

KWAZULU-NATAL PROVINCIAL GOVERNMENT

Townships and Rural Economies Revitalization Strategy (TRERS)



KWAZULU-NATAL
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

2022

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FOREWORD

The Township and Rural Economy Strategy is a crucial, and overdue, developmental instrument in our efforts to meet our triple challenges of poverty, unemployment and inequality.

When we developed our Economic Recovery, Reconstruction and Transformation Plan, we disaggregated our economy into 14 sectors, inter alia, agriculture, tourism, manufacturing industry, informal sector, clothing and textile, and ICT. It also became apparent that for historical reasons there were certain underlying cross-cutting issues that needed constant attention, viz. the areas of serious historical underdevelopment – our townships and rural areas.

It also became clear that the historical spatial planning (or the lack of it) in our townships and rural areas is a key issue to be confronted through this strategy. However, land, spatial planning and the regulatory framework around development become quite central.

Effective implementation will require significant intergovernmental coordination, especially by local municipalities, the departments of Cooperative Governance and Traditional Affairs, Agriculture and Rural Development, Economic Development, Tourism and Environmental Affairs and Provincial Finance.

The Strategy shall be anchored around the following key pillars: access to commercial property and transformation, infrastructure development, informal economy, agriculture, tourism and creative industry, access to digital innovation, integrated support of existing businesses and manufacturing.

In due course an appropriate monitoring and evaluation framework must be developed to assess our progress.

A handwritten signature in black ink, appearing to read 'RR Pillay'.

MR RR PILLAY, MPL 07/04/22

Executive Authority of Economic Development, Tourism and Environmental Affairs

LIST OF ACRONYMS

CSIR	Council for Scientific and Industrial Research
CPA	Communal Property Associations
DALRRD	Department of Agriculture, Land Reform and Rural Development
DEDTEA	Department of Economic Development & Tourism
DHS	Department of Human Settlements
DSD	Department of Social Development
FPSU	Farmer Production Support Units
GVA	Gross Value Added
IDP	Integrated Development Plan
IUDF	Integrated Urban Development Framework
IEIDI	Informal Economy Infrastructure Development Initiative
KZN	KwaZulu-Natal
KZN COGTA	KwaZulu-Natal Department of Cooperative Governance and Traditional Affairs
KZN TRERS	KwaZulu Natal Township and Rural Economies Revitalisation Strategy
KZN STRS	KwaZulu-Natal Small Town Revitalization Strategy
KZNPI	KwaZulu Natal Poultry Institute
LED	Local Economic Development
MKI	Moses Kotane Institute
NDP	National Development Plan
NFLED	National Framework for Local Economic Development
NSDF	National Spatial Development Framework
OTP	Office of the Premier

PGDP	Provincial Growth and Development Plan
PGDS	Provincial Growth and Development Strategy
PSDF	Provincial Spatial Development Framework
PSEDS	Provincial Spatial Economic Development Strategy
RASET	Radical Agrarian Socio-Economic Transformation
SALGA	South African Local Government Association
SASSA	South African Social Security Agency
SDF	Spatial Development Framework
SEDA	Small Enterprises Development Agency
SETA	Sector Education and Training Authority
SEZ	Special Economic Zone
SMMEs	Small Medium Micro Enterprises
TIKZN	Trade and Investment KwaZulu-Natal
TKZN	Tourism KwaZulu-Natal

1. INTRODUCTION

The decline of township and rural areas has been taking place despite a number of policies and strategies at National, Provincial and local levels aimed at achieving the growth and development of their economies. There is a renewed effort and focus in the Province to urgently address the persistent economic decline, deprivation and poverty that exists in township and rural areas.

Township and rural entrepreneurs were further severely impacted by the COVID-19 lockdown. Many entrepreneurs had no source of income during the lockdown period as they could not operate. Very few were able to continue their operations from home during the lockdown period. Therefore, the majority of township and rural enterprises suffered a reduction in their sales and income with many at risk of losing their businesses.

As a result, the KZN Executive Council resolved to give concerted attention to township and rural area economies. The KZN Township and Rural Economies Revitalisation Strategy (KZN TRERS) is therefore an integral part of the drive towards reviving the economy in the Province with its focus on enterprise development in the township and rural economies.

1.1 Historical context

The contemporary challenges of the democratic state are a direct result of apartheid system of racial discrimination. In many respects it is clear that the apartheid system entrenched great disparities in wealth, living conditions, life expectancy and access to economic opportunities with great power. The apartheid regime was indeed founded on the principle and assumption that it was 'natural' for blacks to have different expectations of life since everything was differentiated according to race.

It is important to stress the fact that South Africa's problems were defined and approached in terms of race, and the apartheid regime never wanted to develop the black race nor promote their enterprises or businesses. Prior to the late 1970s; the attitude of planners and administrators in South Africa to small urban black businesses was general hostile. Encouraging the expansion of black enterprises was seen as counter-productive on the grounds that it would accelerate -urban migration, overburden public services and compound the social and health problems associated with the informal sector. It suited the apartheid government better to channel black initiatives to

the Bantustans in an attempt to shore up political structures thereby encouraging the establishment of a homeland petite bourgeoisie.

The encouragement of the black elites in the former homelands was not based on the empowerment of entire black masses. On the contrary this was a strategy of the apartheid regime, which served as an instrument of manipulation and ultimately created a good platform for dependence and domination. The creation of the black elites was to act as a distracting mechanism for the oppressed so that their aspirations for economic development would not be achieved. It would therefore be wise to argue that the causes of poverty for the designated group in South Africa, which is still a major problem even in the democratic dispensation, lie in the historic apartheid arrangements.

Thus, the South Africa's geographical landscape, like in most countries of the world has distinct topographical areas such rural and urban areas. Rural and urban poverty have for more than a century been two sides of a single coin. They result, not from a growth deficit, but from a particular kind of growth: a skewed and exclusionary form of development driven by core features of the economic structure and the regulatory environment. In South Africa, this path of growth has created a deep divide between urban insiders and rural 'outsiders', but this divide is not the result of a disconnection between rural and urban economies. Rather, flows from the direct but uneven, selective and adverse incorporation of South Africa's rural black population into the core economy. These economic relations have of course been exacerbated by the highly uneven forms of spatial territorialisation

Making the situation a little different if not worse in South Africa is the third phenomenon, not commonly found elsewhere in the rest of the world, of informal settlements (*World Bank*). Most people finding themselves in either rural, township or informal settlements are as a result of urban migration in search for employment opportunities and perceived greener pastures away from rural areas or country-side. This population is made up of a large number of (in most cases) unskilled but economic active aged-people (youth) who live under serious underdevelopment, who are desperate for economic opportunities, and yet are spatially disconnected from urban economic centres.

The current economic challenges in the township and rural areas across the Province are direct results of apartheid system. The institutional design was in such a way that it promoted the interest of the minority at the expense of the majority. Throughout the years of apartheid, the regime played a key role in maintaining inequality and protecting the privileges of a minority. Township or rural areas were developed in terms of specific conditions stipulated by apartheid central government which outlined the basis for structuring of the township and how they should be organized. They were organised along the following lines:

- Township should be established far away (adequate distance) from the white suburb.
- Township establishment should adjoin an existing township so as to limit the number of African areas outside rural areas.
- Township should be separated from the white area by a buffer (zone) usually in the form of industries and/or factories.
- Township should have limited land or space for expand towards white areas.

The apartheid system ensured that there was a central business district which was well-developed that supported people along the racial lines. On the outskirts of the developed part of town you would typically find formerly black township with a far much lower level of both social and economic development. Even today that is where the poorer parts of the community live and is still exclusively African. However, it must be noted that in the 80s there were pioneers of black success and innovation. This included, but not limited, establishment of black small businesses in the retail sector/super markets, taxi industry, butcheries, brick-laying, hair salons. Though, these black businesses suffered severely due to the political riots of the 80s, although some like the taxi industry survived this difficult period. Additionally, in the early 1940s when informal black trader organisations began to recognise the need to sharpen their business acumen and to raise the level of business awareness among their members. During the subsequent years black traders' organisations continued to spring up around the country. This movement led to the formation of the National African Chamber of Commerce (NAFCOC) in 1964.

The democratic government has made great strides in the development and support of black businesses in the township and rural areas. Despite progress that has been made by the democratic state there is still a long way in terms of economic development, provision of basic services such as water and sanitation.

Apartheid has also left the country with rural areas which are underdeveloped and un-serviced. Farm workers and people who live in rural villages enjoy little access to Government services and have little chance to escape poverty. It is in these areas where there are the poorest of the poor and yet they are furthest away from work opportunities and the facilities that they need to improve their standard of living. The racial driven development of the apartheid regime and the migration labour policies / separate development created an entrenched class division that has exacerbated the inequality that resonates to this day.

1.2 Post-apartheid environment

Since the new democratic government took over in 1994, various interventions have been developed to reverse the effects of the apartheid policies. The new government realized early on that the focus on developing the township and rural areas is central to reverse the damage done by the apartheid policies. In the early days, the RDP as a deliberate strategy focused on delivering services and infrastructure in formerly disadvantaged areas. Services and Infrastructure like houses, water, roads, electricity, health services, schools, community centers, etc. was a key priority, starting with township areas and slowly progressing to rural communities. In those early days of our democracy, the township, rural villages and rural towns were not seen as part of the mainstream economy. The coining of the term “informal vs formal economy” further defined the rooted structure of the imbalance of the economy in South Africa, emanating from the racial structure of apartheid as outlined above.

In the 2000s, as township in particular were slowly changing character and the black middle class developing, big business started to realize the potential of these areas as economic nodes to capitalize on the growing consumer class, urbanization and better infrastructure, investments began to flow to certain areas in township and rural towns and this on its own added to the unstructured nature of the Township and Rural Economies, with no deliberate plans to nurture a well-designed strategy to create long lasting investments in these economies as potential contributor and player in the economic mainstream for many years to come.

Despite progress that has been made by the democratic state there is still a long way in terms of economic development, provision of basic services such as water and sanitation. Most of the local roads are not tarred or well-developed. There are very few health facilities and supermarkets, banks and other services – such as Fire-Stations, etc. schools, recreational facilities including

and other social amenities such as community halls, sports facilities are of a totally different quality from the formerly white areas – if they exist at all.

The Township and Rural Economies Revitalization Strategy (TRERS) shall be all-encompassing of small towns, villages, informal economy, township, rural, semi-urban etc. The TRERS objective is to target small enterprises (SMMEs/Cooperatives) based in the township and rural areas. These enterprises are operated by township and rural small enterprises to meet primarily the needs within and beyond the township and rural areas and therefore can be understood as 'township and rural enterprises' as distinguished from those operated by entrepreneurs outside the township or rural area. Township and rural enterprises are diverse, with high rate of informality and provide a range of goods and services to meet the needs of township and rural communities and beyond.

Township Economy

- Apartheid spatial planning terms, “a township is defined as a dense urban settlement usually developed on the outskirts of the town mostly removed from industrial and commercial activity away from people’s places of work (WCEDP, 2019). Traditionally township were created to ensure that black, coloured and Indian people were removed from easy access to equal socio-economic opportunities”

Rural Economy

- Largely under-developed, vast spaces speckled with individual homesteads, settlements, and land in non-urban areas where there are limited economic and community services and often dominated by forms of subsistence farming. Rural areas in the Province vary from commercial farms, small towns to large rural settlements and communal land areas with homesteads under traditional authority leadership.

1.3 Economic context

The prevailing structural and social barriers keeping township/rural dwellers outside the mainstream of the economy and economic urban centres are imposing upon the democratic Government to focus its efforts in supporting the revival of the township/rural economies. Owing to underdeveloped township/rural infrastructure, weak if not lack of connectedness to formal sector and negligible production capacity, the need for Government's intervention in township/rural is even greater. Government interventions will help redress the legacy of apartheid planning which ensured that a township/rural entrepreneurship was discouraged, and access to finance made difficult (through difficult stringent lending criteria) for him or her. The extent of isolation that township/rural suffered under apartheid regime is evident through high levels of unemployment, uneven access to basic public services, high levels of crime and violence and low levels of skills.

The cursory observation shows that rural areas also suffered the same if not more development exclusion due to separate development approaches employed by the apartheid regime. As such, despite their own unique characteristics, rural areas are also incorporated in this framework in order to ensure that they do not suffer double exclusion. Therefore, any reference made to township in this document will, as much as it can possibly, be inclusive of rural areas and informal economy.

The aforementioned situation in the preceding pages requires a structured approach in trying to deal with township and rural economies, and demands that a multi-pronged approach be employed. In other words, the approach should consider all other factors such as the prevailing township/rural structural challenges, lack of appropriate economic infrastructure, distances between township and economic (urban) centres, insufficient buying power, lack of requisite skills, etc. as well as the social challenges such as drugs abuse, crime, to name a few. Furthermore, the new trend of development of malls and shopping centres in township and rural areas has an added, yet not deliberate, negative repercussions as they tend to kill the small enterprises (cannibalizing small businesses) that are survivalist in nature and are struggling to survive (*Ramagopa - City of Tshwane*).

To ensure that township or rural economies are revived, there needs to be a concerted effort to link them to formal markets and ensure that they are connected to economic power-centres.

Township/rural economies (small enterprises) need to be modernized to compete in the mainstream economy and to be able to access finance which, as a minimum, require a good business and financial management systems to be in place before any small enterprise can be considered for loan finance. Local small enterprises such as barber shops, salons, repair shops (shoes, watches, electronic equipment, etc.) shisa-nyama, etc. need to be supported and assisted to modernize and introduce use of technology in their enterprises in order to ensure quality and the necessary efficiencies.

Given their size and fast-growing population (in the main youth) in township, continue presenting a huge opportunity for economic growth and job creation for the country. To unearth this potential Government needs to start investing in township/rural economic infrastructure as infrastructure development is key to any business success anywhere in the World. Such infrastructure should then be made easily accessible to small enterprises to conduct their day-to-day economic activities. Government should engage the private sector, mainly the financing houses, to support township/rural economies by investing on township/rural enterprises thereby addressing the challenge of lack of access to finance.

Township/rural enterprises should gear themselves up to deal with economic difficulties that they encounter on daily basis. Among other things, small businesses should start organizing themselves, collaborating and buying collectively (bulk-buying) to increase their bargaining power. Township/rural businesses should also focus on producing or manufacture goods locally (local content and localisation) than buying for on-ward selling as this does not create new jobs. Services such as plumbing, electrical, panel beating, tyre-repair, home-based care, bakery, cooking (function and school feeding), etc. should all be conducted in township/rural areas for its residents and exported to cities (economic centres) where surplus is realised.

The issue of reviving of township and rural economies will require more than just one approach as the challenge faced is multi-pronged, ranging from lack of economic infrastructure to lack of skills, from lack of access to finance to high levels of crime, etc. Therefore Government, big business, rural and township business owners need to work together to address the current

challenges and find a solution that will take township and rural economies forward and to new heights.

South Africa finds itself trapped in a cycle of persistently low economic growth. The intermittent growth in the country has largely been supported by rising financial & business services, and wholesale & retail trade sectors. The primary sector has largely been eroding whilst the real economy or the productive sectors lacks momentum and traction. In short, the country's growth path is leaning towards a sophisticated and globally competitive financial sector and a consumer-driven aggregate demand. The failure to expand the productive sector and particularly the manufacturing sector — where the share of GDP has remained low for over two decades —has resulted in very poor levels of employment generation.

The above challenges have been manifested through perpetually high levels of unemployment, poverty and income inequality commonly dubbed the "*triple challenge*". Additionally, the oligopolistic and sometimes monopolistic structure of the local economy has implicitly precluded the full participation of the historically disadvantaged majority in the mainstream economy. This exclusion is largely epitomised in racially and gender-skewed patterns of economic assets ownership, a large survivalist-driven informal sector, relatively advanced wealthy formal sector, somewhat small skilled workforce relative to a large unskilled and semi-skilled workforce.

Township and Rural economies are epitomised and characterised by typically three types of economies namely Township, Rural and Social Economies and there are the economic activities related to different sectors that long existed but lacked the recognition and inclusion to the mainstream economy of the province of KwaZulu-Natal and the country at large

□ **Township economy**

Township Economy includes economic activities that take place in the previously disadvantaged communities that were strategically designed for black people. The exclusion of black township businesses in the mainstream economy collapsed many businesses that provided services and goods for residents of the different township due to lack of business support and overall conducive regulatory environment. This meant that there were no clear spatial and related plans or frameworks which contributed to difficulties of businesses to thrive.

To address the inequities of the informal sector within the township economy, KZN EDTEA has developed a draft Master Plan titled “THE KZN Informal Economy Master Plan “designed specially to address the informal sector and economy. This plan intends to recognise the existence of township business activities and aims to support the regulatory regime that will provide for the ease of doing business and inclusion of township economy. The Master Plan policy proposition aims to include but not limited to;

- The roll-out of the KZN Automated Business Licensing System that will allow for convenient registration, licensing and or permitting of township businesses;
- Relaxation of spatial processes that will address issues of red-tape and thus compliance to legislative requirements for township businesses;
- Development of Township and Rural Economies Strategy that will ensure support and development of township and rural businesses and related activities.

□ **Rural economy**

Rural Economy is not far from the Township Economy but includes various economic activities that are mostly organic in nature and provide a greater deal of value chain to food security in the Province of KwaZulu-Natal. The business activities need to be recognised and supported through the provision of a regulatory conducive environment for trade. Streamlined and relaxed regulatory processes would be needed in order for businesses to comply and gain access to information related to legislative requirements and support and development. Activities that support this economy should be amongst others but not limited to;

- Aligned and simplified regulatory regime for rural businesses;
- Simplified mechanism for the roll out of the Automated Business Licensing System;
- Systematic way of creating awareness on applicable legislative and compliance requirements.

□ **Social economy**

The term “Social Economy” might seem to be a new phenomenon but has been in existence for many years. Social economy means profit business activities that are aimed at solving or addressing a social problem in communities in order to better their lives. The KZN Informal

Economy Master Plan aims to recognise the existence of social enterprises and support the development of strategies, policies and or legislative framework that will make it easy to enter into the social economy space and provide enablers for support and development of the sector.

There are a lot of township and rural economic activities conducted by community-based enterprises or individuals aimed at meeting the needs of its residents. It has been noted that the following informal business types are very common in township: These are, but not limited to the following:

- Spaza shops and/or general dealers
- Salons
- Shisanyama's
- Motor and cellular services
- Small –scale manufacturers
- Repair shops
- Hair and beauty salons
- Bakeries and confectionaries
- Shebeens and "bottle stores"
- Restaurants and shisanyamas (chicken dust)
- Brick building and bricklaying
- Light manufacturers in activities such as welding and shoe-making
- Auto body repairs and mechanics
- Mortuaries
- Dress makers and tailors
- Subsistence farming
- Hospitality – guest houses
- Crafts
- Tour guides and safety monitors
- Recycling
- Omalume (transportation of kids to school)

The above business types have been seen to be labour intensive and have potential to reduce unemployment at a survivalist mode within township.

1.4 Policy response

Government has implemented various policies, strategies and programmes aimed at overcoming economic imbalances and underdevelopment facing the country. These include but not limited to: the National Strategy for the Development and Promotion of Small Business, the KZN SMME and Co-operatives Development Strategies, B-BBEE Act 46 of 2013 (Act 53 Of 2003) KZN Informal Economy Policy of 2010, KZN B-BBEE Strategy. The National Small Business Act was also introduced in 1996 to provide an enabling environment for Small, Medium and Micro-Enterprises (SMMEs), and further established several institutions to provide financial and other non-financial support to entrepreneurs.

Additionally, the Integrated Human Resources Development Strategy, the Urban Renewal Programme, the Integrated Sustainable Rural Development Programme, the Tourism Transformation Strategy, the Strategic Sector Plan for Agriculture, and the National Small Business Development Promotion Programme were introduced to deal with extreme levels of poverty encountered by black people in the country.

Despite all these initiatives and strategies, the problem of poverty, unemployment, and inequalities in the township and rural areas remains a serious challenge.

1.5 Problem statement

It is evident that both township and rural areas possess human, social, cultural and other capacities that when harnessed correctly can contribute towards the successful revitalization of their economies. These areas can become an integral part of progress, integration and optimal economic vibrancy. However, for this to happen, it will take a co-ordinated effort, deployment of resources and full commitment from all parties involved, in the main Government, local business and big business.

Re-planning and re-developing of the apartheid space economy (that had created township/rural as residential dormitories of labour supply) where appropriate to include residential; recreational, commercial; industrial and trading spaces in a *live-work-and-play* environment is critical. The development of the new township of Cornubia, north of Durban, is an example of this approach. Investment in existing township and rural infrastructure, particularly, the commercial, industrial

and trading areas need serious Government consideration. Other than municipal resources, this can be financed through the Corridor Fund, Small Towns Rehabilitation Fund, Neighbourhood Partnership Grant Fund and/or other donor-based grants.

Reinvestment in Ithala small business incubation facilities where possible and creation of new spaces for small businesses and small-scale industries to operate-in is key. The creation of trading spaces in smaller towns around major taxi ranks and other transport hubs will be necessary and strategic. Creating a competitive loan and/or soft debt-funding facilities for small enterprises to cover their OPEX and CAPEX costs; Co-operative Bank, Consumer Co-operative, leveraging on stokvels savings where possible for small business-related investment; supporting group of micro trading enterprises to club together and undertake bulk-buying in order to pass some of the costs saved on to consumers and thereby be more competitive will become crucial.



Government intend to ensure that there is prolong money circulation in Township and Rural Areas. This means that to boost township and rural economies money leakages will be plugged and money forced to exchange more than ten/twenty hands before it leaves the community. This will be achieved by increasing the local provision of a variety of services to local community by local enterprises.



1.6 The strength and opportunities

The following strengths, weaknesses, opportunities, and threats provides a summary of the main characteristics of the rural and township economies.

SWOT: Rural Areas





SUMMARISING SWOT ANALYSIS: RURAL AREAS

Rural Areas	
 Strengths	 Weaknesses
<p>Vast expanses of arable land</p> <p>There is land availability in rural areas for manufacturing and value adding economic activities.</p> <p>An abundance of natural beauty and resources</p> <p>Rural areas have a changing population size and composition which means that there will, for some time, be a labour market.</p> <p>Rural areas have a large working age population group which potentially contribute towards the growth of these economies.</p> <p>There is a vast number of National, Provincial and Local level policies and strategies that are relevant to the economies of rural areas</p>	<p>Economic decline</p> <p>Rising unemployment and poverty</p> <p>Reliance on migratory labour and remittances/government social grants for survival</p> <p>Low household income base. The low-income and shallow local market supports mainly smaller enterprises and a limited number of large shopping centers.</p> <p>Poor service delivery/municipal dysfunction/collapse of governance structures</p> <p>Lack of and/or poor infrastructure in rural areas especially road infrastructure</p> <ul style="list-style-type: none"> - Dilapidated existing infrastructure - Limited economic and employment opportunities - Low labour absorptive capacity of rural markets - Poor transport systems and road infrastructure - Inefficient transport flows (i.e. full in one direction and empty on return). - Large distances from urban nodes and transport routes - Cost of accessing basic services is high due to distance from and concentration of services in urban nodes - Some rural areas have difficult topography – inaccessibility. - Decrease in agricultural productivity. - Low level of activity in other sectors including limited manufacturing and value adding economic activity - Lack of external linkages - Limited access to external markets - Limited access to entrepreneurial tools such as training and capacity building - Limited access to internet and broadband connectivity - Little change in the economic and socio-economic position of most of the rural

	<p>population. The economic welfare of the rural population has declined.</p> <ul style="list-style-type: none"> - Low level of skills and educational base makes it hard for the transferring of knowledge to rural and township communities. - Lack of research and reliable data on rural areas
 <p style="text-align: center;">Opportunities</p>	 <p style="text-align: center;">Threats</p>
<ul style="list-style-type: none"> - Agricultural potential in terms of land availability and capability - Investments in agro-processing establishments in rural economies. - Potential for value addition and agro processing to improve productivity in rural areas - Potential for industrialisation and increased manufacturing and light industrial activities in rural areas - Development of Agri Parks and Farmer Production Support Units to support economic growth and development in rural areas - Rural Tourism potential - Potential in the 'new economies' of Green Economy and Blue Economy - Encourage the development of a digital/technology economy - Green and Climate Smart opportunities for rural electrification - Opening merchants/wholesalers within rural settlements to reduce costs incurred when transporting business supplies from the place of production to the point of consumption. - Operation of rural support strategies and plans such as the Bulk Buying Programme and RASET to deepen the rural value chains 	<ul style="list-style-type: none"> - Restricted access to external markets due to the distance from the economic opportunities - Under-utilisation of local resources, - Decrease in agricultural activities, - Decay in maintenance of infrastructure, - Lack of community facilities, - Lack of spatial and land use planning - Skewed resource allocation with a bias towards larger urban centres - Poor linkages and value chains outside of rural areas - Under-utilization of local resources provided for rural and township enterprise support. - Enterprises operating in rural economies lack crucial economic infrastructure. - High levels of financial leakage and poor resource retention - Inefficiencies increase in relation to rural locations and the distance from the economic opportunities - Inadequate public facilities and social amenities (hospitals, schools, colleges, libraries, etc.) - Rural and township areas are often poorly marketed and are a limited priority for investment. - Rural and township areas have a limited labour absorptive capacity of rural and township markets - Rural and township areas have a low-income base, high levels of unemployment and poverty. - Rural and township areas have low levels of skills and education among community members. - Rural and township enterprises incur high transport costs when purchasing business supplies. - Low community trust in public institutions - Allegations of political and public sector corruption

SWOT: Township

SUMMARISING SWOT ANALYSIS: TOWNSHIP

TOWNSHIP	
 Strengths	 Weaknesses
<ul style="list-style-type: none"> - Secured commitments from development finance institutions provide for the foundation of enterprise support initiatives. - Business owners can make use of development centers to broaden their business knowledge. 	<ul style="list-style-type: none"> - Limited employment opportunities and economic decline - A lack of detailed spatial and land use planning - Infrastructure Decay. - Township are located outside of economic nodes (i.e., spatial disconnection and fragmentation) - Small business owners usually do not have the capital to fund their business ideas and do not have a strong enough credit rating to qualify for funding. - Finance application and approval processes usually undergo long delays and lenders expect applicants to provide good credit and collateral. - Stiff competition - most businesses offer the same products and/services. Also, these businesses are situated in proximity to each other. - Lack of research and reliable data on township areas
 Opportunities	 Threats
<p>A central management system should be introduced to achieve the integration of resources between the efforts of Provincial and Local Government</p> <p>Encourage the development of a knowledge/technology economy</p> <p>Explore enterprise development opportunities in the new economies (Green and Blue Economies)</p> <p>Further exploring of township tourism potential</p> <p>Some identified sectors that are thriving in township economies that could potentially unlock the township economy:</p> <ul style="list-style-type: none"> - Accommodation (Rental, Bed and Breakfast) - Agro-Processing - Arts and Crafts - Bakeries - Brick Laying - Brick Moulding - Building Alterations - Car Wash - Food Tourism - Furniture Manufacturing 	<ul style="list-style-type: none"> - Lack of crucial economic infrastructure. - Poor financial skills/knowledge - Poor infrastructure and capacity. - Unfair competition from established firms, larger businesses, and foreign owned businesses - Commercial land in township is difficult to access - Prohibitive Land Use and Zoning Schemes that inhibit access to commercial land. - Restricted access to external markets - Limited entrepreneurial basic skills and knowledge of how to operate a business - Lack of training and business information. - Decline in micro township businesses' share, especially retailers due to shopping malls in the township. - Lack of access to finance and credit. - Lack of effective business networks - Lack of access to markets due to lack of information about the different ways to promote or market their businesses - Market failure - leakages of buying power to larger businesses

<ul style="list-style-type: none"> - Open Markets - Painting - Panel Moulding - Private Tutoring - Retailing - Salon and Barber Shops - Security - Security Fencing - Sewing and Seamstresses - Shisanyama - Street Vendors - Tavern - Township Garages (Auto Repairs, Panel Beating) - Urban Agriculture - Welding 	<ul style="list-style-type: none"> <input type="checkbox"/> Poor or no marketing strategies which limits business growth. <input type="checkbox"/> High levels of crime. <input type="checkbox"/> Unsupportive regulatory framework and administrative processes
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There are a myriad of challenges affecting township and rural economies. Although several well-developed policy imperatives, strategies and programmes are in place to deal with all or one of these many challenges, these measures have not successfully addressed the fundamental challenges faced by the people. It has been suggested that the biggest problem is on the implementation of these policies. This has resulted in the slow economic transformation.

2. Township and rural economies revitalization – The Strategy

2.1 The Vision

The vision of the Township and Rural Economies Revitalisation Strategy (TRERS) is to radically transform KZN's township and rural economies into diversified, inclusive, and sustainable wealth generating economic systems that promote micro, small, medium, and large enterprise development and actively contribute to KZN's economic and social development. This vision encourages the reimagining of township and rural areas into areas that are growing with sustainable economies that promote full employment and reduction of inequalities. The vision also embodies the creation of inclusive township and rural areas that are vibrant places in which to live, invest, and work.

The vision is to create economies which maximise local opportunities, address local needs, and contribute to KZN's Provincial development objectives, including sustainable ways of utilising local resources and expand learning capabilities.

The vision is to ensure that those who were excluded from participating in the economy will have access to support and development services and be fully integrated into the different sectors of the economy, with access to local, provincial, and national markets. The vision encourages the development small, micro, medium and large enterprises. The township and rural economies should be able to reward and recognise entrepreneurs who want to realise business opportunities. In this way become economies with an enterprise sector that grows in productive assets, income generation and employment creation.

It is envisioned that the current market failures of the township and rural economies will be re-established through fully functional demand and supply systems. The economies will be re-established through the provision of private and public support systems and the initiation of key high impact projects.

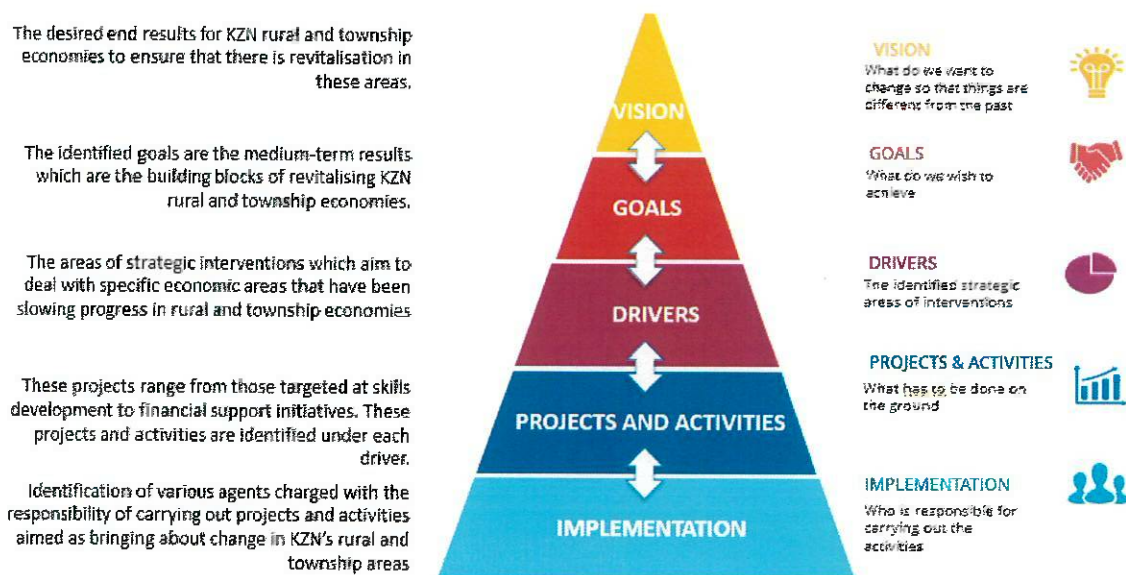
The vision of the Township and Rural Economies Revitalisation Strategy is to radically transform KZN's township and rural economies into diversified, inclusive, and sustainable wealth generating economic systems that promote micro, small, medium, and large enterprise development and actively contribute to KZN's economic and social development.

By re-establishing the township and rural economies, the legacies of apartheid in the form of poverty, unemployment and the under-utilisation of productive resources will be addressed.

2.2 The vision statement for the KZN TRERS

The vision is refined into goals, drivers, projects and activities in terms of the logical frame presented in the figure below.

STRATEGY LOGICAL FRAMEWORK






2.3 Strategic goals

To develop a meaningful strategic for the revitalisation of KZN's township and rural economies, it is important to ensure that the current challenges are translated into potential opportunities, while the existing opportunities are strengthened to drive economic and enterprise development.

The impact of the strategy is primarily to address the challenges that township and rural economies contend with. Ultimately creating diversified and competitive, sustainable, and transformed township and rural economies that actively create prosperity for local communities and the wider provincial population. Therefore, the KZN TRERS is intended:

	<p>To radically transform township and rural areas into dynamic productive sites that are inclusive, labour-absorbing, and resilient</p>
	<p>To ensure that township and rural economies become key players in the Provincial economy as sustainable fully functioning economic systems</p>
	<p>Develop township and rural areas into thriving economic nodes with the greatest potential for investment attraction and business retention</p>

<p>CREATE PRODUCTIVE AND SUSTAINABLE ECONOMIES</p>	<p>To create competitive and job intensive township and rural economies through enterprise development and support</p>
	<p>To stimulate township and rural enterprises to ensure that they are thriving economic nodes that offer economic and employment opportunities for local communities</p>
 <p>GROW TOWNSHIP AND RURAL ENTERPRISES</p>	<p>To capacitate township and rural enterprises to engage in productive activities especially for valued-added products and services to meet the needs of the local market and beyond.</p>
	<p>Make sure that township and rural enterprises have access to appropriate finance and investments, including creation of own financing systems</p>
	<p>To ensure private sector and all public sector bodies, particularly at Provincial and local government spheres actively targets township and rural enterprise goods and services when making procurement decisions</p>
	<p>Through sustainable economic activities, ensure that township and rural enterprises are drawn into the mainstream economy creating wealth, income and employment.</p>
	<p>To successfully address and eradicate the triple challenges of poverty, unemployment, and inequality for sustainable livelihoods and active citizenship</p>
 <p>DEVELOP INCLUSIVE AND CAPACITATED COMMUNITIES</p>	<p>To result in shared growth and involve more citizens in economically productive activities that will serve to benefit all</p>
	<p>To transform township and rural areas into vibrant, socially cohesive places in which to work and live</p>
	<p>To improve the provision of strategic economic and enterprise infrastructure, service delivery and access to social amenities for township and rural communities</p>
	<p>To create an enabling institutional environment for a better implementation of economic transformative (Operation Vula) interventions in township and rural economies</p>
 <p>A REGULATORY FRAMEWORK CONDUCTIVE TO TOWNSHIP AND RURAL AREA DEVELOPMENT</p>	<p>To ensure spatial equity and economic transformation in township and rural areas</p>
	<p>To foster a greater strategic focus and improved co-ordination across all spheres of governments to maximise the benefits of existing and new initiatives</p>

2.4 The role of Municipalities in the implementation of TRERS

Municipalities have a central role to play in the implementation of the Strategy. Broadly speaking the municipalities have a core role to play in ensuring that basic services (water, energy, sanitation, security, refuse removal and in many cases housing as well) is delivered and maintained efficiently and effectively according to a defined town planning and/or precinct planning scheme. These planning schemes and the regulations attached to it define the infrastructure layout and land use to enable ordered development of human settlements in the interests of those communities. The development and maintenance of these human settlements are therefore central to the TRERS implementation in the Province.

Municipalities are required by legislation to draft and adopt the Integrated Development Plans (IDP) in terms of the Municipal Systems Act 32 of 2000. Core components of the Integrated Development Planning, among other, is the Local Economic Development plans/strategies and Spatial Development Framework (provision of the land use management system). The latter includes the planning for different development nodes within the municipality and the envisaged service delivery requirements such as infrastructure, housing, economic activities etc. Planning documents should guide development in the area and consider the needs of the local people (including township and rural areas). It should determine where and how development should take place.

The Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) requires municipalities to have Land Use Schemes by 30 June 2020. The blanket extension was given until 30 June 2022 due to COVID 19. The level of readiness varies from municipalities in terms of meeting the deadline. This is due to municipalities vary in terms of capacity to develop and implement those plans. Provincial government departments should support those municipalities with limited capacity. COGTA Municipal Planning unit should lead the process in all town planning related matters. EDTEA can be involved when there are specific projects or processes related to local economic development. Notwithstanding, the EDTEA RLED unit has already been supporting municipalities in developing and/or reviewing their plans.

While having a defined and approved planning scheme is important, the implementation thereof by municipalities in so far as it relates to basic service delivery and infrastructure roll outs are important in catalysing and supporting local employment and local contracting companies. This localisation of delivery and maintenance on infrastructure should as far as possible use local

people and community members. This should be measured by COGTA and other provincial departments (Housing and Transport for instance) as the lead provincial departments responsible for part funding these infrastructures. There may also be a need to review the low-income housing incentive schemes and policies that may constrain more innovative township and rural development schemes and plans that enable densification and mixed land uses.

To strengthen the professional capacity available, it is proposed that COGTA provide/host an annual platform for planners in the Province from the public and private sector (perhaps also inviting some global professionals) to discuss and share information on planning related issues for township and rural areas. This is to unlock the creativity needed in finding planning, policy and other technology solutions to the still dormitory-like township in KZN.

It is further recommended that the province support a few pilot projects in selected municipal areas for township brownfield redevelopment, township greenfield development and rural development. Underpinned by a robust community consultation/participatory process, this should be led by the specific municipality and involve all the relevant provincial sector departments as part of an integrated approach that demonstrates that change is possible.

2.4.1 Support for Municipal Employment Incentive Schemes

LED is a mandatory function of local government which is entrenched in the constitution and other accompanying legislations. These legislative frameworks mandate local government to play its facilitation and coordination role in LED. The National LED Framework proposes the following six core policy pillars that will influence the design, development and implementation of LED in SA:

- Building diverse & innovation-driven local economies
- Developing inclusive economies
- Developing learning and skilful economies
- Enterprise development and support
- Economic governance and infrastructure
- Strengthening local systems of innovation

One of the key purposes of EDTEA is to advance economic growth and job creation initiatives that prioritise historically disadvantaged individuals and groups through enterprise development, economic empowerment and regional and local economic development. Therefore, the need and

opportunity were identified for EDTEA to provide Municipalities with financial and technical support to develop, enhance and implement their MEI's in an attempt to address the challenges they currently face. This support from EDTEA contributes towards the creation of a more capable local state in KZN that will enhance its LED mandate to the benefit their citizens as required and prescribed by National and Provincial Development priorities.

3. The transversal/cross-cutting interventions

The Provincial Government must create an enabling supporting policy environment to ensure the successful implementation of the TRERS. The following cross-cutting strategic focal areas shall be implemented in both the township and rural areas:

3.1 Appropriate legal and regulatory framework

Government is determined that the regulatory and administrative framework should not hinder the development and growth of township and rural enterprises. The regulatory framework for township and rural enterprises as it relates to licensing, permits or registration will be reviewed to ensure it is simplified to enable the growth of small enterprises. The KZN Business Bill will be instrumental in ensuring that such legal and regulatory hindrances and red-tape that is encountered by small enterprises is dealt with.

3.2 Manufacturing and productive activities

Government will develop a systematic approach to expand the productive capacity of township and rural enterprises by identifying and promoting new opportunities for township and rural-based production for goods and services and clustering of township and rural enterprises as a way to concentrate public and private support.

Government recognises the productive potential of township and rural enterprises, especially in light manufacturing, to support government programme of procuring in line with the local content (locally produced goods and services as codified through the Localisation Accord). RASET, Zimele Spaza Fund, OV Programme and Fund (focusing on priority Commodities and others) are some of the instruments and programmes put in place to make this a realisable dream for small

enterprises. Whilst different legal forms of these enterprises will be supported, industrial small enterprises and cooperatives will be prioritised in the selection and development of township and rural industrial enterprises. The focus on production and related business services will need to be supported by measures that promote the breaking down of the monopoly domination in the value chains. Government will mobilise support across the economy to ensure that they have a dedicated supplier development programmes on goods and services that are consumed largely in the township and rural areas. Furthermore, the market strength (consumer population dividend) of the township and rural areas should be used as an advantage to ensure that monopolies cede some of its productive activities to the township and rural enterprises.

3.3 Economic infrastructure support and clustered enterprise development

Government will support the facilitation of clustering of enterprises within the township and rural areas-space, as way of promoting inter-co-operation among township and rural enterprises, rather than cutthroat competition. This will go a long way in improving their productivity and support the process of formalisation. Such clustered development approach will consist of a critical mass of enterprises located in geographical proximity to each other and enterprises with common features or commodity/sector. In addition, the cluster will include enterprise support institutions. Government will support clustered enterprise development through combination of light touch and heavy touch infrastructure support. Working with partners (Dept. of Public Works, IDFC, Ithala Soc. Ltd. Etc.), the government will prioritise the infrastructure support for the development of street-level enterprise nodes for micro-enterprises; industrial parks, business parks and sectoral incubation hubs; consumer owned and controlled retail and wholesale stores; making land available around the township and rural space to enable enterprises to operate; and rolling-out of broadband infrastructure, which is essential to support township and rural economy and reduce the costs of connectivity to Internet and communications

3.4 Entrepreneurship development

Government is committed to support all types of entrepreneurship (especially those in line with Operation Vula Programme and its Funding instrument) - necessity and opportunity entrepreneurs, business and social entrepreneurs. Special attention will be paid to the identification of talent from township and rural entrepreneurs for participation in the revitalisation

programmes. Government will work closely with training providers, mentors, whether public sector or private, to ensure that the level and quality of support for township and rural economic enterprises in the Province, and in some sectors, is made available.

The social entrepreneurship incubation programme, is one example, that is essentially a social entrepreneurship development intervention offered to social entrepreneurs drawn from township and rural areas in KZN, to accelerate transformational changes in their communities across KZN. The programme is fully funded by EDTEA and offered in collaboration with the Regional and Local Economic Development initiative (RLEDI) of the GSB&L of UKZN since 2013. The department has concluded a Memorandum of Agreement with the University of KwaZulu Natal and The Durban University of Technology to roll out the social economy development programme throughout KZN for the period of 3 years, targeting 135 social entrepreneurs.

The programme is based on an understanding of the particular challenges facing social entrepreneurs (both locally and across the globe) and modelled on best practice in both its curriculum and its delivery. Candidates are exposed to cutting edge thinking and innovative practices in social entrepreneurship across the major areas required for their personal development and the development and scaling of their social ventures.

3.5 Financing and investing in the township and rural economy

Government is committed to expanding access to finance for township and rural enterprises and ensure greater movement towards self-financing and sustainability. Government will utilize the KZN Development Funding Institutions to support the township and rural enterprises. Investing in township and rural economies requires a robust approach to funding. Legislation governing the provision of credit such as the National Credit Act (NCA) stipulates guidelines to prevent irresponsible lending. In many cases, applicants do not meet the funding requirements stipulated for a credit application and as a result fail to access funding. There is a need to work in a coordinated effort to build the bankability profile of the businesses operating in the informal market and set milestones for them to build good credit and banking profiles. This can be achieved by using existing Government institutions such as the IDFC, Ithala SOC limited which can open bank accounts and drive sustained financial literacy interventions to progress them to bankable businesses. Linked to this is the need to nurture businesses on the financial reporting required

from them as business owners. They should also be fully capacitated to read, interpret such financial reports for their businesses hence the pre-and-post investment support that will be provided by the IDFC and other contracted business mentors.

3.6 Access to markets

Government believes that there is a significant potential for mobilising the state buying power to procure goods and services produced and delivered by township and rural enterprises and to change the economic structure of the Provincial economy.

Public procurement expenditure can significantly change the structure of the economy by supporting township and rural enterprises across the value chain of production. To achieve this, Provincial and local spheres government in particular have an important role in opening up procurement through the implementation of Operation Vula Programme, especially the ring-fenced commodities to be procured from township and rural entrepreneurs. Government, working together with stakeholders, will promote greater understanding of township and rural enterprises among those responsible for public sector procurement at local, provincial and national spheres. Despite intense competition, with government support township and rural enterprises have an opportunity for turning their fortunes around and grow their market within and beyond their localities. They can be supported to secure community markets through formation of consumer cooperatives (incorporating spaza shops and others) that will mobilise and organise community-buying power to procure (and produce) needed goods and services at competitive prices and good quality. Government is committed to ensure that linkages are established in the supply chain by connecting township and rural enterprises with production networks with the Black Industrialists. Access to markets refers to both public and private markets – Government should also assist township and rural entrepreneurs to access private markets.

3.7 Innovation and indigenous knowledge systems

Working with the national bodies like South African Bureau of Standards (SABS), Agricultural Research Council (ARC), and others, government will ensure that indigenous products such food, medicine, chemicals and detergents manufacturing have standards and the holder of such knowledge must be assisted to acquire patents and copyrights for their products. The

standardisation of indigenous products on the names, cultivation, processing and packaging will unlock the value chain with substantial benefits for communities in the township and rural areas in which these activities are clustered. Government, in collaboration with key stakeholders, will play a critical role in the promotion and commercialisation of innovation and indigenous knowledge systems. Establishing the social and economic value of the township and rural economy: township and rural economy' is currently not widely understood as a concept, it is also perceived by many to be ill defined. Better support for the township and rural economy will come when government (at all levels), the financial service sector 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 and rural enterprises. How do we make sure that enabling and supporting environment, based on these focal strategic focus areas of the Township and Rural Economy Revitalisation, is achieved? Through this strategy, government has clarified the focus and direction of its work on township and rural economy revitalisation over the next five years and beyond. Because the strategy sets out a wide-ranging and ambitious agenda for economic transformation, involving many partners, Government will develop dedicated and strengthened capacity to co- ordinate and work with other role-players on the implementation of the strategy.

3.8. Local content and localization

In 2013 the National Government designated certain sectors with specific set procurement targets for local content:

Industry/sectors/sub-sectors	Minimum threshold for local content
Buses (bus body)	80%
Textile, clothing, leather and footwear	100%
Power pylons	100%
Canned/processed vegetables	80%
Rolling stock	65%

Pharmaceutical product (oral solid dosage tender)	73%
Set-top boxes for TV digital migration	30%
Furniture: <ul style="list-style-type: none"> • Office furniture • School furniture • Base and mattress 	<ul style="list-style-type: none"> • 85% • 100% • 90%
Solar water heater component	70%
Power telecom cables	90%

It must be noted that the National Government has put the following conditionality for leveraging local procurement:

- The standardization and smoothing of procurement should enable manufacturers and their suppliers to plan strategically for the future and to finalize investments decisions with confidence and certainty
- The emphasis of verification is not only on compliance but on regulatory quality to promote and protect health, safety, environment, and to enhance the functioning of the markets.
- Local industry must commit to make the necessary investments towards modern manufacturing techniques and industry upgrading.
- Preferred bidders such as original equipment manufacturers (OEMs) should commit to skills and technology transfers, and award medium to a long-term contract to local manufacturers and suppliers.
- Industry should commit and gear itself towards being both price and internationally competitive

The implementation of the Rural Local Economic Development (RLED) Programme will also assist in localisation through involvement of Traditional Authorities in the development of rural areas through harnessing LED initiatives that are geared towards growing local economies, improving household livelihoods, creating employment opportunities and reducing poverty in rural

communities. This will ensure that rural Cooperatives and SMMEs, especially youth and women, are recognised and promoted through government support to participate in different funding programmes and align themselves to value chain opportunities.

3.9 Red-tape reduction

In the recent years red tape has become the buzz word for small businesses specifically, when they define or explain their engagement with government. The DTIC Red Tape Reduction Guidelines (2013: 8) states that red tape involves excessive, unevenly enforced, regulation or rigid conformity to formal rule that is considered redundant or bureaucratic and hinders or prevents effective action or decision-making. Red Tape therefore affects the socio-economic development of township and or the rural area. The example is that according to the 2006 World Bank Report, on average it took 127 days in South Africa for A Small business to be licensed going through 18 procedures.

EDTEA has embarked on the red tape reduction initiative mainly to assist municipalities or capacitate municipalities to be responsive to red tape issues by first identifying the issues, determining the source and then resolve those that are within their control. The process should be rolled out to all municipalities with a special focus to township and rural areas.

In many cases, a perfectly sensible procedure can become clumsy through poor interfaces between people, or through poor communication on how the process works. This means that there should be workshops, seminars or even interpretation of legislation, policies or procedures for township and rural businesses. Other means of reducing red tape in the township and rural areas may include but not limited to the following:

- A dedicated personnel or where businesses make their applications for registration and other services required. This can be in a 'one stop shop' located in the township.
- Where possible online processes should be an alternative to physical contact or application.
- Process maps that are drawn using images can be useful
- Language in certain areas is the barrier and thus regulations and procedures should be translated into the mother or use common terms

- Requirements for the procedure or process should be clear upfront and there should be deliberate provision of assistance with documentation or other compliance needs to satisfy the procedure.
- Constant capacity building on legislation and procedures will ensure that businesses understand the procedures.
- The most common issue is the uneven enforcement of regulations and procedures e.g. some businesses operate illegally whilst some must comply.
- The procedures for the release of developmental land from ITB specifically should be uniform and well documented.
- The reduced costs of these regulations can be used as an incentive for viable and sustainable business ideas.

3.10. Government grant pay points, electricity cards, lottery distribution

As a way of promoting business in township and rural areas, Government will, to a permissible extent, make it possible for small enterprises to participate in grant distribution business opportunities in township and rural areas without really undermining the serious issue of security, safety for money and for people. The township and rural businesses shall be equipped and accredited as pay points for government services as electricity, water, lottery distribution.

3.11 Land and infrastructure audit

The Department together with some of its entities and the Department of Public Works will undertake both the land audit and infrastructure audit for township in order to establish what land and/or economic infrastructure exists, its location, ownership, and size, etc. This will help to provide manufacturing facilities and land for township and rural businesses.

3.12 Spatial transformation

Despite various initiatives, the high levels of inequality, poverty, unemployment and social exclusion persists, which remain the constant sources of the struggle for socio- economic justice in South Africa. This is more pronounced in the traditional communities. The added challenge is the prevalence of rent seeking practices as developers move to exploit resources in traditional communities and all applicable communities including township.

During apartheid, the structure of South Africa's spatial environment was characterised by dysfunctional settlement patterns across the country, with weak spatial planning and governance capabilities, and densely populated rural areas. Most of the productive capacity was owned by white capital leading to severe spatial inequalities which are still reflected today.

Township and rural areas were by design spatially excluded from economic opportunities under apartheid laws. They are as a result still characterised by poverty, joblessness, weak institutions, and gross inequality. There are also issues of social justice and equity including food insecurity, access to economic opportunities and education. Basic services, especially rural infrastructure, are beyond inadequate this is coupled with economic and social deprivation resulted in significant rural migration in search of better economic opportunities in urban areas as well as urban decay in township. Spatial transformation is critical for the growth and development of rural and township economies. It affects economic access and efficiency. A strong directive to drive the reshaping and reconfiguration of township and rural areas is necessary to achieve their spatial visions.

In order to transform space, the power relations, institutions and capabilities in the system also need to be transformed. Short- and long-term strategies are required for land, spatial planning, housing and human settlements, and transport and mobility. Regulations and public instruments can be used, but market interventions by various actors are also necessary.

□ **Inclusive growth**

- The government's goal of an integrated and inclusive rural economy is enunciated in Chapter 6 of the National Development Plan (NDP). In terms of the Chapter, the driving force behind rural development is the expansion of an irrigated agriculture and dry land production with land reform and management as an integral part of it. It further expands on the importance of institutional capacity as an integral for success and highlights the importance of the contested relationships that exists between the traditional and constitutional structures should be resolved. Other programmes linked to the rural development include quality education, health care, basic services, social security, human development, agro-industry, tourism and small enterprises.

- A government investment programme in partnership with the private sector should be informed by the need that promotes the participation of members of communities and improve access to opportunities. This would entail investments in social infrastructure with special emphasis on education and health facilities, economic infrastructure such as transportation, water, financial services and telecommunications services. The rich culture and heritage in traditional communities also requires investments that would promote tourism.

□ **Land tenure and administration:**

Tenure reform will address and clarify ownership and access to land in the rural areas and traditional communities. This will empower rural, and members of the traditional communities to participate into beneficial ventures. Therefore, the communal tenure legislation should be urgently promulgated. Such tenure systems should recognise the key role of women in development more especially through their investments in families. Poor spatial planning and undefined land use continue to hamper development in traditional communities. The challenges regarding the Spatial Planning and Land Use Management Act have to be urgently addressed in order to facilitate socio economic development.

□ **Empowerment:**

A broad community empowerment campaign that include effective communication on existing support programmes, developing data (local entrepreneurs, informal traders etc.) targeted at local groups, women and other individuals is needed. In addition, communities should be supported to constitute themselves into cooperatives, small corporate entities, etc. to leverage existing financial and non-financial resources and support. As things stand, EDTEA is driving the empowerment of both township and rural communities through the promotion of Cooperatives and SMMEs. Each Department has a role to play in this regard with coordination centralised at EDTEA for ease of reporting. Existing Cooperatives will also need to be upskilled and reskilled as part of strengthening efforts to achieve the maximum success rate. Skills audits will also have to be undertaken to determine the specific tailored training for different cohorts.

□ **Strengthening rural-urban linkages**

Township, small towns and even cities should be targeted as the first layer of external markets for products produced in rural areas. A sizable part of the rural income flows from urban centres in a form of remittances. It would be worthwhile, in determining the income capacity (and therefore the spending/saving capacity) of rural communities to have good estimates of these remittances. An important rural-urban link is through tourism. Tourism products with specific focus on cultural tourism targeted at the holidaying visitors from towns and cities should be promoted.

At a fundamental level, meaningful transformation is required:

- The restructuring of space to achieve increased efficiency, spatial justice, and equity.
- Institutional transformation.
- Developing organisational and managerial capacity; and a focused vision and plan to achieve a transformative goal.

3.13 Business support and entrepreneurship skills programmes

Some of the previous programmes aimed at channelling funding towards the development of small businesses have failed due to the lack of entrepreneurial capacity in the beneficiaries. In addition, the limited success in securing lucrative markets, and challenges identified leading to failed ventures include lack of business skills, lack of financial management skills as well as the necessary mentorship.

This necessitates the improvement of Business Support and Entrepreneurial Skills Programmes that are in place driven in the main by EDTEA in order to ensure the provision of non-financial support to nurture, to grow and sustain small businesses. The historical performance of funded SMMEs indicates that significant non-financial support is required in order to sustain benefits derived from the funding activities. The support will be in the form of end-to-end hand-holding support, pre-and-post investment advisory services and mentorship, including but not limited to capacity building where required. In addition to the compulsory mentorship programme, clients (small enterprises supported) will also undergo specific and tailor-made entrepreneurship skills programmes to cement their technical acumen. Partners such as SETA's, SEDA, etc. will be engaged in these collaborative interventions.

3.14 Skilling of planning and LED Officials

One of the areas identified necessary for the implementation of this strategy lies around the competency of Officials in planning and local economic development in local government. Current skills have fallen short of the planning and implementation needs for township and rural areas. Often the imposition of urban development principles on township and rural spaces has resulted in a misfit to planning and local economic development. It is therefore imperative that Officials within the Province and in local government are provided with appropriate knowledge and skills required to understand, plan for and subsequently implement interventions suitable for township and rural areas. Through EDTEA and COGTA 'Capacity Building' programmes in collaboration with the National School of Government, programmes specific to this subject matter would need to be considered and designed to offer the required capacity necessary to deliver on the implementation of the TRERS.

4. The Strategic Pillars

The KwaZulu-Natal Revitalization of Township and Rural Economies Strategy is built around the following seven Strategic Pillars:

- ❑ Access to commercial property and transformation
- ❑ Infrastructure development
- ❑ Access to digital innovation
- ❑ Informal economy
- ❑ Agriculture
- ❑ Tourism and creative industry
- ❑ Integrated support of existing businesses and manufacturing

4.1 Access to commercial property and transformation

- ❑ **Township and rural shopping centers / malls**

In the last decade the Province has seen a significant increase in the number of Retail Centres/Shopping Centres or Malls being developed in township and rural areas. This has created a perception and/or a reality for some to argue that the advent of the Malls has not contributed in

the empowerment of local businesses and communities. However, the issue of Retail Centres/Malls' transformation cannot be considered in isolation from the other economic activities taking place as a result of Malls development.

This means that the introduction of any policy that seek to transform the Retail Centres must be multidimensional in its focus as there are other interrelated economic activities that have far-reaching influence in the development of these Centres. Actually, the said Shopping Centres / Malls are the end product of many other development related activities which include, among other, the following:

- Architectural designs
- Land Surveying
- Engineering
- Quantity Surveying
- Property Development
- Conveyance
- Estate Agency, etc.

It is therefore imperative that both the commercial and industrial property advance the principles of South African Constitution by opening opportunities for the designated group. This will bring about real economic transformation of the Retail Sector and/or Mall industry. The developers of Township and Rural Malls should open up opportunities for locals to participate as equity partners (ownership level) in the township and rural Centres, to also participate as business operators (at minimum 45% local business occupancy/tenancy), a maximum of 55% national occupancy as well as the implementation and attainment of ownership/shareholding targets as stipulated in B-BBEE Codes of Good Practise. Government shall utilize various legislative and policy frameworks at its disposal to ensure meaning local participation. The transformation of the mall shall include opening up the procurement supply chain – utilizing localization approach. Malls should procure some of their goods (vegetables, fresh produce) from the local farmers and entrepreneurs. This will further include the linkages for the supply of Operation Vula targeted commodities that can easily be supplied to the malls such as chemicals, detergents, clothing & textile, toilet papers, etc.

As part of the effort for township malls to allow local participation, they should consider making spaces at a reasonable rate be available in the malls that would allow the Informal Economy to trade. This would complement the service offering of the mall and give local informal businesses a chance to increase their trade.

Accordingly, anchor tenants including other stores within the township and rural malls should, in line with localization (buying local content), contribute to local economic development and the development of local small businesses by buying a portion of their goods available locally from locals. In terms of Cabinet resolutions adopted after KZN Procurement Indaba, there must be empowerment of the historically disadvantaged in the Province, more especially black in general and Africans in particular, within the ethos of a developmental state, pro-inclusive economic growth and non-racialism. The set targets for the empowerment of target group are: women (30%), Youth (35%), people with disabilities (5%), military veteran (10%); across these targets and the sets aside in general set at 60% for Africans.

It is anticipated that this will have a positive spin-off for Mall operators as this will inevitably improve their levels of compliance on their B-BBEE Scorecard as this can be treated as being *Enterprise and Supplier Development* on B-BBEE Codes of Good Practice. As part of socio-economic development established stores/shops can provide support towards business development of small enterprises such as providing free access to Wi-Fi at the malls, providing computers and free connectivity to township and rural schools and libraries, etc. Municipalities are at the forefront of township and rural development; therefore, they should be capacitated and supported in their efforts to develop township and rural economies as well.

In particular large anchor tenants should source product and services locally where possible and should seek to develop local suppliers through various value chains opportunities. This can be done through the implementation of B-BBEE Enterprise and Supplier Development requirement. Discouragement of monopolistic tendencies or uncompetitive behaviours of anchor tenants whereby they often enter into agreements that serve as barriers for entry of small enterprises operating in the same sector(s) is important.

□ **Targeted initiatives for access to property**

The TRERS shall ensure that there is accessibility and transformation of the township and rural areas property through the following interventions:

- Accessibility and transformation of available land and properties owned by Municipalities, National, Provincial Departments and State Entities, to promote economic sectors in Township and rural areas. Example – Ithala as a Provincial Entity has 21 Shopping Centres across the Province, 43 SMME complexes in Township/Rural Areas, 3 large industrial parks in Township/Rural Areas
- Coordinated use of land – to promote industries and manufacturing in Township and rural areas;
- Revitalization of the Industrial Parks – e.g. Madadeni; Ezakheni, Isithebe, Municipal parks in various township; innovation Sectors to drive youth access to start new enterprises;
- Planning and proper development (including Infrastructure like water) in growing rural transit and tourist towns – e.g. Jozini, Manguzi, Hluhluwe, etc. Integrated Economic nodes – e.g. Taxi Ranks/Rail Stations/Shopping Centres etc.
- Formalisation of ownership – e.g. Taxi Associations could bid for shares and become investors in developments for facilities like Tyre fitment centres, body works workshops, service stations, retail centres, lube manufacturing, etc.

Government will further utilize the legislative frameworks for furtherance of this initiative, e.g.:

The Spatial Planning and Land Use Management Act (SPLUMA). SPLUMA requires that the State must respect, protect, promote and fulfil the social, economic and environmental rights of everyone and strive to meet the basic needs of previously disadvantaged communities. In this context, sustainable development of land requires the integration of social, economic and environmental considerations in both forward planning and on-going land use management to ensure that development of land serves present and future generation development needs. The State (all levels of government) will therefore use the existing legislative environment as a lever for radical economic transformation by setting targets which need to be met before zoning and/or rezoning of certain areas targeted for Retail Centre/Malls development is finalised and/or development rights are granted.

Furthermore, the **National Environment Management Act** requires Government to ensure that there is public participation when Environment Impact Assessment is undertaken. Again, this provides the State with an opportunity to ensure that the KZN economic transformation targets are enforced when approvals for mall development EIAs are being considered. The B-BBEE regulatory and policy framework also enables the State to enforce transformation targets on Licensing, Concession, Financing, Public Private Partnerships and Procurement. It is therefore clear that the transformation of Malls/Shopping or Retail centres is realized.

4.2 Infrastructure development

Over the recent past, Government has utilized infrastructural investment as a tool to stimulate job creation, poverty eradications and reduction of inequalities. However, some have argued that the economic benefits of infrastructural investment have not trickled down to the target group at local level. This is despite Government investment in the constructions in the following areas:

- Schools, hospitals, etc.
- Roads
- Housing.
- Dams, etc.
- Other mega infrastructural projects

This requires urgent intervention by Government to ensure that there is real economic empowerment at the local level. The following shall be implemented to ensure Township and Rural Economic Revitalization:

- All tenders for Mega Infrastructural projects must comply with Procurement Indaba resolution's targets: 35% targets for local youth, 30% women, 10% military veterans, 5% for people with disabilities, and overall 60% to Africans.
- That, 60% of Government budget on Mega Infrastructural projects be allocated to empower black people, specifically Africans, and that more than 90% of unskilled job opportunities, and not less 50% of job opportunities be targeted to in the main local communities, youth and women.

- That, where Multinational Corporations are appointed as principal contractors and supplies, B-BBEE Equity Equivalent should be applicable in line with the Provincial priorities, and encourage subcontracting of the local contractors as a prerequisite for all the tenders.
 - That, for opportunities where there is a shortage of requisite skills at local level for Mega Infrastructural projects it must be a mandatory requirement for the private sector to develop skills for the local communities.
 - To source construction material from the Local Suppliers in line with Operation Vula Implementation Plan.
 - Implementation of infrastructure projects through Labour Intensive Construction methods and alignment of recruitment strategy with Expanded Public Works Programme guidelines and lessons learnt.
- **Community services centres (promoting rural development)**

Community Service Centres (CSCs) can play an integral role towards the revitalisation of township and rural economies when implemented in a holistic manner by supporting the establishment of centres in key nodes that would ensure government services are brought closer to marginalised citizens.

In this regard the CSCs can be coupled with other economic activities and have an array of services, not only Government services, but also those within the private sector as well. The establishment of CSCs serves as catalysts for future development in targeted areas. Key services anchored around youth development should be implemented at the centres that would support township and rural development initiatives.

The previous fragmented and unstructured spatial establishment of Community Service Centres (CSCs) in the Province resulted in a number of the centres being left idle, prone to vandalism and underutilised due to the lack of resources for sustained operations, effective community and local

Government consultation and not contributing to rural development and upliftment as originally envisaged.

The CSC must be placed in an area that is aligned to Provincial and District plans and other Provincial programmes. For a full-service delivery package, the CSC must have ICT and telecommunications connectivity. Key to this is the access to key Government services complemented by ICT youth centers, OSS War Rooms, Ward Committees and services of Traditional Councils. The Province will further develop these centers by supporting Municipalities in implementing development programmes in support of socio-economic transformation

□ **Project prioritization and socio-economic considerations**

The strategic and correct spatial establishment of CSCs within the Province must seek to create functional, integrated and sustainable developmental environments for:

- The Local Economic Development which must include SMME development, community economic development, retention and expansion of existing Local Enterprises, Human Capital Development, Business hives, SMMEs linked to local produce and products;
- The Public Participation which must seek participation, but not limited, Local Councillors, Ward Committees, CDWs, Youth Ambassadors, OSS;
- The Skills Development shall be offered by the following institutions: FET satellite colleges, ICT tele-centres, Private training institutions;
- The trading and self-development which has a range of private commercial business, Local Small Businesses, Development and business forums, Information dissemination, advancement of agriculture techniques, Banking and retail sector, promoting entrepreneurship;
- The Government services from both National and Provincial government services
- The basic services as offered by the Local Government Customer Care offices for electricity, water, housing services

□ **Community participation and OSS alignment**

Communities must be part of the processes to establishing the centre, from planning to decisions including deciding on services that the centre must provide. Community participation must help departments understand citizen's needs, and prevent the adversarial relationships that may result in service delivery protests. Community participation must be a driver towards creating awareness on the role of CSC's in the community. The OSS programme must be used when promoting community participation as the programme seeks to rebuild the fabric of society by promoting human values, fighting poverty, crime, diseases, deprivation and social ills, ensuring moral regeneration and by working together through effective partnerships.

CSC partnerships may include civil society, religious, traditional leaders, vulnerable groups and business, developmental partners, communities, and Government departments all of whom work together to provide a comprehensive integrated service package to communities. CSC's must be used as operational bases for war room activities, and Municipalities must be assisted to set up war rooms in terms of furniture, signage and connectivity in line with the war room model.

4.3 Access to digital innovation

The 4IR has rapidly gathered pace towards becoming an integral part of how society functions. The revolution will introduce new ways in which we use technology in our everyday lives both in our home and work environments. It will lead to a fundamental shift from manual work to becoming more dependent on technology driven job market.

Knowledge and ICT skills will be critical to South Africa to unlock future opportunities. Upskilling is essential to ensure economic survival and social upliftment. A critical responsibility falls on Government for continuous, targeted training and re-training initiatives. Government and business should work to assist workers and communities with the changes required to be part of the 4IR.

The current settlement trends within the Province and country as a whole reveal that South Africa is rapidly moving towards urbanization, however there is still the majority of communities who are still confined to rural areas mainly due to lack of financial resources for relocation. Youth are the

main users of mobile technology in specific social media platforms. The main thrust of the NDP focuses on youth as a cross cutting beneficiary of the multitude of government programmes. Technology is the future catalyst in supporting how we live and work, in the same vain youth are key in influencing the future of the country. Government must support youth technological revolution by creating effective information sharing platforms both in the rural and urban context.

The digitization of CSCs will create key hot spots for community engagement, SMME development, educational portals, Government information dissemination and increased usage of technology by communities. Due to the proliferation of Wi-Fi-compatible devices, Wi-Fi has become the most common form of connectivity.

Innovation and technological advancements are increasingly recognised as important policy tools for addressing the structural problems that characterise poverty in marginalised rural and township economies. Rolling out digital innovation and knowledge systems such as broadband infrastructure is essential to support township and rural economy. While some township have access to free WIFI, Government aims to ensure that public and business sites in rural areas and township have access to free WIFI and that 100 percent broadband penetration is achieved.

The challenge is recognised in the Provincial Growth and Development Strategy to the extent that the development of information, communication, and telecommunication infrastructure (ICT) is one of the strategic objectives of the Province. The KZN Provincial Government has embarked on an initiative to establish Digital Centres that will spur the economic growth of the Province and serve as a catalyst for job creation, investment attraction and innovation. The Province's vision is for the people in the near future to live in smart-connected Cities, Township, Rural areas and houses surrounded by automated integrated transport systems that are powered by sustainable energy and supported by a balanced natural environment in a shared, inclusive prosperous economy. The Province's vision is predicated on the following:

- Reduce turnaround time on Government processes
- Bridge the digital divide.
- Empower the people with skills development to participate in the new world of smart things.

- Investment in local talent, innovation and invention.
- KZN the centre of technology excellence.
- Grow KZN e Technology and Innovation economic sector
- Increase its contribution to the KZN GDP.
- Increase broadband connectivity coverage.
- Increase Wi-Fi hotspots in Government facilities.
- Increase internet penetration.
- Increase number of internet services providers.
- Increase the KZN ICT Sector GDP.
- Increase number of jobs in the ICT Sector and Services Sector.
- Increase number of woman and youth participating in ICT Sector

The above vision demonstrates the fact that innovation is the critical pillar for the Revitalization of Township and Rural Economies, it is an enabler of other activities and sectors in the rural and township economy and will drive economic transformation. The following strategic interventions:

- Make use of digital innovation to create Smart Cities in Township and Rural areas
- Establishment of community based Digital Centres with the participation of the relevant Government Institutions and stakeholders
- Roll-out broadband infrastructure to ensure total broadband penetration in all Township and Rural areas
- Ensure that public and business sites in Township and Rural areas have access to free WIFI and that 100 percent penetration is achieved
- Consider converting regional airports into drone ports manufacturing using of 4IR technologies and artificial intelligence
- Foster mastery of STEM subjects in order to produce 4IR related components such as drone blades, rotors for possible export to other African countries
- Leverage the synergies between the roll out of Digital Hubs across KZN and Artificial Intelligence research being carried out in the Province
- Widespread roll out of broadband infrastructure through community mesh networks
- Internet connectivity and business and computer training at the Agri-hubs and Farmer Production Support Centres

- Use smart digital applications to support Township and Rural enterprises such as a social media network group for traders and business
- Develop Digital Centres in Township and Rural areas taxi ranks and under-utilised buildings

4.4 Informal economy

KwaZulu Natal is one of the first Provinces within the Republic that adopted a policy on informal economy by the KZN Cabinet in 2010. The policy was developed as a result of the Province's recognition that informal economy is a major contributor in alleviating poverty, inequality and unemployment in South Africa, and further identifying a number of operators within the informal economy space.

The informal economy has significant job creation and income generation potential especially within rural and township economies. The informal economy is largely the backbone of rural and township economic activity and is expanding with modern industrial growth. This driver addresses the need to create an environment that supports sustainable economic growth in the informal economy in township and rural areas in KZN. The informal economy needs to be brought into the mainstream thereby reducing the vulnerability and exclusion of those working in this sector.

The informal economy is also linked to the formal economy as it produces, trades, distributes and provides services for the formal economy in the Province. For example, the textile companies that supply fabric to informal seamstresses and garment producers that supply clothing to street retailers. It is important that this potential be pursued by strengthening and growing the relationship between the informal and formal sectors.

Economic growth in the informal economy sector should be facilitated through:

- Linking the informal economy sector to commercial zones in township and rural areas to create viable hubs of business activity that mutually benefit informal and formal business.
- Providing a range of facilities, capacity building and enterprise support systems that cater for the different levels of informal activity.
- Ensuring that public spaces and infrastructure is used for the social and economic benefit of local communities. Targeting of highly accessible and visible locations for informal economy players

It is on this basis that EDTEA through the RLED Unit provides the following services linked to IEIDI:

- Project packaging and giving inputs where there are gaps identified
- Ensuring updated Informal Economy policy and where required guidance to allow fair allocation of space
- Project management principles and guidance from contracting, Project Management Team and Project Steering Committee meetings and observing that all proper processes are followed in terms of procurement, during implementation and through to closure.
- Working with Treasury to ensure value for money once the infrastructure is built for quality control purposes – with the scope for empowering municipalities in improving their processes of procurement documentation and quality assurance in the field.
- Conduct a survey targeting both the infrastructure beneficiaries and the municipal LED and technical officials so that EDTEA can provide a full suite of assistance. This will assist in shaping the IEIDI selection criteria going forward and other issues that the practitioners might have overlooked.
- Allowing the formal sector to provide mentorship opportunities to informal businesses that want to enter the formal sector.
- Lobbying for financial institutions support of the informal sector

To address and pursue the above objectives KZN has developed the KZN Informal Economy Master Plan with a detailed implementation plan. The implementation plan of the Master Plan seeks to support the Informal Economy to be part of the economic mainstream through implementation of policies, strategies and programmes that **will drive the promotion, support and upliftment of Informal Economy in the Province.**

The Master Plan outlines the following objectives to achieve the above:

- Mainstreaming of Informal Economy and enable them to benefit from interventions and programmes of government in general as well as other strategic partners like Public Entities / Agencies and the private sector.
- Strengthening the capacity of the Informal Economy sector by enabling access to information, markets, business development support services (including skills and technology) business infrastructure and finance.

- ❑ Strengthening the capacity of Informal Economy organizations and networks to be able to lobby and advocate for and on behalf of their members; and
- ❑ **Providing policy regulatory and programmatic interventions to:**
 - Advance relationship between South African and foreign national traders.
 - Provide enablers for the transitioning of informal businesses to formality.
 - Establish mechanisms for the integration of the formal and informal sectors to co-exist as economic drivers within the Province.
 - Create an enabling environment for the Informal Economy to be adequately supported.
 - Provide a dedicated enterprise development and support to Informal Economy in KZN.
 - Provide an M&E tool to ensure that the Provincial Master Plan on Informal Economy is implemented;

The Master Plan has a two-pronged strategy with key focus areas such as the creation of an enabling environment, enterprise development.

4.5 Agriculture

The two largest sectors in rural areas are Agriculture that is contributing 25% of rural GVA and General Government Services making up 39% of rural GVA. Compared to urban areas where Agriculture, forestry and fishing plays a significantly smaller role and the tertiary sector including Finance and business services contributing more to urban economies. The smallest sector is the Utilities sector (electricity, gas and water) which constitutes only 2% of the rural economy.

Considering Agriculture is one of the largest sectors in rural areas (in GVA terms), about 18.6% (536 225) of households in KZN are classified as agricultural households. Based on the South African National Land-Cover 2018 data, the Province has about 17 995.83 km², nearly 20% of the Province is cultivated land most of which falls under rural areas. Rural areas represent a vast land resource of agricultural potential with tremendous potential for agricultural expansion.

Further, sub-tropical climate and good soils create favourable conditions for agricultural production, and the Province can become a leading producer of agricultural produce including timber and livestock among other things. The figure below depicts the spread of land capability in KZN as well as some examples of agricultural activity which can be explored

Policies and strategies that seek to promote agricultural sector development in rural areas remain important.

Chapter 6 of the NDP: Integrated and Inclusive rural economy “By 2030, South Africa will have rural areas which are spatially, socially and economically well integrated across municipal, district and provincial and regional boundaries – where residents have economic growth, food security and jobs supported by agriculture and where possible by mining, tourism, agro-processing and fisheries. This advocates for better integration on the country’s rural areas, achieved through successful land reform, job creation and poverty alleviation.

The driving force to achieve this is to focus on the following areas:

- Commodities that are suitable for a specific geographical area in terms of climatic conditions and economic drivers
- Environmental sustainability
- Value chain driven

About 82 percent of the Province is suitable for livestock production and a majority of livestock (cattle, goats and sheep) is in the hands of rural poor. This capital has not been translated into economic benefit (dead capital) for the rural communities. Most of the districts within the province have livestock with varying degrees of intensity in terms of farming therefore specific focus should be accorded to those that are most suitable for livestock production.

The Province’s climatic conditions make it more favourable for horticultural and agronomic crops, therefore this potential also need to be exploited for the development of rural economy. Promoting agricultural and natural resources based economic activities in rural areas will increase production yields and thus unlock the full agricultural production value chains and contribute significantly to food security and poverty eradication.

Focusing on value chain for inclusive rural economy to ensure that communities benefit in all agricultural aspects (production, logistics, processing and marketing) is of paramount importance.

The following value chains are targeted because of their economic benefits and their suitability to the climatic conditions of the province, specific geographical areas have been selected for development:

□ **Beef value chain**

This value chain is focusing on the production and processing of red meat and red meat products, with a specific focus on cattle (beef and veal), sheep (lamb and mutton) and goats.

Many wholesalers source live slaughter animals (not weaners) directly from farmers or feedlots on a bid and offer basis, i.e. they take ownership of the animal before the animal is slaughtered. The animal is then slaughtered at an abattoir of the wholesaler's choice, where after the carcass is distributed to retailers. In some instances, the public can also buy carcasses directly from wholesalers.

The red meat value chain is increasingly vertically integrated as livestock farming operations own many elements of the value chain, from livestock breeding to the delivery and sale of fresh or processed products to wholesale and retail customers, selling directly to consumers, selling cooked produce to customers in owned food outlets or through food service operations. Examples include Sernick Group and Bidvest Foods/Sparta Foods.

Food Outlook forecast (June 2020) shows that the total South African meat production will grow slightly by 0.3%, from 3.31 million tons in 2019 to 3.32 million tons in 2020

Therefore, direct government intervention is necessary in this value chain in order to assist rural communities who already have this capital to translate it into economic benefit. Infrastructure development, improvement grazing improvement, dam scooping, animal handling facilities, medication and dip tanks at a primary level as a starter is of paramount importance.

The following should follow to complete the value chain:

- Cattle feedlot - aggregation Cattle Abattoir and Deboning Facility – 350 Cattle per Day (establish or buy an existing facility within approved geographic area of the hub).

- Sheep & Goat Feedlot (30 000 lambs / sheep per cycle of 60 days – different location / locations).
- Sheep & Goat Abattoir and Deboning Facility – 750 Sheep/Goat per Day
- Pig Abattoir, Deboning and Processing Facility – 500 Pigs per Day (different location to the cattle & sheep/goat facility). – various producers should be capacitated to supply the pig facility.
- Hides and Wool Facilities
- Distribution Centre
- Administrative Head Office (could be in a different location)
- Biogas Facility
- **White meat value chain**

The White Meat Hub is one of the difficult to manage Agri-Hubs because of the current challenges facing the poultry industry in South Africa. Current challenges include high feed costs, dumping of cheap imports amongst others. As a result of this, the industry is negatively affected. In order to ensure sustainability, this value chain will incorporate other components as a de-risking mechanism. These components are:

- Hatchery to supply day-old chicks Chicken
- Abattoir and portioning Facility – 25 000 chickens per day (could be in a different location) – various poultry producers should be capacitated to supply the chicken abattoir
- Feed Mill to supply all forms of feed to chicken producers supplying White Meat Hub,
- Maize producers to supply the feed mill
- Soybean producers to supply the feed mill
- Various studies and designs are underway to develop practical models for the White Meat Hub that incorporates the above components.

□ Horticultural value chain

The vegetable demand and consumption are continuing to reflect a positive uptick / growth.

Entry barrier to this industry are:

- Compliance requirement
- Capital intensive production infrastructure
- Water scarcity
- Low margins on primary products
- Climatic conditions

This value chain will consider a variety of vegetables and fruits that are prevalent in the province and in specific geographical areas to boost rural economy:

□ Grain value chain

Maize is produced in all the provinces of South Africa, but the most significant producing regions are the Free State, Gauteng, Mpumalanga and the North-West Provinces. On average, between 2.5 and 2.8 million hectares of commercial maize are planted in the country each year, with average yields of about 5 t/ha. South Africa consumes an average of 10,5 million tons of maize per year.

A sustainable and viable model is to ensure that the hectares in the rural areas that are lying fallow are put into production while Grain handling facility is set up for export market. The facility should have the ability to import grain during off- season and export during in-season periods. However, small milling plant and animal feed plant should be incorporated in the hub to supply captured markets such as school nutrition with maize meal, samp.etc. and animal feed plant to utilize the milling by-products (hominy chop) and to manufacture animal feed from yellow maize.

□ Milk value chain

Milk market is divided into 63% liquid, which is milk in all its various forms and flavours, and 37% concentrated products, produced by the secondary industry.

The primary industry consists of milk producers that own and operate dairy farms which primarily produce and purchase raw milk which is pasteurised, homogenised, packaged and sold through retail outlets as fresh milk, long life UHT milk and milk powder, for mainly human consumption.

The secondary industry consists of processors that produce milk and cream, concentrated milk, buttermilk and yoghurt, whey, butter and oils, and cheese. Dairy agro-processing also includes the production of ice cream and the supply of inputs and ingredients into other products, such as chocolate and baby foods etc.

Agro-processors range from a few corporate processors of many dairy products that operate locally and internationally such as Clover, Nestlé and Parmalat. There are also medium-sized processors such as Fairfield and Orange Grove and a sizeable number of smaller processors that operate in specific areas, and a number of producer distributors (PDs) who sell their own produce directly to retailers and consumers.

Government led agro-processing facility for dairy product should be developed in geographic specific milk belt area in order to grow the economy of those areas. This will focus in the processing of the following products which some will feed into government markets:

- Long-Life UHT
- Amasi
- Drinking Yoghurt
- Other dairy products

It is obvious that all components of the value chains in prioritised commodities must be addressed “from farm to folk.” So that the rural communities can access the opportunities.

4.6 Tourism and creative industry

South African Tourism sector has great potential to contribute to poverty eradication and job creation. Tourism needs to grow foreign tourist arrivals, length of stay and regional distribution throughout the Province. This sector is strategic to advance economic transformation by improving activity and spend patterns to enable participation of blacks in the Township and Rural areas.

The Tourism sector is strategic to bring investments in social projects that exist in township and rural areas.

□ **Creative industry**

The creative industry is very diverse and encompasses some of the following disciplines – design, music, publishing and architecture, film and video, crafts, visual arts, fashion, TV and radio, advertising, literature, computer games and the performing arts. Roll-out ownership, Skills development, Partnership, Funding, etc

4.6.1 Rural Tourism

Tourism is one of the largest and fastest growing sectors in the world. In both developed and developing countries, tourism sector is identified as a viable means of raising the economic activities of regions. The development of tourism industry in any country or region has been noted to have the ability to promote the destination's image, economic growth, and job creation.

The National Tourism Sector Strategy (NTSS) provides a blueprint for the tourism sector in pursuit of its growth. Through the National Department's NTSS, the fifth pillar on Broad Based Benefits covers and encompasses initiatives that are geared towards growing the sector through rural tourism. This has been designed to ensure the spread of the accrued benefit of tourism to the previously disadvantaged group. Tourism is one of the many opportunities that rural communities might consider to improve productivity and incomes/ economic status of their areas. The following organisations, groups and developers are identifiable as role players in the forward development of rural tourism include:

- Government departments and support agencies/entities that implement community-based tourism;
- Private sector operators interested in partnering with communities or adjusting their operations to the community-based tourism model;
- Investors looking to invest in community-based tourism;
- Development finance institutions involved in financing community-based tourism;
- Traditional authorities at all levels;
- Provincial and local heritage agencies;
- Community-based organizations and rural tourism development.

Through community-based tourism activities, the residents earn income as land managers, entrepreneurs, service providers, and employees. Community based tourism helps to make the community aware of the commercial and social value placed on their natural and cultural heritage.

4.6.2. Township tourism

Tourism is a valuable tool for economic development. It has potential to create opportunities for employment and growth. Tourism in the rural areas and township can help to create both direct and indirect jobs opportunities which will in the end help both individuals and their communities to grow and flourish.

Tourists visiting the Province can also contribute to the local economy beyond just paying the price for their tours. They also purchase local commodities such as food and souvenirs. Tourism can offer locals opportunities to build businesses which foster self-empowerment and social mobility. The Marketing Tourism Growth Strategy for South Africa 2011 - 2013 suggests that tourism needs to expand in new areas and promote direct participation of historically disadvantaged groups to reduce poverty and create jobs.

The transformation of the tourism sector can further demystify the stereotypes that the target group in the township and rural areas are not good enough to participate in this sector. It is essential that there is investment in infrastructure, training and skills development for the township and rural areas.

4.6.3 Enablers of township and rural tourism

Tourism is one of South Africa's fastest growing sectors. Pro-Poor Tourism (PPT) is an approach to tourism development that results in increased net benefits for poor people. It enhances the linkages between tourism businesses and poor people, so that tourism's contribution to poverty reduction is increased. The recommended inventory on township and rural tourism to determine

the potential for expansion of township tourism and available resources and community views in KwaZulu-Natal should start at township and rural areas.

Township and Rural Tourism in the Province shall be implemented through the following strategic interventions:

INTERVENTION	OBJECTIVE	ACTION
Product Development	Improve and increase product offerings in rural and township areas	<ul style="list-style-type: none"> - Identify key projects requiring upgrade and development and allocate proper funding - Package township and rural products for investment purposes - Support home stays in the township and rural economy to allow for a diversified tourism experience to tourists and business opportunities to local communities - Identify niche` tourism products and `hidden jewels` within rural areas and township which can be developed and showcased (mission tourism, hiking trails)
Skills development	Ensure capacity development of community members within and outside of the sector with the aim of creating awareness, support, ownership and tourism investment.	<ul style="list-style-type: none"> - Lobby relevant stakeholders to support skills development through business skills training, labour related matters, service excellence and quality assurance initiatives - Conduct community awareness workshops in schools and within the community.

Improved Safety and Security	To improve issues of safety for domestic and international tourist within KZN	<ul style="list-style-type: none"> - Continued support of the Safety and Security Forum led by SAPS which reports on tourism related. - Implementation of programmes geared toward improving the safety of tourists - Conduct Tourism clean up campaigns to encourage clean township and rural areas.
Statutory compliance	To improve compliance with legislation and tourism protocols	<ul style="list-style-type: none"> - Conduct regular inspections on tourism sites to ensure compliance with all legislation and sector specific protocols - Tourist Guide Inspections
Marketing	To attract domestic and international tourist into the province	<ul style="list-style-type: none"> - Work with the entity to ensure our Province conduct on-going research on sought after experience (#KZNisopen4travel #KZNisready4travel #KZNHasitAll) - Develop packages for township and rural area's experiences

The participation of township and rural communities in tourism ventures could be a potential driver for rural development. The development of tourism in township and rural areas does not only focus in the resource base of these areas but also accommodating a wide range of uses such as the demand and supply of agricultural tourism, recreational and cultural tourism

The Province want to ensure that tourism opportunities are open for the participation of previously excluded groups. Tourism must contribute to the upliftment and socio-economic wellbeing of all the people of KwaZulu-Natal. Township and rural communities have resorted to tourism in an attempt to fend-off their socio-economic problems and have established tourism initiatives to create employment.

The Tourism sub-sectors as part of the tourism value chain

Accommodation	Hospitality and Related Services	Travel and Related Services
<ul style="list-style-type: none"> Hotels 	<ul style="list-style-type: none"> Restaurants (not attached to hotels) 	<ul style="list-style-type: none"> Tour Wholesalers
<ul style="list-style-type: none"> Resort properties and time share 	<ul style="list-style-type: none"> Conference venues (not attached to hotels) 	<ul style="list-style-type: none"> Tour Operators
<ul style="list-style-type: none"> Bed and Breakfast 	<ul style="list-style-type: none"> Professional catering 	<ul style="list-style-type: none"> Travel Agents
<ul style="list-style-type: none"> Guest House 	<ul style="list-style-type: none"> Attractions, Casinos; and 	<ul style="list-style-type: none"> Tourist Guides
<ul style="list-style-type: none"> Game Lodges 	<ul style="list-style-type: none"> Consulting and professional services companies. 	<ul style="list-style-type: none"> Car Rental companies; and
<ul style="list-style-type: none"> Backpackers and hostels 		<ul style="list-style-type: none"> Coach Operators.

Source: Amended Tourism B-BBEE Sector Code (2015:12)

Over the years, tourism institutions have implemented numerous programmes and interventions for emerging and existing SMME in this sector. This included, but not limited, to the following:

□ Tourism Enterprise Partnership (TEP)

TEP is aimed at assisting SMME and historically disadvantaged enterprises, which are in tourism business by offering technical support in terms of professional training service, operational, and marketing assistance, etc.

One programme that has been implemented through the TEP is the Tourism Mentorship Programme that is aimed at supporting previously disadvantaged small tourism enterprises with skills development. This programme is also intended to improve service and business operations standards in tourism industry. The Programme, over and above mentorship, also includes the Hospitality Business Skills Training (HBS) for previous mentees, Tour Operators training and market access interventions for previous mentees.

□ **Professionalization of tourist guides**

EDTEA has developed a programme geared towards the capacitation and professionalization of tourist guides sector within the province a part of SMME development. This programme involves training of new entrants, non-qualified and up-skilling of existing tourist guides.

□ **Industrial Development Corporation (IDC)**

IDC has a mandate to finance either new or existing tourism businesses throughout Africa, in addition supply equity finance for B-BBEE partners wishing to conclude strategic partnerships or purchasing the shareholding in the tourism business. This programme is specifically aimed at assisting tourism enterprises in the accommodation sector but also extends to other capital-intensive tourism projects with the potential to significantly impact on the growth of the tourism industry.

□ **ITMAS**

ITMAS introduced a programme aimed at compensating SMMEs for certain cost incurred in respect of activities aimed at promoting Tourism to South Africa. This program funded the following programmes:

- Exhibition assistance: reimbursement on cost incurred by tourism company when participating in international travel and tourism exhibitions
- Production and distribution of international marketing material: reimbursement with regard to the design, compilation, production, printing, reprinting and distribution of material to market the product internationally.

□ **Development Bank of South Africa (DBSA)**

DBSA- also played a major role in the Tourism sector:

- Investing in infrastructure and facilitating the provision of infrastructural development.
- Financing sustainable development in partnership with private and public sectors.
- Responding to development demands and acting as a catalyst for investment.

□ **Ithala Development Finance Corporation**

Ithala is active across the development spectrum within the province of KwaZulu-Natal and a key activity is the facilitation of tourism investment in our province. To successfully facilitate tourism projects, Ithala offers a range of financial products and professional services designed to meet the needs of the tourism investor or operator.

□ **Route Development (Heritage) and Cultural Tourism Development**

- Township Heritage Route Promotions (Inanda Heritage Route, Nelson Mandela Capture Site, King Shaka Heritage Route)
- Cultural Tourism (promotion of various local cultures such as arts, customs, Izindlamu, food, architecture, etc.)
- The above, possess relative contribution of each dimension on tourist satisfaction as part of tourism development. In addition, sustainability of these rural and township visitor experience, extends to elements such as infrastructural and technological development.
- A consideration of indigenous knowledge and heritage site management, will also improve public-private partnership, introducing clear site plans and land zoning policies. These are clear major signals of urgent intervention for a better tourist satisfaction and an effectively sustainable heritage tourism development in Rural and township areas.

4.7 Integrated support of existing businesses and manufacturing

There are a number of existing small businesses that are producing different commodities in the Township and Rural areas. While capturing more of a commodity's value at the site of primary production can have positive impacts on Township and Rural economies. The value-added production is a significant development strategy for the future of the Township and Rural economies. Value added manufacturing industries into the key productive sectors of manufacturing, tourism, transport and logistics, the maritime sector, the green economy, and services sectors are vitally important to Township and Rural economies.

This driver encourages expanding the productive capacity of township and rural enterprises by identifying and promoting new opportunities for locally based production for goods and services and clustering of rural and township enterprises as way to concentrate public and private support.

It recognises the productive potential of township and rural enterprises, especially in light manufacturing, to support government programme localisation and procurement programmes of locally produced goods and services. Industrial cooperatives and related cooperatives will be prioritised in the selection and development of township and rural industrial enterprises. By adding to and capturing the value in commodities grown and processed in township and rural areas, households and businesses can benefit through new and higher-wage employment, new markets for commodities and more vibrant rural and township economies.

It is central to the revitalisation of township and rural economies to position them as sites of production rather than being merely trading for goods and services produced elsewhere. It is important to shift the belief and mindset that township and rural economies are merely consumers of manufactured products and introduce programmes which incentivise the internal manufacturing of products in these township and rural economies. In order to achieve this, the following interventions shall be implemented:

- Identifying and supporting existing productive capacities of township and rural enterprises
- Identifying new opportunities for production and related services that can be supported to meet the needs of the local markets and beyond.
- Prioritise industrial or manufacturing cooperatives and related service cooperatives.
- Establish industrial economic hubs for manufacturing and light industrial production.

Value addition must be combined with or preceded by efforts related to market analysis as well knowledge development. Further, it may also require sustained effort in terms of reforms and policies, good regulatory practices including tackling bureaucracy and reviewing of inconsistent or unclear regulations. The following interventions shall be implemented to ensure that existing businesses are supported:

- Identify, promote, and support new opportunities for production of goods and services by township and rural enterprises
- Taxi industry: diversification: tyre repairs, panel beating, spray painting, petrol stations franchising, road side assistance, road sight industries, insurance ownership, auto body parts dealership
- Spaza shops: Bulk buying programme, linkages with Bakeries, Containerised kitchens, Business Management Training, Financial management, Water and Electricity supply

- Identify regional competitive edge and ensure twinning arrangements and subcontracting
- Introducing micro finance to support the existing businesses
- Project packaging and linkages with the available local opportunities
- Implementation of equity equivalent for multi-national cooperation
- Involvement in new sectors such as cannabis (and its subsequent value addition in the pharmaceutical industries); the location of the fully licenced House of Hemp facility at DTP and the proposed pharmaceutical hub.
- Develop programmes to support manufacturing and productive capacity of existing township and rural enterprises
- Prioritise the development of industrial and manufacturing cooperatives
- Invest in human capital (skills development) to drive a successful productivity strategy and empower the workforce to benefit from the opportunities created by the production and value addition.
- Promote the graduation of Small Enterprises to become large enterprises/Black Industrialists
- Establishment of Light Industrial and Manufacturing nodes/hubs at Taxi Ranks
- Assist road-side light industrial activities to access space in identified nodes such as Taxi Ranks
- Consistently upgrade and refurbish bulk infrastructure in industrial areas

5. Conclusion

Over the years, township and rural areas have developed an iconic profile in South African society, representing the very heart of where the struggle for freedom was waged, where many of today's leaders, including famous politicians, artists, business icons, sportsmen and women were born and grew up. They are also places where a real sense of community exists.

It has already been pointed out that erstwhile to 1994; township and rural areas operated and functioned in isolation from the mainstream economy and society, and were associated with racial segregation, exclusion and the marginal provision of services and economic opportunities. It is therefore imperative that township economy must be revitalized. The following section present a detailed plan of action for this strategy.

6. IMPLEMENTATION PLAN

6.1 Overview

The implementation plan and arrangements for the Township and Rural Economies Revitalisation Strategy is broadly described as the systems, processes and mechanisms that will be used to plan and manage the activities. This shall enable effective coordinate with others in order to fulfil the mandate of the TRERS. The implementation plan maps out how to bring the strategic framework to life by breaking it into identifiable action steps on a set timeline and how to effectively manage it as it gets put into place

The Revitalization of Township and Rural Economies Strategy derives its mandate from a number of the South African economic transformation legislations, policies and strategies. This includes South African Constitutional Act 108 of 1996 (especially section 217), B-BBEE Act 53 of 2003 (as amended Act 49 of 2013), B-BBEE Codes of Good Practice, KZN B-BBEE Strategy, KZN Business (Bill) 2016. All these policies and pieces of legislations prescribe the empowerment of designated group across all sectors of economy in the Country. The South African economic transformation policy prescripts acknowledge that:

- Under apartheid race was used to control access to South Africa's
- productive resources and access to skills;
- South Africa's economy still excludes the vast majority of its people from
- ownership of productive assets and the possession of advanced skills;
- South Africa's economy performs below its potential because of the low
- level of income earned and generated by the majority of its people;
- Unless further steps are taken to increase the effective participation
- of the majority of South Africans in the economy, the stability and prosperity of the economy in the future may be undermined to the detriment of all South Africans, irrespective of race.

This Strategy must be measured against the extent to which it addresses these challenges faced by the Provincial economy. The following section provides the institutional arrangements for the implementation of this Strategy, an outline of the Strategy roll-out process and the programmatic

interventions per goal and objective – the actions that need to be taken for the implementation of the TRERS.

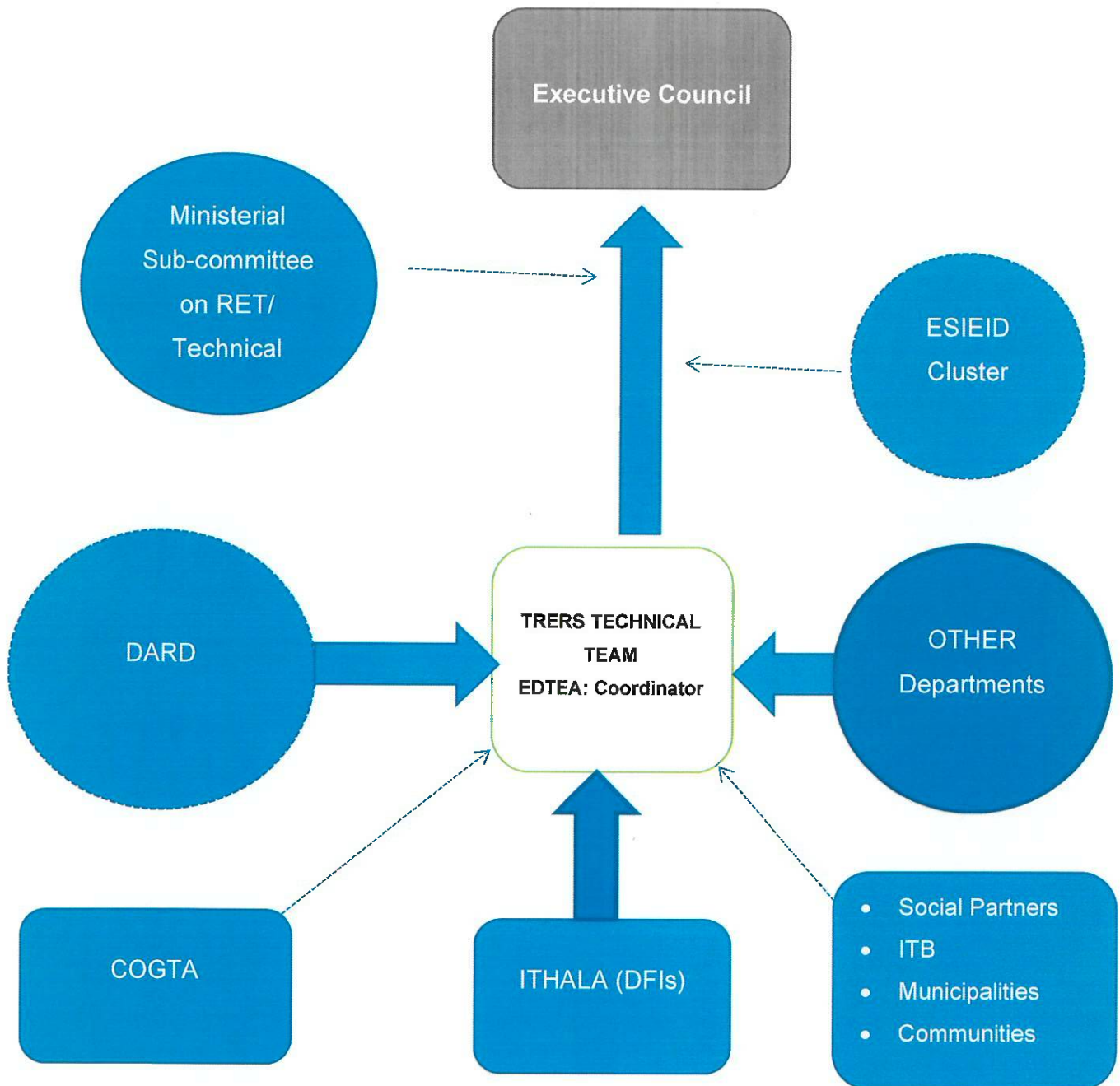
6.2 Institutional arrangements

This Strategy shall be implemented across all spheres of Government, industry, labour, traditional leadership, communities and war-rooms, as illustrated in the table below.

The Technical Team shall be established to ensure proper co-ordination and reporting. The Technical Team shall be composed of relevant Government Departments, Public Entities, and Social Partners. EDTEA shall play a co-ordinating role and Secretariat to the Technical Team. The Technical Team shall submit progress reports to ESIEID Cluster, Technical Committee on RET, Ministerial Sub-Committee on RET, and the Executive Council.

Government shall also engage the Civil societies, Business Forums, Traditional Leadership, and other interest group to minimise the risks in the implementation.

6.2.1 INSTITUTIONAL ARRANGEMENTS FOR THE IMPLEMENTATION OF THE TRERS



6.3 The TRERS roll-out

The implementation of the Strategy will take place over three phases:

- **Phase 1:** Dissemination, buy-in and capacity building
- **Phase 2:** Roll-out of the programmatic interventions
- **Phase 3:** Strategy review

Each of these is discussed in the sub-sections that follow. In addition, the implementation of this Strategy is underpinned by the roll-out of a monitoring and evaluation framework to track progress towards achieving the Strategy's aims.

6.3.1 Phase 1: Advocacy, dissemination, buy-in

The first phase of the implementation of the Strategy is that of advocacy and dissemination as widely as necessary and possible to inform strategic partners of its content and intention, and to obtain buy-in and commitment to realizing its implementation

This phase will be achieved through a series of workshops and stakeholder meetings, with various stakeholders including all spheres of government, private sector (industry, industry clusters, and business chambers), civil society, organized labour, communities and traditional leadership to obtain their buy-in. The immediate output of this work will be joint participation of the stakeholders in the implementation of the Strategy. The main objective of this is to coordinate implementation of the Strategy and monitoring of the objectives across all the identified pillars.

6.3.2 Phase 2: Roll-out of the programmatic interventions

This phase of the implementation represents the core of the Strategy roll-out. The Strategy identifies the actions required for implementation, as well as the roles and responsibilities of the implementing agents. Because of the relatively large number of interventions required, these are identified as being short term, medium term or long term to help prioritise the actions required. Monitoring and evaluating progress according to the strategic goals is an essential component of the Strategy.

6.3.3 Strategy review

In order to ensure that this Strategy remains up to date and relevant, it should be reviewed after a period of five years. The update should consider changing economic conditions and the progress made in the period after implementation of the Strategy. The review will draw on the Monitoring and Evaluation programme established for the Strategy, which is to be conducted in tandem with the Implementation programme.

Responsibility: The Provincial Government shall co-ordinate the implementation of this Strategy, with external support if necessary. Strategic partners will be actively drawn upon to provide inputs to the update.

6.4 Programmatic interventions

The implementation plan is shown in the following table, with one or more programmatic interventions suggested for each of the strategic intervention which fall under the goals. Each goal and its objectives are applicable to one or more of the pillars. The strategic objectives are also synergistic, and advancing them will progress more than one goal.

In addition to the programmatic interventions, the Implementation Plan provides information on applicability to the pillars, timing and roles and responsibilities.

IMPLEMENTATION FRAMEWORK – HIGH IMPACT PROJECTS IN THE TOWNSHIP AND RURAL AREAS

Strategic Drivers	High impact Projects	Time Frame					Responsibility	Partners
		Year 1	Year 2	Year 3	Year 4	Year 5		
Agriculture in Rural Economy	Establishment of 4 Agri-hubs in the Province of Kwa-Zulu Natal						Lead Department: DARD & Provincial Government	Social & Private Partners
	Farmer's development Support (Substance farmers, Smallholders farmers & Commercial farmers)						DARD	Farmers & Traditional Authorities
	Agricultural Infrastructure Development in Rural Space (Dams, boreholes, dip tanks, grazing camps, cattle handling facilities etc.)						DARD	Farmers and Traditional Authorities
	Promote multi-planting season programme and Food and Nutrition Security Programme						DARD	Farmers and Traditional authorities
	Implement Livestock Improvement Programme as the part of Communal Livestock Strategy						DARD	Farmers and Traditional Authorities
	Strengthening Land Care Programme for management of natural agricultural resources in rural areas						DARD	Farmers & Traditional Authorities

Strategic Drivers	High impact Projects	Time Frame				Responsibility	Partners
Tourism and creative industry	Promote animal health care programme					DARD	Farmers & Traditional Authorities
	DFI financing in community-based Tourism					DFIC, Growth Fund	Commercial Banks
	Tourism product development and increased product offerings in township and rural areas					EDTEA, Tourism Authority	Municipalities and Social Partners
	Packaging of township and rural products for investment purposes					EDTEA, Tourism Authority, DFIC	Municipalities and Social Partners
	Support home stays in township and rural areas					EDTEA, Tourism Authority, DFIC	Municipalities and Social Partners
	Lobby relevant stakeholders to support skills development					EDTEA, Tourism Authority, DFIC	Municipalities and Social Partners
	Professionalization of Tourist guides					EDTEA, Tourism Authority, DFIC	Municipalities and Social Partners

Strategic Drivers	High Impact Projects	Time Frame				Responsibility	Partners
Creative industry	Ensure ownership and participation of township and rural businesses in the creative industry such as Film, TV, Arts & craft etc.					EDTEA, Film Commission, Arts and Culture	Municipalities and Social Partners
	Development of the means of production in the Creative Industry such as Studios, and Production Facilities					EDTEA, Film Commission, Arts and Culture	Municipalities and Social Partners
	Encouragement of Funding and Strategic Partnerships with SMMEs					EDTEA, Film Commission, Arts and Culture	Municipalities and Social Partners
	Unpack the value chain industry opportunities and implement the Skills Development Programme and Enterprise Development Programme					EDTEA, Film Commission, Arts and Culture	Municipalities and Social Partners
	Development of industrial and manufacturing cooperatives					EDTEA	Municipalities and Social Partners
Integrated support of existing businesses and manufacturing							

Strategic Drivers	High impact Projects	Time Frame				Responsibility	Partners
	Taxi industry: diversification: tyre repairs, panel beating, spray painting, petrol stations franchising, road side assistance, road sight industries, insurance ownership, auto body parts dealership,					EDTEA, DOT	Taxi Industry, Municipalities
	Spaza shops: Bulk buying programme, linkages with Bakeries, Containerised kitchens, Business Management Training, Financial management, Water and Electricity supply					EDTEA	Traders Association, Municipalities
	Introducing micro-financing to support the existing businesses					IDFC, Growth Fund	Municipalities and Social Partners
	Promote the graduation of small enterprises to become large enterprises					EDTEA	Municipalities and Social Partners

Strategic Drivers	High impact Projects	Time Frame				Responsibility	Partners
Enterprise Development and Support	Refurbishment of bulk infrastructure in industrial areas					EDTEA, DPWS	Municipalities and Social Partners
	Establishment of light industrial and manufacturing nodes such as Taxi Ranks					EDTEA, DTP, RIDZ	Municipalities and Social Partners
Enterprise Development and Support	Establish community-based Enterprise Development Hubs at Agri Parks and FPSUs					EDTEA, supported by COGTA & DARD	Social Partners
	Identify and train vulnerable groups including women and youth entrepreneurs in business skills					EDTEA, supported by COGTA & DARD	Social Partners
	Set up business incubators in rural areas with mentorship programmes to support start-ups at Agri Parks and FPSUs					EDTEA, supported by COGTA & DARD	Social Partners
Informal Economy	Provide adequate infrastructure for informal traders and farmers including shelters, ablution facilities, storage space and a clean working environment					COGTA, DARD supported by EDTEA	Social Partners
	Provide social protection through social safety net programmes to protect informal workers					EDTEA	Social Partners

Strategic Drivers	High impact Projects	Time Frame				Responsibility	Partners
	Final approval and implementation of informal economy master plan					EDTEA	Social Partners
	Facilitating access to financing instruments tailored to the needs of the rural informal sector					EDTEA & Ithala	Social Partners
Manufacturing, Industrialisation and Productivity	Institute programmes aimed at formalising rural informal enterprises such as informal business sector chambers					EDTEA, supported by COGTA & DARD	Social Partners
	Establishment of micro-factory spaces in the rural areas starting at Agri Parks and FPSUs					EDTEA, supported by COGTA & DARD	Social Partners
	Re-establish factories and light industrial hubs/zones in rural areas including refurbishment of existing ones					EDTEA, supported by COGTA & DARD	Social Partners
Supplier Development and Wider Value Chains	Establish Agri-processing facilities at all the Agri-hubs and Farmer Production Support Centres					DARD supported by ADA	Social Partners
	Support local rural businesses through buying bylaws that favour buying from rural businesses in partnership with programmes such as Bulk Buying and RASET					EDTEA, supported by COGTA, DDAs & DARD	Social Partners

Strategic Drivers	High impact Projects	Time Frame				Responsibility	Partners
Human Resource Development	Revisit the rural poultry and piggery projects and processing facilities provided and strengthen value chains					DARD supported by ADA	Social Partners
	Develop commercial production clusters in rural areas that fast track local production e.g., egg, poultry, pig etc production clusters					DARD supported by ADA	Social Partners
	Set up Mobile Training Units in rural areas					DARD and Training Institutes	Social Partners
	Set up community-based education and training centres/hubs at Agri Parks/FPSUs					DARD and Training Institutes	Social Partners
Infrastructure Support and Development	Identify and upgrade key infrastructure including roads and broadband infrastructure					EDTEA & DOT	Social Partners
	Rural electrification through private sector alternative green energy initiatives such as hydrogen energy, fuel cell technologies, wind, solar and waste to energy.					COGTA & Eskom	Social Partners
	Provision of climate smart agricultural technologies to support farmers at Agri Parks/FPSUs					DARD supported by Research Stations	Social Partners

Strategic Drivers	High Impact Projects	Time Frame				Responsibility	Partners
Access to Digital Innovation	Widespread roll out of broadband infrastructure through community mesh networks in rural areas					EDTEA supported by Telkom	Social Partners
	Roll-out of Digital hubs in the Province					EDTEA supported by Telkom	Social Partners
	Develop digital centres in township and rural areas					EDTEA, MKI	Social Partners
	Internet connectivity and business and computer training at the Agri-hubs and Farmer Production Support Centres					EDTEA supported by Telkom	Social Partners
	Increase WIFI hot spots in Government facilities					Public works	Municipalities
Access to Productive Rural Land	Empower farmers through smart digital applications to share knowledge and other resources					DARD supported by Research Stations	Social Partners
	Improve the working relation with the ITB and CPAs to release land for communal land development					COGTA & ITB	Social Partners
	Develop Rural Settlement Master Plan to secure and promote production for Agricultural development					COGTA supported by DARD	Provincial Government, ITB

Strategic Drivers	High Impact Projects	Time Frame				Responsibility	Partners
Access to Markets	Intervene on 1200 reform farms in sub-optimal production to improve their capacity					DARD supported by DALRRD	Social Partners
	Facilitate market access to the main consumer points in the regional centres in conjunction with RASET and EDTEA bulk buying programme.					EDTEA, COGTA supported by DARD	Social Partners
	Assist rural enterprises breaking into markets beyond the rural areas for example, access to shelf space in retail outlets through alignment with programmes such as Bulk Buying, Operation Vula and RASET.					DARD supported by EDTEA	Social Partners
Access to Finance	Facilitate market access to the main consumer points in the regional centres in conjunction with RASET and EDTEA bulk buying programme.					DARD supported by EDTEA	Social Partners
	Address the issue of financial exclusion amongst rural entrepreneurs					EDTEA supported by Ithala / Land Bank	Social Partners
	Support for rural entrepreneurs to access and secure funding					EDTEA supported by Ithala / Land Bank	Social Partners

Strategic Drivers	High Impact Projects	Time Frame				Responsibility	Partners
	Identification and lobbying for funding for rural entrepreneurs					EDTEA supported by Ithala / Land Bank	Social Partners
Reduction of red-tape	Review the regulatory framework and by-laws for rural and township enterprises and ensure that they are simplified, efficient and cost-effective					COGTA supported by EDTEA	Social Partners
	Ensure capacity building on legislation and procedures are translated to common terms					COGTA, EDTEA	Municipalities
	Reduce the costs associated with regulations compliance					COGTA, EDTEA	Municipalities
	Ensuring a regulatory framework that promotes the breaking down of monopoly domination in rural areas					EDTEA supported COGTA	Social Partners
Partnerships and Social Compacts	Develop a Rural Enterprise Forum for frequent engagement between relevant stakeholders					EDTEA, COGTA and DARD jointly	Social Partners
	Develop a Framework on the role Traditional Authorities in development					COGTA, ITB	Social Partners
	Revisit the defunct cooperatives that have been established in the past					EDTEA, COGTA and DARD	Social Partners

Strategic Drivers	High impact Projects	Time Frame					Responsibility	Partners
Image Enhancement, Investment Promotion and Marketing	Grow Traditional Equine Races in rural areas through the hosting of festivals, arts and culture and tourism						SPORTS & REC	Social Partners
	Formulate a marketing and investment promotion plan for rural areas in conjunction with TIKZN						EDTEA, TIKZN	Social Partners
	Undertake awareness campaigns, roadshows, and exhibitions to market rural enterprises						EDTEA, DARD	Social Partners
Spatial Transformation	Develop a Spatial Transformation Scoring Tool to monitor spatial transformation goals						COGTA	Social Partners
	Review the Municipal Spatial Development Frameworks to ensure they incorporate key Spatial Integration strategies for Rural settlements and ring fence agricultural areas for agricultural development and transformation						COGTA, DALRRD & DARD	Social Partners