

Matjhabeng
INFORMAL TRADERS
AGENCY

(MITA)
PROPOSAL

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1. BACKGROUND ON SPAZA SHOPS

The ANC government released many restrictions enforced by the apartheid regime. The restrictions included the illegal status of the spaza shops which operated in the townships. Faced with the challenge of unemployment, the present government crafted policies and programs to support and promote the creation of Small, Medium and Micro-Sized Enterprises or SMMEs.



After the democratic elections of 1994, many more black South Africans opened spaza shops motivated by the need to generate income for survival. In addition, the attaining of democracy resulted in an influx of both political and economic refugees, who came mainly from African countries. The inability to secure a job resulted in the immigrants opening and establishing of spaza shops as a viable option for self-employment and have taken over the 20 billion industry and have

made it theirs.

Spaza shops present lucrative opportunities for self-employment for immigrants who have noticed the business potential in South Africa's growing informal economic sector. The entry of foreign entrepreneurs into the spaza industry has witnessed a new market landscape and dynamics in terms of how spaza shop-owners promote the growth of small-scale businesses. This phenomenon has led to stiff competition in the spaza industry, which, in turn, has resulted in almost 80% of South African-owned entities closing down. The impact of this demographic change has been widely reported and stimulates considerable and polarised debate on the merits or demerits of these emerging dynamics for South African township business, consumers and society at large.

While such challenges extend far beyond the matter of the closure of South African spaza shops, it is important not to forget that South African outlets not only address unemployment and poverty, but also provide an entrepreneurial learning experience and the transfer of business

skills to younger generations. South African spaza shops also reflect a business dynamic relevant to local society – with local shopkeepers (commonly mothers and grandmothers) playing an important cohesive role in community dynamics. This rapid demographic change favouring a new class of business owner brings about new challenges for community cohesion, business operational legalities and the right to livelihoods. As such, a levelled playing field is required.

In 2015, Small Business Development Minister Lindiwe Zulu said: *“You cannot run away from the fact that there are underlying issues and that our people are being squeezed out by these foreign shop owners. Non-South Africans should not be allowed to buy or run spaza shops or larger businesses without having to comply with certain legislated prescripts.”*

Regulation is required for all spaza shops trading in Matjhabeng municipality, which aims at not creating regulatory barriers, but to ensure that these businesses are formalised.

2. MATJHABENG MUNICIPALITY CHALLENGES REGARDING SPAZA SHOPS

Our research has identified the following challenges faced by the municipality in relation to the spaza shops:

- There are no specific by-laws which guides the governance of spaza shops operating in Matjhabeng municipality.
- Spaza shops are operated illegally due to their failure to apply/obtain the required trading and businesses licences.
- Thus, there is no information on the number of spaza shops operating in Matjhabeng municipality
- Non-adherence by spaza shops to food stuff health and safety bylaws and regulations, which exposes the community to health risk issues.



- Loss of potential revenue by the municipality from income which could have been generated from issuance of trading and business licenses.
- Non-compliance of spaza shops
- Dangers of fire and electrocution resulting from illegal and hazardous connection of electricity in the spaza shops.
- Spaza shops selling counterfeit and/or expired products to the community, which could have detrimental effect to these communities.
- Price fixing tendencies by the spaza shops promotes anti-competitive cartel and turf mentalities, which ultimately effects the financial position of communities.
- Failure and/or reluctance of the foreign owned spaza shops owners to plough back to the community through job creation or social programs could anger the community and lead to xenophobic attacks.
- Association of some spaza shops to illegal activities such as drug dealing, crime, etc.
- Increase in crime rate as spaza shops are often soft targets for criminal elements in the communities.

3. OUR PROPOSAL

Our research has established that there is clearly a disconnect between Matjhabeng municipality and the owners of the spaza shops caused mainly by the challenges mentioned above.



We therefore propose to establish and operate the “Matjhabeng Informal Traders Agency” (MITA) which will be a private entity aimed at assisting the municipality in achieving the following mandated roles and

responsibilities:

- Conduct a research on various initiatives in accommodating operations of spaza shops in the respective municipality.

- Based on the outcome of the research mentioned above, we will draft the by-laws which will be used as a cornerstone to regulate operations of spaza shops conducting business at Matjhabeng municipality.
- Perform a comprehensive data collection exercise on spaza shops operating at the municipality with the following objectives:
 - ✓ Determine the number of spaza shops operating in the municipality.
 - ✓ Determine where these spaza shops are operating within the municipality.
 - ✓ Determine the regulatory and statutory compliance status of these spaza shops.
 - ✓ Determine the nature and state of the spaza shops.
 - ✓ Determine the type of products and services provided by these spaza shops, and the condition thereto.
 - ✓ Determine any health and safety concerns in the spaza shops.
 - ✓ Determine any suspected illegal activities at the spaza shops.
- Represent the municipality's interests by being a point of contact between the spaza shops and the municipality, and thus, establishing trust and interest on the municipality by the spaza shops.
- Identify and assist spaza shops which have been determined to be non-compliant in respect of their regulatory and statutory compliance. Our assistance will aim at ensuring that the identified spaza shops obtain valid trading and/or business license from the municipality.
- Monitor daily operations of spaza shops aimed at ensuring that they are free of any hazards which may be detrimental to the owners and the community at large.
- Report hazardous spaza shops to the municipality for follow-up and consequential action.
- Ensure payment of applicable fees by spaza shops to the municipality through various collection strategies.

4. DERIVED BENEFITS FROM OUR INTERVENTIONS

We anticipate that the Matjhabeng municipality will derive the following benefits from the implementation of our proposal:

- There municipality will have its own by-laws for regulating and controlling spaza shops in the area. These bylaws will serve as a cornerstone on how spaza shops will be regulated.
- An establishment of a reliable, effective and efficient municipal point of contact for all issues relating to spaza shops. This will be enabled through our entity which will serve as a buffer between the municipality and the spaza shops.
- The municipality will be able to enforce adherence to the by-laws by the spaza shops through our established agency. Thus, the municipality will indirectly fulfil its mandate through the agency
- The municipality will have a valid, complete and accurate database of spaza shops within their area. This database can be used to the municipality's advantage for financial and non-financial purposes.
- An improved perception of the municipality by spaza shops, which will lead to better co-operation and result in willingness to pay for services rendered by the municipality by the spaza shops.
- The spaza shops will become compliant in terms of their regulatory and statutory requirements. Thus they will be able to obtain their trading and/or business licenses and any other permit required to trade (e.g. food acceptability certificates)
- Increase in revenue from the income generated through payment of licenses and other applicable taxes by spaza shops to the municipality.
- Discouragement of xenophobic attacks on foreign owned spaza shops since they will be seen to be contributing to the local community through payment of licenses and taxes to the local municipality.
- Spaza shops will operate in healthy and safe premises which will be free from hazards which may be harmful to all stakeholders in the community. This will be achieved through



regular monitoring of these spaza shops by our entity. Our monitoring process will also ensure that spaza shops also trade in authentic and fresh products and services

5. OUR KEY PROJECT TEAM MEMBERS AND BACKGROUND

Our project team consist of 100% black professionals and companies who/which have been exposed to various consulting projects

Njabulo Mpanza

Role in Project: Project Owner

Njabulo has over 8 years in the media, marketing and entertainment industry, having worked at Multi- Racial Records and Foreal Records as a marketing manager which later saw him establish his own two successful businesses namely J and k Solutions, which mainly operates in the marketing and construction field and 057HC which mainly operates in the events field. Njabulo Mpanza is a person that possess strong leadership skills, solid business acumen and great collaborative style of leadership.

Ms. Kerapetse Phatoli

Qualifications: BComm Financial Management Sciences

Role in Project: Project Co-Owner

Kerapetse is a Bcom Financial Management Sciences graduate currently completing her Honors in Business Management. She is a goal driven, ambitious and detail-oriented Financial Officer whose knowledge spans through business, accounting and financial practices having have worked in the Banking and Financial Services industries. Her past experiences stem highly in her ongoing academic background and the different organizational structures and cultures she has been fortunate to be a part of. These experiences have enabled her to build an ongoing solid financial and commercial acumen. Her collaborative style of leadership is what continues to set her above the rest in her positions.

Desmond Mahamu

Qualification: BComm Accounting

Post Qualification: Articles with PriceWaterhouseCoopers

Role in Project: Project Manager

Desmond Mahamu is a professional accountant with 25 years' experience in the financial and consulting field. He has vast experience in financial and management accounting, auditing and taxation which serve as a benefit for assessing the financial environment of institutions and recommending solutions for improvement. His problem-solving skills have enabled him to play a key role during Telkom's IPO resulting in his awarding of a certificate of excellence and prize money. He is a hard worker having established more than three successful businesses after accepting a voluntary severance package from Telkom. He has been self-employed since 2015 to date.

His retail business interests include ownership of two Pick n Pay franchises in Pretoria Central, one Mugg & Bean Franchise, Chowpozy which is an independent fast food outlet. Desmond also provides consulting services in accounting, taxation and any other business related issues through his consulting company.

Mr. Gift Nkuna

Qualification: Diploma in Journalism

Role in project: Research Manager

Gift is an award winning game based learning expert, a designer of game based learning tools, a published author, a township entrepreneurship development agent and a certified innovation management consultant. His experience spans over 18 years with footprints in countries like Namibia, Malawi, Lesotho, Kenya and Turkey. His work (educational games, inspirational books, talks and associations) have positively impacted over 600 000 SME's in and around South Africa. He has championed programs like the Tshwane Superpreneur Youth Program (2012) and the STARVET (Superpreneur Township and Rural Villages Entrepreneurship Tournament - 2019). He has led a research team under the Plus94 Research banner focussing on township entrepreneur revitalisation in 2017. He is the founder and CEO of Superpreneur Inc.

Gift has amongst many organisations rendered his services to companies like Standard Bank, Women Development Bank (WDB), Investec, The Innovation Hub, Junior Achiever South Africa, Innocentrix, Telkom (Future Makers), McDonald South Africa, McNabs Energy Company, Intelligence Edge, Plus94 Research, provincial governments (North West, Free State and Gauteng), Denver College, Orbit College, Khonology, and many others.

Key highlights of his achievements at Superpreneur Inc.:

- Designed the Superpreneur board game
- Won the USA GRDT innovation contest (2006) through a Metro FM entry
- Top 5 Finalist on the Big Break Legacy season 2 2013
- Top3 Finalist on the 702 Sageone Business awards 2016
- Profiled by Business Day TV (The Big Small Business) 2017
- Profiled by eNCA's "Against all odds" 2016
- Profiled by SAFM 2016
- Profiled by eNCA morning news 2016
- Profiled by City press, the Start, The New Age, Pretoria News and many others

6. PROPOSED PROJECT IMPLEMENTATION METHODOLOGY

The main objective of our implementation methodology is to ensure that we provide a reliable, effective and efficient project in relation to implementing a comprehensive intervention strategy for the spaza shops on behalf of Matjhabeng municipality.

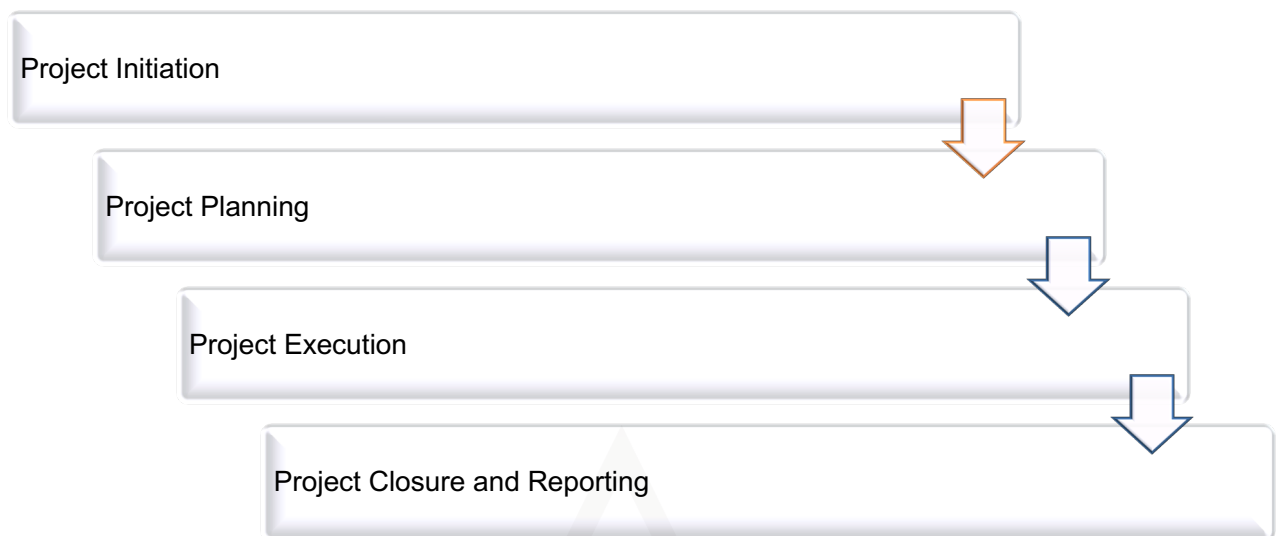
Our project implementation methodology consists of the following two stages which are:

- Inception and Establishment of MITA's operations
- Operations of MITA

6.1 Inception and Establishment of MITA's operations

The inception and establishment stage entails the gathering of relevant information relating to the spaza shops at Matjhabeng municipality, using the gathered information to create a database which will enable MITA to establish a solid foundation to perform its daily operations.

The phases involved during this stage are presented graphically below:



Each phase is explained in details below:

(a) Project Initiation

In the initiation phase of the project, we will highlight the problem encountered by the municipality in relation to the spaza shops and share solutions in solving this problem. During this step, we will share the objectives for the project and identify the major deliverables for the project.

<i>Expected Outcome</i>	<i>High Level Task to be Covered</i>	<i>Projected Period</i>
<ul style="list-style-type: none"> ▪ Feasibility study ▪ Project charter 	<ul style="list-style-type: none"> ▪ Identifying the primary problems which are caused by spaza shops for the municipality. ▪ Identifying project scope and deliverables ▪ Defining the depth and breadth of the project ▪ Defining and clarifying services to be provided ▪ Identify project stakeholders 	Two Weeks

(b) Project Planning

This is the most important phase of the project since it is a foundation which the entire project is based on. At this stage we develop an understanding of the project and we set performance expectations and goals for the project.

<i>Expected Outcome</i>	<i>High Level Task to be Covered</i>	<i>Projected Period</i>
Comprehensive project plan	<ul style="list-style-type: none"> ▪ Pre-planning meeting with municipality officials. The objective of the meeting is to interpret and understand the terms and conditions of the project. ▪ Establish and formalise project relations state protocol officials, e.g. service level agreement, etc. ▪ Identification and agreement on any other activity which will be crucial to ensuring that we provide transport services in an effective and efficient manner. ▪ Establish communication channel for the project ▪ Establish comprehensive project plan covering the following: <ul style="list-style-type: none"> ✓ Project needs analysis ✓ Project resource allocation ✓ Prepare project milestones 	Two Weeks

<i>Expected Outcome</i>	<i>High Level Task to be Covered</i>	<i>Projected Period</i>
	<ul style="list-style-type: none"> Orientation project team about the assignment as established in the planning phase 	

(c) Project Execution

The execution phase is where we start the actual work to achieve the objectives of the project. Each team member will execute roles and responsibilities assigned during planning.

<i>Expected Outcome</i>	<i>High Level Task to be Covered</i>	<i>Projected Period</i>
<ul style="list-style-type: none"> Research on spaza shops Comprehensive database of spaza shops 	<ul style="list-style-type: none"> Creating tasks and organizing workflows Briefing team members on tasks Communicating with team members, clients, and upper management Execution of different tasks and activities Monitoring quality of work Managing budget 	Six Months

(d) Project Closure and Reporting

Once your team has completed work on a project, we will enter the closure phase. In the closure phase, we provide final deliverables, release project resources, and determine the success of the project.

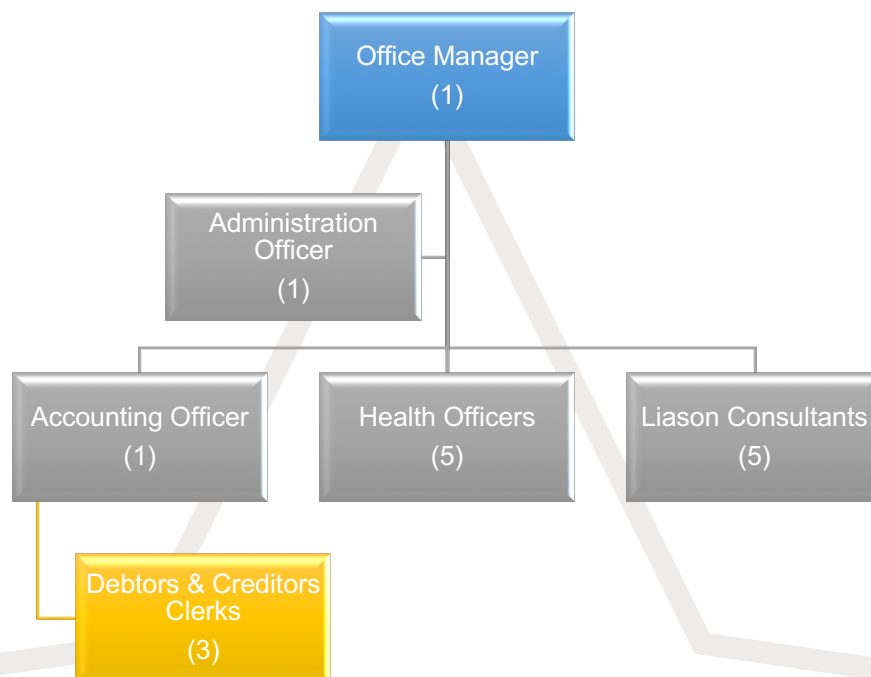
Steps for the project closure phase may include the following:

<i>Expected Outcome</i>	<i>High Level Task to be Covered</i>	<i>Projected Period</i>
Project report and analysis	<ul style="list-style-type: none"> Analyzing project performance Analyzing team performance Documenting project closure Conducting post-implementation reviews 	One Month

Once the first stage of our implementation methodology has been completed, we will be ready to perform our daily operations, which are explained below.

6.2 Operations of MITA

MITA offices will consist of sixteen (16) full-time employees as outlined in the structure below:





MITA's permanent employees will take over from the foundation of MITA established per 6.1. above and will assume daily operations on behalf of the municipality, which will mainly consist of the following:

- Becoming a contact centre for all spaza shops issues on behalf of the municipality.
- Maintenance of the established spaza shop database for Matjhabeng municipality
- Assist spaza shops with regulatory and compliance issues, including obtaining trading and/or business permit and any other certificate(s) from the municipality.
- Ensure that spaza shops are operated in a safe and healthy environment, which is free from any potential hazards.
- Ensure that spaza shops pay applicable fees due to the municipality as and when due.
- Conduct training and awareness campaigns aimed at improving compliance and conditions of the spaza shops.

7. SOCIAL AND ECONOMIC DEVELOPMENT FOR MATJHABENG COMMUNITY

a. Job Creation and Opportunities

We intend to create twelve (12) permanent and forty-eight (48) temporary jobs through the establishment and operation of the agency. The permanent jobs will be created by adding permanent staff into our organization in direct consequence with the establishment of the agency. We intend to keep these employees after expiry of the contract with the council. The temporary jobs will be created through workforce requirements during various activities undertaken as part of the project.

The following table provides details of the job to be created through the establishment of our entity:

Position	Permanent/Contract	Number of positions
Office manager	Permanent	1
Liaison Consultants	Permanent	5
Accounting officer	Permanent	1
Debtors and Creditors Clerk	Permanent	3
Health Officers	Permanent	5
Admin officer	Permanent	1
Project manager	8 Months contract	1
Research manager	8 Months contract	1
Research assistants	8 Months contract	2
Legal manager	8 Months contract	1
Legal assistants	8 Months contract	2
Health and safety manager	8 Months contract	1
General workers	6 Months contract	40
Total job created		64

b. Youth Empowerment

Research indicates that young people who are surrounded by a variety of opportunities for engagement encounter less risk and ultimately show evidence of higher rates of successful transition into adulthood. We intend to use the project as a vehicle for a positive youth development programs wherein young people are presented with adequate and realistic opportunities for development.

This will be achieved through committing 30% of services required during the project and the workforce to the youth and youth owned businesses.

c. Women Empowerment

Although in South Africa women are achieving equality in health outcomes and primary school enrolment rates, we have not seen the same kind of progress when it comes to gender equity in economic opportunity. Women consistently trail men in formal labour force participation, access to credit, savings rates, income levels, entrepreneurship rates, as well as in inheritance and ownership rights.

Evidence shows that putting economic resources in women's hands is the best way to accelerate development and sustainably reduce poverty. Women typically invest in their families and communities significantly more than men – spreading wealth and increasing the quality of life for themselves and their families.

We, thus make a commitment to ensure that 60% of our workforce includes an explicit focus on gender equality and women's empowerment.

d. SMME Development

We acknowledge the support that the South African government provides for small medium and micro enterprises (i.e. SMME's) as the country's efforts towards economic restructuring and poverty alleviation, and therefore we assert that SMME development plays a vital role in South Africa's economic development. We therefore commit to appointing around 60% of services required for the project to SMME's.

e. Skills Development

When we empower the youth, women and develop SMME's, we will be developing their skills through association with us as an established organization and their interaction with other experienced organizations. This will in turn increase their career development opportunities and personal growth, which will have a positive impact in their respective communities which they serve.

8. WHY ACCEPT OUR PROPOSAL?

- Our proposal demonstrates our preparedness and expertise in managing and executing a successful project, which will be beneficial for the municipality.
- We understand the role which must be played by the municipality in ensuring that Spaza shops are regulated.
- We never lose sight of the assignment objectives since we work in an organized and professional manner.
- We have given enough thought about the project, spent hours strategizing on how to provide excellent service, and therefore believe that we have a perfect and solid plan to provide an answer on regulating spaza shops in Matjhabeng.
- We have adequate experience and resources needed to render the required services.
- You will be contributing to government B-BBEE strategy; since we are a 100% black established and owned company, with 100% youth and female shareholding, and, 100% of our employees are from previously disadvantaged background.