

SUPPORT PROGRAMME FOR INFORMAL TRADERS POLICY

Submitted to



ELUNDINI LOCAL MUNICIPALITY

THE SUPPORT PROGRAMME

In South Africa the informal economy represents a growing economic sector and source of employment. In 2002, 28% of South Africans were involved in informal work. Informal trading is one of the largest sectors of the informal economy. Figures in South Africa estimate that in 1998, over 20,000 traders in Durban generated total annual revenue of R500 million in informal outlets, including street vendors, shebeens, spazas, tuckshops and private persons.

Policy makers have often reacted negatively to the informal economy, trying to discourage or contain it. In South Africa local authorities are charged with this leadership and co-ordination role. Local government responsibilities include: providing services to communities in a sustainable manner; promoting social and economic development, and a safe and healthy environment; and encouraging the involvement of communities and community organisations in matters of local government. Given its scope, resilience and job creating potential Elundini Local Municipality recognises the need to manage and promote informal economic activities.

As a step towards this an informal trading policy has been developed with the intention of formalising all informal trading activities. This is inclusive of the following:

- Informal trading on the streets
- Informal trading on private premises
- Regulation on liquor trading
- Regulation of the trading spacing
- Training and mentorship of informal traders
- Spatial planning and development framework
- Consultation and involvement of stakeholders

The Support Programme seeks to supplement the policy and to guide the municipality on how it can better introduce and implement the policy. It seeks to guide the municipality on activities that need to take place, the resources that are needed for implementation and envisaged interventions and timelines.


1. OBJECTIVES

- 1.1. Promote growth of small businesses
- 1.2. Improving mobility, accessibility and safety in the streets
- 1.3. Ensure compliance with municipal bylaws relating to environmental and public health
- 1.4. Increasing council's revenue base
- 1.5. Trading Support and Mentorship

	ES	ACTION GUIDE LINES
1.1 Promote growth of small businesses	<ul style="list-style-type: none"> Familiarise municipality with the provisions of the policy document 	<ul style="list-style-type: none"> The municipality (departments, authorities, etc) needs to have a thorough understanding and knowledge of the policy document in order to adopt and implement it.
	<ul style="list-style-type: none"> Facilitate formation of informal trader associations for ease of cooperation 	<ul style="list-style-type: none"> In order to promote the growth of small businesses the municipality will need to promote establishment of associations by informal traders and be able to facilitate these associations e.g. through development of a database. This will assist the municipality to know who is in the market and will ease cooperation.
	<ul style="list-style-type: none"> Disseminate information on funding sources within public sector 	<ul style="list-style-type: none"> As part of promoting growth of small businesses, the municipality will need to advise traders on funding sources i.e. within its LED department (if available) and other relevant public sector departments as well as public financial institutions. This initiative will also assist informal traders to identify other business ventures they can invest in or pursue.
	<ul style="list-style-type: none"> Outline steps to take in order to promote community development 	<ul style="list-style-type: none"> There is need for the municipality to develop an action plan for promoting community development
	<ul style="list-style-type: none"> Implement a procurement regime that does not marginalize small traders 	<ul style="list-style-type: none"> There is need for the municipality to ensure that its procurement policy specifically reflects recognition of small traders (in registered associations) and award them contracts where feasible. This will also ensure that the majority of traders are registered, can be regulated and can contribute to the municipal coffers through the modest service fees.
	<ul style="list-style-type: none"> Come up with a funding plan for a hawkers facility 	<ul style="list-style-type: none"> Municipality will need to have a funding plan for the hawker's facility e.g. submitting proposals to possible funders etc.
	<ul style="list-style-type: none"> Promote job creation 	<ul style="list-style-type: none"> Informal trading provides employment for many people especially women.

	ES	ACTION GUIDE LINES
	<ul style="list-style-type: none"> Develop and maintain a database of informal traders 	<ul style="list-style-type: none"> A database for informal traders will assist the municipality to keep record of traders, rent payments, existing associations, etc. This will then ensure cooperation.
1.2. Improving Mobility, Accessibility and Safety in the streets	<ul style="list-style-type: none"> Identify a designated area for trading 	<ul style="list-style-type: none"> Elundini local municipality shall ensure that all informal trading spaces are formalized through demarcation. Permits and permissions of a particular informal trader will contain information on where the informal trader has been allocated space to trade and how much rental they are required to pay.
	<ul style="list-style-type: none"> Raise awareness on the policy 	<ul style="list-style-type: none"> Municipality will need to raise awareness of the policy to make sure that stakeholders know what the policy entails.
	<ul style="list-style-type: none"> Regulation of trading activities within designated areas 	<ul style="list-style-type: none"> Once the trading area has been identified the municipality will need to regulate trading activities to be in designated areas only. ELM shall develop criteria for the determination of space allocation in accordance with the policy. Trading space will be allocated on a one trader, one stall basis. Existing informal traders, i.e. those who are already trading and simply need to formalize their trade in accordance and compliance with this policy and any newly enacted by-laws, will also be prioritized in relation to the allocation of trading space.
	<ul style="list-style-type: none"> Compliance with restrictions and bylaws 	<ul style="list-style-type: none"> The municipality will need to ensure that informal traders comply with restrictions and the set bylaws. This role can competently played by the municipality's inspectorate department.
1.3 Ensure compliance with municipal bylaws relating to environmental and	<ul style="list-style-type: none"> Create awareness of municipal bylaws on environmental and public health 	<ul style="list-style-type: none"> The municipality will need to create awareness of municipal bylaws that relate to environmental and public health through workshops, trainings, media etc This will ensure that trading areas (markets) are kept hygienically and environmentally clean.

	ES	ACTION GUIDE LINES
<p>public health</p>	<ul style="list-style-type: none"> • In concert with the liquor board enforce liquor trading regulations • Promote environmental, health and hygiene education and awareness • Ensuring that appropriate structures are used for trading activities 	<ul style="list-style-type: none"> - In the case of bottle stores, clubs, taverns, etc the municipality will need to form partnership with the liquor board to bring about awareness of liquor trading regulations (in the municipality) so that they can be known and complied with. - Appropriate structures like stalls, chairs, toilets, water etc will need to be considered when building the hawkers facility.
<p>1.4 Increasing council's revenue base</p>	<ul style="list-style-type: none"> • Determine appropriate monthly rent for traders • Awareness of rental obligations • Improve rent collection systems and administration 	<ul style="list-style-type: none"> - ELM in consultation with the informal traders shall develop criteria for the determination of rentals payable for trading space allocated in accordance with this policy. - Any increase in rental may not be affected unless the affected informal trader has been notice of such increase. - The municipality will have to make informal traders aware of the rental obligations
<p>1.5 Trading and Mentorship Support</p>	<ul style="list-style-type: none"> • Provide mentorship for informal traders 	<ul style="list-style-type: none"> - Mentorship refers to a process of providing advice to informal traders; advice may include improved methods of the provisions of services and high quality goods in a way that promotes success, sustainability and profitability. - It shall be the responsibility of ELM to develop Training and Mentorship Programmes for informal traders.



PDF Complete
Your complimentary use period has ended.
Thank you for using PDF Complete.

[Click Here to upgrade to Unlimited Pages and Expanded Features](#)

FACILITATE IMPLEMENTATION OF THE SUPPORT

2.1. Finances

- In terms of finances the municipality will need to mobilise finances to construct hawkers facility and other general infrastructures (e.g. public toilets, water, etc)
- The municipality will also need to mobilise finances for the management and administration of the facilities

2.2. Human Resources

- The municipality will need to enhance internal municipal capacity to effectively implement the policy e.g. skills, accountability etc

2.3. Public awareness

- The municipality will need resources to raise public awareness around informal traders' policy framework and its provisions
- The raising of awareness can be done through municipal bills, media channels and municipal structures such as ward committees, community development workers and councillors.

2.4. Capacity building and mentorship

- The municipality will need to capacitate and offer mentorship to informal traders
- Establish and support an informal traders' chamber
 - An Informal Trading Chamber shall be established as a forum for consultation and resolution of issues that may arise relating to informal trading throughout ELM
 - The Informal Trading Chamber shall determine its own terms of reference
 - ELM shall undertake a verification process of all the traders' Associations and representatives to verify their legitimacy and democratic representation

3. POSSIBLE FUNDERS

The following stakeholders may be approached by the municipality for possible assistance in the implementation of the policy:

- Provincial treasury
- European Union
- Joe Gqabi District municipality
- Sustainable Rural Development in the Eastern Cape
- Department of Economic Development and Economic Affairs
- Small Enterprise Development Agency
- Department of Trade and Industry
- Eastern Cape Development Cooperation
- Local banks

4. ENVISAGED INTERVENTIONS AND TIMELINES

Activity	Timeframes	Implementing Body
Procurement Regime Review	Within 6 months of policy adoption	ELM
Development of Hawkers Stalls	Within 2 years	ELM
Development and maintenance of informal traders database	Development: 3 months after policy adoption Maintenance: regularly	ELM
Institutional arrangements and Identification of human and capital resources	Within 6 months of policy adoption	ELM
Issuing of permits to informal traders	Within 6 months of policy adoption	ELM
Enforcement of restrictions and bylaws	Within 6 months of policy adoption	ELM
Regulation of demarcated areas	Within 4 months of policy adoption	ELM
Financial resources mobilisation	Construction & institutional arrangements: 1 year Maintenance: continuous	ELM & JGDM
Public awareness: internal & external	Within 6 months of policy adoption	ELM & JGDM
Training & Development (health, hygiene and safety; environmental wellness, small business development & entrepreneurship)	Initial phase: 6 months Thereafter on a regular basis	ELM
Final workshop facilitation- support programme	End February 2011	ELM & Afesis-corplan