schepelmann et al., 2010; Daly, 2011;  
111 AtKisson, 2013).

112

#### 113 **2.4 Issues of design, implementation and review**

114 Few nations have created national green economy strategies as many are challenged  
115 by institutional capacity, financing and integration issues (Allen, 2012; AtKisson,  
116 2013). Countries that pursue a green economy as prompted by their National  
117 Sustainable Development Strategies (NSDS) indicate similar challenges (Allen,  
118 2012).

119

### 120 **3. The South African green economy perspective**

121 South Africa recognises the green economy as a pathway to sustainable development  
122 (DEA, 2014). It is party to several international conventions and agreements that are  
123 related to sustainable development, and has successfully engaged with multiple  
124 international green economy initiatives (Allen, 2012; Montmasson-Clair, 2012).

125

126 At national level, a number of key texts are identified as guiding the development of a  
127 green economy in South Africa (Montmasson-Claire, 2012; DEA & UNEP, 2013).

128 There are also a number of sector- and time-specific policies, as well as provincial  
129 and local government initiatives and plans that support and complement the South  
130 African green economy framework (Montmasson-Claire, 2012; Sustainlabour, 2013;  
131 DEA & UNEP, 2013).

132

133 Furthermore, the New Growth Path released in 2010 prioritises the green economy as  
134 a ‘job-driver’ and as including activities that ‘must provide an important entry point  
135 for broad-based black economic empowerment, addressing the needs of women and  
136 youth entrepreneurs and offering opportunities for enterprises in the social economy’  
137 (EDD, 2010).

138 This would suggest that South Africa considers the green economy as an opportunity  
139 to simultaneously address several socio-economic issues related to poverty, social  
140 justice and equality; therefore aiming to achieve an ‘inclusive green economy’. The  
141 transition to an ‘inclusive green economy’ in South Africa however presents two main  
142 challenges. Firstly, the institutional arrangements regarding the green economy are  
143 complex and they involve a range of national and sectoral departments and  
144 institutions. The complexity of these arrangements is indicative of the challenges to



145 creating coherent responses to the ‘what’, ‘how’ and ‘by whom’ of the green economy  
146 transformation. In particular, the responses tend to be fragmented and uncoordinated  
147 (Montmasson-Clair, 2012; Nhamo, 2013), thus calling for efforts to systematically  
148 coordinate both horizontal and vertical governance structures.

149

150 Secondly, there are vested interests, power relations and hegemonic regimes involved.  
151 Numerous stakeholders influence how the green economy is conceptualised and  
152 implemented. These forces and regimes operate at various levels and are influenced  
153 by, for instance, internal party politics (Southall, 2010) and the minerals-energy  
154 complex (Peter & Swilling, 2011). Such influences ultimately limit the interpretation  
155 and implementation of the green economy in South Africa to a narrowly focused,  
156 market-liberalist approach.

157

158 Given the above constraints and challenges, there is a need for greater participation in  
159 and a wider formulation of what an ‘inclusive green economy’ for South Africa may  
160 be. The country’s green economy transition thus should be analysed in terms of  
161 ‘what’ or ‘whom’ is included or excluded, and ‘where’ efforts are focused.

162

163 At first glance, the country seems to promote extensive social participation in the  
164 development of the green economy. However, the level of public participation in  
165 drafting the key texts that guide the implementation of the green economy vary from  
166 limited to extensive (Montmasson-Claire, 2012), indicating lapses in consistency.

167

168 Several reports track the progress and potential of green jobs and the green economy  
169 in South Africa (Maia et al., 2011; Montmasson-Claire, 2012; DEA & UNEP, 2013;

170 Sustainlabour, 2013). The general focus of these reports and their conceptualisation of  
171 green jobs are limited to specific economic sectors in the formal economy. These  
172 reports indicate very little engagement with the informal economy, thus implying that  
173 future policies and plans for a green economy may also be limited in their  
174 consideration of the informal economy.

175

#### 176 **4. Perspectives on the informal economy**

177 Conceptually, the notion of the informal economy has a number of different  
178 definitions and interpretations that impact upon data collection and measurement of  
179 its size and monetary value. The economic activities taking place in the informal  
180 economy are mostly unrecorded and therefore difficult to measure (Chen, 2012;  
181 Wills, 2009). Further issues affecting accurate estimates of the size and contribution  
182 of the informal economy to for example GDP relate to definitional debates over what  
183 needs to be included within such measures as well as methodological debates over  
184 how it should be calculated (Chen, 2012; Kanbur, 2009; Ligthelm, 2006; Saunders &  
185 Loots, 2005). For this reason, estimates of the size and monetary value of informal  
186 activities that contribute to a green economy are not forthcoming, falling outside of  
187 the scope of this paper.

188 Furthermore, perceptions about the informal economy influence its conceptualisation  
189 and ‘management’. Chen (2007; 2012) distinguishes between four schools of thought  
190 pertaining to the nature and composition of the informal economy, whereas Williams  
191 (2007) problematises the dominant paradigms regarding ‘formalisation’,  
192 ‘commodification’ and ‘globalisation’ in terms of their estimation of and approach to  
193 informal livelihood activities. Globally, perspectives regarding the informal economy  
194 have changed progressively (see Table 2).

195 **Table 2: Changes in perspectives on the informal economy**

<b>The old view</b>	<b>The new view</b>
The informal sector is the traditional economy that will wither away and die with modern, industrial growth.	The informal economy is 'here to stay' and expanding with modern industrial growth.
It is only marginally productive.	It is a major provider of employment, goods and services for lower-income groups. It contributes a significant share of GDP.
It exists separately from the formal economy.	It is linked to the formal economy-it produces for, trades with, distributes for and provides services to the formal economy.
It represents a reserve pool of surplus labour.	Much of the recent rise in informal employment is due to the decline in formal employment or to the informalisation of previously formal employment relationships.
It is comprised mostly of street traders and very small-scale producers.	It is made up of a wide range of informal occupations-both 'resilient old forms' such as casual day labour in construction and agriculture, as well as 'emerging new ones' such as temporary and part-time jobs plus homework for high tech industries.
Most of those in the sector are entrepreneurs who run illegal and unregistered enterprises in order to avoid regulation and taxation.	It is made up of non-standard wage workers as well as entrepreneurs and self-employed persons producing legal goods and services, albeit through irregular or unregulated means. Most entrepreneurs and the self-employed are amenable to, and would welcome, efforts to reduce barriers to registration and related transaction costs and to increase benefits from regulations; and most informal wage workers would welcome more stable jobs and workers' rights.
Work in the informal economy is comprised mostly of survival activities and thus is not a subject for economic policy.	Informal enterprises include not only survival activities but also stable enterprises and dynamic growing businesses, and informal employment includes not only self-employment but also wage employment. All forms of informal employment are affected by most (if not all) economic policies.

196 *Source:* Chen (2007:5).

197

198 The informal economy manifests heterogeneously, ranging from small and micro  
199 survivalist business activities in public and private settings, such as pavements,  
200 pedestrian malls, transport interchanges and homes, to agrarian activities found in  
201 both urban and rural areas (Chen, 2012; Devey *et al.*, 2003; Du Toit & Neves, 2013;  
202 Horn, 2011; Kanbur, 2009; Skinner, 2008; Wills, 2009). Although the informal  
203 economy cuts across divisions of race, class and gender, several studies have shown  
204 that the majority of actors are black, impoverished and female (Du Toit & Neves,  
205 2012; Horn, 2011; Skinner, 2008). This has led authors such as Musyoki (2012) and  
206 Chambwera, MacGregor, & Baker (2011) to suggest that the informal economy offers

207 vast opportunities for sustainable and ‘just’ development as interventions in the  
208 informal economy may help to uplift the poorest and most disenfranchised.

209

210 Chambwera *et al.* (2011) suggest that the informal economy offers much value in  
211 delivering sustainable development ideals, including the green economy. Government  
212 planners, donors and nongovernmental organisations (NGOs) therefore need to  
213 consider the informal economy alongside the formal economy if they plan to “help lift  
214 up the wellbeing of the poor and address global challenges such as climate change”  
215 (Chambwera *et al.*, 2011).

216

217 The South African approach to the informal economy, however, indicates reluctance  
218 in recognising this value (Smit & Musango, Forthcoming).

219

## 220 **5. The informal economy in South Africa**

221 The South African government defines the second economy as the ‘range of activities  
222 that are often marginal, outside the regulatory net and survivalist in character’ (EDD,  
223 2013). The notion of two economies was first introduced by former President Thabo  
224 Mbeki in 2003, who recognised the ‘structural disjuncture’ between the modern, first-  
225 world economy and the underdeveloped third-world or ‘second’ economy (Mbeki,  
226 2003). The divide between the ‘two economies’ is systemic and associated with  
227 several key apartheid legacies that relate to the (i) centralised monopoly structure of  
228 the core economy; (ii) distorted nature of asset distribution, including capital, land and  
229 human capital development; and (iii) spatial legacies of bantustans and apartheid  
230 cities (TIPS, 2009).

231

232 The second economy is recognised as having several debilitating characteristics,  
233 giving rise to the perception that it requires fixing, elimination or formalisation  
234 (Mbeki, 2003; Gumede, 2008). South Africa's response to the informal economy  
235 includes the *Second Economy Strategy* released in 2009, which headlines 11 priority  
236 areas (TIPS, 2009). Additionally, the New Growth Path focuses on growth (including  
237 'green growth') as a means of addressing poverty, unemployment and inequality in  
238 South Africa.

239

240 The Economic Development Department was established to coordinate the  
241 development of the New Growth Path and to promote coherent economic  
242 development (EDD, 2013). Under this mandate, the Department's programme for  
243 Economic Policy Development includes the second economy as a sub-programme,  
244 which aims to 'develop policies that will transform second economy activities into  
245 dynamic, competitive activities that are part of the economic mainstream' (EDD,  
246 2013).

247

248 In contrast, the green economy is considered to be a sub-programme of a separate  
249 programme related to Economic Planning and Coordination (EDD, 2013). This  
250 separation of the second economy and green economy as detached sub-programmes  
251 may be indicative of the general disconnect between policies and plans related to the  
252 green economy and the informal economy.

253

## 254 **6. Connecting the green and the informal economy**

255 The informal economy is 'an important component in the social, economic and  
256 political arenas of Africa' (Dawa & Kinyanjui, 2012) and several traits are recognised

257 as being significant to creating an ‘inclusive green economy’. These include the  
258 following:

259

260 *(i) Formal-informal linkages*

261 The majority of informal economy operations are connected to the formal sector  
262 through a range of forward and backward linkages and complex interactions (Davies  
263 & Thurlow, 2010; Chambwera, et al., 2011; Chen, 2012). These linkages include  
264 individual transactions through open market exchanges; production and exchange of  
265 goods; value chains (Chen, 2012:12); and the flow of raw materials, equipment and  
266 finance (Chambwera et al., 2011).

267

268 *(ii) Regulating for economic diversity*

269 The formal regulatory environment in general often ignores entire categories of the  
270 informal economy, leading to a number of adverse effects, as described by Chen  
271 (2012). Chen subsequently argues for a more comprehensive approach to formalising  
272 the informal economy. Such an approach would also require reconsideration of  
273 macro-economic policies specific to the informal economy, as described by Saunders  
274 & Loots (2005):

275 *...the results of the causality test suggested that macro-economic policies*  
276 *aimed at the formal economy will not necessarily ‘trickle down’ to the*  
277 *informal economy, while macro-economic policies aimed at the informal*  
278 *economy may well have a profound effect on the formal economy.*

279

280 The informal economy offers an alternative to the neoliberal economic model, having  
281 a broader range of objectives, including being reproductive; sustaining household  
282 survival; and facilitating social connectedness (Du Toit & Neves, 2012).

283 Chen (2012) suggests that a new economic paradigm or ‘hybrid economy’ is needed  
284 that is open to such duality; embraces both ‘the traditional and the modern, the small  
285 scale and the big scale, the informal and the formal’; addresses power imbalances; and  
286 protects the vulnerable.

287

288 Samers (2005) in contrast, suggests that informal economies do not always lend  
289 themselves to systems of reciprocation and obligation, and at times even involve  
290 exploitative and illegal activities. Indeed, the informal economy constitutes a broad  
291 spectrum of activities ranging from legal to illegal (Chen, 2012) and can be a source  
292 of both environmental restoration (Blignaut et al., 2008) and destruction (Biswas et  
293 al., 2012). However, these issues cannot be ignored, and policies and plans that tie  
294 green and informal economies together should aim not only to maximise  
295 environmentally protective or restorative activities, but also to minimise  
296 environmentally destructive and exploitative activities.

297

### 298 *(iii) Employment potential*

299 Chen (2012) describes informal employment as a growing reality in the global  
300 economy, constituting the main source of income for most people in the developing  
301 world. It is thus argued that the informal economy should be better recognised and  
302 integrated into economic planning and legal frameworks (Chambwera et al., 2011;  
303 Chen, 2012; Dawa & Kinyanjui, 2012).

304

305 Although the size of the informal sector is markedly lower for South Africa (Davies &  
306 Thurlow, 2010), its role in providing a buffer between employment and

307 unemployment in times of financial crisis cannot be underestimated (TIPS, 2009;  
308 Chambwera, 2011).

309

310 *(iv) Complex social networks*

311 Informal economies produce networks of ‘trust and morality’, which are embedded  
312 within the socio-cultural environment (Du Toit & Neves, 2012). Informal actors are  
313 also closely linked to their communities, hence ‘providing valuable networks for  
314 resource management, energy requirements and climate change’ (Chambwera, 2012).

315

316 Whilst such networks may induce conflict, tension and skewed exchanges, they are  
317 also significant in enabling the poor ‘to mitigate poverty and the effects of  
318 vulnerability’, acting as a form of ‘private social protection’ (Du Toit & Neves, 2007).

319

320 An ‘inclusive green economy’ would require greater networks of dynamic interaction  
321 and collaboration that transcend the formal-informal divide, as described by  
322 Torgerson (2001).

323 *Green thinking need not consider formal and informal economies to*  
324 *be either/or alternatives. The two can be seen as potentially*  
325 *complementary aspects of a complex, political process of radical*  
326 *reform beyond the control of any single agent responsible for*  
327 *achieving a green economy.*

328

329 *(v) Sites of resilience and opportunity*

330 Informal actors leverage and supplement their meagre domestic resources to cope  
331 with shocks and sustain informal economic activities (Du Toit & Neves, 2007),



332 thereby acting as sites of resilience and possibility. Vermeulen et al. (2008) illustrate  
333 how impoverished local communities found innovative ways of coping with changes  
334 in weather patterns. This led Vermeulen et al. (2008) to suggest that supporting such  
335 local initiatives and institutions may be a more effective strategy for adapting to  
336 climate change than relying on top-down initiatives only.

337

338 *(vi) Connection with ecological services*

339 There is a deep connection between rural livelihoods and ecological services  
340 (Musyoki, 2013). In most instances, areas of high ecosystem goods and services  
341 provision in South Africa have strong association with ‘pockets of poverty’ (Blignaut  
342 et al., 2008).

343

344 Rural and poor communities may also benefit from the development of markets for  
345 ecosystem goods and services (Blignaut et al., 2008). Linking the ecosystem services  
346 ‘supply’ activities performed by the rural poor to the demand in urban environments  
347 may result in employment opportunities, whilst positively impacting conservation  
348 efforts and reducing demand for social welfare (Blignaut et al., 2008).

349

350 *(vii) Green jobs and livelihood activities*

351 The actors, agents and entities operating in the informal economy are neither shielded  
352 from nor indifferent to the effects of climate change; instead producing alternative  
353 coping strategies (Dawa & Kinyanjui, 2012; Raghupathy & Chaturvedi, 2013). A  
354 number of households and communities in Africa are implementing green livelihood  
355 strategies, which include the adoption of household scale energy technologies, organic  
356 waste management, and urban farming (Acey & Culhane, 2013). Smit and Musango

357 (Forthcoming) identified green activities that are recognised by several green  
358 economy practitioners and policy advisors as contributing to an ‘inclusive green  
359 economy’ in South Africa. These include among others bioprospecting and biotrade;  
360 recycling and waste picking; and the use of green infrastructure, technology and  
361 construction.

362

363 These informal green activities are recognised as coping strategies, which are also  
364 akin to green jobs (DEA, 2014). However, current debates about ‘green jobs’ are  
365 silent about the ‘everyday practice of green livelihoods carried out by the urban poor’,  
366 instead focusing on large-scale, formal sector responses (Acey & Culhane, 2013).  
367 Such approaches are considered to be problematic as they obscure the transformative  
368 value of small-scale technologies and ignore the contribution of the informal  
369 economy.

370

371 A further issue concerning green jobs relates to the conditions and quality of the  
372 employment (Montmasson-Claire, 2012). ‘Green’ employment is not decent by  
373 definition and therefore will ‘require careful stewardship from public authorities to  
374 ensure workers are able to exercise their rights’ (Cunniah, 2012). Waste pickers for  
375 example reportedly operate in ‘hostile’ social environments, are vulnerable to  
376 exploitation by middlemen, and are exposed to tremendous health and safety risks  
377 (Jones, 2013). Such challenges need to be addressed by national policy strategies in  
378 order to build ‘a just transition towards an environmentally respectful and socially  
379 empowering economy’ (Olsen, 2012).

380

381 **7. Policy approaches and intervention criteria towards connecting the green**  
382 **economy with the informal economy**

383 The formulation of policies and plans to connect the informal economy with the green  
384 economy requires an understanding of the informal economy that extends beyond  
385 assumptions that informal activities are unorganised and chaotic in form or practice.  
386 Policy interventions taking this stance have often resulted in disaster as they negate  
387 the value of the community structures that are in place (Guha-Khasnobis et al., 2006).  
388 For this reason, Guha-Khasnobis et al. (2006) advocate an approach that recognises  
389 complexity and contextual realities, and suggest that several evaluative criteria be  
390 incorporated when planning for the informal economy in general, including:

391

392 (i) *Subsidiarity in a multi-level system*

393 Rather than engaging in the dialectic between the centralisation or de-centralisation of  
394 government agency, each intervention should be located ‘as close as possible to where  
395 it is meant to influence markets or groups’ (Guha-Khasnobis et al., 2006). At the same  
396 time, interventions should be embedded within a larger system of government.

397

398 (ii) *Balance between ‘formal’ interventions and ‘informal’ practices*

399 There is a need for balancing ‘formal’ rules with the ‘fine-tuning’ of ‘informal’ rules  
400 and norms; a process that necessitates an in-depth, participatory approach.

401

402 (iii) *Implementation capacity*

403 Interventions need to be designed to match both the implementation capacity of  
404 government and the absorptive capacity of the recipients. In some instances this may

405 require building the desired capacity before implementation (Guha-Khasnobis et al.,  
406 2006).

407

408 *(iv) Complementary interventions*

409 Successful interventions require the support of a strong institutional framework and  
410 are generally delivered as part of a package of complementary measures, served by a  
411 network of different actors (Guha-Khasnobis et al., 2006).

412

413 The practice of excluding and marginalising informal workers is related to a lack of  
414 ‘voice, visibility and validity’ (Chen, 2012). Policies and plans for an ‘inclusive green  
415 economy’ would therefore need to address these challenges. Giving ‘voice’ to the  
416 informal economy would involve increased participation in rule-setting and policy-  
417 making processes and the empowerment of workers by strengthening and supporting  
418 informal worker organisations (Chen, 2012). ‘Visibility’ may be addressed through  
419 improved measurement and representation in statistics, whereas ‘validity’ involves  
420 recognising the potential of the informal economy to contribute to sustainable  
421 development and actively engaging the informal economy in discussions on the green  
422 economy.

423

## 424 **8. Conclusion**

425 The notion of an ‘inclusive green economy’ is highly contested, with interpretations  
426 ranging from narrow to broad. Narrow interpretations limit participative and  
427 transparent processes, and continue to reproduce and exacerbate inequality and  
428 injustice. In contrast, broader interpretations value the social dimension of sustainable  
429 development and incorporate democracy and transparency into its processes.

430 Moreover, such broader interpretations engage with institutional issues of power and  
431 participation and focus on resilience and the creation of sustainable livelihoods. It is  
432 argued that a broader interpretation of the green economy in general, and green jobs  
433 in particular, is required for the transition to an ‘inclusive green economy’ to  
434 transpire.

435

436 For South Africa, such a transition implies an approach that engages with its  
437 contextual realities, whilst at the same time addressing issues such as vested interests,  
438 institutional arrangements, and poor policy integration and implementation. For the  
439 South African green economy to be inclusive and socially just, it would need to  
440 engage with the mass of disenfranchised individuals in a way that empowers and  
441 reinforces participation and sustainable livelihoods. Furthermore, it may be argued  
442 that a more open and enabling policy environment could greatly assist the transition to  
443 an alternative economic model, which may be more conducive to socially equitable  
444 and environmentally sustainable development. The literature review in this paper  
445 provided the basis for empirical analysis, which is found elsewhere in Smit and  
446 Musango (Forthcoming).

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450

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