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# Local economic development in Alexandra: A case study of woman in the informal sector

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# LOCAL ECONOMIC DEVELOPMENT IN ALEXANDRA: A CASE STUDY OF WOMEN IN THE INFORMAL SECTOR

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**A research report submitted to the Graduate School of Humanities and Social Sciences, University of the Witwatersrand, in partial fulfillment of the requirements for degree of Master of Arts (in the field of Development Studies).**

**May 2005**

## DECLARATION

I declare that this research is my own unaided work. It is submitted in partial fulfillment of the requirements of the degree of Master of Arts (in the field of Development Studies) in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other university.

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Anele Moyo

Date:

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- Six (6) Street traders of Alexandra Township

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## ABSTRACT

This research report covers the progress of local economic development in Alexandra under the Alexandra Renewal Project and what the government has done (or is doing) to assist women street traders. It begins by looking back at the history of development in Alexandra, followed by an overview of Urban Renewal Programme which guides the Alexandra Renewal Project whose LED components forms a crucial part of this report.

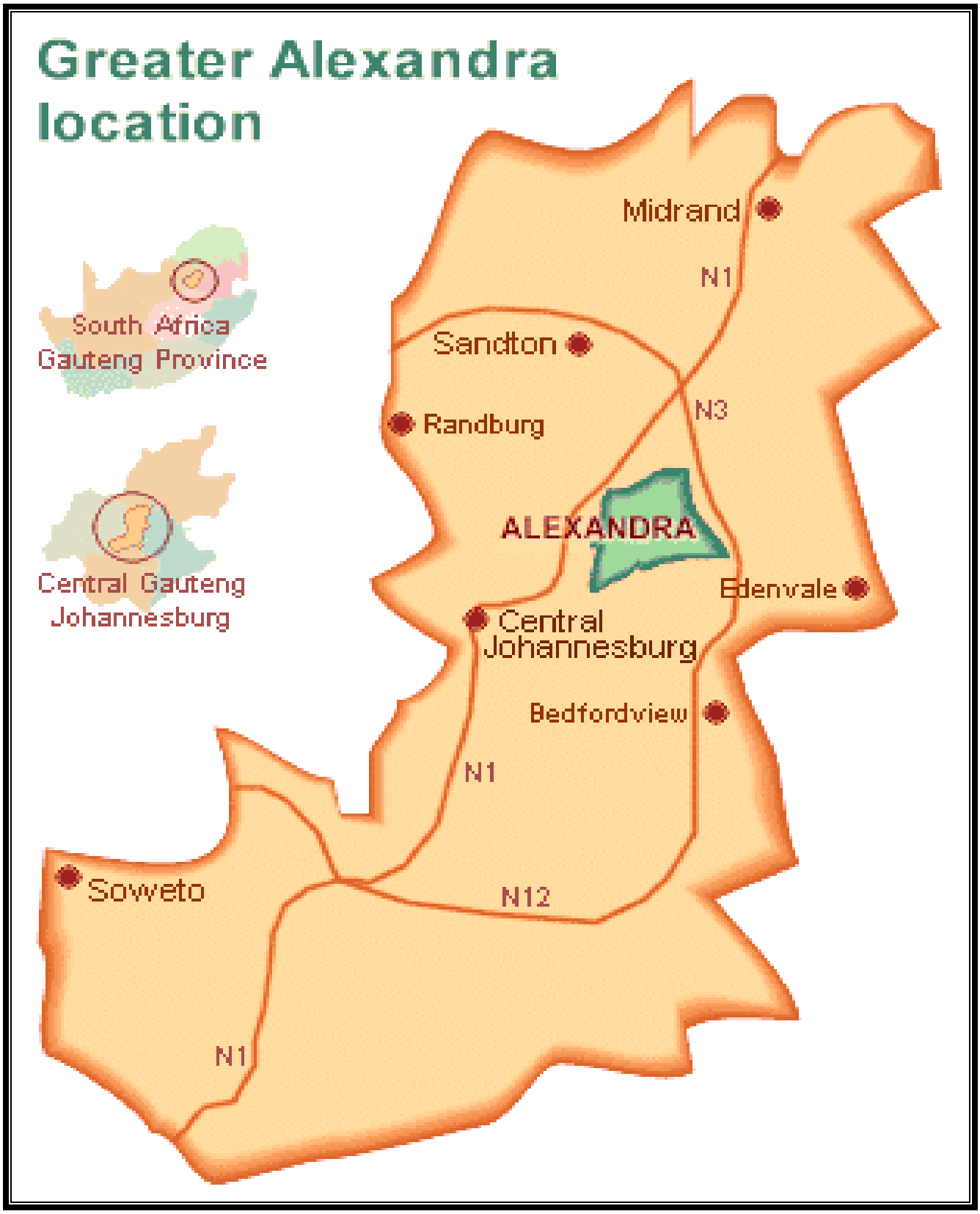
The report reviews the literature on the informal sector and the policy that guides the development and promotion of the sector in South Africa. After reviewing literature on the informal sector, the report turns to local economic development literature, arguing for a more 'developmental" role that the government should take towards LED initiatives in the country.

The research findings that follow provide my opinions and those of different stakeholders involved in the LED initiatives and those that are affected by the initiatives, mainly women street traders in Alexandra.

## LIST OF ABBREVIATIONS

| | |
|---|---|
| **ADF** | Alexandra Development Framework |
| **Alex CoC** | Alexandra Chamber of Commerce |
| **ARP** | Alexandra Renewal Programme |
| **BLAs** | Black Local Authorities |
| **CASE** | Community Agency for Social Enquiry |
| **CBO** | Community Based Organisation |
| **CEDAW** | United Nations Convention on the Elimination of all forms of Discrimination Against Women |
| **DPLG** | Department of Provincial and Local Government |
| **DTI** | Department of Trade and Industry |
| **GEAR** | Growth, Employment and Redistribution |
| **GNU** | Government of National Unity |
| **HSRC** | Human Sciences Research Council |
| **IDP** | Integrated Development Plans |
| **ILO** | International Labour Organisation |
| **ISRDS** | Integrated Sustainable Rural Development Strategies |
| **JMC** | Joint Management Committee |
| **LBSC** | Local Business Support Center |
| **LED** | Local Economic Development |
| **NEPA** | Ntsika Enterprise Promotion Agency |
| **NGO** | Non- Governmental Organisation |
| **RDP** | Reconstruction and Development Programme |
| **SAP** | Structural Adjustment Programmes |
| **SETA** | Sector Education and Training Authority |
| **SMME** | Small, medium and micro Enterprises |
| **SSC** | State Security Council |
| **UDF** | Urban Development Framework |
| **UNESCO** | United Nations Educational, Scientific and Cultural Organisation |

**LOCATION OF GREATER ALEXANDRA**



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# CHAPTER I: INTRODUCTION

## 1.1 BACKGROUND TO THE STUDY AND PROBLEM STATEMENT

The purpose of this study was to assess the progress of local economic development in Alexandra Township and what the government is doing to assist the informal sector, and in particular women street traders. This comes after quite substantial critics or scholars have revealed that the support and the promotion of the informal sector has to be seriously considered both for the economic stability of the sector and growth of the economy. Informal sector activities and especially street trading receive less support from the government especially in developing countries. Nevertheless, the informal sector has contributed widely to the income of the poor as a livelihood strategy thereby reducing poverty and unemployment levels. As such, this has resulted in changes in perception from developing-country governments including the South African government reflected in policy changes.

Local economic development is a strategy on how economic development has come to be decentralised from national to local governments in their attempt to revive their own localities with available resources with the aid of local community participation and local organisations. LED has a crucial strategy of enhancing development in South Africa. It is one of the key objectives of the Alexandra Renewal Project (ARP) with the aim of enhancing local businesses and in this instance informal business.

## 1.2 HYPOTHESIS

South African government, in an attempt to assist and promote informal sector activities in the country, produced a policy document in 1995 (*White Paper on Business Development and Promotion*). The policy aims at providing an enabling environment for the development of informal sector activities, including street trading. However, nothing much has been done to achieve this even with the aid of LED initiatives, which is one important strategy used by the government to achieve local development. "Developmental" government within the 1998 *White Paper on Local Government* still remains a challenge to many local authorities in the country, more so in Alexandra; an area which inherited developmental injustices from the apartheid regime. The failure of these policies to be enacted upon mainly affects women in the society.

## 1.3 RESEARCH OBJECTIVES AND RATIONALE

The research aims at assessing the progress of local economic development (LED) and in particular, the informal sector under the Alexandra Renewal Project (ARP). It will assess the role that provincial and local government has played in assisting and supporting women in the informal sector. The study will focus on women street traders in Alexandra, for example, fruit and vegetable vendors, cooked food sellers and hairdressers mainly in Pan Africa Square, as the economic hub of the Township and also in the streets of Alexandra.

The study focuses on the informal sector because it is a growing sector and also has the potential to alleviate the ills faced by the poor segments of the economy who cannot be

absorbed into the formal economy. The informal sector is significant in contributing to poor people's income and thereby reducing their vulnerability. However, not enough effort is being devoted to encouraging the small, medium and micro-enterprise (SMME) sector. This study seeks to reveal how the government, through the Alexandra Renewal Project (ARP) has contributed to the support of the informal sector through local economic development.

According to Statistics South Africa: Labour Force Survey of September 2003, the country currently has an unemployment rate of about 28.8%, and more women than men are in the informal sector (Stats SA, 2003).As has been revealed above, the employment status of women in Alexandra is worse than for men, that is, 40% of women are unemployed compared to 19% of men. For those that are employed, most work in low-skilled or semi-skilled jobs (Wilson, 2001). This is because women have less access to employment than men; even professional women find it difficult to get a job than male professionals (Sen, 2002). The lack of access to employment for women is enhanced by lack of or inadequate education and illiteracy.

Women in South Africa do the vast majority of informal sector activities, especially street trading. A survey conducted by Skinner revealed that women turn to informal sector trading through need rather than choose it as a voluntary alternative to formal sector employment (Skinner, 1999). This reveals the need for government to devise strategic policies aimed at assisting women in this sector. The constraints faced by men and women differ in the informal sector, especially financial and social constraints.

Supporting women would be one means of reducing women's vulnerability and empowering them.

My selection of Alexandra Township as a case study is due to the fact that Alexandra is one important township in South Africa reflecting some of the past injustices of the apartheid regime. The Township inherited two of the most significant challenges facing the post-apartheid government, which are poverty and unemployment which is currently approximately 60% (www.alexandra.co.za) and a lower skills base. The President of South Africa, Thabo Mbeki, has earmarked the redevelopment of the township as one of the urban renewal projects in the country and quite substantial funds have been injected into the area by the national government.

With such financial resources available and plans existing for LED, the study takes advantage of this project in assessing the potential of government's role in assisting women street traders in Alexandra. The LED objectives of the ARP (*inter-alia*) are to facilitate job-creation within Alexandra; facilitate the development of skills and to promote the creation and growth of small business enterprises owned by Alexandra entrepreneurs (www.alexandra.co.za/focus_eco/local_economic.html). Alexandra is an area laden with informal sector activities especially street trading as a means of survival by traders than formal activities.

## 1.4 METHODOLOGY

The study utilized qualitative research methodologies by means of interviews with respondents. Unstructured questionnaires were used in order to acquire more information from respondents. Recording of information was done with an aid of a Dictaphone. In cases where respondents were uncomfortable with the use of a Dictaphone, I had to rely on taking notes.

Most respondents were interviewed from their places of work, except for three street traders who attended LBSC training whom I had to interview from their homes. Observation was also used to assess conditions on which street traders were operating. Secondary documents were also utilized; that is, LED Strategy for Alexandra and LBSC Profile. Policy Documents used include the *1998 White Paper on Local Government* and the *1995 White Paper on Small Business Development and Promotion in South Africa*.

## 1.5 LIMITATIONS OF THE STUDY

Problems encountered during my research in Alex which mainly include:

- Accessing archives from municipal offices. As a result, I could not get information on previous attempts by local authorities on assisting informal traders.
- Proper statistics on the population of Alexandra (range of 350 000- 700 000) provided. This may be due to continued influx of people into the township and also resettlement of residents out of Alexandra.

- Talking to some women on the street was difficult as they felt that I am a government official and thought that information they provided would be taken forward hence they could not tell me all details I needed. Others could not allow me to record their voices on Dictaphone. I ended up writing what they had to say.
- Two street traders felt uneasy talking to me in public. They could have provided more information if I had interviewed them from their homes.
- The ARP project manager could not provide me with much information on LED and informal trading hence she only gave me contacts for relevant people. She had just been appointed as the manager; hence I had to rely on Carien Engelbrecht's (former ARP manager) interview she conducted with the HSRC (Roefs, *et al*) in 2003
- Absence of a strategy for the informal sector in Alexandra, especially from the ARP and local authorities. Only had to rely on the LED strategy which, however was not comprehensive.

## 1.4 STRUCTURE OF RESEARCH REPORT

This research report is structured as follows:

Chapter 1 is the *Introduction*, apart from this subsection covers the overview of the history of Alexandra Township, the Urban Renewal Programme, the Alexandra Renewal Programme and the LED strategy, socio-economic profile of Alexandra, the objectives, background of the study and problem statement, hypothesis, research objectives,

methodology and the limitations of the research. It is here that the context of the research report is set and in which the research question is explained and the background is set.

Chapter 2 brings out the *Literature Review* of the report where the main arguments within the academic literature and debate on the topic are presented. Conceptual and analytical framework pertaining the local economic development and the informal sector are discussed. In addition, approaches to the study of the informal sector and local economic development and the ones I am adopting are discussed in this chapter.

Chapter 3 explains the *South African policy context and framework* relating to informal sector namely the 1995 White Paper on Development and Promotion of Small Business in South Africa and also the one that pertains to local economic development and local government, namely the 1998 White Paper on Local Government.

Chapter 4, *Alexandra;* discusses policies including the views of local authorities and ARP leaders on LED. The chapter also attempts to explain how informal traders are affected by these policies.

Chapter 4 is the *Conclusion* of the report, summarizing what has been presented and attempts to provide recommendations to LED initiatives and to the ARP focusing on what I found on documented data, observations and interviews conducted

## 1.7 OVERVIEW OF THE HISTORY OF ALEXANDRA TOWNSHIP

In the South African urban landscape where apartheid has carved out sprawling monotonous residential areas for blacks that are far from the wealth and opportunities of the city, Alexandra Township is something of an anomaly. Located on the north-eastern outskirts of the city of Johannesburg along the banks of Juskei River, Alexandra is well located, being adjacent to arterials and the main highway that links Johannesburg to Pretoria. It is accessible to industrial and commercial centers. However, the township is little more than 1 square mile in size with 350 000 people residing there (Zack, 2001 and Roefs *et al*, 2003). The area includes Old Alexandra Proper, the East Bank, the Far East Bank, Marlboro Industrial area, Wynberg, Kew and Marlboro Gardens.

The history of Alexandra dates back to 1912 and is one of the few places in the city where blacks were allowed to own property since its establishment was just before the promulgation of the 1913 Land Act which limited black ownership of land. In 1948 under apartheid, the administration of Alexandra fell under the direct control of the then Department of Native Affairs (Morris, 2000).

The main strategies of the apartheid regime for Alexandra were the reduction of the population, the control of movement into the area, and the expropriation of freehold property. Unlike many freehold areas occupied by blacks such as Sophiatown, which was bulldozed to rubble and upgraded for white settlement (Triomf), it was not the intention to remove Alexandra entirely. It became an important source of labour to serve the

northern suburbs of Johannesburg. However, 50 000 people were forcibly moved to Tembisa and Soweto (Morris, 2000 and Roefs *et al*, 2003).

A decision was reached in the early 1960s to demolish all properties in Alexandra and to rebuild the area as a 'hostel city'. Family accommodation was to be eliminated and 25 hostels each accommodating about 2 500 'single' people were to be built. Despite resistance and protest, the construction of hostels went on. Three hostels were completed; two for men and one for women. In the mid-1970s the plans were dropped due to high financial costs, increasing opposition and the lack of accommodation for displaced persons after the Soweto uprising in June 1976 which spread to other urban areas in the country including Alexandra. Evictions, removals and expropriation of property were canceled. Alexandra was reprieved in 1979 and given full status as a residential area (Roefs *et al*, 2003).

In 1980 the then Minister of Cooperation and Development, Dr Piet Koornhof announced that a "Master Plan' of Alexandra was being prepared. Alexandra was to be divided into new suburbs with a central business area, light industry, sports complexes and interlinked system of parks. The basics of the plan were to acquire all properties and to demolish all houses. The implementation period was envisaged as five years. It was intended that during each year 1300 houses accommodating about 9 000 to 10 000people, as well as community facilities would be built. However, only a small part of the plan was implemented. Between 1981 and 1984 only one small area in the Phase One area with about 260houses had been built and also in Phases 2 and 10 (Morris, 2000).

In February 1986, a violent uprising called the "Alex Six Day War" occurred in which 40 people were killed. Residents demanded the rejection of the Black Local Authorities (BLAs) and the resignation of the Councilors. This occurred in April 1986 and Alexandra did not have a local municipal administration and as a result the Master Plan came to a halt (Morris, 2000 and Roefs *et al*, 2003).

The Urban Renewal Plan of 1986 was a modification of the Master Plan, which coincided with the declaration of a State of Emergency. The State Security Council (SSC) and its local arm, the Mini Joint Management Committee (JMC) drove the new planning process. The emphasis was on the engineering services that required considerable demolitions and disruptions of households. However the number of people moving into Alexandra increased substantially and this was not taken into account nor was a suitable alternative land made available to accommodate those who were displaced (Roefs *et al*, 2003). During this period a new area known as the East Bank was built. New infrastructure was insufficient to cater for the demands of the growing population, proper maintenance was difficult and infrastructure quickly deteriorated

By the end of 1990, funds for development projects had dried up and the renewal scheme was abandoned. The country was in serious crises; the government was having difficulty raising foreign loans and the defense and police budget were increasing. Sanctions were also on the increase thereby affecting the well being of the economy.

However, 1990 also marked the turning point in the history of Alexandra with the release of political prisoners paving way for the first democratically elected regime in South Africa 4 years later. This signaled the end of exclusion policies and heralded the beginning of inclusive and democratically aligned policies that were to address the disparities within South African society at large and Alexandra Township was not an exception in this regard (Morris, 2000)

In 1992 a firm of town planners, civil engineers and social specialists were appointed to draw up a Perspective Report for Greater Alexandra. It was envisaged that the exercise would be undertaken in three stages, that is, the identification of key opportunities and constraints, the formulation of an accepted development focus for planning and the formulation of a series of development programmes. The plan was completed in May 1993 with proposals put forward more in line with current thinking on urban renewal (Roefs *et al*, 2003).

An integrated and less technocratic approach was suggested which included the preparation of local plans and self-help initiatives for neighborhood precincts. Attention was paid to the complex institutional, political and social environment. However, in the late 1994 the planning team was advised that the plan had been rejected and that the next phase could not take place (Roefs *et al*, 2003).

In 1994 another plan was initiated; a new development framework with the aim of dedensifying Alexandra from 770 people per hectare to 220 people per hectare. It was

stated that it would involve removal of some 150 000 to 160 000 people. The financial costs were estimated at R3 billion and that the national and provincial governments, the Johannesburg Council and private sector donors would finance it, and once again the plan was dropped (Morris, 2000).

After the 1994 elections, it dawned upon the minds of many that the newly elected government had a task of addressing the wrong-doings inflicted by the former apartheid regimes upon multitudes of South Africans. Many of these challenges are still evident today which include high incidences of poverty, unemployment and lack of economic activities.

As has been revealed above, Alexandra's history is one of extremely rapid urbanization. People in search of employment in the city have flocked into Alexandra from rural areas in the country and also from neighboring countries, dramatically overloading an infrastructure already under severe strain. Congestion in informal settlements, in hostels and along the banks of the Juskei River made living conditions unhealthy and dangerous. The above overview of the history of Alexandra reveals that overpopulation and lacking infrastructure remain the key problems the township is facing (Roefs *et al*, 2003).

In February 2001, President Thabo Mbeki announced that Alexandra is to be redeveloped after several previous efforts to uplift the township were cancelled. The Alexandra Renewal Programme forms part of the Urban Renewal Programme (URP) along with the Integrated Sustainable Rural Development Strategy (ISRDS) launched in 2001. The focus

is on poverty alleviation in urban and rural areas that have substantial service backlogs, are spatially and economically marginal to the core urban economies and in which social exclusion continues to limit the development of their communities (Department of Provincial and Local Government- DPLG, 2004).

Alexandra, the oldest township in Johannesburg is one of the six nodal areas identified by President Mbeki in need of massive and urgent development. Other areas include Galeshewe (Northern Cape), Khayelitsha (Western Cape), Mdantsane (Eastern Cape), KwaMashu and Inanda (KwaZulu Natal) and Motherwell (Eastern Cape). According to Statistics SA (2001), 1, 6 million people live in these eight nodes although municipal sources estimated an even larger number of about 2 million people (DPLG, 2004).

These areas are said to be areas of severe neglect and increased poverty. The aim of Urban Renewal Programme and Integrated Sustainable Rural Development Programme (ISRDP) was articulated as being, "To conduct a sustained campaign against rural and urban poverty and underdevelopment, bringing in the resources of all three spheres of government in a coordinated manner," (www.dplg.gov.za). The following section provides a brief outline of what the URP entails before explaining the ARP.

## 1.8 URBAN RENEWAL PROGRAMME (URP)

The Urban Renewal Programme (URP) follows the Urban Development Framework (UDF) which was produced in 1997 and the Urban Development Strategy of the Government of National Unity (GNU) developed in 1995. The UDF was intended to

complement the Reconstruction and Development Programme (RDP) and the Growth, Employment and Redistribution Strategy (GEAR) through a strong focus on the spatial dimension of development (Roefs *et al*, 2003).

The UDF sought to bring together, in an integrated form the infrastructure, socio-economic and governance aspects of development in urban areas by setting out four core programmes, which are spatial integration, housing and infrastructure, economic development linked to urban development and institutional capacity building. A clear programme of action for the URP which would lead to the production of a national urban renewal strategy was pledged by the Minister of Provincial and Local Government, Minister Sydney Mufamadi in August 2001 (Roefs *et al*, 2003 and www.dplg.gov.za ).

The URP represents a commitment to a return to the bottom-up, people driven approach to urban, local, social and economic development originally envisioned in the RDP. The strategy is meant to be channeled through local authorities, using mechanisms of the Integrated Development Programmes (IDPs) as provided for in the Municipal Systems Act (Roefs *et al*, 2003). As it will be revealed below, the URP share similar strategies with that of the Local Economic Development (LED) in its attempt to provide a bottom-up and people or community- driven approach to local development.

Important to note also is that URP mainly focuses on the poor communities and gives greater centrality to LED than the RDP which focused mainly on housing, residential infrastructure and services. URP (and LED) stresses the need for a more decentralized

decision-making and hence participation at levels below that of municipal government. In addition to that there is also an element of empowering poor people and communities and they are involved in decision-making and it also stresses the need for partnerships to be formed to pool the resources of different actors capable of promoting social and economic development (Roefs *et al*, 2003 and www.dplg.gov.za )

### 1.8.1 ALEXANDRA RENEWAL PROJECT (ARP)

The President announced a 7year project to develop Greater Alexandra. The aim of the Alexandra Renewal Project was 'to make this sprawling ghetto into a place where people can live decent lives in pleasant surroundings' (Roefs *et al*, 2003).

The selection of Alexandra as an urban node was strongly lobbied by the Department of Housing that drafted a business plan in 2000 to address (*inter alia*) the damage caused by flooding of the Juskei River and tragic shack burnings in 1999. Other factors such as Alexandra being a crime hotspot also played a role.

The Alexandra Renewal Project (ARP) was born out of the 2000 business plan and is being led by the Gauteng Department of Housing and is implemented with inputs from various stakeholders including national, provincial and local government, the Alexandra community, non-governmental organizations (NGOs), the private sector and community-based organizations (CBOs). It is the largest and most concentrated programme of the service delivery and is intended to redevelop and rehabilitate the most pressing and critical service delivery gaps in the township. In this sense reviewing its activities must be

seen as critical to understanding the initial impact of government service delivery as well as how this can be better measured in the future (Roefs *et al*, 2003).

The ARP has been in place for more than five years (April 2001- April 2005). The project has achieved considerable outputs in improving the townships infrastructure and has had to work with through the difficulties of community opposition during their relocation from hazardous living conditions. At times project implementation has also been hampered by institutional coordination and delivery response involving various levels of government.

The key objectives of the ARP, as reflected in the ARP Economic Development Strategy, include:

- Substantially reducing levels of unemployment by 20 percent
- Creating a healthy and clean living environment
- Providing services at an affordable and sustainable level
- Reducing levels of crime and violence
- Upgrading existing housing and creating additional affordable housing opportunities and,
- Dedensification to appropriate land

The three spheres in which the project aims to achieve its objectives include social development which focuses on schools, health, welfare, sports and recreation, heritage, arts and culture; physical development which focuses on spatial planning and

environment, housing and engineering services and economic development focusing on public safety and security, local government capacitation and the focus of this report; local economic development (ARP Economic Development Strategy, 2003)

#### 1.8.1.1 ARP Local Economic Development Strategy

The vision of the Local Economic Development strategy is:

> "To transform Alexandra into a fully integrated and thriving component of the Greater Johannesburg economy, in a manner that capitalizes on its prime location and promotes short and long term business and employment opportunities"

In order to attain this vision, the LED strategy was broken down into three programmes namely nodal development where economic activity will be focused in large and small areas; cluster development whose strategy focuses on developing key clusters that offer potential business and work opportunities and maximizing short-term benefits from the ARP which focuses on maximizing the economic benefits resulting from the capital investment being made in terms of the ARP (ARP Economic Development Strategy, 2003).

Some of the outcomes intended out of the strategy include black economic empowerment, raising the value of business activity in Greater Alexandra, maximizing short-term economic benefits and improving market mobility. Envisaged challenges to attain the outcomes include limited black ownership of businesses, degraded physical structures and services, overcrowding and squatting, limited law enforcement of

regulations, limited reinvestment, poor linkages to surrounding areas, limited participation in the labour market due to low levels of skill and education and most of all high unemployment and poverty levels (ARP Economic Development Strategy, 2003).

## 1.9 SOCIO-ECONOMIC PROFILE OF ALEXANDRA

Alexandra is made up of diverse cultures, and people who speak different languages. According to Wilson, Zulu is the main language spoken in Alexandra with 30percent speakers, followed by Northern Sotho or Pedi (26percent), Tswana (12percent), Xhosa (10percent) with Shangaan/Tsonga, Southern Sotho and Venda making up the rest. The ratio of men to women is estimated to be 1: 1, 2 (Wilson, 2001). There are large numbers of young adults, especially Old Alexandra with 53 percent aged between 30 and 40years.

As has been revealed in the historical overview of Alexandra, the township has a long history of overcrowding and also poverty. The unemployment rate (using a conservative definition which includes only those actively looking for work) for Alexandra is 32 percent, which is however, higher than that for Africans in Gauteng more generally which has 29 percent. However, other reports estimate unemployment (including those who have stopped looking for work or undertake informal sector activities to bring in some money) to be much higher, in the region of 60 percent (Wilson, 2001).

The employment status of women is worse than for men. 40 percent of women are unemployed compared to 19 percent of men. For those who are employed, most work in low-skilled or semi-skilled jobs. Community Agency for Social Enquiry (CASE) has

estimated the average monthly income for Alexandra at R1029.00 (Wilson, 2001). Roefs *et al* argue that the highest income levels are on the East Bank were 55 percent of households have an income of between R1000 and R2000, and in the flats where 45 percent have an income of between R2000 and R3000 (Roefs *et al*, 2003).

Education levels, according to Roefs *et a*l are low with small proportions of people with matric or a diploma. The majority of residents are unskilled. Skills and educational levels are said to be somewhat higher in the East Bank and the flats. Statistics from United Nations Educational, Scientific and Cultural Organisation (UNESCO) reveal that Alexandra has over 50 percent of illiterate people, which is quite a substantial figure contributing to high unemployment levels (www.portal.unesco.org). This may also be the contributing factor to more people being employed in the informal sector than in the formal sector in the township.

In terms of business activities, June 2002 LED Business Audit conducted by Kayamandi Development Services reported that approximately 67 percent of business enterprises are informal and 33 percent are formal. In terms of employment formal firms employ an average of 23 individuals whilst employment in the informal sector is much lower at 1.6 individuals per firm (Business Audit, 2002). This may be due to the fact that the formal sector is more willing to absorb more people at one time and can afford to pay their wages compared to small business in the informal sector. Despite that, the informal sector dominates in terms of the number of enterprises. More than half of all economic enterprises (55 percent) within Alexandra's local economy are involved in retail activity.

The informal sector is largely dominated by retailing and activities involve fruit and vegetable selling (29 percent), food stores (31 percent), general dealers (14 percent) and trading of clothes (13 percent) (Business Audit, 2002).

Approximately 40 percent of businesses surveyed are said to be located in Old Alexandra and the East Bank area. Important to note is that 95 percent of all economic activities within this geographical area are informal. This location however, provides only 27 percent of informal activities compared with 65 percent in Pan Africa Square (Business Audit, 2002). The following section provides background to the study and problem statement of informal sector and local economic development.

**Conclusion**

With informal sector activities dominating in Alexandra Township and with the potential that the sector has in uplifting the economic image of the area, the onus is on the government in creating enabling environment for the sector to strive. This cannot be achieved through the development of enabling policies only, but also on ensuring that those policies are implemented accordingly and that the people targeted benefit from that.

# CHAPTER 2: INFORMAL SECTOR, LOCAL ECONOMIC DEVELOPMENT AND WOMEN

## Introduction

Four aspects will constitute the bulk of the literature review, namely: the theoretical aspects for understanding the informal sector (concepts and debates), theoretical aspects of understanding local economic development (concepts and debates) and the importance of promoting LED and the informal sector, not only in South Africa but throughout the world. The first section of the review will look at the informal sector and the second section will turn to local economic development. Despite the separation of the two concepts, there is a significant link between them, and this will be highlighted in the concluding section.

## 2.1 Defining the Informal Sector

There is no agreed-upon definition of the informal sector but it is well known that the informal sector or the informal economy covers a vast number of businesses, in terms of ownership structure, sectors, activities, size and formality. Informal economy work is viewed as employment or work that is not recorded in the formal labour market data. Informal employment tends to take the form, in general, of simple occupations such as street trading and any forms of home-based work, but could take the form of highly skilled occupations, which take place outside the formal economy (Valodia, 2000). Examples include motor mechanics, electricians, plumbers and caterers.

The concept of the informal sector has frequently been associated with poverty and unemployment. It has been seen as having a potential to contribute to income of poor people in many developing countries. As a result governments in developing countries are developing economic policies to help improve this sector. Rogerson and Preston-Whyte do not see the informal sector as merely as set of survival strategy by destitute people on the margins of the society, despite the fact that certain activities do derive from the desperation to secure much needed means of household subsistence. They argue that even though most individuals engaged in informal economic activities are poor, it must be noted that the 'informal economic processes' cross-cut the entire social structure. There is a linkage between formal and informal sectors, with individuals switching between the two even in the same working day (Rogerson and Preston-Whyte, 1991).

Rogerson and Preston-Whyte define the informal economy as "a process of income generation characterized by one central feature, that is, it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated" (Rogerson and Preston-Whyte, 1991:2). The informality of the formal sector is conditioned by the changing institutional boundaries of the regulation of economic activities which produce a shift in the formal-informal relationship, in other words, "it is because there is a formal economy that we can speak of the informal one" (Rogerson and Preston-Whyte, 1991:3).

According to Rogerson (1996), the informal economy originated from the demise of the formal economy; the increase in survivalist enterprise and the reduction in the

profitability of certain formerly promising spheres of formal work. It also originated from the "informalisation" of the formal sector which is associated with increased subcontracting and outwork in a number of industrial sectors. The decline in the labour absorptive capacity of the formal economy is seen as the major factor for large number of people to be squeezed into urban informal and the rural non-farm sector out of necessity and not out of choice (Rogerson, 1997:5).

Sethuraman argues that people could enter voluntarily into the informal economy; women in particular prefer this sector because it offers flexibility in participation. For example, they can combine their household responsibilities with income earning opportunities by choosing their own hours and place of work as well as the activities (Sethuraman, 1997).

Some people may also enter the informal economy due to the sector's non-compliance with the regulations. This involvement in the informal sector may have advantages for those who choose to be small and remain unregistered or unlicensed or invisible. Some join the informal sector so that they can avoid compliance with some or all regulations as compliance to them generally adds cost burden (Sethuraman, 1997).

However, there is a need to distinguish between those who can afford to comply with regulations and those who cannot due to lower income. Therefore this means that it is not only the poor who go into the informal economy. Another reason mentioned by Sethuraman for advantages of the informal economy is the existence of profitable opportunities. She argues that the small units are in an advantageous position to exploit

the market niches waiting to be exploited by offering tailored services, which large enterprises do not find attractive or are incapable of venturing into (Sethuraman, 1997).

Survivalist enterprises of the informal economy are defined as a set of activities undertaken primarily by unemployed people unable to find regular employment. In this group of enterprises incomes usually fall short of minimum standards, little capital is invested, there is low skills training, education is low and so are literacy levels and there are lower prospects for opportunities of upward growth into a viable small business enterprise. Rogerson asserts that the rate of business formation in this category is high due to lower barriers of entry; that is, not much expertise is required to start business (Rogerson, 1999).

The second category of businesses are micro-enterprises which are very small enterprises often involving the owner, some family members and at most, one to four employees. Although such businesses frequently lack the similarities of 'formality' in terms of licenses or formal premises and entrepreneurs sometimes have only rudimentary business skills or training, many, though not all, micro-enterprises will make the transition into viable formal small businesses (Rogerson, 1999).

### 2.1.1 Conceptual Framework of the Informal Sector

The International Labour Organization (ILO) has been a trendsetter in developing literature and creating awareness of the informal sector and its challenges. The ILO Conference Paper in Geneva, *Decent Work and the Informal Economy (2002),* provides

background of the informal sector. The paper argues that in the 1950s, the Lewis model of economic development made an assumption of unlimited supply of labour in most developing countries and that as the modern industrial sector grew in these countries, labour surpluses would be absorbed. Thus petty traders, small producers and workers would eventually be absorbed into the formal sector.

However, this assumption did not hold for many developing countries as economic development did not create enough jobs, causing unemployment to persist. This led to ILOs multidisciplinary 'employment missions' to various countries. The first mission was in Kenya in 1972. The ILO Report recognized that the traditional sector, what it termed as the informal sector, had expanded and was not only confined to the marginally unproductive activities but included profitable and efficient enterprises (ILO, 2002).

The ILO realized that the sector was not supported, was unregulated and sometimes discouraged by policymakers and governments. This stance from the ILO Report in Kenya led to changes in attitude towards the informal sector. It concluded that the informal sector emerged as a result of industrialization and capital intensification. According to Rogerson (1997) 'downsizing' and retrenchment have caused workers to join the ranks of the unemployed or informally employed. The informal sector has been said to account for about half of the new jobs in America and over 80 percent of new jobs in Africa (ILO, 2002). The result is that the informal economy today accounts for a significant share of employment and output. Despite the significance of this sector, several constraints limit their contribution to the economy.

The general literature on the informal sector is largely based on three theoretical models namely, the dualist approach, micro-economy or dynamic approach and the feminist approach.

**The Dualist Approach**

The dualist approach argues that the informal sector is a residual part of the formal economy. It emphasizes an economic system that consists of a dichotomous model, whose parts (formal and informal sectors) are seen as separate and autonomous entities. It is based on the development model focusing on demographic aspects, particularly 'the high degree of rural-urban migration' leading to a situation in which labour supply increases more rapidly than its demand, as a result limiting urban employment opportunities. As such those who are not absorbed into the formal economy are seen as the lumpenproletariat or the urban poor (Adelino, 2002).

Adelino quotes Hart, (a scholar to first coin the term 'informal sector') who argues that the main difference between those two sectors lies in wage earning and self-employment. However, despite the wide use of the dualist approach, it is criticized on the grounds of its simplistic and crude assumption that all economic activities are divided into two categories as many activities display features of both 'formal' and 'informal' sectors (Adelino, 2002 and Dlamini, 2002).

**The Feminist Approach**

The theoretical framework of this study takes on this approach in its attempt to reveal the importance of women in the informal sector and why the government ought to support it.

The feminist approach has been represented in efforts to analyse the structural position of women within the informal sector. The approach is motivated by growing empirical evidence showing the disadvantaged position of women in the informal sector in perpetuating existing gender inequalities (Dlamini, 2002). The link between working in the informal sector and being poor was found to be stronger for women than for men (Sethuraman, 1997). Verhoef argues that in South Africa by 1991, almost half of the people in the informal sector were women (Verhoef, 2001). As will be revealed below, in Alexandra, there is a higher proportion of women in the informal sector, or street trading in particular (selling fruit and vegetables) than men.

Feminist scholars quoted by Dlamini; Natrass (1987) and Horn (1991), called for a new gendered approach to the informal sector which would recognize the significance of the informal sector particularly with respect to the employment of women. This gendered approach was an attempt to 'reduce the invisibility of women in economic analysis' (Dlamini, 2002). Other scholars to acknowledge work done by women in the informal sector and their involvement in the economy include Rogerson, ILO and Valodia, and also South African policy changes towards women.

**Micro-enterprise Development Approach**

The term micro-enterprise is synonymous with the informal sector. Micro-enterprises are seen to, '…promote, fund and carry out the activities which address the needs of the poor' and Adelino stresses that the most important role for the government is to provide the appropriate policy environment for these micro-enterprises. This approach sees the informal sector as complementary to the formal sector activities and can therefore play an important role in the use of resources available and have an important role to play in economic development (Adelino, 2002). Hence there is a need to create an enabling business environment for the sector to flourish and these include urban planning policies to create dynamic zoning for traders as well as the development of infrastructure that aims to integrate rather than isolate the informal sector.

The potential that the informal sector activities have in assisting mainly the poorest of the poor segments of the economy is realized in this approach, hence, as has been revealed above and in the literature review that follows, I have adopted this approach. Another reason for the promotion of the informal sector, also noted by Adelino, is that the informal sector has the ability to produce goods from indigenous craft traditions, which are more likely to satisfy the needs of the poor than the products of large and foreign technology. In Alexandra, for example, people still enjoy tripe sold in the streets and cooked chicken legs, something one would not be able to find in supermarkets. Another advantage to the poor is that products (especially fruits and vegetables) are relatively cheaper on the streets than supermarkets. Adelino also makes the point in favour of government intervention in the sector in that it is 'less management-intensive'; a

characteristic crucial for areas laden with lower skills, lower education and illiteracy levels like Alexandra Township.

## 2.2 Effectiveness of Support and Assistance to the Informal Sector

Support to the informal or the SMME sector in South Africa is implemented through three institutions. The Centre for Small Business Promotion in the Department of Trade and Industry (DTI) is responsible for coordinating and implementing the small business development strategy. The Ntsika Enterprise Promotion Agency (NEPA) provides non-financial assistance to the SMME sector. The Khula Enterprise Finance Facility (Khula) provides wholesale finance to the SMME sector (Rogerson, 1999).

NEPA provides a range of facilities to small business including a management and entrepreneurship schemes, technology transfer schemes, market access and business development programmes. An important component of these schemes is facilitating small business access to government procurement. All of these services are aimed primarily at the small and medium, and to a lesser extent the micro components of the informal sector. None of the schemes are aimed directly, or have any real positive impact on, the survivalist segment of the SMME sector (Rogerson, 1999 and Valodia, 2000)

Similarly, the Khula finance schemes have little, if any, relevance for most women in the informal economy. Khula operates as a wholesaler of finance to the retail-banking sector. A critical barrier for women in survivalist enterprises is a lack of finance (Rogerson, 1999). The retail banks in South Africa have in the recent period been moving out of the

black residential areas as they consolidate their activities in response to greater levels of competition in the commercial centres of the economy. The result is that survivalist traders have even less access to commercial financial systems. Khula's attempt at developing viable retail financial institutions aimed at the SMME sector have been impeded by its insistence on over-regulation (Valodia, 2000).

On the other hand, due to under-regulation in terms of the Usury Act, many informal economy workers have been caught in a web of debt arising out of the operations of the emerging private micro-finance industry. The Usury Act excludes loans below R10 000 from an interest rate ceiling thereby exposing those with the lowest incomes and least access to other forms of credit to the micro-finance industry which has become notorious for excessively high levels of interest (Valodia, 2000).

Whilst the government's *1998 White Paper on Small Business Development and Promotion* recognises that the survivalist sector has the largest concentration of women and lists as one of its key objectives, to "support the advancement of women in all business sectors", the DTI offers very little, if any support to women. Lund argues, "It would seem that the SMME policy…has little relevance for the survivalist sector – in particular for women street traders. What is seen by policy makers as a micro-enterprise is not micro enough" (Lund, 1998). As revealed by Skinner, Valodia, Rogerson and Lund though the government supports the policy for the development of micro-enterprise, however, little in the way of material support has been allocated so far. Or is it because

street traders still remain “birds in the cornfield”; an activity which the government should get rid of?

There remains a crucial need for policy to recognize the importance of this sector as it pertains to needs of women in the country. Women in South Africa are the worst affected by incidences of poverty and have a higher rate of unemployment compared to their male counterparts.

## 2.3 Position of Women in South Africa

Colonialism brought in its trail patriarchy, the system of domination of women by men at all levels of society based on the socially constructed notions of gender, gender roles and gender relations. That patriarchy has been coupled with the indigenous version and was used to benefit apartheid. Therefore apartheid, race, gender and class oppression were combined to form a system of oppression. Black working class and rural women bore the harshest realities of exploitation and oppression. They suffered “the triple oppression” – exploited as a class, oppressed as a national group and dominated as women. The combination of colonial and indigenous women’s oppression denied women basic social and economic rights beginning within the family and permeating throughout all spheres of life in society (Veeran, 2003).

The institutionalisation of racism and sexism meant that, amongst others, black women were barred from living in cities, owning land, accessing family planning, inheriting, borrowing money or participating in political and economic activity. The system of

women’s domination and control was reinforced by widespread abuse of and violence against women, both within and outside the family (Veeran, 2003).

Women's role and position in society is usually perceived within the duality of motherhood and economic independence. In South Africa women constitute a large percentage of the informal economy. Home-based tasks, childcare, collecting firewood and water, subsistence farming taking care of other dependents are all tasks that are overlooked in the broad analysis of women's contribution to the economy. The multiple burdens of black African women excluded women from access to credit, ownership of land, educational opportunities and skills development. Women who entered the competitive labour market were also subjected to comparatively poorer working conditions bordering on the exploitation of cheap labour (Veeran, 2003).

It is estimated that approximately 2.6 million South Africans are trapped in survivalist activities which are below the poverty level. The micro-enterprise concept was tabled by the government to eradicate poverty and provide work opportunities for the unskilled (Veeran, 2003).

Sewing co-ops, chicken farming, candle-making, gardening and arts and crafts are a few of the micro-enterprise projects initiated collectively by women's community groups. Common features of most of these activities reflect an extension of women’s homemaking skills and are generally undertaken in combination with other domestic or income generating activities. Skinner and Valodia argue that private and public sector

support for such activities are lacking, exposing women to high risks and poor outcomes. The gendered dimensions of the work environment reflects the over representation of men in the formal economy and women in the informal economy (Skinner and Valodia, 2001).

Despite having same levels of education, women tend to earn less than men. African women earn between 15percent to 28percent less than African males with the same education. White men and women earn consistently more than African men with the same level of education. Black women are consistently the lowest earners. Even in same fields, women are often paid less than men doing the same or similar work (Veeran, 2003).

Black women are either concentrated in low-skill, low-wage employment in industries such as clothing manufacture, or in high-skill, but relatively low-wage professions such as nursing and teaching. In the secondary labour market, black women are largely employed in agriculture and domestic work. Among those women employed, 35percent of African women, and 23percent of coloured women, work as domestic workers. Within the informal labour market, African women mainly occupy the "survivalist sector" comprising mainly of hawkers and street vendors. There are few women in positions of economic power. For instance, in 1996, less than 0.5 percent of directors of large companies were black women (Veeran, 2003).

Women formed only 22percent of all people in managerial positions, and only 9percent of these were African women. Urban unemployment figures for 2000 revealed that 40.2 percent of African women were unemployed compared with 34.2 percent African men, 7.3 percent white women and 6.2 percent white men (Veeran, 2003). The apartheid policies prevented black women from living in urban areas where jobs were available. The migrant labour system led to male migration from rural to urban areas to provide labour for mining and industry. Women were left to survive from the barren land as remittance from male relatives was very little and erratic (Veeran, 2003).

In rural areas, agricultural labour is often the only source of employment. Women working on farms tend to be classified as casual and seasonal labour. During the apartheid era, it was common practice for farmers to use women and children as unpaid labour, and threatened them with expulsion from the land if they refused to work. The women were frequently beaten and abused by the farmers. But they tolerated this violence out of fear of being evicted. Exploitation of labour on farms is still rife (Veeran, 2003). The consequence of disempowerment is more painful for women, who suffer further abuse at the hands of men, stripped of dignity and unable to control their lives. Domestic violence is still prevalent in the country despite the existence of legislation prohibiting it.

This unequal treatment of women (black) in the country becomes the cornerstone of government's intervention in its attempts to remedy this. An attempt to assist women's

position in the informal economy cannot be attained without understanding their position or role in the country and also in the household per se.

## 2.4 Local Government's Role in Informal Sector Promotion

Rogerson provides one lucrative strategy that could make inroads in assisting the informal sector. This concerns the policy and support environment offered by local as well as national government (Rogerson, 2004). It has been shown that national informal sector support programmes since 1994 have offered little support for survivalist enterprise, especially women entrepreneurs and rural SMMEs. According to Rogerson, the most effective level of policy intervention and support for this group of the informal sector should come from the local level rather than the national government (Rogerson 2004).

Important opportunities exist for South African local governments to enact a range of measures to support micro-enterprises and informal sector enterprises as part of local economic development (LED) initiatives, which have been an important feature of planning in the post-apartheid period (Rogerson, 2004).

For urban survivalist enterprises, involved in, for example, street trading or the running of spaza shops (corner shops); the activities of local government can exert a profound impact upon the economic health of these forms of enterprise (Valodia, 2000). The establishment of formal markets, appropriate policies towards land use zoning and improved infrastructure provision, among others, are key issues for local government

intervention which can impact positively upon the survivalist informal enterprise and enable a contribution towards poverty alleviation. Innovative local government interventions, as part of wider LED planning, can make important contributions towards securing and enhancing the livelihoods of informal traders, most importantly women in the sector (Rogerson, 2004).

Rogerson provides an example of a study done by Gibbs in Cape Town of municipal support for informal sector development where the local government has supported the establishment of local skills training centres to upgrade the capacity of entrepreneurs (Rogerson, 2004). Overall, it has been demonstrated that since 1994 planning for local economic development has assumed considerable growing significance in South Africa, more especially in the wake of new developmental responsibilities that have been allocated to the local tier of governments (Rogerson, 2004). As part of an array of LED planning initiatives, local support for small business development has become an increasingly prominent theme. It is in the context of this emergence of local level initiatives for promotion of the informal sector activities is appraised. The following section turns to local economic development as an important initiative for South African localities.

## 2.5 LOCAL ECONOMIC DEVELOPMENT (LED)

Helmsing defines LED as 'a process in which partnerships are forged between local governments, the private sector and community-based groups to create jobs, manage existing resources and stimulate the economy of a well-defined territory" (Helmsing, 2001). A similar conception on LED has been provided by Canzanelli who defines it as a "participatory process that encourages and facilitates partnership between the local stakeholders, enabling the joint design and implementation of strategies, mainly based on the competitive use of local resources with the final aim of creating jobs and sustainable economic activities"(Canzanelli, 2001). Hence the success of any LED initiative lies in its participatory and consultative process between stakeholders and local community.

What is significant about LED is that it tends to revolve around issues of job creation, empowerment, the pursuit of economic growth, the restoration of economic vitality and diversification in areas subject to recession and establishing the 'locality' as a vibrant sustainable economic entity.

In a South African context, Rogerson (2003) argues that LED tends to have a distinctive pro-poor orientation and the degree of national state endorsement of local-level action is particularly important. According to the Human Sciences Research Council (HSRC) Evaluation (2003), LED in South Africa usually refers to "actions initiated at the local level, typically by a combination of partners, to address particular socio-economic problems or to respond to economic opportunities". In South Africa, LED is now the

mandate of the local government but can also occur as a result of private or community-level initiative.

Over the past decade decentralization, a phenomenon coupled with the process of globalization, defined as the transfer of political authority, resources and personnel from the national to sub-national jurisdictions, progressively has been extended and gained considerable prominence across the developing world. Under the combined motivation of structural adjustment programmes (SAPs) that sought to reform the public sector, of market liberalization and of globalization process, LED planning has acquired great significance as a wave of decentralization swept across the developing countries (Rogerson, 2004).

LED activities have received support from international agencies, including the International Labour Organisation (ILO) and the World Bank. Across the developing world, poverty alleviation has become more vital policy issue on LED agendas than in the context of Western Europe, North America or Australia and that the core focus of LED planning in the South often tends to be upon issues relating to community-based development, small-enterprise development and locality development (Helmsing, 2001). A strong focus is rendered to the promotion of industrial clusters, the small enterprise economy in general and the informal sector in particular.

According to Rogerson, the greatest process of decentralization is recorded in post-apartheid South Africa and that the country is now emerging as a pioneer in terms of

LED planning on the African continent. He argues that several features of the South African LED experience have been 'exported' to surrounding countries in the region of Southern Africa. On the other hand, in the international literature on LED planning, innovation of recent initiatives instituted for so-called 'pro-poor LED' (Rogerson, 2004).

### 2.5.1 Approaches to LED in South Africa (Developmental vs. Orthodox)

Under apartheid planning, heavy emphasis was given to top-down regional policy interventions which were centered upon promoting industrial decentralization in the country's peripheral Homelands or Bantustan regions (Rogerson, 2004; Bond, 2002 and HSRC, 2003). LED planning was undeveloped in the apartheid era and confined largely to small initiatives for place marketing designed to attract inward investment an approach that Bond terms "orthodox" or 'traditional" LED (Bond, 2002) .

Traditional approaches assert that the key to prosperity is attracting (primary manufacturing) investment through concessions such as tax breaks, cheap land, reduced rates and even direct financial rewards in return for locating in the area. The argument was that investment creates jobs and provides taxes which can be used for service provision. The various components of this orthodox approach to LED includes strategies termed 'entrepreneurial-competitive', which emphasizes the importance of local comparative advantage and small businesses in job creation; 'urban efficiency' which argues that local authorities should raise urban productivity, in part, by lowering costs of living and doing business in the locality which is achieved by minimizing government

intervention by cutting taxes and service charges and also by privatising (Bond, 2002 and Meyer-Stamer, 2003).

Bond argues that this focus on purely market-determined economic development, accompanied by appeal for foreign and local investment by national and local leaders has instead led to "local economic underdevelopment" (Bond, 2002). With sustainable development on the agenda, there is a need for South Africa's recent LED Policy Paper to criticize the orthodox approach, hence the promotion of 'developmental' LED strategies which include community-based development, linkage, human capital development, infrastructure and municipal services, leak-plugging in the local economy and retaining and expanding local economic activity (Bond, 2002).

Bond further argues that despite policy changes, the above-mentioned orthodox strategies are said to be still evident especially on 'Export Processing Zones", Industrial Development Zones' and 'Spatial Development Initiatives' characterized by their top-down character with very little employment potential and adverse prospects for women workers (Bond, 2002).

With this said, I tend to argue that the bottom-up approach to LED or the 'developmental' approach is more appealing as it is more participatory and very sensitive to issues and concerns facing millions of unemployed and poverty-stricken South Africans. The orthodox approach mainly focuses on economic growth of the country and not socio-economic development of the country and its citizens. The 'trickle-down' economics

substantiated by the orthodox approach has not been achieved in the country, evidenced by souring unemployment levels. Hence, this study will adopt a more developmental LED approach.

## 2.6 Pro- Poor LED Initiatives

Although the major direction taken by LED planning in South Africa's cities reveal a strong pro-growth bias, it is clear that a priority for national government in terms of the outcomes of LED is that it should contribute to addressing severe problems of unemployment and poverty (Nel and Rogerson, 2004).

Since 1994, a pro-poor dimension has emerged in the LED operations undertaken by many South African local governments. The most widespread form of pro-poor interventions has been to strengthen the 'asset base' of poor communities (Nel and Rogerson, 2004).

Three critical areas are those that relate to improving regulatory frameworks municipal services delivery, and issues of employment creation through the stimulation of local economic activities. In terms of regulatory frameworks, the core questions relate to land management and improving the access of the poor to new or improved sources of shelter. Another option for expanding the asset base of the urban poor is to enhance their limited access to the full range of municipal services which include water supply, sanitation, refuse removal, local roads, public transport, drainage, street lighting and flood protection (Bond, 2002).

Opportunities exist in programmes of developmental service delivery for promoting new job opportunities as well as addressing poverty alleviation. For example infrastructure programmes were opportunities exist at all stages of a project cycle beginning in the stage of construction and continuing through to implementation and maintenance of services. The applications of public works programme for job creation and infrastructure provision are identified as the two most popular LED strategies used by South African local authorities (Rogerson, 2004).

The greatest asset for the poor is their labour. In South Africa, the number one priority issues of local concern are unemployment and municipalities' target of job creation is an important strategy for poverty alleviation. Another policy intervention relates to consideration of the survivalist informal sector, and as has been shown above, intervention can be more facilitative for the functioning of survivalist and growing micro-enterprises, development of a local information base, zoning changes, marketing and support, facilitation of periodic market and assistance for development of appropriate vocational training (Valodia, 2000).

## 2.7 LED Challenges

There are several developmental challenges that inhibit the success of LED initiatives in South Africa. Steeply rising unemployment, growing income poverty and increased social exclusion are the basic economic challenges for promoting LED. More specifically is the tendency for poverty and unemployment to be concentrated mainly within the black population and within the urban peripheries and rural areas, present major challenges.

Coupled with that are the problems of continuing low levels of education and training which effectively prevent the poor from accessing those economic opportunities that do arise (Rogerson, 2003a).

The spreading impact of HIV/AIDS is set to reduce population growth, cut deeply into the economically active workforce, and dramatically increase the vulnerability of the poor to poverty. Both these threats to the capacity of the poor to create or take up economic opportunities need to be internalized within LED approaches.

While national policy and legislation makes local government a central actor in LED at local level, the reality is that local government lacks the capacity to undertake this role on its own and is inherently not well suited to a lead role within certain domains of LED given its organizational structure and operating culture (Roefs *et al*, 2003 and Meyer-Stamer, 2003).

Furthermore, LED initiatives are, in practice, being undertaken by a range of different actors with different interests, set of resources and objectives. This is resulting in a lack of co-ordination and missed opportunities for synergizing between initiatives and the challenge is to bring these together within convergent locality strategies (Rogerson, 2003a)

Given its focus on mobilization of economic actors and their engagement in sustainable production and exchange, LED is not well suited to play a passive welfare role, though it

may effectively complement welfare interventions, its contribution to poverty alleviation is said to best performed through promoting existing economic networks and activities within poor communities, building the capacity of the poor to undertake economic activity and connecting them with economic opportunities outside. This means going beyond the slip streaming of LED behind public sector housing, infrastructure and service expenditure, which often provides short-lived opportunities (Rogerson, 2003a)

The main difficulty with marketing and investment promotion initiatives to date is that their focus on large investor interests has been associated with economic growth which is not creating a great deal of employment. However, the jobs that are created tend to be small in numbers favoring a higher proportion of whites, Indians and coloreds but tend to exclude the majority of poor black population. Small black business has gained from this through preferential tendering and associated support services, but the impact back into the poor black communities has been relatively slight (Rogerson, 2003a and Bond, 2002)

Institutional integration at the level of government has progressed rapidly since 1994, but challenges remain, especially within local government mainly in rural districts. Within poor communities, organizational depth declined during most of the late 1990s and community based organizations need both the political space and support from local government to enable their renewal and growth.

The institutional challenge for LED is to bring together national, provincial and local government, private sector business organisations, non-governmental organizations

(NGOs) and community-based organizations (CBOs) pursuing LED within policy and institutional frameworks that enable convergence of interests and initiatives around shared goals. One aspect of this challenge is to establish the right mix of accountability and operational autonomy for LED institutions, so as to enable both co-ordination between LED actors and to promote the innovation needed to secure both poverty alleviation and growth objectives (Rogerson, 2003a).

Poverty alleviation strategies in South Africa have to incorporate the informal economy. Informal street trading is an important economic activity in townships and also in the inner cities. Integrated Development Plans (IDPs) provide a platform on which LED initiatives are done; LED initiatives form part of the local government's IDPs. Any lack of coordination between IDPs and projects that take place, like the ARP could threaten the success of an LED initiative. The informal sector is an important component of LED initiatives. By harnessing the potential that the sector has in providing a sole source or supplementary income for the poor, especially women, could make a difference in their lives.

The local government; as its LED initiative, can support this sector through capacity building (training and education). What seems to be lacking to women street traders is a knowledge base. The dissemination and understanding of opportunities for management of micro-enterprises is generally poor among poor women street traders. This knowledge base needs to be built among potential street traders as well as among facilitators and local authorities. The establishment of Alexandra Local Business Support Centres (LBSCs) provides a step towards addressing the problem of knowledge management.

Poverty issues mainly relate to lack of money. However, there are also other non-material aspects to poverty that LED initiatives in street trade should take into consideration. Women, in particular regard issues such as security, independence and self-respect just as important. Hence financial assistance alone for women street traders might not be enough if it means men or husbands control its use.

For this type of an initiative to succeed, there has to be positive policy strategies and instruments in place. As such, the policy on SMMEs has to be revisited to accommodate the needs of women as this is lacking in the current policy. For some women, as will be shown below, education and training is not an option, especially for the aged. Instead, empowerment strategies should be opted for. For example, this could be done through erecting proper stalls for women trading on the streets. A woman street trader having *her own* proper stall on which she feels a lot more secure doing her business in could be enough. It is the sense of ownership of that stall means a lot to her.

Through a bottom-up, participatory approach to LED, informal sector opportunities can be identified. Women street traders should be able to table issues that concern them through forums. These issues should then be taken up by the local government, which will then inform or shape their IDP strategies. Without this consultation platform, achieving sustainable participatory local economic development could be difficult to attain.

## Conclusion

From what has been presented above, success of an LED initiative presents a challenge, especially for the local government. Many local governments in the country lack the institutional capacity to deal with socio-economic problems of their localities. Hence, there has to be involvement by numerous stakeholders, which should include the community (community-based organizations), non-governmental organizations (NGOs) and also the private sector. LED can play an important role in facilitating the development of the informal sector in the country, and that is if the initiatives are well coordinated and integrated in the local government's IDPs.

Informal sector development provides a crucial attempt by the government to address problems of poverty and unemployment, which in turn are issues that LED initiatives aim at reducing. Hence, any LED initiatives, especially in South African townships must incorporate informal sector as its components. Important to note is the role that women street traders play in the informal economy. South African women have a long history of oppression, exploitation and abuse from men. They have a higher prevalence of poverty and unemployment in the country and as a result, the main survival activities of poor women are concentrated in the informal economy, mainly in street trading. As such, there is a crucial need for LED initiative to consider women's position and their needs in the informal economy. This should also be noted in policy development for both SMMEs and LED. The following chapter presents the policy environment for the informal sector and LED.

# CHAPTER 3: SOUTH AFRICAN CONTEXT AND POLICY FRAMEWORK

## Introduction

This chapter looks at the policy environment as it pertains to the informal sector and LED in South Africa. For the informal sector and LED initiatives to succeed, "proper" policy strategies and instruments have to be in place. An enabling environment for street traders, especially women street traders, has to be in place if any intervention is to have a positive impact. The first part of this chapter looks at the informal economy policy environment. The second part turns to the LED policy context.

## 3.1 South African Policy Environment on the Informal Economy

Street trading in South Africa has generally been seen as what Nesvag terms 'birds in the cornfield' (Nesvag, 2000). From their establishment in urban areas around the turn of the 20th century, it took decades and the implementation of a comprehensive net of repressive apartheid legislation to chase them out of urban areas. However, Nesvag agues that despite democratic elections and ideological transformations, street trading is still perceived as being problematic and parasitic to the urban economy. This persistence of anti-street trade ideology, together with continued uncontrolled and unlicensed mass street trading suggests that street trading can still be analysed as an important form of resistance, in addition to being a vital strategy for the urban poor in South Africa (Nesvag, 2000).

There is a crucial need to review the policy environment on street traders. Since 1990, South Africa has been undergoing a period of dramatic change in policy-making, coordination and implementation. There are three areas in the policy environment that are of particular relevance to this study, namely gender equity, small, medium and micro-enterprises (SMME) policy as it relates to street trade, and local government and also how it links to women street traders.

Skinner has shown that in the 1990s, there were numerous positive changes in policy geared towards enhancing women's position in the country. A quota system in party lists was instituted in the 1994 elections and South Africa now has one of the highest proportions of women parliamentarians in the world. South Africa ratified the United Nations (UN) Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) in December 1995. In 1996 the Commission on Gender Equality was established. Its brief was to act as a watchdog to ensure that the rights of women are not violated. As part of the process to implement gender equality, twenty-four (24) government departments including the Department of Trade and Industry (DTI), have made a commitment to integrate gender concerns into their aspect of work. However, the commitment to gender equality however has only been translated into policy in a limited way (Skinner, 1999 and Lund, 1998).

Since the late 1980s, there has been increasing negotiation in South Africa of the SMME sector as developmentally important. During the early 1990s, there was a process of national level policy formulation and in 1995 the White Paper on National Strategy for

the Development and Promotion of Small Businesses in South Africa was released. The White Paper commits the state to creating an enabling environment for the development of small enterprises and identifies four categories named above, in the informal sector including the survivalist enterprises (Skinner, 1999; Lund, 1998; and Rogerson, 1998).

The survivalist enterprise is the category into which most street traders would fall. The White Paper's shortfall is that it identifies support strategies for each category except survivalist and women in this sector (Lund, 1998 and Rogerson, 1998). Rogerson reveals this when he points out that there is a need for policies and programmes to deal with specific environmental constraints that relegate women to poorest levels of the informal sector. What is required, according to Rogerson, is an integrated policy framework, which takes into account the factors which force women to participate largely in micro-enterprises (Rogerson, 1998). Valodia quotes Horn who provides one of the reasons why women are in the lower rungs of the informal sector when she asserts that:

"In the informal economy, which is not homogenous, women occupy the low- income, low-skill occupations. Often, when activities undertaken by women in the informal sector start to become more profitable, they are gradually taken over by men. The women remain in the subsistence-level activities, while the men are often able to move beyond subsistence to accumulate capital for more ambitious projects". (Horn 1994:80 in Valodia, 2000).

The ‘real change’ for street traders had in fact come into effect before the release of the White Paper, with the 1991 Businesses Act. Before 1991 local government controlled street trading and street traders were seen as a problem and as a nuisance. As such it was very difficult to get a license to trade and the trade laws required street traders to relocate continuously. Street traders were consistently and often violently harassed. The new Businesses Act aimed at reducing powers of local authorities to develop and implement laws that would restrict informal trading. Thus legally there was a complete turnaround from a situation where traders were not being allowed to trade with a few exceptions, to traders being allowed to trader freely with a few exceptions. Consequently there has been a rapid increase in the number of street traders in all urban areas (Skinner, 1999).

The Businesses Act is a clear acknowledgement of street traders as business people who contribute to the economy and who should therefore be given space to trade and support from the government. It provides a shift in national thinking about the informal sector. Local authorities however have resisted losing control over street trading as revealed by several townships including Alexandra where local authorities remain adamant not to permit street trading in areas not demarcated for trading. In 1995, the Business Act was passed on to a provincial level. Currently there has been a question of whether street-trading responsibilities should be given back to local authorities (Skinner, 1999). One may argue that local authorities should be responsible for street trading happening in their own localities with the aid of street trading policies that they draft themselves, as the provincial policy may not cater for individual characteristics of a locality.

Skinner continues to argue that the shift in approach to SMMEs is shaped by and runs parallel to changes in the nature and structure of government. Governance in South Africa has shifted from centralized authoritarian state of apartheid era to a democratic regime. Provincial and local governments are separate levels of governance in a three-tiered system, of which the third one is national government. There is particularly a dramatic change in the role of local government as reflected in the 1996 Constitution [Section 152 (1)] which states that municipalities must aim:

a) To provide democratic and accountable government for local communities
b) To ensure the provision of services to communities in a sustainable manner
c) To promote social and economic development
d) To promote a safe and healthy environment, and
e) To encourage the involvement of communities and community organizations in the matters of local government

The most relevant aspects to street trading are that local government should be responsible for promoting local development and in the light of the *1995 White Paper on Small Business Development and Promotion,* this would include street traders and that it is committed to 'participative governance'. Some of these new roles are well established in the concept of 'developmental local government' in the *1998 White Paper on Local Government* (the meaning of developmental government will be provided under the local economic development section).

From the perspective of survivalist, women street traders, the policy changes in areas of gender equity, SMME policy and local government are, in principle, positive. The main question which is the crux of this report however, is to what extent these policy developments have been translated into positive changes for street traders, and in particular women street traders. The research done by Skinner in 1999 on street trading policies in Johannesburg, Pretoria, East London, Cape Town and Durban provides some of the policies adopted by these cities individually.

Five cities studied by Skinner in 1999 were at different stages in developing street trading policies. Johannesburg and East London both have street trading policies. The Durban and Cape Town Metropolitan Council in 1999 were in the process of producing a policy. Pretoria did not have a policy statement on street trading. City-level policies, according to Skinner appear to be in line with national and regional policy, that is, they seek to promote and support small enterprises sector of which informal trading sector is considered to be an important component. The Johannesburg and East London policies emphasize the importance of street trading as an activity that contributes to the economy (Skinner, 1999).

In the absence of a street trading policy, the primary regulatory tool is street trading by-laws, which are aimed at restricting rather than facilitating street trading. The Johannesburg policy is structured around a number of policy concepts followed by implementation strategies. Examples of these policies include developing informal trading environments, managing of informal trading, opening communication channels

between stakeholders, encouraging the management and development of the sector and building capacity of hawkers and their associations (Skinner, 1999).

In Johannesburg, informal sector policies pertaining to street trading have been well developed and implemented, for example in areas like inner-city Johannesburg. Street traders have been provided with street stalls. However, they have to pay for them. This is not being done in Alexandra, possibly due to the tourism potential that the inner city has compared to Alexandra. One may suggest that similar vending stalls should be provided to Alexandra street traders, initially at no cost, then charges may come after a while also depending on the profit earning potential of a street trader (which may be determined by the quantity of products they sell).

## 3.2 South African Policy Context on Local Economic Development

> "*The South African Constitution of 1996 preserves the right of all South Africans to the service required to maintain a basic quality of life. The Constitution also entrusts local government with the responsibility for service provision to its communities and their economic and social well being*" (Local Development Discussion Paper, 2002:3).

The 1998 White Paper on Local Government introduced the concept of 'developmental local government' which is defined as 'local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives" (South Africa White

Paper, 1998:17). The White Paper further gives support to basic service subsidies, support to community organizations (in the form of finance, technical skills or training) and "linkage" policies that directly couple profitable growth and investment with redistribution and community development in lower income sections of municipality (Bond, 2002). In addition, local government is required to take a leadership role, involving and empowering citizens and stakeholder groups in the development process, to build social capital and to generate a sense of common purpose in finding local solutions for sustainability (HSRC, 2003).

The HSRC evaluation report of LED in the Free State quotes the DPLG Minister Mufamadi who asserts that, "…The very essence of developmental local government is being able to confront the dual nature of our cities and town and to deal with the consequences of the location of the poor in dormitory townships furthest away from economic opportunities and urban infrastructure. The solutions to these problems are complex and protracted (HSRC, 2003:14).

As Rogerson comments '…In terms of the mandate to developmental local government, the establishment of pro-poor local development strategies is therefore critical and central for sustainable urban development as a whole, particularly in dealing with the apartheid legacy of widespread poverty (Rogerson, 2003a).

The statutory principles for operationalising these concepts are contained in the 2000 Municipal Systems Act. A critical feature of this Act is the notion of promoting

'Integrated Development Planning' (IDP) within which the LED is regarded as a key element.

Integrated Development Planning in South Africa is defined as 'participatory approach to integrate economic, sectoral, spatial, social, institutional, environmental and fiscal strategies in order to support the optimal allocation of resources between sectors and geographical areas and across the population in a manner that provides sustainable growth, equity and the empowerment of the poor and marginalized' (DPLG, 2000).

According to Department of Provincial and Local Government (DPLG), IDP is 'conceived as a tool to assist municipalities in achieving their developmental mandates (DPLG, 2000) and also as a planning and implementation instrument to bring together the various functions and development objectives of municipalities.

Since 1995, DPLG has been the lead actor and institution in developing a national framework for LED. However, by mid-2004, no common policy framework document has been finalized and South Africa still did not have any agreed national policy to coordinate the proliferating developmental planning activities of local governments (Nel and Rogerson, 2003). In 2002, a Draft LED Policy Document entitled "Refocusing Development on the Poor" was compiled. The policy document argues that that government policy must focus on pro-poor LED targeting explicitly low-income communities and the marginalized". This draft policy includes the RDP LED mandate which emerged in the ANC campaign curing the first democratic elections (Bond, 2002).

Another emerging policy of note to this study is the government' "Urban Regeneration Strategy" which, though still to be finalized, has a clear focus on issues of urban regeneration and targeted support for township areas (see the list of areas above). In Johannesburg, three townships, including Alexandra, urban renewal projects have already begun. Other projects include Evaton and Bekkersdal.

Alexandra provides a unique challenge to LED, with previous failures of Renewal Projects which were mainly a result of non-participatory initiative , that is, development initiatives were imposed from above. Residents had no say over what took place. This participatory stance of developmental mandate that the local government now has could be what Alexandra requires; development that takes into consideration residents' concerns and harnesses the potential that the community has. One may expert that previous renewal projects in Alexandra could provide lessons learnt and challenges to attaining meaningful development in Alexandra. LED could be a new phenomenon and not well developed for the local government of Alexandra. But with the support from central and provincial government through the ARP, one may expect that Alexandra is well placed to succeed in its LED initiatives. All that remains a challenge is implementation of policy in a well-coordinated way. Despite the availability of financial resources (R1.3 billion), institutional capacity from the local government's still remains a threat to the implementation of policy.

## Conclusion

Policy on local government is well structured to accommodate the needs of the poor by arguing for a more participatory, bottom-up development. However, local government has been given too much responsibility of which it cannot attain on its own. Local government should play a more facilitative role to LED initiatives, but the central and provincial government must support much of the activities. If this is not done, the constant labeling of local government as being unable to deliver will continue.

On the other hand the lack of delivery from the local government may be compounded by selective policies, like the SMME policy, which does not incorporate women street traders needs and sees micro-enterprises as the same. As a result similar strategies are prescribed to very different informal sector activities.

# CHAPTER 4: ALEXANDRA

A key concern of the research was to investigate what the government is doing to assist informal traders. It particularly sought to assess whether the ARP, with its commitment to LED, has succeeded in promoting the interests of the informal sector in Alexandra. The government has repeatedly acknowledged the importance of the informal sector, which it regards as complementing the formal economy.

The informal sector plays a significant role in employment generation and poverty reduction in many areas, especially in townships like Alexandra which inherited high unemployment and poverty levels from the apartheid system. Despite this acknowledgement by government, there remains a challenge relating to the implementation of a 'staircase' between formal and informal economies. This chapter will discuss the policies including the views of local authorities and ARP leaders on LED. It will attempt to explain how informal traders are affected by these policies.

## 4.1 Local Policy Challenges

As has been revealed above, LED is more effective when facilitated by the local government, as they are more in touch with their communities than national and provincial government. Region 7 Councilor Ndlovu acknowledges that LED plays an important role in the economic development of Alexandra. An important policy objective in Alexandra is to reduce unemployment which is estimated at 60% through job creation and promoting small and medium enterprises. Pan Africa Square, the economic hub of

Alexandra has been seen as a strategic area of intervention in terms of assisting informal traders. Mandela Square Heritage site (currently under construction) has also been earmarked as a potential area for tourism where some arts and craft traders will be accommodated.

According to Councilor Ndlovu, Pan Africa Square attracts quite a significant amount of people from different areas. A study conducted between 1997 and 1998 revealed that about 21 000 people visit Pan per day and most of them come from Thembisa, Pretoria, KwaNdebele, Soweto and Johannesburg. Pan Africa shops are a lot cheaper (compared to the ones in Johannesburg inner-city) and hence cater for the lower income people. As part of an LED initiative, the council and the ARP have identified an area in Pan Africa Square where stalls will be built in an attempt to put informal traders in a 'formal' environment, especially those trading around Pan Africa (Ndlovu and also interview with Madikologa from Kagiso Trust). This could be a means of placing traders in an environment where they could be properly controlled. In addition, this could be an attempt to assist those traders selling fresh food products, especially meat to be in an enclosed or non-hazardous place where electricity will also be provided.

The construction of stalls in Pan Africa and their future sustainability remains a challenge. As most street traders in Pan Africa Square are not paying anything to local authorities, enforcement of rent payment may be a difficult exercise. As a result, many street traders will resort to trading in undemarcated areas. This has been the case in inner-city Johannesburg where an attempt to place traders in well built and demarcated stalls

has enjoyed uneven success. Traders continue to trade next to these stalls due to high rents associated with their usage. A lower rent or fee should be charged to avoid this boycott or else the local government may run the risk of non-usage of these stalls. In turn, lack of payment may lead to lack of maintenance funds from local municipality.

With a high number of street traders around Pan Africa Square (and increasing by the day), another concern relates to the number of street traders that could be accommodated in those stalls and what other initiatives exist for those who fall out or those around Alexandra Township as a whole. According to Ndlovu, there are currently no initiatives earmarked for street traders inside the township. This, he argues, is because of serious land shortages in Alexandra for further development to relocate street traders. However, due to land unavailability, the government could consider 'scattering' the stalls all over Alexandra rather than concentrating in Pan Africa Square, which in turn is not centrally located in Alexandra. Street traders not in close proximity to Pan Africa would also benefit from this type of initiative.

Coupled with the shortage of land is the issue of development priorities in Alexandra. Alexandra is one of the townships that felt the injustices of the apartheid system through lack of service provision, that is, housing, water and sanitation, electrification, construction of roads, schools and clinics. The Township suffers from huge infrastructure backlog due to decades of neglect by previous government and the huge influx of people into the township; hence priority of any development that happens in Alexandra is given to housing rather than business sites (Ndlovu, 2004 and Digkobe, 2004). With a recent

(2004) mandate from the Housing Minister to upgrade and eradicate informal settlements in Gauteng by 2014, much emphasis is directed to housing concerns (Ndlovu, 2004).

The democratic dispensation that came into being in 1994 made a provision for the reversal of these injustices. Infrastructural backlogs had to be addressed and housing was and still remains a priority for the Region 7 local authorities and residents of Alexandra. Mabel Dikgobe, Alexandra Development Forum (ADF) LED coordinator, also argues that Marlboro was earmarked for street traders and an area was identified where the project would take place. However, the project faded, as there was a more pressing need for housing. As a result, most of the time they allow traders to continue trading in undermarcated areas while the problem of housing is resolved first.

The ARP aims at providing 50 000 houses by 2007 in Alexandra. More than 2 400 houses had been built by 2002 and R30 million was set aside in 2002 to develop a further 11 500 units between 2002 and 2005 (Davie, 2002). In terms of budget allocation, between 2002 to 2003, more than R51 million went to housing compared to R14 million allocated to local economic development initiatives; with only R540 000 going to the informal sector (ARP Expenditure Control Sheet 2002/2003 and Roefs *et al*, 2003).

Economic development cannot occur in Alexandra if there is no strategy to create jobs and promotion of the informal sector activities is one strategy that the local government can utilize in Alexandra to reduce unemployment. Thus, houses have to be built but they also have to be maintained and this cannot happen if residents are unemployed; that is services rendered have to be paid for. As such, people need a source of income to pay for

services which can be secured through local economic development initiatives (of which informal sector activities is one of them).

Councilor Ndlovu and Engelbrecht, a former ARP programme manager, (*interview with Roefs et al*) argue that the success of the ARP lies with the integration of all government spheres. Nevertheless, there is a lack of integration between local government and the ARP. This lack of integration is compounded by what Engelbrecht argues is a "lack of clear national policy framework". There is no strategy to assist informal street traders in Alexandra, more so to deal with women street traders. With regards to women street traders, the ARP also lacks a strategy to assist or support their activities (Ndlovu, 2004 and Engelbrecht in Roefs *et al*, 2003).

In addition, this lack of policy in turn could be compounded by of lack of political willingness from the government to deal with issues and concerns facing women street traders. As revealed above, Rogerson mentions the shortfalls of the 1*995 White Paper on Business Development and Promotion in South Africa*, arguing that the Paper fails to identify support strategies for women in street trading activities. This may provide a case for lack of support strategies to women street traders. Inability or failure to identify strategies by local government may be due to lack of political willingness (and commitment) or lack of institutional capacity, which in turn jeopardizes their competence in dealing with these issues.

Without a strategy or plan to assist the local government, then implementation at local level becomes difficult which in turn spells future uncertainty for women street traders. Women street traders are the ones who feel the brunt of absence of policy from the government, especially those at the margins of street trading activities (Mrs. Mthembu and Zinhle; see below). Lack of support programmes to women street traders could further deepen poverty and reduce their chances of escaping poverty.

The 1995 *White Paper on Business Development and Promotion* recognises the significance of training of informal traders; however local authorities in Alexandra do not provide any training to informal traders. The ARP, as part of its LED strategy provides training to informal traders (although not limited to women) through the LBSC. Surprisingly, Councilor Ndlovu was unaware of LBSCs existence revealing a lack of integration and coordination between local authorities and what the ARP is doing. It seems the LBSC project was not integrated into Region 7's IDPs. Although Ndlovu recognizes the importance of training of street traders, Region 7 has no particular initiative on training and educating street traders.

Dikgobe argues that there is also a lack of coordination with the Alexandra Chamber of Commerce (AlexCoC), whose members do not attend meetings. According to Dikgobe, AlexCoc also has its own database of informal traders but does not know much as to what they do. My concern was that there is a possibility of registering people twice as a result of this lack of coordination. Unfortunately, I could not get hold of the chairperson of AlexCoc. The lack of coordination could result in the duplication of work between the

ADF and the AlexCoc. The AlexCoc is the business chamber of Alex and has been registering informal traders for quite some time compared to the ADF which was formed with the advent of the ARP. As such, AlexCoc may feel that the ADF is 'taking its function' as a registrar of street traders.

The success of the ARP can only come about through closing this gap; that is, through integration and the alignment of ARPs projects with local government's IDPs. Engelbrecht, quoted from Roefs *et al*, argues that the national Urban Renewal Programme (URP) is 'outdated' and 'not enough' to deal with the day-to-day activities of a project on the scale of the ARP (Roefs *et al*, 2003). Hence there is a need to reform or adjust the URP to accommodate these changes that the ARP has to deal with. With an ever increasing number of women street traders in Alexandra, a lack of a clear policy could hamper any sector development projects and the sustainability of such projects.

Registration of informal traders occurs per Ward and traders are provided with relevant information that they may require. Dikgobe argues that some traders are scared to register because of regulations that have begun in Johannesburg which require street traders to have licenses and trade in demarcated areas.

According to Digkobe, traders are willing to cooperate with them as she said, "We know them and they know us. We are more open to them and they cooperate. As community leaders, we know how to penetrate and talk and to them" (Digkobe, 2004).

After registering the street traders, they are entered into a database which is forwarded to Alex Business Beat. The database is used for screening of traders; that is, to find out how skilled they are in order to place them in different categories. She argues that some are educated but do not know how to manage a business and some know nothing about business as long as they can sell something. This is the case with Mrs. Mthembu, Thandi, Joyce and Zinhle who do their business as long as they can sell something and gain a bit of profit. As a result, Dikgobe asserts that many traders get involved in business for twenty (20) years without any growth at all.

The database will also be used to give first preference to those who are registered that will be placed in the new stalls in Pan Africa and those not registered will be evicted from the stalls.

Dikgobe enjoys *amathumbu* (tripe) and usually buys it from the street as it is a lot cheaper. However, they are sold under unhealthy conditions. Hence she mentions that they are trying to assist street traders selling fresh foodstuff like vegetables and meat. Alex Business Beat together with Project Raid (a consultancy also facilitating the training of informal traders) are the ones who came with the idea of buying fridge-like containers which would protect the food from dust and from rotting. She frequently contacts the two consultancies to find out when the containers would be out to street traders.

Rogerson (1999) and Valodia (2000) have stressed that the critical barrier for women in street trading is lack of finance. Dikgobe also asserts that finance is a major constraint for

95percent of women street traders in Alexandra. Many women require financial assistance as a start-up capital and for product diversification, which in turn could assist in business growth. The ADF is trying to bring on board Khula and Khethani microfinance institutions and let people know that financial assistance is available (though with certain qualification criteria).

Despite the availability of financial assistance, Dikgobe argues that few women have come up to enquire about it. This could be due to the lack of awareness or outreach programmes earmarked to let street traders know about the institutions. Desperate as women street-traders are for financial assistance, it also seems unlikely that women street traders would not utilise these facilities. As has been highlighted above, microfinance institutions like Khula are not geared to the needs of women street traders. Khula provides wholesale finance for small and medium traders and not to micro-traders. Hence, such financial institutions have no positive impact on women street traders who are unable to access their facilities.

It may also be due to doubt that some women, especially those who have been blacklisted (like Barbara). As such they may think they can never access any financial assistance as they are already blacklisted. In such a situation, the government can intervene by trying to talk the microfinance institutions into providing finance regardless whether a street trader is blacklisted or not (and also depending on the amount that the person is owing, probably that it should not exceed a certain amount). But before this can be done, there is a crucial need for reform of financial institutions. Not only should they cater for small

and medium enterprises; but should also be able to cater for micro and survivalist enterprises as this is were a majority of poor people in need of financial assistance are. The government can intervene through the Department of Trade and Industry (DTI) by offering say a subsidy for small business start-up or business consolidation subsidy (to further grow ones business). This subsidy can make up for collateral requirements by banks or other financial institutions.

In terms of the project management (ARP), Dikgobe suggests that nepotism was rife in projects; that is, the project team leaders only hired people they knew, as such they were the only ones who benefited from the project instead of the concerned community. Now she argues that any information regarding the ARP goes via the ADF which filters that information to the community.

**Training**

Limited knowledge and skills on business related issues is a critical problem to many women street traders in South Africa and so is the lack of information regarding growth opportunities for their small businesses. As such, education and training plays an important role in assisting the process of imparting the much needed skills to small and micro-enterprises to infiltrate economic activities. Small business support institutions, like the Alexandra Local Business Support Centre, play a significant role in the promotion of the informal sector through their support interventions.

The Alex Local Business Service Centre (LBSC) was established to address problems of high rates of unemployment and poverty, limited base of viable businesses, a limited skills base and poor linkages between Alexandra based businesses and the surrounding developed economies of Sandton and Randburg and Midrand (Alex LBSC Profile, 2004).

Alex Beat is a business-training centre under the LBSC and is located in Bramley, a few kilometers outside Alexandra. It is run by consultants and Mr. Ngubeni is managing the training. The Centre assists people with employment information, mentorship, tender advisory services, skills training, business information (starting business and existing business support), access to finance and general business support (Ngubeni, 2004). According to the Alex LBSC Profile document, LBSC focuses on four clusters namely the retail and personal services cluster, construction, auto and tourism clusters. However other businesses falling outside these clusters can also be assisted on a needs basis (Alex LBSC Profile, 2004).

According to Ngubeni, 70 percent of trade in Alexandra is in the informal sector; with women dominating the lower echelons of the sector. He further argues that training sessions usually have more women (older women between ages of 35 to 45years); approximately 93 percent are women (Ngubeni, 2004). Technical skills are also offered on catering and hair-care courses, and with these, there is a link-up with other colleges in Johannesburg, for example Renaissance College Chambers identified by Sector Education and Training Authority (SETA).

The LBSC strategies mentioned by Ngubeni include the provision of information (information management), tender advice, training and business support. The information management strategy is aligned to the needs of the community as it gives guidelines on how to access other businesses, where to find Alex entrepreneurs, what services or products they sell and other relevant information they require pertaining to various structures in Alexandra. People are also informed on the qualification criteria for financial assistance and tendering, how to draft business plans and how to register for their businesses (Ngubeni, 2004).

On the tender advice strategy; people are informed and advised about how to approach tenders in order to assist them in securing contracts. Ngubeni mentions that there is a wide range of tenders available for micro-businesses in Alexandra, something that informal traders should take advantage of. Issues they discuss in the training sessions include who should and should not tender, how to analyse and interpret tender, steps to take and issues to consider in responding to a tender and securing a contract after tendering process (Ngubeni, 2004 and Alex LBSC Profile, 2004).

One may argue that services provided by the Alex Beat such as tender advice could be of less importance to women street traders as tendering requires a well established and managed company, with clear business plans, something that many women street traders do not see relevance of. It could be of help to a group of women in catering, construction or sewing to be advised about tendering.

On the Skills Development and Training strategy, the main goal is to develop the skills of entrepreneurs, including informal traders in Alex and to develop the capacity of Alex businesses. Ngubeni mentions that the course is earmarked for existing and emerging small businesses to improve their management skills. The course is run by the National Priority Institution in conjunction with Alex Beat and includes how to start a business, personal growth and development (motivation, leadership), life skills for entrepreneurs and the general public HIV/AIDS awareness, personal management (planning and budgeting) and personal financial management which include cost and stock control, bookkeeping and record keeping (Alex LBSC Profile, 2004).

What could be of relevance to women street traders is personal financial management as cost and stock control assists them in identifying how much they should sell a particular product and how to adjust to changing wholesale or market prices. Also bookkeeping and record keeping could be of importance to women street traders in keeping track of what they sold and how much in a particular month.

Ngubeni argues that information packs used are appropriate and easy to understand by participants. Twenty (20) to thirty (30) participants attend per class in ten (10) days and after that they get certificated. The courses combine theory and practice, as the participants have to come up with case studies for their work (Ngubeni, 2004).

Business Support strategy focuses on providing mentorship services to entrepreneurs and to facilitate business linkages between Alex businesses with other surrounding

businesses. The support or mentorship takes the form of one-on-one or one-on-group advice on services mentioned above such how to develop business plans, sourcing micro-finance loans, marketing the business, registering the business and tender advice. The mentorship period lasts up to two (2) months (Alex LBSC Profile, 2004 and Ngubeni, 2004).

The problem with the training is that it is not well publicised. In addition to that, Alex Beat is not in Alexandra; hence people who want to attend to these trainings have to commute to Bramley for 10 days which could be expensive for some traders. In addition, ten days of training may not be enough for informal traders. The training tends to mix both female and male traders. However, what it fails to do is to make specific assessments of individuals, that is, to determine how literate they are. As a result, for someone who last did mathematical calculations in, say Grade 4 and the one who finished Standard 9 is not the same. As a result, in a class of 20 to 30 participants, as mentioned above, others will be able to grasps important concepts easier than others. What is required are smaller classes, probably with less than 20 people with similar levels of education which in turn will determine the length of their training.

I also noticed that the training takes mostly people in small enterprise businesses compared to micro-enterprises or street traders; hence I was able to find only three micro-enterprise women traders.

However, the LBSC is a very crucial element in developing and capacitating informal traders. As Ngubeni adds that participants appreciate the training and others, through the mentorship programme, are already putting their learning into practice. In terms of training provided by the LBSC through Alexandra Business Beat, one may argue that what they are doing has contributed to skills development in Alexandra as will be revealed by the three women (Lolo, Sibongile and Barbara) below that attended the training.

## 4.2 Street Traders

The three women I interviewed were in their places of work; in the streets and the other three who attended training I made appointments with and interviewed them at home. The first lady I interviewed was a lady aged twenty (20) years residing in 8th Street. Her name is Zinhle*. She runs her tiny business along the streets in Alexandra and brings her baby (about a year old) along everyday as she says that she has nobody to take care of it. She started her business not long ago; beginning of 2004.

Zinhle sells sweets, potato crisps, cigarettes and apples and her products were in small quantities. She started the business on her own, firstly by selling a packet of sweets and later started selling other things and has had no financial support from her family and the baby's father. She once worked as a domestic worker and was asked to stop working when she got pregnant.

* Not her real name. The subsequent names of street traders interviewed are not their real names.

Her boyfriend has not been supportive in any way and so is her family. However, she asserts that the boyfriend sometimes comes to her place to demand some of the profits she makes. One can observe that she is a very desperate girl trying to make ends meet but vulnerability traps her within the male domain. This was also revealed by a few men/boys who were passing by. Some of them were just taking cigarettes from the table saying that they would pay back later. She argues that some do pay her back but most of them do not, even if she tries to demand the money. As a result she quickly runs out of stock and makes little profit to buy some more stuff. She aspires to selling tomatoes, cabbages, potatoes and onions but cannot due to financial problems. She has about five friends whom she joined a small stokvel with and they usually contribute with foodstuffs and groceries (tinned fish, soaps, cooking oil) and not money and asserts that it does make a difference even though it is not much that she receives.

Zinhle cannot attend training courses because she has no one to look after her baby. She is one of the many women street traders faced with responsibilities of motherhood and patriarchy. What the government can do, according to Anderson and Baiton, is to consider a gender policy that integrates productive and reproductive work, welfare concerns and measures to address power inequalities in strategies for both women and men (Anderson and Baiton, 2000). Government's assistance to someone like Zinhle could go a long way. She is still young and even though she thinks she has no hope of breaking away from her difficult situation, government support, which could probably come in the form of providing child-care facilities at a subsidized rate (a rate which women in her position can afford), can assist her. She cannot go for training (although she is willing to)

nor do anything without considering the welfare of her child whom she has to support. However, Zinhle could gain a lot from training in terms of developing and managing her business.

One may argue, however, that the problem of patriarchy in an African society is difficult to address. It is not something that can be addressed without engaging men (or husbands) to change their attitudes towards women for a better society. The success of any training rendered to women, such as that of assisting them to have control over money within the household comes with a change of men's attitude. A stereotyped man may feel threatened by allowing a woman to make monetary decisions in the households, and for them to assert their manhood, they resort to violent measures as one may expect a girl like Zinhle to be subject to. Hence Mitchell (1999) argues that great benefits from micro-credit programmes accrue when they are coupled with empowerment measures to women that ensure access and control of household finances and decision-making i*n consultation* with spouses.

Mrs. Mthembu sells fruit and vegetables in a stall just a few steps away from Zinhle. She is a mature woman probably in her 50s. She is almost in the same situation like Zinhle, that is, very desperate to make ends meet. She comes from KwaZulu Natal and has been involved in her small business since 1999. Mrs. Mthembu had been unemployed for a while before moving to Johannesburg. Nevertheless, she is not getting much returns from her business, she only does it to survive (buy some bread and meat). Sometimes she only makes R2 profit in a day!

Like Zinhle she aspires to selling diverse products like cabbages, potatoes, tomatoes, onions, apples and oranges in large amounts. A few blocks away from Mrs. Mthembu's stall is a vegetable shop owned by a woman whom Mrs. Mthembu admires a lot and says she wishes she had a shop like hers. I wanted to have an interview with the owner but I was told that she went to Cape Town.

Her relatives are not assisting her financially in her business. She has two sons who are working in Johannesburg but are not helping her at all. Business training is not an option as she says that it is 'too late' for her to go school and is not literate at all. I wondered how she manages her business if she is unable to read or write and she answered saying that she has been selling on the streets for quite some time and is able to 'count the money' which is enough for her business.

The problems that Mrs. Mthembu and Zinhle usually have, besides poor business, is that or harassment by local authorities who once brought down her makeshift vending stall telling her that it is not in a demarcated area, hence she has to move to the stalls or do her business from home. She says it is common for the local authorities to do that and that it was the second time they brought down her stall. Unlike other street traders, Mrs. Mthembu's situation is a desperate one. She is trapped in poverty and to her there is no way out. Selling a few things is all that keeps her alive. As mentioned above, women street traders like Mrs. Mthembu and Zinhle may not need financial assistance only from the government or training but also intervention that could help with their sense of

security, independence and self-respect; issues which may be lacking in their lives. Zinhle suffers from constant abuse from her boyfriend and other men; she is not secure and independent but she has to wake up everyday with her baby to come and sell her stuff to survive. Mrs. Mthembu needs a secure place to run her business without harassment from local authorities, which may mean a lot to her than having financial assistance.

Stark differences are observed with street traders in Pan Africa compared with the ones around Alexandra. The trading atmosphere is different; not much is happening in the streets of Alexandra compared to Pan Africa where competition is rife between street traders with a higher customer base.

Joyce's business is located in a stall in Pan Africa Square. She is about 35 years old and sells cooked foodstuff like *pap and vleis* (beef stew), *mogodu* (tripe), roasted meat, chicken and vegetables. She was quite reluctant to talk to me as she felt I might be disturbing her as it was lunchtime and many people were coming to buy some food. I asked if I could come back another time but she said I could proceed with interviews as long as I will not take much of her time.

Joyce has been in the business of selling cooked food for a while now. She said she started her business in the streets in 1996 before moving into the stall in 2000 and the reason why she got into the business was lack of employment. Earlier, the business was run by her aunt who later left her to take care of it and has been supportive her together

with her mom financially. She registered in 2000 and was later called to move into the stall.

Joyce knew about the ARP but is not aware of the LBSC. She does not have any training in catering but said would like to attend if she has time as she feels that she will be losing out some money while attending classes. When I asked her how much she makes a month she answered that it depends how busy the month is. She has got two children both attending primary school and is paying for them. She looks like a contented woman in her business and says that she is doing "okay". She makes 'enough' money to keep herself and her two children alive.

However, one may argue that Joyce feels she is "okay" compared to the nearby street traders like Zinhle and Mrs. Mthembu. But can she sustain that? As it has been revealed above, the business run by Zinhle alongside with her baby and Mrs. Mthembu who is so willing to expand her business is not sustainable in any way. The two women are not making much or any profit from their business.

On the other hand Joyce without any business skills may in the long run realize that there are fewer returns to her business than she thought. As I was interviewing her, some people were demanding more food rations for the same price threatening that they may buy from other people. This is due to increased competition as there are plenty food sellers nearby selling at a similar price. Without any expertise or knowledge as to how to enhance her business without losing much money, she may find the competition

threatening her profits. She says she does not usually count how many plates of food she sells per day as she looses count sometimes but has an idea of how much she should make out of a packet of say rice, maize-meal, etc.

I also noticed that most of the women selling food were using paraffin stoves; as such the stalls were covered in soot. This may become a health hazard to people buying the food. Compounding the problem was the issue of electrification; none was provided. Joyce told me that they bring water from home in a bucket and she uses tap water for cooking and for washing the dishes. She would like to have electricity in her stall but is afraid that the local authorities may end up charging them. I expected that they were already charged for using the stall but she said they were not; hence they were using the stalls for free.

The issue of living in and conducting business in hazardous health conditions in Alexandra is not a new phenomenon. People sell chickens, meat and tripe along street with running polluted water. Stench from burst sewage pipes is quite common and people run their business regardless of the conditions. Mabel Dikgobe, an LED Coordinator from the ADF who mentioned that one company is providing fridge-like containers, which have a glass in front, were people could see what is being sold. This is an attempt to assist street traders selling fresh meat from rotting. However, this has to come with electrification for these fridges to function, which some street traders do not have access to.

Thandi**,** a hairdresser, also does her business on the street in Pan Africa Square. She is about 30 years old and has been in the business for two years. A friend and her cousin assist her on her business; however she started the business on her own. She specialises in plaiting people on the street as it does not require chemicals and water like relaxing or perming hair. But she says she can do that from home sometimes. She has never done any hairdressing course. “I learnt how to plait a long time ago and I am now good at it” was her reply. However, she would love to learn how to relax and tong people’s hair.

Thandi is aware of the ARP but knew nothing of the Alex Beat, which trains people, and she also thought that she would have to pay for the training. Like Joyce, she said she would not have the time to attend the training, as it will take much of her time instead of making money. Her cousin also reiterated on that statement saying that the holiday season is around the corner and many people will be doing their hair; hence they cannot sacrifice that for training. She also mentions that she makes enough money to survive. In a day she says she can make a profit of about R50 or more depending on the number of people coming to do their hair.

For street traders like Thandi and Joyce, who are willing to attend training but feel that they may lose money while attending classes, the LBCS may have to conduct short but intensive training or on-the-job-training or inform them of incentives for attending training, like issues of accessing funds should be clarified as some of the opportunities that they may be willing to tap on after attending the training.

This was the case with Barbara, Lolo and Sibongile who attended the LBSC training and all said they greatly benefited form the training. Barbara sells fish and cakes from her house located along 12th Street. Her husband and a friend assisted her financially with the start-up capital. She started her business in 1999 due to unemployment. She worked in a firm before and was involved in a strike and was fired after that.

Barbara attended the LBSC training in retail and bookkeeping this year and mentions that it assisted he a lot. She now applies the skills she acquired form the training, especially business management skills. However, she would like to venture into selling duvets and curtains in Mpumalanga as she feels it is more profitable than selling fish and cakes. According to her, people constantly ask for credit and do not pay cash, as a result she does not make much profit.

In terms of mentorship from the training, she argued that a mentor did come to her and assess how she is progressing on her business. However, she was in a funeral in Mpumalanga hence she never got to talk to her mentor. Barbara said she would appreciate assistance from the government, but her problem is that she has been blacklisted by the credit bureau hence she access loans. She once joined a credit association but later stopped attending the meetings due to ill-health, but she said she would like to return as she feels she it could assist on business development. From what I observed, Barbara looked content with the training she received and sounded determined to grow her business.

Lolo and Sibongile are friends running a joint business of sewing curtains, bedding and toilet seat covers. Lolo started her sewing business in 1998 after she lost her job in Pretoria. After that, she attended training in hairdressing but she later felt hairdressing was not what she wanted. She met with Sibongile in Braamfontein in a clothing shop and that is when she found out that Sibongile was also interested in sewing. Both had sewing machines but did not know how to sew professionally. They met a white lady who was a friend of Lolo's former employer who offered to assist them as she ran a training course in sewing. They paid R850 for the 8 months training with her. They were sewing curtains and they did not invest the money they got from the curtains they sold, as they 'did not know about running a business'.

Lolo knew about the LBSC last year (2004) when she accompanied a friend of hers who was catering for the LBSC staff who attended a workshop. She later enquired from one of the staff members if she qualifies to attend the trainings as she can sew, who said yes she does. He told her that she can tell other people who are unemployed to attend training. That is how she started attending courses with Sibongile whom she has informed.

They attended the training for two weeks and according to them "It was nice and motivating". They were taught bookkeeping, marketing, and advertising. They found the marketing course very interesting as they explained that one has to let people know what he or she is selling and make it a point that he or she attracts as many customers as they can.

Sibongile also works in a clothing company and says she is currently saving money to buy two industrial sewing machines, which she says produces more stuff and faster than a domestic one, which they have. The industrial machine will also assist in the project for sewing children's school uniforms run by the Department of Social Services and Labour.

Lolo and Sibongile mention that they now know how to price their products. Before they used to base their prices on what other people are charging and they did not gain much at all. Now they know that they have to include transport costs, labour and material to price their products and it has helped them a lot with profits.

**Conclusion**

The women that I interviewed reveal some differences in their levels of suffering. Lolo, Sibongile and Barbara are in a comparatively better position to the rest of the women. They live in comfortable homes and have managed to gain something out of the training they received. Although they still do need some help, they are in a position to improve themselves, as has been revealed that Sibongile is working part-time to raise money to buy an industrial machine. Barbara has her husband and friends who support her in her business. Joyce and Thandi, I should argue, are in the middle level of suffering. Barbara, Sibongile and Lolo are better off than them but they are better off that Zinhle and Mrs. Mthembu who portray deep poverty in Alexandra. Joyce and Thandi mention that they can survive with what they are doing currently and there is room for improvement in their business. There are quite significant differences noticed between women trading in Pan compared to ones inside Alexandra as has been reflected above. With this said, policy

intervention cannot be a “one size fits all” prescription as it has to consider these internal dynamics experienced by different women in different places.

One crucial problem I noted is that the ARP has no strategy to deal with informal traders in Alexandra. Instead, I was only offered an LED strategy, which mentions the SMME economy, but there is no detail as to how they will support and develop the SMMEs in Alexandra. The councilor also did not seem to be aware of what the ARP is doing to assist informal traders.

Despite the importance of housing as a development priority for Alexandra residents, from what I observed with women street traders, there seems to be a pressing need for financial independence, especially Zinhle and Mrs. Mthembu. Zinhle and Joyce have to take care of themselves and their children financially and having a house without a means to make a living could be meaningless to them. Hence one may argue that what could be more important to these women is financial independence and their small businesses (despite how small they are) could be a stepping stone towards that sought after independence.

What remains a challenge in assisting street traders in Alexandra is the fact that there is continuous influx of people to Alexandra on a daily basis; an influx which the local government can do nothing about. As a result, many unemployed people residing in Alexandra resort mainly to street trading, there-by increasing the number of street traders in the area. This increase means an added burden on local authorities and hinders any

attempts they have on assisting street traders. This in turn makes projects spearheaded to assist street traders or informal traders less sustainable.

Nevertheless, I have argued that focusing on providing stalls in Pan Africa Square only will not solve the problem facing street traders in other parts of Alexandra; hence what is required is an initiative which accommodates or considers other street traders. This can be achieved by providing stalls in other parts of Alexandra.

# CHAPTER 5: CONCLUSIONS

Local economic development has become an essential process in an attempt to create jobs in pursuit of economic growth. Coupled with that is the issue of empowering local residents through employment creation and restoring economic vitality of a locality. Rogerson and Nel (2003) argue that LED in South Africa should have a pro-poor orientation, that is, initiatives should contribute to addressing severe problems of unemployment and poverty. Local government is argued to be well placed to take on this function as it is well suited to deal with development issues affecting their own localities. However there remain some discrepancies between political rhetoric and implementation.

In 1998, the government came up with the *White Paper on Local Government* recognizing the important role that the local government can play in local economic development. The White Paper came up with a concept of 'developmental' local government which is local government working with the community to find sustainable ways of meeting socio-economic needs to improve quality of lives. It also recognizes the leadership role of the local government in involving citizens in the development process and finding sustainable solutions.

The ARP as a Presidential project is aimed at improving the socio-economic status of Alexandra Township. The project has achieved considerable results since its inception in April 2001. LED is an important component of the ARP with the aim of reducing unemployment levels through creating jobs and promoting SMMEs in Alexandra. This

study's objective was to assess the progress of LED in Alexandra and what the government is doing to assist the informal sector, in particular women street traders.

Alexandra Township inherited from apartheid two of the most pressing issues facing the government today, and that is; poverty and high unemployment levels. As such, informal sector activities, especially street trading is one of the important economic activities in Alexandra. Hence there is a need for government to assist informal sector activities not only because it contributes to the economy of Alexandra but also as a livelihood strategy adopted by the poorest rung of the society; women street traders. According to Rogerson, the decline in the labour absorptive capacity of the formal economy is seen as the major factor causing a large number of people to be squeezed out into the urban informal sector, out of necessity and not out of choice. The past 5 years (1999-2004), South Africa has experience a jobless growth; that is, economic coupled with little employment growth as a result many people are turning to the informal economy.

This study took on a feminist and micro-enterprise development approaches to the informal sector. The feminist approach analyses the structural position of women in the sector and argues that informal sector activities are greater among poor women than men. Hence it calls for recognition and significance of informal sector as it pertains to employment of women. The research done in Alexandra reflects that little or nothing is done to assist women street traders. Women street traders remain invisible in the economic analysis of Alexandra and there is a lack of acknowledgement to the work they do. There remains a need for a policy change towards women street traders.

Micro-enterprise approach sees the informal economy as complementary to the formal economy and therefore plays an important role in economic development. Hence there is a need for government to create enabling policies for the sector to flourish. As a result of the recognition of the informal sector's contribution to the economy, the government in 1995 came up with a *White Paper on Small Business Development* whose aim was to create and enabling environment for SMMEs. The paper provided strategies on how the SMMEs would strive and these pertained to finance, training and infrastructure. However, shortfalls were identified relating to strategies aimed at assisting women in the informal sector. As has been revealed above, most finance schemes have little relevance for and no real impacts on street traders, and they also lack relevance for most women in the informal sector. These finance institutions include Khula and Ntsika.

The local government of Alexandra recognizes the importance of LED and the role played by the informal sector; hence attempts to built stalls in Pan Africa Square are under way. However, this is not enough; the stalls will not be able to accommodate even a quarter of street traders in Alexandra and no plan exists as to what will be done to the remaining street traders, especially those in other parts of Alexandra. A strategy is required outlining the local government's plans to assist these street traders.

The issue of increasing entrants into the informal sector, possibly on a daily basis, is a challenge to local authorities. In an attempt to find alternative land to built stalls for street traders, local government is faced with a challenge of addressing housing backlog over

building stalls for street traders. With housing as a development priority in Alexandra, informal street traders' concerns and problems are shelved to accommodate those of housing.

If the ARP aims at reducing unemployment by 20% and up the service payment levels by 90% (Davie, 2002), government has to strike a balance between providing shelter and reducing unemployment by creating jobs. Alexandra residents need houses but they also have to pay for services provided (rent, water and electricity) of which they cannot do without a source of income. In the long run, if services are not paid for, it is both the residents and local government that suffers from lack of revenue for maintenance and service provision. Therefore, focusing on housing only cannot result in sustainable economic development in Alexandra. Ensuring that development is sustainable is crucial for government; thus, assisting street trading activities is a step towards ensuring that people have a source of income which can be utilised to pay for services.

The ARP has to come up with a more holistic approach to development. As has been reflected above, housing provision cannot take place in a vacuum. Without an economic policy (more so the one than recognises the importance of and informal sector activities) and implementation thereof, Alexandra will remain poor.

In terms of training, it has been revealed that Alex Business Beat training provided to informal traders cannot be of much help to women street traders, especially that which relates to tendering advice. In addition to that, the centre is located outside Alexandra (in

Bramley) which could be quite expensive for people willing to attend for ten days. However, bookkeeping, cost and stock control could benefit street traders. This has been reflected by an interview conducted with Barbara, Lolo and Sibongile who went for the training. For street traders like Mrs. Mthembu, government intervention through training cannot be an option but intervention that could help with sense of security, independence and self-respect; issues which may be lacking in their lives which Zinhle could also benefit from.

In terms of the informal sector activities, the local government and the ARP have to help as much people as possible to develop income generating activities which are more sustainable rather than short-term fixes. Many street trading activities that women are involved in for the most part are highly unsustainable businesses which neither alleviate poverty nor create jobs opportunities for other people.

Most women street traders do not see any benefits accruing from training due to lack of incentives they would get after attending training like knowing how to draft business plans and how to access financial assistance. In addition to that, there has to be a buy-in and willingness of other government departments to assist in such initiatives. For example the Department of Trade and Industry, Department of Labour, non-governmental organizations like uMsobomvu and community-based organizations. Without these attempts, achieving LED, especially assisting informal street traders in Alexandra could be difficult to attain.

My research has shown that the government has good policies on LED and informal sector. Translating the two policies remains a challenge for Region 7 local authorities; as such not much has been done to assist women street traders. The inability to deal with or to assist women street traders in Alexandra, as has been highlighted above, relates to the absence of a coherent national policy and strategy which is not sufficient to women's needs, especially in terms of training and access to finance. Therefore, it becomes difficult to implement at local level.

One of the important challenges that remain in achieving LED initiatives is the issue of delineating and clarification of roles of government agencies, which in turn affects the approval, coordination and implementation of projects. This has been the case with uncoordinated activities regarding the registration of street traders, between the ADF and the AlexCoc.

Other challenges that could hinder the progress of LED in Alexandra include deeply rising poverty and unemployment levels which are two crucial problems; capacity of local government to undertake this role on its own and lack of coordination between the three government spheres. As has been reflected by the interview conducted with Councilor Ndlovu of Region 7, though Alexandra has its own Integrated Developmental Plans (IDPs), there is a lack of clear demarcation as to how those LED initiatives are in line with the Alexandra Renewal Project. In addition to that, there is a lack of communication between government agencies and project managers. As such, the local

government and the residents of Alexandra are unaware of other projects run by ARP like the LBSC Alexandra Business Beat.

However, despite the challenges mentioned above, LED has had successes so far. According to Roefs et al, the initiative has succeeded in the registration of over 500 organizations, the establishment of the LBSC, tender and contracts management training, the upgrading of Pan Africa and they also mention that more than 22 000 person-days of employment have been created between 2003 and 2004, 3percent of which went to women. Pan Africa Square provides a strategic point for potential economic growth of Alexandra. This is reflected by its high business potential signified by its multifunctional capabilities (mixing of informal and formal businesses) where you have taxi business, multiple small shops and a large number of street traders. However, the constant congestion due to influx of people and informal street traders may hinder some progress that the project aims at achieving.

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