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Action Plan for the Implementation of the STLM Township Economic Revitalisation Strategy

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SECTION 1: PROJECT BACKGROUND CONTEXT AND POLICY CONTEXT

1.1 Project Background & Rationale
Steve Tshwete Local Municipal forms part of the Nkangala District Municipality which is one of the three District municipalities in Mpumalanga Province – the others being Ehlanzeni and Govan Mbeki District Municipalities. The headquarters of Nkangala District Municipality are in Middelburg (Steve Tshwete Local Municipality), which also serves as the administrative headquarters of the Steve Tshwete Local Municipality.

The Steve Tshwete Local Municipality has a geographical area of an estimated 3,976km², which constitutes 24% of the total land in the Nkangala District. Steve Tshwete is home to a number of large industries such as Columbus Steel and Eskom (power generation). The following towns and settlements are situated within Steve Tshwete Local Municipality: Selonsrivier, Elandslaagte, Presidentsrus, Mhluzi, Middleburg, Arnot, Rietkuil, Eikeboom,
Bank, Douglas, Blinkpan, Komati, Hope Village, Hendrina, Kwa-Zamokuhle, and Pullens Hope.

Steve Tshwete following its Strategic Lekgotla of February 2018 and the IDP of 2017 -2022 decided to deal with the challenges of unemployment and job creation, through the creation of sustainable enterprises. It envisioned that the enterprises will be compliant, have access to markets, be provided with business infrastructure, be supported by enabling legislative environment, be provided with technical and business skills, increased youth participation, and be provided with the business support and buying power in order to be inclusive and reduce poverty.

Whilst township economies are micro in nature and equally characterised by low income and some that succeed out of opportunity and necessity have resulted in successful enterprises including those that graduated into the main stream economy. Some have grown from supplying the basic needs of the community into formidable business cooperation and networking. Steve Tshwete should consider innovative ideas and means to contribute meaningfully in order to create a vibrant, socially inclusive, labour absorbing, and growing economy. It is for these reasons that Steve Tshwete with the support of GIZ would like to develop a Township Economic Revitalisation Strategy and contribute into the Nkangala District economy.

1.2 Project Objectives

“Steve Tshwete seeks to develop an innovative and sustainable township strategy, reflecting on growing municipal economy, increase job opportunities, and thoroughgoing environmental conservation, a clear strategy of concrete plans needs to be produced taking into account the local circumstances and particular industrial, mining and agriculture setting of the Steve Tshwete Local Municipality”. Tailor made solutions for the situation in STLM and plans corresponding to specific municipal challenges must be provided through the Strategy. Critical to the Strategy is the need to address some of the challenges raised that
are negatively affecting the local economy and the effective participation of SMMEs, namely;

- Difficulties with compliance and red tape;
- Lack of market for produce;
- Most small business don’t have operating space;
- Lack of proper training especially on market access;
- Poor by-laws which inhibit development of business;
- Competition between foreign owned business and locals;
- Limited technical skills to start and run a business among the youth;
- Limited business support in close proximity;
- Limited value chain and supply chain linkages;
- Low skills of employees;
- Low buying power in local area;
- Lack of support for idea generation;

The Township Economic Revitalisation Strategy must be seen in the light of government’s overarching mandate to reduce poverty, unemployment and accelerate broad-based economic growth that is supported and aligned to national and provincial plans and policies. It is in this context that an inclusive business approach, an integrated spatial planning, and broader participation by targeted beneficiaries should be considered to ensure diversification of the economy and participation thereof.

Local economic development should not be viewed as the sole responsibility of the municipality or government, but a collaborative effort involving the private sector and the communities. Hence, a broader mobilisation of resources and stakeholders as well as clarification of roles is needed. The recognition of such stakeholders is amongst the necessary first steps to identify further opportunities. Institutional capacity building and expanding market opportunities must be configured as part of the planning process to ensure that technical and financial support is provided where necessary to stimulate economic growth and local participation by SMMEs.
Finally, the Strategy must attempt to address the legacy of the apartheid policies of exclusion and separate development, by suggesting an implementation plan that is considerate of the various factors that will facilitate change and promote an inclusive economy the participation of women and youth.

1.3 Background on Formation of Townships

The South African townships have their genesis in the country’s painful colonial and apartheid past. When mining industry boomed in the then apartheid South Africa, various firms, industries and enterprises grew as well. The demand for labour escalated, so did urbanisation of African people and housing demand. This led to a national urban policy debate, which focused on how best to limit the rights of urban Africans to be permanent urban residents and how to control their movements. The result of this debate was a very systematic framework of conditions under which townships could be developed, such as:

- The site should be an adequate distance from the white town;
- It should adjoin an existing African township to decrease the number of areas for Africans;
- It should be surrounded by open buffer areas;
- It should be separated from the white area by a buffer such as an industrial area;
- It should have land to expand away from white areas;
- It should be within easy distance of the town for transport purposes, by rail rather than road;
- It should have one road that connects it to the town;
- It should be a considerable distance from main and national roads, and;
- Housing with certain defined minimum standards should be built and allocated in areas for different ethnic groupings.

1 Department of Co-operative Governance and Traditional Affairs. 2009. Township Transformation Timeline, South Africa: COGTA and the European Union
This systematic framework of conditions then resulted in the uniquely South African concept of a township, which was characterised by the following:

- A dormitory town built at a distance from economic activity as well as from white residential areas;
- Rows of uniform houses;
- Lacking services and infrastructure such as tarred roads, sanitation, water, or electricity;
- Lacking economic infrastructure;
- Lack of local economic development and, in fact, with apartheid laws curtailing it, and;
- Entrepreneurship was discouraged, even outlawed for certain trades.

Although this structuring of society might have commenced during the colonial era, the consolidation and formalisation of this apartheid system took place after the National Party came to power in 1948; and was concretised in the Group Areas Act of 1950, which made it compulsory for different racial groups to live in areas designated for their exclusive use.

Despite the advent of democracy many challenges remain. The spatial legacy of apartheid has proven tenacious, with post-apartheid urban development policies having no positive impact on it. Massive housing delivery has taken place, and in many cases resulting even in the development of new townships still far away from economic opportunities, similar to apartheid townships or even farther in some cases.

As a result of the persistent legacy of apartheid and townships continuing to be dormitories of labour, in general townships are still characterised by the following challenges, among others:

- Relatively high levels of poverty, inequality and unemployment;
- Continue to be dormitories of labour;
- Low levels of formal education and skills;
• Low income levels;
• Limited economic opportunities, thereby limited economic development potential;
• Buying power of the township dwellers flowing out of the townships, mainly to well established businesses that are mainly white owned;
• Limited or lack of economic infrastructure;
• Inadequate physical infrastructure, and;
• Poor connectivity to surrounding areas of economic activity at spatial and economic levels.

In addition to these general challenges, township enterprises face a number of specific challenges, among others:

• Poor business management skills;
• Poor access to markets mainly because of a persistent spatial divide;
• Lack of economies of scale thus failure to negotiate discounts with their suppliers;
• Relatively higher logistics costs;
• Poor access to finance/capital and credit facilities;
• Lack of economic infrastructure, and;
• Displacement as a result of the recent proliferation of shopping malls in some townships.

It is in this context that Steve Tshwete Local Municipality informed by the National priorities and the IDP Technical Lekgotla developmental agenda to revitalise the township economy to increase opportunities for job creation. A deliberate decision to undertake this project in order to:

• Elevate the economic importance of the townships in enabling social and economic inclusion;
• Drive the revitalisation of the economy of the townships through supporting various forms of township enterprises such as cooperatives and SMMEs, and;
• Promote job creation and enterprise development through the identified sectors driving the Steve Tshwete's economy.
Steve Tshwete intends to undertake the Development of the Township Economic Revitalisation Strategy focusing in the localities of: Hendrina; Rietkuil; Mafube Rural Village; Pullenshope; Komati; Blinkpan/Koomfontein; Doornkop; Kranspoort; Presidentsrus; Leside; Naledi; Kwamakalane

2. The Legislative Mandate


The Constitution of the Republic of South Africa puts great responsibility on municipalities to facilitate and drive local economic development. Among the objects of local government listed in section 152(1) of the Constitution of 1996, is to promote “social and economic development” and in section 162(2) it is stated that a municipality must “strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).”

Section 153 deals with the “developmental duties of municipalities”, and enjoins a municipality to “structure and manage its administration, budgeting and planning processes to give priority to needs of the community, and to promote the social and economic development of the community.”

The national and provincial spheres of government have a responsibility to provide support to the local government sphere in the spirit of cooperative governance as contemplated in section 154 of the Constitution, and municipalities must “participate in national and provincial development programmes” (s. 153(b)).

The formulation of Steve Tshwete Township Economic Revitalisation Strategy should be the Municipality’s endeavour to fulfil its constitutional mandate to promote economic development for the benefit of communities living in the targeted townships.
2.2 The Municipal Systems Act, No. 117 of 1998

Each municipality is the centre of development and in this respect municipalities are empowered in terms of the Municipal Systems Act (Chapter 5) to play a role in intergovernmental cooperation. The planning undertaken by municipalities should, therefore, align with and complement that of other municipalities and other organs of government as specified in section 24(1) of the Act. Other spheres of government are also similarly required in terms of section 24(4) of the Act to ensure that their activities are aligned with municipal planning.

A critical point to note is that in terms of the Municipal Systems Act, municipalities have a planning function during which they are required to coordinate the activities of all spheres of government within the municipal boundaries.

The MSA is designed to “enable municipalities to move progressively towards the social and economic upliftment of communities and ensure universal access to quality services” and the Act also encourages local government to promote growth and investment while at the same time focusing on poverty alleviation.

In this context, therefore, it is important that when a municipality embarks on the process of formulating their local economic development plan or strategy, it needs to consider its municipal plans in line with the national and provincial planning or strategic frameworks that have implications for the local municipality. This section provides a highlight of strategies and plans that provides a planning framework within which local economic development process takes place. The national and provincial plans also have to take into account the plans of the local municipality.

2.3 The Policy Context

The Strategy needs to be understood in the context of national and provincial government policy imperatives. From the economic development perspective, the major challenge
facing South Africa is stagnant economic growth, high unemployment, and high levels of inequality. This calls for South Africa to continue and speed up economic transformation in order to promote investment and grow of the economy, create decent jobs and promote an inclusive economic growth. This will require government to support initiatives and industries that are likely to contribute to economic growth and job creation.

It is for these reasons that STLM is fulfilling its mandate seeks interventions and strategies that will mitigate the challenge, through a strategic framework that will guide the implementation over short to medium time, through take advantage of the Inter-Governmental Relations Framework which seeks to promote the partnership of all three spheres of government in service delivery and local economic development.

All spheres of government are sharpening policy interventions in addressing the socio-economic challenges and ensuring an inclusive economy by taking take advantage of the Inter-Governmental Relations Framework which seeks to promote the partnership of all three spheres of government in service delivery and local economic development. The following policies should be considered in the development and implementation of the Steve Tshwete Township Economic Revitalisation Strategy.

2.4 The National Policy Context

High unemployment remains one of the major challenges facing the South African economy two decades since the advent of democracy. Although the domestic economy has recorded consistent growth since 1994 (excluding the period of recession on the back of the global economic meltdown), the economic growth has not been high enough as to have a significant impact on reducing the unemployment rate. There are number of explanations for this such as poor availability of skills that today's economy needs, heavy reliance of the domestic economy on resources and commodities, slow economic transformation in various sectors, low levels of global competitiveness of the national economy and so on.
At the national level there are numerous policies, strategies, frameworks and instruments that have a bearing on local economic development initiatives such as the Steve Tshwete Township Economic Revitalisation Strategy. As highlighted in the section dealing with the Legislative Mandate, Municipalities must participate in these with a view of ensuring that local economic development initiatives obtain required support. The section below will highlight some of these policies, strategies, frameworks and instruments.

2.5 The National Development Plan

The overall purpose of the National Development Plan (NDP) is to develop an economy that will create more jobs, is more inclusive, more dynamic and in which the fruits of growth are shared equitably and poverty is eliminated. The plan envisages an economy that serves the needs of all South Africans and proposes the creation of 11 million jobs by 2030 by means of:

- Realising an environment for sustainable employment and inclusive economic growth;
- Promoting employment in labour-absorbing industries;
- Raising exports and competitiveness;
- Strengthening government’s capacity to give leadership to economic development, and
- Mobilising all sectors of society around a national vision

In essence, the NDP is a long-term growth plan for South Africa that highlights specific sectors that will drive economic growth and job creation in the long-term; and that will drive economic inclusion and broaden ownership of assets to historically disadvantaged groups.

2.6 The New Growth Path

The New Growth Path (NGP) seeks to contribute towards the creation of decent work, reduction of inequality and winning the war on poverty through the restructuring of the country’s economy so that there is an improvement in its performance in terms of labour absorption, as well as the composition and rate of growth.
The NGP aims to maximise the creation of decent work opportunities by means of jobs drivers and a macro and micro economic policy package. The main economic indicators of success will be jobs (quantity and quality of jobs created), growth (the rate, labour intensity and composition of economic growth), equity (reduce income inequality and poverty redress), and environmental outcomes (a shift towards green economy).

The NGP seeks to grow employment by five million jobs by 2020 by means of the following jobs drivers:

- Investment in infrastructure: construction, operation, and maintenance, and production of inputs;
- Sectoral labour-absorption: agricultural and mining value chains, manufacturing and services;
- New investment opportunities in the knowledge-intensive sectors and green technologies;
- Leveraging social capital in the social economy and the public services, and;
- Promoting rural development and regional integration.

It is anticipated that the likely contribution of the Steve Tshwete Township Economic Revitalisation Strategy towards the NGP objectives could be explained in terms of the following interventions:

- The job creation, reducing poverty and redressing inequality are central to local economic development;
- The diversification of local economies in terms of sectors is crucial for broader economic development;
- Public infrastructure investment, support for small business, skills development, working with the industry/business sector and rural development are crucial instruments for effective local economic development, and;
- The sustainable development agenda is a critical pillar for productive current and future economies.

In much the same way as the NDP, the NGP recognizes the sectoral value chains as central to job intensive economic development.

The Industrial Policy Action Plan purpose is three-fold: to promote labour-absorbing industrialisation; to broaden participation and economic transformation, and to raise competitiveness with manufacturing as the key anchor for dynamiting employment and growing the economy.

The IPAP is premised on a continuous engagement with industry stakeholders to effect continuous improvements in identified transversal and sector-specific interventions required to unlock industry growth. Moreover, longer term opportunities and policy instruments are identified and inform research and extensive preparatory work for future anchoring of the IPAP.

It is largely within the labour-absorbing industrialization that the mining industry plays an important economic role.

Within the context of IPAP, the value addition of LED would lie in the following imperatives:

- Ongoing strengthening government-business-labour engagement;
- Investment in skills development – more so on those that are demanded by the economy;
- Strengthening the substantive contribution and involvement of Development Finance Institutions and the Parastatal Sector in economic development;
- Expanding functional economic linkages beyond the borders of the Republic of South Africa so as to leverage on neighbouring countries; and
- Local economic development to be anchored by identified priority sectors; industry clusters and value chains, and exploit new economy opportunities and invest in the realisation of the long term advanced capabilities.

The key drivers of IPAP 2017-2020 are highlighted by the Minister of Trade and Industry as follows:

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2 The dti, IPAP Part 1: 2017/18-2019/20

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• A redoubled commitment to Radical Economic Transformation;
• Ongoing efforts to secure shared and inclusive growth, encompassing transformation ownership (equity); substantive management control; and an economic strategy that focuses on value creation and labour-intensity across value chains.
• Rapid acceleration of the Black Industrialist Programme—moving from a start-up target of 30 projects per year for the first two years up to 100 projects across the span of GYs 2017/18—2019/20.

In the context of the Steve Tshwete Township Economic Revitalisation Strategy, it may be important to seriously look at some of the sectors listed in IPAP and how these can be facilitated and promoted in the townships if the economic landscape of the townships must be significantly transformed. The sectors most relevant to Steve Tshwete would be: Green and energy-saving industries; Agro-processing, linked to food security; Creative and cultural industries linked to tourism; business process services; mining; manufacturing; Electro-technical and ICT.

2.7 The Black Industrial Policy

The purpose of the Black Industrial Policy is to leverage the State’s capacity to unlock the industrial potential that exists within the black-owned and managed businesses that operate within the South African economy through deliberate, targeted and well-defined financial and non-financial interventions as defined as described in the IPAP and other government policies.

A dedicated support programme that the policy establishes seeks to actively promote the growth and competitiveness of black-owned and managed enterprises in the manufacturing sectors of the economy, and these sectors are articulated in the IPAP. The support programme entails access to finance, contracts and market opportunities—domestic and globally.
The Steve Tshwete Township Economic Revitalisation Strategy will need to consider positioning the townships as potential areas wherein serious industrial activities can be located and efforts made to crowd in investments in industries that can be supported through various government programmes so as to have a transformative effect on the township economy.

2.8 National Comprehensive Rural development Programme (CRDP)

The Comprehensive Rural Development Programme (CRDP, 2009) is aimed at being an effective response to poverty alleviation and food insecurity in rural areas by maximizing the use and management of natural resources to create “vibrant, equitable and sustainable rural communities”.

The vision of the CRDP is to be achieved through a three-pronged strategy based on:

1. A coordinated and integrated broad-based Agrarian Transformation;

2. Strategically increasing Rural Development through infrastructure investment, and;

3. An improved Land Reform Programme.

2.9 Integrated Urban Development Framework

On 26 April 2016, Cabinet approved the Final Integrated Urban Development Framework (IUDF) and 2016/19 Implementation Plan³. The IUDF is “a coherent government strategy that seeks to foster a shared understanding across government and society about how best to manage urbanisation and achieve the goals of economic development, job creation and improved living conditions for our people.” The Framework outlines the strategic goals, policy levers and strategic priorities that should inform a concrete implementation plan for attaining the urban futures vision outlined in the National Development Plan. The IUDF is designed to unlock the development synergy that comes from coordinated investments in people and places.

³ See http://www.gov.za/speeches/statement-cabinet-meeting-26-april-2016-29-apr-2016-0000
The IUDF vision:

“Liveable, safe, resource-efficient cities and towns that are socially integrated, economically inclusive and globally competitive, where residents actively participate in urban life”

There are four overall strategic goals that the Framework introduces to realise this transformative vision, namely:

- Spatial integration: To forge new spatial forms in settlement, transport, social and economic areas.
- Inclusion and access: To ensure people have access to social and economic services opportunities and choices.
- Growth: To harness urban dynamism for inclusive, sustainable economic growth and development.
- Governance: To enhance the capacity of the state and its citizens to work together to achieve social integration.

The overall outcome of the IUDF is spatial transformation, which will steer urban growth towards a sustainable growth model of compact, connected and coordinated cities and towns. These strategic goals inform the priority objectives of the nine Policy Levers, which are:

Policy Lever 1: Integrated spatial planning and management

Cities and towns that are spatially organised to guide investments that promote integrated social and economic development, resulting in a sustainable quality of life for all citizens.

Policy Lever 2: Integrated transport and mobility

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5 The summary of policy levers provided here has been lifted from the document, pages 39-41. For each Policy Lever, the IUDF document describes policy lever in detail, provides status quo, identifies opportunities and challenges as well as short-to-medium and long term policy priorities.
Cities and towns where people can walk, cycle and use different transport modes to easily access economic opportunities, education institutions, health facilities and places of recreation.

**Policy Lever 3: Integrated sustainable human settlements**

Cities and towns that are spatially equal, integrated and multi-functional, in which settlements are well connected to essential and social services, as well as to areas of work opportunities. One of the short-medium term policy priorities under this lever is Redevelopment of townships, with the focus here being on” investing in public infrastructure, strengthening the transport links between townships and areas of economic opportunities, and improving public health and education.”

**Policy Lever 4: Integrated urban infrastructure**

Cities and towns that have transitioned from traditional approaches to resource-efficient infrastructure systems that provide for both universal access and more inclusive economic growth.

**Policy Lever 5: Efficient land governance and management**

Cities and towns that grow through investments in land and property, providing income for municipalities that allows further investments in infrastructure and services, resulting in inclusive, multi-functional urban spaces.

**Policy Lever 6: Inclusive economic development**

Cities and towns that are dynamic and efficient, foster entrepreneurialism and innovation, sustain livelihoods, enable economic growth, and generate the tax base needed to sustain and expand public services and amenities.
Among the short-medium term policy priorities under this lever are the following:

- Strengthen the economic role of municipalities;
- Strengthen municipal institutional capacity in economic development;
- Strengthen support for small and medium sized towns;
- Support municipalities in building and using economic intelligence;
- Initiate shared economic development strategies for cities and towns; and
- Strengthen roles and leverage partnerships with other stakeholders;
- Create the local conditions for supporting enterprise development and growth;
- Progressively improve inclusive economic infrastructure and services;
- Support community-based enterprises and work; and support urban livelihoods as a core principle of inclusive urban management.

These policy priorities detailed under these pillar has resonance with the development of the project at hand—Citywide Township Economic Development Programme.

**Policy Lever 7: Empowered active communities**

Cities and towns that are home to socially and culturally diverse citizens, who are actively involved in city life and committed to making South Africa work.

**Policy Lever 8: Effective urban governance**

Cities and towns that have the necessary institutional, fiscal and planning capabilities to build inclusive, resilient and liveable urban spaces.

**Policy Lever 9: Sustainable finances**

Cities and towns that are supported by a fiscal framework that acknowledges the developmental potential and pressures of urban spaces, manage their finances effectively and efficiently, and are able to access the necessary resources and partnerships for inclusive urban growth.
National Cabinet also approved the **IUDF Implementation Plan 2016-2019**. The Implementation Plan provides:

- The Guiding Principles;
- Roles and Responsibilities of various stakeholders including national government, provincial government, local government, state-owned entities, the private sector, citizens and support structures such as South African Local Government Association and South African Cities Network. The Department of Co-operative Government is responsible for integrated urban development and the collaboration of all stakeholders to ensure successful implementation, monitoring and review of the implementation plan.
- The Implementation Schedule.
- Short-term priorities (2016-2019)

As a concluding remark, it is important to note that the Integrated Urban Development Framework has implications for Steve Tshwete Township Economic Revitalisation Strategy and Policy Priorities proposed in the Framework need to be taken into account in formulation of the Strategy.

### 2.10 Guidelines for Reducing Municipal Red Tape

The guidelines for reducing municipal red tape were a result of the collaboration between the Department of Trade and Industry (the dti) and the Department of Cooperative Government and Traditional Affairs (CoGTA). The guidelines were informed by the results of a pilot that involved 12 municipalities conducted in 2011/12. The purpose of the guidelines is “to provide municipalities and businesses with practical tools and resources to address municipal red tape issues that have the potential to improve the business environment for small businesses.” Red tape is seen as a hindrance in creating jobs in the South African economy.

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6 See Guidelines for Reducing Municipal Red Tape: How Municipalities can Improve Service Delivery that Supports Small Business. The dti and CoGTA
The Red Tape is defined as:

“Rules, regulations, and/or bureaucratic procedures and processes that are excessively complex and which impose unnecessary delay(s), inaction and/or costs that exceed their benefits, and/or is no longer effective in achieving the purpose for which they were originally created. ...”

The document identifies four main causes/levels of red tape that need to be addressed under the following levels: Cultural and political level, Organisational level, Processes and Administrative Systems level and People level.

Red Tape has negative impact on businesses and municipal customers and some of these relate to excessive costs that are experienced by business and citizens and this tend to compromise growth, survival or sustainability of businesses, which ultimately has an adverse impact on job creation and municipal revenue.

Section 2 of the document lists Guidelines and Tips for Addressing Specific Municipal Red Tape Issues Impacting on Small Businesses and these are:

- Improving Municipal Service Delivery: Citizen Service Charters And Complaints Notification Systems;
- Improving Municipal Business Communication And Customer Relationship Management;
- Improving Municipal Policies, By-Laws And Regulations;
- Improving Supply Chain Management Processes;
- Speeding up Land Development Processes and Time Frames;
- Speeding up Building Plan Approval Processes and Time Frames, and;
- Better Management of Informal Trading.

For each of these guidelines and tips, the document provides an illustration of a Red Tape problem, an example of the cause, example of impacts of the red tape problem and example of Red Tape Solution.

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7 Ibid. page 8.
It is critical to note that Red Tape can easily adversely affect the implementation of the Steve Tshwete Township Economic Revitalisation Strategy if no necessary actions are taken to address red tape that can be identified as posing risks to implementation of the Programme in order to support township businesses and entrepreneurs, and job creation.

2.11 The National Informal Business Upliftment Strategy

The National Informal Business Upliftment Strategy (NIBUS) seeks “to systematically support the informal business sector, the intention being that such support will eventually allow for the graduation of many informal businesses into the mainstream of South Africa’s formal economy.”

The NIBUS recognises a number of challenges with which informal business area faced, which among others, include: lack of access to finance and financial services, access to markets, skills development and technology support, business infrastructure, poor stakeholder management systems, and lack of access to knowledge management (information) and capacity-building opportunities. Apart from these challenges, informal businesses indicate that a major challenge they face is that government and big business tend to see them “as a nuisance and not a significant contributor to the economy, despite the fact that it contributes almost R42 billion to GDP.”

Informal economy is recognised as a major contributor to the South African economy as exemplified by:

- 2.8 million people were employed in the informal economy in the second quarter of 2018.
- Informal sector makes up 18% of the South Africa’s Gross Domestic Product.

The NIBUS targets the following priority sectors:

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9 The NIBUS, p.10
10 StatsSA data
11 Ryan (2018): SA’s booming informal economy
• Trade/retail—spazas, street vendors, sheebens, general dealers, waste collectors and so on.
• Manufacturing—clothing and textiles, arts and crafts, chemicals, furniture, etc.
• Services—beauty and saloons, car wash, bush mechanics, panel beaters/spray painters, transport, entertainment, financial services (e.g. stokvels), IT providers (mostly township businesses).
• Agriculture—primary and agro-processing (rural development).
• Construction and maintenance (artisans)—plumbers, painters, tilers, builders, and so on.

Basic tenets of Programmatic Interventions proposed in the NIBUS can be summarised as follows:

• Creating an enabling legal and regulatory environment such as business licensing, reducing red tape, aligning by-laws to be responsive to the developmental agenda, intellectual property, etc.
• Enterprise Development (financial and non-financial) support such as enabling access to finance, proving infrastructure, access to markets, and training and development (mentorship), incubation and technology and so on.
• Better Inter-Governmental Co-ordination/Relations among all spheres of government and agencies so that there is a better coordinated system for policy development, resources, programme development and implementation.
• Stakeholder Management such that, among others, government private sector/business associations, civil society, SETAs, academic institutions and donor agencies pool resources for integrated capacity enhancement initiatives and delivery strategies.
• Information/Knowledge Management which will include research, communication, product development, data management systems, one-stop-shop, capacity building and so on.

The Informal Business Upliftment Instruments in terms of NIBUS are as follows:

• Shared Economic Infrastructure Facility (SEIF): covers the funding of a common infrastructure that is either new, upgrading or maintenance and shared by a certain
number of businesses. This facility entails 50/50 contribution with a municipality or province.

- **Informal and Micro Enterprise Development Programme (IMED):** will be targeted to informal businesses that prioritise women, youth and people with disabilities based in townships, rural areas and depressed areas in towns and cities. The facility will cover skills development, compliance support, equipment, machinery, infrastructure and technological support.

- **Informal Trader Upliftment Project (Pilot):** the Department of Small Business Development has formed a partnership programme with the Wholesale and Retail SETA that offer skills and infrastructure support for entrepreneurs who are street traders, home based (spaza shops) retailers and those trading in markets.

The NIBUS presents a Vuvuzela Graduation Model\(^\text{12}\) which shows how informal traders can be assisted to graduate from one level to the next up to becoming fully fledged incorporated companies such as SMMEs, Proprietary companies or Co-operatives. However, this can only be achieved if they are willing and committed to upgrade to higher levels.

Steve Tshwete Township Economic Revitalisation Strategy will benefit from the instruments that are presented in the National Informal Business Upliftment Strategy. It will therefore be critical that Steve Tshwete partner with the Department of Small Business Development in order to access instruments that can support the implementation of the Strategy.

### 2.12 Integrated Strategy on the Development and Promotion of Co-operatives

The Strategy aims to promote co-operatives in order to unleash their potential to create and develop income generating activities and decent, sustainable employment; reduce poverty, develop human resource capacities and knowledge; strengthen competitiveness

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\(^{12}\) See The NIBUS, page 47.
and sustainability; increase savings and investment; improve social and economic well-being; and contribute to sustainable human development.13

Challenges associated with Co-operatives Development

The Strategy identifies a number of challenges that are associated with Co-operatives Development in the country such as those are related to:

- **Co-operative management challenges**, including:
  - Poor management and technical skills;
  - Limited trust and social cohesion;
  - Low democratic decision-making skills within the co-operatives;
  - Limited co-operation among co-operatives;
  - Limited appreciation of collective interest above individual interest;
  - Compliance with the Co-operative legislation among new co-operatives.

- **Market challenges**, which include, for instance, the following:
  - Undeveloped networks and economic value chains; and
  - Limited access to markets.

- **Challenges in the Co-operative Organisational Structure**, which generally entails lack of strong and viable co-operative associations and organisations—such as non-existence of a national apex organisation for co-operatives capable of promoting co-operatives.

- **Challenges related to Government** such as:
  - Poor coordination as a result of lack of clarity of roles and contributions of different spheres of government;
  - Accessibility of co-operative registration to local communities resulting in co-operatives spending large amounts of money to access services of the Registrar;

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o **Limited promotion and awareness** of the co-operative business model resulting in key sectors (public, private and society) not fully understanding the co-operative model and its inherent value;

o **Avoidance of formalisation by informal self-help groups** because of perceived hassle associated with registration of co-operatives—including burdensome paperwork, tax liability and lack of information on the benefits of formalisation.

o **Limited access to finance** as a result of limited sources of funding compared to other forms of enterprise. Development Finance Institutions and private financial institutions often do not understand the structure of co-operatives.

**The Four Strategic Pillars and Support Programmes**

The Strategy document provides strategic pillars which form the overall and generic support instruments designed to respond to various market segments and the challenges facing co-operatives in the country.

a) **Strategic Pillar 1: To increase the Supply of Non-Financial Support Services to Co-operatives**

This pillar includes the following support programmes:

- Co-operatives Business Development Support Programme (CBDSP)
- Legislative Compliance education and Training
- Registration of Co-operatives
- Enforcement, Conflict-resolution, investigation and Proactive inspection

b) **Strategic Pillar 2: To Create Demand for Co-operative Products and Services**

The focus of this pillar is on providing access to markets support programmes, which are:

- Bilateral and multilateral agreements;

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14 The Strategy, for each support programme, provides in detail the description of the programme, market segment, challenges being addressed, institutional arrangements and key performance indicators. (pp. 69-83).
• Export marketing and investment assistance; and
• Ten products\(^{15}\) for targeted procurement from small enterprises, including co-operatives.

c) **Strategic Pillar 3: To Improve the Sustainability of Co-operatives**

The support programmes under this pillar are designed to lead to sustainability of co-operatives and include the following:

• Enterprise network programme;
• Business infrastructure support; and
• Taxation of co-operatives.

d) **Strategic Pillar 4: To increase the supply of financial services to co-operatives**

This pillar focuses on providing financial support programmes and these are:

• Micro-loans support through wholesaling; and
• Co-operative incentive schemes; and co-operative special project fund.

This strategy presents a number of support instruments which could assist in the implementation of the Steve Tshwete Township Economic Revitalisation Strategy by supporting business development of entrepreneurs who could decide to incorporate their businesses as co-operatives.

2.13 **Regional Industrial Development Strategy (RIDS)**

The RIDS has relevance for co-operatives in that, to promote regional industrial development, it proposes the establishment of special economic zones, industrial parks, logistical parks, industrial parks, innovation hubs and other measures such as promoting regional growth coalitions and supporting industrial clustering among firms, including co-

\(^{15}\) These products are as per Cabinet decision in 2007 that 85% of expenditure be on these products as listed in the Strategy document (p.73)
operatives. Furthermore, the RIDS proposes the establishment of a Systematic Competitiveness Facility or Thematic Fund to support regional development initiatives, and part of the Fund is set aside as a support facility for innovative start-ups, including SMMEs and co-operatives.

Clearly, SMMEs and co-operatives who will benefit from the Steve Tshwete Township Economic Revitalisation Strategy can benefit from the support offered through the RIDS, in particular from the Competitiveness Fund.

2.14 The October 2012 Special Presidential Package

The Special Presidential Package is a product of organized business, organized labour, government and the community who met in 2012 to respond to the economic challenges agreed to at the High Level Dialogue on the Economy chaired by President Zuma. The overall purpose of the package is to instil confidence in the economy and to indicate to the nation that social partners will collectively and individually act decisively to promote inclusive growth, job creation and social stability.

The package is comprised as follows:

- “Building confidence in labour market institutions and taking steps to address income inequalities and promote greater social cohesion
- Action to combat violence and lawlessness and to stabilise communities and build wider support for the law enforcement agencies to carry out their work
- Addressing socio-economic challenges, through measurable progress on infrastructure development, youth employment, living conditions for miners and communities with sustainable human settlements, support for companies and workers affected by the economic slowdown, public employment programmes (CWPs and EPWPs), fast-tracking commitments in the social accords agreed in 2011, social security and health insurance reform and action to address reckless lending and growing debt levels.\(^\text{16}\)"

\(^{16}\) The Presidency (2012): Release of the Full Package on the Economy
With regards to “addressing economic and socio-economic challenges”, the living conditions for miners and the promotion of sustainable human settlements for all communities is one of the key pillars. This would need to be anchored by infrastructure development, housing delivery and institutional capacity development particularly at local government.

2.15 The Mining Towns and Communities Revitalisation Programme

In late 2012, an Inter-Ministerial Committee for the Revitalisation of Distressed Mining Communities was established to address Part 3 of the Social Accord (SPP): Addressing socio-economic challenges in mining districts and their labour sending areas. The IMC has focused on:

- Integrated and sustainable human settlements, led by the DHS and supported by its agencies, e.g. NHFC, HAD;
- Improved socio-economic conditions, led by the dti, DCO, Department of Traditional Affairs, DRDLR and supported by EDD, Treasury, DBSA, SALGA, IDC, MISA;
- Improved working conditions of mine workers led by Department of Labour, and;
- Decent living conditions for mine workers and meaningful contribution to the development trajectory of mining towns and labour sending areas, led by DMR.

Nineteen mining areas in six provinces and their associated labour sending areas have been prioritised for the revitalisation of distressed mining communities. Please note the incorporation of the Northern Cape as per the March 2016 IMC meeting.
In all the identified areas, significant funding has been set aside for the revitalization programmes through several grant funding instruments.

3. The Provincial Policy Context

3.1 Mpumalanga Vision 2030

In line with the Mpumalanga Spatial Development Framework, the Mpumalanga Vision 2030 document (2012) formulated a spatial rationale for the province which is based on the following eight Key Drivers:

Key Driver 1: Nodal Development Key Driver 2: Business, Commercial and Industrial Development Key Driver 3: Tourism Development Key Driver 4: Forestry Development Key Driver 5: Agricultural Development Key Driver 6: Mining and Energy Related Development Key Driver 7: Urban Development Key Driver 8: Rural Development

Key Drivers 1 to 6 are focused towards promoting economic development and job creation according to the space economy, which is key to supporting the Township Economic Revitalisation Strategy in which economic development activities will be identified. This will also be supported by the focus on Urban Renewal and Revitalisation of all business/commercial areas and residential neighbourhoods in cities and towns, which includes townships.
Key Drivers 7 and 8 are focused on the creation of sustainable human settlements in and around these priority nodes/areas identified in urban and rural areas. The strategy resonates very well with the IDP of the STLM, The LED strategy and the Investment Programme designed and further identified in the Provincial Industrial Plan. So the alignment of the plans and proposed spatial areas must be considered to synergise both initiatives from the District and Local Municipality.

**3.2 Mpumalanga Spatial Development Framework, 2019**

The Provincial Spatial Development framework seeks has identified key interventions to promote and support township entrepreneurs, and is as follows:

- Improve access to capital and market to the local township entrepreneurs
  - Link the townships with the proposed key and alternative growth centres and agri-parks.
  - Create township entrepreneurship development programme and build capacity of local people.
- Increase government spending on township economies and encourage government departments to procure from townships
- Encourage local municipalities to develop flexible by-laws and land use regulations for the townships and provide incentives to the township business owners and investors
- Develop necessary infrastructure and linkages for movement of people and goods to and from the townships
- Encourage development of small scale retail spaces and discourage development of large malls and supermarkets in and around the townships
- Explore and market tourism potentials of the townships

Steve Tshwete is one of the targeted areas to receive support from the Province.
3.3 Mpumalanga Industrial Action Plan

The Mpumalanga Industrial Development Plan portrays STLM as an area predominately focused on agriculture, mining and manufacturing. These is based on the business activity analysis in the main towns of Middleburg, Hendrina, Pullenshope and Rietkuil. Manufacturing through Metals Beneficiation Cluster has a big potential to boast employment and economic development in the SMME and informal sector if persuaded with the right supporting structure to ensure sustainability and capacity development.

Agriculture and Rural development Programs that will focus on providing support to existing and aspiring cooperatives, famers and related infrastructure needs to maintain a balance with established urban nodes, create markets and create jobs, establish local women’s groups, promote enterprise development and SMME. Agro-Processing and packaging services can increase employment opportunities in the Agricultural areas within the District and can be well located in the Loskop Valley area and thus further taking advantage of its proximity to both the N11 and N4 corridors.

The Mpumalanga Industrial Action Plan aims to build robust partnerships between Government, industry and related stakeholders to ensure a coherent system of supportive initiatives within identified areas of industrialisation. The industrial Plan aims to achieve its short and long-term inter-related goals of:

- Developing an integrated and diversified industrial base in the Province;
- Developing high technology labour intensive manufacturing industries;
- Developing inter-sectoral linkages that will localise the supply chains within the Province, with major companies in the mining and energy sectors;
- Enhancing value addition through the upgrading/development of local suppliers to enter the supply chains of major industries in the Province;
- Distribute development investments over a range of industries so as to prioritise job creation;
- Expanding sustainable and value adding employment opportunities; and
• Planned infrastructure investment so as to maximise the potential of major industry sectors, both in the short and long term.

The development of the Plan was based on a comprehensive analysis of the situation and trends in the Province, leading to the identification of industrial growth and development opportunities, and finally to a realistic set of prospects for industrialisation in the Province. The Industrial Action Plan is in line with the Steve Tshwete Local Municipality’s plan for an inclusive economic and enterprise development model that seeks to mainstream the participation of women and youth and thus plug the unemployment gap and promote economic sustainability through clear plans targeting the affected beneficiaries and integrating rural communities in the main economic stream.

3.4 Mpumalanga Growth and Development Path

Mpumalanga Growth and Development Path indicate a clear commitment towards industrialisation by the Provincial Government, through enabling infrastructure development and resource allocation, among others. Furthermore, the Plan aims to build robust partnerships between Government, industry and related stakeholders to ensure a coherent system of supportive initiatives within identified areas of industrialisation. The local stakeholders should assisted by the partners and government agencies to prepare for the uptake of the new project as a business and participate meaningfully in their economic development through organising themselves into properly constituted companies and cooperatives respectively.

The Mpumalanga Economic Growth and Development Path (MEGDP, 2011) underpins the following two spatial strategic objectives:

• Actively promote and support economic growth and development in terms of the provincial economy, its linkages to the national and international economy and with an emphasis on provincial priorities such as targeted growth areas, priority
sectors and corridors as well as developmental priorities such as employment and eradicating poverty.

- Facilitate and provide essential services in social and human development in areas such as health, education, social welfare, community safety and with an emphasis on human capital development including human resources development and skills development.

MEGDP aims at creating labour absorbing economies and has identified the following initiatives to propel economic growth:

- Infrastructure development;
- Climate change and green economy;
- Agriculture and agro-process and rural development;
- Minerals and beneficiation;
- Manufacturing;
- Knowledge based economies;
- Tourism and business services;
- Social economy;
- Public sector, and;
- The regional economy.

The sector plans as identified by the Province provide the basis and context of District and Steve Tshwete’s LED Strategy to support township businesses. The Development and Growth of the Province path’s objectives and the District Economic Development Strategy aligns very well with Steve Tshwetes’s economic goals based on Mining and Metal and the need to establish a Centre of Excellence on Mining Metals and Manufacturing sector to enhance job.

Central to the District’s Economic Strategy includes SMME Development and support, establishment services, expansion and expanding links with big business, to stimulate employment opportunities and economic growth.
4. The Municipal Policy Context

4.1 IDP Framework

The STLM’s IDP 2017 -2022 place emphasis on the need to provide infrastructure and upgrading of roads, electrification of informal settlements, establishment of agri-villages, community centres and provision of basic services to the all the different wards within the Municipally. The IDP further acknowledges the effects of the decaying infrastructure on power supply and related services and the need to respond accordingly. The need to integrate economic development though different platforms including retail to be prioritised in the towns outside Middleburg.

The IDP further highlights the need for improved maintenance of road networks to provide logistics networks to the communities in the different towns, which will improve internal trade, better access to job opportunities and economic development. The IDP is regarded as an important tool to guide the development of STLM as it integrated through the district, provincial and national dynamics in local planning.

Steve Tshwete is strategically located to the following corridors; the Maputo Development Corridor; the Middelburg Steelport Mining Resource Link, and; Middelburg, Bethal, Ermelo, and Richards Bay Corridor, which should be used to strengthen the economic base of the municipality.

The IDP identified the following economic opportunities to drive local economic development: beneficiation of natural resources; economic benefits to accrue to youth and woman in the following sectors - mining, agriculture, manufacturing, and Eskom utilities; development of new Industrial Developments like Saw mill, the Steel Metal and Fabrication Hub to facilitate local economic development, and; Industrial Park adjacent to Mhluzi to generate job creation and SMME development.

The identified opportunities would need to be aligned to the Township Economic Revitalisation Strategy and ensure they create opportunities to township businesses and job creation.
4.2 LED Framework

The STLM Local Economic Development Strategy is an integrated plan that is informed by the legislative and policy framework of the National, Provincial and the District Government. This integration seeks to integrate of planning by aligning resource and ensuring a coordinated delivery at local level.

The STLM LED strategy is aims to make an impact through:

- Promoting investment along the N4 development corridor with specific focus on enhancing the stainless steel cluster in Middelburg;
- Focus on the sustainable extraction and beneficiation of local minerals with comprehensive mining rehabilitation programs to enable the re-used of mined land;
- Facilitate the beneficiation of local agricultural produce and export finished products. Promoting Steve Tshwete as an eco-tourism destination of choice;
- Continuous maintenance and upgrade of infrastructure and engineering services in order to meet business and industry development;
- Development of human capital in manner that links formal academic education to industry-based training in order to meet the skills requirements of the leading local economic sectors;
- Development of a regulatory environment that promotes small and medium enterprise growth, for example, preferential procurement, Broad Based Black Economic Empowerment initiatives, and finally;
- Development of township economy.

In formulating a Township Economic Revitalisation Strategy for the STLM, it is important that reference is made to the IDP and the LED strategy document as they chart the STLM commitments and way forward on this matter. It is important to seek synergy and leverage from existing programmes and plans given that they have gone through the process of
governance with the municipality and have the approval and support of the political champions and budgets.

4.3 The Middleburg CBD Development Plan

The overall aim is to develop a CBD Urban Development Framework and Revitalisation Strategy for Middelburg town that shows how the town centre and its surrounds can be revitalised and enhanced, creating an attractive, vibrant, people-friendly and prosperous town.

The CBD Urban Development Framework and Revitalisation Strategy will also aim to achieve the following objectives:

- Establishing an Integrated Network of Streets and Public Space Areas;
- Creating a Sense of Place;
- Defining the priority Public Open Space as Focal Points;
- Cater for the Integration of social amenities within the Urban Development Framework;
- Addressing safety and security through innovative planning and design;
- Ensuring Sustainability of the total urban environment;
- Bringing about/facilitating private investments within the CBD area;
- Aim for multi-functional precincts comprising mixed land uses;
- Creating partnerships between the public and private sector;
- Maintaining and developing functional and appropriate public spaces;
- Making strategies locally based and flexible, and;
- Identifying a number of priority projects and interventions to be implemented to set the revitalisation process in motion.
SECTION 2: SOCIO-ECONOMIC PROFILE

1. Spatial Context

One of the most important features of the Steve Tshwete LM (STLM) is the fact that the intersection between two national transport corridors, the N4 (Maputo Development Corridor) and the N11 (Middelburg/ Bethal/ Ermelo/ Richards Bay Corridor) is located in the central part of the Municipality at Middelburg Town. These provides a wider network enabling business development around the Municipality and the District of Nkangala and boost business activities.

Middelburg is the primary activity node within the municipal area, followed by Hendrina towards the south-east. Furthermore, a number rural settlements and villages are found in the LM, located especially to the South of The N4 Freeway.

Middelburg and Witbank (situated in the adjacent Emalahleni Municipality) are the highest order settlements within the Nkangala District. These towns offer the full spectrum of business and social activities and both towns have large industrial areas. The towns fulfil the function of service centres to the smaller towns and settlements as well as farms in the District. Middelburg is identified as one of seven Primary Nodes within the Mpumalanga Province Spatial Development Framework.

Finally Steve Tshwete can be regarded as one of the commercial hubs in Mpumalanga with a higher average household income compared to other municipalities. Its local economy is one of the largest economies in the district context and is dominated by the mining sector,
manufacturing and finance sector and provides an opportunity for expansion through beneficiation policy/programs that the STLM must enforce to maximise the participation by SMME, youth, women and people living with disabilities.

The Municipality is home to a number of large industries such as Columbus Steel (therefore the strap line “the home of stainless steel”), three Eskom power stations, the Nkangala District Municipality headquarters and various government departments. The Mpumalanga Industrial Development Plan categorises the municipality as the Mining and Metals Hub and the right location for the Centre of Excellence on Mining, Metals and Manufacturing. The opportunities presented through these road networks can be summarised as follows:

- The economic opportunities and potential associated with the Ports of Maputo in Mozambique and Richards Bay in South Africa;
- The N4 Maputo Corridor which links the City of Tshwane (Gauteng) with the City of Maputo (Mozambique);
- The N12 routes which links Nkangala (STLM) to the economic opportunities within the Ekurhuleni and City of Johannesburg Metropolitan Municipalities;
- The N11 route which provides a north-south link between the Nkangala District and the provinces of Limpopo and KwaZulu-Natal;
- These national routes also provide transportation linkages to tourism opportunities in Maputo, Limpopo, Kruger National Park, KwaZulu-Natal north-coast and regional opportunities at Sabie, Graskop, Lydenburg, Pilgrim’s Rest, Hoedspruit, Belfast and Dullstroom, and;
- At a local level, R555 connects Steve Tshwete and Emalahleni Local Municipalities and associated opportunities linked to large traffic volumes. This is important since these two municipalities are the anchors of the regional economy.
2. Population Size and Growth Rate

Nkangala District had a population of 1,445,624 people in 2016 and makes up 33% of the total population in Mpumalanga Province, with Steve Tshwete recording a population of 278,749 people in 2016 from 229,831 in 2011.

Source: StatsSA, Community Survey 2016

Steve Tshwete makes up 19% of the District’s population, with Emalahleni making up 31% followed by Thembisile (23%). Steve Tshwete’s population is estimated to reach 317,187 in 2019, an estimated growth of 14% from 2016.

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17 Socio-economic profile of Steve Tshwete, DEDT, 2018
Nkangala experienced a higher growth rate of 2.3% in its population between 2011 and 2016 compared to the Provincial growth rate of 1.6%, with Steve Tshwete experiencing higher growth rates than the District of 4.4%. The population breakdown consist of 58% male compared to 48% of the female population in 2016.

Source: Steve Tshwete Township Development Strategy, 2018
The Steve Tshwete Local Municipality (STLM) consists of the following fifteen towns: Middelburg, Mhluzi, Hendrina, Kwazamokuhle, Rietkuil, Pullenshope, Komati, Presidentsrus, Naledi, Lesedi, Kranspoort, Blinkpan, Koornfontein, Kwamakalane and Doornkop.

3. Age Distribution

The majority of the population in the Nkangala District (69%) falls within the economically active population which should be seen as positive contribution to economic growth due to a higher labour force, provided that they can find jobs and entrepreneurship is encouraged and supported. With Steve Tshwete recording a higher percentage than the District (73%), indicating a sligher higher number of economically active population.

Source: StatsSA, Community Survey 2016

The youth make up 41% of the total population in the municipality.
4. Educational Profile

Only 9% of the people residing in Nkangala have no schooling, with 4% having some primary education, and only 4% having completed primary education. A higher number have completed some secondary (36%).

Only 6% of the people residing in Steve Tshwete have no schooling, with only 3% having completed primary education. A higher number have completed some secondary (41%) while 13% have completed their higher education. The low levels of educational attainment will contribute to the high levels of unemployment in the District and Local municipality.

Steve Tshwete’s matric pass rate fell slightly in 2018 to 84.3% from 85.6% in 2014\(^\text{18}\). the municipality is ranked 3 in the province with regards to matric pass rate\(^\text{19}\), and this positive rate will need to be met by increased accommodation of matriculants into higher education facility and/or employment market.

\(^{18}\) Socio-economic profile of Steve Tshwete, DEDT, 2018  
\(^{19}\) Socio-economic profile of Steve Tshwete, DEDT, 2018
5. Unemployment

Unemployment in Steve Tshwete slightly increased to 17.6% in 2017 from 16.8% in 2014, and it has the lowest unemployment rate in the province\textsuperscript{20}. Woman make up 22.8% of the unemployment rate and man 14.3%\textsuperscript{21}. Youth unemployment stood at 27.1% in 2016\textsuperscript{22}. The low levels of educational attainment and lack of skills will contribute to the youth and women unemployment levels, which calls for increased capacity building or skills development through higher education facilities and TVET colleges.

6. Human Development Index

Steve Tshwete has the highest HDI in the province, it experienced an increase from 0.66 in 2011 to 0.69 in 2017\textsuperscript{23}. However, poverty levels increased from 24.8% in 2014 to 28.5% in 2017, the number of people living below the poverty estimated at 76 459 in 2017\textsuperscript{24}.

\textsuperscript{20} Socio-economic profile of Steve Tshwete, DEDT, 2018
\textsuperscript{21} Socio-economic profile of Steve Tshwete, DEDT, 2018
\textsuperscript{22} Socio-economic profile of Steve Tshwete, DEDT, 2018
\textsuperscript{23} Socio-economic profile of Steve Tshwete, DEDT, 2018
\textsuperscript{24} Socio-economic profile of Steve Tshwete, DEDT, 2018
7. Health Indicators

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<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>HIV 1st test positive (as proportion of 15-49 yrs population)</td>
<td>10.3%</td>
<td>6.3%</td>
<td></td>
</tr>
<tr>
<td>Total clients remain on ART</td>
<td>9,981</td>
<td>18,428</td>
<td></td>
</tr>
<tr>
<td>Infant PCR test positive around 10 weeks</td>
<td>-</td>
<td>0.95</td>
<td>N/A</td>
</tr>
<tr>
<td>Immunisation coverage &lt;1 yr rate</td>
<td>70.4</td>
<td>68.6</td>
<td></td>
</tr>
<tr>
<td>Neonatal mortality in facility rate per 1 000 live births</td>
<td>3.5</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Maternal mortality rate per 100 000 live births</td>
<td>147.3</td>
<td>99.6</td>
<td></td>
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<tr>
<td>Death in facility under 5 years</td>
<td>6.5</td>
<td>1.2</td>
<td></td>
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</tbody>
</table>

Source: Socio-economic profile of Steve Tshwete, DEDT, 2018

The improved health indicators will improve the human capital and increase the Human Development Index, and the life expectancy in STLM. This will also contribute to the human capital development of the labour force to ensure that it is healthy and thus productive.

8. Housing

The majority (82%) of households residing in the Nkangala District are living in formal dwelling, and 83% in Steve Tshwete. Only a small percentage (2%) are still living in traditional dwelling across the District and in Steve Tshwete. With regards to informal dwelling, 15% of households are living in such structures in the District, and 14% in Steve Tshwete.
9. **Access to Services**

Most households (94.5% - 2016) located within the Steve Tshwete LM are provided with water by means of a regional/local water scheme (operated by municipality or other water services provider). Although, households located within the rural parts of the LM mainly utilize a borehole as source of water (41.1%). Most households within the LM have access to piped water within their dwelling (63.3%) or within their yard (23.8%).

Households within the Steve Tshwete LM are also generally well provided for in terms of proper sanitation facilities. Most households (78.7% - 2016) within the LM have access to a flush toilet (connected to a sewerage system). However, 28.3% of households located within the rural parts of the LM only have access to a pit latrine without ventilation.

The number of households that have access to electricity as primary form of energy or fuel for lighting decreased slightly from 91.1% in 2011 to 89.7% in 2016. Approximately 36.8%
households located within the rural areas of the LM, are, however, still reliant on candles as primary form of energy, or fuel for lighting.

Most households within the LM have their refuse removed by the local authority at least once a week (75.8% - 2016), whilst households located within the rural areas are primarily reliant on their own refuse dumps (60.3%).

In general, the level of engineering services within the Steve Tshwete LM is satisfactory. Room for improvement is noted in terms of service provision within the rural areas of the LM and in some of the informal settlements.

<table>
<thead>
<tr>
<th>Challenges Faced by Municipalities in Mpumalanga</th>
</tr>
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<tbody>
<tr>
<td>Lack of safe and reliable water supply</td>
</tr>
<tr>
<td>Lack of employment opportunities</td>
</tr>
<tr>
<td>Inadequate roads</td>
</tr>
<tr>
<td>Cost of electricity</td>
</tr>
<tr>
<td>Cost of water</td>
</tr>
</tbody>
</table>

Source: StatsSA, Community Survey 2016

The major problems faced by municipalities in the Mpumalanga Province is the lack of safe and reliable water, lack of employment opportunities, inadequate roads, cost of electricity and water.
The majority of people residing in the District indicated that they receive a good service in relation to public schools (66%) and electricity supply (53%). With 29% indicating that they are receiving poor water services and 4% having no access to water supply. 11% of households still don’t have access to electricity supply, 21% don’t have access to refuse removal and 12% don’t have access to sanitation. Overall, there is a need to improve service delivery as a number of households indicated that the services received was poor and average.

10. Conclusion

In summary, Steve Tshwete faces the following challenges as per the socio-economic profile:

- lack of employment opportunities;
- high costs of electricity and water supply;
- inadequate housing, and;
- poor access to water and sanitation services.
SECTION 3: ECONOMIC PROFILE

1. Introduction: Steve Tshwete’s Economic Overview

Mpumalanga province and the Nkangala district exhibit a large percentage rural population, and the industrialisation of the rural nodes will be critical for both socio-economic development and to control rural-to-urban migration. Rural industrialisation involves measures and initiatives that encourage new and existing enterprises to locate in rural nodes away from urban areas. This requires highly efficient logistical links with urban nodes, and it is therefore critical that the development of the rural corridors and township economy become integral to any development approach to alleviate the overcrowding in the urban areas due to limited resources in the rural communities. The STLM’s spatial framework proposes a number of interventions that suggest an economic mix, including nodal development approach, SEZ, industrialisation, SMME, Tourism, Agriculture and more imponently institutional capacity building through the proposed Centre of Excellence in Middleburg.

The Municipality through its rural bases provides the much needed labour to the different sector and skills enhancement can be boosted through concerted efforts directed at youth and the economy. The economic attributes of the Steve Tshwete Local Municipality can be summarised as follows:

- Steve Tshwete Local Municipality is centrally located in the Nkangala District Municipality (NDM) in the town of Middleburg which also serve as the economic centre of Mpumalanga. The spatial location provides Steve Tshwete with a strategic location in terms of the national N4 and N11 corridors, together with regional rail linkages to Maputo and Richard’s Bay;

- Regional development corridors that affect the municipal area include the Maputo Development Corridor, the Middelburg/ Steelpoort mining resource link, as well as the Middelburg/ Bethal/ Ermelo/ Richards Bay Corridor;

- At a local level, the Midleni Corridor (R555) between Middelburg Town and eMalahleni (Witbank) also offers development opportunities and serve to connect
the mining towns of Burgersfort and Steelpoort and thus increase economic activities in the neighbouring rural communities and towns;

✓ The Steve Tshwete municipal area is predominantly rural in nature. Middelburg and Hendrina are the primary and secondary service centres, with smaller settlements and villages dispersed throughout the municipal area. These two urban centres offer the majority of community facilities to the extensive rural areas. The rehabilitation of mining areas, and the general mining procedures and processes followed are sometimes inadequate, which results in the degradation of the environment;

✓ The area’s economy is the second largest in the NDM, and is largely based on Eskom power stations, local coal mines, Columbus Steel, strong agricultural activity and tourist attractions. Environmental and Conservation education is very critical to main a friendly eco-system for sustainable development and further development of Tourism opportunities in the area. It also has strong functional ties with eMalahleni to the west. The Manufacturing sector in STLM is strong and can be enhanced to develop local SMMEs through partnerships established industries;

✓ Labour-intensive agricultural enterprises (small-scale farming) and agro-processing could be promoted and supported in order to provide employment opportunities, and also to add value to local produce before it is exported;

✓ Lastly with the right leadership and governance mechanisms, introduction of BBBEE and enabling polices the STLM is well positioned to benefit from the its own resources, networks and mix economy available to diversify the economy and growth within the Nkangala District Municipality area and significantly contributing to the Mpumalanga economy.

2. District Gross Value Add and Growth Rate

The Nkangala contribution the Mpumalanga Province GVA is significant, contributing 43% to the Provincial economy in 2017. However, the Nkangala economy grew at an average of 1% p.a. between 2013 and 2017 similar to the Provincial average growth of 1% p.a.

Table: District and Municipal GVA Contribution
The primary sector contributes a significant 60% to the Provincial primary sector of the economy followed by the secondary sector (43%). Mining is the biggest sector in the District, contributing 66% to the Province's mining sector, followed by electricity (65%), and construction (44%). With manufacturing and agriculture only contributing 34% and 15% respectively.

Steve Tshwete is the second biggest economy in the District, contributing 27% to the Nkangala economy. The economy grew at a higher average rate of 2% p.a. between 2013 and 2017. The manufacturing sector contributes 32% to the District's manufacturing, followed by finance (30%), construction (28%), and with mining and agriculture respectively contributing 27%.

Source: Quanetc data, 2017
3. Employment Contribution

3.1 District Employment

In terms of employment contribution, Nkangala contributes a significant 53% to the Provincial total employment, driven mainly by the secondary sector (40%) followed by the Tertiary sector (34%), and primary sector (33%).

Table: District and Municipal Employment Contribution

<table>
<thead>
<tr>
<th></th>
<th>Primary sector</th>
<th>Secondary sector</th>
<th>Tertiary sector</th>
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<tbody>
<tr>
<td>Nkangala District</td>
<td>33%</td>
<td>40%</td>
<td>34%</td>
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<tr>
<td>Steve Tshwete</td>
<td>26%</td>
<td>27%</td>
<td>22%</td>
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Source: Quantec data, 2017

Steve Tshwete employment contribution to the District comes from the secondary sector (27%) and Primary sector (26%), with the tertiary sector contributing 22%.

Source: Quantec data, 2017
The wholesale trade contributes 18% to Steve Tshwete's sectoral employment followed by mining (17%), and community services (15%). Mining and agriculture contribute 17% and 5% respectively.

4. Sector Analysis

4.1 Manufacturing

Middelburg is the primary node within the STLM and serves as the main commercial and administrative centre within the municipality and is known as the 'Stainless Steel Capital of Africa' because of a number of large steel related industries such as Columbus Steel located within its boundary. Other prominent uses include Eskom (power generation), the Nkangala District Municipality's headquarters and various government departments.

Middleburg and Witbank contribute almost 80% of the coal production that is critically needed for the production of Energy for our country through ESKOM. Middleburg which is the administrative capital of the STLM is viewed as the mining and a metal centre for the Nkangala District and significantly benefits the STLM and its communities.

The Mining and Metals Industrial Centre of Competence covers the region of eMalahleni and Middleburg, the former being biased towards the upstream mining sector and the latter biased towards the downstream manufacturing sector, hence encompassing the full value chain – from mining to fabrication of metal components. The focus here is on production of chromite-based materials through to the production of stainless steel components. It for these reasons, that the development of an integrated Mining and Metals Technology Park is proposed by the Provincial Industrial Plan as a comprehensive facility for promoting industrial development within the mining and metals manufacturing sectors.

The generation of electricity from coal in South Africa results in about 25 million tons of fly ash per annum, of which approximately 80% is attributed to Mpumalanga. Less than 10% of
the fly ash generated is being used constructively. The remaining unused ash is currently inducing disposal and environmental problems.

The Fly Ash Programme which aims to utilise the bi-products from coal to stimulate economic growth and development is supported within the manufacturing context. It is viewed as game changer and likely to attract the participation of both women and youth in the sector and assist in their up-skilling in the engineering, civil construction and jewellery sectors of the business. Fly Ash (Asphalt) can also be used to repair roads and potholes and can be used to reduce road maintenance cost and promote as an alternative material across country and thus expanding the revenue base of the STLM.

4.2 Energy

The Mpumalanga Province and in particular the Nkangala District houses 11 of the country’s 13 coal-fired power stations, and currently provides a total of 28.4 GW (or 67.7%) of the country’s total power generation capacity. In addition, further generation capacity is under construction at Kusile (4.8 GW), Komati, Camden and Grootvlei (3.7 GW), which will add significantly to the Province’s power generation capacity. Although the country is moving towards a diversification of its energy mix towards nuclear power, gas and limited wind and solar power, dependence on coal-based power generation will dominate into the next 20-30 years. It is imperative that efforts to maximise the beneficiation process based on the natural resource availability, diversification, technology and innovation is considered in order to realise the objective of dealing with the challenge of a dominant youthful community and women participation.

Most of these power stations have reached, and most have exceeded, their 30-year design life. There is therefore a massive implication for mechanical maintenance and specialist engineering support services, as indicated in Eskom’s maintenance strategy, particularly over the next five years.

The continuous load shedding and power cuts challenges experienced country is a clear indication that the utilisation of coal power will be hard to avoid for a longer period, hence
the need to capacitate and transfer skills and technologies to the younger generation to fulfill this critical task for the next at least 30 years. These services will include design and fabrication, with a high emphasis on welding-related technology and environmental management capabilities.

4.3 Retail

From the analysis desktop studies undertaken by the STLM, it is clear that the retail facilities are mainly located within the historic CBD’s core of Middelburg and extends onto the activity corridor linking the motor industry node (located to the east of the CBD) with the core CBD along Cowen Ntuli Street. Retail within the CBD is mainly located between Coetzee Street (to the east), Cowen Ntuli Street (to the south), Walter Sisulu Street (to the west) and Joubert Street (to the north).

The key retail anchors located within the CBD are the Shoprite and Checkers / Pep outlets and are located in close proximity to the public transport facilities. Informal sector business operates in the similar space taking advantage of the mobility and concentration of people closer to public facilities and transport.

Given the centrality of Middleburg town, the motor industry is mushrooming along the main Cowen Ntuli street to the East of the Town linking with the residential area of Nasareth and the new housing development towards the N4. In Mhluzi Township like in any township in the country, corner shops, super markets and spaza shops are the basic business operating in the area. The main challenge expressed is that most of the retail activities in the township have been lost to foreign nationals who have overtaken the local in that space.

The building of the New Mall in Zamokuhle in Hendrina will assist to bring people from the neighbouring farms to the centres and indirectly cohesion and harmony amongst the villages. The development will provide job opportunities to the local communities and contribute to their livelihoods and household income, a key step towards poverty alleviation. The challenge will be how best can local SMME and rural communities can
organise themselves to provide goods and services such as fresh produce products to the retail shops in their areas and extend it to the district including industries such ESKOM and the mining industries.

4.4 Agriculture

Encourage community members to produce food that can sustain the community and can be sold on the fresh produce market. It is critical to identify suitable land to be used for the establishment of such agricultural activities. The project will be linked to the establishment of food gardens. Food gardening will focus on the provision of food programmes to vulnerable groups in the area. These projects aim to serve as incubators for entrepreneurs in the agricultural sector and to provide food for vulnerable groups.

4.5 Tourism

STLM is home to different cultures and background which positions it as municipality with a diverse community and cultural base. Most of the diverse language groups of the Mpumalanga Province reside in the different but somehow integrated towns and villages across the STLM. Apart from the Botshabelo Historic Museum and the Ndebele Cultural Villages, Dams and Scenic Views, STLM hasn’t fully exploited the opportunities that are related to its surroundings to promote tourism and establish SMME businesses linked to tourism. There is potential to repackage the tourism offerings including tourism in the old Mining Compounds and Towns by creating parks, water sports activities, history museums on mining and recreational facilities. The Loskop Valley should be further exploited to provide a variety of service to the current and youthful markets.

Tourism has the ability to grow the local economy and stimulate small enterprises and rural development as detailed in the Mpumalanga Vision 2030 priorities. Tourism focus areas are as follows:

- Loskop Leisure Resorts (Aventura);
- Botshabelo Heritage site;
- Middelburg Dam;
- Tourism Info Centre;
- Ndlovu Encane;
- Olifants River Lodge;
- Loskop Marathon and Train Race;
- Hosting events such as sports and entertainment, and arts and cultural festival, and;
- Arts and cultural festival Banquet hall Country Club and golf course;

The STLM will have to consider establishing creative and cultural industries to boost the tourism in the Townships in line with the National Development Plan. These could be further supported through the CRDP program to strategically increase rural development through infrastructure and an economic and spatial enabler.

The Mpumalanga Industrial Action Plan further supports the development of an integrated diversified industrial base in the province and establishing links to the Tourism sector can benefit many in the Townships and Rural communities. The emphasis on adding value to products produced in the region through upgrading development of supplies to enter the supply chains of major industries is proof of realisation and willingness to deal with the geographical disparities that hampers Tourism in the Townships. Project similar to the Ndlovu Encane, Picnic and Braai Spots with recreational and ablution facilities are some of the quick wins that can be persuaded without incurring much if working in partnership with the affected communities.

The recreational parks with gym facilities, container shops, shisa-nyama and My Spaza Concepts are some of the business that enhances township tourism and mobility. Promotion of Township economy will require a mind shift of Township being only residential areas and must be merged with Tourism related activities and be promoted by the LM through Arts and Cultural Desk and Information Centres.
4.6 Mining Development

The NDM proposed intervention to provide extensive support on the mining industry in the long term, especially on value adding. In addition, to provide cost-effective infrastructure for labour absorbing activities, skills development for the mining sector and the support small to medium scale enterprises with the focus on women and youth.

STLM Initiatives and current activities are to conduct economic study on the mining sector and economic impact for establishment of steel fabrication hub and to provide training of constructors and improving CIDB grading levels.

5. STLM Initiatives and Current Activities

The promotion of sustainable land reform and security of tenure through different interventions available from all spheres of government to support land acquisition, the development of Agri –village, SMME’s and corporative development and the well-coordinated and integrated. The Hub should serve as one stop centre to support initiatives including training in, markets, and network. In this regard the STLM has identified the rural Villages of Somaphepha, Zamokuhle, Rietkuil, Naledi as ideal site to promote agri-villages, subsistence and commercial agriculture in the areas. These projects will be supported through different government programmes and the local fresh produce markets facilitated to assist the producers. The Juluka Feedlot Project will further enhance opportunities for the people of Mhluzi township, neighbouring villages and farms to establish a sustainable market to supply quality meat products local and regionally and will generate jobs, create SMMEs, cooperatives, and improve incomes to local people and revenue to the STLM.

5.1 Rural Development Nodal Initiatives
The Socio-economic profile of STLM describes the municipality is having both urban and rural population which is by in large dependent on the urban economy leading to migration to towns in pursuit of jobs and economic opportunities.

STLM exhibits a large percentage rural population which cannot be neglected due the large communities that are scattered in the local including the mining towns and the community based in Eskom’s old and new power stations within the municipality. The economic development approach must therefore consider a mix of economic interventions for the rural nodes will be critical for both socio-economic development and to control rural-to-urban migration. Rural industrialisation is encouraged and should involve measures and initiatives that encourage new and existing enterprises to locate in rural nodes away from urban areas.

Through Government support Programmes such as the Comprehensive Rural Development Strategy, LED Programs, SMME, Capacity Building and Enabling legislative environment and supported by both the District and the Local Municipality, local resource mobilisation and strengthening of local institutional support, meaningful change can be made with the right policies, skills and mind-set on the ground. Land reform must result in land transferred to black farmers at small scale and commercial levels to improve the supply by marginalised communities in the markets.

### 5.2 Technology and Innovation Capability

The Steve Tshwete Local Municipality also serve as a coordination centre of most the business activities which are inter-related and linked to provide effective business practices, innovation and development due to its centrality and access to the major road and rail networks. Innovation through advanced technology is in line with the fourth industrial revolution and necessary in the STLM given its endowment in Steels and Coal.

The further development and enhancement of the indirect products form Metals and coals will contribute significantly to the District and Local revenue and thus lead to more absorption of people across the municipality. It is imperative for the proposed manufacturing plant to be situated in close proximity to a power station where the fly ash
will be sourced from. The process ideally requires fly ash to be transported pneumatically from the power station to the manufacturing plant. It can also be transported with the use of trucks. Middleburg as a proposed logistical hub and ICT Hub must take advantage of the proposals made and have a Centre of Excellence to support the Initiatives which have a potential to increase job opportunities. This must include Engineering related skills development and ICT as they are the future.

The Technology and Innovation Centres will equally be important in up skilling and building the capacity of the upcoming women and youth enterprises that are targeted beneficiaries of the economic revitalisation strategy of the STLM. The Engineering service will be necessary and should be equally prioritised to support the ailing Power stations and provide continuous maintenance to the old infrastructure and new stations. Targeting women and young people will create a balance and a future work force that will also transfer skills locally and improve their livelihood.

5.3 Urban Development

The focus is on developing inclusive economy Mixed Use Nodal centres. The NDM proposes intervention for Inner city economic development and inclusive rural economy. This will require STLM to develop a strategy for procurement of land close to existing economic development zones.

STLM Initiatives and current activities need to ensure that integrated economic planning and development is advanced to ensure functional towns and township economic development that will promote STLM as an eco-tourism destination of choice.

5.4 Targeted Township Economic Activity

The Economic Activities Assessment of the STLM cannot be easily separated from activities in the Neighbouring towns of Emalahleni and Victor Khaye Municipalities due to the interdependencies that provide for an inclusive business model and multiplier effects leading to employment and sustainable economic development.
Mining, Metals, Agriculture, Manufacturing, Tourism and SMME Beneficiation Programmes through established linkages with industries and the strategic involvement of SMME, Youth and rural communities in the production line as a concerted effort will certainly make a meaningful change in the local economy of the STLM.

The Mpumalanga Industrial Development Plan, The Nkangala Economic Development Strategy, The STLM Spatial Framework raises some of the economic challenges facing the Nkangala and the STLM as follows;

- The district is comprised of a youthful population concentrated in the Middleburg Township and neighboring rural settlements
- Women and Youth are highly affected by unemployment rate in the district;
- There is a relatively high number of people trapped in poverty;
- There is also a high dependence on the mining and metal sector;
- There is a need to build the institutional capacity at a local and district level to maximize an existing investment opportunities and job creation through provision of economic stimulants, and;
- That there is a further need to realign and integrate the rural economy through network and logistics support and thus unlock opportunities in the rural sector through the provision of economic infrastructure and enabling legislative environment.

Consequently, this initiative plus other ones that Mpumalanga and Nkangala are leading should be channelled towards resolving the identified key challenges in the STLM and the District. Whilst these processes are unfolding, a number of investment opportunities have been noted for considering by the Nkangala District Municipality and STLM respectively namely:

- A catalytic convertor component manufacturing plant;
- A truck port/logistics hub;
- An agro-processing bio-fuel production facility;
- An international convention centre;
6. STLM Business Profile

The information herein contained was sourced from businesses that were on municipal databases. STLM maintain databases of SMME’s and cooperatives to primarily assist procurement processes. The database was reported to be further used to improve efficacy in communication and provision of business support services. The profile of Steve Tshwete’s business activity was based on 379 businesses registered on the municipal database.

6.1 Steve Tshwete Distribution of Businesses by Sectors

One important observation made from the onset was that most of the companies are involved in more than one sector, as such a more detailed analysis beyond the basis SIC classification had to be used to provide more details. The Figure below shows that businesses operating in construction, business service, trade and manufacturing sectors were the most dominant in Steve Tshwete.

Companies that were only engaged in construction, represented 40% of the overall businesses registered on the Steve Tswete database, while business service, trade and manufacturing sectors represented 13%, 12% and 1% respectively. The rest of the businesses

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27 Information sourced from STLM Supplier Database and interviews conducted with business owners registered in the database

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were involved in more than one sectors: for instance, a combination of *construction and trade* and that of *construction and business services* each represented 9% of the total businesses. On the other hand, businesses that were in both *business services and trade* represented 4%, and the other combinations each contributed only 1% to the overall businesses in the municipality.

**Distribution of Business by Sector**

![Bar chart showing distribution of businesses by sector]

*Source: STLM Supplier Database*

Overall, when taking into consideration the explicit construction businesses and combinations of the construction activities and other sectoral classifications, it appeared that the construction sector took up the largest share of Steve Tshwete businesses (68%). A further investigation into these revealed that construction services were primarily offered to Eskom, government department, district and local municipalities, as well as other private companies operating within the district municipality.

On the other hand, the most common business service activities were security, catering, cleaning, waste management, logistics and landscaping services. The manufacturing activities were mainly related to steel fabrication and products, as well as building
aggregates while trade mainly included all forms of supply and delivery of different goods needed by the municipality.

In view of the Qualifying Small Enterprise (QSE) and Exempt Micro Enterprise (EME) classifications, it is clear from Figure13 that the majority (63%) of all registered businesses were within an EME bracket, implying that they had an annual revenue of between R5 million and R10 million. On the other hand, only 8 businesses which represented 2% of businesses registered under Steve Tshwete database, were within the QSE bracket, implying that they had an annual revenue of between R10 million and R50 million. The other 132 businesses (35%) of the registered businesses had lower than R5 million worth of annual revenue and were not graded.

**Business by QSE/EME Classification**

![BUSINESSES BY QSE/EME CLASSIFICATION](image)

Source: STLM Supplier Database

Looking deeper into the EME, the figure below shows that construction-oriented companies were the majority, representing almost 43% of the businesses in Steve Tshwete, followed by business service (16%), trade (15%) and manufacturing (1%). The rest of the business companies operated in more than one sector.
Regarding the QSE, only 25% of the businesses operated outside the dominant construction sector (figure below). The rest were engaged in either construction alone, or a combination of construction and sectors such as trade, manufacturing, business service and manufacturing.

**QSE Businesses by Sectors**
6.2 Steve Tshwete: Distribution of businesses by BBBEE status

In terms of BBBEE status, Figure shows that of the 377 businesses, 128 (34%) were not BBBEE rated. These were mainly small businesses with revenue lower than the R5 million per annum, operating across multiple sectors. This being the case, the analysis below covers 236 BBBEE-rated businesses.

Over 226 businesses were Level 1 BBBEE businesses, which means that the businesses were 100% owned by black people. Levels 2, 3, 4 and 5 had a cumulative representation of only 4%. Of these, 2 businesses were on Level 2 status, implying that they had more than 51% black ownership, while 10 businesses had less than 51% black ownership.

Businesses by BE-EEE Status

![Bar chart showing distribution of businesses by BBBEE level and status](chart.png)

Source: STLM Supplier Database

Figure below shows that over 65% of the business involved in construction either solely or through combinations with other sectors attained a level 1 BBBEE Status. Business services and trade were also significant level 1 contributors; cumulatively contributing about 29% to the total businesses in Steve Tshwete.

Level 1 BBBEE businesses
6.3 Challenges encountered by Businesses

The following were identified as challenges impeding the growth of businesses in STLM:

- Lack of appropriate business premises;
- Lack of business opportunities for small emerging entrepreneurs;
- Lack of financial services;
- Insufficient tailor-made support services to emerging entrepreneurs;
- Lack of joint venture opportunities as well as sub-contracting opportunities from well-established companies;
- Stiff competition with bigger and well-resourced companies, and;
- Unreliable electricity supply.

6.4 Township Business Profile
The majority (78%) of Entrepreneurs in Steve Tshwete’s township are between the ages of 26 – 55, with the youth making up 27%.

Source: STLM Township Development Economy Strategy, 2018

Educational Attainment

- Completed Tertiary: 15%
- Completed Secondary: 45%
- Completed Primary: 2%

Source: STLM Township Development Economy Strategy, 2018
The majority (45%) of entrepreneurs have completed their secondary education with 15% having completed tertiary education. The data indicates that the majority started their businesses after completing their matric, and the reasons for this was: 64% indicated that they have always wanted to start and own a business; 13% indicated they were employed and lost their job, and; 6% indicated that they have never been employed. This calls for need to provide capacity building and skills development to local entrepreneurs.

Source: STLM Township Development Economy Strategy, 2018

The majority (40%) of businesses have been operational for over 5 years, indicating strong business resilience and commitment. The key would be to provide the support to expand and access new markets and opportunities. The data does indicate that the local entrepreneurs have got business experience, which needs to be enhanced for them to expand, create jobs, take up opportunities to diversify the local economy, and create linkages with big business and government supplies.

It should be noted that 57% of the entrepreneurs interviewed indicated that they started their own business and did not inherit a family business. One can conclude that the inclination and spirit to run a business exists in townships, and just needs to be natured.
The survey indicates that 91% of the respondents have not received support from the municipality, which is the reason to develop the Revitalisation Strategy that will seek to talk to the needs of local businesses. the Strategy would seek to talk to the 64% of entrepreneurs who indicated that they have plans to expand their businesses into large formal businesses, and the other 13% who indicated that would like to expand but don’t know how.

The support indicated by local businesses include the following:

The majority (29%) of the entrepreneurs indicated that they need access to business permits to operate their businesses, followed by access to services (21%) and safety (12%). other support required included the regulation of foreign run businesses, allocation of business sites, and access to market opportunities in the clothing and textile sector.

Source: STLM Township Development Economy Strategy, 2018
6.4 Challenges faced by township businesses

The following challenges were identified by entrepreneurs operating in the townships28:
1. Lack of access to markets;
2. Lack of operating space or business sites;
3. Lack of training to access markets;
4. Poor by-laws which inhibit development of businesses;
5. Competition between foreign owned business and locals;
6. Limited technical skills to start and run a business among the youth;
7. Limited business support;
8. Limited value chain and supply chain linkages;
9. Low skills of labour;
10. Low buying power in townships, and;
11. Lack of support for idea generation.

The STLM Revitalisation Strategy will seek to talk to the challenges raised by entrepreneurs operating in townships. The strategic pillars and programmes will be guided by the business profile analysis and engage with key stakeholders.

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28 STLM Township Development Economy Strategy, 2018
SECTION 4: STLM TOWNSHIP ECONOMIC REVITALISATION STRATEGY

1. Introduction and Purpose

The Steve Tshwete Local Municipality seeks to develop a Township Economic Revitalisation Strategy which will serve as an integrated and inclusive document that will provide direction to the municipality, district, provincial government, private sector, and key stakeholder to stimulate economic growth and enterprises development.

The purpose of the Revitalisation Strategy is to present a strategic understanding of the efforts needed to stimulate STLM township economic growth and enhance their development, contribute towards the transformation of townships economies and enhance the participation of women and youth.

2. Structure

The strategy document will be formulated based on three interrelated components of work that can be summarised as follows;

2.1 Core Programme Principles

This is a set of core propositions for what is needed to facilitate a coherent approach to what should happen to enable the STLM to take a decisive and targeted way towards developing successful township strategic that is responsive to the improvement of participation by youth and ensure the mainstreaming of women in the economics of the STLM. Put simply, this is basically a set of core programme principles that chart the way on township economic development path ahead and address the challenges that have been identified previously and responding accordingly.
2.2 The Vision

This is a view on what the future of the township economies ought to be like. This is simply a visionary perspective for what the STLM’s economies will look like in about five years or more years from now.

This vision will be guided by the following key principles:

- Ensuring Inclusivity: ensuring that economic development of the STLM pulls along the township economies;
- Addressing inequality within the townships by making concerted efforts to promote socio-economic development;

The economic development vision of STLM Township Economic Revitalisation Strategy can be proposed as to:

“Develop STLM Townships into productive economic development nodes.”

In achieving the vision, it will require that STLM, working with other stakeholders, make a concerted effort to address socio-economic development challenges engulfing townships.

2.3 Programme Pillars

These are empirically based suite of strategic choices that STLM in partnership with different of important stakeholders inside and outside of government will need to undertake in working towards its desired vision. The pillars are important in addressing the challenges raised and tailored to institutionalise the participation of women and youth in a diverse economy.
3. The STLM Township Economic Revitalisation Framework

The purpose of the Township Economic Revitalisation Strategy could therefore be described as being to present STLM’s strategic understanding of the efforts needed to accelerate economic growth and enhance development in a manner that benefits all the people within the municipality and region, and also contributes towards the transformation of the regional economy and promote the participation of women and youth in the local economy.

Critical considerations were given to the current plans, the IDP, the Provincial plans, spatial economy of the region, economic production structure, and employment structure and the rural towns within the municipality. All these analyses were done so as to develop an appreciation of the high-level strategic issues upon which the local economic development plan should be based. This evidence-based regional economic development plan provides a framework of common priorities around which the public, private and local partners can rally around in pursuit of economic development, job creation and poverty alleviation in township economies.
3.1 Programme Principles

a) Investor Friendly Environment

The objective of attracting new investment, which will result in the creation of jobs; establishment of enterprises; wealth creation, streamlining of women, youth and people
living with disability and economic empowerment, needs to be pursued. Economic transformation must be promoted and should ensure that township businesses benefit. It is also critical that ensuring the benefits of doing business in the townships are realised and existing investment in townships is retained. The approach in this regard must ensure that the township revitalisation plan promotes a STLM township where **People Live and Work** and conditions improved to promote such environment.

b) Local Competitiveness

The role of STLM is to ensure that local business are informed and prepared with right business intelligence to synergise the economic outputs, through utilising local resources, organisations and value adding.

Township competitiveness in this context should refer to the ability of that locality to produce and market a set of products (goods and services) that represent good value (not necessarily lowest price) in relation to comparable products of other localities or townships.

What competitiveness implies for the STLM's Township Economic Revitalisation Strategy needs to assist localities to offer the most productive environment for doing business. In doing so, it needs to be recognised that the public and private sectors play different but interrelated roles in creating a productive economy.

In simple terms, it means that STLM, amongst other things, needs to champion a process of assisting townships in undertaking economic analyses, strategy development, promoting diversified growth, and putting in place sound platforms for ensuring that conditions for resilient local economies are in place.

c) Diverse and Vibrant Economy

It is also one of the most important principles to recognise that resilient, robust and vibrant township economies are vital to both municipal and regional economic growth. This township economic development programme thus should be used as an instrument
through which the contribution of sectors, industries, township the regional economy is facilitated.

By definition, resilient and vibrant township economies are those that are characterised by a talented work force (Skilled); clean and appealing living environment; proactive and responsive public service; attract and provide a base for value adding industries that offer good quality sustainable jobs; which in turn generate the desired revenue for the provision of quality services, and also create opportunities for reducing poverty and crime.

d) Proactive absorption of women and marginalised groups

The legacy of Apartheid and the distorted spatial plans, competing needs and the fact that townships were only meant for residential purposes, suggest a more pragmatic approach and political willingness. As a matter of principle therefore, STLM should work to proactively facilitate the transition of the poor people (migrants, informal settlements, villages (compounds) and township residents and so on) into the mainstream of the economy. Through productive facilitation, STLM in coordination with the Nkangala District should assist the poor to gradually get into the of economic prosperity chain and ultimately work towards discontinuing poverty by participating effecting on their local and regional economy.

e) Credible Economic Management

The success of the STLM’s Township Economic Revitalisation Strategy cannot be achieved by the STLM alone but will require the effective participation of Labour, Business, Community and Government. In line with shared growth principle, ac common understanding of the challenges faced by the marginalised group, the unemployed will assist the stakeholders in business and government to respond appropriately to the need and pan accordingly going forward.
The principle of economic governance refers to the fact that there is more than one agent in the sharing of power in economic development. Whilst coordination – and neither monopoly nor control – should remain in government, implementation support needs to be shared more broadly with private and community sectors. It is in this respect that creative partnerships with civil society and business would need to be encouraged. It may be necessary to facilitate that joint management structures to deal with the multi-sectoral needs of the communities and increase a sense of ownership and participation.

f) Learning and Skills Development

Entrepreneur and Business management Skills requires that learning and skills development is encouraged to strengthen the human development focus into business and not always to be empowered to seek employment. As a matter of principle, and very much so, of practice, it is important to prioritise skills and human resources development as an important investment in any local economic development intervention. As the economy grows, so will be need for scarce skills to underpin knowledge-based economy and enhance the level of participation by local women and youth in the various economic sectors in the STLM, region and the province eventually. The envisaged Metals, Steel and Engineering Centre of Excellence must play a meaningful in building the necessary skills.

g) Functional Economic Integration

Functional Economic Integration in this regard refers to the need for economic alignment to the STLM’s economic development strategy and economic growth plan and supported by both the district and the provincial plans. It is critical that linkages are strengthened to ensure that the residents and businesses in the townships take advantage of the economic opportunities, including empowerment opportunities, and share in the growth path of the STLM and the Region. The effectiveness of the principle will require both technical and political support for the objective to be realised.
4. Core Pillars of the Programme

As indicated at Figure One, there are Core Pillars that will drive the Township Economic Revitalisation Strategy. What follows now is an in-depth engagement with these Pillars:

4.4.1 Diversification of the Townships Sectoral Base

This pillar is intended to drive the diversification of the townships sectors and businesses to ensure that dynamic sectors with potential are well supported. Apart from the recent surge of commercial developments in townships in general, there is a need to support other sectors that could enhance the diversification of the township economy. It is also one of the most important principles to recognise that resilient, robust and vibrant township economies are vital to both municipal and regional economic growth. This township economic development programme thus should be used as an instrument through which the contribution of sectors, industries, township the regional economy is facilitated.

Pillar One: Diversifying Townships Sectoral Base

- Commerce/Retail
- Agriculture
- Construction
- Tourism
- Manufacturing
- Information & Communication Technology
- Knowledge Economy Development

The end outcome of this pillar is to put STLM townships on a high productivity and high growth trajectory. This is premised on the recognition of the fact that in order to create jobs, create wealth and offer opportunities for wealth redistribution, it is important that the township economy is built on a diversified economic base that rests on a number of sectors – such sectors must demonstrate a potential to be competitive. This can be
achieved through the support and development of local SMMEs and supporting entrepreneurial development. In addition, protection and support of the informal sector is critical for it to remain an important economic driver in the townships. The support of emerging industries can also be realised through the STLM’s own targeted procurement.

Within the “Diversification of the Townships Sectoral Base”, strategic interventions should include supporting the modernization and diversification of manufacturing, promoting agriculture, tourism development, the construction industry, property development, informal sector and niche markets such as the knowledge economy:

i) Manufacturing

With respect manufacturing, emphasis should be one providing a package of support to declining industries such as clothing and textiles; facilitating the restructuring of older industrial areas where possible, and encouraging high value-added beneficiation to encourage competitiveness. The following projects have been identified to drive manufacturing sector:

- **Industrial parks support programmes** at Mhluzi Node D - focusing on welding, light engineering, panel beating and woodwork to begin to work with at an enterprise development level.
- **Beneficiation** - looking into the value chain of agriculture produces to produce bags, car seats, belts, etc from cowhides.
- **Steel fabrication and steel works linked to the MSI initiative** - to produce for local market and established businesses such as Builders Warehouse, Build-It, and other building suppliers (furniture, window & door frames), outdoor companies (furniture), and other décor companies. There is a huge market and opportunity to access government contracts through preferential procurement (low cost housing projects where small enterprises can source window frames and doors to).

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29 Project details discussed in Section 5
Industrial Park Automotive in Ext 2 – to target emerging, existing and experienced people in the sector given the increased demand from motor industry and insurance companies. Some serious consideration could be given to a panel-beating academy, which could provide enterprise support programmes and access to markets to grow this sector.

ii) Agriculture

Careful assessment needs to be made in terms of what can actually be produced at STLM townships and rural villages, and at what scale if it were to be commercially viable. It is in this regard that livestock related agro-industries could be explored to service the local and regional meat market.

With thorough training, there are prospects to produce quality produce that could find niche markets at surrounding Malls, Joburg and Tshwane Fresh Produce Markets plus other markets such as restaurants across the STLM.

Critical consideration should also be on promoting the agricultural initiative in townships and rural villages with the view to supporting the industry to become a fully-fledged agro-industrial cluster. The following projects have been identified to drive the agriculture sector:

- **Feedlot Project (livestock) in Juluka** – promote the production and supply of local beef and goat meat.
- **Ezibayeni Livestock Projects** – to promote small beef farmers and utilise the project as a feeder into the feedlot project and to supply traditional market with beef and goat meat.
- **Abattoir in Ext 8** – as an extension to the feedlot project, an abattoir to be established to produce and promote local beef for the retail market.
- **Strawberry Farm in Keeroom** – to produce strawberries for the local and export market to target women and youth cooperatives.

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30 Project details discussed in Section 5
- **Agri-village in Zamokuhle, Rietkuil & Somaphepha** – establish agr-parks for the local communities and cooperatives to produce crops and to supply retail market and fresh produce market.
- **Botshabelo Fresh Produce** – establish a fresh produce market where local suppliers from Botshabelo, Doornkop, Somaphepha, and Mhluzi can sell their produce. Targeting cooperatives, local farmers, and women and youth enterprises.
- **Mafube Poultry Farming** – poultry and crop farming initiative targeting women and youth.
- **Rabbit farm** – a farm and project operated by cooperative to produce rabbit meat.

### iii) Tourism Development

With respect to tourism, there is a need for a STLM’s Tourism Development Plan. Broadly speaking, critical considerations should be placed on tourism supply, demand, infrastructure, institutional platform, product development including tourism spatial zones, marketing, and capacity building. Township must form an integral component of the overall municipal tourism development plan or programme. Within this context, critical action points could relate to:

- Improving the quality and competitiveness of the STLM’s and townships’ tourism businesses in order to be market led and deliver consumer requirements;
- Growing income, employment, and other economic benefits to the local communities;
- Diversification of the product offering in townships including the struggle and/or history assets;
- Improving strategic management and wider customer service levels;
- Improving tourism delivery and promotion – focused mainly on tourism infrastructure;
- Branding and marketing the STLM’s tourism products in a more effective and positive way as well as perception management;
- Benchmarking and exchange with other townships, and;
Developing links with other economic sectors such as mining, agriculture, environment, arts, sports and so on.

The intended end outcome is to ensure that the townships’ tourism value chain is stimulated with the objective of improving facilities for tourists and attracting more tourists to townships. The following projects have been identified to drive the tourism sector:

- Botshabelo World Heritage Site;
- eNdlovu eNcane Art & Craft Centre;
- Middleburg Dam – to promote water sports and games;
- Loskop Dam - to promote water sports and games;
- Mhluzi Township Tourism Development - Shisanyama and Eskhathi Jazz, and Busy Corner Concept.

v) Construction

With respect to construction, emphasis should be placed on the following action items:

- Supporting the massive expansion of the small construction industry and facilitate the development of current contractors into sustainable small businesses by means of targeted procurement.
- Moreover, construction demand for commercial and residential properties, and infrastructure development require that support programmes for emerging contractors to participate in the construction boom are introduced. Such programmes would need to ensure working closely with larger contractors and the STLM’s capital programmes.
- From a capacity building point of view to meet the construction demand, local SMMEs and individuals will need to be trained through the available instruments such as the Sector Education and Training Authorities (SETAs), Construction Project details discussed in Section 5
Industry Development Board (CIDB), participation through the Expanded Public Works Programme (EPWP), and larger construction companies (BEE enterprise development component) as well as the Department of Economic Services Construction Incubation, and

- From a STLM’s procurement point of view, some targeted interventions such as ensuring that for any sizeable construction project/programme in townships, the local contractors are taken on board. Such a process will however need to be institutionalized through policy to avoid tokenism and ‘window-dressing’ by the larger companies. It should also entail putting a target of the monetary proportion that over time is set aside for local contractors in partnership with the City’s Supply Chain Management.

The following projects have been identified to drive the tourism sector:

- Specialist Construction companies;
- Construction Manufacturing;
- Property Development;
- Housing Projects;
- Retail Property Development.

vi) Commerce/Retail

Generally, commercial developments in townships have developed through the erection of Malls and shopping complexes over the past decade. This has attracted a number of national brands and widened people’s choices. Nonetheless, it can be argued that the effect of the increased presence in the national brands will impact negatively on the viability of some local businesses, even if a few others will benefit from the increased footfall.

It is recommended that space for traders in and around busy areas— including the Malls and shopping complexes, be made available to local entrepreneurs to supply local

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32 Project details discussed in Section 5
products; encourage the franchisors to give first preference to local entrepreneurs (Woolworth, Pick n Pay, and fast food brands) and work with the Industrial Development Corporation, National Empowerment Fund, SEFA and other instruments to access funds for the franchise sector.

Careful planning for commercial spaces and locating them in areas of very high footfall can ensure that local businesses are competitive. Therefore, the development of street-front shop and niche stores associated with tourism and support of the informal sector will need to be undertaken, through the construction of container stores.

Beyond these intervention points, it would be useful that the STLM undertakes period reviews or assessments of the impact of the shopping complexes on the viability of local enterprises. Out of this, a careful programme could be developed which will have to seek to ensure that whilst shopping complexes are being developed, there are nearly equal benefits with existing local businesses to avoid displacements of local businesses. The following projects have been identified to drive the retail sector:\(^{33}\):

- Retail opportunities in down-town and Iraq taxi rank;
- Container shops next to Mhluzi mall;
- Spaza shop market;
- Container mall;
- Hendrina shopping centre;

vii) Knowledge Economy Development

Entrepreneur and Business management Skills requires that learning and skills development is encouraged to strengthen the human development to focus into business and not always to be empowered to seek employment. In driving economic development, it is important to prioritise skills and human resources development as an important investment in any local economic development intervention. As the economy grows, so will be need for scarce skills to underpin knowledge-based economy and enhance the level

\(^{33}\) Project details discussed in Section 5
of participation by local women and youth in the various economic sectors in the STLM, region and the province eventually. The envisaged Metals, Steel and Engineering Centre of Excellence must play a meaningful in building the necessary skills.

Innovation drives productivity growth. If STLM would like to take a forward-looking direction in boosting its economic fortunes, embracing technological innovation is the path to follow. A similar statement is applicable for townships.

Proposed interventions in building a knowledge-based economy are as follows:

- Undertake joint research and development support programmes with State-Owned Enterprises, academic and specialist institutions;
- Facilitate research and development funding for new industry segments or niche markets in partnership with existing national and provincial support agencies;
- Encourage and support technology commercialization programmes so that research discoveries could be brought into full economic effect – such as in the case of Broadband programmes;
- Encourage the development and access to modern telecommunication infrastructure to encourage knowledge-information based companies to locate in the area, and;
- Expand access to the internet beyond government and private sector environments to the broader public space i.e. public libraries, multi-purpose community centres and youth structures.

It is however important that knowledge-based interventions are geared towards supporting and stimulating local demand, whilst remaining sensitive to the nature of available markets and company/ end user needs. The following projects have been identified to drive the Knowledge economy:\(^\text{34}\):

- ICT Centre in Ext 1
- Business development services

\(^{34}\) Project details discussed in Section 5
4.4.2 Building Townships’ Inclusive Economies

Functional Economic Integration in this regard refers to the need for economic aligned to the STLM’s economic development strategy and economic growth plan and supported by both the district and the provincial plans. It is critical that linkages are strengthened to ensure that the residents and businesses in the townships take advantage of the economic opportunities, including empowerment opportunities, and share in the growth path of the STLM and the Region. The effectiveness of the principle will require both technical and political support for the objective to be realised.

The economic inclusion of all township communities into the main economic stream is an important development milestone to be achieved. Four critical strategy interventions need to be deployed to reverse economic exclusion:

<table>
<thead>
<tr>
<th>Pillar Two: Building Townships Inclusive Economies</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Informal economy support</td>
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<tr>
<td>▪ Skills development</td>
</tr>
<tr>
<td>▪ Enterprise and Entrepreneurship Development</td>
</tr>
<tr>
<td>▪ Spatial Integration</td>
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<tr>
<td>▪ Women and Youth economic empowerment</td>
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</tbody>
</table>

i) Informal Economy Support

The protection and development of the informal sector within the township economies is critical to supporting economic development and creating jobs. The objective is to develop a vibrant informal economy that seeks to develop local businesses into more formalised businesses that will be able access opportunities outside their environment. In the context of the socio-economic challenges faced in the township economies, STLM needs to champion a process of building a positive perception of the role of the informal economy,
and undertake integrated and coordinated efforts in supporting the townships to undertake the following strategic interventions for informal economy support:

- Planning for new markets and informal trading opportunities considering economic needs of traders, land use management, safety and security and orderly town planning;
- Formulation of an efficient allocations policy for the informal economy - existing and new entrants into the system;
- Identifying and developing trading areas around townships that enhance self-employment for people who cannot find jobs;
- Encouraging home-based businesses that support the mainstream economy as a strategy of business growth;
- Providing basic life skills and business skills for informal business operators as a strategy to enhance business development;
- Addressing access to finance (start-up and working capital) for informal economy businesses;
- Encourage migration of informal economy players into the formal economy (SMME sector) where appropriate in order to grow their business operations;
- Rentals policy so that informal trading sites have property values attached to them, and a possibility for contribution to the municipal revenue generation processes;
- Enterprise support and capacity building (specialists, business development teams, cooperation with formal businesses, organised participation in government structures and processes; information support, and;
- Governance and management arrangements which include informal trading management zones i.e. Area Management Teams; sector-based support mechanisms; enterprise support; regulatory mechanisms.

The end outcome should be a fully developed vibrant informal economy and traders and, a mobility process to more formal businesses from successful informal enterprises.

ii) Skills development
Skills development is aimed at creating highly skilled, innovative and adaptable workforce to attract and support the long-term growth of high value jobs, wealth-creating businesses and fight unemployment. This will eventually lead to increased income and self-sufficiency of the workforce, and ensure that many of the township people have the skills they need to take advantage of available job opportunities.

In as far as economic development is concerned, several observations have been made with regard to capacity building. These are as follows:

- Provision of funding and financial resources is not the effective way of building sustainable capacity in the municipalities;
- Capacity building initiatives are effective and productive if there are dedicated officials in municipalities – responsible in this instance for Local Economic Development management;
- Classroom training and tertiary educational training is also not the effective way of building sustainable and propulsive capacity for local economic development, and;
- Rather, for training to be effective, it needs to be demand driven.

The concept of demand driven training refers to those skills development strategies that respond to the demands of the communities and businesses, help to improve the individual’s opportunities in the labour market, and provide for further study opportunities. Put simply, it is about focusing on developing those skills regarded as essential for people to be successful in careers in high-growth, high demand industries, and also offering training programmes that are uniquely oriented towards meeting the workforce skills needed by employers.\(^\text{35}\)

Key interventions are as follows:

- Raising awareness of and aspiration to high value employment opportunities via the development of specific advice, guidance and labour market information;

Increase access to learning through available technology instruments such as E-Learning particularly for township localities so that flexible learning opportunities are made accessible;

- Improve language and project management skills;

- Increase access to modern apprenticeship and internship opportunities to improve the skills of both the young and old people;

- Encourage the development and delivery of foundation courses or degrees - as a route towards higher level qualifications, and;

- Increase the retention of graduates within STLM – drawing on townships - by offering employment opportunities, widening entrepreneurship support systems and engaging them in productive work.

iii) Developing Enterprise and Entrepreneurship Culture

A supportive enterprise culture is indispensable for the townships to improve their economic performance, realize the vision and deliver on a modernized and diversified business base. STLM could undertake to do the following interventions:

- Stimulate and develop an enterprise culture in the townships;

- Encourage the development of dynamic enterprise start-ups;

- Improve the competitiveness of the existing small enterprises;

- Improving better links between education and business sectors to ensure that greater understanding of enterprise issues and needs is developed, and;

- Promote a culture of enterprise and entrepreneurship in schools, further education and training colleges and universities.

iv) Spatial Integration

The disconnect between the townships and the rest of the STLM’s economy generates inefficiencies and reinforces exclusion and poverty of the township residents. It is a known fact that townships are generally located on the periphery of the Municipality – so making transport expensive and reaching economic destinations more time consuming.
To overcome spatial marginalisation with a view to stimulate township economic development, the following strategic interventions are proposed:

- Investment along public transport nodes and corridors: Since transit-oriented developments will naturally take long to gain traction, STLM should in the meantime identify core public transport nodes, corridors and other related infrastructure investments that would promote nodal based economic development. This process has already started with the Neighbourhood Development Partnership Funding – anchored on the Urban Network Model;
- Improvement of linkages between places of work and residence: Greater emphasis must be on public transport investment and encouraging modal integration and better regulation;
- Ensuring land use integration: commercial and residential development should particularly be encouraged and supported in addition to transport since these land uses are mutually supporting on economic development.

These interventions are geared towards the complete removal of sources of physical marginalisation by full spatial integration. The following projects have been identified to promote spatial integration:\(^{36}\):

- **Nelson Mandela Corridor Development**;
- **Logistics hub**.

v) **Women and Youth Economic Empowerment**

Women and Youth Economic Empowerment\(^{37}\): There is a need to significantly increase the participation of women and youth engaged in businesses in South Africa and ensuring improved support for women and youth engaged in or who want to engage in business ventures. Research conducted by the dti shows that despite efforts and resources being deployed towards women’s economic empowerment, women continue to be

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\(^{36}\) Project details discussed in Section 5

\(^{37}\) In this regard work done by the dti is useful, namely: *Towards an Enabling Environment for Women Economic Empowerment in South Africa (May 2011)* and *Youth Enterprise Development Strategy 2013-2023 (November 2013)*

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marginalised from the mainstream economy. The majority of the active female population continues to be confined in the micro and small-scale enterprises and the informal economy. Their inclusion to participate in the formal economy is still constrained by a number of factors. As regards to youth, “Millions of people remain unemployed and many working households live close to the poverty line. Many of these are young people who feel that the odds are stacked against them, as indeed they often are”. In this respect, LED must make a contribution towards taking the youth out of unemployment and facilitating access to both employment and business opportunities.

This calls for the streamlining of women and youth participation in the STLM economy and identified sectoral opportunities, and provision of concerted support to grow their businesses through capacity building initiatives, provision funding, and allocation to preferential procurement earmarked for the targeted group.

4.4.3 Creating Institutional and Enabling Conditions

The success of the STLM’s Township Economic Revitalisation Strategy cannot be achieved by the STLM alone but will require the effective participation of Labour, Business, Community and Government. In line with shared growth principle, a common understanding of the challenges faced by the marginalised group, the unemployed will assist the stakeholders in business and government to respond appropriately to the need and plan accordingly going forward.

This strategic thrust seeks to consider appropriate instruments that would allow for the successful implementation of the township economic development programme, ensure better governance of the Township Economic Revitalisation Strategy and look at cross cutting economic issues that will underpin the extent to which the dynamic recommendations contained herein would be realized.

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Critical interventions recommended within this pillar are as follows:

i) **Economic Transformation**

It is important that STLM acts as an important conduit through which transformation is institutionalized. A BBBEE Support Programme will need to be set up and essentially be concerned with the following strategic interventions:

- Expansion and wide marketing of the BBBEE database;
- Expansion and continuous refinement of STLM's own targeted procurement to meet transformation priorities and advance procurement reform;
- Maximising the economic opportunities for empowerment companies or SMMEs;
- Catalysing empowerment support through public-private sector partnerships, and;
- Working with other spheres of government and agencies to operationalise empowerment initiatives.
ii) Access to Funding

Access to finance and available public investment instruments is a cross cutting factor of economic development since without funding all the other interventions cannot go ahead or be fully realized. Whether it be business funding and investment projects; to conduct feasibilities; project planning; project management, and; delivery and operation are all key important components that require financial support.

It will be critical for STLM to leverage funding from government institutions and the private sector to support the development of township businesses.

iii) Creating Economic Intelligence for Township Economic Development

It is important that future economic development strategies for the STLM and its townships is based on sound, accurate, up-to-date economic intelligence so that any margin of error in economic planning is minimised.

The LED Unit should ensure that economic information is continuously updated, strategies reviewed, implementation monitored, lessons learnt and widely shared.

iv) Township Image and Marketing

The purpose of this intervention is to ensure that STLM communicates a single, most important message that its townships are vibrant and diverse places to invest in. At this level, five key specific audiences must be targeted:

- Business looking to expand or locate in townships;
- Tourists coming into the townships;
- The STLM community, and;
- National and international media.
v) Economic Management and Governance

The governance pillar focuses on driving the economic development of townships by focusing on improving the leadership and governance support to be given to the understanding of the broader economic interventions.

Critical interventions in this respect are recommended as follows:

- **The establishment of the Townships Business Forum** – its core purpose will be to ensure that all business formations across the townships are represented in this structure, and it becomes the institutional and coordination instrument through which the STLM will be able to engage with business people in the townships. The existing structures seem to be driving individual business interest and not structured to represent local business interest per sectoral focus where they will become sectoral champions to lobby and bargain on behalf of local businesses through the LED forum.

From a functional point of view, the **Townships Business Forum** will undertake to:

- Assist in overseeing the implementation of the Township Economic Revitalisation Strategy;
- Provide a platform for dialogue between all the role players in the economic development field in the townships;
- Provide an opportunity for a wide discussion on key issues of importance in township economic development;
- Provide business and economic development advice on resource requirements needed for the implementation of the plan;
- Assist on monitoring the progress on the implementation of the programme;
- Liaise, consult and advocate with key stakeholders to ensure that the outcomes outlined in the Strategy are achieved, and;
- Advocate for the integration of township economic development outcomes with other Municipal strategies.
vi) Engaging Development Partners

Economic activity is not constrained by administrative or jurisdictional boundaries. It is thus important that other important partners are continuously engaged and their support appreciated in their endeavours for building economic development across the STLM. The following key partners are thus critical to the execution of the programme:

- Embassies in our Trading Partners and Investment attaches all over the world;
- National Government;
- Provincial Government;
- The District Municipality;
- National, Provincial and Municipal Owned Enterprises;
- Private Sector: Big and Small Businesses;
- Labour Sector; and
- Community Sector.

For the Township Economic Revitalisation Strategy to make the desired economic impact in the township economies, it must be fully owned by all the critical stakeholders, monitored over time, and critical adjustments made accordingly so that it remains pertinent to existing economic development environment and the intended outcomes.
SECTION 5: TOWNSHIP ECONOMIC REVITALISATION INVESTMENT OPPORTUNITIES

5.1 Sectoral Opportunities

Opportunities that are tied to priority sectors are summarized hereunder as follows:

<table>
<thead>
<tr>
<th>Sectoral Opportunities</th>
<th>Focal areas could include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1.1 The primary sector: Agriculture &amp; Farming</td>
<td>▪ Business linkages and commercial-emerging farmers network building;</td>
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<tr>
<td></td>
<td>▪ Assistance with training and access to finance and markets</td>
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<td></td>
<td>▪ Support programmes for farmers</td>
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<tr>
<td></td>
<td>▪ Cultivation of Cash cropping to target the ESKOM and Mining activities in the rural areas and neighboring towns</td>
</tr>
<tr>
<td></td>
<td>▪ Poultry and Beef Production</td>
</tr>
<tr>
<td>5.1.2 Food &amp; Beverages</td>
<td>Focus would have to be:</td>
</tr>
<tr>
<td></td>
<td>▪ Agri-Villages linked to the Retail sector and the Local Fresh Produce Markets</td>
</tr>
<tr>
<td></td>
<td>▪ The agro-processing hub and Hydrophobic/Urban Agriculture</td>
</tr>
<tr>
<td></td>
<td>▪ Township food markets and restaurant (attracting fast-food franchises)</td>
</tr>
<tr>
<td>5.1.3 Tourism</td>
<td>Need to diversify economy &amp; fast-track tourism through initiatives such as mining tourism, historic sites, water sports, arts and crafts and museums formulation of the Marketing Strategy and capitalising on the N11, Loskop Dam and the R555 leisure and accommodation development</td>
</tr>
<tr>
<td>5.1.4. Construction</td>
<td>Revitalisation of the Botshabelo World heritage site and related support infrastructure</td>
</tr>
<tr>
<td>5.1.5 Manufacturing &amp; Scrap Metals</td>
<td>Steel products proliferation, light industrial steels, building materials, recycling and buy-back centres etc.</td>
</tr>
<tr>
<td>5.1.6 ICT</td>
<td>ICT projects relating to assembling, coding and development of apps, repair centres, training and capacity building</td>
</tr>
<tr>
<td>5.1.7 Rural Development</td>
<td>Corridor development, MPCC, land upgrading, electrification, housing development, retail, agriculture, SMME development, cooperative development</td>
</tr>
<tr>
<td>5.1.8 Institutional Capacity Building</td>
<td>Women in business, youth and people with disability, BBBEE, procurement and business outsourcing, by-laws, access to land and business finance</td>
</tr>
<tr>
<td>5.1.9 Legislation and Enabling Environment</td>
<td>Rezoning, demarcation, progressive municipal by-laws, tenure upgrading and land transfers</td>
</tr>
</tbody>
</table>

5.2 Initial Township Based Opportunities

Key consideration has been made to ensure that proposed projects address some of the key challenges raised by the STLM in this regard issues such as inclusive economy, diversified interventions, corridor and nodal development approach, promoting the active participation and women and youth into mainstream economy, and mainstreaming the township economy into the Municipal and District economies. A list of potential investment opportunities & LED projects are summarised as follows:
5.2.1 Tourism

a) Botshabelo World Heritage Site (N11Doornkop)

The Botshabelo Heritage Site is a historic area managed by the Botshabelo Trust which is a community representative structure that took over the management of the site after it was handed over to the community after as successful land claim. The site in its current form will require rehabilitation and revitalisation of the infrastructure including the facilities that are neglected and depilating. Road signage and visibility of the Botshabelo needs attention and the repackaging the tourism offering of the site to accommodate the diverse local and international markets.

The renovation of the site and provision of basic infrastructure, signage, marketing and adding recreational facilities to attract different groups within society and promoting it as a historic tourist destination will certainly create economic and employment opportunities for the local community and business. Curio art depicting the Historic features around the STLM and the status of being a World Heritage Site should be an added advantage.

The project has the potential of creating both short term and long term jobs during the reconstruction phase and the operational stages after completion. Tour operators, Tour Guides, workers, suppliers, SMME and management of will be sourced from the local people and communities. Given the diverse and broader facilities on the site more than 100 jobs are likely to be developed immediately with the commencement of the reconstruction processes. Agriculture and Livestock have a potential to boost the local economy and local farmers given the land availability and to sustain the project and community on the farm and thus improve their livelihoods and household income. The N11 next to the weigh bridge provides a good space for fresh produce market for both local and passer-by.

Training, Capacity Building and skills development will be necessary to ensure sustainability of the project though skilled and well trained personal to manage the project and maintain the historic site, businesses and the tourist elements as per the UNESCO rules and regulation.
The Trust have only living two members from the original members and an urgent process of nominating and registration of new members is necessary to ensure proper functioning, governance and accountability.

A service level agreement is necessary to facilitate and govern the relationship between the Trust and the STLM including clarifying roles and responsibilities of the parties in the management and daily operations of the Site.

Botshabelo has the potential to attract funding from the private and public sectors to support the different facilities and service offered at the centre e.g. youth educational camps, church camps, camping, caravan parks history, hiking trails, arts and crafts horse riding, game farming, accommodation and restaurants. Rebranding and Marketing is essential in the town, N4, N11, R555 to attract tourism who may not have the historic knowledge of the area outside the claimant community and STLM people.

The Sanparks and the Mpumalanga Parks Board, Nkangala DM, STLM, MEGA, IDC, DTI, Lotto Commission, Local Mining Houses and commercial banks are just a few of potential funders for the project.

The LED Unit and its tourism arm are central in the initiation process and mobilising other stakeholders.

b) The eNdlovu eNcane Art and Craft Centre

The Project has been in existence for more than 15 years and has since moved to town in 2007. It is currently housed at the Midway Hotel which serves a feeder to the project through tourist that stay overnight at the facility. The project was negatively affected by fire in July 2018 where it was almost destroyed, leaving only very few units operational. The cause of fire is still unknown but has affected operations seriously leading to 95% of the facility closed and many of the business women forced to stay home.

The project main products are mainly curio arts and crafts that are manufactured by local women representing the different cultures within the STLM. The material used is sourced
from the different communities around the STLM and the Nkangala district and thus benefit a diverse grouping within the communities from wood, beads, clothing and textiles. When fully operational is employs about 25 people fulltime daily and periodic cultural groups from the community to entertain the visitors and tourist at the centre. Most of the beneficiaries are from the informal sector and have been assisted to formalise their businesses by the STLM and links established to build their capacity and develop business management skills. The project is operated and managed by women.

The beneficiaries highlighted that the burnt structure is a serious challenge as it affects many households as they are out of business. It is no longer attractive and business has declined significantly for those that are still on site. The STLM with the support of related structures is requested to immediately attend to the matter and restore the site and bring back those affected. It was highly emphasised that signage, branding is crucial to attract tourist from the N4 and N11 as the Alzu site is easily accessible and has taken away most of their clientele.

Funding will be required to rebuild and restore the site, provide branding, marketing and possible financial injection to operators to resuscitate their business and be competitive. Women, who are currently operating needs to be transformed into business structure to bargain, market and promote economic transformation by engaging as a collective.

c) Middleburg Dam

The Middleburg Dam is situated just few kilometres outside the Middleburg town and is easily accessible to many of the township residents around the STLM. The Dam area provides as a mixed entrainment area offering Picnic sport, Caravan Park, water sports and recreational park. There is room for expansion and further development to offer arts and crafts, coffees shops and refreshments areas that can directed to local SMMEs owned by local women and create job opportunities to the local people. The dam has a potential to attract young people as operators and SMME in the different service offered around the dam. Skills development and capacity will be necessary to enable competitiveness, business management and governance.
A 24 hectare Land has been allocated for this development. Actual cost implications are yet to be ascertained as the draft business plan is still being circulated for comments by key department and stakeholders. The actual project costs will be borne by interested private investor.

The STLM should create a conducive environment for participation by SMME, women and youth by formulating policies that are supportive of their inclusion and active participation in the township economy. A management committee coordinated through the STLM LED Unit and LED Business Forum is recommended to provide for targeted participation, maintenance, monitoring of the project and economic transformation. Funding through LED, the NDM, and Mpumalanga Tourism must be made available to resuscitate the project. Consideration must all be given to the road network to make access easier and maximise access. The immediate quick wins will be to provide basic services, clean and maintain the park, visible signage while working on a detailed expansion that may include a facility for hosting Music festivals by the Dam.

d) Loskop Dam

The Loskop Dam is situated on the N11 just outside the Groblersdal town towards Middleburg Town in a place commonly known as the Loskop Valley due to its beautiful landscape and scenery. It is also known for the Loskop Valley Lodge which hosts most the annual events in the STLM including the popular Loskop Dam Marathon.

Loskop-Zithabeleni is intended to leverage on the existing supply of various nature reserves (Mdala, Mkhombo, SS Skhosana, Mabusa) and develop a tourism corridor thereby capitalizing on the Gauteng tourism market nearby. The identification of this project by the STLM, NDM and the Mpumalanga Tourism Agency seeks to unlock the latent tourism potential of the area within the overall ambit of the broad tourism belt. It has a big potential to create SMME Cooperative on Tourism operated by women and youth and create more job opportunities.
It is also situated along the Botshabelo Heritage site and Hotels and serves as a feeder during peak times. The dam is not fully exploited and mainly used by visitors outside town and should be made easily accessible to local people to promote domestic tourism. Tour operators form the local communities must be recruited to manage and operate business along the dam and be coordinated through the local tourism council. The STLM should develop programmes and project to support economic activities around the dam all through the year and not annual events, but promote it as tourist destination of choice.

Other activities to support the dam include the Lodge, Loskop Marathon and Train Race, other sports and entertainment i.e. Year end events (STLM cross – over) Arts and cultural festival Banquet hall Country Club and golf course.

e) Mhluzi Township Tourism Development

The Mhluzi Township is one of the biggest townships in the STLM and a home to many people from different cultures around the Nkangala and Mpumalanga province respectively. It is one of the few local municipalities in the region that boost massive economic activities through the mining and steel manufacturing groups. It is also an area where many of the people removed from local farms including Botshabelo during the era of forced removals. It is a township with well-developed properties and does not have any concentrated informal settlement. Property development is booming and mix income housing is recommended to ensure integrated human settlements. Women and young people in construction must be given priority to empower them and develop their skills going forward and thus enable them to participate in the mainstream economy and be competitive.

5.2.2 Township Tourism Opportunities:

a) Shisanyama and Eskhathi Jazz (Mthimunye)

The space along the Sasol Garage, the Shisanyama at the corner and the Eskhathi Jazz Club provides a platform for an entertainment hub that can boost the township tourism and
economy. The project if carefully planned has a potential to create jobs, SMME development and build enterprises around the township focusing on music, performing arts, curio and traditional foods. Partnerships and Franchise can be used as models to package high quality products and services.

A shisanyama, Arts and Craft Market, Licenced restaurant (jazz club) and performing stage for locals can boost the number of people visiting the Township and will certainly create employment and business opportunities for women and youth.

b) Busy Corner in (Extension 4)

The space along the Sasol garage, Mhluzi Medical Centre, the shisanyama, hair salon, car wash stretching towards Eskahthi Jazz Club sets a good layout to establish an entrainment and tourist corner for the local and foreign visitors into the STLM. The Tourism Information Desk can also be well located in the area.

The proposed project has a potential to create new business in the leisure and entertainment sector offering the Real Mhluzi Cultural Experience. It has the potential to attract women and youth entrepreneurs to set up tour operators and tourism facilities. The STLM is to provide support on partnership, packaging rezoning, installing signage, branding and marketing of the township. A model similar to “Busy Corner” in Gauteng, is being proposed.

5.2.3 Retail Development

Retail business is one of the main activities in both the formal and informal sectors in both the town and the townships. Lately the mushrooming of Spaza shops owned by foreign nationals has become part of the township life where shops are leased from locals’ houses. The formalisation of the sector through registration with CIPC and compliance to laws of the country and municipal by laws will promote competitiveness and the participation of local women and young people in viable businesses that are regulated. The provision of
the enabling infrastructure, signage, branding and market will promote the SMME, Entrepreneurs and promote the participation of women and youth in retail business.

The retail opportunities in downtown and the Karg Taxi must be exploited and demarcated to provide for the formal and informal sector through building kiosk and stalls around the taxi rank.

Land adjacent and next to the Mhluzi Mall must be developed into stalls, container shops, Africa restaurant and to enhance mobility and clientele base and provide a conducive shopping environment with public offices and supported by the rank outside the Mall.

a) Spaza Shop Market

Almost all targeted localities have a number of spaza shops. These are undoubtedly convenience retail outlets that serve the needs of the local market, and generate income for the owners who operate them. The informal Spaza Shop retail sector is a dynamic project that can make markets work for the poor. This can be done by doing the following:

- Organizing the Spaza Shop owners into buying groups,
- Assisting owners to promote merchandising,
- Linking spaza shops with major retail outlets such as the recent Pick ‘n Pay initiative,
- Effective Branding
- Cost Effective Management of the value chain to make them competitive with other retailers in the townships.
- Increasing the efficiencies to increase profitability

Spaza shops are not an emerging market, but are in essence a retailing system that has historically and currently serviced the niche market of communities they serve in a very convenient manner. The need to provide support to the spaza owners cannot be emphasised and those who can graduate to running formal retail shops will need to be
supported—such as advocated in the Vuvuzela Model of the National Informal Business Upliftment Strategy (NIBUS). The STLM will also need to engage with Buzniz in a Box programme and facilitate partnerships and the development of local micro business retailers.

b) Container Mall (Mhluzi)

The Container Mall Concept has a potential to create SMME and job opportunities through the operations ranging from food stalls, laundry services, tyre sales and repairs, Grilled Chicken outlets and Fruit and Vegetables markets etc.

The main change expressed is the ownership of the containers and the restriction on expansion which limits their ability to grow and generate more income. The STLM is encouraged to sell the land to the interested business local people and current occupants to promote competitiveness.

Partnerships and Franchise such as Fruit and Veg Market, Nkukhu box, My Spaza, Galitos, Dunlop can be approached to support the initiative and provide starts up. The STLM must create the enabling environment. The Department of Small Business, IDC and the Commercial Banks can be approached to fund the project.

The development of the Mhluzi Container Mall presents an opportunity to integrate the SMME and big business spatially and provide a platform for mutual beneficiation. In its current form it may not provide enough to the SMME, women and young people given its current setup. The informal sector is sitting around the Mall will less customer base as all is centred in the Mall. The Taxi rank and the Container SMME mall must be at least be integrated to provide mobility and access to the business. It is important that the STLM must be the first to be seen to promote economic transformation through enabling an
inclusive economy. The partnership with Dunlop and Galitos can do better as supported through the taxi rank, trading stalls and related business to sustain them.

It is recommended that those working on the site must be enabled to grow and not restricted to the terms of the partnership but be considerate of the growth and graduation of the SMMEs into formal sector. The STLM will also need to engage with Buzniz in a Box programme and facilitate partnerships for the development of local micro business retailers.

c) Hendrina Shopping Centre

THE Proposed Zamokuhle shopping centre provides a centralised integrated centre where different services and products will be made available to the local people, reduce travel, increase local resource mobilisation, create jobs during and after construction, promote SMME and women in Business.

The mall should include retail shops, fresh produce market, flee market, government services, a business one stop centre and municipal portal just to mention a few.

The Container Shops Program, My Spaza Project, The Department of Small Business, DPW, DTI and MEGA are potential funders that the STLM and the chamber Of Business can approach to support the Centre development, including private developers and commercial banks.

The key focus of the economic activity node precinct is to ensure that convenience economic facilities are built up in the area so that a springboard for future development is set in motion. This will entail developing quality public spaces which include the development of: town centres, community facilities; linear spines of activity such activity streets to promote SME’s and entrepreneurs, and transport node.

It is proposed that the Node be anchored by the following commercial and community services:
• Retail/shopping Centre: It will be of importance that the area is assisted with a basic shopping mall that will serve the basic family needs of the area. This should provide a variety of retail services to the area and create jobs for the local people. The proposed retail centre should be linked to government services centre and/or the transport node.

• Building Materials Supplier and Hardware:

• Taxi Rank: A formal Taxi rank will add value to the area and boost local economic activity through informal trading and hawkers market and thus improve household’s income

• Skills development Centre – for school leavers and applied technical studies as part of the capital and skill and human development initiative

• SASSA – Application of grants for households and children. SASSA may have to establish a satellite office given the number of children and indigent people

• Home Affairs- For registration of birth to enable access to grants for children and qualifying families

• Department of Labour: It will be useful to those applying for unemployment benefits and related services

• Municipal Services: Rates, services and access to information for jobs and economic development initiatives

• Police and Medical Emergency Services

A Node anchored by such integrated commercial activities and community services, offered by the private and public sector, respectively, looks to be feasible at an appropriate scale. The node will have to be subjected to appropriate beautification programme (landscaping) as to make the new node receptive to an eye and inspire community of “things new” happening to the area. It will, no doubt, easily become a hub of activity in the area and possibly lead to further private sector investment as the node grows organically.

The artistic site development plan below visually indicates the possible development opportunities for an economic activity node.
It is proposed that the economic activity node be extended to Naledi and Lesedi with the objective of revitalising the two Eskom’s mining towns.

5.2.4 Agriculture

Agriculture represents the biggest and most far reaching innovation for many of the township residents. The need to produce for the primary, secondary, tertiary and international markets is huge. The local producers will produce world class quality, while being competitive. This advantage will be passed on to the local retailers, both formal and informal.

The agricultural sector is of one of the key sectors that can be used to expand the SMME and the participation of women in the economy through concentrated effort and access to land. Food production, agro processing, beef production and Poultry are some of the projects that have potential in the area. Strawberry farming is also considered and in Mafube Village and Keerrom a based on existing information.
a) Feedlot Project (Livestock) Juluka

There is available land and possible infrastructure that can be converted to suite the operations of a Feed lot given that it is not a complex operation. The land just opposite the Extension 8 industrial park which was previously used as Mill is ideal for this project given its accessibility to the Mandela Drive and the Pemba Rd.

People who are currently using the eZibayeni Kraal Project just outside Extesion 8 and women in agriculture can be immediate beneficiaries and be empowered from be subsistence farmers and SMME into Enterprises. Capacity building and Agricultural Extension services will be necessary to support the Ezibayeni group to sustain their business and to keep with Beef Producers Code of Ethics and Standards.

Fencing of the project is important and must be priority and a proper governance structure to promote the business element must be established to ensure accountability and competitiveness.

The Department of Agriculture’s Livestock Programme, The Department of small Business Development and SEDA can be approached for funding and financial assistance and planning.

b) Ezibayeni Livestock Project

The project has the potential to graduate from a household subsistence project into business. Women and Young people can be encouraged to form cooperatives and utilise the project as feeder into the Feedlot project and also supply the local traditional market with beef and goat meat. It provides an opportunity to create jobs in the long run and business management skills. A competent management committee supported by the LED Unit in STLM is crucial.

Funding can be assessed from the Department of Agriculture, DTI and SEDA.
c) Extension 8 Abattoir (Next to Mill)

The activities around STLM and the interest in keeping Livestock, the establishment of the Feedlot provides a good platform to pursue an Abattoir that will service the local needs and market. The abattoir will create jobs, promote SMME development, women and youth enterprises and may grow to support the district and be a provincial player supporting big companies operating in the region. The targeted beneficiaries will come from women in business and agriculture and the youth.

d) Strawberry Farm (Keeroom Portion 6)

The project is aimed at producing strawberry for the local and international market based on previous studies undertaken through the STLM and private sector. The soil has been analysed and believed to be good for the production of the strawberries of good quality. It is situated along the road leading to Doornkop and also links with major routes including the N11 and R555. It has the jobs and SMME development in the processing and packaging of the products coming from the farm.

It is attractive to women and youth given low intensity in labour and input costs apparently. Women and youth cooperative can be facilitated to run and operate the project with the support of mentors from the neighbourhood and the Agricultural Research Council for technical assistance and advice. The local department of Agriculture will be readily available to assist in funding related matters and planning. The DTI and IDC can be approached for processing and packaging, marketing and related support needs.

e) Agr-Village (Zamokuhle, Rietkuil and Somaphepha)

The STLMs IDP prioritised Agri parks as the key interventions for the three sites based on the nature and type of settlement and planning in the area. The areas were previously used
to house Eskom employees and have been handed over to the STLM given the sizeable numbers of people residing in the villages. Agri Park will give the community the opportunity to produce crops and support the local market and people in the villages and thus era income and create opportunities. Cooperatives can be established to supply the retail centres and fresh produce in the surrounding of the STLM and further growing SMMEs in the villages and the STLM respectively. These will sustain the towns and promote economic development. Training and capacity building through the Incubation Hub concept would be necessary to give technical expertise to be productive and competitive.

The provision of economic enabling infrastructure will be important and an integrated model as proposed where-by government services, information centre, municipal, portal, container Malls and Flea market are facilitated closer to the Agri park to provide market and ensure economic sustainability.

f) Botshabelo Fresh Produce

The Botshabelo Fresh Produce market benefit the community of Botshabelo, Doornkop, Somaphepha and the Mhluzi people directly as suppliers and beneficiaries of the local products from local farms. If located closer it will attract local farmers' women and youth and assist them to grow as SMME and enterprises and eventually create jobs. The local farmers of Botshabelo are readily available to participate and are keen to operate the Fresh Produce market and are open to partnerships with the STLM and the private sector. It will also serve as market for the agri-villages operating in the neighbouring villages and further address issues of sustainability in business.

A service level agreement will be necessary between the STLM and the Botshabelo Trust or any entity that will be operating the Market to ensure proper governance, compliance and accountability.

The Mpumalanga Economic Growth Agency, the Department of Agriculture, the DTI must be approach for planning and funding. It is a best opportunity to put women and youth to
implement the project as Enterprises, SMME and Cooperative and deal with the gender stereotyping of agriculture being male dominated field.

g) Mafube Poultry Farming

A poultry farm targeting women and young people in business will succeed if given the right support, skills and training. The project is likely to create jobs for local women living in the Mafube Village and thus contribute directly to the household income and livelihoods.

A Project management team supported by the LED Unit and the Department of Agriculture will be necessary to see the project through. Funding and marketing support is essential through links with the South African Poultry Association to maintain good quality standards and supply. Land should be made available for planning and implementation purpose and a targeted beneficiary group to be identified for the project as a matter of priority.

Funding and technical assistance can be sourced from the Department of Agriculture, SA Poultry Association, and DTI.

h) Rabbit Farm

Rabbit production farm found within Steve Tshwete Local Municipality. The project started operating in 2018 and is still a new concept in the area. The project is in Line with the current IDP and the LED Strategy as it introduces another economic activity away from the dominant mining sector in the area. Land for agriculture project competes with the dominant coal mining exploration initiatives in Nkangala. This farm is owned and operated by a cooperative of 5 youths. The project was implemented through a R3.4 million loan from MEGA.

Capacity building, training and skills development is critical to ensure effective day to day operation on the farm including marketing and administrative capacity.
i) Proposed Agriculture Support Model

The proposed agricultural projects could be set up in partnership with strategic partners focused on market access, skills transfer and funding. The strategic partner identified in relation to market access will be retailers i.e. Pick n Pay, Checkers, Woolworth, Fruit n Veg, Spar, etc. The Retail companies will provide technical extension as well as a produce “off take agreement” securing access to market from agriculture projects.

To support local entrepreneurs and cooperatives, an Agricultural Operating Company (AOC) can be established to ensure quality and delivery to the market. The AOC will address challenges around skills transfer, co-management, funding and marketing of products to other retailers. The AOC will also advice on all matters from early technical feasibility and resource, yield and budgetary assessment through to risk mitigation and integration with end-use production. Whilst agricultural projects are easily conceptualised and investment committed, the difficulty in obtaining expert feasibility and operational and management services often puts the projects out of reach of completion. The creation of the AOC brings together management and specialist expertise.

AOC will offer the following:

- Training in agricultural practices for application to commercial food production;
- Integration of the project with local fresh producer projects;
- Job creation within local communities both directly in relation to the project and also through supporting ancillary businesses, and;
- Development of local infrastructure including transport and housing with the participation of local communities.

5.2.5 Manufacturing

The sector is currently limited to produce material that is mainly directed to mining support services and the construction industry in general. The role and participation by township
business is yet to be realised and visibly see through success by the local people. Different initiatives and intervention geared towards township people have been identified in both MSI project in the towns industrial area and the new Extension 8 Park and the possible accommodation or relocation of the automotive cluster that is located along Extension 2 along the 1km road consisting of mainly auto related work. So far it does not look that incentives to attract women and youth into the industrial space have been communicated and shared with aspirant beneficiaries who may be willing to participate.

The following projects have been identified in line with principles of job creation, inclusive economy, economic transformation and the ability to build and transfer skills for effective business operation by the people of the STLM.

a) Beneficiation

Beneficiation of locally produced products will establish a longer value chain in the townships, thus assisting in creating more job and entrepreneurial opportunities; thus enabling the Rand to circulate in the community for a good economic flow.

Beneficiation can be undertaken for agricultural produce as well as other resources like metal, wood, and so on. For example, cowhides from abattoirs in the municipality can be used as inputs to make a number of products such as bags, car seats, belts, etc. Linking with beneficiation is the opportunity to establish industrial parks within the targeted localities and in the process create decent jobs in the township and support development of SMMEs.

b) Node D Industrial Park

This is an industrial park alongside the Mandela Drive which will house emerging businesses that are currently operating from unsuitable business premises, including backyard workshop around Mhluzi Township and in Steve Tshwete Local Municipality. This is intended to promote and upgrade SMME, Women, Youth and the back-yard operators
into formal business by providing the enabling environment, competiveness and business skills.

The first phase of the project has been completed, and the current phase started in March 2019 and will be completed by end of December 2019.

Total project value for this project is estimated at R20 million, Exxaro’s contribution is R5.2 Million and Glencoe’s Contribution is R10 Million and the STLM contributed the short fall of R4.8 million necessary to complete the project. The projects has the potential to engage women in different sectors such as jewellery making, steel fabrication, welding flower markets, funeral services, retail, agro-processing that be can be accommodated in the industrial area.

c) Industrial Park Automotive in Extension 2

The area along the outskirts of Extension 2 demonstrates a serious need for more industrial space that can accommodate the various element of the automotive sector. The area even though it looks informal, the site are demarcated with basic service such as electricity and water available to the businesses. The project currently employs more than 100 people that are working as mechanics, panel beaters, spray painters, assistants, general workers and administrators. The project can transform into SMME and enterprises supplying the industry where women and young people can be drawn as businesses supporting the industries.

An industrial park offering separate and shared services can change the picture completely and upgrade the operators into main stream business linked to the motor and insurance companies.

Business activities to be supported and attracted to operate in the park:

- Panel beating and body spraying and painting
- Motor mechanical engineering, repairs and maintenance
- Glass fitment; Battery Centre
- Auto and Audio Electricians
- Car wash
- Leather upholstery manufacturing
- Licensing and registration
- Tire fitment and alignment, exhausts and auto accessories
- Auto truck service

The project intends to give many informal businesses currently operating in townships the opportunity to run their businesses and offer their services in a professionally set up facility in their townships.

Providing auto support services in a professional set up does provide opportunity for the operators to compete with other players in the market. As a starting point, the greatest impact can be realised if the planned auto support services are supported by key local partners such as the Municipality and Local Taxi Associations. These two groups can easily bring about economies of scale that the auto support services require to achieve financial sustainability.

In the long term, there are other sound commercial opportunities that can be realised through successful of this project such as:

- Supplier opportunities of leather car seat covers if upholstery business opportunity presented at the Industrial Parks;
- Business linkage programme through a franchise model or mentorship model to support local operators to deliver servicing needs of various models in some form of partnership with established car manufacturers or suppliers.

An investment of more than R20million rand will be required to kick start the project and accommodate women as operators and suppliers of products for the industry through cooperatives and SMMEs. Motor, body parts, and spares business have an opportunity to
create jobs and business opportunities. Partnership with companies such as Toyota SA and VW SA can be pursued to provide technical skills and quality assurance.

A management committee consisting of the major sectors, STLM, private sector partners, women and youth in business is recommended to provide oversight support and leadership.

The Mpumalanga Economic Growth Agency, IDC and the Local Business can be approached for funding.

d) MSI and MSI in Mhluzi

The project in the industrial area in town looks like an industrial park offering different products based on steel. People from different background operate in the centre through the leasing of workshops. Most are individuals who do not seem to work as a collective but individual business who do their own marketing, administration and the technical work. Employment is dependent on productivity and not fulltime given the low intake experienced. Most of the operators come from the townships and must travel to town daily for business. There is a shared services centre outside the park that provide heavy industrial machine at a cost to the operators. Issues on bulk buying, marketing and branding were not clearly spelt out. The area is managed by the Highveld Economic Development Agency.

The project can merge very well with Node D industrial park and provide a centralised park offering a variety of services with shared services directed at the different industries, job opportunities, SMME and provide a niche market for women and youth as suppliers and technical providers to the centre and transform the economy. In order for the township bossiness to grow, business must operate in the township to reduce travel cost and enable more time to work and enhance local resource mobilisation in the townships.
e) Proposed Model to Operate Industrial Parks

The execution of the Industrial Parks should be structured as follows:

- The park will be governed by means of a clustered approach focused on attracting and developing an automotive and steal cluster anchored by well-established and emerging SMMEs;
- The automotive industrial park will mobilise market demand by capitalising on access to STLM and Taxi association, and the township market in general;
- The steal industrial park will mobilise market demand by capitalising on access to mining sector, steal sector, and building suppliers in general;
- Cluster champions (established private sector business) to be identified to Invest in facilities – beyond initial government support, to provide business support services such as marketing, quality control, business creation, capacity building, and manage the clusters backward and forward linkages;
- Preference need to be given to township SMMEs;
- Business-to-business relations must be emphasised, and
- Business operations must be demand-led rather than supply-driven.

Within the context of the operational business principles, BEE/SMMEs in the cluster would:

- Share property facilities;
- Contribute to the overall property management of Industrial Parks;
- Contribute to a shared area management (cleaning, security and so on);
- Be viable in their own right;
- Cover the costs of operating in the Park;
- Deliver on developmental outcomes.
5.2.5 Business Services

a) Adelaide Tambo Thusong Centre Extension 7

This is a fully functional state of the art Thusong Centre situated in Extension 7 providing access to government services by the local people of Mhluzi Township. It also has functional business incubation centre that mainly attract SMMEs and emerging business that visits the centre for a number of reasons including registration of the database and technical advice.

An additional restaurant (kiosk) and wellness facility is proposed to increase mobility in the centre, to be run by local SMMEs and entrepreneurs, to create jobs and promote women and youth participation in business.

The centre should be enhanced by the following proposed business development model that will act as a 1 stop service centre for local businesses.

j) Business Development Services

Economic development of the townships and emergence of locally based business enterprises provide spinoffs for the development of business support services, and these include for instance the following:

- **Professional Services** such as accounting and bookkeeping, procurement, transport, business registrations, mobilise funding, training and so on;
- **Security:** The high level of crime against small businesses presents another opportunity for small security companies. The areas to be developed include:

  1. **Access control:** there is a need to develop local security companies that can be used to enhance the security of small businesses such as Spaza shops and other
small retailing centres in the townships. These companies would be owned and operated by local business people.

2. **Electronic systems:** there is simple but very effective electronic equipment that enhances security surveillance, which is available cost effectively to the township market. Sales and maintenance after installation will form a very good opportunity for local entrepreneurs.

The services sector in particular can present opportunities to youth owned or operated companies since youth tend to be technologically savvy; and it is common knowledge that services sector tend to be technologically intensive.

Funding can be sourced from financial institutions, Department of Small Business Development, and DTI.

### 5.2.6 ICT

#### k) Establish an ICT centre in Extension 1

The project should be used to create a knowledge centre that will be managed by the youth. This centre must: Provide basic computer training for locals; develop and manage the database of all service providers in the area and also opportunities available in the area; act as a service provider for WIFI in the area; maintain and service the WIFI; maintain library or public information technology systems and upgrade the systems.

The project has the potential to develop IT skill for the youth, create employment opportunity for the youth as trainers and IT developers, and create SMME opportunity in the provision of WIFI or internet services. This kind of project may not be accessible to all the youth in the various townships—in which case there will be a need for major
Knowledge Centre with satellite facilities in townships where there could be sufficient demand for services—thus further increasing funding requirements.

STLM should develop a business plan for this project and engage one of big IT companies to fund and maintain this project as their community service project.

5.2.7 Logistics Hub

i) Packaging:

Packaging businesses can be brought into the townships at a reasonable level of investment for various commodities. These can take the form of food packaging as an outsourced business or packaging for the Spaza shop market and possibly retailers located in local malls that are increasingly being built in the townships. The possibilities are endless, wherever industry requires any kind of packaging. There has to be a concerted effort to explore such opportunities.

m) Peta Road Truck Port and Warehousing:

Warehousing is a very lucrative business that can be successfully undertaken in the townships as well. One area that can be explored is bonded warehousing for mineral resources from the mines in the District. In addition, there are opportunities in the area of cold storage warehousing, and various secure warehousing for retail businesses, many of which are operating in the township malls and shopping centres. Warehousing is a critical component of logistics value chain and can presents sustainable business opportunities and create both SMMEs and decent job opportunities.

The warehousing opportunity can also be linked to the proposed Botshabelo Cargo Airport.
n) **Nelson Mandela Corridor Development:**

The Nelson Mandela Corridor seeks to foster the Mhluzi’s economic integration to the STLM economy through an investment of R30 million to construct a taxi rank at the western tail end of Nelson Mandela Drive. In addition, to constructing informal trade stalls within the proposed taxi rank, with the investment cost of R5 million.

Other initiatives identified by STLM to support the corridor development is to establish a waste collection and sorting facility at an investment of R10 million, and to set up an industrial recycling facility in the Node D industrial Park at an investment of R250 million.

5.2.8 **Construction**

Given the infrastructure and housing development, as well as the need to eradicate informal settlements in STLM, there has to be deliberate strategy to support entrepreneurs who are keen to participate in the value chain of this sector.

o) **Specialist construction Companies:**

There are many construction opportunities in most of the township to develop RDP housing major mixed housing developments Mhluzi. These major developments give an opportunity for specialist companies in the construction sector to be given increased capacity. These improved companies can then effectively sub contract to the large developers.

These small companies can be specialist in that they will focus on one or two competencies such as bricklaying, carpentry, plumbing, glazing, painting, and so on. The more they specialize, the more professional they can become, making it possible to enter and formally operate in the construction sector and thus enter into formal business ventures with developers.

The current infrastructure and housing development in the STLM present an opportunity for the municipality to come up with innovative support mechanisms to support
contractors in the sector and enhance their specialisation—a feat that will be useful during construction phase of many construction projects but also for maintenance after projects have been completed.

p) **Construction manufacturing:**

There is a need for township-based entrepreneurs to increase their involvement in manufacturing for the construction sector. These manufacturing companies would produce materials for use in the local construction projects, such as paving blocks, bricks, culverts, manhole covers, pipes for storm water, electricity poles and so on. In many cases, the projects, materials used in construction projects in STLM are imported—whether by local building merchants or contractors implementing projects. The STLM has to initiate a deliberate strategy to promote local manufacturing of construction materials within the municipality where feasible and in doing so ensure teaming up with appropriate institutions such as SABS to ensure quality materials are produced locally. This strategy will likely unleash opportunities for entrepreneurs who, in the long term, may end up exporting to other regions (in the District and Province) their products.

5.2.9 **Property Development**

There are various levels of property development that are taking place in the various targeted townships or cluster areas of STLM. These are:

q) **New Houses in the various projects**

There are several major housing projects in STLM where the opportunity of property developers getting plots on which they can develop houses for the market. In addition to this, there are many vacant land plots and those that belong to STLM for which rights to develop can be issued to emerging developers where new houses and retail outlets can be built.
r) Secondary housing marketing and development

Real estate agencies and emerging property development companies can be established, which would acquire properties that can be improved, and resold as part of the Secondary Housing Market. As new housing affordable housing developments are implemented, many people will trade up and put their existing houses for sale and this provides an opportunity for local entrepreneurs who want to participate in the real estate business.

s) New Retail / Commercial Property development

There are number of new integrated human settlements that are proposed throughout the STLM. These human settlements present opportunities to develop new commercial properties with retail space to serve their respective catchment areas. This includes the establishment of taxi ranks where informal traders can also be accommodated to sell their products commuters. In short, retail development does not only present opportunities for formal businesses, but also do contribute to supporting informal sector in the townships.
SECTION 6: TOWNSHIP ECONOMIC REVITALISATION STRATEGY

6.1 Steve Tshwete’s Support Towards Township Development

The Township Economic Revitalisation Strategy seeks to contribute towards reducing poverty, inequality and unemployment, and represents its commitment towards township development. The Strategy should be guided by the following developmental imperatives:

i. The redress of economic imbalances by advocating and promoting practices that bring the previously marginalized and/or historically disadvantaged - particularly the township people - into mainstream of the economy.

ii. Strategically redirect the Municipality’s procurement spend to support township economic revitalisation and achieve broad economic transformation policy goals.

iii. Facilitate access to financial and non-financial support to build the entrepreneurial and business capacity of small, medium and micro enterprises and cooperatives owned, managed and controlled by township residents.

iv. Reconfigure the Municipality’s economic landscape to ensure that economic activities and opportunities are spread across all areas of the STLM, with greater focus on currently depressed ones.

v. Identifying and implementing innovative initiatives and approaches, which will encourage the emergence of new businesses, owned and controlled by HDSA’s.

The key emphasis is placed on interventions that leverage on the STLM procurement spend; the utilizing of regulatory instruments and provision of business support services to the townships with the aim of ensuring that benefits accrue to local communities and HDSA’s.

It should be noted that all the above cannot be achieved in isolation and calls for a need to look at the development of the Strategy within the broader context of other intergovernmental instruments such as integrated development planning, infrastructure investment, sustainable human settlements and economic development. But in addition,
this will require the political commitment and will to drive the Strategy and the management or organisational champion to drive the programme. This will require that the LED Unit to lead the role of the champion and drive the coordinating mechanism for effective use of intergovernmental instruments.

6.2 Implementation Programme

In the implementation of the STLM Township Economic Revitalisation Strategy a number of role-players (within the public sector and the private sector), will be expected to play a critical role. It is impossible to implement all projects at once. Therefore, it is critical that an objective process is followed in prioritising the projects for implementation. In deciding on the project time frames, recognition is made of making a distinction between those that can be implemented immediately (those that can really create quick wins) and those that will take long to implement due to their complexity and other factors (long-term projects). In this section, a funding and financial framework that will enhance the sourcing of financial resources for implementation is also proposed. Furthermore, in implementing the Plan, there must be strategic level oversight.

This is necessary in order to ensure that the process of implementation is well managed and that various actors in the implementation process are accountable. The section also highlights an Action Plan for the Implementation of the Revitalisation Strategy. The Action Plan will identify priority actions and steps that need to be undertaken in order to achieve the objective of each Pillar of the Plan.

6.3 Key Implementation Role-players

The implementation of the Revitalisation Strategy should be driven through a partnership paradigm in which all institutional players play their respective roles in ensuring that efforts of developing the township economy to achieve the desired results. Different role players who will play a key role in the implementation of the Township Economic Revitalisation Strategy fall into the following categories:
The STLM Departments, led by the LED Unit;

- Private regional business institutions such as the proposed Townships Business Forum, and;
- The Mayoral Committee.

### 6.3.1 The Role of STLM Departments

The STLM Departments that have impact on the local economic development must support the township economic development by:

- Facilitating development of the townships’ economy through their planning instruments;
- Making provision for adequate budget resources to support identification and implementation of economic development opportunities;
- Supporting entrepreneurs by continuously monitoring environmental constraints that inhibit business operations in the townships and propose initiatives that remove red tape and make it easy to conduct business in the townships;
- Identifying and encouraging collaborative efforts among various institutions which have a stake in the economic development of the STLM’s townships, and
- The STLM should utilise its budget resources as a key lever to promote economic development in the townships by ensuring that its procurement policy is biased in favour of enterprises based in the townships for projects implemented in the townships.

The LED Unit should play a leading role in co-ordinating the implementation of the Township Economic Revitalisation Strategy. This Department has to ensure that economic development capacity is augmented in the region so that township entrepreneurs and regional institutions have technical support and expertise that they can tap into, in their efforts to drive township economic development.

### 6.3.2 The Role of Private Local Business Institutions

The Township Economic Revitalisation Strategy presents many opportunities for the local entrepreneurs in Steve Tshwete. Local entrepreneurs stand to benefit in the
implementation of economic development projects. This calls for the various business formations / institutions, and big business (in mining, manufacturing, and agriculture sectors) in Steve Tshwete to be active in the implementation process, and this entails, inter alia, playing the following roles:

- Mobilising entrepreneurs in the townships to be active in looking for and participating in investment opportunities identified in the Revitalisation Strategy;
- Facilitating the identification of constraints inhibiting business operations in townships and support the STLM in finding solutions to the identified constraints;
- Taking active steps in identifying and forming business linkages between Township businesses and businesses in and around STLM so as to strengthen local economies and businesses;
- Participating in forums established by the STLM to address economic development challenges in townships, and;
- Mobilising SMMEs, BEE Beneficiaries and potential entrepreneurs to participate in skills development programmes.

6.3.3 The Role Mayoral Committee

As the supreme and the highest decision-making structure in the STLM, the Mayoral Committee will ultimately play a key role in providing political oversight and will need to be regularly briefed on the processes and challenges regarding the implementation of the Township Economic Revitalisation Strategy.

6.4 Project Prioritisation Mechanism

The process of prioritising projects for implementation in the Revitalisation Strategy needs to consider a number of factors that all taken together to enhance the implementation of the Strategy. Prioritised projects should as a rule be aligned with the Pillars that underpin the Strategy.

The following suggested criteria constitute the Project Prioritisation Process:
a) **Potential to create strong linkages with the economy of the STLM as well as external economies:** This criterion is important in the sense that the vision of economic development of Township economies is underpinned by the principle that these economies cannot develop and grow in isolation. It therefore needs to have strong backward and forward linkages with the rest of the STLM economy as well as the district, provincial, and national economies. The Strategy has a dedicated pillar on “Building inclusive economies and businesses” to signify the importance of this aspect. Projects that have this characteristic should be prioritised.

b) **Potential to develop and promote SMME's and co-operatives:** The Plan puts emphasis on enterprise development. Therefore, projects that have a potential to enhance participation of SMMES and Co-operatives in the mainstream economy need to be given attention and priority in order to address the current marginalisation of the Township entrepreneurs in economic development opportunities.

c) **Potential to generate new employment opportunities:** Given the levels of unemployment in STLM, projects that promise to create job opportunities need to be prioritised as they will contribute to addressing the current dire unemployment situation in Townships.

d) **Potential to improve income of existing entrepreneurs:** STLM has a number of entrepreneurs engaged in economic activities across sectors. It is critical that Township entrepreneurs are supported through the identified projects to turn around their businesses’ performance and revenue.

e) **Potential to source or leverage funding or raise finance:** Funding is critical in the process of implementation of economic projects—right from feasibility up to the actual investment on the ground. Accordingly, projects that have a better likelihood or relative ease of raising funds or finance need to be prioritised in order to accelerate investments in projects identified in the Revitalisation Strategy.

f) **Potential to promote Broad Based Black Economic Empowerment:** BBBEE is one of the important policy imperatives to redress the imbalances of the past apartheid policy. Clearly, it is of utmost importance that projects complying with the Policy as currently implemented through Broad Based Black Economic Empowerment and Codes of Good Practice are also prioritised. Projects meeting most of these criteria should receive
immediate attention as they are likely to quickly lead to the achievement of the Revitalisation Strategy objectives.

Given the project prioritisation process, the projects could be grouped into two categories, namely:

- **Quick-win projects**: These have a greater likelihood to quickly achieve visible and tangible impacts in the very short-term (all projects that can be implemented in 2019). Their scope of impact may be limited, but they quickly yield desired results for stakeholders and begin to build momentum in promoting economic development, and;

- **Long-term or complex projects**: These have larger resource requirements and need more rigorous planning process and need to undergo viability assessment, feasibility studies and preparation of comprehensive business plans. When these are eventually successfully implemented, they have a greater and wider impact on economic development.

### 6.5 Funding and Financial Framework

All the projects identified in the Township Economic Revitalisation Strategy will only contribute to the achievement of the goals of the Strategy provided financial resources are sourced or available for their implementation. This fact, therefore, calls for a well-conceived framework to raise financial resources to implement the Strategy.

The Funding Framework takes into account the fact that there are various sources for funding, and each source of funds has its own specific funding criteria and goals for funding/financing economic development projects. The challenge is to understand funding or financing motivation and criteria of each funder or financier in order to enhance the prospects of obtaining project implementation funds.

In sourcing funds for project implementation, cognisance should be taken of the following potential sources of funds/finance:
SECTION SEVEN: RECOMMENDATIONS

1. RECOMMENDATIONS FOR FURTHER RESEARCH AND IMPLEMENTATION

STLM may wish to consider for the continuous improvement of the sector around SMME development

Through literature review, expert and field-testing interviews, and the actual survey, the research team has identified several additional areas for further exploration that

While the research team is confident in the scope, methodology, data, and findings of this study, it is important to note that STLM, may wish to consider further examining the proposed recommendations highlighted in this section for a pilot deployment among the identified enterprises that are primed for further development.

2. ENGAGING WITH THE SECTOR TO GROW TOWNSHIP ECONOMIES INTO THE REGION’S GREATEST SOURCE OF WEALTH AND HERITAGE

The role of local government in SMME support should centre on the creation of an “enabling environment”, facilitating and encouraging linkages rather just than directly providing support services. Within this broad definition, there is much scope for tailoring support to fit the conditions faced by local SMME’s; experience has proved that this type of problem-driven, specific intervention is most effective in promoting SMME development

These recommendations are presented in two categories; namely:
- Facilitation Ideas
- Customised Model for STLM
a) FACILITATION IDEAS

It is recommended that meaningful interventions by STLM include the following key components, each of which is discussed below in more depth:

1. FACILITATING ACCESS TO RESEARCH AND INFORMATION – (ONE-STOP CENTRE)
2. FACILITATING ACCESS TO MARKETS AND LINKAGES WITH BIG BUSINESS; E.G. (MINING)
3. FACILITATING ACCESS TO FINANCE
4. FACILITATING ACCESS TO LAND AND PHYSICAL INFRASTRUCTURE
5. FACILITATING ACCESS TO TRAINING
6. PROVIDING STRATEGIC SECTOR SUPPORT - (INCUBATION HUB)
7. REVIEWING THE LEGAL AND REGULATORY ENVIRONMENT

b) PROVISION OF RESEARCH AND INFORMATION

- Conducting ongoing research and gathering information at several levels of economic development, particularly with respect to SMME development is therefore recommended as an integrated focus area.
- Knowledge about characteristics, capacity and constraints of the SMME sector in STLM will form the basis for informed interventions in the sector.
- Information on support measures offered by existing SMME centers and programmes (including all levels and types of support agencies) should be made available to entrepreneurs.
- Technical information on starting a business in STLM, sector specific data, regulations in STLM and so forth, must be readily available to entrepreneurs.

c) FACILITATE ACCESS TO MARKETS AND PUBLIC PROCUREMENT

The two main ways of enhancing market access for SMME’s is through the public procurement, and the promotion of big to small business linkages.

- In terms of municipal procurement, STLM needs to ensure that all departments with a purchasing responsibility are sufficiently aware of and committed to the development of SMME’s in the region.
• To consistently review STLM’s procurement expenditure which is received by targeted enterprises, to ascertain whether progress is continuously being made.

• Promoting business linkages between SMME’s and big business also increases market access for SMME’s.

• Establishment of a ONE STOP Centre in Middelburg where information, i.e. about suppliers of products or services corporates wish to buy, and about potential buyers to whom a supplier might sell.

d) FACILITATE ACCESS TO FINANCE

Facilitating access to finance is an important element in the creation of an enabling environment for SMME’s.

• Improve access to information about existing financial support as well as institutions and initiatives in the Nkangala District / STLM area.

• Host workshops where important role-players in the financing sector can inform the general public of developments / opportunities around access to finance

e) FACILITATE ACCESS TO LAND AND INFRASTRUCTURE

Infrastructure development can be a useful job creation tool not only if it is labour intensive, but also if the nature of the infrastructure is such that it supports the development of small businesses.

• Provide basic infrastructure such as electricity, sewerage, street- lights, water, market facilities, land and built-up light industrial premises for SMME development.

• These facilities could be provided directly to SMME's or established support institutions at affordable subsidised rates.

• The question of land availability and release methods needs to be examined for facilitating access to identified SMME’s

• Repackaging land in different tenure forms, to actively address the needs of SMME's.

• Commissioning an audit of land use and ownership in STLM is suggested to identify unused and underutilized land and buildings, which could be made available to SMME's.

f) FACILITATE ACCESS TO TRAINING

Studies and surveys, including this study on Township
Economies point to lack of access to business and technical training as one of the constraint areas.

- Encourage practical, sector-focused courses as well as internship and mentorship programmes through direct involvement or by service providers; e.g. FET Colleges.
- Increase awareness of available training programmes.
- STLM to Fund training programmes and initiatives

**g) FACILITATE SECTOR-SPECIFIC SUPPORT**

Sector specific support must be approached strategically rather than reactively, as evidenced with other metropoles nationally.

Preliminary considerations may well be given to:

- Manufacturing
- Construction
- Tourism
- Agriculture

Sector specific support can be enhanced with the establishment of an **Innovation Hub** in Middelburg or in the industrial zone/s of the municipality to focus on:

- Business Incubation
- Skills Development
- Coach Lab programmes
- Youth and Women Empowerment- X-Change Programmes

**h) REVIEW OF THE LEGAL AND REGULATORY ENVIRONMENT**

The legal and regulatory framework within which SMME’s function needs to be consistently reviewed to ensure that it is enabling rather than obstructive.

Co-ordinate regulatory reform action at STLM to ensure that municipal regulatory frameworks are in favour of SMME’s.

This includes local by-laws and ordinances as well as the administrative processes that affect fast-tracked economic development.

**i) CUSTOMISED STRATEGIC INTERVENTION MODEL FOR STLM**

**Strategy**

1. Appoint a passionate consultant or team to co-ordinate SMME Development with close reporting lines to the LED department.
2. Dialogue with councillors and religious leaders in all the wards to provide suitable venues for the facilitation of Mobile Business Development Units.

3. Once venues are identified, Mobile Development Unit teams can be formulated and then dispatched to the respective areas to provide critical Business Development Services and Support to micro enterprises.

4. sectors as identified

5. Engage with the Chamber of Commerce and Corporates representing the sectors within which the identified SMME’s fall into, with the objective of formulating an “Adopt a Business Programme”.

6. The LED department of STLM is encouraged to formulate a Business Forum to monitor SMME development with the intent of creating a link between SMME’s; the Municipality and all role-players.

7. Identify a suitable number of SMME’s that the municipality intends to fast development within each financial year.

5. Perform a due-diligence exercise on each of these enterprises. Follow through with a relative development plan based on the findings.

6. The plan to fast track the development SMME’s should be categorised into priority Industry

Customised Model for STLM

ADOPT A BUSINESS – TRIPLE T MODEL

Stimulation of a local Economy through:

1. TIME
2. TALENT
3. TREASURE

TIME
• A Corporate commits their time to the enterprise that they have “adopted.”
• This could be an x number of hours or days per month.
• A timeline is determined e.g. 12 months or 18 months.
• The owner of the micro enterprise commits their time to pursue development of their enterprise.
• The expected outcomes are determined by all parties at the outset. (Corporate, municipality and micro enterprise)
• Contractual agreements are finalised between relevant parties.
TALENT

- Big business / corporate, stimulated to utilise practical methods to transfer needed skills and expertise to the micro /small enterprise.
- Examples of which ,could include marketing skills, financial expertise, communication skills, business writing skills, Human Resource Skills, computer skills, business strategy etc.
- **Hiring of talent.** Market access through SCM whereby the enterprise is given opportunities to provide goods or services to the large business. This will certainly increase the economy of the micro enterprise.

TREASURE

- **Invest** in technological upgrades for SMME’s, e.g. Updated Computer Systems, Licensed Software, and Wi-Fi etc. This will have a knock-on effect also for big business as it could be verified in their CSI or BEE Scorecard.
- Invest in their business expansion programmes. (If the Big business has a national footprint or international footprint, expose them to markets in those regions)
  Sponsorship of SMME’s to participate in Trade Shows.
TRIPLE T MODEL INTERVENTION

- Chamber of Commerce
- Big Business
- Corporates

Financial Sectors / Banks
- Financial Management
- Saving
- Investing
- Access to
- Low Interest Loans

SMME's

Local SAP
- Crime Prevention

Triple T Model
- Time
- Talent
- Treasure

MOBILE BUSINESS DEVELOPMENT UNITS

LED SUPPLY CHAIN YOUTH
## Potential sources of LED Funding

<table>
<thead>
<tr>
<th>Sources of Funds/Finance</th>
<th>Motivation / Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Trade and Industry Incentives&lt;sup&gt;39&lt;/sup&gt;</td>
<td>These range from the broadening participation cluster, competitiveness investment cluster, manufacturing investment cluster, services investment cluster, and infrastructure investment cluster.</td>
</tr>
<tr>
<td>Municipal Infrastructure Grant (MIG)</td>
<td>Provides support to municipalities to supply basic infrastructure development and improve service delivery.</td>
</tr>
<tr>
<td>National Treasury's Neighbourhood Development Partnership Grant (NDPG) and The Cities Support Programme (CSP)</td>
<td>The NDPG was established in 2006 by National Treasury with the primary focus to stimulate and accelerate investment in poor, underserved residential neighbourhoods such as townships by providing technical assistance and grant financing for municipal projects that can leverage private sector investment in the project. The CSP was established in 2012 to respond to the implementation support needs of cities in four critical areas of the built environment: governance and planning; human</td>
</tr>
<tr>
<td>Development Finance Institutions (DFIs):</td>
<td>settlements management; public transport and climate resilience.</td>
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<td>------------------------------------------</td>
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<tr>
<td>MEGA, Industrial Development Corporation, Development Bank of Southern Africa’s Development Fund and Jobs Fund, Independent Development Trust, National Empowerment Fund, NDA, Public Investment Corporation Isibaya Fund, NYDA township enterprise hub programme, Jobs Fund,</td>
<td>DFIs are set up by government and in the South African context are largely solely owned by government. Each DFI has a specific mandate and they are established to address market failures in making finance available for the development needs related to its mandate. They all need a business plan to consider financing a project. The NYDA programme is targeting township entrepreneurs. The Jobs Fund targets enterprise development, institutional capacity building, infrastructure, job seekers.</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
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<td>------------------------------------------------------------</td>
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<tr>
<td>Private Sector investors, including Venture Capitalists</td>
<td>These will invest in viable and feasible economic projects which are likely to offer a return on investment. Long term profitability of a business venture is critical in the investment decision. Venture capital funds normally provide not only loan finance but also take equity in the investment and take more active participation in running of a business venture.</td>
</tr>
<tr>
<td>Commercial financial institutions</td>
<td>These are in business of providing loan finance for investment in economic development projects and will charge an interest (cost of capital) on loan capital. They need a business plan to consider before taking a financing decision.</td>
</tr>
<tr>
<td>Donors (include official development assistance—ODA—and private sector foundations - Corporate Social Investment (CSI), SLP Fund, Chamber of Mines)</td>
<td>The Donor community such as the European Union, Japan, Germany, USA, UK, and other donor member countries, make funding available for development needs of targeted communities, in a form of technical advisors, project funding, and dedicated programme funds. Private donors/foundations also target certain sectors that are in line with their prioritised areas of participation / activity. CSIs funding has flourished as a result private sector firms wanting to comply with the triple bottom line (a call made in the King Code of Governance). CSIs may provide finance for economic development projects in some instances where there is a fit between projects and company objectives.</td>
</tr>
<tr>
<td>SMME funding</td>
<td>A number of financial support agencies exist and provide funding avenues through the various government programmes i.e. Small Enterprise Finance Agency, DTI informal business and chamber support, National Youth Development Agency, Provincial Development Banks and NGOs running micro-finance programmes are in place. Commercial banks and Venture Capital companies also provide another avenue for funding for SMME development.</td>
</tr>
<tr>
<td>Financial Sector Charter (FSC) Funds (Socially desirable investments)</td>
<td>The financial services sector approved an FSC towards the end of 2012 and in terms of this Charter, there is an opportunity to leverage funds that financial services sector players are willing to invest in socially desirable investments such as those presented in LED opportunities.</td>
</tr>
<tr>
<td>Old Mutual Masisizane Fund</td>
<td>The Masisizane Fund targets black women, youth, and people with disabilities in rural areas, small towns, and townships.</td>
</tr>
<tr>
<td>Buzniz in a Box Youth Programme</td>
<td>Buzniz in a Box Youth Programme targets young people in peri-urban and rural communities who own retail micro businesses (formal or informal) e.g. spaza shops, takeaway car washes and internet cafes or those who aspire to become shop owners.</td>
</tr>
<tr>
<td>Finfind youth employment and SMME funding</td>
<td>SEFA, will provide the core funding, provide loan funding of the investment (structure, equipment and stock) to the value of R60 000 - R80 000 per shop.</td>
</tr>
<tr>
<td>Finfind funding is a private pilot initiative involving Business, Government and Community that provides training and employment for unemployed youth to deliver vital financial</td>
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<tr>
<td>Recordkeeping services and finance readiness assistance to SMMEs, including cooperatives, who need access to finance.</td>
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<tr>
<td>NDPW—EPWP</td>
<td>Funding of labour intensive projects to support employment creation and Vuk’uphile Contractor Development Programme to support labour intensive construction building methods.</td>
</tr>
</tbody>
</table>
| Other Government funding:  
Economic Stimulus Package;  
Presidential Special Package; Mining Towns & Community Revitalisation Programme  
Presidential Jobs Summit: (Smallholder Support Fund & Township Enterprise Fund)  
DSBD Khula Credit Guarantee Scheme | Investment funding to target agriculture, townships and rural economies.  
Township and rural entrepreneurship funds are being established to provide finance projects that will stimulate economic activity in the targeted areas.  
Addressing economic and socio-economic challenges, to the living conditions for miners and the promotion of sustainable human settlements for all communities  
The Presidential Jobs Summit Agreement Framework has committed to establish two Funds to support township and rural businesses  
Khula Credit Guarantee Scheme is the DSBD programme to support SMEs and cooperatives |

In implementing projects identified in the Revitalisation and the Project Opportunities, it will be necessary to examine various sources of funding or finance so that the value proposition for funding or financing is submitted in the required format (normally a business plan / proposal) to each targeted source of finance. In the process of implementing economic development projects, funding will be required for the following activities:

- Undertaking project pre-feasibility and/or feasibility studies;
Formulation of Business Plans;
Investment in new projects;
Investment in existing projects/businesses (e.g. for business expansion);
Working capital;
Skills development, and so on.

It is therefore important to clearly understand the status of each project in order to be clear about its funding needs. This will enable targeting the most appropriate potential sources of funding. Many entrepreneurs do not have necessary skills to put together a business plan to source funding. It is therefore strongly recommended that the STLM establishes a strong partnership with institutions that support entrepreneurs especially at formative stage (venture creation) in order to equip these entrepreneurs with business skills right from the business plan formulation to business management. SEDA should in terms of its mandate play a key role in this regard.
SECTION 7: ACTION PLAN FOR THE IMPLEMENTATION OF THE REGION A ECONOMIC DEVELOPMENT PLAN

Action Plan for the Implementation of the STLM Township Economic Revitalisation Strategy

PILLAR 1: DIVERSIFYING TOWNSHIPS SECTORAL BASE

Objective: To drive the diversification of the township economy in order to ensure that dynamic sectors with potential are well supported.

Priority Action 1: Create a support programme to develop and grow potential industries in the manufacturing sector

Next Steps:

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Estimated Budget</th>
<th>Timeline</th>
<th>Possible metrics/indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>STLM, SEDA, IDC;</td>
<td>R850 000</td>
<td>2020</td>
<td>Feasibility studies and business plans—including identifying industrial parks sites to house business activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Entrepreneurs participating</td>
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<td></td>
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<td></td>
<td>Entrepreneurial and technical skills development</td>
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<td></td>
<td></td>
<td></td>
<td>Finance sourced and investment realised</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Businesses operational</td>
</tr>
</tbody>
</table>

1. Investigate feasibility of establishing automotive hub in Ext. 2

- STLM to make land available in Ext 2, rezone land, and identify investors
- STLM to develop a business plan to mobilise funding for the construction
- STLM to source funding ideally from the Black Industrialist Programme, MEGA, NDG, etc;
- STLM to enter into negotiations with private sector;
2. Investigate feasibility of a **steel furniture manufacturing hub and other steel products** targeting main retailers around the STLM and Mpumalanga Province – linked to an industrial parks support programme.

- STLM to engage MSI to expand the programme to Node D industrial park
- Identify entrepreneurs and allocate sites

<table>
<thead>
<tr>
<th>MSI, STLM, SEDA, IDC, MEGA</th>
<th>R200 000</th>
<th>2019</th>
</tr>
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</tbody>
</table>

- Feasibility studies and business plans—including identifying industrial parks sites to house business activities
- Entrepreneurs participating
- Entrepreneurial and technical skills development
- Finance sourced and investment realised
- Businesses operational

3. Investigate feasibility of a **carpentry and woodwork producing house and office furniture** targeting main household, business and government market segments

<table>
<thead>
<tr>
<th>STLM, SEDA IDC</th>
<th>R200 000</th>
<th>2021</th>
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</table>

- Feasibility studies and business plans—including identifying industrial parks sites to house business activities
- Entrepreneurs participating
- Entrepreneurial and technical skills development
- Finance sourced and investment realised
- Businesses operational

4. **Industrial parks support programme to support at Mhluzi Node D and Ext. 2**

- STLM to source funding ideally from the Black Mining companies, STLM, SEDA, IDC, DTI, DSBD, National

<table>
<thead>
<tr>
<th>Mining companies, STLM, SEDA, IDC, DTI, DSBD, National</th>
<th>R30 million for Node D 2019 – 2021</th>
</tr>
</thead>
</table>

- Funding sourced for Ext 2 industrial parks as they have business plans already in place
Industrialist Programme, MEGA, NDG, etc for Ext 2;
- STLM to enter into negotiations with private sector;
- SEDA, mining companies to invest into artisan programmes for the needed skills in advance.
- SEDA to set-up an incubation programme in the industrial parks
- STLM to appoint a private operator to manage the parks

<table>
<thead>
<tr>
<th>Treasury, MEGA</th>
<th>And R26 million for Ext. 2</th>
<th>Tenants secured and contracts in place for Node D industrial parks and businesses operational</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Feasibility studies and business plans—including identifying industrial parks sites to house potential light manufacturing activities such as those of steel manufacturing and automotive sector, and incubatees currently at SEDA’s MSI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Entrepreneurs participating in the industrial parks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Entrepreneurial and technical skills development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Finance sourced and investment realised</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Businesses operational</td>
</tr>
</tbody>
</table>

5. Promote manufacturing of quality and South African Bureau of Standards (SABS) approved construction materials such as bricks, blocks, kerbs and so on to be used in various infrastructure and housing projects within the STLM

<table>
<thead>
<tr>
<th>STLM, SABS, Small Enterprise Development Agency, National Home Builders Regulatory</th>
<th>Facilitation role by LED Unit</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

- Construction materials manufacturers established
- Entrepreneurial opportunities created
- Jobs created
- STLM to engage SEDA to take lead in initiating a township supplier assessment

<table>
<thead>
<tr>
<th>Council, Provincial Department of Human Settlements, Contractors</th>
<th>R500 000</th>
<th>2020</th>
</tr>
</thead>
</table>

6. Explore feasibility of Leather Tanning Facility to produce and supply genuine leather commercial items to retail sector and car manufacturing industry in Gauteng and furniture manufacturers—products such as car seats, sofa covers, footwear, wallets, belts, bags, hats, etc.

- STLM to lead undertaking of a Feasibility Study and Business Plan, working with key role players such as Agricultural Research Council, Dept of Agriculture, Small Enterprise Development Agency, Departments of Trade & Industry and Small Business Development, Auto manufacturers in Gauteng and relevant retail shops.

- STLM to raise funding and support entrepreneurs taking up opportunity with STLM, Agricultural Research Council, Dept of Agriculture, Small Enterprise Development, Auto manufacturers in Gauteng and relevant retail shops.

- Feasibility study and business plan in place
- Funding or financing secured
- Entrepreneurs identified
- Technical and business skills development
- Leather tanning facility established—possibly within an industrial parks cluster such as those planned for Mhluzi or as a standalone if feasible
- Number of entrepreneurial and job opportunities created
| 7. Promote manufacturing of various products from recycled materials | STLM; Manufacturing, Engineering and Related Services Sector Training Authority (MERSETA), | R250 million | 2019 - 2022 | Relevant benefitting/downstream industries identified and promoted.  
Participating entrepreneurs in the value chain identified.  
Technical and business skills implemented.  
Jobs created. |
| --- | --- | --- | --- | --- |
| STLM to lead efforts of establishing recycling plant and have a clear programme of supporting SMMEs in the industry.  
STLM to work with MERSETA and SEDA to develop business plan to raise funding and support entrepreneurs. |  |  | | |
| 8. Promote indigenous jewellery manufacturing such as rings, earrings, bracelets and necklaces and watches | eNdlovu eNcane, STLM, SEDA | Facilitation role by LED Unit | 2019 | Rehabilitation and feasibility study conducted and in place  
Enterpreneurs identified  
Technical and business skills development implemented benefiting identified entrepreneurs  
Investment funding / finance secured  
Investment realised to start business operations  
Jobs created |
9. Promote food processing cluster and packaging in rural villages—including maize, sorghum, dry beans, sunflowers, various vegetables, beef, pork, milk and fresh frozen chicken (portions and fillets)
   • STLM to identify land and rezone for the establishment
   • Identify private investors

<table>
<thead>
<tr>
<th>Priority Action 2: Promote Agriculture Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Next Steps:</strong></td>
</tr>
</tbody>
</table>
| 1. Promotion of farming, including organic farming, and ensure participation of enterprises in the township and rural villages for the production of high value crops | STLM, Provincial Dept. of Agriculture, Land Bank | Facilitation role by LED Unit | 2020 - 2022 | • Land secured and confirmed for the projects
• Emerging farmers identified and trained
• Feasible crops identified
• Business plan and funding secured
• Entrepreneurial farmers identified and skill development |
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>2. STLM to promote and work with locals to implement the agriculture projects identified targeting women and youth</td>
<td></td>
<td>programmes implemented (business and farming skills)</td>
</tr>
<tr>
<td>3. STLM to investigate the setting up of an AOC to support the identified agriculture projects</td>
<td></td>
<td>- Business operational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Women and youth participating in agri-business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- AOC established</td>
</tr>
<tr>
<td>Next Steps:</td>
<td>Key Partners</td>
<td>Estimated Budget</td>
</tr>
<tr>
<td>---</td>
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</tr>
</tbody>
</table>
| 1. Enable development of secondary property market by facilitating development of new, modern housing stock in Mhluzi—including affordable housing and rental stock. | STLM, Provincial Dept. of Human Settlements, Housing Development Agency, National Housing Finance Corporation, Social Housing and Regulatory Council, Commercial Banks, etc. | Facilitation role by STLM | 2020 | □ New housing stock built in line with the BNG Policy on Sustainable Human Settlements—standalone affordable, BNG houses and rental housing  
□ Pipeline of new housing projects ready for construction  
□ Finance available to meet needs of both supply of and demand for houses  
□ Title deeds handed to homeowners of BNG houses to enable leveraging of housing asset  
□ New housing stock well located in relation to economic opportunities |
## Priority 4: Promote inclusive commercial development

<table>
<thead>
<tr>
<th>Next Steps:</th>
<th>Key Partners</th>
<th>Estimated Budget</th>
<th>Timeline</th>
<th>Possible metrics/indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Encourage and facilitate development of appropriately sized retail centres in the Hendrina, Mhluzi, and Middleburg</td>
<td>STLM, Commercial property developers</td>
<td>Facilitation role by STLM EAN: R20 million each</td>
<td>2020</td>
<td>□ Inclusive New retail centres □ Square-metres set aside for existing township entrepreneurs / retailers □ Retail container model to be expanded and developed next to Mhluzi mall □ Women and youth participating in retail franchise offerings □ Conduct feasibility to develop economic activity nodes in Naledi and Lesedi □ Enforce by-laws and prohibit the transfer of trading licenses □ Undertake the spaza shop proposed intervention</td>
</tr>
<tr>
<td>2. Develop economic activity nodes in Naledi and Lesedi</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. STLM to identify land and rezone for such developments and engage DPW to develop</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. STLM to encourage involvement of the existing retailers in new commercial developments so as to minimize displacement. (e.g. negotiating setting aside space for township entrepreneurs’ involvement in the new Mhluzi mall)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Local entrepreneurs to seek franchise</td>
<td></td>
<td></td>
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</tbody>
</table>
Priority Action 5: Promotion of the Construction Sector – Facilitating and promoting emerging contractors

<table>
<thead>
<tr>
<th>Next Steps:</th>
<th>Key Partners</th>
<th>Estimated Budget</th>
<th>Timeline</th>
<th>Possible metrics/indicators</th>
</tr>
</thead>
</table>
| 1. Facilitate and promote development and participation of local emerging contractors in all new construction projects in the STLM–such as infrastructure development, residential property construction, taxi rank, informal trade stalls, recycling facility, industrial parks, and commercial property development | STLM, Small Enterprise Development Agency, Provincial Dept. of Human Settlements, Housing Development Agency, National Homebuilders Regulatory Council, Contractors, Construction | Facilitation role by STLM | 2019 - 2022 | ☐ Emerging contractors participating in developments/construction in STLM townships
☐ Emerging contractors trained
☐ Emerging contractors appointed to execute
☐ Women and youth participation in construction development

**NB:** Build on the construction incubator currently
2. SEDA to facilitate development of construction sector skills among emerging contractors in STLM townships—such as through training in technical skills and business management skills.

3. STLM to facilitate construction opportunities to local women and youth.

<table>
<thead>
<tr>
<th>Priority 6: Promote tourism sector development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Next Steps:</strong></td>
</tr>
</tbody>
</table>
| 1. Prioritise implementation of projects identified in the Tourism Project List | STLM, Tourism Boards, MEGA Provincial tourism board, MEGA | Facilitation role by LED Unit | 2019 | □ Projects business plans developed  
 □ Funding for projects obtained  
 □ Entrepreneurs identified  
 □ Skills development programmes undertaken  
 □ Projects and implemented  
 □ Value of investment realised  
 □ Jobs created |
| 2. Tourism department to develop STLM Tourism Development Strategy to identity and develop new | | | 2019 | |
products (creative cluster) and capitalize on newly established retail centres in the townships to promote township tourism

3. STLM to set up a tourism information centre at the N4 Shell garage and at the proposed Busy Corner in Mhluzi

4. STLM to work with Women in Arts and tourism to identify entrepreneurs to be tour operators, and facilitate partnerships with tourism boards for capacity building

5. Loskop and Middleburg Dam: STLM to apply to use the dams to promote water sports, and get a private investor to drive this initiative

<p>| STLM Tourism Development Strategy | R500 000 | Facilitation role by LED Unit | Facilitation role by LED Unit |</p>
<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Facilitator</th>
<th>Year</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.</td>
<td>Rehabilitation of Botshabelo World Heritage Site</td>
<td>STLM, Botshabelo Trust, Parks Board, SA tourism board, SA Heritage Society, MEGA, DTI</td>
<td>2021</td>
<td>- Feasibility study to investigate the cost of rehabilitation &lt;br&gt; - Mobilise funding from sponsors and donors to fund the rehabilitation &lt;br&gt; - Value of investment realised &lt;br&gt; - Business operational &lt;br&gt; - Jobs created</td>
</tr>
<tr>
<td></td>
<td>• STLM to initiate talks with Botshabelo Trust</td>
<td></td>
<td></td>
<td>Adamitinize the initiative and make it active and include new members</td>
</tr>
<tr>
<td></td>
<td>• Botshabelo Trust to be re-registered to make it active and include new members</td>
<td></td>
<td></td>
<td>Adamitinize the initiative and make it active and include new members</td>
</tr>
<tr>
<td></td>
<td>• STLM to work with Trust to mobilise tourism grant funding from tourism transformation fund, Provincial tourism board</td>
<td></td>
<td></td>
<td>Mobilise funding and public budget from tourism development fund, Provincial tourism board</td>
</tr>
<tr>
<td>7.</td>
<td>Rehabilitation of eNdlovu eNcane</td>
<td>Woman in Arts, Provincial tourism board, Highveld economic development</td>
<td>2020</td>
<td>- Feasibility study to investigate the cost of fixing the damage caused by fire &lt;br&gt; - Mobilise funding from sponsors and donors to fund the rehabilitation &lt;br&gt; - Entrepreneurs identified &lt;br&gt; - Business operational</td>
</tr>
<tr>
<td></td>
<td>• STLM to confirm ownership of eNdlovu eNcane and transfer ownership and tenure to beneficiaries (Women in arts)</td>
<td></td>
<td></td>
<td>Mobilise funding from sponsors and donors to fund the rehabilitation</td>
</tr>
<tr>
<td></td>
<td>• STLM to assist in mobilising grant funding from Tourism Transformation Fund, MP Tourism Board, and Highveld Economic Development to rehabilitate eNdlovu Ncane</td>
<td></td>
<td></td>
<td>Mobilise funding from Tourism Transformation Foundation, MP Tourism Board and Highveld Economic Development to rehabilitate eNdlovu Ncane</td>
</tr>
</tbody>
</table>
8. Installation of signages
   - STLM to tender for private provision of billboards along the N4, N11, R555 that will promote tourism facilities and offerings

<table>
<thead>
<tr>
<th>Priority Action 7: Knowledge economy development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Next Steps:</strong></td>
</tr>
<tr>
<td><strong>Key Partners</strong></td>
</tr>
<tr>
<td><strong>Estimated Budget</strong></td>
</tr>
<tr>
<td><strong>Timeline</strong></td>
</tr>
<tr>
<td><strong>Possible metrics/indicators</strong></td>
</tr>
<tr>
<td>1. Establish an ICT centre in ext 1</td>
</tr>
<tr>
<td>- STLM to identify land</td>
</tr>
<tr>
<td>- STLM to engage and partner with ICT company</td>
</tr>
<tr>
<td>2. Business development services</td>
</tr>
<tr>
<td>- STLM to work with SEDA to enhance the business development services offered at Adelaide Tambo Thusong Centre</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STLM</th>
<th>R1 million</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

- Install signages across the townships to include street names and business facilities
- Install signage directing and promoting tourism facilities

- Land secured and confirmed for the projects
- Business plan and funding secured
- Entrepreneurs in ICT sector identified and skill development
- Business operational
- Women and youth participating in ICT business

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## PILLAR 2: BUILDING INCLUSIVE TOWNSHIP ECONOMIES

**Objective:** To ensure economic inclusion of all township communities into the economic fabric of the STLM mainstream economy

### Priority Action 1: Support productive and vibrant informal economic sector

<table>
<thead>
<tr>
<th>Next Steps:</th>
<th>Key Partners</th>
<th>Estimated Budget</th>
<th>Timeline</th>
<th>Possible metrics/indicators</th>
</tr>
</thead>
</table>
| 1. Undertake STLM Informal Economy Development Strategy—with an objective of identifying sectors that can enhance income generation in the informal economy, and addressing the following issues: | STLM, SEDA, Dept. of Small Business Development, dti, Buzniz in a Box | R1 million | 2020 | □ STLM Informal Economy Development Strategy and implementation programme in place  
□ Informal traders identified, their needs identified  
□ Skills Development Programme implemented  
□ Promote formalisation of business where feasible (such formation of SMMEs companies and co-operatives registered)  
□ Business infrastructure support provided  
□ Jobs created  
□ Number of informal traders graduating into formal businesses  
□ Support mechanisms in place for informal businesses who remain in informal economy—noting that informal economy is predominant in STLM |
areas around townships that enhance self-employment for people who cannot find jobs.

- Provide basic life skills and business skills for informal business operators as a strategy to enhance business development.

- Address access to finance (start-up and working capital) for informal economy businesses.

- Encourage migration of informal economy players into the formal

- Ensure that by-laws are amended to include homebased businesses as informal traders, not only street traders and appropriate support is provided.
<table>
<thead>
<tr>
<th>Priority Action 2: Provide support for Enterprise and Entrepreneurship Development (to promote SMME &amp; Co-operative Development)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Next Steps:</strong></td>
</tr>
</tbody>
</table>

**Priority Action 2: Provide support for Enterprise and Entrepreneurship Development** (to promote SMME & Co-operative Development)
1. Identify entrepreneurs to be linked with identified emerging/new economic opportunities across sectors in the townships—especially targeting women and youth.
2. Provide technical and business skills training to emerging entrepreneurs.
3. Assist entrepreneurs to access finance / funding.
4. Pilot an Enterprise Development Programme in the townships.

<table>
<thead>
<tr>
<th>STLM, SEDA, National Dept. of Small Business Development</th>
<th>Facilitation role by LED Unit</th>
<th>2020</th>
</tr>
</thead>
</table>

- New formal entrepreneurs in the townships
- Entrepreneurs trained
- Women and youth entrepreneurs trained and developed
- Entrepreneurs in business

**Priority Action 3: Developing Workforce Skills (Skills Development)**

<table>
<thead>
<tr>
<th>Next Steps:</th>
<th>Key Partners</th>
<th>Estimated Budget</th>
<th>Timeline</th>
<th>Possible metrics/indicators</th>
</tr>
</thead>
</table>
1. Increase access to modern apprenticeship and internship opportunities to improve the skills of both the young and old people in priority sectors.

2. Support the development of specific vocational guidance and labour market information to raise awareness of high value employment opportunities.

3. Increase the retention of graduates within townships and STLM by offering employment opportunities, widening entrepreneurship support systems so that they

<p>| STLM, various SETAs, Private Sector companies, Department of Labour | Facilitation role by STLM | 2020 | Number of apprentices / internships | High value employment opportunities | E-learning opportunities | Graduates employed in or operating businesses in the townships |</p>
<table>
<thead>
<tr>
<th>Next Steps:</th>
<th>Key Partners</th>
<th>Estimated Budget</th>
<th>Timeline</th>
<th>Possible metrics/indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Identify core public transport nodes, corridors and related infrastructure investments that promote nodal development</td>
<td>STLM, MEGA, Provincial Dept. of Infrastructure Development, Provincial Dept. of Cooperative Governance, National Treasury and Development Bank of Southern Africa</td>
<td>R45 million</td>
<td>2020 - 2022</td>
<td>Core public transport nodes, corridors and infrastructure investment identified</td>
</tr>
<tr>
<td>2. Promote investment along public transport nodes and corridors (Nelson Mandela Drive)</td>
<td>All of the above PLUS private sector and commercial banks and human settlements Development Financial Institutions</td>
<td></td>
<td></td>
<td>Investment realised in nodes and corridors promoting integration—from Neighbourhood Development Partnership Fund and other sources</td>
</tr>
<tr>
<td>3. Improve linkages between places of work and residences</td>
<td></td>
<td></td>
<td></td>
<td>Distance between residential areas and economic activities (places of work opportunities)</td>
</tr>
<tr>
<td>4. Ensuring land use integration</td>
<td></td>
<td></td>
<td></td>
<td>New residential and commercial developments are reinforcing</td>
</tr>
</tbody>
</table>
PILLAR 3: CREATING INSTITUTIONAL AND ENABLING FOUNDATIONS FOR GROWTH AND DEVELOPMENT

Objective: To develop the STLM township economy by building and strengthening linkages with the rest of the Municipality, District, Mpumalanga Provincial and National economies

Priority Action 1: Ensure a Better Economic Management and Governance of Regional Economic Development

<table>
<thead>
<tr>
<th>Next Steps:</th>
<th>Key Partners</th>
<th>Estimated Budget</th>
<th>Timeline</th>
<th>Possible metrics/indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Build Township Economic Development Management Capacity</td>
<td>STLM Townships entrepreneurs</td>
<td>Facilitation role by LED Unit</td>
<td>2020</td>
<td>□ Township Economic Development Focused team in place within the LED Unit □ STLM Townships Business Forum established □ Active SMMEs and BEE’s participation in STLM LED projects</td>
</tr>
</tbody>
</table>
businesses in all projects funded by the STLM townships—driving economic transformation.

a. STLM to identify 20 SMEs and work with them in the provision of catering and tourism services, and delivery of construction projects

<table>
<thead>
<tr>
<th>Priority Action 2: Create a New Marketing and Image Programme for STLM Townships</th>
</tr>
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<tbody>
<tr>
<td><strong>Next Steps:</strong></td>
</tr>
<tr>
<td>1. Create a single, compelling and most important message that STLM Townships are vibrant and diverse places in which to invest, visit, live and work!</td>
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</tbody>
</table>
### Priority Action 3: Create STLM Townships Economic Intelligence

<table>
<thead>
<tr>
<th>Next Steps:</th>
<th>Key Partners</th>
<th>Estimated Budget</th>
<th>Timeline</th>
<th>Possible metrics/indicators</th>
</tr>
</thead>
</table>
| 1. Establish capacity for economic intelligence in order to better guide future economic development and investment in STLM townships. | STLM, Provincial Dept. of Cooperative Governance, Department of Economic Development, MEGA | LED Unit         | 2020 - 2022 | - Capacity established to monitor STLM townships economic information  
- Usage of STLM townships economic information |
| 2. Ensure continuous updating and review of economic information.         |                                                                              |                  |          |                                                                                           |

### Priority Action 4: Engage other Partners (public and private institutions)

<table>
<thead>
<tr>
<th>Next Steps:</th>
<th>Key Partners</th>
<th>Estimated Budget</th>
<th>Timeline</th>
<th>Possible metrics/indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Embark on engagement with various partners in order to garner</td>
<td>STLM and all groups of partners identified in</td>
<td>Facilitation role by LED Unit</td>
<td>2020</td>
<td>- Partnerships in place to undertake the implementation of the</td>
</tr>
</tbody>
</table>
support for economic development in STLM townships—especially enabling access to resources such as funding/finance for local entrepreneurs, investment and various forms of technical assistance.

2. Create proposals for joint economic development initiatives that minimize imbalances in economic development in the STLM and address economic development of the townships to address poverty, inequality and unemployment.

Township Economic Revitalisation Strategy

- Funding/finance realised
- Technical support obtained from partners
- Investment realised to implement identified projects
- Entrepreneurs supported from partnership programme
- Jobs created from partnership supported programme
SECTION 8: MONITORING & EVALUATION PROGRAMME

The Monitoring and Evaluation Programme is a critical component of the Township Economic Revitalisation Strategy as it will seek to enable the Steve Tshwete Local Municipality to assess and report on how well the implementation of the Strategy is taking place in achieving the objectives and goals of the Strategy. Monitoring and evaluation are essentially two separate processes, though they are interrelated in that they will both enable the STLM to monitor performance of the Strategy. Monitoring involves continuous collection and analysis of information in order to compare how well the Strategy and its component thrusts or pillars are performing against expected results.

On the other hand, evaluation is the periodic assessment of project relevance, performance, efficiency, and impact both expected and unexpected. The Implementation Plan identified a number of programmes and projects that need to be implemented in order to address economic development challenges of townships, such as creation of job opportunities, entrepreneurial development and general economic development. In addition, the implementation plan also highlighted roles of various role-players in this process.

8.1 Monitoring Instruments
The following are critical institutions that should provide monitoring oversight over the implementation of the regional economic development plan:

a) The LED Unit
Once sufficient capacity has been built, the LED Unit will need to monitor progress in the implementation of the Township Economic Revitalisation Strategy. The functional areas of monitoring will relate to:

- Monitoring the day-to-day progress of implementing the programme;
- Capture data and analyse information pertaining to all key performance indicators of the plan;
Providing quarterly progress reports to the STLM Townships Business Development Forum and the Mayoral Committee responsible for economic development;

Undertake to do State of the Townships Economy Report – to assess quality changes as a result of the Revitalisation Strategy, and;

Provide comprehensive Annual Progress Reports that must serve to direct the Township Economic Development Programme budget.

b) The Mayoral Committee

This important Mayoral Committee will need to undertake the following:

Monitor, review and evaluate progress in the implementation of the Township Economic Revitalisation Strategy; and in so doing will rely largely on regular reports provided by the LED Unit.

Mayoral Committee has also to play an active role in providing a strategic oversight and guidance role with respect to implementation progress, and;

The Mayoral Committee is central to approving any strategic direction that needs to be taken regarding the Programme.

All the monitoring processes will be undertaken in line with the implementation programme as contained herein this document.

c) The Townships Business Forum

The Township Economic Revitalisation Strategy presents a number of opportunities to this sector and thus interaction between the STLM and the business community is essential. Such interaction will to a very great extent enhance monitoring by ensuring flow of information on a number of implementation actions and challenges, which both parties need to address as the implementation process unfolds.
8.2 Evaluation Instruments

The following are the evaluation instruments that will have to be used in assessing the impact and effectiveness of the Township Economic Revitalisation Strategy.

a) Independent Mid-Term Review (Three Year Review)

An independent mid-term review, commissioned by the STLM, must take place midway through the third year of this 5-Year STLM Township Economic Revitalisation Strategy. The main objective of this mid-term review will be to:

- Examine in detail the degree to which expected Programme’s outputs and impacts are being achieved;
- Examine the extent to which economic factors might have changed (positive or negative) and the extent to which these have a bearing on the Programme;
- Assess the extent to which Programme’s strategic pillars remain relevant and to what extent they may have contributed to the quality and effectiveness of investments in STLM’s townships;
- Examine the extent to which finance (both public and private) has flown into economic opportunities in STLM’s townships, and;
- Examine in detail the extent to which the expected outputs are genuinely contributing towards the Strategy’s outcomes and overall objectives.

These different analyses during the mid-term review must make recommendations for the remainder of the lifespan of the plan.

b) Final Five Year Evaluation

At the end of 5 years, a final, comprehensive evaluation must be undertaken to review the outcomes and the impact of the Strategy in terms of the initial key objectives. This final evaluation must be participatory and include all key stakeholders in participating townships such as the business sector and the community. It will not only analyse the lessons learnt during implementation of the Strategy, but will also establish concrete
recommendations that the STLM will need to carry out in the future efforts to promote economic development in the townships.

Critical considerations could be placed on the following (not an exhaustive list though):

- Job opportunities created and quality thereof;
- Entrepreneurial opportunities (new businesses) created;
- SMME & BEE development opportunities created;
- Entrepreneurship skills development;
- The quality and frequency of interaction between the STLM and township businesses formations;
- New private sector investment into townships;
- Public sector investment directed towards economic development.

For the Township Economic Revitalisation Strategy to make the desired economic impact, it must be fully owned by all the identified stakeholders, monitored over time, and adjustments made accordingly so that it remains relevant to existing economic development circumstances and the intended end outcomes.
Annexure

People Interviewed:

1. Local informant: Peter Mathibela
2. Township container business owners (Dunlop and & Galitos)
3. Entrepreneurs operating in MSI
4. Employee at the MSI shared services centre
5. Women in Arts and Tourism (Ndlovu eNcane)
6. Representative group at Botshabelo
7. Steve Tshwete Youth Business Chamber
8. Middleburg Chamber of Commerce and Business
9. Employee at Thusong Centre