

# GAUTENG TOWNSHIP ECONOMY REVITALISATION STRATEGY

## KZN BILATERALS

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**GAUTENG PROVINCE**  
ECONOMIC DEVELOPMENT  
REPUBLIC OF SOUTH AFRICA



# GPG 10 Pillar Programme

GPG has adopted a 10 pillar programs that seeks to promote re-industrialization, decisive spatial transformation and economic modernisation of the provincial economy. The 10 pillar programme is as follows:

- Radical economic transformation
- Decisive spatial transformation
- Accelerated social transformation
- Transformation of the state and governance
- Modernisation of the public service
- Modernisation of the economy
- Modernisation of human settlements and urban development
- Modernisation of public transport infrastructure
- Re-industrialization of Gauteng province and
- Taking the lead in Africa's new industrial revolution

## METHODOLOGY

- Gauteng Provincial government conducted 65 Township Roadshows between Jul- September 2014 to solicit inputs for the Township Economy Revitalisation Strategy.
- On average, GDED dialogued with 500 entrepreneurs and aspirant ones in the townships, totalling, 50 000 people for 65 townships. The coverage by print and electronic media reached million of people in Gauteng.
- GDED received over 4700 written submission in addition to oral submissions in township meetings.
- This was followed by Regional Summits in five Gauteng municipalities and subsequently the Township Economy Summit on 07 October 2014, attended by 1600 delegates from business association and entrepreneurs from the townships

## CHALLENGES IDENTIFIED

- **The following challenges were recorded from the Roadshows and written submission as the costs of doing business in the townships:**
  - Proliferation of foreign-owned business, in particular within the retail sector
  - The government business support services are far from the townships
  - There is a concern that responses by government officials in dealing with entrepreneurs and aspirant ones is poor
  - There is a lack of operating facilities/spaces/land within the township and furthermore constant harassment to those who trade outside the demarcated zones
  - There is a lack of market/market access and information to sell their products
  - The other problems are related to the provision of municipal and government services such water, sanitation, and electricity



# **ECONOMIC ACTIVITIES (SECTORAL) IN THE TOWNSHIPS**

# TOWNSHIP BUSINESS ACTIVITIES

Sectors	Clusters				
<b>Retail</b>	Baking and confectionary	Spaza shops	Fish and chips	Fruit and vegetable stalls	Butcheries
<b>Service industry</b>	Hair Salons	Shebeens	Shisanyama	Security companies	Gym
	Sewing and Tailoring	Sanitation	Mobile toilets	Car wash	Funeral services & Burial society
<b>Construction and real estate</b>	Brick laying/manufacturing	Construction business	Buying and selling of property	Renting	
<b>Tourism</b>	Tourism guide and logistics	Bed and Breakfast Water sports and recreation parks	Restaurants	Catering and events	Shisanyama
<b>Manufacturing</b>	Clothing and textile	Auto repairs and maintenance	Furniture manufacturing	Steel production	
	Carpentry	Charcoal manufacturing	Welding pipe and fitting	Plastics recycling	Waste and oil recycling
<b>Transport</b>	Automotive cooperatives	Minibus taxi ownership	Logistics companies	Taxi Associations and opening of new lines to Johannesburg	
<b>Agriculture and agro processing</b>	Olive oil for fuel	Biofuel	Milling	Poultry retail	Vegetable production
<b>Finance-</b>	Stokvel	Mashonisa money/lending schemes	Burial society		
<b>Creative industry</b>	Arts and craft Cinemas	Music Entertainment Company	Fashion design		Coordination of cultural events
<b>Government and Community Services</b>	Child care and early development centres Care for elderly Supply bread for	Clothes for school and police uniforms Furniture for office space	Facilitation of social grants agents	War on drugs	HIV/ AIDS



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# **STRATEGIC FOCUS AREAS-PROGRAMMES FOR IMPLEMENTING THE STRATEGY**

***The Township Economy Strategy will be Implemented  
through Seven Strategic Focus Areas:***

# 1. Ensuring an Appropriate Legal and Regulatory Framework

GDED will seek to convene the policy/strategy/by-law Review Panel with the objective of reducing the cost of doing business in the townships that is created by regulatory burden, emanating from provincial and local spheres of government.

**ACTION POINTS:** The government and its partners will:

- Urgently review the regulatory framework for township enterprises as it relates to licensing, permits and registration to ensure they are simplified and cost effective.
- Remove bias against residential-based retail business, for instance in zoning requirements.
- Make special provisions for regulation of retail business and in particular, spaza shop to ensure that the nationals have a competitive edge
- Reduce the costs of formalisation process of many township enterprises through education campaigns on the benefits of formality and simplification of formalisation procedures.

## 2. PROMOTION OF PRODUCTIVE ACTIVITIES WITHIN THE TOWNSHIPS

- This focus area refers to all the interventions that should be undertaken by the government and its partners to create incentives for the manufacturing and production capacity in the townships. Taking advantage of existing incentives at the national level, the Gauteng province should supplement them to ensure that production in the township is supported in terms of the following

### **ACTION POINTS: The government and its partners will:**

- Develop programme to support productive and manufacturing capacities of existing township enterprises.
- Identify, promote and support new opportunities for production of goods and services by township enterprises, including in public procurement.
- Prioritise the development industrial or manufacturing co-ops.
- Engage monopolies operating in the township space to cede some of their production activities to the township enterprises.
- Develop strategies to support efforts to breakdown monopoly domination through partnerships aimed developing new production activities through supplier development and enterprise support.

### 3. INFRASTRUCTURE SUPPORT AND CLUSTERED DEVELOPMENT

This Focus Area refers to both economic and social infrastructure that has a bearing on the turnaround on the township economy. It must be understood that the economic infrastructure such as manufacturing hubs, business hives and industrial parks will not be able to serve its purpose if it is not accompanied by network infrastructure such as roads, ICT connectivity and utilities such water and electricity and understanding whether there is land to be built on.

**ACTION POINTS: Government and its partners will:**

- Do land audit to determine the availability of public owned land for industrial development.
- The government will audit existing public infrastructure in the township, which will be converted into either manufacturing and business parks and as well as sectoral incubation centres.
- Develop framework for the development for clustered enterprises in the townships and financial and non-financial support package for these clusters.
- Identify and develop an infrastructure programme for street-level business nodes – particularly for micro-enterprises.
- Identify and develop an infrastructure programme for townships industrial parks and incubation hubs;
- Ensure that community and township enterprise benefit in the development of shopping malls by big retail chain stores. In addition community benefits charters will be encouraged for new corporate developments in the townships.

## 4. PROMOTING ENTREPRENEURSHIP DEVELOPMENT

This focus area refers to the provision of all non-financial and business development support encompassing technical skills, incubation, mentorship and coaching and ensuring that entrepreneurship becomes part of the early learning curriculum. The approach behoves the marrying of financial and non-financial support to the recipients of funding from government agencies

### **ACTION POINTS: Government and its partners will:**

- Develop strategies to support all forms of entrepreneurship
- Develop a systematic approach for identifying talent in business and social entrepreneurs for enrollment in township economy revitalisation projects.
- Work with education and training providers in government and private sectors, including incubation, coaching, mentoring services to promote entrepreneurship.
- Ensure that information about existing government (and private sector) programmes supporting enterprises is easily available to township entrepreneurs (Mobile entrepreneurship services).
- Drive Tshepo 500,000 Campaign to give hope to youth through entrepreneurial skills and work opportunities.

## 5. FINANCE AND INVESTMENTS FOR TOWNSHIP ENTERPRISES

The current status quo is that many township enterprises are under-capitalised and struggle to access external finance (private and to certain extent public), particularly start-ups and emerging ones. Ensuring appropriate finance and funding instruments are available for township enterprises are key to broadening financial inclusion and enabling the township economy to develop and grow.

### **ACTION POINTS: Government and its partners will:**

- Significantly re-capitalise government funding institutions with dedicated focus on the township enterprises.
- Conduct a feasibility study on a state-owned bank for the province.
- Establish a programme for co-op banks and co-operative insurance to promote community ownership, financial inclusion and productive investments in the township economy.
- Work towards creating appropriate models for a township economy solidarity fund to promote additional access to capital or loans for township enterprises.
- Consider the feasibility for **Township Economy Bond**, with possible linkage to an alternative stock market exchange to promote active investments in the township economy.

## 6. ENSURING ACCESS TO MARKETS

This Focus Area addresses challenges beyond production and deals with how the products can be sold, who the customers will be, breaking entry barriers that are set by monopolies, leveraging on legislations to ensure that emerging entrepreneurs have preferential access to both government and the private markets.

**ACTION POINT: The government and its partners will:**

### ***On Public Procurement***

- Review the Treasury Procurement Guidelines, to ensure that supply chain managers across all spheres of government deliberately build databases of manufactures of goods and services that are largely consumed by government and all its agencies.
- create list of targeted public procurement spend on goods and services and infrastructure, for township enterprises, with specific items procured in the initially years of strategy implementation.
- Publish on Government website the list of procurement contracts and spend over R10, 000, including whether it is a township economy enterprise;

## 6. ENSURING ACCESS TO MARKETS-Contn'd

- Work with partners to promote greater understanding of township enterprises among those responsible for public sector procurement at local and provincial and national level; and
- prepare and disseminate, to township enterprises and their support organisations, a 'toolkit' which will distill good practice for township economy enterprise in acquiring public sector business.

### ***On Township Community Markets***

- Support formation of consumer co-operatives.
- Support the formalisation of township economy retail enterprises, especially the spaza shops. hair salons etc.

### ***On formal linkages with mainstream business.***

- Promote linkages with township economy enterprise with mainstream business, especially through to cluster enterprise development.

## 7.PROMOTION OF INNOVATION AND INDIGENOUS KNOWLEDGE SYSTEMS

This refers to the support along the value chain of Research and Development (R&D), from idea generation to product development and commercialisation. Furthermore, the Focus Area deals with central challenge facing governments and civil society particularly in the developing world is how to provide protection for indigenous knowledge systems.

**ACTION POINTS:** Government and its partners will:

- Work with national bodies on quality of standards to support indigenous knowledge system;
- Work towards standardisation of indigenous products from cultivation to packaging.
- Support the whole value chain of Research and development (R&D), from idea generation, product development, prototyping, trade marks and copyright and subsequently, commercialization and market support.

## **ESTABLISHING THE SOCIAL AND ECONOMIC VALUE OF TOWNSHIP ENTERPRISES**

- 1. Establish baseline data through research**
- 2. Recognising achievement and spread the word**
- 3. Creating trust**
- 4. Quality standards, branding and accreditation**
- 5. A strong voice for the township economy**

## ESTABLISHING THE SOCIAL AND ECONOMIC VALUE OF TOWNSHIP ENTERPRISES

Township economy' is currently not widely understood as a concept; it is also perceived by many to be ill defined. Better support for the township economy will come when government (at all levels), the financial community and support organisations understand its nature and needs better, are convinced of its social and economic value, and alter their practices to incorporate support for township enterprises.

### **ACTION POINTS :The Government and its partners will:**

- Urgently commission a baseline study on the township economy.
- Work with research institutions, including GCRO, on building a knowledge base about the township economy.
- Develop methodologies for assessing social and economic impact of township enterprises, including encouraging a social auditing of these enterprises;
- Work towards branding, quality standards for a 'township economy enterprise'
- Promote awards events for township enterprises
- Foster and support a network for township economy to strengthen one voice within the sectors and cross-sectors of their representative organisations.



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- 1. THE IMPORTANCE OF THE PARTNERSHIPS  
TO IMPLEMENT THE TER STRAREGY**
- 2. A MONITORING AND EVALUATION  
SYSTEM FOR IMPLEMENTATION**

## PARTNERSHIPS

- It will be important to crowd in resources from national government, SMME support organization, commercial banks, international donor organization and private sector social responsibility fund.
- An attempt should be made to forge partnerships with all potential funders, which will result in GEP disbursing the partner's funding. If this is not done, the government can lose control of the plan with dire consequences for the communities.
- GDED should engage partners to support the plan in all the pillars to ensure that it is a success.
- It is important for the provincial government to partner and mobilise pledges in money, time and effort with both the public and private sector in order to implement pillars of the strategy.

## MONITORING AND EVALUATION

- It will be important for GDED to establish a strong monitoring and evaluation team on the implementation of the strategy.
- Impact on the interventions should be done regularly to ensure that the elements of the interventions that are good are maintained and scale is increased and those that exhibit a failure are expunged.
- Gauteng Provincial government and Municipal Monitoring and evaluation system should incorporate the targets from the Township Revitalization Strategy.
- The pillars of the strategy will have to be broken down into budgeted programmes and targets that are reported.
- The impact will be on the number of economic infrastructure laid, the number of SMME supported and sustained, the number of employment created and the contribution (value-add) of township enterprises to regional, provincial and national economy.



Thank you