



# LIMPOPO

PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

## DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT & TOURISM

### LIMPOPO TOWNSHIP AND VILLAGE ECONOMIC REVITALISATION STRATEGY 2017

#### TABLE OF CONTENTS

EXECUTIVE SUMMARY-----	2
1.INTRODUCTION-----	6
2. DEFINITIONS-----	7
3. THE ROLE AND IMPORTANCE OF TOWNSHIP AND VILLAGE ENTERPRISES-----	9
4. VISION-----	10
5. CONTEXT OF TOWNSHIP AND VILLAGE ENTERPRISES-----	12
6. STRATEGIC OUTCOMES-----	13
7. FOCUS AREAS-----	16
8. CONCLUSION-----	22

## EXECUTIVE SUMMARY

The Township and Village Economy Revitalisation Strategy builds on existing government support programmes aimed at accelerating the radical economic transformation agenda. The strategy aims to achieve three key outcomes: Create an enabling and supporting environment based on the eight strategic focus areas for township and village economy revitalisation, establish the social and economic value of township and village economy, and ensure that the township and village enterprises become key players in the Limpopo economy.

At present, there is insufficient detailed information on the number of township and village enterprises in Limpopo and the government acknowledges that there is an urgent need for research to determine the exact size, strength and spread of the township and village economy. The strategy recognises that government has a crucial role to play in the promotion of township and village enterprises, and that awards offer the opportunity to recognise and reward success, promote the township and village economy, and provide examples of innovative and entrepreneurial models for other enterprises. Township and village enterprises can also benefit from stronger representative organisations at sector and cross-sector levels, to be a voice for the township and village economy and to develop capacity and raise quality.

Government's role is to create the environment in which township and village enterprises can flourish. The Limpopo Department of Economic Development, Environment and Tourism (LEDET), with its strengthened agenda on local economic development in collaboration with national departments and local government, will do this through a coordinated programme of action. Enabling and supportive environment will be based on the following seven strategic focus areas:

### **a) Ensuring that there is an appropriate legal and regulatory framework**

Government is determined that the regulatory and administrative framework should not hinder the development and growth of township and village enterprises. The regulatory framework for township and village enterprises as it relates to licensing, permits or registration will be reviewed to ensure it is simplified, efficient and cost effective.

### **b) Promoting manufacturing and productive activities**

Government will develop a systematic approach to expand the productive capacity of township enterprises by identifying and promoting new opportunities for township-based production for goods and services and clustering of township enterprises as way to concentrate public and private support for the township economy. Government recognises the productive potential of township and village enterprises, especially in light manufacturing, to support government

programme of procuring locally produced goods and services as codified through the Localisation Accord. Whilst different legal forms of these enterprises will be supported, industrial cooperatives and related cooperatives will be prioritised in the selection and development of township and village industrial enterprises.

The focus on production and related business services will need to be supported by measures that promote the breaking down of the monopoly domination in the value chains. The government will mobilise industrial partners to ensure that they have dedicated supplier development programmes on goods and services that are consumed largely in the townships. Furthermore, the market strength (consumer population dividend) of the township should be used as an advantage to ensure that monopolies cede some of its productive activities to the township and village enterprises.

#### **c) Economic infrastructure support and clustered enterprise development**

Government will support the facilitation of clustering of enterprises within the township and village space, as way of promoting inter-co-operation among township and village enterprises, rather than cutthroat competition. This will go a long way in improving their productivity and support the process of formalisation.

Such clustered development approach will consist of a critical mass of enterprises located in geographical proximity to each other and enterprises with common features. In addition, the cluster will include enterprise support institutions. Government will support clustered enterprise development through combination of light touch and heavy touch infrastructure support.

Working with partners, the government will prioritise the infrastructure support for the development of street-level enterprise nodes for micro-enterprises; industrial parks, business parks and sectoral incubation hubs; consumer-owned and controlled retail and wholesale stores; making land available around the township and village space to enable township and village enterprises to operate; and rolling-out of broadband infrastructure, which is essential to support township and village economy and reduce the costs of connectivity to Internet and communications.

#### **d) Promoting entrepreneurship development**

Government is committed to support all types entrepreneurship – necessity and opportunity entrepreneurs, business and social entrepreneurs. Special attention will be paid to the identification of talent from township and village entrepreneurs for enrollment in the township and village economy revitalisation programmes. Government will work closely with training

providers, mentors, whether public sector or private, to ensure that the level and quality of support for township and village economic enterprises in the province, and in some sectors, is made available to township and village based enterprises.

**e) Financing and investing in the township and village economy**

Government is committed to expanding access to finance for township and village enterprises and ensure greater movement towards self-financing by township and village enterprises. Government will prioritise a significant re-capitalisation of the the Limpopo Economic Development Agency ( LEDA) – a government enterprise support agency - with focus on the township and village economy.

Government will help facilitate the development of cooperative banking and cooperative insurance, that is owned by township and village households, enterprises and others.

**f) Promoting access to markets**

Government believes there is a significant potential for mobilising the state buying power to procure goods and services produced and delivered by township and village enterprises and to change the economic structure of the provincial economy. Public procurement expenditure can significantly change the structure of the economy by supporting township and village enterprises across the value chain of production.

To achieve this, provincial and local spheres government in particular have an important role in opening up procurement processes through the review of procurement guidelines and creating a list of ring-fenced goods and services to be procured from township and village entrepreneurs. Government, working together with partners, will promote greater understanding of township and rural enterprises among those responsible for public sector procurement at local, provincial and national spheres.

Despite intense competition, with government support township and village enterprises have an opportunity for turning their fortunes around and grow their market within and beyond the township and village. They can be supported to secure community markets through formation of consumer cooperatives (incorporating spaza shops and others) that will mobilise and organise community-buying power to procure (and produce) needed goods and services at competitive prices and good quality. Government is committed to ensure that linkages are established in the supply chain by connecting township and village enterprises with production networks that operate on a larger scale in the mainstream economy.

**(g) Promotion of Innovation and indigenous knowledge systems**

Working with the national bodies like South African Bureau of Standards (SABS), Agricultural Research Council (ARC), Medical Research Council (MRC) and others, government will ensure that indigenous products such food, medicine and so forth have standards and the holder of such knowledge must be assisted to acquire patents and copyrights for their products. The standardisation of indigenous products on the names, cultivation, processing and packaging will unlock the value chain with substantial benefits for communities in the township and cities in which these activities are clustered.

**(h) Establishing the social and economic value of the township and village economy:**

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

**How do we make sure that enabling and supporting environment, based on the eight focus areas of the Township and Village Economy Revitalisation, is achieved?**

Through this strategy, government has clarified the focus and direction of its work on township and village economy revitalisation over the next five years and beyond. Because the strategy sets out a wide-ranging and ambitious agenda for change, involving many partners, Limpopo Department of Economic Development, Environment and Tourism (LEDET) will develop dedicated and strengthened capacity to co-ordinate and work with other role-players on the implementation of the strategy. Government intends to establish an Inter-governmental Working Group to develop the work plan, coordinate and monitor implementation of the strategy across all spheres of government.

## 1. INTRODUCTION

Radical economic transformation means confronting the persisting reality of poverty, unemployment and inequality and economic exclusion of the majority of Limpopo population from the mainstream economy. It is in the townships and villages where immense poverty, high unemployment and the impact of deep inequality of the provincial economy are deeply felt. At the same time it is from the townships where collective energies and potentials for driving an inclusive, labour absorbing and growing provincial economy can be unleashed.

The revitalisation of the township and village economy in Limpopo to create sustainable jobs, reduce inequality and defeat poverty must be propelled through a comprehensive approach that contributes to the radical transformation of the economy. Township and village economy revitalisation can influence the performance of the Limpopo economy in terms of labour absorption and social and economic inclusivity.

The strategy first starts by:

- Developing a working definition for a township and village economy;
- Describing the type of enterprises – formal and informal – those that are active in the township and village economy, the scope of their activities and the operating principles that are common to many of them;
- Identifying and highlighting the potential of township and village enterprises to bring economic and social value, particularly to township and village communities – whether this is about sustainable livelihoods or job creation or building social cohesion or community assets;
- Identifying challenges facing township and village enterprises as well as new strategic opportunities for growing township and village economies and expanding the scope of their activities; and
- Developing a framework for township and village economy revitalisation strategy based on the above.

The strategy sets out key focus areas for township and village economy revitalisation and identifies where sustainable interventions can be made to improve the lives of millions of township residents and thousands of entrepreneurs and integrate them into the mainstream economy over the next 5 to 15 years. To that end, it combines general and specific sector based interventions. The following are considered the underlying principles for the Township and village Economy Revitalisation Strategy:

- The focus on township and village economy revitalisation will require the creative and collective efforts of all sections of our society. It will require leadership and strong

governance. It takes account of the new opportunities that are available for the township economy, the strengths it has and the constraints it faces.

- It seek to develop a collective will and embark on joint action that transform the township and village economy that is increasingly entrepreneurial and productive and its benefits accrue to township communities, particularly the youth, women and the physically challenged.
- Achieving the township and rural economy revitalisation requires that government prioritises its own efforts and resources more rigorously to support township economy. Township enterprises and businesses in general must take on the challenge of investing in new productive areas and work together with government to address challenges for building self-reliant and vibrant township economy.

## **2. DEFINITIONS**

### **2.1 TOWNSHIP ECONOMY**

‘Township economy’ refers to enterprises and markets based in the townships. These are enterprises operated by township entrepreneurs to meet primarily the needs of township communities and therefore can be understood a ‘township enterprises’ as distinguished from those operated by entrepreneurs outside the townships. The term “township” refers to old, new, formal and informal human settlements that are pre-dominantly African, Coloured and Indian characterised by high levels of poverty, unemployment and low incomes as well as distance from the main centres of economic activities.

### **2.2 VILLAGE ECONOMY**

‘Village economy’ refers to enterprises and markets based in the villages especially in rural areas. These enterprises are operated by village and rural entrepreneurs to meet the needs of the village communities. The majority of village enterprises are owned through the Permission to occupy the land to build a business granted by local chiefs.

Township and village enterprises have different legal forms - for-profit and not-for profit enterprises registered under the Companies Act and for cooperative enterprises registered under the Cooperatives Act. However, majority of township and village enterprises have high rates of informality.

### 2.3 TOWNSHIP AND VILLAGE ECONOMIC ACTIVITIES

Township and village enterprises are involved in wide and diverse economic activities, ranging from spaza shops, street vending, hair salons, shebeens, minibus taxis, to mechanical services, manufacturing, burial societies, stokvels and child care services (See Table 1). These are largely micro-enterprises with low capital and low skills base. Women entrepreneurs are in majority. The programmes for the Township and village Economy Revitalisation Strategy will cater for the economic and business activities beyond those listed in Table 1.

**TABLE 1: CLUSTERS OF TOWNSHIP BUSINESSES/SECTORAL ACTIVITIES**

<b>Sectors</b>	<b>Clusters</b>				
<b>Retail</b>	Butcheries	Spaza shops	Fish and chips	Fruit and vegetable stalls	General Dealers
<b>Service industry</b>	Hair Salons	Shebeens	Shisanyama	Security companies	Gym
	Sewing and Tailoring, including shoemakers	Sanitation (plumbers)	Mobile toilets	Car wash	Burial society
<b>Construction and real estate</b>	Brick laying/manufacturing	Construction business	Property development	Renting	
<b>Sectors</b>	<b>Clusters</b>				
<b>Tourism</b>	Tourism guide and logistics	Bed and Breakfast	Restaurants	Catering and events	Shisanyama
	Water sports and recreation parks	Heritage tourism	Conferencing	Sports Tourism	Tour operators
<b>Manufacturing</b>	Clothing and textile	Auto body repairs and maintenance Auto mechanics	Furniture manufacturing	Steel production	Tar and oil production
	Carpentry	Charcoal manufacturing	Welding pipe and fitting	Plastics recycling	Baking and confectionary
<b>Transport</b>	Automotive cooperatives	Minibus taxi ownership	Logistics companies	Taxi Associations and opening of new lines to Johannesburg	Tour operators



<b>Agriculture and agro processing</b>	Olive oil for fuel	Bio-fuel	Milling	Poultry retail	Vegetable production
<b>Finance</b>	Stokvels	Mashonisa money/ lending schemes	Burial societies		
<b>Creative industry</b>	Arts and craft Cinemas	Music and Entertainment	Fashion design  Bead making	Music and video production	Coordination of cultural events
	Jewellery designs and manufacturing				
<b>Government and Community Services</b>	Child care and early development centres Care for elderly  Feeding Schemes (Supply bread for schools hospitals)	Clothes for school and police uniforms  Furniture for office space	Facilitation of social grants agents	War on drugs	HIV/ AIDS and other chronic ailments  Hospices
<b>ICTS</b>	Internet solutions in townships	Multimedia service centres	Technology Application designs	Electronic Repairs	ICT Recycling
<b>Green Economy</b>	Waste Management	Recycling	Coal and wood making		

### 3. THE ROLE AND IMPORTANCE OF TOWNSHIP AND VILLAGE ENTERPRISES

The goods and services that township enterprises provide have an important economic and social importance to communities they serve – for example:

- a) Minibus taxis, in the absence of the adequate public transport system, have played and continues to play an essential role in daily commuting of millions of township and village working class to and from work and shopping routines at affordable rates and employing more than **10,000 people in Limpopo**
- b) Spaza shops - This is a R7 billion sector that has historically played a role of a micro convenient grocery store providing basic necessities to township and village residents within a walking distance;
- c) In response to the need for decent and dignified funeral, thousands of burial societies were born to provide an informal funeral insurance cover at affordable rate - to an estimated 12.5 million members and their dependents. This economic activity is valued at R25 billion; and
- d) Stokvels – These are traditional rotating schemes that have played a role in funding education of black children and providing credit to township and village entrepreneurs.

#### 4. VISION

The vision of the strategy is to build dynamic and sustainable township enterprises with an objective of an inclusive, labour absorbing and growing township and village economy. This vision will be achieved as follows:

- a) Government is committed to ensure that township and village economy contributes at least 20% of the Limpopo GDP by 2030.
- b) The township and village economy revitalisation strategy sets out a programme for the next five years and beyond illustrating how, in conjunction with key stakeholders, government is seeking to revitalise the township and village economy;
- c) The provincial government is already working across a number of initiatives to promote programmes and ideals that are consistent with these objectives. However, the provincial government acknowledges that there is a need for greater strategic focus and improved co-ordination across all spheres of governments so as to maximise the benefits of existing and new initiatives;
- d) Limpopo Department of Economic Development, Environment and Tourism (LEDET) will act as the focal point for this coordination and will assist in the development and implementation of new policies and programmes for township and village economy revitalization;
- e) Successful township and village enterprises can play an important role in helping to contribute to government's programme of radical transformation by:
  - Transforming townships and villages into sites for productive activities;
  - Contributing to socially inclusive wealth creation; and
  - Helping to foster sustainable livelihoods through active citizenship and social cohesion.

##### 4.1 Transforming townships and villages into sites for productive activities

Township and village enterprises offer goods and services predominantly for the township and village markets where they seek to address essential community needs. However, township and village entrepreneurs themselves do not produce most of the products and services traded. A key objective of government policy is to encourage township and village entrepreneurs to produce everything that is possible within and around a township and village space, given the infrastructure, skills and technology at their disposal. Township and village enterprises can be vibrant and engage in productive activities especially for valued-added products and services to meet the needs of the township market and beyond.

## **4.2 Contributing to socially inclusive wealth creation**

Through sustainable economic activities, township and village enterprises can draw hundreds of thousands (if not millions) of black people into the mainstream economy, not just as workers but also as owners of wealth. Township and village enterprises, as community-based or localised enterprises, can participate in sustainable economic activities in ways, that ensure the money and benefits from such activities flow directly back into the townships and villages. Though most township and village enterprises are established to address a specific local or community need, this does not mean that they are incapable of reaching out and successfully delivering their products to wider markets. Real economy impact is often achieved if township and village enterprises, based on their principles of cooperation and solidarity, are 'clustered' together to benefit from supply linkages and greater economies of scale. Once the critical mass is achieved, there are opportunities for inter-trading, collective access to public, private and non-governmental procurement contracts, cost sharing of services, leading to further growth of township and village enterprises.

## **4.3 Sustainable livelihoods – social cohesion and active citizenship**

Some township and village enterprises provide opportunity for the poor households with the mechanism of participating in socially useful work, joining the labour market and supporting government initiatives like Expanded Public Works Programme (EPWP). Township and village enterprises create ways for local people to take ownership of their future, by being actively involved in designing and implementing solutions to fit their own, or their community needs. Cooperative principles - the very act of working together - can bring social and economic benefits. Through working in this manner, people can develop a sense of their own power to change things and a better understanding of wider concepts of active citizenship.

## 5. CONTEXT OF TOWNSHIP AND VILLAGE ENTERPRISES

A large population in Limpopo lives in the townships and villages – that is old and new black residential areas, including informal settlements, which are largely confined to the periphery of the Limpopo economy. The township and village, from the point of view of apartheid planners, was supposed to be mere dormitories and suppliers of cheap labour to the white dominated mainstream economy. This historical spatial separation of the townships and villages from the main circuits of market exchange and production (the core of the economy) has been aggravated by the post-1994 urban policy programmes, which reproduced the apartheid geography in a new form.

As result the mainstream economy remains entrenched with market and financial institutions, economic infrastructure and regulatory frameworks that are inappropriate for many township and village entrepreneurs, who often lack production, financial and management skills. The township enterprises also face the difficulty of competing with well-established companies in monopoly and concentrated markets and accessing affordable finance and often suffer disproportionately from crime.

In the last 20 years, there has been a range of government support programmes aimed at micro, small and medium enterprises and cooperatives. These support programmes are wide ranging, combing both financial and non-financial support, and in their variety they aim to address a number of barriers common to all micro, small, and medium enterprises and cooperatives, including township and village enterprises. These barriers include, but not limited to:

- a) Access to capital – including grants and loans and financial exclusion;
- b) Access to markets – including the preferential procurement;
- c) Skills development;
- d) Enterprise development support – cluster support, business skills and co-op development skills;
- e) The domination of economic sectors, throughout the value chains by few monopoly players.

The Township and Village Economy Revitalisation Strategy builds on existing government support programmes and responds to the common challenges noted above.

In addition to the common challenges facing small enterprises and cooperatives there are more pronounced for township and village enterprises. These barriers includes, among others:

- a) Lack of entrepreneurial and productive activity;
- b) Poor understanding of the abilities and value of township and village enterprises;
- c) Little hard evidence to demonstrate the impact and value-add of township and village enterprises;
- d) Limited account taken of the particular characteristics and needs of township and village economy enterprises within an enabling framework; and
- e) Complexity and lack of coherence within township and village, combined with widely varying skills and knowledge bases.

## **6. STRATEGIC OUTCOMES**

The strategy identified the following three key outcomes to accelerate and increase the contribution of township and village economy in the Limpopo Province ;

- a) Create the appropriate enabling environment based of strategic focus areas to revitalize the township and village economy;
- b) Establish the economic and social value of township and village economy; and
- c) Ensure that the township and village economy becomes the key player in the provincial economy.

### **6.1 The Role of Government**

Government's role is to create enabling environment in which township and village enterprises can flourish. Such enabling and supporting environment will be based on the seven strategic focus areas for township and Village economic revitalisation. The focus areas are identified as follows:

- a) Ensuring an appropriate legal and regulatory framework;
- b) Promoting manufacturing and productive activities;
- c) Economic infrastructure support and clustered enterprise development;
- d) Financing and investing in the township and village economy;
- e) Ensuring access to markets;
- f) Entrepreneurship development; and
- g) Promotion of innovation and indigenous knowledge systems.
- h) Establishing the social and economic value of township and village enterprises

Government can achieve these in a number of ways, in particular government can:

- a) Help to ensure that township and village enterprises are able to increase their entrepreneurial and productive activities;
- b) Help to ensure township and village enterprises compete effectively with mainstream economy businesses by 'leveling the playing field' while consolidating their practices of co-operation and solidarity;
- c) Make sure that the specific and justified needs of township and village enterprises which are either formal or informal, are recognised and taken into account in policy making and programme delivery;
- d) Help 'change the culture' and show through the government's own actions, and the promotion of others, that there are ways of doing business which are socially inclusive and sustainable;
- e) Ensure private sector and all public sector bodies, particularly at provincial and local government spheres actively targets township and village enterprise goods and services when making procurement decisions;
- f) Make sure that township and village enterprises have access to appropriate finance and investments, including creation of own financing systems; and
- g) Make sure that timely and appropriate enterprise development advice and support measures are widely available to township and village enterprises as it is to non-township and village business.

Government can do the above by effectively coordinating, in an integrated way, the existing support initiatives to ensure they are also directed towards township economy. In particular, government will prioritise its limited resources, and mobilise other partners on a clustered enterprise development approach, focusing on sector and spatially directed support, rather than on individual and isolated initiatives.

To succeed in achieving its stated strategic outcomes, government believes a range of measures and interventions are necessary. There are a number of small-scale, low-key interventions that could be helpful and will be deployed immediately in support of the township economy. Large-scale changes are also required but will obviously take longer to deliver. The strategy therefore encompasses both practical, pragmatic and low-key interventions as well as ambitious game changing interventions.

Key partners in the delivery of the strategy will include national government and its agencies, the provincial departments, local government, range of players representing the township economy, the corporate sector and other stakeholders.

## **6.2 The Role of Support Institutions**

Government does acknowledge that there are many initiatives in the province by enterprise-support organisations in the whole value chain of enterprise development. These organisations or institutions form part of the support infrastructure for township and village enterprises. They range from non-profit organisations, community trust organisations and corporate social responsibility foundations, trade union initiatives, the cooperative movement and the business associations.

These support institutions are being complimented by provincial and local government development agencies. Government will seek to work in partnership with these and others and build on the work being done in order to ensure that the shared vision for the revitalisation of the township and Village economy is realised.

## **6.3 The role of LEDET**

The Limpopo Department of Economic Development, Environment and Tourism is best placed to take a lead on township and village economy revitalisation. In recognition of the contribution that township and village enterprises can make in the economic landscape of the province, a dedicated capacity will need to be created within LEDET with the responsibilities to:

- a) Act as the coordinator of policy-making and strategy implementation affecting the township and village economy;
- b) To champion the township and village economy;
- c) Take action needed to address the barriers to growth of township and village enterprises;
- d) Coordinated the development of the annual work plan for the implementation of the strategy;
- e) Monitor the implementation of the township and village economy programmes;
- f) Conduct impact assessment on the interventions to grow the township and village economy; and
- g) Identify and spread good practice.

There are various departments and agencies that are responsible for micro, small and medium enterprises and cooperatives across the national, provincial and local spheres of government.

Their programmes are critical for greater public investments in the township and village economy. These initiatives include, among others, urban agriculture, school feeding schemes, green economy, Expanded Public Works Programme (EPWP), infrastructure programmes, arts and culture to name, but a few.

Local government has an important role to play in supporting township and village economy and creating an environment at the grass roots in which township enterprises can flourish. There are many examples of initiatives by local government for the promotion township enterprises. These initiatives should be incorporated in the township and village economy programmes.

## **7. FOCUS AREAS**

The Limpopo Township and Village Economic Revitalisation Strategy will be implemented through eight focus areas that will be converted into implementable programmes. This section discusses in detail the focus areas and key action points to be undertaken to resuscitate the township and village economy.

### **7.1 ENSURING AN APPROPRIATE LEGAL AND REGULATORY FRAMEWORK**

#### **FOCUS AREA 1 : ENSURING AN APPROPRIATE LEGAL AND REGULATORY FRAMEWORK**

##### **Government working with its partners will:**

- Urgently review the regulatory framework for township enterprises as it relates to licensing, permits and registration and provide a way forward to ensure they are simplified, efficient and cost-effective;
- Remove bias against residential-based retail business, for instance in zoning requirements;
- Make special provisions for regulation of spaza shop business by foreign nationals; and
- Allow for formalisation process of many township and village enterprises through education campaigns on the benefits of formality.



## 7.2 PROMOTING MANUFACTURING AND PRODUCTIVE ACTIVITIES

### FOCUS AREA 2 : PROMOTING MANUFACTURING AND PRODUCTIVE ACTIVITIES

#### Government working with its partners will:

- Develop programme to support manufacturing and productive capacity of existing township and village enterprises;
- Identify, promote and support new opportunities for production of goods and services by township and village enterprises, including in public procurement;
- Prioritise the development industrial or manufacturing cooperatives;
- Develop an industrial strategy, targeting eleven identified sectors to grow the Gauteng economy; and
- Develop strategies to support efforts to breakdown monopoly domination in various sectors of the economy.

## 7.3 ECONOMIC INFRASTRUCTURE SUPPORT AND CLUSTERED ENTERPRISE DEVELOPMENT

### FOCUS AREA 3 : ECONOMIC INFRASTRUCTURE SUPPORT AND CLUSTERED ENTERPRISE DEVELOPMENT

#### Government working with its partners will:

- Do land audit to gauge the availability of public owned land for industrial development and other economic activities;
- Audit existing public infrastructure in the township, which will be converted into either manufacturing and business parks and as well as sectoral incubation centres;
- Develop framework for the development for clustered enterprises in the townships and financial and non-financial support package for these clusters;

- Identify and develop infrastructure programme for street-level business nodes, particularly for micro-enterprises;
- Identify and develop infrastructure programme for townships industrial parks and incubation hubs, with a minimum of two townships per municipality targeted over the next 5 years;
- Identify and develop infrastructure programme for consumer cooperatives, including development of community-owned mini malls, with at least one initiative per municipality over the next five years;
- Roll-out broadband infrastructure to ensure that Limpopo achieves 50 percent broadband penetration by 2021
- Ensure that village and township enterprises benefit in the development of shopping malls by big retail chain stores in the villages and townships.

#### **7.4 PROMOTING ENTREPRENEURSHIP DEVELOPMENT**

##### **FOCUS AREA 4 : PROMOTING ENTREPRENEURSHIP DEVELOPMENT**

###### **Government working with its partners will:**

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

## **7.5 FINANCING AND INVESTING IN THE TOWNSHIP AND VILLAGE ECONOMY**

### **FOCUS AREA 5 : FINANCING AND INVESTING IN THE TOWNSHIP AND VILLAGE ECONOMY**

**Government working with its partners will:**

- Re-capitalise LEDA with dedicated focus on the township and village enterprises;
- Ensure that LEDA fund township and village enterprises by means of loans and grants.
- Assist township and village enterprises to access funding from the Department of Small Business Development as well as from the Department of Trade and Industry
- 
- Establish a programme for cooperative banks and cooperative insurance to promote community ownership, financial inclusion and productive investments in the township and village economy;
- Lobby Development Finance Institutions to finance township and village enterprises

## **7.6 ENSURING ACCESS TO MARKETS TO TOWNSHIP AND VILLAGE ENTERPRISES**

## **FOCUS AREA 6 : ENSURING ACCESS TO MARKETS**

7.7

### **Government working with its partners will:**

#### **On Public Procurement**

- Review the Treasury Procurement Guidelines, to ensure that supply chain managers across all spheres of government build databases of manufactures of goods and services that are largely consumed by government and all its agencies;
- Create list of targeted public procurement spend on goods and services and infrastructure for township and village enterprises, with specific items procured in the initial years of strategy implementation;
- Publish on government website the list of procurement contracts and spend over R10 000, including whether it is a township and village economy enterprise;
- Work with partners to promote greater understanding of township and village enterprises among those responsible for public sector procurement at local and provincial and national level; and
- Prepare and disseminate, to township and village enterprises and their support organisations, a 'toolkit' which will distill good practice for township and village economy enterprise in acquiring public sector business.

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

- Support formation of consumer cooperatives; and
- Support the formalisation of township and village economy retail enterprises especially the spaza shops, hair salons etc.

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

- Promote township and village economy enterprise linkages with mainstream businesses, especially through cluster enterprise development.

## **PROMOTION OF INNOVATION AND INDIGENOUS KNOWLEDGE SYSTEMS**

## **FOCUS AREA 7 : PROMOTION OF INNOVATION AND INDIGENOUS KNOWLEDGE SYSTEMS**

### **Government working with its partners will:**

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

## **7.8. ESTABLISHING THE SOCIAL AND ECONOMIC VALUE OF TOWNSHIP AND VILLAGE ENTERPRISES**

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

At present, there is no precise estimate of the number of township and village enterprises in the province and government acknowledges that the informality of many of them makes this difficult. There is an urgent need for qualitative and quantitative research to determine the exact size, strength and spread of the township and village economy. Government will work with public research institutions and organizations doing research in the private and non-governmental sector to build our knowledge base on the township and village economy.

## **FOCUS AREA 8 : ESTABLISHING THE SOCIAL AND ECONOMIC VALUE OF TOWNSHIP AND VILLAGE ENTERPRISES**

**Government working with its partners will:**

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

**8. CONCLUSION**

Through this strategy, government has clarified the strategic focus and direction of its work on township and village economy revitalisation over the next five to fifteen years. In this strategy, government has articulated its vision of dynamic and sustainable township enterprises, strengthening an inclusive, labour absorbing and growing economy. The strategy has set out the outcomes to be achieved: To create an enabling environment based on the eight (8) focus areas to revitalise township and village economy and create social and economic value of township and village enterprises. To this end, government is committed to ensure that township and village economy contributes at least 20% of the Limpopo GDP by 2030.

Because the strategy sets out a wide-ranging and ambitious agenda for change, involving many partners, LEDET will build a dedicated capacity on township and village economy to:

- a) Coordinate work across provincial government and the municipalities, to ensure that where change is needed, action is taken to bring that about the required change; and
- b) Work with and support practitioners and other key stakeholders as they implement their parts of the strategy.

Government intends to establish high-level coordination through Inter-governmental Working Group to guide the coordination, monitoring and evaluation of the strategy implementation

through the development of an annual work plan. The Chair and Secretariat of the Working Group will be provided by LEDET. This Group will meet on regular intervals to report on progress and alert members to new issues and initiatives arising. The Group will draw up a work plan, allocating specific tasks on agreed timetable. The Group will keep Economic Cluster Members of Executive Council (MECs) informed and, at their request, set up Social Cluster meetings as appropriate. The strategic direction and priorities will be reviewed as circumstances change. Government will provide progress report on the township and village economy on quarterly basis to show what has been achieved so far and what are challenges and proposed solutions going forward.