

MSUNDUZI INFORMAL ECONOMY AND STREET TRADING POLICY REVIEW



DRAFT POLICY

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MSUNDUZI LOCAL MUNICIPALITY

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1 INTRODUCTION

This report presents the Draft Msunduzi Informal Economy and Street Trader Policy. It is the third deliverable in a series of documents to be produced as part of the project. It outlines the vision, objectives, principles, and strategies for the municipality's informal economy.

1.1 SCOPE OF WORK

The scope of work for the project includes the following activities:

- To create an environment that supports sustainable economic growth in the informal economy;
- To mainstream the informal economy as an integral component of the development agenda of the municipality;
- To communicate and define a coherent vision and policy guiding principles reiterating the municipality's commitment to the informal economy, thereby reducing vulnerability and exclusion of this sector;
- To articulate, adapt and advance both the Provinces and Msunduzi's Policy on informal economy relevant to the prevailing social and economic dynamics and local conditions of Msunduzi Municipality;
- To institute appropriate systems, procedures and programmes towards the development and management of the informal trade economy;
- To develop a strategy by ensuring public participation with all relevant stakeholders

1.2 PROJECT AIMS / OBJECTIVES

The project focuses on the development of a strategy that addresses the needs of the informal traders and development of SMMEs. Its objectives are as follows:

- To facilitate the effective involvement of stakeholders and role-players;
- To undertake a policy review of relevant existing policies;
- To obtain clarity on the needs and issues of SMMEs and informal traders;
- To formulate an appropriate and effective development strategy for the Msunduzi Municipality area of jurisdiction

1.3 PROJECT APPROACH

1.3.1 PHASING

The project unfolds in four interrelated phases namely:

- Phase 1: Project Inception, which is intended to get the project 'off the ground' and agree on the scope of work, approach, and timeframes;
- Phase 2: Policy formulation and strategy development. National, provincial and district policies related to informal trading will be consulted to inform the municipal development

- of the Msunduzi Policy. Likewise, input gathered from various stakeholders will also be considered or incorporated during the development of the policy;
- Phase 3: Review of by-laws. This phase will focus on the review of by-laws relating to the second economy;
 - Phase 4: Project closeout signifies the completion of the project and will conclude in the preparation of a closeout report.

1.3.2 METHODOLOGY

The ability of the project to achieve its aims and objectives depends heavily on the quality and reliability of data and methods used to collect, analyse, and synthesize the information. The following data collection methods will be used in this regard:

- Desk-top Literature and data review;
- Stakeholder interviews, workshops;
- Spatial Data Analysis Using GIS;
- Stakeholder participation

1.3.2.1 DESKTOP LITERATURE AND DATA REVIEW

The desktop literature review entails the collection, review and assessment of existing data, and implications for the project:

- Relevant national and provincial policy and legislation, strategies / plans, and programmes;
- Best practice analysis of similar approaches in other areas;
- IDPs and sector plans for Msunduzi municipality and the uMgungundlovu District Municipality;
- Economic data such as Global Insight, Quantec data and Statistics SA data (2011 and Community survey 2016);
- Any other relevant documentation

1.3.2.2 GEOGRAPHIC INFORMATION SYSTEM

Geographic Information Systems (GIS) will be used to overlay information and analyse existing situations. Different data sets will be used to create maps.

1.3.2.3 PUBLIC / STAKEHOLDER PARTICIPATION

Public participation will take place in various forms. This will consist of workshops, interviews and focused sessions and consultation with a range of stakeholders and role-players. At least two stakeholder workshops will be conducted during the project as follows:

- Workshop 1: Consultative workshop with informal trade associations;
- Workshop 2: Consultative workshop – presentation of the First Draft to informal traders;

2 POLICY AND LEGISLATIVE CONTEXT

2.1 THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA

Chapter 7 Section 152 (1) of The Constitution of the Republic of South Africa points out the following as objectives of the local government:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organizations in the matters of local government.

The review of the informal economy and street trader policy is the municipality's fulfilment of its constitutional mandate as per the above objectives.

2.2 NATIONAL DEVELOPMENT PLAN (NDP 2030)

The National Development Plan (NDP) is an overarching strategic document steering and guiding development in the country. The NDP advocates for transformation in the country and seeks to achieve short to medium term development into Vision 2030. The plan is based on a detailed diagnosis of issues facing the country and strategic engagement with all key sectors. It identifies unemployment, poverty, and inequality as some of the key challenges facing South Africa and outlines several strategic interventions to address these issues. The provision of social facilities to communities' forms part of the strategic interventions of ensuring social protection and improving infrastructure.

2.3 THE INDUSTRIAL POLICY ACTION PLAN (IPAP) 2018/2019 TO 2020/2021

IPAP 2018/2019 TO 2020/2021 (popularly known as IPAP20) seeks to scale up key interventions over a rolling three-year period, with a 10-year outlook on desired economic outcomes. Priority reforms include amongst others:

- Amendment of procurement regulations to designate key sectors for domestic production in relation to public procurement, particularly in relation to public infrastructure expenditure;
- Re-orientation of the Industrial Development Cooperation of South Africa (IDC) to provide appropriate financing instruments for priority IPAP sectors.

2.4 THE NATIONAL FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT(LED) IN SOUTH AFRICA

The following are the objectives of the National LED:

- To shift towards a more strategic approach to the development of local economies and overcome challenges and failures in respect of instances where municipalities themselves try to manage litany of non-viable projects or start-ups;
- To support local economies in realizing their optimal potentials and making local communities active participants in the economy of the country;
- To elevate the importance and centrality of effectively functioning local economies in growing the national economy

2.5 LOCAL GOVERNMENT AND THE INFORMAL TRADE POLICY

Local government has the authority to govern over their areas of jurisdiction in line with national and provincial laws. The primary regulatory tools for governance at the local level are the by-laws. Developmental local government is described as local government working with citizens and groups in communities to find sustainable ways to meet social, economic, and material needs. Local government has four key functions, which relate directly to poverty alleviation:

- Provision of household infrastructure and services;
- Creation of liveable integrated cities, towns, and rural areas;
- Promotion of local economic development;
- Facilitation of community empowerment and redistribution

The ultimate responsibility for promoting and controlling street trading lies, therefore, with local government. Countrywide, South Africa's municipalities have focused their attention on street trading as the most visible form of the informal economy.

2.6 KWAZULU-NATAL INFORMAL POLICY

The informal traders' policy for KwaZulu-Natal was enforced to nurture a favourable environment for street vendors and supporting sustainable economic growth in the informal economy.

The policy further attempts to weave the informal economy into the mainstream where upon informal traders may be better protected and catered for. As a result of this policy, significant job creation and income generation is envisaged, as its pillars foster the growth of the informal economy. The informal sector is in effect regulated throughout several municipalities across Kwazulu-Natal by way of the informal traders' policy. Municipalities in the province are required to establish an informal economy chamber to boost the participation of street vendors.

2.7 KWAZULU-NATAL PROVINCIAL GROWTH DEVELOPMENT STRATEGY (PGDS)

The KwaZulu-Natal Province development vision is outlined in the Provincial Growth and Development Strategy (PGDS 2016). The PGDS is a primary strategy for KwaZulu-Natal that drives growth and development in the Province to 2035.

It provides the province with a 20-year strategic framework for accelerated and shared economic growth through catalytic and developmental interventions, within a coherent equitable spatial development architecture, putting people first, particularly the poor and vulnerable, and building sustainable communities, livelihoods and living environments (PGDS, 2016).

Concomitant attention is also given to the provision of infrastructure and services, restoring the natural resources, public sector leadership, delivery, and accountability, ensuring that these changes are responded to with resilience, innovation, and adaptability. The strategic goals and the associated vision and objectives are reflected in the above figure. Goal 1 deals specifically with inclusive economic growth. The PGDS acknowledges that one way of achieving this goal is by promoting SMME and entrepreneurial development



2.8 INTEGRATED DEVELOPMENT PLAN (IDP)

The Msunduzi Municipality IDP 2018/19 stipulates the following as the municipal's LED Strategic Objectives:

- To stimulate economic growth through job creation, promotion of BBBEE, development of SMME's, cooperatives and agri-industry;
- To promote sustainable tourism;
- To promote and stimulate business investment, retention, and expansion

The development of the informal economy strategy is an effort to address these strategic objectives. It is anticipated that the strategy will create an environment that is conducive to informal traders' growth and development.

2.9 LOCAL ECONOMIC DEVELOPMENT PLAN (LED)

The Msunduzi LED Review (2017) notes that local economic development is about communities continually improving their investment climate and business-enabling environment to enhance their competitiveness, retain jobs and improve incomes. The Strategy identifies the following key intervention areas:

- Develop and expand key sectors.
- Expand on existing investment promotion and facilitation activities.
- Encourage the involvement of women, youth and the disabled in local economic development activities.
- Skills development (i.e. financial management and technical skills)
- Capacity building (i.e. what is business about, correct use of resources, etc.)
- Communication and information sharing initiatives between Msunduzi and other stakeholders as well as between different subunits within the municipality.

2.10 SPATIAL DEVELOPMENT FRAMEWORK (SDF)

The Msunduzi SDF notes that the CBD Node is the heart of the City and consists of the core and the frame surrounding it. The CBD contains a variety of land uses. The immediate surrounding areas accommodates transitional uses at a lesser density. The SDF identifies the Pietermaritzburg CBD as an area where high density development should take place offering a wide range of compatible land uses.

3 DEFINING THE INFORMAL ECONOMY

Fourie (2018: 21) defined the informal sector and in formal enterprises as *“Informal enterprises are enterprises, with or without employees, that are not incorporated and not registered for taxation. The informal sector comprises all informal enterprises, their owner-operators/employers and all employees, paid and unpaid, in all economic sectors.”*

Keith Hart first coined the term “informal sector” in his study of the economic activities of the urban economy of Accra, Ghana, in 1973. Hart used the term to refer to the low-income activities of the urban poor who could not find wage employment.

The informal economy in China refers to small-scale units outside the legally established enterprises. The definition distinguishes three types of such enterprises namely micro-enterprises, family enterprises and independent service persons

Despite the many definitions of the informal economy, in most definitions the informal economy is characterised by the following:

- Small scale, low level of organization and low productivity;
- Happens outside of state licensing and regulation framework; and
- Legal and economically sound activities (differentiating the informal economy from hidden or underground economy).

3.1 ANALYSING THE INFORMAL ECONOMY

The United Nations Economic Commission for Africa Report (2010), point out the informal trading is the main source of job creation in Africa, providing between 20 per cent and 75 per cent of total employment in most countries. Despite its importance in the continent, informal trading and more generally the informal economy remains very marginally researched and favourable enabling policies still to be formulated.

At its constitutive meeting in December 2009 in Morocco, Local Economic Development Network of Africa (LEDNA) Advisory Board recommended that informal economy be treated as one of LEDNA’s core thematic areas. In further fulfilment of the LEDNA’s the 1st South African National Informal Trade Economy Summit was held in Polokwane from 10 to 12 November 2010 under the theme: “Managing the Informal Economy: A key service delivery function for Local Government”

Organised by the South African Local Government Association (SALGA) in partnership with the South African National Informal Economy Forum (SANIEF) and the South African LED Network, the summit brought together close to 180 municipal officials and staff working on informal trading across the country.

3.1.1 ATTITUDES AND PERCEPTIONS ABOUT THE INFORMAL ECONOMY

The formal and informal economy are often seen as two distinct and unconnected components of the economy. The informal economy is deemed to be made up of very small economic units which operate outside the purview of regulations and statistics, and their output is therefore unrecorded. Also, these economic units are deemed to operate independently of formal sector economic units –that is, the formal and informal economies are not connected in any substantial fashion. However, the formal and informal economies are integrally connected such that development factors in the formal economy are likely to have a significant impact on the informal economy and vice versa. More importantly, structural changes in the economy over time are also likely to have significant impacts on the informal economy (Valodia, 2007:7).

It is important therefore, that the municipality undertakes strategic planning in a harmonious and inclusive manner of both the informal and formal economy. the allocation of economic and infrastructural resources in the formal sector will impact the functioning and effectiveness of the informal sector.

3.1.2 INFORMAL TRADING AS A REALISTIC EMPLOYMENT PROVIDER

Key speakers in the summit stressed that the informal economy has the potential of addressing unemployment. In the keynote address, the World Bank Chief Economist for South Africa, Mr Sandeep Mahajan, contrasted the size of the informal economy in South Africa, which provides only 15 to 20 % of the employments as against other developing countries where informal economy usually account for far more than half of the employments. The estimated 35 % unemployment in South Africa, he stated could not be solved by the tripartite negotiations between Government/Formal businesses/Trade unions, which centre on dividing the “pie that exist today” in “this comfortable zone where everyone is located.” Solving that unemployment requires innovative, out-of-the-box solutions that may well reside in a new perspective of the informal economy as well as in “Integrated Township Economic Zones”.

3.1.3 URBAN INFRASTRUCTURES FOR INFORMAL TRADING

The building of efficient infrastructure came to the fore as one-core support local authorities can provide for informal traders. It was noted that informal trading often sticks out in a bad light precisely because no proper infrastructure has been provided. Building larger pavements, providing small spaces for informal trading in malls, providing shelter, electricity and water for informal "restaurant" etc. were some of the facilities municipalities were commended could provide.

3.2 FACTORS INFLUENCING THE INFORMAL ECONOMY

The International Labour Relations (ILO 2001) indicated the following are the factors that have caused the growth, changes in characteristics and dynamics of the informal economy:

3.2.1 LEGAL AND INSTITUTIONAL FRAMEWORK

According to ILO 2007, three types of legislation and regulations are important namely: commercial or business regulations governing the establishment and operation of enterprises; the laws pertaining to property rights, which could affect the ability to transform assets into productive capital; and labour legislation governing employment relationships and the rights and protection of workers.

The existing laws and institutions are poorly or well designed in terms of their influence on the costs and benefits to enterprises and workers of becoming and staying formal or informal. “More emphasis needs to be placed on an analysis, from the perspective of persons trying to develop a small enterprise, of the costs of and the barriers to being regulated; and, from the perspective of wage workers hired under informal contracts with no protection, of the costs to them when their employers avoid labour regulations”.

Informal trading is often a response of traders who are unable to comply with difficult, irrelevant, or prohibitive rules and regulations or who do not have access to market institutions. Therefore, simplifying business rules and procedures and reducing transaction costs would promote entrepreneurship and facilitate formalization. Simplifying laws and regulations does not mean total deregulation. It is important to remember that laws do not only constrain entrepreneurship and formalization, they can also play a facilitating or enabling role and serve to enforce fundamental principles and rights. An enabling legal system can offer security, incentives, safeguards and protections, limit liabilities, provide rules of succession and allow debt conversion. Informal enterprises at present do not have access to these enabling laws and therefore do not enjoy the benefits enjoyed by formal enterprises.

3.2.2 ECONOMIC GROWTH AND EMPLOYMENT CREATION

Economic growth patterns / trends are one of the key factors that explain the informal economy. Certain countries have experienced little or no growth in recent decades, while others have concentrated on capital-intensive growth, resulting in “jobless growth”. In both contexts, not enough jobs are created for all those seeking work, forcing people to find employment or to create their own work in the informal economy.

Whether the economy is growing or not, it is evident that not all people in a country can secure jobs in the formal economy. This situation forces others to join the informal economy to sustain themselves and their families.

3.2.3 ECONOMIC RESTRUCTURING AND ECONOMIC CRISIS

Another set of factors has to do with economic adjustment related to economic reforms or economic crises. It is now widely acknowledged that the stabilization and structural adjustment policies of the 1980s and 1990s, which in many countries resulted in growing poverty, unemployment, and underemployment, contributed to the spread of the informal economy. The main authors of these

policies, the international financial institutions, are therefore now emphasizing poverty eradication and sustainable development, although they still fail to give adequate attention to the employment implications of their policies.

For instance, the financial crisis in the second half of the 1990s in many Asian economies was also an important underlying factor. ILO research showed the informal economy expanded under the impact of the financial crisis, which reversed the previous gains of the working poor resulting from the tight labour market situation created by the rapid economic growth of earlier years in the East and South-East Asian countries. The swelling of the informal economy during the financial crisis reflects the “growth of more marginal economic activities and involvement of increased number of workers with lower average productivity and income”

For instance, the restructuring of state-owned enterprises in China, where some 9 million workers were laid off in urban areas, has been an important reason behind government policies to promote flexible informal employment as the most important means of solving employment pressures.

3.2.4 POVERTY

Increasing poverty is one of the underlying reasons for the growth of the informal economy. People that are poor and not formally employed tend to enter the informal economy to sustain themselves. However, this is not to say that people who are formally employed are not poor. Sadly, many formal workers never break out of extreme poverty, especially in developing and transition countries, where remuneration in the civil service and state-owned enterprises may not constitute a living wage.

The informal-sector income is relatively effective in reducing poverty because of income from informal sector work flowing into already poor households. In terms of poverty impact, the destruction of 100 jobs in the informal sector is the equivalent of losing about 60 to 80 formal-sector jobs. For policy makers and the poverty alleviation mandate, this is a cause for great concern since the informal sector largely comprises of individuals who make up households classified as being poor.

3.3 ROLE AND ADVANTAGE OF THE INFORMAL ECONOMY

The National Strategy for the Development and Promotion of Small business in South Africa notes the informal economy creates a significant contribution to the economic and social life of majority of South African population. These influences apply also to most of the residents in Msunduzi and they include amongst others the following:

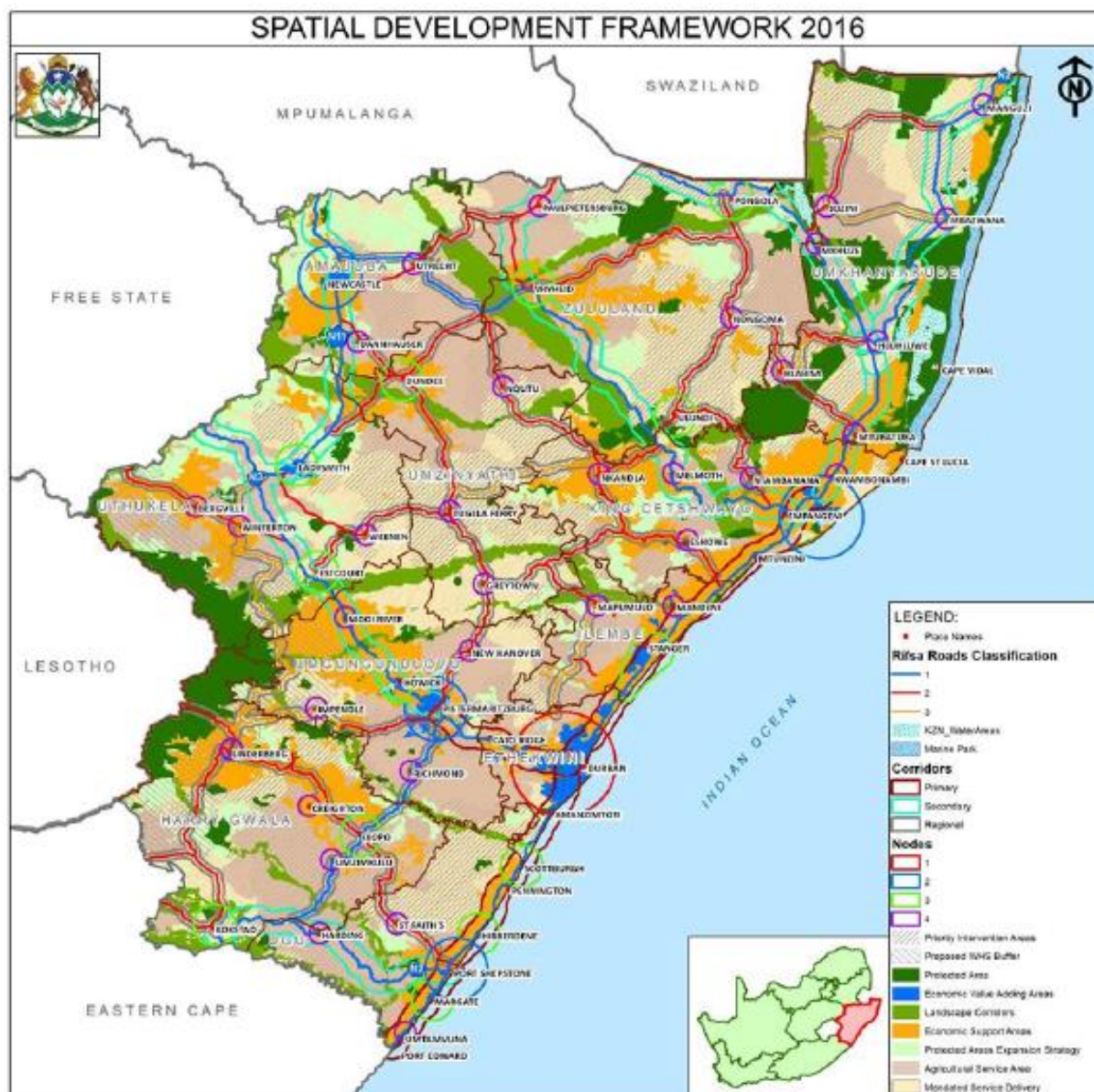
- Absorbs workers who would otherwise be without work or income;
- Helps to meet the needs of poor consumers by providing accessible and low-priced goods and services;
- Could serve as an incubator for business potential and an opportunity for on-the-job skills acquisition. In this sense, it can be a transitional base for accessibility and graduation to the formal economy, if effective strategies are put in place;

- Apart from job creation, economic growth and equity created the informal economy provides a relatively easy entry point into the first economic activity for those previously excluded.

4 DEVELOPMENT CONTEXT

4.1 THE MSUNDUZI LOCAL MUNICIPALITY WITHIN THE PROVINCE

Map 1: PGDS 2016



The Msunduzi Municipality has a relatively good economic infrastructure and potential for growth and has thus been identified as a secondary node within the Province. In addition, the following provincial corridors, impact on The Msunduzi:

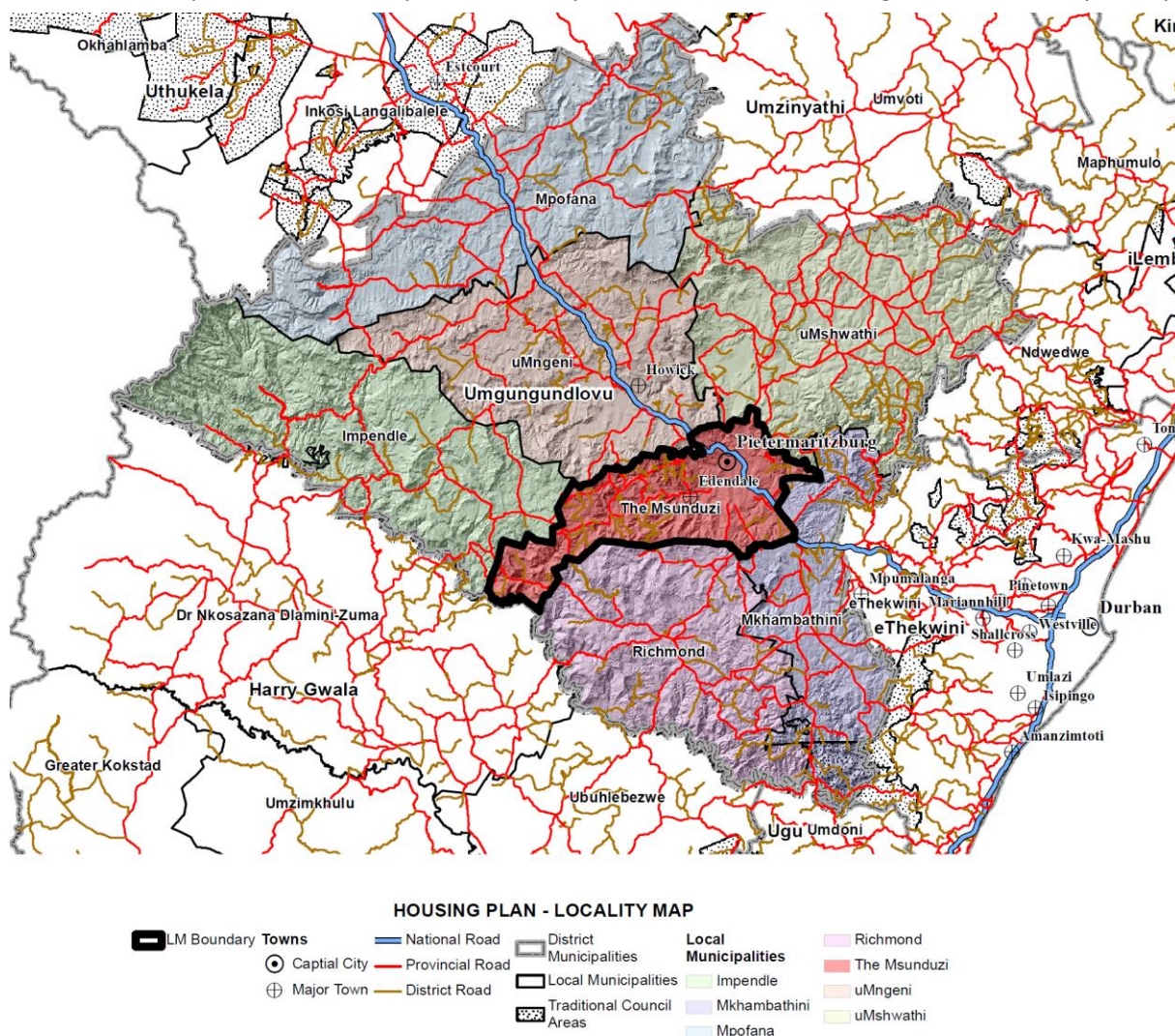
- Ethekwini-Msunduzi-uMngeni has been identified as one of three primary corridors (corridor with very high economic growth potential) in the Province, and
- Kokstad-Umzimkhulu-Msunduzi and Msunduzi-Nkandla-Ulundi have been identified as secondary corridors (corridor with good economic development potential).

The PGDS states that it is important that these nodes and corridors are supported by adequate and appropriate services such as transport infrastructure, electricity, water, housing, etc.

The Msunduzi links to eThekweni and Gauteng and its easy access to both the hinterland and the coastal ports offer a set of opportunities linked to manufacturing for export as well as the supply of logistics and other essential services. Msunduzi is particularly well located to attract investment in the six focus industries of national significance as well as those identified by the KZN PGDS, such as Business Process Outsourcing and specialized ICT services. For Msunduzi in partnership with uMngeni, the specialized medical (health) cluster and the education clusters are both capable of profitable expansion and if appropriately incentivized will attract more investment and create sustainable and skilled employment.

4.2 THE MSUNDUZI IN THE DISTRICT

The Msunduzi Municipality is the main economic and urban hub within uMgungundlovu District. Its central location within the district and at the nexus of the R56 provincial and the N3 development corridors accounts for its high level of accessibility from each of the surrounding local municipalities and connectivity to the national spatial economy. The N3 (Durban-Gauteng) corridor is the primary



route for logistics between the Port of Durban and Gauteng's large industrial base. The R56 is a provincial secondary corridor and the main link between KwaZulu-Natal and the Eastern-Cape Province.

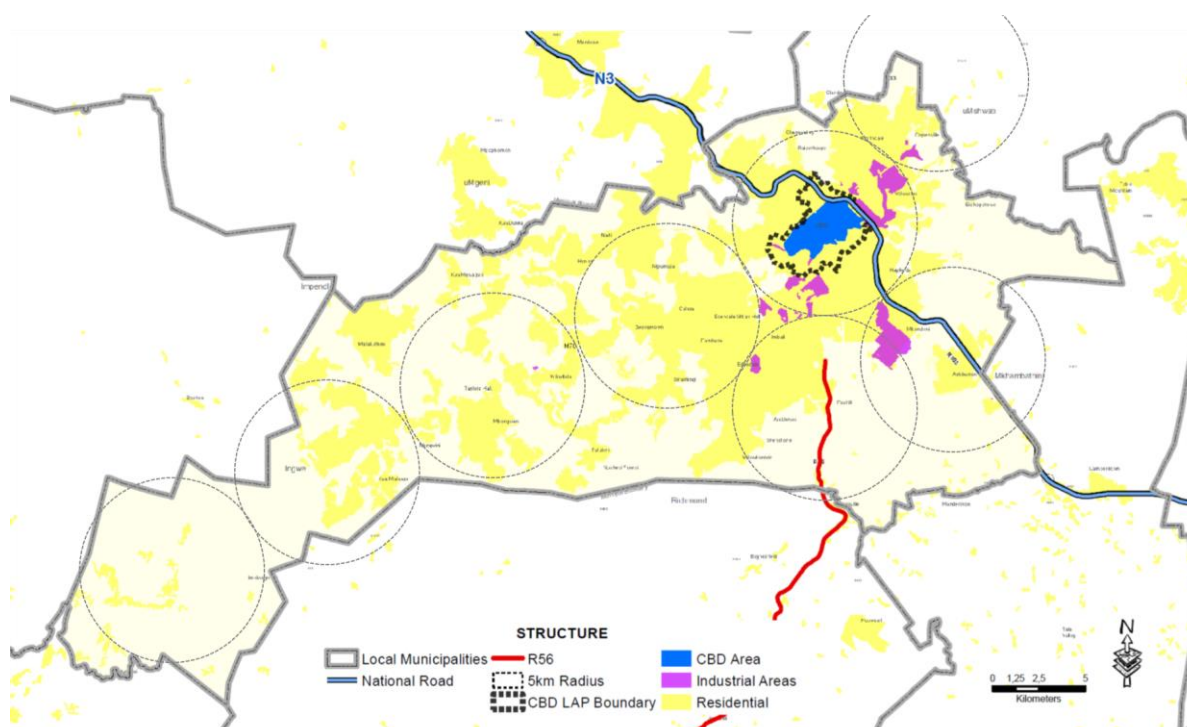
The urban core of Msunduzi is surrounded by a peripheral area that includes agricultural and rural areas with smaller towns occurring along main routes within commercial farmlands. These urban areas (towns) used to serve the agricultural sector within the district. These towns include the following (Stratplan, 2013):

- Howick located in uMngeni Municipality;
- Mooi River located in Mpofana Municipality;
- Impendle Village in Impendle Municipality;
- New Hanover-Wartberg-Dalton-Cool Air in uMshwathi;
- Camperdown located in Mkhambathini Municipality; and
- Richmond-Ndaleneni located in the Richmond Municipality.

The rural component of the district not only includes commercial farming land, but also large pockets of traditional authority land. Large areas of traditional land are located to the southwest of Msunduzi (Vulindlela), as well as in uMshwathi, Impendle, Mkhambathini and Richmond.

Another important structural element in the district is the N3, which is identified as a national development corridor. This corridor traverses the spatial landscape of the district in a north-westerly to south-easterly direction. The portion of this development corridor between Camperdown and Howick is characterised by a range of activities, which will thus become the focus areas of the development corridor. In response to the spatial structure of the district, the SDF identified the

Map 2: Msunduzi Municipality Spatial Structure



Pietermaritzburg / Ashburton / Edendale areas as the primary node (strategic economic development node).

The Howick / Hilton / Mphophomeni complex and the Camperdown / Cato Ridge area are identified as secondary nodes, while Mooi River / Bruntville, New Hanover / Wartburg and Richmond serve as tertiary nodes fulfilling administrative and commercial roles. Rural nodes, serving as rural service nodes to the surrounding communities, are identified as Dalton / Cool Air, Impendle and Vulindlela. (uMgungudlovu SDF review, 2013/14).

The city has developed in line with a typology common in most cities in South Africa wherein the structure relates to a central core in the central business district (CBD) with several major access and/or exit routes radiating outwards. In the Msunduzi, these occur in the form of the N3 and its linkages through the city, and east-west axis linking the northern and the southern parts of the city through the city centre. The latter is identified in the SDF as a development corridor, and some of its components have received some detailed mixed land use activity corridor related planning. The N3 is also a significant access/exit route to and from the city and is also identified in the NDP and the PGDS as a development corridor of national and provincial significance.

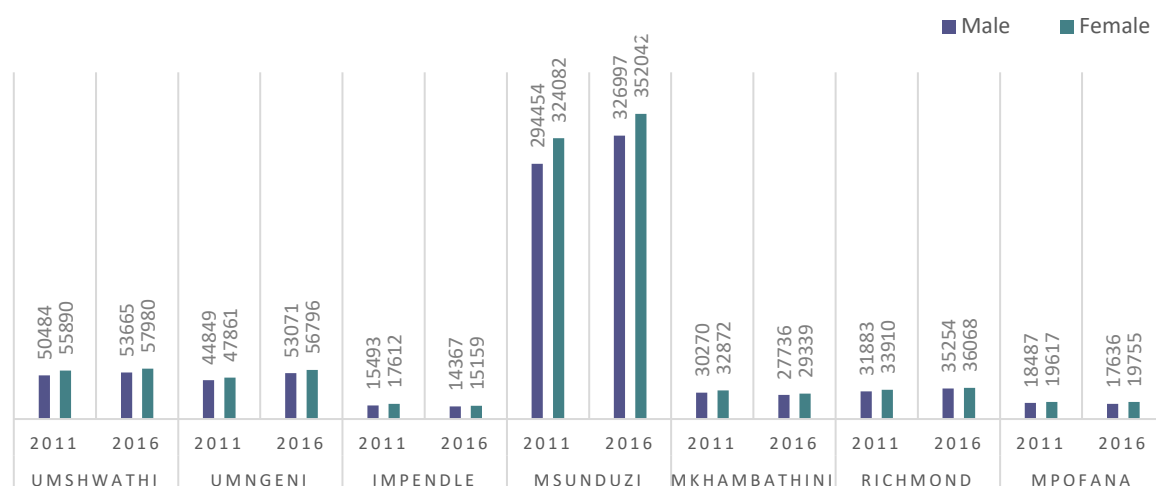
4.3 SOCIAL-ECONOMIC ANALYSIS

4.3.1 POPULATION

The uMgungudlovu District, which includes the Msunduzi Municipality, has the second largest population in the province at about 1.1million or 10% of the provincial population. The Msunduzi Municipality contributes 6.1% to the provincial population.

4.3.2 AGE AND GENDER STRUCTURE

Figure 1: Age and Gender



(Source: Stats SA, Census 2011, and Community Survey 2016)

Figure 1 compares the results of the 2011 Census data and 2016 Community Survey in respect of the age groups for local municipalities within the UMDM. Data suggests a clear dominance of the people below 34 years of age (the youth) throughout the district Impendle and uMshwathi Municipalities. The second largest group are those within the 0 to 14 age cohort. This implies a need for human settlements to respond to the needs of a youth and youthful population, which includes public facilities, employment opportunities and perhaps different types of housing units

4.3.3 EMPLOYMENT

The employed population in Msunduzi made up 51.8% of the labour force in 2001 and has grown to 60.6% in 2011, indicating a 2.7% growth rate during this period. Based on this growth rate, it is estimated that the employed component of the labour force currently sits at 66.7%. The unemployed population accounted for 48.2% of the labour force in 2001 and in 2011, it made up 39.4% of the labour force indicating a -3.8% growth rate during this period. Based on this growth rate, it is estimated that the unemployed component of the labour force currently sits at 33.3% (Msunduzi LED Review, 2017). Unemployment amongst the youth is still high and is a threat to the society since the youth is vulnerable to social evils such as drug use / abuse, criminal activities, alcoholism, prostitution that can lead to increase in HIV / AIDS, etc.

Table 1: Employment Profile

Employment Profile	2001	2011	Growth rate	2017
Employed	51.8%	60.6%	2.7%	66.7%
Unemployed	48.2%	39.4%	-3.8%	33.3%
Labour Force	100.0%	100.0%	3.5%	100.0%

Source: Msunduzi LED Review (2017)

4.3.4 EDUCATION PROFILE

Majority of the population have completed matric/grade 12. This is followed by population that have received some secondary education (32.4%), some primary school level (10.4%) and completed primary school level (3.6%). The low literacy rates suggest that majority of the population can be absorbed in the informal economy for survival. It is therefore important that the municipality promote the informal sector to address unemployment and poverty in the area. Majority of the population in the municipal area do not have the necessary skills or educational background that can be absorbed in the white-collar jobs.

4.4 KEY ECONOMIC SECTORS

The economy of uMgungundlovu is dominated by tertiary sector activities, especially community services, commerce, and trade activities - these are also the highest growth sectors in the district. Agriculture and manufacturing make up 21% of the economy and have been experiencing just 1% growth since 2012.

Most manufacturing enterprises are situated within the Msunduzi and uMngeni Municipalities, as well as Camperdown within the Mkhambathini Municipality (DRDLR, 2015). Manufacturing activities in the district are varied depending on the municipality. Numerous businesses have chosen to be situated in the Mkhambathini Municipality due to its proximity to eThekweni and Msunduzi, but relatively cheaper land and electricity costs. In Msunduzi, manufacturing activities include aluminium and steel processing, and manufacturing in the food and beverage industry. In uMngeni, most manufacturing takes place in Howick and focuses on agricultural products. Timber processing is important for the district and major firms in this industry comprise Sappi, NCT Forest and Mondi. Other notable industries include rubber, sawmills, pallet-making factories, as well as biodiesel and fuel replacement industries.

Pietermaritzburg, Howick, Mooi River, Camperdown and Richmond-Ndaleneni have formalised retail and commercial industries, whilst areas such as Dalton, Impendle and Vulindlela have a mix of formal and informal retail activities. Pietermaritzburg, being a large second-order node within KZN, has a significant and varied retail and government service offering, and as such has significant regional linkages with rural communities within the surrounding districts of Harry Gwala, uMzinyathi, and uThukela.

The tourism industry in uMgungundlovu is mainly historic, cultural and nature based. Some notable sites include the Midlands Meander, uKhahlamba-Drakensberg and umkhomazi River Valley. The local municipalities in the district also support these main tourist attractions because they also have historic sites and natural attractions (DRDLR, 2015). Visitors come to uMgungundlovu to enjoy the hiking trails, for kayaking, fishing, bird watching and white-water rafting. In addition to the above mentioned, Pietermaritzburg hosts several international and national events such as the Comrades Marathon, the Midmar Mile, the Msunduzi Canoe Marathon and the BMX Championship.

UMgungundlovu is home to diverse agricultural activities, including crops such as maize, sugarcane, fruit and vegetables, farming of cattle and sheep, horse breeding, and timber plantations. Expanding this sector is core to the vision of the district and partly as a consequence of this political will, the sector has experienced growth over the previous 5 years.

5 INFORMAL TRADERS OPERATING IN THE MSUNDUZI CBD

A survey was undertaken within the Msunduzi municipality. The aim of the survey was to collect information from informal traders and get an understanding of the demographic profile, dynamics, and spatial location of informal traders in Msunduzi. This section analyses the results from the survey.

5.1 APPROACH TO THE SURVEY

The survey took an approach that is independent of a hypothesis or any pre-determined findings. Accordingly, the approach embraced was geared towards on-site research / field work as a primary information source.

Aspects covered in the survey were largely informed by the need to understand the socio-economic dynamics of informal traders within the municipality. The criteria mainly focused on persons who were informal traders.

5.2 METHODOLOGY

Data was collected from the informal traders using structured questionnaires. The responses were captured on tablets. The survey was undertaken in the high-density concentration areas of informal trading within Msunduzi, to record the activities of informal traders.

The survey included the recording of GPS coordinates of each informal trader interviewed and subsequently provided a spatial representation of their location on a map.

5.2.1 DATA COLLECTION

Questionnaires were prepared prior to the fieldwork and loaded onto electronic tablets. They were easy to use as participants were able to understand and choose an appropriate/correct response from the given options.

5.2.2 SAMPLING

The Socio-Economic Survey covered all high-density areas of the Msunduzi municipality and was conducted between 15th to 18th of October 2019. Approximately 10 informal traders were randomly selected from each of the sections. Thus, a total of 80 traders were surveyed. The high-density areas are as follows;

- Freedom park and the new taxi rank
- Basement rank
- Retief street
- Church street between chapel and commercial
- Church street between Boshoff and Retief
- Northdale Manchester road
- Northdale Debbie market area

The sample size was determined by collecting the total number of informal traders in Msunduzi existing database (2017), which is 517 informal traders. Thereafter a 10% of the total indicated a minimum of 52 samples were to be collected. The number was escalated to 90 to give allowance for human error, where only 80 forms were correctly captured and used for this analysis.

5.2.2.1 FIELDWORKERS

Three (3) fieldworkers performed the survey. The fieldwork team received training on 14th of October 2019 to ensure that they were ready to accurately conduct the survey. Issues identified during the training were addressed. The municipality organised representative from the Informal Trading Association to accompany each field work.

5.2.2.2 DATA CAPTURING

The data collected was extracted from the tablets into an electronic spreadsheet (database) during October 2019, for the data to be analysed and collated into a report.

5.3 LIMITATIONS OF THE SURVEY

The project did not proceed without any challenges. A larger sample of approximately 80 was selected to ensure validity and reliability of the data collected and to further compensate for the inevitability of human error. During data collection the fieldworkers had to be accompanied with the representatives from each block. The informal traders were not made aware of the project which caused a delay in the collection of data. The survey was cancelled and resumed once the representatives were present. The contact details of the representatives provided by the Municipality were not updated thus making it difficult to get in touch with the respective representatives.

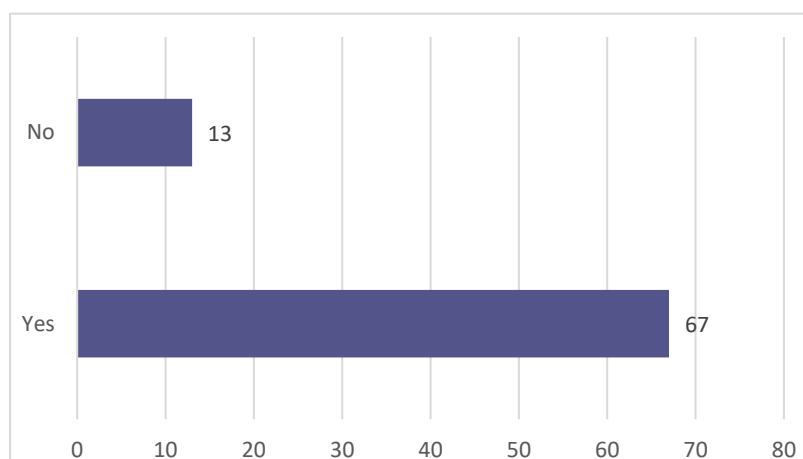
5.4 DEMOGRAPHIC PROFILE

5.4.1 CITIZENSHIP

The data analysis of Informal traders in Msunduzi Municipality revealed that 83.75% of informal traders are South African citizens. Only 16.25% of Informal traders are not South African citizens. The 16% are made up of mostly Malawians and a small percent of Zimbabweans.

Figure 2 illustrates that majority of the informal traders within the Msunduzi are South African citizens. This has implication for the various economic assistance available to informal traders.

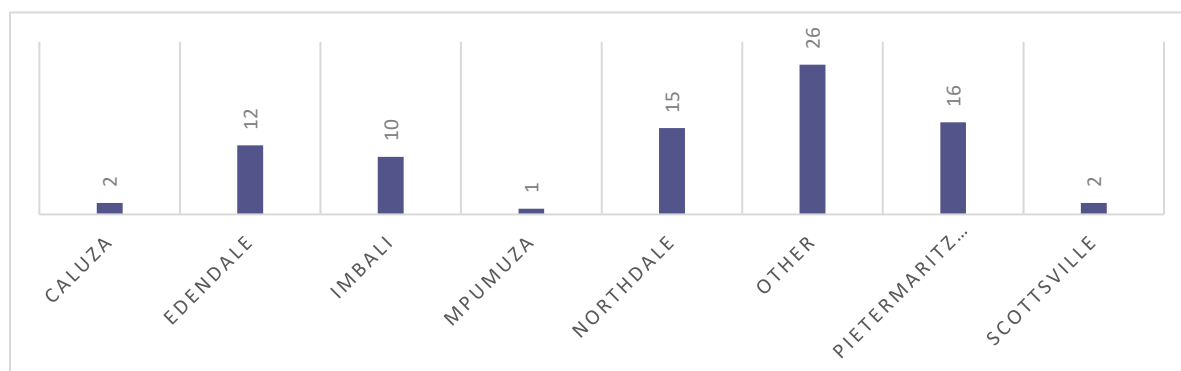
Figure 2: SA Citizenship



5.4.2 PLACE OF RESIDENCE

Majority of the informal traders reside in Pietermaritzburg central, followed by Northdale and Edendale. The remainder of informal traders reside in areas such as (Ashdown; Kanyamazane; KwaNyandu; KwaPata; Manqongqo; Ndabuza; Oribi; and Willowfontein).

Figure 3: Place of residence

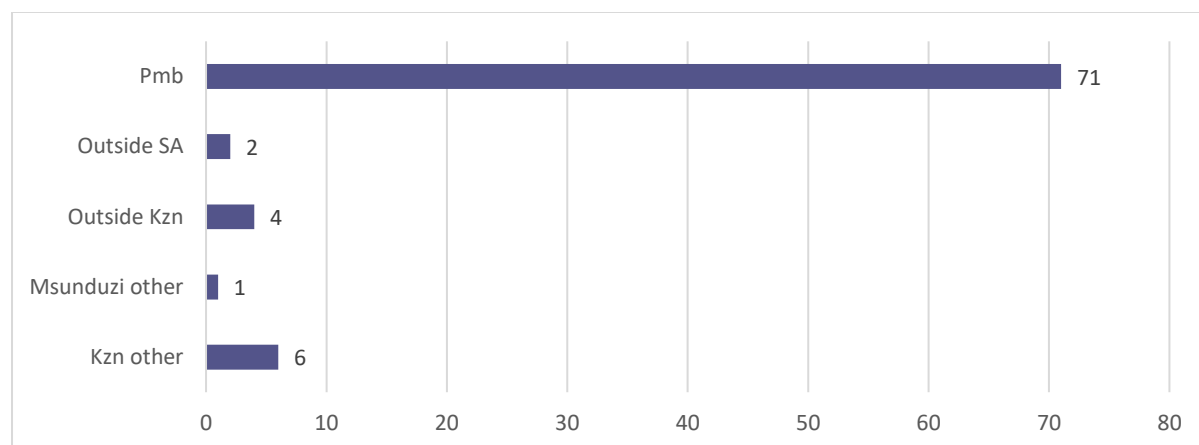


In conclusion more than half, 69%, of the informal traders within Msunduzi reside in the municipal area. Only 31% of the informal traders reside in areas surrounding the municipality.

5.4.3 PLACE OF PREVIOUS RESIDENCE

Figure 4 below presents the previous place of residence of the informal traders. From the graph below majority of the traders resided in Pietermaritzburg. a very small portion resided outside KZN. The second area of previous residence is Richmond, which is 46 kilometres from Pietermaritzburg. Only two traders indicated their previous place of residence to be outside South Africa, which was Malawi.

Figure 4: Place of previous residence

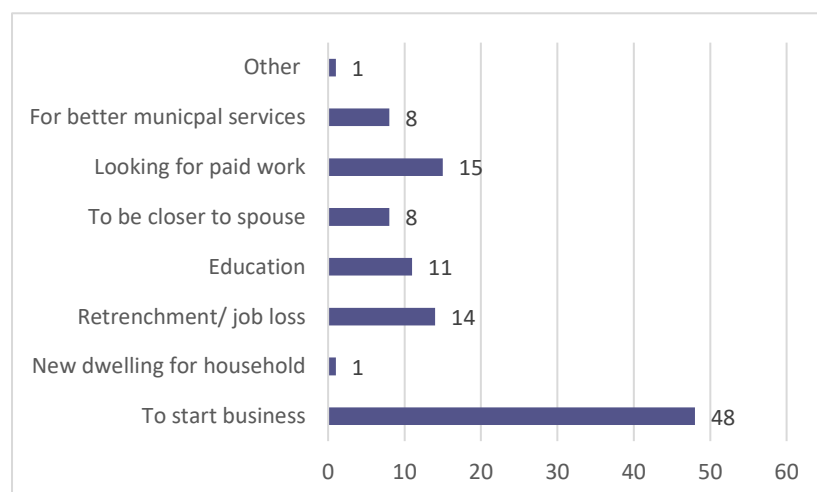


5.4.4 REASON FOR MOVING TO MSUNDUZI

Figure 5 depicts the reasons for moving to Msunduzi Municipality. Majority (45%) of the informal traders moved to Msunduzi to start a business. The second highest reason is in search of a paid job and access to education.

The common reason for moving to Msunduzi municipality was in search of a better quality of life, better access to education, services, and employment. a small percentage of the participant indicated that they moved to be closer to their families.

Figure 5: Reason for moving



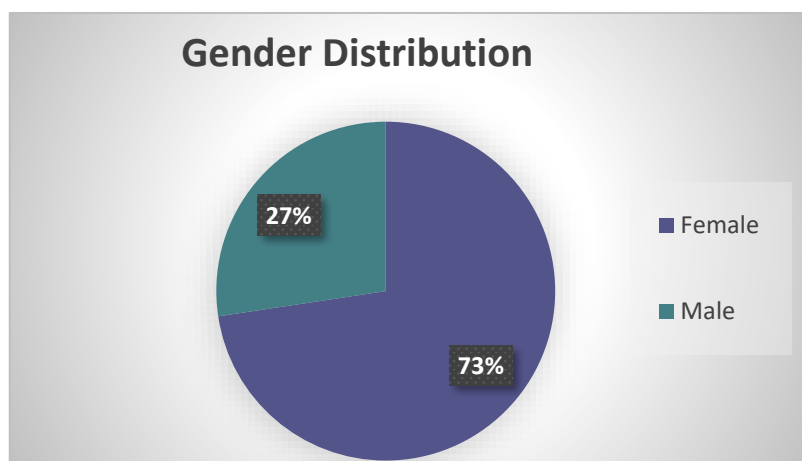
5.5 SOCIO-ECONOMIC ANALYSIS

5.5.1 GENDER COMPOSITION

The study revealed that most of the informal traders interviewed were women. Figure 6 illustrates that the informal traders are made up of 73% females and 27% males. This may be attributed to women being head of households, greater male mortality rates, family disruptions or other social issues. Majority of the women sought out employment without success. To provide an income for

their households they resort to informal trading. More importantly, this emphasizes the need for interventions and the direction of resources towards these traders, since females are one of the vulnerable and under resourced groups in society.

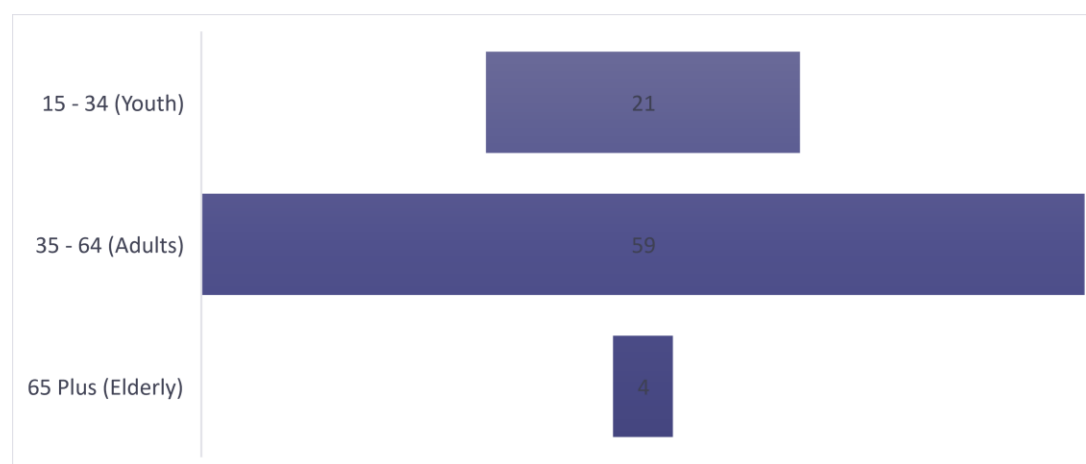
Figure 6: Gender Composition



5.5.2 AGE STRUCTURE

From the survey sample, most of the traders fall within the age groups of 35-64 years and account for 70% of the informal traders. Twenty five percent of the traders fall under the 15-34 age group. These two groups make up the economically active population. Approximately 4% of the trading are headed by pensioners.

Figure 7: Age Groups

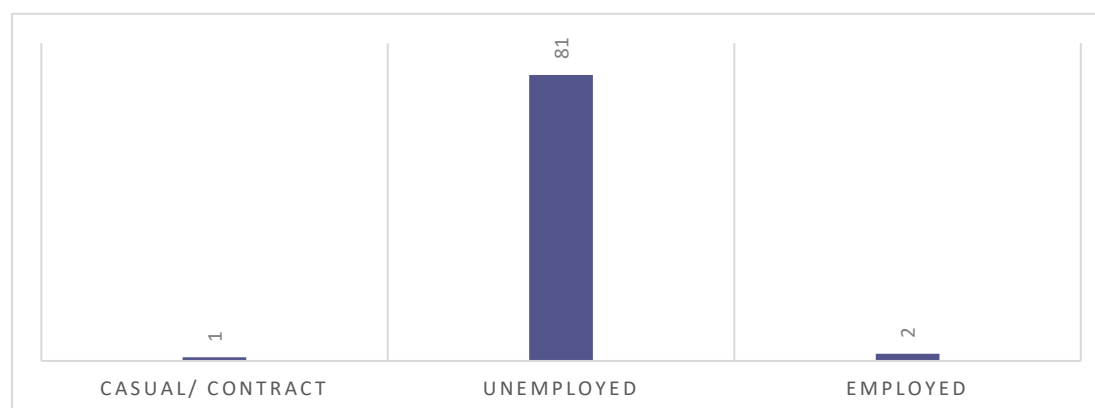


5.5.3 EMPLOYMENT STATUS

Figure 8 shows that 96% of the traders are unemployed while only a small percentage of only 3% is employed (casually or on contract). Employed informal traders trade on their days off from their formal employment and on weekends. The income generated from their trading activities is used to supplement their formal incomes which are usually not adequate to meet family needs.

A need arises for the creation of opportunities and assistance towards informal traders to funding and training for their businesses.

Figure 8: Employment Status



5.5.4 WEEKLY INCOME

Figure 9: Weekly Income

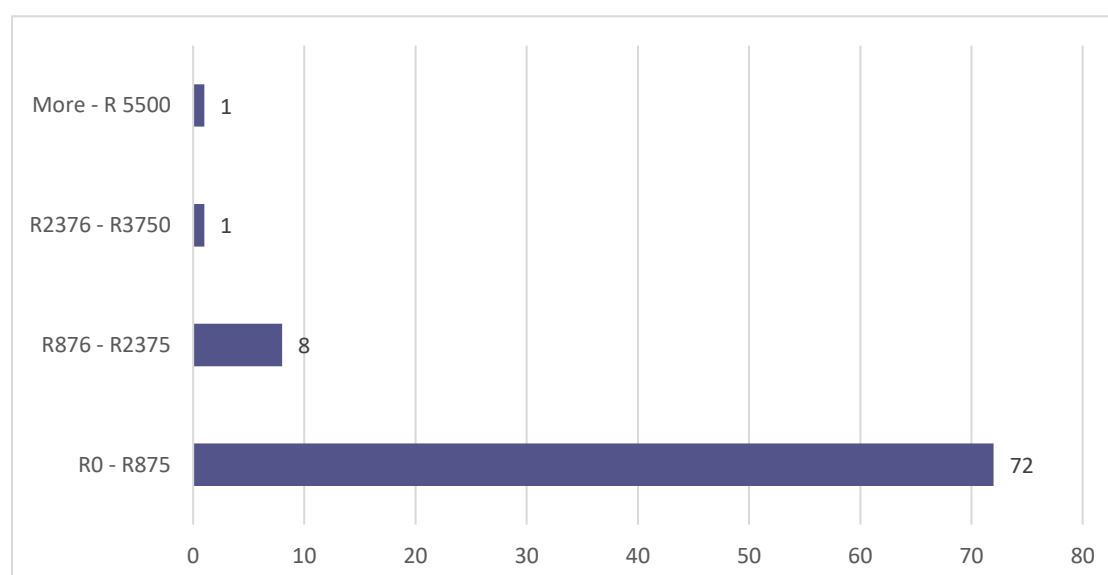
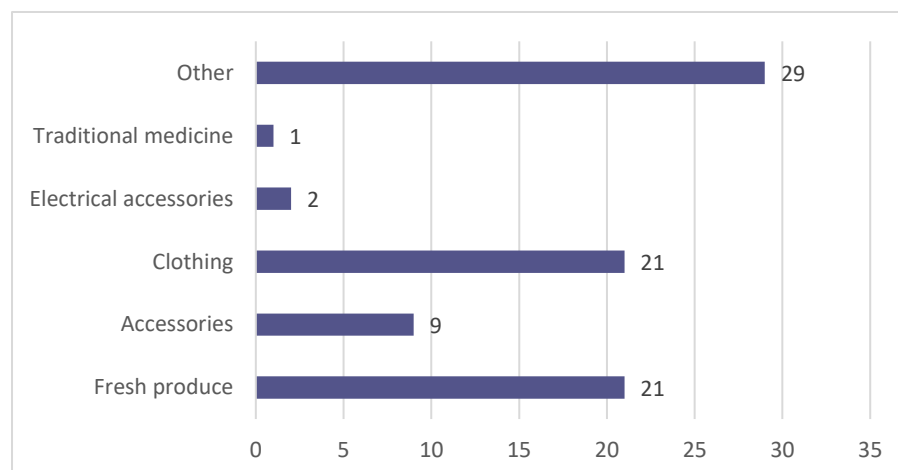


Figure 9 shows the incomes generated on a weekly basis by the traders within, which are generally low. A negative correlation exists between the number of traders and income generated. As income increases, the number of traders within higher income regions plummets significantly. A significant 87% of the informal traders earn between R0 to R875 a week. Only 8% earn between R876.00 and R2 375.00 a week, which translates to between R 3 504 and R9 500.00 per month. These low incomes further highlight the plight of informal traders in generating incomes that will sustain their livelihood and keep their trading activities afloat.

5.5.5 TYPES OF GOOD SOLD

Figure 10: Types of Goods sold



The survey indicated that 50% of the informal traders sell clothing and fresh produce. Very few sell accessories and only one of the samples of traders, sold traditional medicine.

This indicates that the demand for fresh produce and clothing by the residence are high. In addition to the high demand of these commonly sold goods, they can be obtained at reasonable prices and sold through the seasons. Thirty five percent (29) of the informal traders sell goods such as sweets, snacks and airtime. There are a few traders that sell food and conduct hairdressing services. These traders are mostly on the side walks and are easily accessible. Due to the health implications and requirement according the Msunduzi Street Trading and Allocation Policy, a need arises to create informal trading zones where certain types of good may be sold and areas where they may not be sold.

5.5.6 SUPPLIER OF GOODS

Figure 11: Supplier of Goods sold

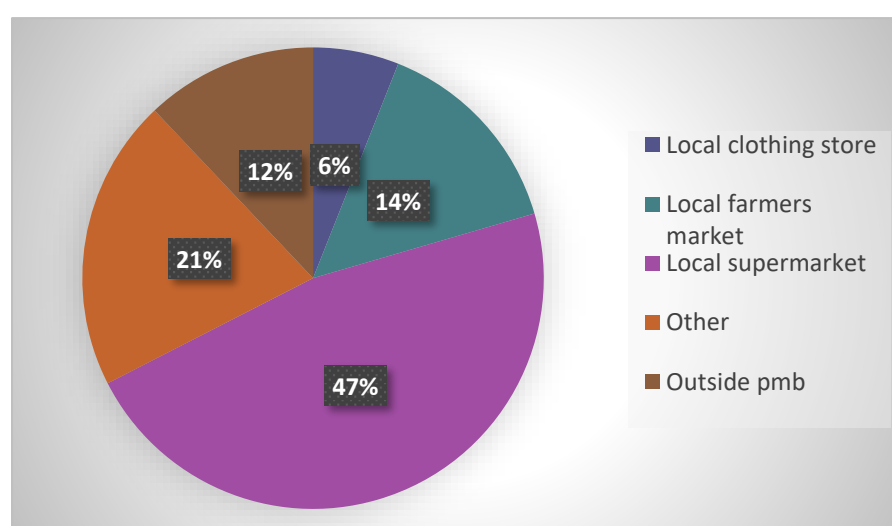


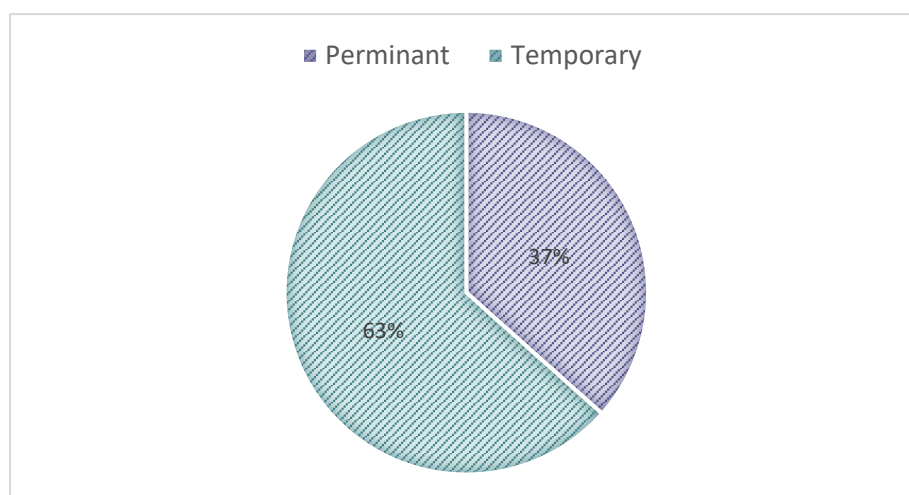
Figure 11 shows the supplier of the good sold by informal traders. Majority of the traders buy their produce from the local supermarkets (47%) and farmers markets (14%). The clothing is bought from the local clothing stores. Twenty one percent of the traders buy their products outside of

Pietermaritzburg, specifically in Durban. These numbers show that informal traders generally have good access to markets where acquiring the goods they sell.

5.5.7 TYPE OF STRUCTURE

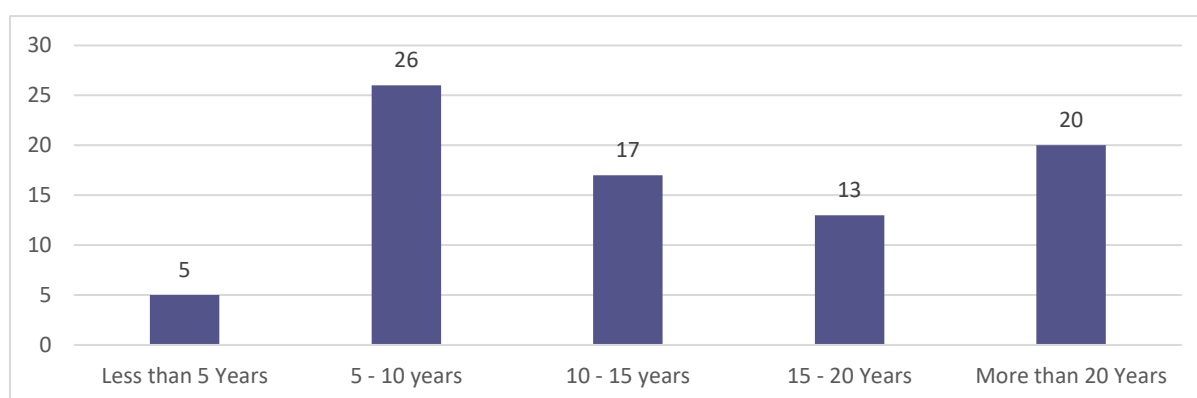
More than half of the informal traders have no formal structure to trade in, this makes trading very difficult on extreme weather conditions. The amount earned weekly is highly affected by the weather conditions experienced, since traders on the sidewalks cannot operate on extreme rainy conditions. Thirty seven percent of the traders have a temporary structure to trade in. Keeping the produce fresh is affected by the availability of a structure.

Figure 12: Structure type



5.5.8 YEARS' OPERATING

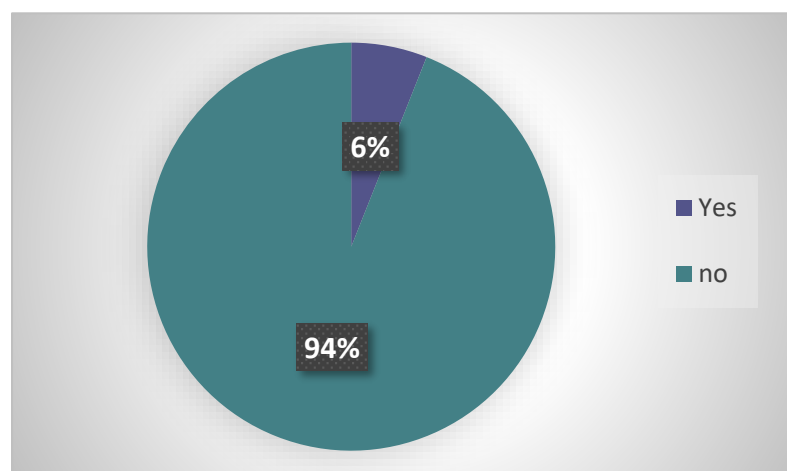
Figure 13: Number of years trading



Majority of the informal traders have 5-10 years' experience in trading. This is followed by 24% of the traders who have been trading for more than 20 years. The number of years a trader is operating in the informal sector further highlights the need for avenues to educate and assist traders in formalising their businesses.

5.5.9 TRADING IN FORMAL MARKETS

Figure 14: Operating in formal markets



Ninety four percent of the informal traders do not trade in any formal markets in Pietermaritzburg. Example of formal markets include, the Royal show and Cars in the park which are seasonal to the municipality. Only 6% of the traders participate in formal markets such as Meseni drifters.

5.5.10 REGISTERED INFORMAL TRADERS

Figure 15: Registered traders

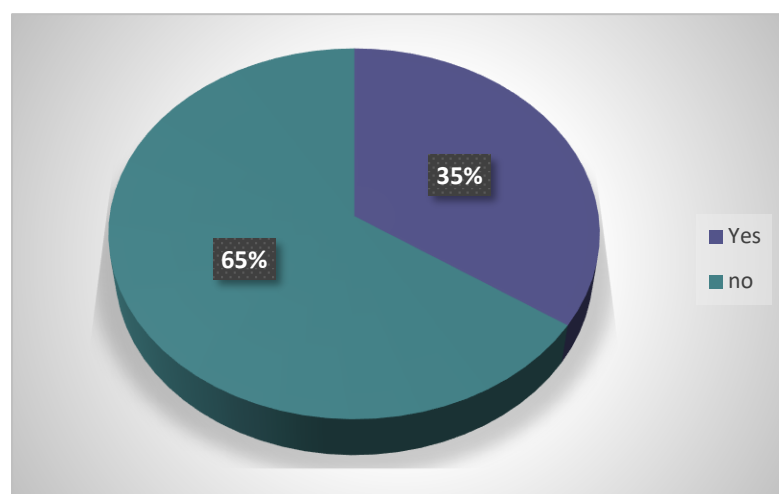


Figure 1 shows that only 35% of the informal traders interviewed are registered with the Msunduzi municipality. More than half of the traders (65%) are not registered.

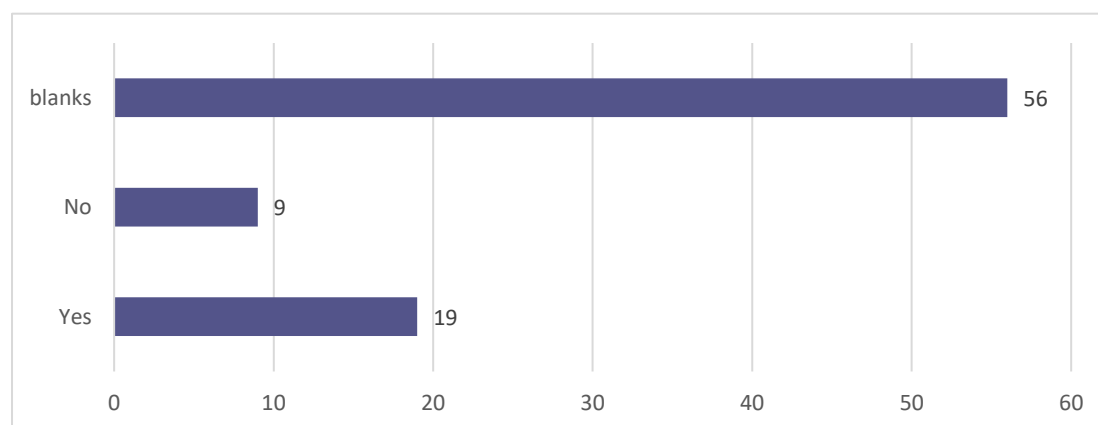
The large number of unregistered traders means that the municipality does not have the correct number of traders in their database. In turn this will lead to

skewed allocation of funding in the informal sector for the provision of infrastructure, capacity building and training, etc.

5.5.11 RATES AND LEVIES

Only 22% of the traders pay rates and levies, 10% of the traders admitted to not paying their rates and levies. An astounding 66% of the traders have left that section of the questionnaire blank. It is safe to conclude that majority of the traders do not pay rates and levies. This potentially impacts on the municipality's revenue base and means to support informal trading.

Figure 16: Paying rates and levies

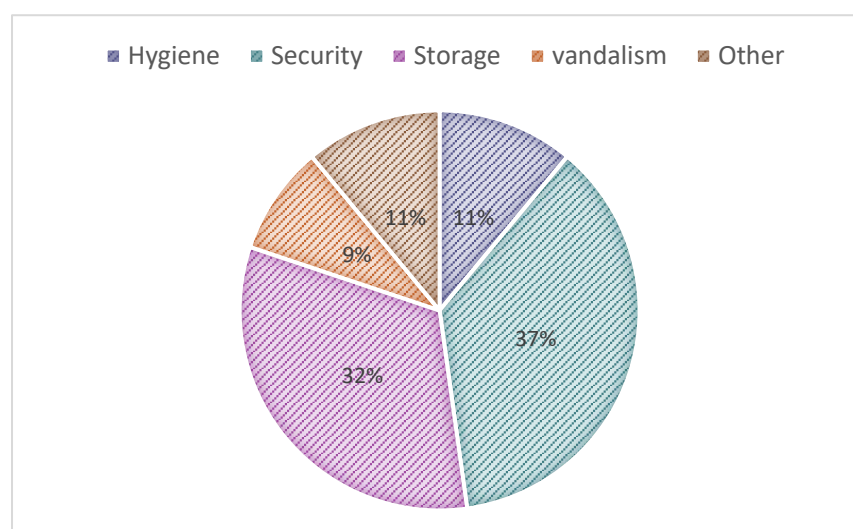


5.5.12 CHALLENGES EXPERIENCED

When asked about the most challenging aspect of trading, majority of the traders pointed to security. They do not feel safe trading along the streets because of the high possibility of having their goods stolen. The fact that they do not have formal trading structures also exacerbates safety concerns because it makes them easy targets.

The second most challenging aspect is the lack of storage. Some travel with their goods every day to and from home. The basement rank areas use one storage. Most of the informal traders who trade along the streets store their goods in nearby stores when possible. In such instances they are expected to pay a fee to the shop owner for storing their goods.

Figure 17: Challenges experienced



Other reasons include the hygiene of the trading area noting that most of the streets are filled with litter. The waste is only collected once a week in some areas making them very unhygienic, especially where food items are sold.

Map 3: Surveyed Informal Traders



6 ECONOMIC ANALYSIS

The economy of uMgungundlovu is dominated by tertiary sector activities, especially community services, commerce, and trade activities - these are also the highest growth sectors in the district. Agriculture and manufacturing make up 21% of the economy and have been experiencing just 1% growth since 2012.

Most manufacturing enterprises are situated within the Msunduzi and uMngeni Municipalities, as well as Camperdown within the Mkhambathini Municipality (DRDLR, 2015). Manufacturing activities in the district are varied depending on the municipality. Numerous businesses have chosen to be situated in the Mkhambathini Municipality due to its proximity to eThekweni and Msunduzi, but relatively cheaper land and electricity costs. In Msunduzi, manufacturing activities include aluminium and steel processing, and manufacturing in the food and beverage industry. In uMngeni, most manufacturing takes place in Howick and focuses on agricultural products. Timber processing is important for the district and major firms in this industry comprise Sappi, NCT Forest and Mondi. Other notable industries include rubber, sawmills, pallet-making factories, as well as biodiesel and fuel replacement industries.

Pietermaritzburg, Howick, Mooi River, Camperdown and Richmond-Ndaleneni have formalised retail and commercial industries, whilst areas such as Dalton, Impendle and Vulindlela have a mix of formal and informal retail activities. Pietermaritzburg, being a large second-order node within KZN, has a significant and varied retail and government service offering, and as such has significant regional linkages with rural communities within the surrounding districts of Harry Gwala, uMzinyathi, and uThukela.

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6.1 INFORMAL TRADING REGULATORY ENVIRONMENT IN MSUNDUZI

6.1.1 MSUNDUZI INFORMAL TRADE BY-LAWS

The Msunduzi Municipality adopted Informal Trading By-laws which regulate and enable informal traders to conduct their trading activities in line with legislative requirements. The Bylaws are detailed but for the purpose of this report, a summary of key sections is presented in the following section of the report.

Prohibition: The bylaws are categorical in terms of indicating where informal trading activities are prohibited. Amongst others, the bylaws prohibit informal trading in areas where they will cause obstruction, in front of places of worship or state-owned buildings.

Restrictions: The bylaws are clear in terms of restriction of informal trading activities. The bylaws restrict informal trading activities in areas where they obstruct display of shops, restrict sleepovers at the business site especially in public spaces, restrict informal trading activities if they obstruct access to or the use of street furniture, bus shelters, refuse disposal bins or any other facility designed and made available for use by the public. The bylaws also do not allow informal traders to store more than 9kg or liquefied petroleum gas on the business site.

General Duties of Street Traders: This part of the bylaw highlights what is expected of the informal traders particularly in terms of maintaining cleanliness in their area of operation. It also provides guidance regarding the size and location of the area or stand occupied by an informal trader.

Removal and impoundment of goods: This part of the bylaw informs the informal traders of what may necessitate the impoundment of their goods.

Offenses and Penalties: This part of the bylaw presents punitive measures to informal traders who offend the bylaws. It states that any person who contravenes any provision of these bylaws shall be guilty of an offence and on conviction shall be liable to a fine or imprisonment for a period not exceeding three months.

The economic growth of Msunduzi Municipality needs active participation of the informal traders. However, these traders need to operate their businesses in accordance with the bylaws. Msunduzi Municipality has largely enforced these bylaws, but challenges still do exist.

6.1.2 LAW ENFORCEMENT

Law enforcement on informal traders is undertaken by the police force. Through consultation with some informal traders and municipal staffs, it was established that there is no proper coordination between law enforcement office and the municipality when it comes to addressing illegal trading activities and unregistered traders. Informal traders have also raised concerns about law enforcers operating in the CBD. Some law enforcement officials are having been observed by traders to turn a blind eye to illegal trading activities and the apprehension of unregistered traders. Some informal traders have suggested a change in the law enforcement to address these challenges.

7 INSTITUTIONAL ANALYSIS

7.1 NATIONAL & PROVINCIAL INSTITUTIONS

The informal economy is considered as an important contributor to the national GDP and as such enjoys considerable support from the national, provincial, and local governments. The table below highlights some of the existing institutional support provided in these spheres of government.

INSTITUTION	GOALS/OBJECTIVES ON INFORMAL ECONOMY
National	
Department of Trade & Industry (DTI)	DTI has an array of programmes that are geared towards the support SMME development & informal Trading, including funding business support services, financial assistance, investment incentives, etc.
Department of Cooperative Development & Traditional Affairs (COGTA)	COGTA plays an important role by supporting municipalities in their LED initiatives. The initiatives include SMME development. Initiatives such as the LED Fund and Social Plan Fund were introduced to enable municipalities to initiate and facilitate LED programmes in their respective areas.
Department of Arts & Culture (DAC)	DAC has introduced Investment in Culture programme intended to promote the development of sustainable community arts and crafts projects.
Department of Labour (DOL)	DOL has developed the Skills Support Programme (SSP) to assist expanding and new companies with skills development and training.
Provincial Departments	
KZN DTI KZN COGTA, KZN DAC KZN DOL	The above-mentioned national departments have provincial departments such as KZN DTI, KZN COGTA, KZN DAC & KZN DOL. The function of these provincial departments is to propagate the national support programmes so that they can be implemented by the local government. In essence, the provincial departments supports the local governments to implement the national programmes

7.2 LOCAL INSTITUTIONS

7.2.1 MSUNDUZI MUNICIPALITY INFORMAL TRADERS

There is a dedicated unit within the municipality that oversees the issues affecting informal trading operating in Msunduzi. The staff in this department are well equipped with the essential skills to ensure that there is development and growth in the informal sector.

7.2.2 INFORMAL TRADERS ASSOCIATION

There is an informal trader's association that is operational and active. The representatives of this association sit at the municipal informal traders' chamber to discuss issues affecting the informal traders. This sitting also offers the municipality and opportunity to convey the message on any developments that are occurring in the municipality and have implications on informal trading.

8 CHALLENGES FACING THE INFORMAL ECONOMY

The KwaZulu-Natal Policy for the Informal Economy identifies general challenges faced by the informal economy in the province as being of an institutional, infrastructural, and economic nature as listed below.

8.1 INSTITUTIONAL CHALLENGES

The following represent most critical challenges facing actors in the informal economy:

- No access to training
- Limited access to finance and banking institutions
- Limited to land and property
- Excessive government regulations

8.2 INFRASTRUCTURAL CHALLENGES

The following represent most critical challenges facing actors in the informal economy:

- Lack of working premises
- Water
- Storage facilities
- Toilets

8.3 ECONOMIC CHALLENGES

The following represent most critical challenges facing actors in the informal economy:

- Insufficient funds do not allow for further investments;
- Low income or lack of regular income as household consumption competes for the use of business earnings;

- Lack of opportunities for bulk purchase of inputs and lack of working capital and
- Limited access to technology.

8.4 DYNAMICS BETWEEN MUNICIPALITY AND INFORMAL TRADERS

Dynamics in this case are the challenges on relationship between the informal traders / representatives, law enforcement and the municipality. Some of the common challenges that face the relationships between informal traders and the municipality are as follows:

- Relationships with police are always strained, especially law enforcement agents who are viewed as antagonistic to informal trading;
- There is a perception by informal traders that foreigners are taking over their business and mainly their trading space;
- Tense and frustrating relationships with local municipalities, especially where informal traders' goods are constantly being confiscated and impounded (whether correctly or otherwise);
- Strained cooperation between authorities and informal traders results from frustrations of informal traders due to site allocations and time taken to process permits by municipalities;
- Increased inter-organizational rivalries and intra-organizational conflicts between and among informal/street traders' associations;
- Most of these organizations are institutionally and financially weak and therefore are not able to represent and manage their members properly;
- Lack of common ethics, values and policy guidelines creates a breeding environment for tensions and frustrations for informal traders;

9 CASE STUDIES / BEST PRACTICES IN MANAGING INFORMAL TRADE

9.1 NELSON MANDELA BAY MUNICIPALITY

The Nelson Mandela Bay Municipality emphasised the need for informal trading to be part and parcel of urban planning process. In its planning and development process, it turned around its once underutilized space / land parcels and buildings into meaningful and aesthetically appealing infrastructure that incorporated the needs of informal traders. The initiative included the following key projects:

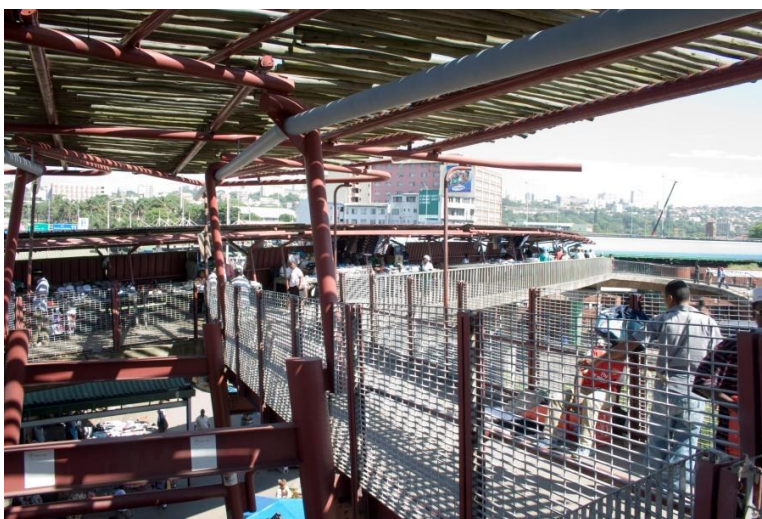
- A focussed urban regeneration project;
- The industrial Port of Ngqura built 40 km north of the city;
- Includes a major Industrial Development Zone (IDZ);
- Old port on the city's doorstep offers possibility of non-port developments (retail/residential/office and tourism/leisure/entertainment);
- Inner city urban regeneration which used redundant port areas for port unrelated development;

- Informal trading as part and parcel of urban renewal in the CBD.



9.2 ETHEKWINI MUNICIPALITY – WARWICK JUNCTION

The Warwick Junction accommodates 460 000 people a day, the maize market draws R 1 million in revenue each week on its own. There is an unexploited rates and economic stimulation possible when you integrate the informal sector into the formal, but it is clear from the feedback of actual traders that the approach of municipalities and government departments has not been well



received and that a new informed and inclusive approach is required. Informal traders all over South Africa seem to have similar problems like the harassment from law enforcement inadequate infrastructure for trading and storing goods, limited support in terms of training, finance, and supply chain development. Protection from criminal elements is limited and recourse is hardly ever felt, the traders require proper accommodation as they end up sleeping under their selling table with the goods, they sell each day.

10 STRATEGIC FRAMEWORK

10.1 VISION

The vision for the Informal economy should be aligned with the Msunduzi Municipal Vision as stipulated in the Integrated Development Plan (IDP).

The Msunduzi Municipal Vision reads:

“A safe, vibrant City in which to live, learn, raise a family, work, play and do business”.

Further to the Vision, the IDP further states the following as the municipality’s development goals:

- A healthy citizenry with access to affordable, quality health care;
- A safe city with low crime levels and quality living areas;
- An efficiently managed, financially viable and sustainable, city;
- A well-governed city underpinned by meaningful public participation;
- A vibrant economic centre, attracting investment, supporting business development and creating jobs;
- A city where all have access to habitable human settlements – decent houses, clean water and proper sanitation;
- An environmentally sustainable and healthy city;
- A well-planned, spatially integrated city.

There is no specific reference to the informal economy in the municipal vision and goals but a focus on informal trading is implied. To this end, the informal economy strategy will be aligned towards achieving the municipal vision and the goal of achieving *“a vibrant economic centre, attracting investment, supporting business development and creating jobs.”*

10.2 ECONOMIC DEVELOPMENT OBJECTIVES

The municipality set out the following objectives intended to progressively thrive towards attainment of the municipal vision:

- To stimulate economic growth through job creation, promotion of BBBEE, development of SMME’s, cooperatives and agri-industry;
- To promote sustainable tourism;
- To promote and stimulate business investment, retention, and expansion

10.3 GUIDING PRINCIPLES

The policy is aligned with the principles of the KwaZulu-Natal Policy for Informal Traders which form the basis for the regulation and development of the informal sector in the province.

10.3.1 ECONOMIC PRINCIPLES

- Linking the development and growth of operating areas to commercial zones to create viable hubs of business activity that mutually benefit informal and formal businesses.
- Redressing imbalances of the past caused by migration of people from the rural areas to the cities in search for better trading opportunities.
- Government providing a range of facilities, capacity building and business support services that cater for the different levels of informal economy actors.
- Ensuring that the buildings and property including public space owned by the Government are used for the maximum social and economic development of the community within which they are located.
- Targeting highly accessible and visible locations for the promotion of business-related operations to derive benefits for informal economy players from business potential.

10.3.2 SOCIAL PRINCIPLES

- Spreading public spending in an equitable manner throughout the Province with an emphasis on the poorest parts of the Province that have not historically benefited from public sector investment.
- Viewing the location of public sector investment as an opportunity to integrate communities that have historically been spatially separated.
- Using the development of the informal economy infrastructure as an opportunity to improve the general environmental condition of the Historically Disadvantaged Areas of the Province.
- Providing basic services such as water and refuse facilities to all areas where public health and/or public safety is at risk.

10.3.3 SPATIAL PRINCIPLES

- Developing those areas that will have most significant impact on the largest number of people, that is, areas with large flows of pedestrian traffic and other natural markets.
- Allocating space for informal trading areas in accordance with the broad Spatial Development Framework of the Municipalities and in line with the Provincial Spatial Economic Development Strategy.
- Trading does not harm or degrade the environment in any way.

10.4 KEY FOCUS INTERVENTIONS

The issues affecting the informal trading sector in Msunduzi are structural and fundamental. To address these issues, the municipality should adopt strategies that have high impact on informal trading. The strategies identified below seek to achieve the development vision and associated goals in Msunduzi municipality:

- Provision of infrastructure.
- Facilitation of training and capacity building.
- Phasing out of trolleys.
- Assigning of trading areas based on categorisation of goods.
- Improving the regulatory environment for informal traders.
- Improving access to markets.
- Ensuring support services.

10.4.1 PROVISION OF INFRASTRUCTURE

This strategic objective thrives to create an enabling environment that allows informal traders to work in a conducive environment. The strategic objective focuses on providing support infrastructure such as street furniture (i.e. stalls, trading bays / markets), ablution facilities, water, electricity and improving storm-water drainage systems in specific sites. Erecting trading bays will not only serve the purpose of housing the informal traders but will also improve the municipal outlook.

10.4.2 PHASING OUT OF TROLLEYS

The municipality faces a lot of issues with regards tracking all registered informal traders. The assigning of a stall in a designated trading area allows the municipality to keep track of the number of traders that are currently operating in the city. However, the proliferation of informal traders who use trolleys to conduct their trading activities creates the following challenges for the municipality:

- Difficulty in monitoring and undertaking the mandatory regular check-ups.
- Increase in the number of informal traders not registered in the database.
- Limited interventions in incorporating trolley operating traders since they cannot be assigned a stall and can move to another location should it be necessary for their business. Therefore, making it difficult for the municipality to regulate them accordingly.
- Trolley operating traders often trade where informal trading is prohibited. As such, the municipality must issue the legislated penalty according to its bylaws which becomes difficult since these traders are not registered and cannot be tracked.

The phasing out of trolleys will allow the municipality to track all registered informal traders and provide the necessary support infrastructure.

10.4.3 ASSIGNING OF TRADING ZONES BASED ON CATEGORISATION OF GOODS

Informal traders sell a variety of goods throughout the municipality. The survey conducted on a segment of the traders revealed that the income generated by traders depends on the quantity of goods sold, which is in turn affected by weather changes and the aesthetic quality of the trading location among others. To assist informal traders, the municipality must designate trading locations for the trading of specific goods only. Essentially, this means creating designated trading zones for the selling of categories of goods.

10.4.4 FACILITATION OF TRAINING AND CAPACITY BUILDING

Lack of skills amongst the informal traders is a challenge to the growth of the informal trading sector. This reduces the economic contribution of the sector to the municipal revenue. The growth of informal economy also depends on support and appreciation from the municipality. Most of the informal traders in Msunduzi lack the necessary skills to operate their businesses and moving to the next level, which is formalisation. Intervention in this focus area including the skills development and capacity building for the informal economy. Skills training will offer the traders an opportunity to understand markets and grow their business. Some of the council members consider informal trading as a nuisance. It will be of great importance to workshop or train municipal staff and political structures particularly those in informal trading portfolio. The training will enable them to have a clear understanding of the significance of informal training and give them the required skills to actively support the sector.

10.4.5 IMPROVING THE OVERALL REGULATORY ENVIRONMENT FOR INFORMAL TRADERS

The key focus in improving the regulatory environment for the informal economy is to ensure a conducive environment where informal trading takes place in line with clear and legislative guidelines. Regulations will include existing municipal bylaws:

- Street Trading and allocation policy
- Spatial Planning and Land Use Management Bylaw

10.4.6 ACCESS TO MARKETS

An important factor that can grow the informal sector is easy access to markets. Markets here goes beyond selling the merchandise on the streets to pedestrians. It includes supplying goods / services to markets such as the municipality, chains stores and other areas outside Msunduzi. However, such markets are not easily accessible to informal traders. The municipality can assist the sector by enhancing the involvement of informal traders in the value-chain and local procurement.

10.4.7 PROVIDING AND STRENGTHENING SUPPORT SERVICES

Informal traders are key players to the municipal's economy. Their survival and growth depend hugely on access to information. Information to access finances and technical support is pivotal the growth

and development of the sector. The municipality can assist in preparation of business plans or linking them to appropriate funding sources. Communication between the stakeholders in the sector (i.e. informal traders, municipality & law enforcers) is also problematic. Decisions affecting informal traders made in the council are not conveyed in time and this causes discomfort to the informal traders. The municipality can address this challenge by developing a communication strategy.

Table 2: Summary of Strategic Objectives and Strategies

STRATEGIC OBJECTIVES	STRATEGIES
1. Provision of infrastructure	1.1. Provision of trading furniture; 1.2. Provision of basic services like drainage systems, sanitation, and ablution facilities
2. Assigning of Trading Zones based on the categorization of goods	2.1. Categorisation of goods 2.2. Demarcation of trading zones based on the types of goods sold currently in the different areas permitted for informal and street trading.
3. Phasing Out of Trolleys	3.1. Provision of additional trading stalls to support surge in application for trading bays. 3.2. Implementation of a grace period for unregistered traders to register with the municipality. 3.3. Ensuring legal enforcement in the confiscation of trolley after the lapsing of the grace period.
4. Facilitation of training and capacity building	4.1. Facilitate training of informal traders; 4.2. Facilitate training of informal trading portfolio councillors; 4.3. Training of municipal staff
5. Improve the regulatory environment for informal traders	5.1. Review / update Informal Traders Database; 5.2. Sensitize the informal traders on the bylaws; 5.3. Computerize Informal Traders' Management & Monitoring System; 5.4. Remove illegal informal trading structures;
6. Improve access to markets	6.1. Link informal traders to local markets
7. Support Services	7.1. Improve access to information; 7.2. Develop communication strategy

11 STRATEGIC INTERVENTIONS

11.1 PROVISION OF INFRASTRUCTURE

11.1.1 PROVISION OF TRADING INFRASTRUCTURE

Several informal traders are operating in open space and under harsh conditions. These traders are exposed to the sun and rains. Others are operating in areas that are not conducive for their business. The situation warrants a provision of appropriate informal furniture such as stalls, trading bays or informal traders market. The establishment of these informal traders furniture brings into the fore other triple effects such as rental collections and beautification of the CBD. The municipality should therefore set aside a budget that will provide the needed informal traders furniture.

11.1.2 PROVISION OF BASIC SERVICES LIKE DRAINAGE SYSTEMS, SANITATION AND ABLUTION FACILITIES

One of the challenges facing the informal traders is the limited or unavailability of sanitation and ablution facilities. Most of these traders must walk afar or sneak into food chains to use ablution facilities. The municipality should increase the number ablution facilities in the area. These facilities will be handy to not only the informal traders but also a considerable population shopping or undertaking other chores within the CBD. The ablution facilities will also save pollution of the environment as some can release themselves at inappropriate places.

Some informal traders operate on roadside / pavements that have poor or no drainage systems. These areas retain water on the roads that is speckled to the informal traders by motorists spoiling their merchandize. The municipality should unblock or improve the drainage systems on these places or relocate those informal traders to other areas.

11.2 ASSIGNING OF TRADING ZONES BASED ON CATEGORISATION OF GOODS

11.2.1 CATEGORISATION OF GOODS

Considering the survey undertaken with a portion of the informal traders in the municipality, varying categories of good emerged and include the following:

- Traditional Medicine;
- Electrical accessories/goods;
- Accessories (fashion);
- Clothing;
- Fresh produce; and
- Cooked/hot food.

Items/goods such as fresh produce and cooked/hot food are sensitive and require strict health conditions. It may be undesirable to have traditional medicine goods sold within the same area as cooked food or fresh produce. The categorisation of goods will assist the municipality in enforcing its street trading bylaws, which outline the types of goods not permitted for street trading.

11.2.2 DEMARCATION OF TRADING ZONES

Issues of litter, sewerage, weather conditions and clogged up water, as have been reported by surveyed informal traders make the purchasing of goods' sold undesirable to the public. As such, edible goods such cooked/hot food and fresh produce need to be treated with the sensitivity they deserve (from a service provision aspect). These goods need to be sold in shelters/covered trading stalls, where waste is collected on a regular basis and the maintenance of service infrastructure is undertaken on a frequent basis.

11.3 PHASING OUT OF TROLLEYS

The phasing out of trolleys applies to informal traders selling goods within the municipality. Informal traders who undertake recycling by using trolley are exempt from this regulation. However, informal traders undertaking recycling need to be formally registered with the municipality and captured in the database. The municipality will identify designated areas where recycling trolleys will not be allowed. The phasing out of trolleys will occur in the following manner:

- Informal traders who currently use trolleys for the selling goods will be given a grace period to register on the municipality's database and be issued with a trading number.
- The municipality will assign a trading area/stall to the registered informal trader so that they can resume their trading activities.
- Informal traders operating trolleys after the grace period will be fined or penalised according to the municipality's relevant regulations.

11.4 FACILITATING TRAINING AND CAPACITY BUILDING

11.4.1 IMPROVE SKILLS OF INFORMAL TRADERS

The need of improving the skills of the informal traders cannot be overemphasized. Traders lack skills in finance, management, and marketing. Through discussions with the informal traders' representative, it was clear that provision of training to informal traders would be handy. The municipality should link the interested traders to programmes that focus on basic business skills. The municipality can liaise with organizations such as Small Enterprise Development Agency (SEDA) to improve the skills of its informal traders. The development of informal traders' skills will be an important base in the transformation of the informal economy, business expansion and fully utilising access to market.

11.4.2 FACILITATE TRAINING OF PORTFOLIO COMMITTEE

The growth and development of the informal sector hugely depends on institutional support. There is contempt on informal trading in the as it is considered a nuisance by some in the formal sector. The portfolio committee should be workshop / trained on the importance of this sector. The training will empower the committee with the essential skills to objectively pursue the grievances or objectives of the sector in both the political and administrative structures of the municipality. Other training and workshop of the portfolio committee must include the following:

- Bylaws and informal trading regulations
- Operating the computerised informal trading database (at the level the portfolio will be allowed by the system) this will include the lodging of queries and complaints by traders.

11.4.3 TRAINING OF MUNICIPAL STAFF

Training and capacitating of the administration, particularly LED staff in the informal economy unit should be an on-going process linked to career development and undertaken in terms of the Human Resource development strategy of the municipality. The training should meet the requirements of the Local Government SETA.

11.5 IMPROVING THE REGULATORY ENVIRONMENT

11.5.1 REVIEW / UPDATE INFORMAL TRADERS DATABASE

The informal traders' database is outdated and lacks other important information. Its representation is not a true reflection of the current realities. The informal traders' database shows that there are 621 informal traders whereas, a head count showed 1,376 informal traders. The database also lacks key information and is not accurate hence, it undermines fair distribution of space / sites. Likewise, the database is prone to duplication of applicants and can easily be manipulated. The database needs to be reviewed and other key information incorporated in the form.

11.5.2 DIGITAL MANAGEMENT AND MONITORING SYSTEM OF INFORMAL TRADER RECORDS

Information of the informal traders is captured manually, and all records are in manual format. Access to information on the informal traders to the finance, planning and LED Department of the municipality is difficult to obtain. To manage and monitor informal traders efficiently and effectively a computerized information system needs to be adopted. This system will simplify record keeping and all the relevant departments can easily pick information by a click of a button. This system can determine which trader is up to date or in arrears with rentals / permit, can pick up area of operation, kind of merchandize and will smoothen the work of law enforcers.

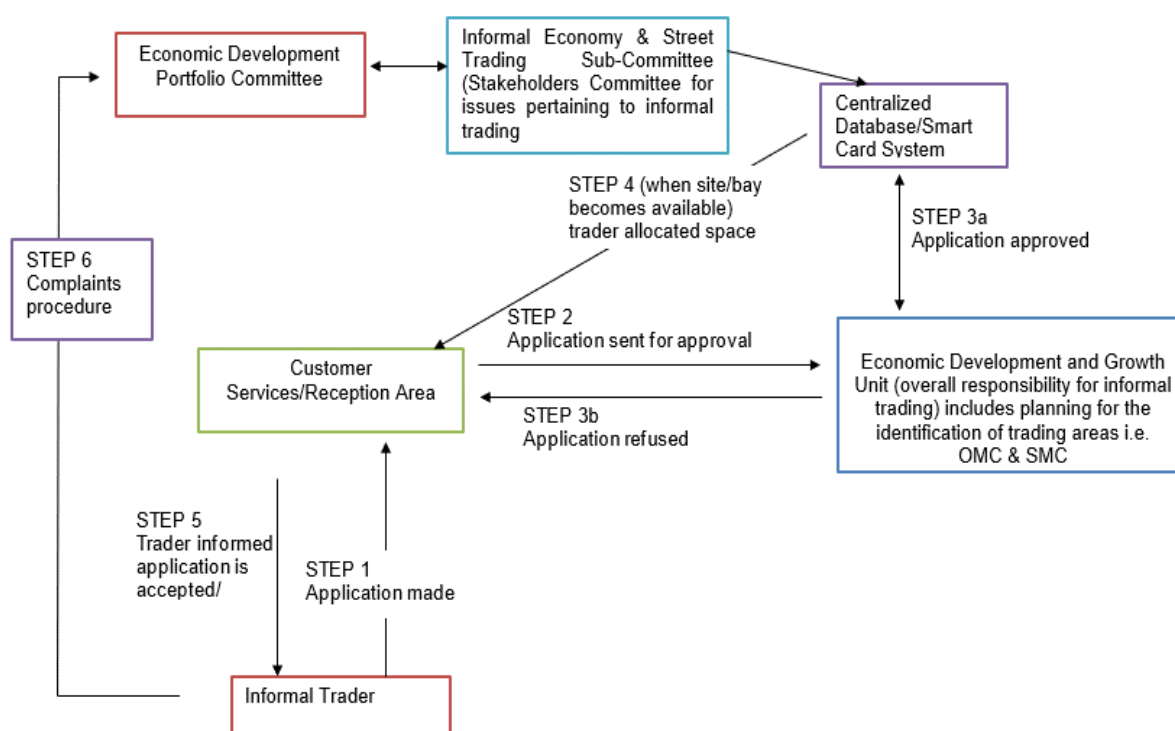
In addition to the digitisation of informal traders records, each registered informal trader will be issued with an identification tag which they will need to carry at all times. This identification system will assist tremendously in the identification of those trading illegally and/not adhering to the regulations.

11.5.3 REMOVAL OF ILLEGAL INFORMAL TRADING STRUCTURES

Some informal traders have erected informal structures illegally. These structures are in illegal areas and due processes were not followed. Such structures undermine the regulations set by the municipal planning and bylaws. Likewise, the structures are spoiling the outlook of the municipality. Appropriate channels need to be followed to remove such structures and relocate them in appropriate sites or areas.

11.5.4 PERMIT IDENTIFICATION SYSTEM

Figure 18: Process of Obtaining an Informal Trading Permit



Informal Traders will be provided with identification permit that will be linked to the electronic database. This will allow the municipality to track all informal traders registered in the database. The Informal Trading Portfolio committee will also be able to report matters raised by traders easily to the municipality. The permit identification system will also assist in identifying illegal traders and those not adhering to the regulations. The figure 1 illustrates the procedures and process for obtaining a trading permit.

11.6 ACCESS TO MARKETS

Local, provincial, and national government is increasingly using its participation within the economy to create opportunities for informal economy. The municipality can revise its procurement policy

framework to make provision for the targeted procurement of certain goods and services from local informal traders. The municipality can also engage with local chain stores to make provision for the informal traders to supply goods and services in their organizations.

Access to markets is imperative in the course transforming the informal economy and facilitating the expansion of informal traders and further their formalisation.

11.7 SUPPORT SERVICES

11.7.1 IMPROVE ACCESS TO INFORMATION

Access to information is detrimental to the growth and development of the informal traders. Most informal traders operating in the Msunduzi are not aware of support services that exist for informal traders. The government through its various ties has initiated programmes meant to grow the informal sector. The municipality through its informal traders unit can establish a desk that will provide information on how the traders can access finance and technical support. The unit can also assist the traders in preparation of business plans or linking them to appropriate funding sources.

11.7.2 IMPROVE COMMUNICATION BETWEEN INFORMAL TRADERS AND MUNICIPALITY

The informal traders feel that information on decisions made by the municipality that impact on informal traders is not communicated to them. In most instances, the traders hear rumours from people. Traders gave an example of a rumour that was going round relating to expansion of the national road, which would force some informal traders to be evicted. This problem can be addressed by developing a communication strategy. Similarly, the existing structure (i.e. Msunduzi and Informal Traders Representatives) should be strengthened and used as a structure of communication between the municipality and informal traders.

11.7.3 PROVISION OF AN INFORMAL TRADING OFFICE FOR THE INFORMAL TRADING PORTFOLIO COMMITTEE

The Informal Trading Portfolio does not have an office where administrative work can be done including but not limited to meetings, storage of information to be accessed by informal traders,

Table 3: Strategic Objectives and Projects / Programmes

STRATEGIC OBJECTIVES	PROJECTS / PROGRAMMES
Provision of Infrastructure	<ul style="list-style-type: none"> ○ Provision of stalls at designated/permitted trading areas. ○ Provision of trading Kioks. ○ Provision of trading market. ○ Provision of ablution facilities. ○ Repair / maintain drainage systems along the roads where informal traders operate.
Assigning of Trading Zones Based of the Categorisation of Goods	<ul style="list-style-type: none"> ○ Assessment of trading areas for the assigning of zones. ○ In consultation with Informa Trading Association categorise goods sold. ○ Provision of trading stalls in each trading zone area. ○ Amending street trading bylaws to incorporate the new trading zones.
Phasing out of Trolleys	<ul style="list-style-type: none"> ○ Obtain court order to cease all trolley related informal trading. ○ Provide traders who currently trade on trolley a grace period for them to register and obtain trading stalls. ○ Sessions with informal Traders to present the phasing out of trolleys by the municipality.
Facilitation of training and capacity building	<ul style="list-style-type: none"> ○ Facilitate training for informal businesses (SEDA or DEDT programme). ○ Establishment of small business incubator / satellite (for informal traders skills development). ○ Train LED Portfolio Committee Members to undertake their function on informal traders perspective. ○ Provision of an informal Traders Association Office. ○ Capacitate the administrative staff.

Improve the regulatory environment for informal traders	<ul style="list-style-type: none"> ○ Update Informal Traders Database. ○ Workshop the informal traders on the bylaws. ○ Computerize Informal Traders' Management & Monitoring System. ○ Remove illegal informal trading structures. ○ Development of a coordinate system to record all traders and their registration information. ○ Provision of informal Trader identity cards.
Access to Markets	<ul style="list-style-type: none"> ○ Review procurement policy to accommodate informal traders in the municipal procurement process. ○ Link informal traders to local markets.
Support Services	<ul style="list-style-type: none"> ○ Improve access to information. ○ Develop communication strategy.

12 SECTION 11: IMPLEMENTATION FRAMEWORK

12.1 INSTITUTIONAL ARRANGEMENTS

The Implementation Framework helps define WHAT needs to be done (effective interventions), HOW to establish what needs to be done in practice and WHO will do the work to accomplish positive outcomes in typical human service settings (effective implementation), and WHERE effective interventions and effective implementation will thrive. The table following provides a framework on how the suggested interventions can be implemented.

Table 4: Implementation Framework

KEY FOCUS AREA	ACTIVITIES	RESPONSIBILITY	STRATEGIC PARTENERS	BUDGET
PROVISION OF INFRASTRUCTURE				
Provision of stalls alongside the main streets	<ul style="list-style-type: none"> Facilitate the establishment of GIS based trading sites allocation and management program; Identify and demarcate sites that can accommodate stalls; Erect stalls in identified sites 	LED Unit, Town Planning Unit & Infrastructure Unit	COGTA, Department of Economic Development, uMgungundlovu DM	To be determined
Provision of trading kiosks	<ul style="list-style-type: none"> Facilitate the establishment of GIS based trading sites allocation and management program; Identify and demarcate sites that can accommodate kiosks; Erect kiosks in identified sites 	LED Unit, Town Planning Unit & Infrastructure Unit	COGTA, Department of Economic Development, uMgungundlovu DM	To be determined

Provision of trading market	<ul style="list-style-type: none"> Facilitate the establishment of GIS based trading sites allocation and management program; Identify area that can accommodate informal traders market; Construction of the market 	LED Unit, Town Planning Unit & Infrastructure Unit	COGTA, Department of Economic Development, uMgungundlovu DM	To be determined
Provision of ablution facilities	<ul style="list-style-type: none"> Identify sites that lack ablution facilities; Provide mobile / permanent ablution facilities 	LED Unit, Town Planning Unit & Infrastructure Unit	COGTA, Department of Economic Development, uMgungundlovu DM	To be determined
FACILITATION OF TRAINING AND CAPACITY BUILDING				
Facilitate training of informal traders	<ul style="list-style-type: none"> Identify Informal Traders that need training; Link the traders to appropriate skills / training programmes 	LED Unit & Corporate Services Unit	SEDA, Department of Trade & Industry, Department of Economic Development	To be determined
Facilitate training of informal trading portfolio councillors	<ul style="list-style-type: none"> Provide an on-going accredited LED training for the LED portfolio councillors. 	LED Unit & Corporate Services Unit	SEDA, Department of Trade & Industry, Department of Economic Development	To be determined

Capacitation / of training of municipal staff	<ul style="list-style-type: none"> • Workshop senior and middle management on the mainstreaming of Informal Trading / LED in the municipal service delivery program; • On-going staff training and skills development 	LED Unit & Corporate Services Unit	University of KwaZulu Natal, Department of Economic Development	
IMPROVE THE REGULATORY ENVIRONMENT FOR INFORMAL TRADERS				
Review / update Informal Traders Database	<ul style="list-style-type: none"> • Review informal traders database; <ul style="list-style-type: none"> ○ 	LED Unit & Town Planning Unit		R50,000
Sensitize the informal traders on the bylaws	<ul style="list-style-type: none"> • Workshop informal traders, municipal staff and council on informal traders bylaws 	LED Unit	Department of Economic Development	In house
Computerize Informal Traders' Management & Monitoring System	<ul style="list-style-type: none"> • Facilitate the establishment of GIS based trading sites allocation and management program; • Install Informal Traders Management System 	LED Unit & Town Planning Unit	Department of Economic Development	R350,000
Remove illegal informal trading structures	<ul style="list-style-type: none"> • Formulate a informal traders block committee; • Identify illegal structures; 	LED Unit, infrastructure Unit & Town Planning Unit	Law Enforcement	To be determined

	<ul style="list-style-type: none"> • Workshop informal traders representatives on illegal structures; • Coordinate with law enforcers to remove illegal structures 			
IMPROVE ACCESS TO MARKETS				
Link informal traders to local markets	<ul style="list-style-type: none"> • Register informal traders to municipal supply chain database; • Appoint qualified informal traders to supply goods / services to the municipality 	SCM Unit		In house
SUPPORT SERVICES				
Improve access to information	<ul style="list-style-type: none"> • Set up SEDA / SMME / Informal traders information desk at municipal offices; • Dedicate a person who will provide information to the traders 	LED Unit		To be determined
Develop communication strategy	<ul style="list-style-type: none"> • Develop a communication strategy / plan 	LED Unit		In house