The Five Year Soweto Economic Development Plan 2008 - 2013

Towards building a productive and competitive regional economy

A plan for an iconic region and a distinct brand
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SECTION ONE: INTRODUCTION

1.1 THE PURPOSE

The purpose of the Soweto Regional Economic Development Plan is to act as a coherent guiding instrument for current and future economic development interventions within the Soweto Region. Consequently, this Plan provides a framework of common priorities around which the public, private, and community sector in Soweto can focus their economic development effort and investment. The plan must therefore be owned, and can only be delivered better, by the whole region and the City of Joburg continuously working together, and also with other spheres of government and development institutions.

Put simply, this economic development plan is an instrument for building Soweto as a productive and competitive regional economy.

1.2 THE RATIONALE FOR THE ECONOMIC DEVELOPMENT PLAN

Whilst recognising that there has been a number of vital interventions that have been undertaken in the region with particular reference to spatial planning and urban management, it nonetheless needs to be acknowledged that national development matters of critical concern such as poverty and unemployment require a dynamic injection of an economic development dimension to the overall regional urban development agenda.
The recognition that “no spatial interventions will really matter if the issue of poverty is not addressed through significant job creation strategies”\(^1\) points to a stronger case for strengthening the economic development agenda of the Soweto Region. Within this context, the rationale for undertaking the formulation of the Soweto Economic Development Plan could be summarised as being about:

- Strengthening an economic development dimension as a key thrust of the regional development agenda;
- Developing sufficient and reliable economic intelligence to inform better and realistic economic planning;
- Capitalising on strategic region-wide economic advantages in addition to current projects in the region;
- Providing credible economic inputs into intergovernmental plans such as the Integrated Development Plan (IDP), Spatial Development Frameworks (SDFs), and the Growth and Development Strategy (GDS), and;
- Developing a commonly shared understanding of economic opportunities across the region so that effective instruments and strategies are developed for Soweto to be a dynamic player in building Joburg as a World Class African City.

These broad imperatives will thus provide the foundational elements for the regional economic plan.

### 1.3 THE OUTCOMES AND DELIVERABLES

From an outcomes point of view, the economic development plan should allow for a better appreciation of and understanding of the economic potential of Soweto as a region, the identification of barriers and constraints to economic activity, and provide guidance on strategic interventions by the City towards guiding, improving, facilitating and managing economic development in the region.

\(^{1}\) City of Joburg (2008): Draft Soweto Integrated Spatial Framework
Consequently, the deliverables of the regional economic development plan are illustrated as Figure One below:

**Figure One: The Key Deliverables**

- Soweto Economic Development Profile
- Soweto Economic Development Plan
- Soweto Economic Implementation Plan
- Soweto Economic Investment Atlas
- Implementation Monitoring & Evaluation
- Mayoral Launch of the Soweto Economic Development Plan
1.4 THE ECONOMIC PLAN DEVELOPMENT PROCESS

Two important processes were undertaken in the formulation of the economic development plan. One was the public participation process through a full representative, multidisciplinary and multi-stakeholder Project Management Committee. The other component of the public participation exercise entailed regular presentations to the Soweto Section 79 Development Committee.

The second process was a rigorous technical process in which a combination of strategic and micro level analyses were undertaken to ensure that an empirical basis for the regional economic development plan was developed. Such a technical process is illustrated as Figure Two below:

Figure Two: Economic Analytical Framework

- **High-Level Issues**
  - Regional Overview
  - The Regional Economy
  - Sectoral Analysis

- **Focused Analysis**
  - The Enabling Environment
  - Investment Opportunities

- The Region Performance against key development indicators
- Critical high-level development
- Economic activity within and around the Region
- The main sectors: drivers
- Sectors which offer the greatest potential for growth and employment
- Factors constraining the development of a favorable investment climate
- Constraints to
- Sector-level investment opportunities
- Enterprise-level investment opportunities
Given the snapshot of what the Soweto Economic Development Plan seeks to achieve, the next sections provide detailed contents on the plan itself – with the point of departure being the Economic Development Profile.

SECTION TWO: THE ECONOMIC DEVELOPMENT PROFILE

In order to maximize opportunities for the development of a successful and implementable economic development plan, it is important that the prospective economic development plan is located within a keen appreciation of economic development dynamics throughout the entire Soweto. It is for this reason that a snapshot of economic development realities in Soweto is provided in this section.

It would also be a gross oversight if the historical development and evolution of Soweto were not factored into account in the conceptualisation of the plan. Accordingly a historical snapshot is also provided herein.

2.1 THE SPATIAL ECONOMIC CONTEXT
Soweto - an acronym for the South Western Townships - is a town or colloquially a “township” and also an administrative region within the City of Joburg, which is, located about 15 kilometres south west of the Joburg’s Central Business District and approximately 10 kilometres south of the Roodepoort Central Business District (Refer to Map One).

The spatial structure of Soweto can be summarised as being:

- Bordered by the mining belt in the north – which has largely been all mined and is encumbered by slimes dams and mine dumps;
- The national N1 highway in the east;
- The national N12 freeway in the south, and;
- The Joburg municipal boundary in the west abutting some tracts of agricultural land.

Obviously, it could be concluded that Soweto lies to the south and west of major economic activity areas in the Gauteng Province – with a remarkable growth trend occurring mainly in the north (Refer to Map Two).

From a statistical point of view, the population of Soweto is estimated to be about 1 250 310 people and takes up a land area of about 153 square kilometres\(^2\). Such a population figure makes Soweto to be such an important region within the City since it comprises more than 40% of the entire City population. In simple terms, Soweto is the most populous urban residential area in the country.

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Despite being the largest urban residential area in the country, the contribution of the region to the Joburg’s GDP is very negligible thus pointing to little meaningful economic activity. It is estimated that the GVA of the region stands at R6.4 billion – which is about 4% of the city’s total economic activity. Such a distasteful state of affairs could be attributed mainly to the historical and political machinery within which the country was engulfed over a number of decades.

2.2 THE HISTORICAL CONTEXT

Whilst it is not the intention of the economic development plan to offer an in-depth history of Soweto, it is nonetheless important to provide a brief snapshot that shaped the history of this rich, iconic and eventful region. This is merely intended to make a point that political will is very instrumental in shaping an economic development landscape of a locality.

The development of Soweto has evolved over a period of 100 years since the early 1900s until to date. This journey has not yet stopped, as the economic imprint of the region still has to be crafted. Whilst it is unfair and unjust to compress a rich history of Soweto into a couple of pages, it could be pointed out that within the context of regional economic development plan, the history of the region could be summarised into six broad phases:

- **Phase One: 1904 - 1930s**

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3 Sourced from various sources including oral history, Joburg City and DBSA documentation.
During this inception phase, two important developments took place. The first of these was in 1904, Klipspruit was provided by the City Council some 20 kilometres away from the city. Although the settlement was intended as a temporary measure built as corrugated shelters, it was to be occupied for a period of 30 years.

The second development was in 1930 when additional portions of land were purchased in Klipspruit and an 80 000 people township was built. The township was called Orlando (East) and was established as a formal settlement.

Pressure for housing nonetheless grew, and by 1939, 5 800 houses were also built thus taking up places such as Pimville and Kliptown.

- **Phase Two: World War Two / Early 1940s**

During this time, housing demand still grew. This could be attributed to the suspension of influx control so that black people could be used in large scale industrial development. Moreover, informal settlements grew at an alarming rate to such an extent that the Council allowed sub-tenancy at Orlando East in the 1940s. This ultimately led to uncontrollable practices in the tenants’ registration process.

Consequently, and owing to political pressure from the Sofasonke Party, Jabavu township was established in 1944 and a year later in 1945, Dube was also established.
Phase Three: 1948 - 1971 and The Freedom Charter

Whilst during this period there was a significant development boom in Soweto in terms of housing, this was also a time of conflict between local and national government, and increasing political oppression. The key instruments of separate developments such as the 1950’s Group Areas Act and the 1952’s Native Urban Areas Act were introduced.

Mainly the 1951 Bantu Building Act and the 1952 Bantu Services Levy Act - which introduced the Services Levy Fund, fuelled the housing boom. Consequently, townships such as Jabulani, Meadowlands, Diepkloof and Dobsonville were developed.

The biggest political landmark during this time period was the 1955 Signing of the Freedom Charter at the ANCs Congress of the People at Freedom Square in Kliptown. This laid down the vision and foundations for many developmental democratic ideals ranging from human rights issues, factors of production, governance code and freedom.

Phase Four: 1972 - 1976, and the Soweto Uprisings

This was a time of crisis in Soweto. In 1973, the management of Soweto was transferred from the administration of Joburg City Council to the West Rand Administration Board. Given the lack of development credibility of the Administration Boards, their obstructionist and puppet tendencies coupled with lack of investment in Soweto meant that resentment against the Board was justified.
Blacks also believed that they were subsidising white ratepayers since most goods and services were bought outside of Soweto. Consequently, a culture of resistance grew and non-payment of services flourished. In addition, when an edict enforcing that black high school students be taught in Afrikaans was introduced, the situation exploded – hence the Students March in defiance of the instruction. The 13 year old Hector Peterson died in the process, along with many other children.

It was also during this time that black intelligentsia were forced either into hiding or exile.

- **Phase Five: 1977 - 1989, Recognition of the Permanence of Soweto**

  This time period saw a number of pieces of legislation, which could be interpreted as recognition by the state that townships were here to stay. These ranged from the Community Councils Act of 1977, the Black Local Authorities Act of 1982, the Black Communities Act of 1984, and the 1985 Regional Services Act. Compounding these incremental legislative developments was that when Soweto achieved its own City Council status in 1983, there were significant development burdens in the form of little revenue and inherited backlogs. Income was solely obtained from rents and services charges – a situation that led to the 1986 rents boycott. The latter was a remarkable event in the quest for “one city, one tax base” system.

- **Phase Six: The 1990s and Beyond**
This was a turning point in the history of South Africa as a whole. It increasingly became obvious even to the most defiant architects of apartheid that the regime needed to change and was very costly. Within the context of the townships, Black Local Authorities came to an end and calls for non-racial administrations became louder. It was during this time that Soweto became a functional part of Joburg and needed to be integrated into the governance of the city.

Eventually, more robust and reformist pieces of legislation were passed such as the Local Government Transition Amendment Act of 1993, and watershed Municipal Structures Act of 1998. The latter classified Joburg as a “Unicity”, meaning that there would be integrated planning and administration across all the then City’s administrative regions.

Today, Soweto or Region D in terms of the City’s regional administrative breakdown is one of the seven regions across the City as a whole.

Evident from the historical synopsis is that Soweto has a rich history – with strong active struggle credentials. Whilst noting the painful journey travelled in the evolution of Soweto, the 5 year Economic Development Plan is one important powerful instrument for building on the positive development momentum that is today characteristic of Soweto: retail, tourism, property and infrastructure being the key trends driving the Soweto Economy at the moment.

2.3 **THE ECONOMIC PROFILE**

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4 Sourced from various materials including City of Joburg documentation, Global Insight, Palmer Development Group and Urban Econ.
As was indicated earlier in this document, given the historical development of Soweto as a labour reservoir, its economy is consequentially not diversified.

2.3.1 The Size of the Regional Economy

Despite being the largest urban residential area in the country, the formal economy of Soweto is very small. It is a region that comprises about 43% of the total population of the City yet contributes about 4% towards the economy of Johannesburg Metropole (Refer to Graph One).

What is pretty obvious from the graph is that the Community Services sector (government services like clinics, hospitals, schools etc) accounts for 20% of the total economy. This is then followed by negligible contributions of about 4% by construction, 3.5% by transport and 3% by the trade sector. Put simply, Soweto does not have a diversified economic base. As such, it is predominantly dependent on the economic activity of the Joburg metropolitan area for its formal employment opportunities.

Graph One: Relative contribution by Soweto to the Johannesburg Metropole economy (2001)
As Graph Two indicates, Soweto is characterised by 53% unemployment rate; contributes about 4% to the total metropolitan economic activity and represents 43% of the entire city population.

**Graph Two: Soweto within the Economic context of Johannesburg Metropole (2001)**
2.3.2 Sectoral Overview

In order to ground the economic development plan, it is important that a Sectoral overview is provided. This is intended to ensure that there is a stronger link between future economic planning for the region and current economic development trends.

a) The Tourism Sector

Nationally and internationally, Soweto enjoys an iconic status. As the historical snapshot has indicated herein, events such as the Soweto Students Uprisings and iconic personalities like Nobel Laureates Nelson Mandela and Desmond Tutu as well as other struggle personalities all point to the fact that Soweto enjoys a particular place in history (Refer to Map Three for tourism assets).

Moreover, it is estimated that the Soweto tourism industry, directly and indirectly, contributed R143 million to the Gauteng gross geographic product in 2003. This accounts for less than 1% of the amount generated by the South African Tourism Economy in 2002. It is estimated that Soweto generated over 1400 jobs and R61 million in salaries in 2003. Soweto’s contribution to taxes was calculated as R29 million in tax revenue to provincial and local governments in the same year\(^5\).

\(^5\) City of Joburg (2004): Soweto Tourism Plan
Given the average compound growth of 2.4% forecast over all markets between 2004 and 2013 and assuming that Soweto continues to achieve its current market share, the following results will be achieved:

- 1 100 000 visitors in 2013
- 120 000 visits to tourist attractions in Soweto by 2013.

These figures were projected before the 2010 Soccer World Cup hosting was announced. However, it needs to be highlighted that for the region to benefit from the bigger cake of the tourism industry, diversification of the Soweto tourism product portfolio needs to happen, concerns around safety and security need to be addressed, infrastructure investments need to take place, and customer care needs to improve.

It is further noted in the tourism plan that integration of Soweto into spatial tourism zones outside the region needs to be undertaken – with particular emphasis placed on Sandton, Fourways and Golf Reef City.

b) The Manufacturing Sector

Whilst there is currently no manufacturing strategy for the region, existing evidence nonetheless seems to suggest that there is no well-developed manufacturing sector in Soweto. Such a phenomenon could be attributed to the residential land use monotony within the region.

Nonetheless, a number of underdeveloped and underutilised industrial areas have been established in Soweto. However, the take-up rate is very low, with large areas still undeveloped as the list below indicates:
The industrial areas in Soweto find themselves in a precarious position since they have to compete with the other industrial parks available elsewhere in Johannesburg. Although the level of infrastructure is more or less on par with comparable industrial areas, and the price of land is generally cheaper, there is still a perception in the minds of investors and industrialists about levels of crime in Soweto, which adds to the business risks.

Furthermore, Soweto is not very accessible and transportation to and from the industrial areas is generally more costly than for comparable areas. These factors militate against the marketability and attractiveness of Soweto as a location for industrial investment. In the absence of significant comparative advantages, it becomes a challenge to successfully market industrial areas in Soweto.

The most realistic strategy would be to gradually build a base of sustainable manufacturing enterprises, in order to illustrate that such activities can be located successfully in Soweto. This can be achieved by harnessing local demand within the region.

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i. Emndeni  2,6ha  Under utilized
ii. Midway  3,5ha  Largely undeveloped (about 60% vacancy levels)
iii. Chiawelo Ext 6  5,8ha  Vacant
iv. Dlamini Ext 3  8,3ha  Largely undeveloped
v. Nancefield  7,2ha  Under utilized
vi. Dobsonville  2000m²  Under utilized
The Soweto Economic Empowerment Zone is one instrument through which a case is being built for locating industrial enterprises in Soweto. This dedicated SMME and BEE enterprises industrial park is comprised of six clusters, which seek to ensure that the facility is itself diversified and avoids pitfalls of other similar type industrial estates that government unsuccessfully promoted in the past. These clusters are as follows:

- Property development and management;
- Automotive (motor repair, services and related);
- Paper and printing;
- Furniture;
- Home ware industries, and;
- Clothing and Textile.

This initiative needs to ensure that functional economic linkages between the Sowetan economy and other economic opportunities within and outside the region are strengthened.

c) The Informal Sector

The informal sector has proliferated in Soweto, and has become a very important source of employment opportunities and income. However, the strong growth in the informal sector is not the result of a sudden surge in the level of entrepreneurship. Rather, it is the result of the high increase in the level of unemployment, which in effect forces people to engage in other economic activities to augment their household survival strategy.
The location of the informal sector is always a very good indication of the degree of demand for the particular goods and services on offer. As such, informal activities are most concentrated at major intersections where there is a high degree of accessibility, and at modal interchanges, where there is a large through flow of pedestrian traffic. Others locate next to larger shopping centers / malls, or at government facilities, where they “feed off” the traffic generated by these concentrations. As such, there is a very strong link between the formal and informal sector. In general, it would appear as if the formal sector do not view the informal sector as a direct threat, as they cater for different market segments.

Factors that hamper the informal sector include the unavailability of ablution facilities, proper trading places and a lack of protection against criminal elements. Also, most of the traders do not have access to storage facilities, and most of the entrepreneurs store their goods at home. The large number of people that have entered the industry has resulted in high levels of competition and low profit margins. As a result, most informal activities are survivalist in nature.

The most dominant commodities and services offered by the informal sector are fruit & vegetables, street garages, and public telephones. Other typical commodities and services include shoe repairs, hair cutting, traditional doctors, sale of meat, sales of snacks and the sale of second hand clothes. The customer profile depends on the location, and can include taxi / train commuters, pedestrians, public servants, residents and the customers to other facilities in the area such as clinics, or the shopping center.

In broad terms, a distinction can be made between those informal activities that are located at particular places, and those that are performed from home. The former type would locate at highly accessible points such as taxi ranks as they are reliant on a constant flow of vehicular or pedestrian traffic. The typical activity would be trade orientated. The informal activities that are performed from home do not require such a high traffic volume to be profitable, and typical examples include bakeries and traditional doctors.
The informal sector by its nature is robust, dynamic and flexible. The local informal sector has become a major source of employment, and it has a significant role to play in the regional economy.

d) The Retail Sector

Until recently, the retail sector has been under-provided in Soweto. It is for this reason that in the development of Soweto over time, there were concerns by the residents that the region served to subsidise the traditional white areas in addition to being a residential monotony. It is out of this recognition that the retail strategy for Soweto was developed – from which most of the remarks in this economic development plan are pulled.

As regards the assessment of supply and demand, the Retail Strategy arrived at the conclusions that:

- The total demand for retail goods in Soweto is estimated at R4.2 billion per year;
- Of this R4.2 billion spent by Soweto residents, only R1.05 billion is being spent within Soweto;
- The balance is spent in the City of Joburg and Southgate predominantly;
- There would be a projected increase of retail spending from R1.05 billion to R2.1 billion over a period of five years;
- As such, there would be a need for new shopping space in Soweto.

As a result of the assessment, the Retail Strategy was developed and the strategic thrusts could be summarised as follows:

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6 City of Joburg (2005) Soweto Retail Strategy
The City of Joburg supported the development of an additional 70 000 square metres of retail space in Soweto over a period of five years – (2004 - 2009);

Approximately 30 000 square metres were already under construction (Baralink Mall and Protea Gardens) and these were also supported;

Of the remaining 40 000 square metres believed to be viable, the City intended that about 5 000 square metres be used for street front shopping development aimed at providing convenience shopping in local neighbourhoods and niche shops associated with tourism and entertainment;

The remaining 35 000 square metres be reserved for new development during the 2004 - 2009 time period;

Baralink, Kliptown and Jabulani are strongly favoured as locations for new shopping centres – with Ikhwezi being a next nodal priority and Diepkloof being targeted as a smaller neighbourhood centre;

With regard to new centres, the City would like to see the development of centres which accommodate local retailers, with value centres designed for smaller scale enterprises as an example;

The City also liked to see energy being placed on the improvement of existing facilities such as Dobsonville, Crossroads and Meadowpoint, and;

Commitment for supporting informal sector retail development was also demonstrated by the City.

Note was also made of the proposal for the development of the Soweto Crossing – which is nowadays Maponya Mall. Whilst it is not clear-cut, it is obvious that the City did not support the Maponya Mall – given all the technical justifications advanced through the Retail Strategy.

Nonetheless, the Maponya Mall has become a contemporary retail landmark of Soweto. Consequently, it has had an added benefit of ensuring that travel time is saved, jobs have been created, benefits are accruing to property developers and owners, the retail sector value chain has been improved through transport, goods supplies, tourism and, functional city efficiency improved.
Of course, there are downsides as well such as the collapse of smaller retail businesses and big business type developments being the norm.

**e) Offices and Sports**

Soweto has traditionally generated a very small demand for office space. The most notable office space is provided at Jabulani, Dube, Dobsonville and the Baragwanath surrounding environment including the Soweto Empowerment Zone. As such, the office market of Soweto generates a marginal contribution to the local economy in terms of the GVA and employment opportunities.

The office industry traditionally does not have a strong multiplier effect, and its contribution towards the further development of the economy can be considered marginal.

From a sports point of view, soccer is the most popular sport, and matches are regularly hosted in the larger soccer stadiums. Although the sport does generate a notable income through sponsorship and the sales of tickets, the income goes to the clubs with very little opportunity for the average entrepreneur to benefit.

Despite this, however, opportunities do exist for informal entrepreneurs in and around large-scale events to leverage on the temporary concentrations of fans.
f) The Community Services Sector

Soweto has a large number and a wide profile of community facilities ranging from the Baragwanath Hospital, University of Johannesburg – Soweto Campus, City Offices (People’s Centre), to numerous schools, clinics, libraries and sport facilities.

The conglomeration of government services, particularly government offices, pay points, and clinics, offers a concentration of disposable income. In most cases, there would also be a conglomeration of informal activities around these community services, as government officials represent an important element of the clientele base.

The government officials represent the single largest source of local buying power. If this total amount of disposable income is spent locally in the purchasing of commodities and services, it would generate a notable multiplier effect, and would also render more trade and other economic opportunities feasible.

Government services are significant for the further development of the economy, mainly because of two reasons. Firstly, the salaries paid to government officials represent a significant amount of disposable buying power, and all effort should be made to capture a maximum percentage. Secondly, the conglomeration of these services forms the natural nucleus of various economic activities.

2.4. CLOSING REMARKS

Soweto is an iconic region globally and nationally. Despite its long and sometimes painful history, a positive attitude and outlook in life has made Soweto one of the few areas where things considered impossible become possible. For example, despite the City's
pessimism regarding the 60 000 square metre Maponya Mall, the reality is that today the Mall is the defining landmark of Soweto - offering quality products that traditionally have been the preserve of the few who frequented the Sandton City Mall.

The economic development profiles paints a clear picture that residential monotony is still a defining feature of Soweto - though changes towards other land uses are beginning to take up. The examples include retail, tourism, property development, urban agriculture at Doornkoop and to some extent manufacturing through the emerging industrial estates such as the Soweto Economic Empowerment Zone. It is on this development momentum that the regional economic development plan seeks to build.
SECTION THREE: THE ECONOMIC DEVELOPMENT PLAN

The Economic Development Profile was essentially prepared as “A State of the Soweto Economy Document”. Critical considerations were given to the spatial economy of the region, economic production structure, and employment structure as well as the historical snapshot of the development of the region. All these analyses were done so as to develop a keen appreciation of high level strategic issues upon which the regional 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 community sector in Soweto can focus their effort and investment towards building a dynamic and productive region. The plan will therefore have to be owned, and can only be delivered better, by the whole region continuously working together, and also with other spheres of government and other developmental institutions.

The purpose of the regional economic development plan could therefore be described as being to present Soweto’s strategic understanding of the efforts needed to accelerate economic growth and enhance development in such manner that both benefits all the people of the region, and also contributes towards the transformation of the regional economy.

Consequently, the Soweto economic development Plan should be focused on achieving impact and systemic change in which the people and economy of Soweto participate in the growth path of the City of Joburg. The development plan will need to be aligned to
the long-term vision of the City of Joburg, Gauteng and South Africa – which is achieving a shared and accelerated growth. In addition, the plan should seek to address the challenges of unemployment, skills shortage, job creation, productive asset distribution and institutional development to overcome the underdevelopment and marginalisation that keeps the people of Soweto out of the mainstream of economic opportunity and progress.

For the plan to achieve what it seeks to achieve, it was structured as a package of three interrelated and interdependent components, namely:

- **Core Strategy Principles**

  This is a set of core propositions for what needs to happen if Soweto is to take a steady and convincing route towards developing as a successful and productive region. Put simply, this is basically a set of core strategy principles that chart the way on the regional economic development path ahead;

- **The Vision**

  This is a view on what the future of the Soweto economy ought to be like. This is simply a visionary perspective on what the region will look like in about five years time or more years from now, and;

- **Strategy Pillars**
These are calculated, evidence and empirically based suite of strategic choices that Soweto, in partnership with a vast array of important stakeholders inside and outside of government, will need to undertake in working towards its desired vision. This largely is sometimes referred to as the strategy interventions / platforms / pillars.

All these three foundational components of the plan are dealt with in more detail in the subsequent sections of this plan. Figure Three herein provides a graphic representation of how these foundational components come together into one integrated regional economic development plan.

3.1 THE PRINCIPLES GOVERNING THE ECONOMIC PLAN

The strategy principles that inform the Soweto economic development plan have been derived from a number of sources. These include the government’s development choices as embraced in the national, provincial and local government economic planning and, growth and development strategies. In particular, the City’s Growth and Development Strategy and the economic development environment of Soweto have shaped the design of the principles governing this plan.

Listed below – but not necessarily exhaustive – is a list of principles that guide the formulation of the Soweto economic development plan. As such, the principles are value propositions that cut across and inform the strategic choices that the region needs to make in guiding the plan:

- **Accelerated and Shared Growth**
As a principle, it needs to be recognised that the improvement in the quality of lives is not antagonistic of local economic growth and development. That the country’s economy has been on a positive growth path over the last decade and has grown at a rate higher than that of population growth is a fact worthy of note. Meanwhile, it is also worth noting that economic growth has been far below the country’s employment expectations - with particular reference placed on addressing unequal wealth distribution, broadly shared ownership of capital and discontinuing the ‘Two Economies’ divide.

The intended end outcome of this plan is to have economic growth that is accelerated, shared more broadly and diversified. Soweto should work with its local municipalities and other governance structures in driving up the rate of economic growth in order to ultimately spread the benefits that come with such growth.
Figure Three: The Economic Plan Framework

Core Strategy Principles

The Soweto Economic Vision 2008 - 2013

The Economic Plan Pillars

**Pillar One:** Building a Diverse Regional Economic Base

**Pillar Two:** Developing a Learning & Skilful Region
- Tackling Basic Skills Gap
- Developing Workforce Skills
- Developing an Enterprise and Entrepreneurship Culture
- Knowledge Economy

**Pillar Three:** Creating Institutional Conditions for Economic Development
- Better economic management and governance:
  - Regional economic development capacity;
  - Greater Soweto Business Forum
- Better Access to Finance
- Land Regularisation Initiative
- Strengthening Accountability:
  - Soweto Section 79 Committee
  - Economic Sub Committee
  - Mayoral Committee

**Pillar Four:** Building Soweto as a Powerful Brand (Cross Cutting Pillar)
- Improving Regional Image and Marketing
- Creating Regional Economic Intelligence
- Regional Economic Strategy
- Engaging Provincial Partners: Public & Private Institutions
- Engaging South African & International Partners: Public & Private
Local Competitiveness

Competitiveness is determined by the productivity with which a region uses its human, capital and natural resources. Local competitiveness refers to the ability of a region 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.

In as far as the principle of competitiveness is concerned, the following important points need to be made. Firstly, productivity depends on the value of products and services (for example, uniqueness, quality) as well as the efficiency with which they are produced. Secondly, it is not what industries a region competes in that matter for economic prosperity, but how firms compete in those industries. Thirdly, productivity in a region is a reflection of what both local and foreign firms choose to do in that location/region, and finally, the productivity of local industries is of vital importance to competitiveness.

What competitiveness implies for this plan is that the City and Soweto need 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.

A Robust, Resilient and Vibrant Regional Economy

It is also one of the most important principles to recognise that resilient, robust and vibrant regional economies are vital to national economic growth. This plan should be used as an instrument through which the contribution of the region towards the total economy of the City is improved.

By definition, resilient and vibrant regional economies are those that are characterised by a talented workforce; 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, crime and unemployment.  

- **Redressing Poverty and Proactive Absorption of the Poor**

Despite the democratic dispensation, the scars left by apartheid still remain indelible – with many local communities in the region faced with income, human capital and asset poverty.

Moreover, given the socio-economic and political instability of certain neighbouring states, Soweto just like many other regions across the country faces an ‘unfunded mandate’ of shouldering the burden of dealing with the influx of poor ‘foreign’ people.

As a matter of principle therefore, through this plan, Soweto and the City should work to proactively facilitate the transition of the poor people (migrants and informal settlers) into the mainstream of the economy. Through productive facilitation, the region should assist the poor to gradually get into the ladder of economic prosperity and ultimately work towards discontinuing poverty.

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8 Adapted from the Oregonian Circle of Prosperity
Credible Economic Management

As a matter of principle, it is important to recognise that economic development challenges facing the region cannot and will not be met by the region or the City alone. Understanding the nature and deriving strengths out of a complex web of relationships between the three spheres of government, business, community and labour is crucial for the better appreciation of local economic dynamics at play and better economic management.

It is therefore important that joint solutions to the regional economic development challenges are found by working closely with the private sector, interested organisations, labour and the community. This is intended to ensure that as one local arm of government, the region and the City lead a process of working across the traditional public-private sector divide and administrative-political divide, with the express purpose of inculcating participatory and productive governance.

Economic development and management entail understanding that there is more than one agent in the sharing of power. 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.

Learning and Skills Development
There is an increasing need for skills and qualification in today's economy than was the case in the past. It could be said with a reasonable degree of unambiguity that such a trend will continue to stay for the foreseeable future. Therefore, in future there will be limited employment opportunities for those segments of society without basic skills.

The Joint Initiative on Priority Skills Acquisition (JIPSA), which is an important educational offshoot from the Accelerated and Shared Growth Initiative (ASGISA), is an acknowledgment by the government, labour and private sectors that economic growth not underpinned by educational attainment will in all likelihood be unsuccessful.

It is thus important to prioritise skills and human resources development as an important component of any local economic development intervention. As the economy grows, so will be need for scarce skills to underpin such a knowledge-based economy.

- **Investor Friendly Environment**

The objective of attracting new investment, which will result in, the creation of jobs, establishment of enterprises, wealth creation and economic empowerment needs to be pursued. Economic transformation must be promoted and should ensure that local businesses benefit. It is also critical that ensuring the benefits of doing business in Soweto are realised investment.
3.2 Functional Economic Integration

Soweto’s economic development will need to be aligned to the City’s development strategy and economic growth plan. It is critical that linkages are strengthened to ensure that the residents and businesses of Soweto take advantage of the City’s economic opportunities, including empowerment opportunities, and share in the growth path of the City.

It is these aforesaid seven principles that have informed the design of the plan. Moreover, these also provide a structural foundation for the ensuing regional economic development vision.

3.2 THE SOWETO ECONOMIC DEVELOPMENT VISION: “VISION 2013”

Assuming that we are already in the year 2013, Sowetans should be able to reflect back and see the region as already being a great place for investment, working, learning, visiting (tourism), and living. It is a diverse region in terms of its proud people, cultures, entrepreneurialism, employment opportunities, and available skilled labour pool.

The Economic Development Vision for 2013 is that SOWETO will be recognised as a world-class, dynamic and competitive city region in which to invest, work, learn, visit and live, and the most successful in creating wealth that is widely shared and benefiting all of its people.

The preceding vision is founded on the following vision elements, based on the comparative and competitive advantages of the regional economy:
Invest

By 2013, Soweto will be the investment destination of choice. Soweto would have developed and implemented an investment strategy that identifies and enhances Soweto’s productive assets that will make Soweto an investment destination for both domestic and foreign investment that seeks to create employment and wealth opportunities to the citizens of Soweto, and transform and modernize the Soweto economy.

The economy will be diversified with increased investment in manufacturing, retail, tourism, agri-business, and property, which will lead to industrialisation, job creation and raise standard of living. There will be a high percentage of economic benefit and opportunities accruing to black investors and households.

Work

By 2013 and beyond, new and growing businesses in Soweto across a range of industries will provide an unrivalled choice of employment and career opportunities. Few people will be out of work. It will be a region where the historically disadvantaged individuals will be in productive employment, and or running their own successful enterprises.

Graduates from many of the country’s tertiary academic institutions will want to build their careers in Soweto because of a range of excellent economic opportunities open to them, and this pool of graduates will expand the region’s knowledge base. Trainers and
business managers using available instruments\(^9\) from within and outside government will equip their workforce with the market skills required for continued economic success of the Soweto regional economy.

- **Learn**

By 2013, many students, primarily from the Gauteng Province, will be highly skilled, qualified and enthusiastic about going to work in Soweto. Increased linkages and networks between businesses and education will firmly embed entrepreneurship into the normal working culture, and ensure that best practices accruing from this culture are widely shared.

Soweto will be recognised as a functional economic region that encourages, strives and stands for lifelong learning. The quality of education and skills development on offer will be an attraction point for people to want to learn in the region.

- **Visit**

By 2013, tourism will be recognised as one of the most important and major economic drivers in Soweto. There will be a wide variety of the highest leisure, cultural, sports and nature based experiences. The potential of world-renowned attractions such as Hector Peterson Museum, Vilakazi Street and the Mandela House Museum will be maximised, whilst consistent efforts will also be made to ensure that lesser known attractions are promoted.

\(^9\) Public sector instruments such as sector education and training authorities, internships, and private sector ones such as corporate social investment, and apprenticeships as examples
New niche markets such as business tourism (meetings, conferencing, incentives and exhibitions) will also be developed using the cultural diversity of Soweto and Soweto’s proximity and accessibility to the major businesses centres as a key lever.

Regional tourism offerings will be underpinned by skilled staff and competitive service delivery that will ensure that excellent visitor experience is achieved, resulting in a significant boost for visitor numbers, repeat visits, increased tourism spend and length of stay.

- **Live**

By 2013 and beyond, Soweto’s diversity geographically, culturally, socially and economically will be recognised as providing a high quality and vibrant area to live in. The variety of residential offerings will offer Soweto citizens with a wide range of choices compatible with their lifestyle preferences.

The above mentioned vision elements form the backbone of the economic development plan.

### 3.3 THE CORE Pillars OF THE ECONOMIC PLAN

As indicated in Figure Three, there are Four Core Pillars that will drive the economic development plan. What follows now is an in-depth engagement with these pillars.

### 3.3.1 BUILDING A DIVERSE REGIONAL ECONOMIC BASE
This Pillar is intended to drive the diversification of Soweto businesses to ensure that dynamic sectors with potential are well supported. Apart from the recent surge of commercial developments, there is a need to support other sectors that could enhance the diversification of the regional economy.
The end outcome of this Pillar is to put Soweto 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 region 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 the local SMME sector, and supporting entrepreneurial
development. In addition, protection and support of the informal sector is critical for it to remain an important economic driver in Soweto. The support of emerging industries can also be realised through the City’s own targeted procurement.

Within the “Building a Diverse Regional Economic Base”, strategic interventions should include supporting the modernization and diversification of manufacturing, promoting urban agriculture, tourism development, the construction industry, property development, informal sector and niche markets such as business process outsourcing so that there is a registrable increase in employment and productivity.

i) Manufacturing

With respect to 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. Possible action points are as follows:

- **Promoting and marketing the Soweto Empowerment Zone** - to build a case for the development and rollout of industrial development in Soweto. Key cluster champions need to be secured in furniture, home improvements, motor repairs and servicing, medical cluster and printing as well as property development.

- **Industrial parks support programmes** at Orlando West, Orlando East, Nancefield, Protea industrial parks, Emndeni, Dlamini, Chiawelo and the Jabulani Precinct focusing on welding, light engineering, panel beating and woodwork to begin to work with at an enterprise development level. Critical interventions could possibly include formalising engagement with the tenants, organised
associations, and the City’s Economic Development Department – through the Joburg’s Property Company - to provide better management of the facilities and identify support interventions, renovate dilapidated building structures, and make alterations to accommodate current needs.

- **Garment manufacturing** - looking into the value -chain of garment manufacturing, to be linked to the Fashion District and retail activity which presents an opportunity for moving into the higher fashion production and marketing and niche retail. This can be linked to the tourism industry and the resurgence of Afro-designs.

- **Steel furniture making and steel works** - to produce for local market and established businesses such as Builders Warehouse (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 (where low cost housing projects can source window frames and doors). There is a potential to establish co-operatives by mobilising a number of informal steel workers to formalise themselves through an enterprise support programme, which could provide business training, certify their products with SABS, and provide access to markets and funding.

- **Carpentry and woodwork** - producing house furniture for local and external markets and office furniture for business and government.
Panel beating – 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) Urban Agriculture

Careful assessment needs to be made in terms of what can actually be produced in Soweto, and at what scale, if it were to be commercially viable. It is in this regard that erection of greenhouses (tunnels) for organic farming needs to be considered in order to increase the yield that could enhance commercial activity.

With thorough training, there are prospects to produce quality produce that could find niche markets in the Soweto Malls, Soweto Fresh Produce market, other markets such as restaurants across the city, and export markets. Organically farmed produce commands a premium price in the markets. Of course, issues of certification will have to be considered.

Critical consideration should be on promoting the agricultural initiative at Doornkop, and supporting it to become a fully-fledged urban agro-industrial cluster, as the organic farming initiative that the City is also undertaking in Soweto and the Deep South.

iii) Property Development
Soweto’s residential property market is booming with reference to areas such as Diepkloof Extension, Protea Gardens and Dobsonville. The value of property in Soweto varies significantly from R35 000 for a basic, original two room council house in Orlando East to up to R1-million and more in Diepkloof extension.\(^\text{10}\)

There are a number of estate agencies in Soweto such as Pam Golding offering franchise opportunities to local entrepreneurs. This will bring liquidity to the secondary market, raise values of homes and create a benchmark for prices and develop a culture of informed buying and selling decisions.

Residential developments have been identified in a number of areas in Soweto: the Orlando Ekhaya project (1000 residential units, a hotel, sports venue, etc); mixed development project in Meadowlands (developing townhouses); Jabulani R4 billion Precinct project (to build residential units, theatre, retail), and the Protea Glen (FNB development of 3305 units in a new suburb called Glen Ridge). These residential developments and ancillary support facilities will support and drive the residential market upwards in Soweto.

With respect to property development, emphasis should be placed on supporting the development of modern housing stock, including affordable housing and rental housing that can attract people to live in Soweto. Such property development must be enhanced by the existence of a well functioning secondary property market, which needs to be promoted as people sell to move up the ladder.

Critical intervention points with respect to developing the township residential property markets include:

\(^{10}\) Engineering News, 2004
- **Housing stock** - there needs to be a sufficient supply of decent housing stock to meet demand. This should include both new housing (primary market) and existing housing coming up for sale (secondary market);

- **Finance** - end use finance needs to be sufficiently available to enable buyers to purchase the housing stock;

- **Land title** - land titles must be made available so that properties can be securely and formally traded;

- **Ease of performing transactions** - clear processes need to be put in place to allow for seller - buyer negotiations and title transfers from one owner to the next;

- **Market thickness** - there should be more willing sellers and buyers and many transactions - with the assumption that the more transactions are made, the more chances are that the price would reflect the value of the property. The number of sellers depends on the opportunity to realize acceptable profits and buy property elsewhere, whilst the number of buyers depends on affordability and a perception that the property has value in respect of the price to be paid, and;

- **Information access** - there needs to be good information on how the market works and the products on offer.

It is important in this regard that the Department of Economic Development, Housing and Planning work very closely as the requirements for a township secondary property markets are cross cutting.
iv) Tourism Development

With respect to tourism, there is a need for a new Soweto Tourism Development Plan\textsuperscript{11}. Broadly speaking, critical considerations were placed on tourism supply, demand, infrastructure, institutional platform, product development including tourism spatial zones, marketing, and capacity building.

Nonetheless times have moved on and new developments have taken place, which warrant that some review of the plan needs to happen. Within this context, critical action points could relate to:

- Improve the quality and competitiveness of the region’s tourism businesses in order to be market led and deliver consumer requirements;
- Growing income, employment, and other economic benefits to the region’s communities;
- Diversification of the product offering beyond the struggle / history assets;
- Improving strategic management and wider customer service levels;
- Improving tourism delivery and promotion – focused mainly on tourism infrastructure;
- Branding and marketing the region’s tourism products in a more effective and positive way as well as perception management;

\textsuperscript{11} City of Joburg (2004): Soweto Tourism Development Plan
Benchmarking and exchange with other regions, and;
Developing links with other economic sectors such as agriculture, environment, arts, sports and so on.

The intended end outcome is to ensure that the Soweto tourism value chain is stimulated with the objective of improving facilities for tourists and attracting more tourists to Soweto. The basis for this does exist, as Soweto has a strong political history and there are existing heritage / tourist elements within the area, namely: Chris Hani Baragwanath Node along Old Potchefstroom Road; Cooling Towers; Orlando Dam; Walter Sisulu Freedom Square; Regina Mundi Church; Rockville; Credo Mutwa Cultural Village; Morris Isaacson School; Hector Pieterson Museum; Vilakazi Street, Orlando West, Nelson Mandela House / Museum and Kliptown’s Freedom Square (Refer to Map Three).

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 City’s capital programmes.
From a capacity building point of view to meet the construction demand, local SMEs and individuals will need to be trained through the available instruments such as the Sector Education and Training Authorities (SETAs), Construction Industry Development Board (CIDB), participation through the Expanded Public Works Programme (EPWP), and larger construction companies (BEE enterprise develop component) as well as the Department of Economic Development Skills Hub.

From a City’s procurement point of view, some targeted interventions such as ensuring that for any sizeable construction project / programme in Soweto, the local contractors are taken on board. Such a process will however need to be institutionalized 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.

Using available City instruments such as the SMME Fund to build an expansive pool of empowered contractors to be used primarily for government capital programmes and other private sector opportunities.

vi) Commerce / Retail

Commercial development in townships has developed through the erection of Malls 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.
Soweto is currently experiencing a strong development of shopping malls in various parts of the area, which provide employment opportunities for the people of Soweto. However, the criticism is that the retail sector does not provide well paying jobs and that goods sold in Soweto are manufactured outside of the area and distributed by companies coming from outside Soweto. There is therefore a need to identify opportunities in other sectors that could complement the already vibrant commercial activity in Soweto.

It would be recommended that space for traders in and around busy areas – including the Malls, be made available to local entrepreneurs to supply local products. It would encourage the franchisors to give first preference to local entrepreneurs (Woolworth’s, Pick n’ Pay, and fast food brands) and work with the Industrial Development Corporation, National Empowerment Fund and Umsobomvu Youth Fund 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 shops and niche stores associated with tourism and support of the informal sector will need to be undertaken.

Beyond these intervention points, it would be useful that the City’s Economic Development Department undertakes periodic reviews or assessments\(^\text{12}\) of the impact of the mushrooming of shopping malls on the viability of local enterprises. Out of this, a careful programme could be developed which will have to seek to ensure that whilst Malls are being developed, there are nearly equal benefits with existing local businesses to avoid recent displacements that the City has seen.

\textbf{vii) Business Process Outsourcing}

\(^{12}\) The Department of Economic Development is currently considering undertaking a study on the Shopping Malls Economic Impact Assessment. Such an initiative will shed light on the best possible mechanisms for avoiding local business displacements.
Business Process Outsourcing (call centre work), may be the simplest and quickest set of skills to generate employment for the youth and the number of school leavers not having the opportunity to further their studies at tertiary institutions. The sector also has the potential for development of SMMEs focusing on technology and communication services that would service the call centre.

Currently, the City of Joburg has focused to channel the BPO sector to the Joburg Central Business District as part of efforts to rejuvenate the inner city. However, there is a need to also spread investment in other areas with potential if efforts of spreading economic development around the City are to succeed. To really change the character of Soweto, there is a need to fast track the implementation of the feasibility of establishing a hub of BPO industry, which will look at aspects such as:

- Availability of underutilised government owned buildings that could be converted for BPO use – such as the Old Region 10 offices;
- Availability of agents who could be employed in this BPO industry (Soweto produces graduates who are unemployed and others working in call centres in other areas within the City);
- Technology platform to enable take off of this sector. The City and other industry players will need to come to the party to invest in this sector;
- The Department of Trade and Industry incentives, including training and development will need to be exploited if the feasibility is positive.
A mature view for a possible development of a BPO industry (Precinct) in Soweto is that it could be located either at the Soweto Economic Empowerment Zone or Soweto University of Johannesburg. This is due to better access and support services, locational advantages of developments at Bara Precinct and strengthening a case for a maturing Soweto Central Business District.

The other motivating factor for the location of the BPO Precinct in Soweto is that the region accommodates about 43% of the total City’s population – with an unemployment rate of about 52%. If the view that business process outsourcing is the quickest, simplest and easiest industry to use in dealing with unemployment, the better place to do this in the City is in Soweto!

viii) Informal Sector

The protection and development of the informal sector is important for the City given the ever-dwindling employment opportunities. The objective should be to develop a vibrant informal economy and traders and, assist them either into more formal businesses or successful informal enterprises.

The City’s programmes with CIDA City Campus, Wits University, and University of Johannesburg to provide business skills to informal traders must be encouraged to expand their focus to Soweto. The City’s SMME Fund should seek to support informal traders by providing access to funding and fund enterprise development programmes. The City working with commercial banks, needs to fast track the roll out of a community banking system that will enable cooperatives and informal traders to build a credit record and access expanded range of financial products.

It is recommended that support for the informal economy should be geared towards:
Encouraging home based businesses that support the mainstream economy as a strategy of business growth;

Identifying and developing trading areas around Soweto that enhance self-employment for people who cannot find jobs;

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, and;

Encourage migration of informal economy players into the formal economy (SMME sector) where appropriate in order to grow their business operations.

It could be seen from the strategic interventions raised under the banner of “building a diverse regional economic base” that leadership, guidance and support would have to come mainly from the Sector Support Programme of the Department of Economic Development – including of course private sector actors.
3.3.2 DEVELOPING A LEARNING AND SKILFUL REGION

Building on the JIPSA as a strategic direction for skills development, the “Building a Learning and Skilful Region” Pillar is aimed at creating a highly skilled, innovative and adaptable workforce to attract and support the long term growth of high value jobs, wealth-creating businesses and fight unemployment in Soweto. This will eventually lead to increased income and self sufficiency of the
workforce, and ensure that many of the Soweto people have the skills they need to take advantage of available job opportunities in the region.

Moreover, the point of departure here is that a skilled labour force is a sine qua non for building economically competitive and inclusive development interventions. Given the developmental local government mandate, it becomes important that there is a continuous strengthening of skills in the fields of social and economic development.

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

- Provision of funding and financial resources is not the only effective way of building sustainable capacity for driving an economic development programme. Assessment of the then Local Economic Development Fund championed by the dplg is testimonial to this fact;
- Capacity building initiatives are effective and productive if there is dedicated economic management capacity - in this case resident at regional level;
- Classroom training and tertiary educational training is also not an effective way of building sustainable and propulsive capacity for economic development;
- Rather, for training to be effective, it needs to be demand driven.

A demand driven training approach also needs to be considered. This refers to those skills development strategies that respond to the demands of the communities and businesses in the target area, to help 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\(^{13}\) that the Soweto region and the City seek to attract.

The following strategy interventions have been identified to drive the skills and human capital development for the region.

i) **Tackling the Basic Skills Gap**

Addressing low levels of basic skills across many parts of Soweto is key to developing the area’s economic competitiveness. Working with available educational institutions within the City and sector education and training authorities (SETAs), Soweto should focus on the following strategic interventions:

- Improving the levels of literacy, numeracy and information and communication technology (ICT) skills so that basic skills are addressed, employability is enhanced and qualifications improved;
- Further developing basic skills training in the workplace with partners in both government and private sector seeking to provide employment opportunities to workers and encouraging SMMEs;
- Promote diversity and transformation initiatives with employers and communities to improve access to employment to the historically disadvantaged individuals residing in Soweto.

ii) **Developing Workforce Skills**

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There is a need to up-skill or re-skill the existing workforce in light of the economic advances, transformation and restructuring that the economy is going through. Soweto is not different in this regard. 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 systems;
- Increase access to learning through available technology instruments such as e-Learning so that flexible learning opportunities are made accessible;
- Increase access to modern apprenticeship and internship opportunities so as 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;
- Increase the retention of graduates within Soweto by offering employment opportunities, widening entrepreneurship support systems so that they engage in productive work;
- Work with educational institutions and business community to ensure that educational institutions supply the industries with relevant skills.
- Work with Universities and FET colleges to increase the intake of more learners in career paths that are linked to current economic needs. The University of Johannesburg needs to play an active role in this respect;
- Increase the number of beneficiaries trained in the priority skills areas and growth sectors i.e. BPO skills support with focus on call centre agents, construction, telecommunication, and so on, and
- Scale up entrepreneurship training programmes by expanding the participation in the CIDA City Campus programme, which is receiving support from the City of Joburg to provide business skills to informal traders. The proposed Soweto Business School (University of Johannesburg) and the Soweto Centre for Small and Medium Enterprise Development is critical to deal with the current low levels of technical and entrepreneurial skills.
The Department of Economic Development Skills Hub needs to become a conduit through which all these skills development interventions are filtered and coordinated.

iii) Developing Enterprise and Entrepreneurship Culture

A supportive enterprise culture is indispensable for Soweto to improve its economic performance, realize its Vision and deliver on a modernized and diversified business base. Working in partnership with the Small Enterprise Development Agency (SEDA), Gauteng Enterprise Propeller, uMsobomvu Youth Fund, University of Johannesburg Centre for Small and Medium Enterprise Development as examples, Soweto in partnership with City’s Economic Development Department should undertake the following interventions:

- Stimulating and developing an enterprise culture and enterprise development in the region;
- Encouraging the development of dynamic enterprise start-ups;
- Assisting in improving the competitiveness of the existing regional 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.

To anchor an enterprise and entrepreneurship culture and practice, an enterprise development programme is being proposed herein. This is based on the understanding that the approach to support SMME is to provide long term technical assistance to start-ups, potential turn around strategies and improve existing businesses. So it would be critical to work with existing institutions, which
provide such support to identify opportunities and entrepreneurs. Thereafter, hands on technical assistance would be provided throughout their life cycle until the businesses are sustainable.

In addition to technical assistance, mentorship will need to be provided to businesses and entrepreneurs. Some consideration of a grant seed capital to businesses to undertake feasibility studies, market research, initial pre-production activities, and facilitate investment funding will need to be given – possible off the SMME Fund.

This model or approach can be used to support the structuring of new and existing co-ops to take advantage of the economic opportunities available. It also seeks to enhance the growth of micro businesses to become medium size businesses. In addition, it will eventually cover all the sectors identified to diversify the economy of Soweto.

A service provider should be appointed to drive the above approach, in which an enterprise support programme will be developed and implemented for the next five to ten years. It may be allocated a space in the Skills Hub or the Soweto Empowerment Zone.

Put simply, the enterprise development programme should focus on:

- Increasing entrepreneurial capacity through the identification and leveraging of entrepreneurs, provision of training for business people and filling capacity and capability gaps;
- Supporting and creating business opportunities through the identification of opportunities, assessment and prioritisation of opportunities, and facilitation of appropriate assistance;
Improving the general conditions of economic growth by identifying constraints and lobbying for response / remedial interventions, and;

Increasing the provision of funding by means of identification of respective development finance institutions, matching with appropriate projects and marketing Soweto as region with growth potential.

Whilst the Skills Hub may perform some of these functions, others will require that dedicated capacity is secured or built to run an enterprise development programme.

iv) Knowledge Economy Development

There is enormous wealth of literature material and practice evidentially and convincingly pointing to the fact that innovation drives productivity growth. So if Soweto and the City would like to take a forward looking direction in boosting its economic fortunes, embracing technological innovation is the path to follow.

Critical interventions indispensable in building knowledge based economy for Soweto and the City are as follows:

- Together with State / Municipal-Owned Enterprises, academic and specialist institutions, undertake joint research and development support programmes;
- In partnership with existing national and provincial support agencies, sponsor and facilitate research and development funding for new industry segments or niche markets;
- Support technology commercialization programmes so that research discoveries could be brought into full economic effect;
- Encourage the development and access to modern telecommunication infrastructure so as to encourage knowledge-information based companies to locate in the area;
- Expand access to the internet beyond government and private sector environments to even the broader wider public in such structures such as the public libraries, multi-purpose community centres and youth structures;
- Knowledge development – transferring the full potential of the region’s science, technology and knowledge base residing in institutions such as the University of Johannesburg into the private sector so that it can be mainstreamed into economic use, and
- Engaging with and developing the strategic vision of the end user – by providing innovation support programmes focused on the needs of the market.

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.
3.3.3 CREATING INSTITUTIONAL CONDITIONS FOR ECONOMIC DEVELOPMENT

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

Critical interventions recommended within this pillar are as follows.

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Better economic management and governance:
- Regional economic development capacity,  
- Greater Soweto Business Forum

Better Access to Finance

Land regularisation initiative

Strengthening Accountability:
- Soweto Section 79 Committee  
- Economic Sub Committee  
- Mayoral Committee
i) Land Regularisation Initiative

The release of land for economic or business activities is critical for the development of Soweto and to attract investment and developers. As a result more new opportunities will be created, especially BEE, for the benefit of Soweto and its people. The Johannesburg Property Company (JPC) is directing and implementing the Soweto land regularisation project to support economic growth by identifying land for private and public sector investment. An estimated 25,000 properties will need be transferred, rezoned or made available for development. The outcomes of the initiative include:¹⁴

- 26 new business stands to be created;
- 240 business stands to be formalised through the transfer of council owned shops;
- 33 stands to be allocated for development;
- 290 stands to be offered to the COJ’s department of Community Development and City Parks Agency;
- 8856 stands to be transferred to housing beneficiaries.

The successful implementation of the initiative will result in an investment of R3.5 million in 700ha of land set to generate an estimated R4.5 billion in construction spend, which will create jobs and drive economic empowerment. The release of land for social facilities will improve the quality of life of Soweto residents.¹⁵ In summary, this initiative has the opportunity and potential to create first-time homeowners, stimulating entrepreneurship, creating job opportunities and attract investments into Soweto.

¹⁴ JPC, Soweto investor prospectus document
¹⁵ JPC, Soweto investor prospectus document
Underpinning the land regularisation initiative is the need for ensuring that applicable planning/land use rights are granted to various people and properties across the City - mainly the township areas, of which Soweto is the largest across the country and will be the major beneficiary.

ii) Better Access to Finance / Funding

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

Whilst, of course, the need to look at additional resources is important as the City cannot and will not be able even if it wanted to fund all of its developmental programmes, it is nonetheless important that a leverage facility is in place to ensure that appropriate signals and stimuli are made to the private sector that the City is serious about economic development.

iii) Economic Management and Governance

The governance pillar focuses on driving the economic development of Soweto 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 Greater Soweto Business Forum (GSBF) – its core purpose will be to ensure that all business formations in Soweto are represented in this structure, and it becomes the institutional and coordination instrument through which the City will be able to engage with business people in Soweto.

From a representation point of view, the Soweto Business Initiative Council (SOBICO), the Soweto Chamber of Commerce and Industry (SOCCI), Soweto Business Executive Council (SOBEC), Soweto Tourism Association (STA), Region D Office, plus other important formations such as those in academia, labour and community sectors deemed useful to the core purpose of the SBF.

The Department of Economic Development (COJ) in partnership with the businesses in Soweto will need to facilitate the establishment of the GSBF as a matter of urgency.

Eventually, the GSBF will need to have a formal representation in the Johannesburg Business Forum (JBF).

From a functional point of view, the GSBF will undertake to:

- Assist in overseeing the implementation of the Soweto Economic Development Plan;
- Provide a platform for dialogue between all the role players in the economic development field in Soweto;
- Provide an opportunity for a wide discussion on key issues of regional importance in economic development;
- Provide business and economic development advice on resource requirements needed for the implementation of the plan;
- In addition to the Soweto Development Committee, City’s Economic Development Sub Committee and the Mayoral Committee’s strategic oversight roles, the GSBF should also assist in monitoring the progress on the implementation of the plan;
- Liaise, consult and advocate with key stakeholders to ensure that the outcomes outlined in the plan are achieved, and;
Advocate for the integration of economic development outcomes with other regional strategies.

The Department will provide secretariat functions and the meetings of the GSBF could start off as quarterly meetings.

Regional Economic Development Capacity - As the economic profile has indicated, Soweto is a very big region. In fact by comparison, Soweto is a country and this regional economic development plan could be interpreted as a country’s economic strategy. Compounding this with the fact that for about 100 years, there was just a systematic denial and no rigorous economic development interventions, it thus warrants serious consideration by the City of Joburg that a dedicated economic development capacity in Soweto is established.

Based within the Soweto region itself, an Economic Development Support Programme needs to be set up. Such an economic development capacity must be structured as follows as a minimum - of course:

- A Deputy Director;
- An Assistant Director and;
- A Project Specialist

Resident within these individuals should be the following competencies:

- Relevant experience and understanding of economic development - with particular reference to regional / local economic development;
- Ability to manage economic development organisations;
Neighbourhood / township economic development experience;
Strategic economic development planning;
Economic development funding and financing;
Economic development marketing and attraction;
Business retention and expansion;
Workforce development;
Small business and entrepreneurial development;
Sectoral interventions, and;
Economic development capacity building.

Such an arrangement will ensure that a bottom-up economic development planning process is instituted, and it is not a case of “Jorissen planning by itself – for itself”.

iv) Strengthening Accountability

Whilst governance structures exist for accountability on projects and programmes, it needs to be ensured that regular reports, feedback and guidance is secured from the Mayoral Committee, Economic Development Committee and the Soweto Section 79 Development Committee on economic development matters.

3.3.4 BUILDING SOWETO AS A POWERFUL BRAND
The purpose of this Pillar is to ensure that Soweto communicates a single most important and consistent message that it is a vibrant and diverse region to whomever it engages on matters of economic development.

Critical interventions for building or improving Soweto as a powerful brand are as follows:

i) **Improving Regional Image and Marketing**

Branding is a means to distinguish a city on a global level by highlighting what is authentic about a city. It is a promise to the world about the essence, character and identity of a city. Cities need to brand in order to develop the city in a global context and retain the loyalty of those investing resources in that respective city, such as business persons, all of the city’s citizens and tourists.\(^1^6\)

\(^{16}\) About City Branding Article
A marketing strategy that builds Soweto as a brand where people can live; work; recreate; and business can invest, needs to be developed and implemented. The marketing strategy should focus on highlighting the positive and unique features of Soweto in order to attract investors and tourists and to contribute to pride of all Sowetans.

Working in partnership with the Joburg’s Tourism Company (JPC), the City could consider a number of branding options ranging from political history, tourism attractions, cultural diversity and creative attractions, entertainment and a dynamic investment destination with limitless possibilities. It needs to be ensured that a Soweto brand architecture is supported by all the stakeholders.

ii) Creating Regional Economic Intelligence

The City and regional economic development support programme need to be capacitated to undertake economic intelligence in order to better guide future economic development planning and investment in Soweto. This will ensure that there is continuous updating and review of economic information that will direct economic development planning. There is also continuous engagement with public and private sector partners to mobilize investment and direct it to the development needs of Soweto. Finally, there is continuous communication to both business and residents’ s of Soweto on the development and investment project taking place, development challenges faced; and continuous promotion of the 2008 - 2013 Vision.

iii) Engaging International, National, Provincial and Municipal 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 endeavors for building economic development in Soweto. The following key partners are thus critical to the execution of the economic development plan:
- Embassies in our Trading Partners and Investment attachés all over the world;
- National Government;
- Provincial Government;
- Sister Local Municipalities;
- National, Provincial and Municipal Owned Enterprises;
- Private Sector: Big and Small Businesses;
- Labour Sector, and;
- Community Sector.

The regional economic development plan section sought to paint a futuristic picture of the economy of Soweto and a suggested course of action that would need to be taken. It is nonetheless important that the course of action is grounded by actual economic development opportunities so that in the journey certain tangible milestones are achieved.
SECTION FOUR: THE ECONOMIC INVESTMENT ATLAS

The investment atlas could be defined as a ‘compendium’ of potential private and public sector investment opportunities, for the Soweto Region. In some of these opportunities further work still needs to be done on them to ascertain the extent of their bankability.

In simple, the investment atlas lists potential opportunities in terms of either some or a combination of the following variables (criteria): description of an investment opportunity; economic rationale; employment considerations; enabling conditions such as the level of action required from the public and private sector; sectoral location; scale of the opportunity in terms of the number of potential jobs and funding requirements; and the state of readiness as regards whether a business plan is in place, funding / financing is also in place; and operational capacity is available.

Based on the criteria, a number of economic development and investment opportunities were identified for Soweto. These opportunities are taking place at different phases of the project development cycle – with some at start up phase whilst with others, some groundbreaking has also already begun.

4.1 The Soweto Music Initiative: Performance, Production, Training and Support Facility
This initiative is intended to set up a music industry facility in Soweto given the supportive context of regional tourism, music and cultural industry sectors. The facility is to be comprised of *performance, production, training and support*\(^\text{17}\)* components so that eventually it could stimulate the development of a creative industry cluster in Soweto *(Refer to the Concept at Figure Four)*.

- **The Core Offering - Performance Space:** One leg of the Facility is a dedicated space with the capacity to stage programmes of niche music as well as popular acts. It will consist of live performance, showcase and rehearsal venue with a capacity of 400 people seated and 700 standing, acoustic treatment for live recording, bar / café / food preparation and storage, cloakrooms and reception / security, and parking.

- **Production Facility:** to respond to the identified need for quality recording and sound engineering facilities at smaller live venues, the production facility will be comprised of a recording studio, edit suite, equipment storage, training rooms and song-writing room.

Figure One: Facility Concept
- **Skills Training:** this facility will provide a professional node for the creation of specialised skills in the industry, which can be used in its own associated performance space and recording facilities through mentoring programmes and on the job training. The skills facilities will consist of production facilities, training rooms, workstations, and links to MAPPSETA, University music schools, equipment producers, innovation networks, training companies.

- **Support Centre:** part of the core offering will be an in-house range of business support services and entrepreneurial advice linked to the facility’s training and skills programmes, but providing links to opportunities in the sector and in related innovation hubs and organisations. It would consist of training rooms, resource centre, library, catalogues, recordings, business services, space for interviews and consultations and links to business support agencies (eg Ntsika, BRAIN), business finance (eg Khula, Gauteng Enterprise Propeller, Blue IQ, banks, IDC), legal practices and IPR specialists.

Other critical considerations are currently being given to the development of a Music Industry Enterprise Incubator, which will provide the start up platform for the development of a full creative industry cluster over time. The other important consideration is being given towards the appropriate location of the facility – with one view supporting the Vilakazi Precinct, whilst the other recommends Orlando Ekhaya as the possible location.
The total budget requirements for the project are broken down as follows: R31 million for capital requirements, R11 million per annum for ongoing operations and management, and R1.2 million for establishment and facilitation support. In total, it is about R43.2 million.

4.2 Vilakazi Street Tourism Precinct

The development vision for the future Vilakazi Street Precinct is a thriving destination attraction, based on its struggle history, township heritage, vibrant spirit and distinctive “sense of place”. It will bring in visitors, tourists and learners from all over, and create economic spin-offs and opportunities for local residents and enterprises. The physical vision is of a high-quality environment, with clear points of arrival, groups of places and attractions that offer different experiences, and a functional movement system. The Vilakazi Street Precinct will be a living environment, and fully integrated into the surrounding residential neighbourhood. The visitor experience will lead to a life-long personal relationship with Soweto, its vibrant spirit and its role in the Struggle.

The Precinct – from a tourism point of view – is comprised of two sub-initiatives, namely Vilakazi Lodge and Cultural Education Centre.

- Vilakazi Lodge

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This is intended to facilitate the creation of a structure whereby existing and future Bed & Breakfasts and guesthouses in the Vilakazi Street Precinct work together to form an entity, provisionally called the Vilakazi Lodge, with the specific aims of marketing more effectively and building the capacity to deal effectively with block bookings from tour groups.

A centralised booking system that can allow tour operators easy access to a township experience with visitors staying right in the township will allow the Vilakazi Street Precinct to penetrate the tour operator market, and substantially increase occupancy rates in the B&Bs, increase income from accommodation, and increase general spend from visitors in the Precinct.

The basic products to support the Lodge initiative are already in place. Nine B&Bs or guesthouses have been registered in the Precinct, eight of which have already been graded by the Tourism Grading Council. All nine Precinct B&Bs are clustered round the eastern part of the Precinct, within 170 m of Sakhumzi’s Restaurant.

As many of the nine B&Bs in the Vilakazi area as possible should join together as one “lodge”, provisionally called the “Vilakazi Lodge”, with the following centralised functions:

- Joint marketing, including a joint pamphlet, a website, and engagement with Johannesburg Tourism Company and Gauteng Tourism Association to be represented at Tourism Indaba in Durban and possibly overseas;
- Centralized booking system;
- Reception office, that takes responsibility for equitable allocation to individual “units” within walking distance according to a strict allocation protocol,
- Organization of dinners and entertainment for large groups (on a commission basis),
- Strict standards, including regular inspection, and rapid reaction to complaints.
This proposal is thus for a management system that will take responsibility for maintenance of standards, allocate bednights fairly between the various B&B owners, help to organise dinners and entertainment for tour groups, and help raise the profile of the Vilakazi Street Precinct as a destination.

The financial requirements for the Lodge initiative are estimated at R560 000 for capital investment, whilst operational requirements will need about R580 000 per annum.

- **Vilakazi Cultural Education Centre**

This is intended to develop a facility where learners from Gauteng or other parts of the country can spend a night in Soweto organised by their schools to learn about the Struggle, but at the same time have fun in the Vilakazi Environment. To do this, a building such as an old school could be converted to accommodate learners in dormitories to serve as a base from which they will move in supervised groups to explore the Museum and other historic sites in the Precinct, walk along routes followed by some of the protestors on June 16th, climb the koppie to enjoy a view of the township, visit other community projects in the area, and interact with the local children.

Whilst the 1976 uprisings is an important milestone in the history of Soweto and the country, there is nonetheless very few students in the current generation that are aware of this landmark event. The Cultural Education Centre proposes that a building such as a disused school should be converted into a facility to provide accommodation and space for activities for either one or two school buses full of learners. Preliminary financial calculations suggest that it will be difficult to be sustainable with only one bus full.
Suggested facilities are as follows:

- Accommodation for 60-120 learners in dormitories with 12-20 beds, using double bunks, with separate bathroom and toilet for each dormitory;
- Individual rooms for 4 school staff with en suite toilets;
- Kitchen and dining hall for 120 learners;
- Auditorium for 120 learners;
- Small Breakaway room for 30 learners;
- Equipment store;
- Staff room/office;
- Permanent accommodation for 2-3 staff members;
- Safe parking for two full-sized buses on site.

Whilst the venue for such a facility is still being considered, current assessment indicates that the Phefeni Secondary School has so much more potential than any of the others that have been seen that it is recommended that all avenues should be explored to obtain at least a part of this school before alternatives are sought, even if this means delaying the project for a year or two.

From a financial point of view, R8 million will be required for capital requirements, whilst R3 million will be required annually for operational processes.
4.3 Lufhereng / Doornkop Agricultural Estates

This integrated urban economic development initiative is located directly to the west of Soweto, north of Protea Glen and to the south of Slovoville. It is an innovative urban agri-business initiative, which is carefully integrated into the Lufhereng housing development. Previously known as the Doornkop Greenfields, the agri-estate seeks to promote small to medium farmers through intensive agricultural activities with high yield production activities.

The agri-estate extends over 480 hectares ranging from small agricultural lots to large open field farms. It is intended to promote food security and financial self-sufficiency to all agribusiness entrepreneurs.

The project incorporates the existing Doornkop farmers as well as new emerging farmers – with the latter process being facilitated through training and support from the government’s cooperative development programme. It is intended that this project should become model for productive urban agriculture.

In addition to the retail and commercial job opportunities offered within the entire development, the agricultural estate will assist with upstream and downstream business opportunities thus creating about 10 000 job opportunities.

4.4 Jabulani Central Business Precinct and the Afro Fashion Zone
A 35ha of prime development land in the Jabulani Central Business Development has been packaged for mixed-use development. The development will include a mixture of high-density retail, office and residential development, which displays a strong sense of public awareness\textsuperscript{19}. Melrose Arch in Johannesburg’s northern suburbs is a good example of the type of development envisaged.

Ultimately over 300 000m\textsuperscript{2} of new floor area will be created in the precinct, including 70 000m\textsuperscript{2} new retail, 70 000m\textsuperscript{2} office development, and 2 000 m\textsuperscript{2} new residential dwellings. The new development will also have a “cultural heart” which will include the development of Soweto’s first theatre complex. The 400-seat performing arts theatre complex will be developed at a cost of R60 million as part of the development of the site. The complex, which is a Mayoral project, and will include refurbishment of the existing open-air venue located on site, will be managed by the City of Johannesburg as a world class, authentically Sowetan theatre.

The components of this development will comprise performing arts venue development, Public Square, Public Park and public artwork.

In addition to the already existing proposals, some consideration should also be given towards the development of an Afro Fashion Zone within the Jabulani Precinct. The justification for this proposal is that there are a number of clothing manufacturers, designers, small home-based retailers and customers scattered all over the region who possess significant potential to develop into sustainable enterprises given a right and conducive environment. The Afro Fashion Zone is thus intended to provide a locational and business

\textsuperscript{19} Joburg Property Company (2008): Jabulani Precinct Detailed Business Plan
outlet for agglomeration economies that would develop as a result of support towards organic development of the clothing industry in Soweto.

The impact of the Afro Fashion Zone on wages and salaries, endogenous Soweto fashion market, linkages to the wholesale and retail sector and support to the hotel, restaurants and taxi industries if it is linked to a Soweto Fashion Show concept and Festival is likely going to be sizeable.

Worthy of note however is the need to ensure that the Afro Fashion Zone is complementary to the Joburg’s Fashion District – with the latter playing the role of being a City - wide marketing outlet and facility whilst the former playing a more supportive role to the Fashion District.

4.5 Soweto Tourism Development Plan

A Soweto Tourism Development Plan was formulated in 2005. Since then, a number of developments have taken place in particular, the announcement of South Africa as a 2010 World Cup Host. In reviewing and developing a new tourism plan for Soweto, the main aspects to be covered are as follows:

- Institutional analysis – focused on painting a current picture of existing institutions dealing with tourism development in the region and the degree of functional efficiency;
- Regional tourism supply analysis – with a key focus on available tourist accommodation, tourist facilities and their typology, product offerings and tourism nodes / sites;
Regional tourism demand analysis – with key foci on an understanding of tourists’ numbers coming to the region, an average stay of the tourists in the region, tourist’s origin, tourist’s profile, primary tourist attractions visited, and activities undertaken by the tourists;  

Infrastructure analysis – with key considerations and spotlight mainly on the built infrastructure such as transportation network, safety and security networks and investments, accessibility considerations and so on;  

An integrated tourism development strategy with the critical elements being:  

- Tourism development Vision – supported by clear goals and objectives;  
- Product development comprised of a number of items such as:  
  i) Tourist Accessibility and Attraction Flow Model;  
  ii) A District Tourism Spatial Framework;  
  iii) Tourism Development Nodes and Corridors (primary and secondary attraction and accessibility considerations);  
  iv) Public sector driven and private sector investment projects;  
  v) Investment promotion,  
  vi) Tourist Infrastructure Development / Upgrade Initiatives,  
  vii) Tourism Transformation Framework (small business development, BEE and institutional recommendations).

Marketing framework and strategy with a key focus on image creation, branding and positioning, good reputation building, and reputation management on a framework level. Meanwhile, market segmentation, marketing delivery structure, and communication techniques will be an important consideration from a strategy point of view;  

Marketing and evaluation framework, and;  
Capacity building, training and support.
Some new initiatives such as the Vilakazi Precinct need to be factored in the strategy review process.

4.6 The Soweto Empowerment Zone

The Soweto Empowerment Zone is an integrated and multipurpose business park that has just been developed in Soweto to serve as a zone that mobilizes and promotes black economic empowerment and small, medium and micro enterprises.

It is intended mainly to attract, support and develop BEE and SME enterprises, catalyzing private sector investment as well as business development service, leveraging empowerment charter opportunities, and utilizing procurement as a support instrument for the viability of SMEs and BEE enterprises.

As indicated earlier herein, the potential clusters for consideration within the Empowerment Zone are furniture and home ware, home improvements, automotive, medical, paper and printing, and property development and management.

A huge demand for the facilities within the empowerment zone has been indicated by a number of stakeholders making enquiries through the Department and also registering in the interested service providers’ database. What then needs to happen is the effective promotion and roll out of the implementation of the empowerment zone with particular emphasis placed on:

- Finalizing the overall cluster implementation plan;
- Securing industrial cluster champions – so that they could occupy the spaces in the zone;
- Finalizing industrial cluster champions implementation plans;
- Providing strategic and technical management oversight to the initiative,
- Ensuring that business development support services are in place so that the success of the model could be enhanced, and;
- Sorting planning and legal issues on phase two of the project so that additional space is freed up for future roll out of the plan.

It needs to be highlighted that the Soweto Empowerment Zone is the first ever serious industrial development facility, which the public sector has facilitated with sole purpose of ensuring economic development. Accordingly, adequate care needs to be taken so that it becomes a model that can be replicated in other parts of the City.

4.7 Business Process Outsourcing Precinct

In addition to the fact that there is a relatively low entry skills barrier into the industry, and significant potential for stimulating local economic development, research indicates that about 60 000 jobs could be created in the BPO sector in Joburg\(^{20}\). This is a significant figure towards making a dent on the unemployment impasse. Furthermore, there is significant potential for foreign direct investment.

Whilst recognizing the fact that the Mayoral Committee has approved the implementation of a BPO Precinct and Skills Hub within the inner city, it nonetheless needs to be highlighted that a satellite facility could also be developed in Soweto. The investment requirements with respect to property, connectivity, skills development, transport, safety and security and ancillary amenities are all the things that could be catered for in the region.

\(^{20}\) The Mayoral Committee (2008): BPO Progress Report
From a locational point of view, a number of areas could be considered for a BPO precinct in Soweto. The Soweto Empowerment Zone is one of them, given its promotion of the development of diversified light industrial enterprises. The University of Johannesburg – Soweto Campus is also a possibility – given potential synergies that could be developed with the educational sector. Finally, the underutilized Funda Centre in Diepkloof is also a node of note since it does have some infrastructure that could be redeveloped or improved for such a facility.

If about 43% of the total population of the City resides in Soweto and the region is about 53% unemployed, a strong case could thus be made that some serious consideration should be given to locating a second BPO precinct in Soweto.

4.8 Industrial Parks / Estates Support Programme

The City has a number of Industrial Nodes that are at various stages of operation and a number of these are underutilized and on the decline. The Industrial Nodes Support programme is intended to ensure targeted City intervention aimed at promoting and supporting industrial development throughout the municipal area.

The programme’s key pillars are:

- Promotion of Public-Private Partnerships;
- Establishment of linkages with key industrial stakeholders;
- Ensuring economic viability of industrial nodes.
The benefits to accrue from the programme are the development and expansion of job and investment opportunities, leveraging of private sector investment, and the creation of sustainable jobs and a vibrant SMME sector.

Although the programme is City wide, what is of critical importance currently is the provision of support to industrial areas such as Nancefield, Orlando West, Orlando East, Chiawelo and Emndeni industrial parks.

4.9 Panel Beating Academy / Centre of Excellence

When signing the Financial Sector Charter (FSC), insurance industry accepted two important ambitious commitments:

- The BEE preferential procurement level will have to reach 50% by 2008 and 70% of the total procurement value by 2014. This commitment raises important challenges for insurers. Beyond the fact that it is quite complicated for them to determine the BEE profile of suppliers belonging to a non-Chartered industry, they also have to take into consideration the significant gap existing between traditional, mainly white, family-owned suppliers and black SMEs. Finding suitably qualified BEE motor repairers has become the main focus of insurers’ procurement departments.

- Out of R1.98bn that has to be spent in empowerment financing by 2008 by the South African insurance industry, R1.17bn will have to be targeted investments. This includes SME financing.

Moreover, the shape of the demand is also changing quickly as the empowerment process goes on. As the proportion of historically disadvantaged individual policy holders increases, the industry has to find more and more suppliers in previously non-covered areas. In order to achieve success, this preferential procurement approach has to be managed together with enterprise development ethics.
Nearly 70% of claim settlement spend is directed toward the motor-body repair (MBR) industry. It is obviously the first supplier industry to start with to improve preferential procurement levels. The recent evolution of the MBR industry, progressively dividing it into the traditional and emerging groups, has led to a serious need in terms of enterprise development aimed at the less developed end of the market. A lot of black small and medium panel beaters are excluded from the market because they cannot fulfil insurers’ and motor manufacturers’ requirements. They basically have four key needs:

- Access to bank loans for equipment purchase (equipment is currently self-financed or financed through informal loans);
- Business education for shops to be run as businesses instead of a day to day basis;
- Implementation of technical skills development program;
- Increased access to procurement opportunities.

Given the context set out above, the Panel Beating Academy (Centre of Excellence) is a Small Enterprise Development Agency’s Automotive Technology Centre (SATEC) led initiative which is intended to establish 100 accredited panel beaters, glass suppliers, and towing companies over a five year period. The South African Insurance Association supports this initiative.

From a locational point of view, the Soweto Empowerment Zone is an ideal location. About 4300 square metres will be required for this project and the estimated job creation potential is about 200 full time employees. This includes the entire value chain: masking, spray painting, assembly, fitment, polishing, body repair, stripping, offices and parking.

4.10 Orlando Ekhaya
Orlando eKhaya is the largest and most ambitious development ever undertaken in the history of Soweto which will transform the area into a sought-after destination for investment, business and tourism.

The 300ha development precinct is located at Soweto’s largest and best-known eastern entrance, in close proximity to the world renowned Baragwanath Hospital.

Over R1 billion rand will be invested in the first phase of the precinct’s development by the private sector which will see delivery of:

- 1200 new mixed income homes;
- 30 000m2 of new retail space,
- 60ha of world class open space and conservation development,
- Upgraded 10 000 student campus (University of Johannesburg).

Over R100 million of public funding will be invested in the precinct as part of site preparation and servicing and development of strategic projects. A large amount of this funding is being sourced from National Treasury’s Neighbourhood Development Partnership Grant.

### 4.11 Bara Central

JPC has finalised a Precinct Redevelopment Strategy which will rejuvenate the Bara Central node into a vibrant destination befitting of its role as the gateway to Soweto.
The proposed Bara Central precinct is a five hectare city block in Diepkloof Zone 6, Soweto. The site is located north of the Old Potchefstroom Road opposite Chris Hani Baragwanath Hospital, wedged between the Bara Public Transport Terminus and the new Universal Church of the Kingdom of God Cathedral.

Approximately half of the 5ha piece of land is owned by the City. The remainder of the site is privately owned and includes Soweto landmarks including Toby’s Garage, Blackchain Shopping Centre and the Diepkloof Hotel. The block is also home to a range of informal traders who service the 60 000 people who pass through the taxi rank on a daily basis.

Despite its degradation, the site remains a key locality in Soweto because of its proximity to the Bara-taxi Rank (servicing 60 000 people per day) and Chris Hani Baragwanath Hospital which has 10 000 admissions per month and employs 4500 people.

It is estimated that approximately 14 000 pedestrians cross the pedestrian bridge which links Bara Central to the Chris Hani Baragwanath hospital each day and that more than R3 million is spent in the area per day.

The Precinct Redevelopment Strategy aims to address the factors contributing to the degradation of the area and to facilitate the redevelopment of both Public and Private owned land as a single precinct. The strategy is comprised of four components:

a) Consolidation and re-subdivision of land holdings in the precinct to form nine(9) development land parcels identified in the Urban Design Framework approved for the site.

b) Implementation of a R100 million public environment upgrade including:
The design and construction of a new underground 300 car parkade;

The design and construction of a new public square including artwork, street furniture, landscaping and lighting;

Public environment upgrade of streets in precinct (landscaping, paving, lighting and artwork).

c) Development of two (2) public owned land parcels (By Public tender).

d) Facilitation of development on seven (7) private land parcels. In order to encourage development, the following initiatives will be completed:

- Place branding to raise the profile of the site, create identity and encourage investment;
- Preparation of heritage management guidelines to enable the redevelopment of the site,
- Formation of a City Improvement District for the management of the area,
- Completion of a Market Demand Analysis for key uses which may be incorporated into the development.

The new development sites will provide for 100 00m² of new development. It is expected that about 13 00m² of this floor area will be used for retail purposes (to service the significant passing trade). The remaining 77 00m² is available for a mixture of residential and office development for which a high demand exists in this key location close to Chris Hani Baragwanath Hospital. The total Development cost is expected to be in excess of R500 million.

Funding amounting to R36 million has already been secured for the public environment upgrade from National Treasury's Neighbourhood Development Partnership Grant. The design of this upgrade has already been started and construction is expected to start in January 2009.
The two Council owned sites should be released by June 2009.
SECTION FIVE: THE ECONOMIC IMPLEMENTATION PROGRAMME

In the implementation of the Soweto Economic Development Plan a number of role-players or actors, both 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 has to 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 Economic Development Plan. The Action Plan identifies priority actions and steps that need to be undertaken in order to achieve the objective of each Pillar of the Plan.

5.1 THE KEY IMPLEMENTATION ACTORS
The implementation of the Soweto Economic Development Plan should be driven through a partnership paradigm in which all institutional actors play their respective roles in ensuring that efforts of developing the economy of Soweto do achieve the desired results.

Different role players who will play a key role in the implementation of the Soweto Economic Development Plan largely fall into the following categories:

- The City of Joburg Departments (such as Economic Development, Planning, Finance and Housing);
- The City of Joburg Agencies (such as JDA, JPC, JTC, MTC, JFPM), and;
- Private regional business institutions such as SOBICO, SOCCI, SOBEC and Soweto Tourism Association (The Greater Soweto Business Forum).

5.1.1 The Role of City of Joburg Departments

The City Departments that have impact on economic development in Soweto must support economic development by:

- Facilitating development of the Soweto 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 Soweto;
- Identifying and encouraging collaborative efforts among various institutions which have a stake in the economic development of Soweto, and;
The City should utilise its budget resources as a key lever to promote economic development in Soweto by ensuring that its procurement policy is biased in favour of enterprises based in Soweto for projects implemented in Soweto.

The Department of Economic Development, in particular, should play a leading role in co-ordinating the implementation of the Economic Development Plan in Soweto. Moreover, this Department has to ensure that Economic Development capacity is augmented in the region so that Soweto entrepreneurs and regional institutions have technical support and expertise that they can tap into, in their efforts to drive economic development of the region.

5.1.2 The Role of City of Joburg Agencies

The City Agencies are in essence implementing agencies on behalf of the City Government. In the context of promoting economic development the role of Agencies should in general, among others, be to:

- Identify and facilitate implementation of economic development projects that fulfil the City of Joburg's economic developmental objective;
- Promote and facilitate participation of SMMEs, BEE and new entrepreneurs in economic development projects;
- Liaise with various institutions regarding planned economic projects and the projects currently being implemented;
- Support City Departments by availing financial resources required in the implementation of projects prioritised for implementation.

5.1.3 The Role of Private Local Business Institutions
The Economic Development Plan presents many opportunities for the entrepreneurs of Soweto. Local entrepreneurs stand to benefit in the implementation of economic development projects. This calls for the various business formations / institutions in Soweto to be active in the implementation process, and this entails, inter alia, playing the following roles:

- Mobilising entrepreneurs in Soweto to be active in looking for and participating in investment opportunities identified in the Soweto Economic Development Plan;
- Facilitating the identification of constraints inhibiting business operations in Soweto and support the City in finding solutions to the identified constraints;
- Taking active steps in identifying and forming business linkages between Soweto businesses and businesses outside the Region so as to strengthen the Region D economy;
- Participating in forums established by the City to address economic development challenges of Soweto, and;
- Mobilising SMMEs, BEE Beneficiaries and potential entrepreneurs to participate in skills development programmes if Soweto is really to achieve a “Skilful Region” status.

5.2 ACCOUNTABILITY AND GOVERNANCE INSTRUMENTS

To ensure effective Economic Development Management and Governance in the implementation of Soweto Economic Development Plan, the following key players are critical:

5.2.1 The Role of Section 79 Greater Soweto Development Committee
In terms of the Municipal Structures Act, Act No. 117 of 1998, a municipal council may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers. The Greater Soweto Development Committee has been established by the City of Joburg for this purpose. The Committee should not only include members of the Council, but also include Ward and PR Councillors, Municipal Entities, Business Representatives and Community development structures.

One of the objectives of this Committee, as enunciated in the Committee’s Terms of Reference, is to “develop and monitor the implementation of appropriate policies, strategies, programmes and projects for the economic and social development of Greater Soweto”. This would include economic development of and investment within the area particularly in regard to promotion of tourism, retail trade and business process outsourcing and the development of economic nodes, particularly for the retail sectors.

Furthermore, the Committee is empowered to consider and make recommendations to the relevant MMCs on issues such as:

- Development strategies and priorities;
- Development programmes and projects for Soweto;
- Private sector developments;
- Marketing and promotion of Soweto and so on.

Clearly, this Committee will be a key player in providing strategic oversight to the implementation of the Soweto Economic Development Plan.
There is certainly a need to augment capacity in Region D to drive implementation of Soweto Economic Development Plan and to provide technical support to the Soweto Development Committee, thereby ensuring that the Committee executes its responsibilities effectively.

### 5.2.2 Economic Development Sub-Committee

This Sub-Committee is also established in terms of the Municipal Structures Act, No. 117 of 1998. This strategic Sub-Committee serves purely the economic development and planning related interest within the whole City of Joburg area of jurisdiction. The Sub-Committee is chaired by the MMC responsible for Finance and Economic Development.

The Sub-Committee is composed of MMCs, Executive Directors, CEOs of MOEs. Among its functions are the following:

- Giving input into how economic development issues are dealt with;
- Contributing to the offering of economic development services that meet business, public and investor needs;
- Promote a common vision for Joburg as a whole, and so on.

To provide strategic level oversight on the implementation of the Soweto Economic Development Plan, this Sub-Committee must liaise closely with the Soweto Development Committee - which, in accordance with its Terms of Reference must make recommendations to the MMC for Finance and Economic Development regarding issues pertaining to economic development.

### 5.2.3 Mayoral Committee
As the supreme and the highest decision making structure in the City, 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 Soweto Economic Development Plan.

5.3. THE PROJECT PRIORITISATION MECHANISM

The process of prioritising projects for implementation in the Economic Development Plan needs to take into account a number of factors that all taken together enhance the implementation of the Plan. Prioritised projects should as a general rule be aligned with the Pillars that underpin the Soweto Economic Development Plan.

The following suggested criteria constitute the Project Prioritisation Process:

a) Potential to create strong linkages with the economy of the City of Joburg as well as external economies: This criterion is important in the sense that the vision of economic development of Soweto is underpinned by the principle that Soweto economy cannot prosper in isolation. It therefore needs to have strong backward and forward linkages with the rest of the City economy as well as the provincial and national economies. The Plan has a dedicated pillar on “Strengthening economic linkages” to signify the importance of this aspect. Projects that have this characteristic should be prioritised.

b) Potential to develop and promote SMME’s or 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 Soweto entrepreneurs in economic development opportunities.
c) **Potential to generate new employment opportunities:** It has been noted that Soweto houses the majority of residents of the City of Joburg; yet, the majority of its residents are unemployed. Therefore, projects that promise to create job opportunities need to be prioritised as they will contribute to addressing the current dire unemployment situation in Soweto.

d) **Potential to improve income of existing entrepreneurs:** Soweto has a number of entrepreneurs engaged in economic activities across sectors. Some of these entrepreneurs have seen their incomes dwindling in recent years for a number of reasons, such as development of new malls that have displaced previously flourishing Soweto retail outlets. It is therefore imperative that this group of entrepreneurs are supported through projects currently being implemented to turn around their businesses’ performance and revenue.

e) **Potential to source or leverage funding or raise finance:** Money 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 Plan.

f) **Potential to promote Black Economic Empowerment:** BEE 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 BEE 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 Soweto Economic Development Plan objectives.
Taking into account this 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. 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.

### 5.4 FUNDING AND FINANCIAL FRAMEWORK

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

The Framework takes into cognisance 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:
<table>
<thead>
<tr>
<th>Sources of funds/ finance</th>
<th>Motivation / Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>Government in all spheres set aside a budget for grant funding in order to address economic development needs and in accordance with government development priorities. Such funding is accessed through line function departments.</td>
</tr>
<tr>
<td>Development Finance Institutions (DFIs)</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.</td>
</tr>
<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 the 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 foundations, Corporate Social Investment (CSI) and Business Trust)</td>
<td>Official donors such as the European Union make funding available for development needs of targeted communities. Private donors / foundations also target certain sectors that are in line with their prioritised areas of participation / activity. CSIs have flourished as a result of 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>
</tbody>
</table>
City of Joburg: SMME Equity Fund
The City plans to roll-out an SMME Equity Fund to assist SMMEs in 2008/2009.

City of Joburg: Community Bank
The City Plans to pilot Community Bank to targeted communities and SMMEs in 2008/2009.

In implementing projects identified in the Plan and the Investment Atlas, 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 black entrepreneurs do not have necessary skills to put together a business plan to source funding. It is therefore strongly recommended that the City of Johannesburg 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. Gauteng Enterprise Propeller should in terms of its mandate play a key role in this regard.
5.5 ACTION PLAN FOR THE IMPLEMENTATION OF THE SOWETO ECONOMIC DEVELOPMENT PLAN

**PILLAR 1: BUILDING A DIVERSE REGIONAL ECONOMIC BASE**

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

**Priority Action 1: Create a support programme to develop and grow manufacturing sector**

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<tr>
<th>Next Steps</th>
<th>Key Partners</th>
<th>Timeline</th>
<th>Possible metrics</th>
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</thead>
<tbody>
<tr>
<td>1. Investigate feasibility of establishing a <strong>clothing and garment manufacturing zone</strong> linked to the City’s Fashion District - An Afro Fashion Zone.</td>
<td>City of Joburg, Gauteng Enterprise Propeller, SOBICO, Industrial Development Corporation.</td>
<td>2 years 2 years</td>
<td>Feasibility, Entrepreneurship, Finance, Business</td>
</tr>
<tr>
<td>2. Investigate feasibility of a <strong>steel furniture manufacturing hub and other steel products</strong> targeting main retailers around the City of Johannesburg and Gauteng Province - linked to an industrial parks support programme.</td>
<td>City of Joburg, Gauteng Enterprise Propeller, Industrial Development Corporation.</td>
<td>2 years</td>
<td>Feasibility, Entrepreneurship, Finance, Business</td>
</tr>
</tbody>
</table>
### Priority Action 2: Promote urban agriculture by supporting organic farming / tunnel production.

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<tr>
<th>Next Steps:</th>
<th>Key Partners</th>
<th>Timeline</th>
<th>Possible meetings</th>
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<tbody>
<tr>
<td>1. Promotion of organic farming and enterprises in the Region for the production of high value crops.</td>
<td>City of Joburg, Provincial Dept of Agriculture, Johannesburg Fresh Produce Market.</td>
<td>1 year</td>
<td>□ Land sec project □ Emerging Feasible Business</td>
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### Priority 3: Promote residential property development

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<th>Next Steps:</th>
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<th>Timeline</th>
<th>Possible meetings</th>
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<tbody>
<tr>
<td>1. Enable development of secondary property market by facilitating development of new, modern housing stock in Soweto—including affordable housing and rental stock.</td>
<td>City of Johannesburg, Gauteng Dept of Housing, JDA, JOSHCBO, JPC, JRA.</td>
<td>2 years</td>
<td>□ New houses BNG Policy Settlement</td>
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<tr>
<td>2. Package and develop new housing developments close to newly identified economic opportunities in order to enhance sustainable human settlements.</td>
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### Priority 4: Promote tourism sector development

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<th>Timeline</th>
<th>Possible meetings</th>
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<tbody>
<tr>
<td>1. Review and update the Soweto Tourism Development Strategy to identity and develop new products (creative cluster) and capitalize on newly established retail centres in Soweto and new projects such as Orlando Ekhaya and Vilakazi Precinct.</td>
<td>City of Johannesburg (incl. Johannesburg Tourism Company, Gauteng Tourism Agency, Tourism Enterprise Programme and Soweto Tourism Association)</td>
<td>2 years</td>
<td>□ Soweto Tourism updated</td>
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<tr>
<td>2. Facilitate and promote development of quality and graded tourist accommodation in Soweto.</td>
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### Priority 5: Promote inclusive commercial development

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<th>Timeline</th>
<th>Possible meetings</th>
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<tbody>
<tr>
<td>1. Encourage and facilitate development of appropriately sized retail centres in Soweto in order to minimise negative impact on recently developed malls.</td>
<td>City of Johannesburg, Johannesburg Property Company.</td>
<td>1 – 2 years</td>
<td>□ Inclusive New Square-market retailers □ Soweto enhanced retail/community</td>
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<tr>
<td>2. Encourage involvement of the existing retailers in new commercial developments so as to minimise displacement. (e.g.</td>
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</table>
negotiating setting aside space for Soweto entrepreneurs’ and ensure involvement thereof in proposed new shopping centres).

**Priority 6: Promote location and development of Business Processing Outsourcing in Soweto**

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<th>Next Steps</th>
<th>Key Partners</th>
<th>Timeline</th>
<th>Possible metrics</th>
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<tbody>
<tr>
<td>1. Identify potential location/facilities for the development of BPO facilities in addition to Soweto Economic Empowerment Zone.</td>
<td>City of Johannesburg, Business Trust, private sector companies and Trade and Industry Dept.</td>
<td>1 year</td>
<td>- BPO sites identified &lt;br&gt; - Technology platforms enhanced &lt;br&gt; - Agents trained for BPO sector &lt;br&gt; - Investment in BPO development</td>
</tr>
<tr>
<td>2. Invest in technology platforms to enhance development of the BPO sector in Soweto (Jhb Broadband Network Project).</td>
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<tr>
<td>3. Facilitate investment in skills development of agents to be employed in this sector.</td>
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**Priority Action 7: Promotion of the Construction Sector - Construction Cluster development**

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<th>Timeline</th>
<th>Possible metrics</th>
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<tbody>
<tr>
<td>1. Facilitate and promote development and participation of local emerging contractors in all new construction projects in the Region - towards a full industrial cluster.</td>
<td>City of Johannesburg, JPC, JDA, JRA, NURCHA, Women in Construction, established Private Sector Contractors, CETA, CIDB, Dept of Public Works &amp; established contractors.</td>
<td>1 - 2 years</td>
<td>- Emerging contractors developed &lt;br&gt; - Emerging contractors trained &lt;br&gt; - Full construction cluster established</td>
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<tr>
<td>2. Facilitate development of construction sector skills among emerging contractors in Soweto.</td>
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**Priority Action 8: Provide support for Enterprise Development (including SMME and Co-operative entities)**

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<th>Timeline</th>
<th>Possible metrics</th>
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<tbody>
<tr>
<td>1. Identify entrepreneurs to be linked with identified emerging/new economic opportunities across sectors in Soweto.</td>
<td>City of Joburg, SOBICO, SOCCI, SOBEC, Soweto Tourism Association, University of Johannesburg’s Soweto Business School and Centre for SMME Development, Gauteng Enterprise Propeller</td>
<td>2 years</td>
<td>- New entrepreneurs linked &lt;br&gt; - Entrepreneurs trained &lt;br&gt; - Entrepreneurs access finance</td>
</tr>
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</table>
### Priority Action 9: Support productive and vibrant informal economic sector (self-employment)

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<th>Next Steps:</th>
<th>Key Partners</th>
<th>Timeline</th>
<th>Possible metrics</th>
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<tbody>
<tr>
<td>1. Undertake Soweto Informal Economy Development Strategy—with an objective of identifying sectors that can enhance income generation in the informal economy, and addressing the following issues:</td>
<td>City of Johannesburg, Metro Trading Company, ACHIB, Gauteng Enterprise Propeller.</td>
<td>2-3 years</td>
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<tr>
<td>- Encourage home based businesses that support the mainstream economy as a strategy of business growth;</td>
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<tr>
<td>- Identify and develop trading areas around Soweto that enhance self-employment for people who cannot find jobs;</td>
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<tr>
<td>- Provide basic life skills and business skills for informal business operators as a strategy to enhance business development;</td>
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<tr>
<td>- Address access to finance (start-up and working capital) for informal economy businesses;</td>
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<tr>
<td>- Encourage migration of informal economy players into the formal economy (SMME sector) where appropriate in order to grow their business operations.</td>
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</tbody>
</table>
**PILLAR 2: DEVELOPING A LEARNING AND A SKILFUL SOWETO REGION**

**Objective:** To develop highly skilled, innovative and adaptable workforce and promote entrepreneurial development in order to support growth and development.

**Priority Action 1: Addressing the Basic Skills Gap among Sowetans in order to enhance their employability.**

<table>
<thead>
<tr>
<th>Next Steps</th>
<th>Key Partners</th>
<th>Timeline</th>
<th>Possible metrics</th>
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</thead>
<tbody>
<tr>
<td>1. Identify and launch a number of initiatives to improve basic economic skills levels of literacy, numeracy, information and communications in order to enhance formal and self-employment.</td>
<td>City of Johannesburg, various SETAS, Dept of Labour (Skills Fund), Private Sector.</td>
<td>3-5 years</td>
<td>Initiatives at launch, ABET program implementation, Diversity in Workplace initiatives</td>
</tr>
<tr>
<td>2. Work with employers in the Region to implement Adult Based Education &amp; Training (ABET) Programme to develop basic skills training in the workplace.</td>
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<tr>
<td>3. Design and implement Diversity in the Workplace Programmes to promote diversity and transformation initiatives in the workplace in order to improve access to employment to the historically disadvantages individuals residing in Soweto.</td>
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**Priority Action 2: Developing Workforce Skills**

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<th>Next Steps</th>
<th>Key Partners</th>
<th>Timeline</th>
<th>Possible metrics</th>
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</thead>
<tbody>
<tr>
<td>1. Increase access to modern apprenticeship and internship opportunities so as to improve the skills of both the young and old people in priority sectors.</td>
<td>City of Joburg, various SETAs, City of Joburg, University of Johannesburg (Soweto Business School), Private Sector Employers, Department of Labour.</td>
<td>3 years</td>
<td>Number of graduates, High value employment opportunities, E-learning graduates</td>
</tr>
<tr>
<td>2. Support the development of specific vocational guidance and labour market information to raise awareness of high value employment opportunities.</td>
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<tr>
<td>3. Implement the Soweto e-Learning Strategy and develop other flexible learning</td>
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</tbody>
</table>
opportunities to increase access to learning.

4. Increase the retention of graduates within Soweto by offering employment opportunities, widening entrepreneurship support systems so that they engage in productive work.

| PILLAR 3: CREATING INSTITUTIONAL AND ENABLING FOUNDATIONS FOR GROWTH AND DEVELOPMENT |
| Objective: To develop the Soweto economy by building and strengthening linkages of regional economic activity with the rest of the City of Johannesburg, the Gauteng Provincial and National economies |

### Priority Action 1: Fast-track Land Regularisation Initiative to Support Economic Growth

<table>
<thead>
<tr>
<th>Next Steps:</th>
<th>Key Partners</th>
<th>Timeline</th>
<th>Possible metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Identify land for private sector and public sector investment.</td>
<td>Johannesburg Property Company, City of Joburg, Private developers.</td>
<td>2 years</td>
<td>Proper land schemes</td>
</tr>
<tr>
<td>2. Rezone and release land for development.</td>
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### Priority Action 24: Ensure a Better Economic Management and Governance of Regional Economic Development

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<th>Next Steps:</th>
<th>Key Partners</th>
<th>Timeline</th>
<th>Possible metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Build Regional Economic Development Management Capacity.</td>
<td>City of Joburg, SOBICO, SOCCI, SOBEC, other business formations in Soweto, Johannesburg Chamber of Commerce and Industry (JCCI), City of Joburg, All City Agencies.</td>
<td>1 year</td>
<td>Business Forum, Regional Economic Development Management Council, Active SMME-led projects</td>
</tr>
<tr>
<td>2. Establishment of Greater Soweto Business Forum.</td>
<td></td>
<td>1 year</td>
<td></td>
</tr>
<tr>
<td>3. Leverage the City’s Procurement Process to support participation of Soweto businesses in all projects funded by the City in Soweto.</td>
<td></td>
<td>on-going</td>
<td></td>
</tr>
</tbody>
</table>
Priority Action 3: Strengthen Accountability in Economic Development Processes in Soweto

Next Steps: | Key Partners | Timeline | Possible methods |
---|---|---|---|
1. Strengthening the oversight capacity of the Soweto Section 79 Development Committee, Economic SubComittee and Mayoral Committee | City of Joburg, Soweto Development Committee | 1 year | • Capacity Economic Soweto • Frequent Sub and implement development

PILLAR 4: BUILDING SOWETO AS A POWERFUL BRAND

Objective: To position Soweto as a City Region in which to invest, work, learn, live and visit.

Priority Action 1: Create a New Marketing and Image Programme

Next Steps: | Key Partners | Timeline | Possible methods |
---|---|---|---|
1. Develop and launch a new brand description of Soweto targeting key audiences such as: investors looking for investment opportunities; tourists coming to the City of Joburg; current and future tertiary student population; Soweto communities; national and international audiences. | City of Johannesburg, Joburg Tourism Company, SOBICO, SOCCI, SOBEC, Soweto Tourism Association and others. | 1 - 3 years On-going | • Soweto branding • Soweto brand
2. Embark on specific campaigns targeting each audience in accordance with the new Soweto brand description. | | |
3. Support the development of products and events that enhance full exploitation of the Soweto cultural brand aspect. | | |
4. Monitor progress of the implementation of Branding and Marketing Soweto Programme | | |

Priority Action 2: Create Soweto Economic Intelligence

Next Steps: | Key Partners | Timeline | Possible methods |
---|---|---|---|
1. Establish capacity for economic intelligence in order to better guide future economic development planning and investment in Soweto. | City of Joburg, University of Johannesburg, Department of Economic Development. | 2 years | • Capacity economic intelligence • Usage of...
2. Ensure continuous updating and review of economic information.


### Priority Action 3: Engage other City Regions and Provincial Partners (public and private institutions)

<table>
<thead>
<tr>
<th>Next Steps:</th>
<th>Key Partners</th>
<th>Timeline</th>
<th>Possible measures</th>
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<tbody>
<tr>
<td>1. Embark on engagement with various partners in order to garner support for economic development in Soweto.</td>
<td>City of Joburg.</td>
<td>2 years</td>
<td>□  Partnership agreements, implementation of urban development strategies.</td>
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<td>2. Create proposals for joint economic development initiatives that minimise imbalances in economic development in the City.</td>
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<td>Next Steps:</td>
<td>Key Partners</td>
<td>Timeline</td>
<td>Possible metrics</td>
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<td>1  Promote Soweto as a package for domestic and international tourists.</td>
<td>City of Joburg, Johannesburg Tourism, Gauteng Tourism Association, Tourism South Africa.</td>
<td>2 years</td>
<td></td>
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<tr>
<td>2  Explore twinning of Soweto with international regions to support economic development prospects.</td>
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SECTION SIX: THE MONITORING AND EVALUATION PROGRAMME

The Monitoring and Evaluation Plan is a critical component of the Soweto Economic Development Plan in that it will enable the City of Joburg to assess and report on how well the implementation of the Economic Development Plan is taking place in achieving the goals of the Plan. Monitoring and evaluation are essentially two separate processes, though they are interrelated in that they both enable the City to monitor performance of the Plan.

Monitoring involves continuous collection and analysis of information in order to compare how well the Plan 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 Soweto, such as creation of job opportunities, entrepreneurial development and general economic development. Furthermore, the implementation plan also highlighted roles of various role-players in this process.

6.1 MONITORING INSTRUMENTS

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

a) The Department of Economic Development and the Region D Economic Development Unit
Once sufficient capacity has been built, the Department and Region D will need to monitor progress in the implementation of the economic development plan. The functional areas of monitoring will relate to:

- Monitoring the day-to-day progress of implementing the Plan;
- Capture data and analyse information pertaining to all key performance indicators of the Plan;
- Providing quarterly progress reports to the Soweto Development Committee, Economic Development SubCommittee and the Mayoral Committee;
- Undertake to do State of the Regional Economy Reports – to assess quality changes as a result of the plan, and;
- Provide comprehensive Annual Progress Reports that must serve to direct the Soweto Economic Development Plan budget.

b) Greater Soweto Development Committee (Sec 79) and the Mayoral Committee

These important Council Committees will need to undertake the following:

- Monitor, review and evaluate progress in the implementation of the Soweto Economic Development Plan, and in so doing will rely largely on regular reports provided by the Department and the Region;
- 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 Plan.

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

c) The Greater Soweto Business Forum
The Soweto Economic Development Plan presents a number of opportunities to this sector and thus interaction between the City of Joburg 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.

6.2 EVALUATION INSTRUMENTS

The following are the evaluation instruments that will have to be used in assessing the impact and effectiveness of the economic development plan.

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

An independent mid-term review, commissioned by the City of Joburg, must take place midway through the third year of this 5-Year Economic Development Plan. The main objective of this mid-term review will be to:

- Examine in detail the degree to which expected Plan’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 plan;
- Assess the extent to which the Plan’s strategic pillars remain relevant and to what extent they may have contributed to the quality and effectiveness of investments in Soweto;
- Examine the extent to which finance (both public and private) has flown into economic opportunities in Soweto, and;
- Examine in detail the extent to which the expected outputs are genuinely contributing towards the Plan 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 Plan in terms of the initial key objectives.

This final evaluation must be participatory and include all key stakeholders in Soweto such as the business sector and the community. It will not only analyse the lessons learnt during implementation of the Plan, but will also establish concrete recommendations that the City will need to carry out in the future efforts to promote economic development in the region.

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 City and Soweto business formations (the single representative business forum);
- New private sector investment into Soweto;
- Public sector investment directed towards economic development.

All in all though, for the Economic Development Plan to make the desired economic impact, 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 circumstances and the intended end outcomes.
SECTION SEVEN: CONCLUSION

The Soweto Economic Development Plan represents a first serious attempt at putting together a coherent economic development programme in the region. For the set out programme to be achieved, it is important that critical stakeholders, namely government, business, and civil society, continuously work together and find consensus even on the most intractable challenges associated with the implementation of the programme. In so doing, there will be more value gains than treating this important initiative as just another document produced for the sake of fulfilling municipal business planning processes.