



KWAZULU-NATAL RURAL AND TOWNSHIP ECONOMIES REVITALISATION STRATEGY (KZN RTERS)

INCEPTION REPORT
11 September 2020

TOWNSHIP ENTREPRENEURSHIP AWARDS

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DOCUMENT INFORMATION

Document title: KWAZULU-NATAL RURAL AND TOWNSHIP ECONOMIES REVITALISATION STRATEGY (KZN RTERS)

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Date of this version 11 September 2020



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SECTION 1: BACKGROUND AND PURPOSE

Urban-Econ has been appointed as the service provider to develop the KwaZulu-Natal (KZN) Rural and Township Economies Revitalization Strategy (KZN RTERS) for KZN Province. This Inception Report is submitted by Urban-Econ Development Economists as the first document for the development of the KZN RTERS.

1.1: BACKGROUND AND THE RESEARCH PROBLEM

The background and purpose of the project is stipulated in the Terms of Referent to the project as follows: In 2010, the National Planning Commission (NPC) conducted a diagnostic review for South Africa to assess progress in terms of poverty, unemployment, and inequality. The NPC identified a number of challenges facing the South African economy which included lack of policy implementation and an economy that is dependent on natural resources. The need for continuous improvement of B-BBEE models' efficiency was identified as empowerment remained skewed (perceived to benefit the politically connected). Therefore, there is a need to ensure that economic opportunities are spread to townships and rural areas where the mass population resides.

The problem statement derived from the above background statement is therefore for the KZN RTERS to ensure that economic opportunities are spread to townships and rural areas where the mass population resides.

As presented in the Terms of Reference, the strategy must ensure that the following issues are covered:

- Investigate and develop strategies that support the growth and sustainability of the Rural and Township Economies.
- The Provincial Government must be bold and decisive on the implementation of Radical Socio-Economic Transformation programme that enhance economic participation in townships and rural areas.
- Identify land in Townships which can be used for Township Economic Development.

The terms of reference states that the aim of the required study is the development of a Socio-Economic Development Strategy for facilitating the revitalization of the KwaZulu-Natal rural and township economies, which should include but not be limited to the identification of high impact projects and an appropriate strategy implementation, monitoring and evaluation plan. comprehensive stakeholder identification and engagements, as well as a thorough study of various documentation made reference to in the Terms of Reference (TOR).

Therefore, Trade and Investment KZN (TIKZN) will lead the development of the KZN Township and Rural Economies Revitalization Strategy. The strategy will inform required government interventions in Townships and Rural Areas.

The definitions for rural areas and townships that will be used in this research are as per the Terms of Reference and as defined by StatsSA:

1. Rural areas are as defined in StatsSA Report No. 03-02-20 (2001) which provides a classification of rural and urban areas in South Africa. The classification system is based on an enumerator level analysis of land-uses, population size and population densities and are reported on at a sub-place level.

2. Townships have been defined in the terms of reference as formerly non-white urban areas where Africans, Indians and Coloureds resided during apartheid in South Africa.

1.2 SCOPE OF WORK ¹

Township and rural enterprises are involved in wide and diverse economic activities including spaza shops, street vending, hair salons, shebeens, minibus taxis, mechanical services, manufacturing, burial societies, stokvels and childcare services. These are largely micro-enterprises with low capital and low skills base. Women entrepreneurs are in majority. The programmes for the Township and Rural Economy Revitalisation will cater for the economic and business activities beyond those listed in the terms of reference.

The scope of work as defined by the terms of reference will encompass the following phases:

1.3.1. INCEPTION REPORT

- The service provider will draft an inception report that will detail the overall strategy development approach, methodology, expected timeframes and relevant costs for each phase of the project.
- The inception report will serve as a discussion document and will be the basis on which the detailed approach to the project is agreed.
- The inception report is an interim deliverable that is expected to be completed two (2) weeks from the time that the service provider is appointed.
- The Project Managers will identify the Project Steering Committee (PSC). The Service Provider will be required to provide an indicative schedule for the PSC meetings.

1.3.2. SITUATIONAL ANALYSIS

¹ Extracted from the Terms of Reference from the project

- To conduct a review of existing literature in the space of rural and township economic revitalization and identify:
 - o Best Practices
 - o Strengths, Weaknesses, Opportunities and Threats (SWOT) for KZN
 - o Propose change theory
 - o Identify possible interventions for implementation and
 - o Conduct stakeholder consultations and workshops.
- The Service Provider will review documents such as:
 - o Constitution
 - o National, Provincial and Local Planning Documents
 - o Rural development policies and implementation reviews/ reports
 - o Economic Development policies and implementation reviews/reports
 - o Economic Transformation legislation/ policies; KZN Priority programmed and
 - o Relevant township economy development reports and research.

1.3.3. DEVELOPMENT/ DRAFTING OF THE RTERS

The draft strategy will be developed based on the findings from the situation analysis and identified recommendations. The strategy needs to be in line with the South African government legislation and priorities. There is a need to ensure alignment between the different stakeholders across all spheres of government as well as the KZN transformation agenda.

1.3.4. IMPLEMENTATION PLAN AND MONITORING & EVALUATION (M&E) FRAMEWORK

The service provider will develop an implementation plan that will consider the various role players. There is also a need to measure the impact of the strategy therefore a comprehensive Monitoring and Evaluation (M&E) plan is necessary.

- Develop the Implementation plan
- institutionalization framework
- Develop the (M&E) framework; and
- Present to the PSC.

1.3.5. PROJECT CLOSE OUT

As part of project close out the service provider will be expected to provide an overview of the whole strategy development process, identify challenges experienced during the strategy development process, identify project limitations and provide recommendations for future actions. The service provider will produce a Project close out report.

Stakeholder consultations and workshops will be needed apart from normal PSC meetings. Venue hiring and associated logistical costs will not form part of the project costs as procurement will be done internally by TIKZN.

1.4. DELIVERABLES:

Key deliverables of the project as per the Terms of Reference include the following:

- Inception Report and methodology.
- Situational Analysis Reports.
- Draft RTERS Strategy.
- Draft Implementation Plan and M&E plan.
- Project Close out Report.

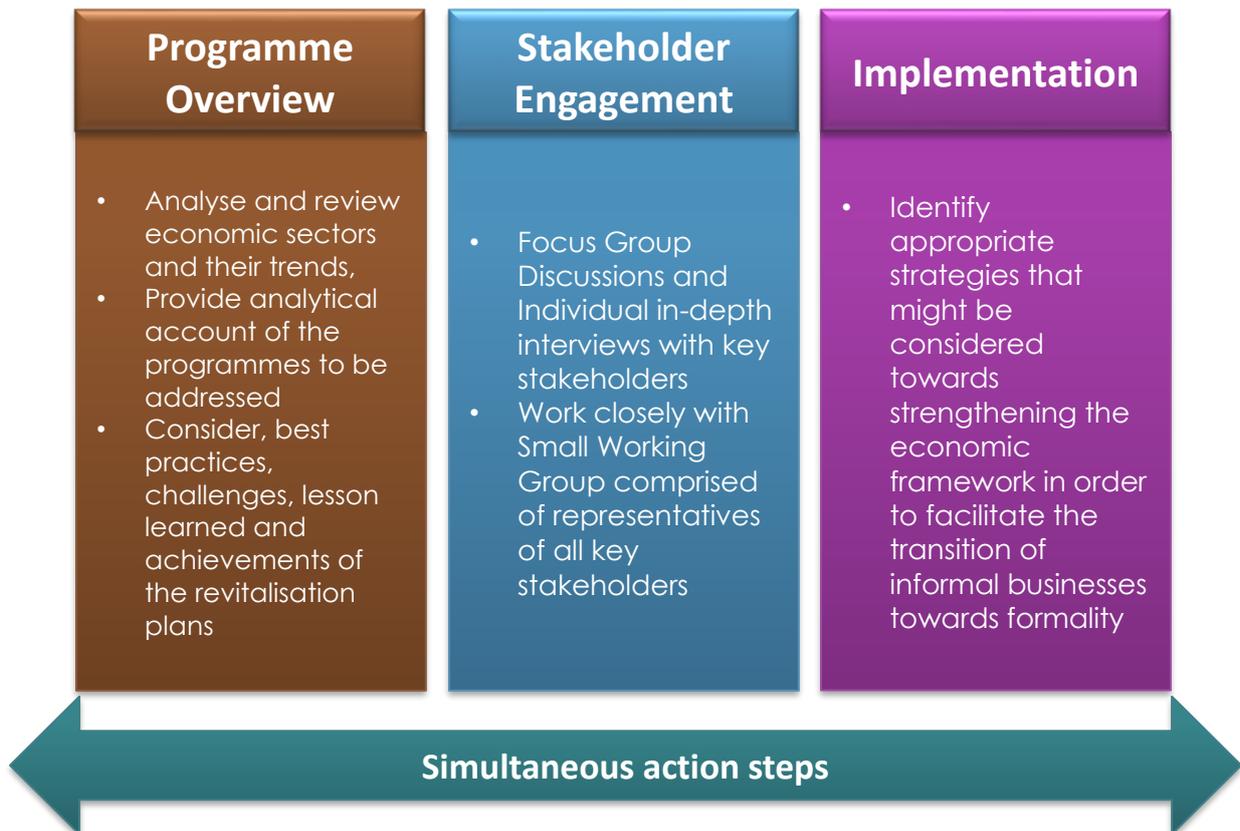
Final reports at each phase should be submitted through:

- Four (4) hard copies of the report
- Emailed editable format and
- Four (4) electronic versions in a memory stick at the end of the project.

SECTION 2: PROJECT APPROACH AND METHODOLOGY

2.1: URBAN-ECON'S APPROACH

The study approach and methodology is based on based on comprehensive stakeholder engagements as well as a thorough study of relevant and appropriate documentation of which some is referred to in the Terms of Reference with a focus on priority project identification for implementation. This is illustrated in the following diagram.



2.1.1 OVERVIEW

- A comprehensive analysis and review of rural and township economic sector trends,
- Provide analytical account of the programmes to be addressed and prioritise sustainable economic issues.
- Analysing the inter-linkages between the economic, social and environmental pillars of the township and rural economy,
- Consider, best practices, challenges, lesson learned and achievement in local economy.

3.1.2 STAKEHOLDER ENGAGEMENT

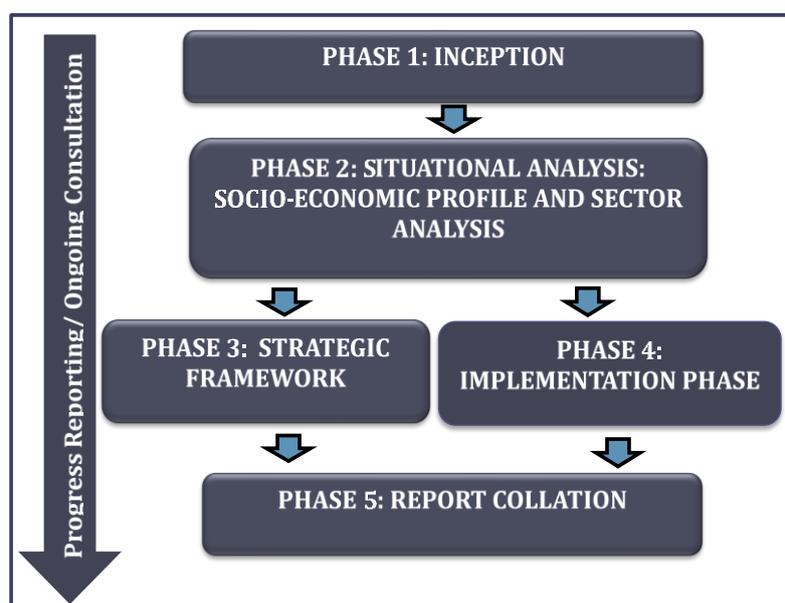
- Facilitate stakeholder engagement through participatory methodologies, including focus group discussions and individual in-depth interviews.
- Ensure inclusivity in the evaluation process through establishment of a Small Working Group comprised of representatives of all key stakeholders in the local economic environment.

2.1.3 IMPLEMENTATION

- Appropriate mechanisms identified that might be considered towards strengthening the role of local government toward the township and rural economy to facilitate, where possible, the transition of informal businesses towards their growth and sustainability.

2.2 URBAN-ECON'S METHODOLOGY

The methodology diagram is displayed below and is unpacked in action step format in the following subsection.



The project team will undertake interviews with key stakeholders of the project including local small business organisations, existing business owners, and other local officials as determined by the PSC. The list of stakeholders identified by the PSC as at the date of this report is provided in Section 3.

2.3 METHODOLOGY EXPANDED

The methodology diagram from above is expanded further in the table below.

PHASE	STEPS/ACTIONS	DELIVERABLES
1. PROJECT INCEPTION	1.1 Confirmation of the project scope	Inception Report
	1.2 Finalisation of work plan	
	1.3 Initial Stakeholder Consultation List developed	
	1.4 Finalisation PSC Membership and Processes	
PHASE 2: SITUATIONAL ANALYSIS: SOCIO-ECONOMIC PROFILE AND SECTOR ANALYSIS	2.1 Townships/Rural economies overview	Situation Analysis Report
	2.2 Social Profile of the rural and township economies	
	2.3 Economic Status of the rural and township economies	
	2.4 Resource analysis of the rural and township economies	
	2.5 Government Interventions	
	2.6 Needs analysis of the rural and township areas	
	2.7 Existing services and policy support related to the rural and township economies	
	2.8 Rural and township natural resources, environmental constraints	
	2.9 SWOT analysis of the townships and rural areas as determined through the project process.	
PHASE 3: DRAFT STRATEGY	3.1 Engage with key stakeholders, provincial authorities, and local government authorities regarding the KZN priority sectors	Strategic Framework Report
	3.2 Undertake realistic scenario planning with Key Stakeholders in Workshop Setting	
	3.3 Formulate key intervention areas	
	3.4 Identify required programmes to achieve strategic goals	
	3.5 Determine suitable projects aligned to the desired interventions and goals	
	3.6 Develop project prioritisation process that is usable and guides future implementation	
PHASE 4: IMPLEMENTATION PLAN	4.1 Identify the key implementing requirements of each project and ascertain critical partnerships needed between the relevant and appropriate stakeholders	Implementation Plan Report
	4.2 Identification of time frames and key actions for each economic development opportunity and show a specified time programme	

PHASE	STEPS/ACTIONS	DELIVERABLES
	4.3 Draft a detailed action plan for execution and implementation of programmes and projects	
	4.4 Determine short, medium- and long-term implementation tools	
	4.5 Determine the financial guidelines	
	4.6 Develop the Monitoring & Evaluation Framework	
PHASE 5: REPORT COLLATION	5.1 Finalise Comprehensive Report	Closeout Report
	5.2 Circulate for comments to stakeholders	
	5.3 Presentation to PSC and other stakeholders	
	5.4 Incorporation of comments and Feedback received	
	5.5 Final report development and Close Out Report developed	

SECTION 3: CONSULTATION PROCESS

3.1 CONSULTATION

The key stakeholders identified by the PSC who are to be involved and consulted during the project process are:

Name of Organisation
NATIONAL DEPARTMENTS
Department of Small Business Development
Department of Planning, Monitoring and Evaluation
National Planning Commission
National Planning Commission (BEE Advisory Committee)
National Treasury
National Cogta
Department of Rural Development and Land Reform
PROVINCIAL DEPARTMENTS
Department of EDTEA
TIKZN
KZN Provincial Planning Commission
KZN Cogta: LED Unit
KZN Cogta: Spatial Unit
KZN Department of Agriculture and Rural Development
KZN Treasury
PROVINCES
Gauteng Province
Eastern Cape Province

Name of Organisation
Limpopo Province
Mpumalanga Province
LOCAL GOVERNMENT
uMkhanyakude District Municipality
Zululand District Municipality
King Cetshwayo District Municipality
uMzinyathi District Municipality
iLembe District Municipality
Amajuba District Municipality
uThukela District Municipality
uMgungundlovu District Municipality
Harry Gwala District Municipality
Ugu District Municipality
uMkhanyakude District Municipality
OTHERS
Financial Institutions
Business Chambers
District Development Agencies

The consultation plan involved the following actions that is aligned with the project plan.

Phase	Consultation Processes
1. Project Inception	Development of detailed consultation plan.
2. Review of Structures	Meetings and discussions held with EDTEA and TIKZN officials; identifying critical aspects of constraint as well as excellence.
3. Socio-Economic Profile and Sector Analysis	<p>Sectoral Reviews: commerce and retail, manufacturing, tourism, agriculture, informal sector and SMME will involve interviews with key stakeholders.</p> <p>It is anticipated that the interviews may take the form of focus groups or one-one meetings depending on the specific grouping. Phone interviews may also be undertaken if that is preferred by a stakeholder.</p> <p>Ideally, a series of focus groups, supplemented by interviews would be preferred for sectoral analysis purposes.</p>
4. Strategic Development Framework	Strategy development workshop will be held to test the focus areas with the participants and identify initial critical projects.

Phase 5: Project Prioritisation and Time-Lining	A project prioritization matrix will be developed in conjunction with the PSC at a PSC workshop undertaken for this purpose.
Phase 6: Implementation Plan	An implementation Plan workshop will be held to assist officials identify their roles and responsibilities for implementation.
Phase 7: Report Collation and Close-Out	Final Comprehensive Draft Report Discussion at PSC workshop

3.2 PSC MEMBERS

The following table presents the key stakeholders that will be part of the PSC team

NAME	TELEPHONE	ORGNISATION	EMAIL
Ms Cebile Khanyile	081 743 9340	B-BBEE Policy	Cebile.khanyile@kznedtea.gov.za
Zodumo Ngidi	063 692 1635	TIKZN	zodumo@tikzn.co.za
Nissar Mahomed	071 608 6786	TIKZN	nisaar@tikzn.co.za
Ndumiso Mlambo	031 368 9642	TIKZN	ndumiso@tikzn.co.za
Mr Dumisani Mhlongo	071 689 2778	SMME Development	Dumisani.mhlongo@kznedtea.gov.za
Malusi Mpanza	065 803 0001	Coop Development	Malusi.mpanza@kznedtea.gov.za
Mark Hempson	082 887 5167	Policy and Planning	Mark.hempson@kznedtea.gov.za
Thembalihle Ndlovu	081 552 2726	Research	Thembalihle.ndlovu@kznedtea.gov.za
Meryl-Lynne Colborne	082 889 4654	M & E	Meryl-lynne.colborne@kznedtea.gov.za
Lucy Mokoena	082 460 7972	LED	Lucy.mokoena@kznedtea.gov.za
Naledi May	071 686 8500	LED	Naledi.may@kznedtea.gov.za
Ms Sinegugu Hlela	not available	not available	sinegugu.hlela@kznedtea.gov.za
Ms Zamagcaba Thembela	not available	not available	zamagcaba.thembela@kznedtea.gov.za
Phumeza Manzi	not available	KZN Tourism	pmanzi@tourism.gov.za
Dr Thembinkosi Twalo	031 266 1777	MKI	thembinkosi.twalo@moseskotane.com
Prashina Mohangi		Salga	pmohangi@salga.org.za
Ross Hoole		DRDLR	Ross.Hoole@drdlr.gov.za
Yvonne Ofusu-Kwayke		COGTA	Yvonne.Ofosu@kzncogta.gov.za
Felicity Mitchell		DARD	Felicity.mitchell@kzndae.gov.za

SECTION 4 WORK PROGRAMME AND BUDGET

4.1: WORK PROGRAMME

The propose work programme (ganttt chart) is presented below. The total timeframe of the project is 6 Months. Due to the nature of the study, some phases can run simultaneously. The PSC meetings and presentations are indicated at bottom of the table.

PHASE	STEPS/ACTIONS	6 MONTHS (24 WEEKS)																								
		4 Sept	11 Sept	18 Sept	25 Sept	2 Oct	9 Oct	16 Oct	23 Oct	30 Oct	6 Nov	13 Nov	20 Nov	27 Nov	4 Dec	11 Dec	8 Jan	15 Jan	22 Jan	29 Jan	5 Feb	12 Feb	19 Feb	26 Feb	5 Marc	
1. PROJECT INCEPTION	1.1 Confirmation of the project scope																									
	2.2 Finalisation of work plan																									
	1.3 Initial Stakeholder Consultation List developed																									
	1.4 Finalisation PSC Membership and Processes																									
PHASE 2: SITUATIONAL ANALYSIS: SOCIO-ECONOMIC PROFILE AND SECTOR ANALYSIS	2.1 Townships/Rural economies Townships/Rural Areas overview																									
	2.2 Social Profile																									
	2.3 Economic Status																									
	2.4 Resources analysis																									
	2.5 Government Interventions																									
	2.6 Needs analysis, consultations																									
	2.7 Existing Services																									
	2.8 Rural and township natural resources, environmental constraints																									
	2.9 SWOT analysis of the Townships/Rural Areas																									

PHASE	STEPS/ACTIONS	6 MONTHS (24 WEEKS)																								
		4 Sept	11 Sept	18 Sept	25 Sept	2 Oct	9 Oct	16 Oct	23 Oct	30 Oct	6 Nov	13 Nov	20 Nov	27 Nov	4 Dec	11 Dec		8 Jan	15 Jan	22 Jan	29 Jan	5 Feb	12 Feb	19 Feb	26 Feb	5 Marc
PHASE 3: DRAFT STRATEGY	3.1 Engage with key stakeholders in business, agricultural, provincial authorities and local authorities																									
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	3.3 Formulate key intervention areas																									
	3.4 Identify required programmes to achieve strategic goals																									
	3.5 Determine suitable projects aligned to the desired interventions and goals																									
	3.6 Develop project prioritisation process that is usable and guides future implementation																									
PHASE 4: IMPLEMENTA TION PLAN	4.1 Identify the key implementing requirements of each project and ascertain critical partnerships needed between municipality and district																									
	4.2 Identification of time frames and key actions for each economic development opportunity and tied into a specified time programme																									
	4.3 Draft a detailed action plan for execution and implementation of programmes and projects																									
	4.4 Determine short, medium- and long-term implementation tools																									
	4.5 Determine the financial guidelines																									

4.2: BUDGET ALLOCATION

4.2.1 OVERALL BUDGET

The overall budget allocation is displayed in the table below, and relates to each phase, action step and team member. The total professional fees after Vat and Disbursements is **R291 036.**

4.2.2 BUDGET PER MAIN PHASES

The following table displays the total value per phase as well as the values of the Disbursements and the VAT

Phases	Professional Fees	Disbursements 6%	VAT 15%	Project Cost
Phase 1. Project Inception	R13 000.00	R780.00	R2 067.00	R15 847.00
Phase 2: Situational Analysis: Socio-Economic Profile and Sector Analysis	R81 900.00	R4 914.00	R13 022.10	R99 836.10
Phase 3: Draft Strategy	R61 800.00	R3 708.00	R9 826.20	R75 334.20
Phase 4: Implementation Plan	R53 950.00	R3 237.00	R8 578.05	R65 765.05
Phase 5: Report Collation	R20 250.00	R1 215.00	R3 219.75	R24 684.75
Consultations	R7 850.00	R471.00	R1 248.15	R9 569.15
Total	R238 750.00	R14 325.06	R37 961.40	R291 036.46