

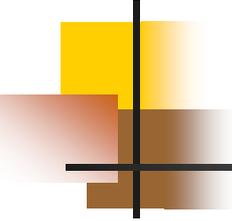
# Informal economy policy development, eThekweni, 2000 to 2002

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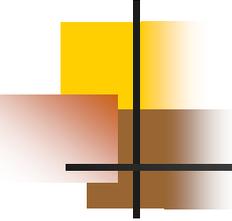


## North and South Central Local Councils ...

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In 2000, N&SCLCs started a policy process which:

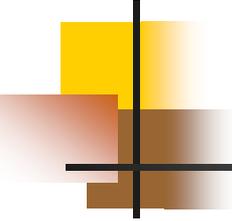
- Took about a year to develop
- Was broadly consultative
- Made special efforts to get the voices of poorer people, and of women
- Recognised that there was ‘no first prize’, there will always be the need for continual negotiations
- But a clear policy can
  - enable better management
  - enable more secure livelihoods
  - Help reduce conflict, and be the basis for resolution of disputes



# Technical Task Team

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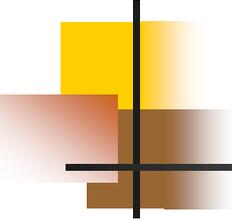
- Interdepartmental: ITSBO, Health, Economic Development, Development Facilitation, Internal Audit, Police.
- Senior officials
- Viewed as a priority
- Time bound – 9 months, including 3 months phase of internal and external consultation
- A series of reports/ documents prior to the policy draft were used to forge agreement, and set boundaries for participation



## Key elements of the approach

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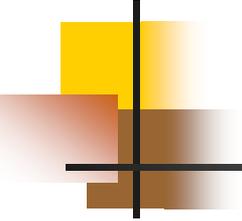
- Informal economy is here to stay; it is not just a ‘Durban problem’, it makes an economic contribution to the city; it is an employment creator
- Local government has to BOTH manage the city AND support small enterprises.
- So combine area based management, with sector specific support (e.g the training needs of muthi traders are different to those of clothes sellers).
- Sidewalk and other public space can be used as a development tool.
- The costs of formalising are high to most informal workers.
- So simplify registration and offer incentives to take steps on the path to regulation.



## Continued ...

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- Have differentiated site rentals (just as for formal business) that recognise the different values of sites.
- Have site allocations with a formula that includes the poor.
- The municipality needs strong organisations of informal workers with which to bargain and negotiate. There are existing resources that can assist organisations (rent free halls for meetings; translation services; legal services and more).
- Local government should deal with formal and informal business on the same platforms.
- Introduce appeals mechanism for settling disputes"
  - between government and traders
  - between formal and informal traders.

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- The policy was accepted by all political parties in 2002.