Paradigm shift to grow the township economy

The Executive Mayor of Tshwane, Councillor Kgosientso Ramokgopa, has challenged small business owners in Tshwane to generate innovative ideas and produce new products, services and technology that will enhance the overall productivity of their businesses beyond the local market.

Ramokgopa was addressing budding and established businesspersons who came in droves at the Tshwane Regional Township Revitalisation Summit held at the Pretoria Show Grounds on 16 September 2014.

Citing the recent Statistics South Africa report on youth employment trends over the last 20 years, Ramokgopa said that only 17,9 percent of black people are in skilled employment is disconcerting. Within the South African context, where unemployment is widespread and poverty and inequality remain unacceptably high, the high labour absorptive capacity of the small enterprise sector means that its importance as a major vehicle of employment generation cannot be underestimated.

"That is why we have invited you here today to help us as government to fashion truthful clarifications and resolutions to challenges abound within township businesses," added Ramokgopa.

The essence of the summit was to consolidate inputs from the seven successful township revitalisation programme road shows which were led by the MEC for Gauteng Department of Economic Development, Lebogang Maile, in July and August 2014. The summit was also aimed at presenting the Gauteng Township Revitalisation Strategy.

The strategic focus on township economic space comes from the recognition that despite commendable government interventions, unemployment, poverty and inequality are still concentrated in townships although there are individual and collective township entrepreneurs with a huge potential to produce food, clothing, housing and other commodities, notwithstanding the dominance of monopolies in these value chains.

Motlatjo Moholwa, Deputy Director-General for Economic Planning and Development at the Gauteng Department of Economic Development, presented the Gauteng Township Revitalisation Strategy which will be adopted at the Province’s Township Revitalisation Summit planned for October 2014.

"The Gauteng Township Economy Revitalisation falls within the provincial pillars of radical economic transformation, decisive spatial transformation, modernisation of the economy and re-industrialisation."
In particular, this strategy has a vision of Gauteng City Region as an entrepreneurial region, said Moholwa.

The strategy covers the following strategic pillars of support and targets:

**Infrastructure** (land, industrial and business parks)

For entrepreneurs on the ground, acquiring land is difficult because of the price tag and reservation for estate development.

The notion that government will have to coordinate the access to state land and partner with private sector and state-owned enterprises to ensure that available land is set aside for industrial development finds expression in the strategy. A land audit is required to determine how much land is available for industrial development.

**Quality and standards**

The quality and standard of the products and services produced by the SMMEs and cooperatives are indeed regarded as some of the important impediments to their success and sustainability. The strategy addresses coordinated and collaborative systems using mainly the current state institutions, such the Small Enterprise Development Agency (SEDA) and South African Bureau of Standards (SABS), to ensure that township enterprises are supported to produce products and services of the required quality and standards.

**Resourcing**

The plan for funding for SMMEs should address their current challenges, including collateral, lending guarantees, mobilisation and capitalisation of community resources. The challenges facing SMMEs in terms of access to finance are familiar – inadequate collateral, lack of a recorded credit history.

The strategy puts forward more creative arguments when it comes to recommending that the South African banking sector be opened to allow market entry for a larger number of micro-credit providers, financial cooperatives, etc.

**Entrepreneurship developments**

The culture of entrepreneurship must be nurtured and encouraged from an early age, and a call is made to ensure that entrepreneurship is embedded in school curriculums.

**Market support and competitiveness**

This pillar addresses challenges beyond production and deals with how the products can be sold, the identification of customers and breaking entry barriers set by monopolies.
Networking and partnerships among SMMEs

There are different kinds of networks for SMMEs that make the sector thrive and become competitive. In many countries these are networks that are relatively well-embedded and offer a range of advantages to SMEs, such as shared services, shared employees or access to shared expert employees, shared facilities to train workers or shared access to expert advice and consultancy. The nature of these networks can take a variety of forms such as cooperation between companies or the setting up of business associations designed to help SMEs, or encouragement from employer organisations or public bodies.

Other support pillars include market access, innovation and the development of indigenous knowledge systems, regulation and by-law review.

The Gauteng Township Revitalisation Strategy will be presented and adopted at the Province’s Township Revitalisation Summit planned for 6 October 2014.

The following are some of the typical or traditional township businesses:

- Spaza shops and/or general dealers
- Hair and beauty salons
- Bakeries and confectionaries
- Shebeens and “bottle stores”
- Restaurants and shisanyamas
- Brick building and bricklaying
- Light manufacturers in activities such as welding and shoe-making
- Auto body repairs and mechanics
- Mortuaries
- Dress makers and tailors
- Subsistence farming
- Hospitality i.e. guest houses
- Crafts
- Tour guides and safety monitors
- Recycling
Executive Mayor of Tshwane His Excellency Cllr. Kgosientso Ramokgopa unpacks the Township Revitalisation Summit.