



# RETAIL SECTOR DEVELOPMENT STRATEGY

**NYANDEI LOCAL MUNICIPALITY  
(NLM)**

**2016**

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## Glossary of Terms

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CBO	Community Based Organisation
CDW	Community Development Worker
COGTA	Department of Cooperative Governance and Traditional Affairs
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DoSoc	Department of Social Development
DOT	Department of Transport
DPW	Department of Public Works
DRDLR	Department of Rural Development and Land Reform
DSBD	Department of Small Business Development
DTI	Department of Trade and Industry
EC	Eastern Cape
ECDC	Eastern Cape Development Corporation
ECSECC	Eastern Cape Socio Economic Consultative Council
EXCO	Executive Committee
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
KPA	Key Performance Area
GDP	Gross Domestic Product
LED	Local Economic Development
LM	Local Municipality
LRED	Local and Regional Economic Development
M&E	Monitoring and Evaluation
NEF	National Empowerment Fund
NLM	Nyandeni Local Municipality
NYDA	National Youth Development Agency
ORTDM	OR Tambo District Municipality
PMS	Performance Management System
PSC	Project Steering Committee
SA	South Africa
SALGA	South African Local Government Association
SANRAL	South African National Roads Agency Limited
SDBID	Service Delivery and Budget Implementation Plan
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency

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SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SMMEs	Small Medium and Micro Enterprises
SO	Strategic Objectives
SP	Strategic Programme
WSU	Walter Sisulu University

## Executive Summary

Nyandeni Local Municipality (NLM) is one of the five (5) Local Municipalities (LM) of the OR Tambo District Municipality (O.R.TDM), located in the Eastern Cape (EC) Province in South Africa (SA), situated in the eastern part of the former Transkei region of the EC. The municipality has undertaken a process of developing a retail sector development strategy, from the basis that the strategy can increasingly strengthen the local economic capacity, improve the investment climate, and increase the productivity and competitiveness of local businesses, entrepreneurs and the labour force, for overall economic growth. This would then empower the local communities in structuring their socio-economic economic situations through effective utilization of both hard and soft infrastructure, so as to stimulate the growth required to create jobs, and thereby reduce poverty in NLM.

An assessment of the socio-economic profile in NLM indicates a distressed community, which is faced by the triple challenges of poverty, unemployment and inequality. Being that the case, the local area has been identified to have a potential in key economic sectors, which can be development for economic growth, and currently the Wholesale and Trade sector in this municipality is underperforming.

This strategy therefore proposes *strategic objectives, programmes and related projects/initiatives*, within a broad LED vision, as articulated in the LED Strategy, and these are captured below in the following Strategic Framework Matrix:

Strategic Framework Matrix		
Strategic Objectives	Strategic Programmes	Priority Projects/Initiatives
1. Build an efficient municipal governance support system for effective retail sector development.	1.1 Institutional and Organisational Development	1.1.1 Human resource capacity development
		1.1.2 Sector Research and Knowledge Management
		1.1.3 Supportive Retail Sector Municipal Land Use Management Policies and By-Laws
2. Strengthen collaboration and networking between retail sector businesses in NLM	2.1 Chamber Development and Associational networks	2.1.1 Retail Sector Forum Development and Support
		2.1.2 Networking and Information sharing
3. Improve the provision of basic services and critical catalytic infrastructure.	3.1 Business Enabling Support Infrastructure	3.1.1 Investment in Hard Infrastructure
		3.1.2 Investment in Sites and Premises
	3.2 Trading Support Infrastructure	3.2.1 Informal Trade Shared Economic Infrastructure Facility
		3.2.2 Ward/ Village Based Cooperatives Wholesale Trading and Marketing Hubs
4. Stimulate and grow thriving retail sector businesses.	4.1. Financial Support	4.1.1 Sector Development Financing Instrument
		4.1.2 Financial Savings and Credit Schemes
	4.2 Non Financial Support	4.2.1 Sector skills development
		4.2.2 Access to information
		4.2.3 Access to markets
		4.2.4 Mentorship

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A three (3) year implementation plan for the strategy is herein also proposed, to serve as an integrated programming document, that will maintain and clarify the strategic direction, and ensure that programs and projects get implemented over a 3 - year time frame, before the strategy can be reviewed. The implementation plan proposes estimated annual budgetary figures, which will need to be lobbied from a wide number of stakeholders, representing both the public and the private sector, such that these stakeholders can be able to bring in both financial and non financial resources, towards implementing this strategy.

It is further recommended that the strategy be implemented and monitored using a combination of both *internal* and *external* institutional structures, some of which can either be initiated, or strengthened, as a way of developing the retail sector in NLM.

The primary *internal* implementation structure for this strategy will need to be the *Planning and Economic Development Department* within NLM, which in terms of municipal service delivery models, is considered to be the main nerve centre that facilitates, co-ordinates and promotes small businesses, within the broader LED Key Performance Area (KPA) of local government, of which retail sector development falls under. This department will work in close collaboration with *external* delivery structures, which will be responsible for providing the necessary support towards the achievement of the proposed objectives, as well as monitor and evaluate the impact of the strategy, within broader socio-economic development and growth, in NLM. The recommended external structures will need to be:

- O.RTDM;
- Ntinga OR Tambo Economic Development Agency;
- LED Forum;
- Business Chamber/Associations;
- Hawkers/ Informal Trade Association, and
- Co-operatives Forum

It is further recommended that the monitoring and evaluation (M&E) of the strategy gets intergrated within the annual Service Delivery and Budget Implementation Planning (SDBIP) cycles of the LED department within NLM, which will require the setting up of clear indicators that will be necessary to measure inputs, outputs, outcomes, and the impact of each of the proposed project to be implemented in the strategy, which will need to be consolidated to determine program success, and provide an overall assessment of the effectiveness of the strategy, in contributing towards economic growth in NLM.

# SECTION A

## Introduction

# 1 Introduction

## 1.1 Background Information

Nyandeni Local Municipality (NLM) is one of the five (5) Local Municipalities (LMs) under the O.RTDM, which is located in the EC Province in SA. The municipality is situated in the eastern part of the former Transkei region of the EC. The municipality is further classified as category “B4-Municipality”, signifying a mainly predominantly rural municipality, with widely dispersed traditional and village-type settlements of communal tenure, and a subsistence economy.

## 1.2 Locality

NLM is made up of two (2) small towns, namely *Libode* and *Nggeleni*, which are spread over thirty one (31) wards. The location of the NLM within the ORTDM is shown on the map below:



Map 1: Nyandeni Local Municipality

## 1.3 Objectives

The Retail Sector Strategy is aimed to be utilized as a tool by the municipality, as well as by other role players within the enterprise development space, to ensure a dedicated, integrated and effective development and support mechanisms for the Retail Sector, which mainly consists of the *Small Medium and Micro Enterprises (SMMEs)*, including the *Informal Trade*, as well as *Cooperatives Entities*, for the overall promotion of local economic development (LED), and thus contribute towards the district, the provincial, and national economic growth targets.



## 1.4 Definition of the Retail Sector

The Retail trade industry can be defined by using the classifications from the Standard Industrial Classification (SIC) from Statistics South Africa (Stats SA). It falls under division 62 of the SIC. This industry is said to include *“the reselling (sale without transformation) of new and used goods to the general public for personal or household consumption, or use by shops, department stores, stalls, mail-order houses, hawkers and peddlers, consumer co-operatives, etc”*. Establishments that are classified under this division include amongst others, those that sell to the general public, from retail products, such as type writers, stationery, paint or lumber, etc.

The retail trade division excludes *“the sale of manufactured goods (e.g. draperies, food) to be sold exclusively to the general public for personal or household consumption purposes”*. It also excludes *“the sale of motor vehicles and motor cycles and their parts and of automotive fuel, the sale of motor vehicles or other goods to institutional or industrial users, the sale of food and drinks for consumption on the premises (i.e. bars, restaurants) and the renting of personal and household goods to the general public”*.

According to Stats SA, the retail industry forms part of the major trade division which includes Wholesale & Retail Trade, Personal & Household Goods, and Hotels & Restaurants. The retail industry is thus composed of seven (7) clusters, which are:

- General dealers;
- Retailers of food, beverages and tobacco in specialised stores;
- Retailers in pharmaceutical and medical goods, cosmetics and toiletries;
- Retailers in textiles, clothing, footwear and leather goods;
- Retailers in household furniture, appliances and equipment;
- Retailers in hardware, paint and glass; and
- All other retailers.

## 1.5 Principles underpinning the Strategy

The Retail Sector Strategy will be guided by the following principles

Principle	Detail
<b>Inclusive, Democratic Participation for Better Decision-making</b>	Various interest groups and communities are consulted and allowed to participate during the strategy development process, and also commit to working towards the realization of the strategy.
<b>Cooperative Government, Alignment and Integration</b>	For strengthened and improved cooperation between the different spheres and sectors of government, as well as promote aligned and integrated planning between and across spheres sectors.
<b>Empowerment</b>	Address the inequalities and spatial distortions of the apartheid economy.

	Targeted interventions must especially empower poor black people, women, rural people and the disabled, both individually and as communities. National instruments for economic empowerment and affirmative action should be put into practice locally. The strategy must thus be used to build local capabilities.
<b>Sustainability</b>	Ensure sustainable local development economically, environmentally, institutionally, and socially.
<b>Realistic assessment of local capacity</b>	Be based on a realistic assessment of the current state of the retail sector within the municipality, the challenges the sector is facing, and the level of related infrastructure development within the actual capacity of the municipality.
<b>Good governance</b>	Have interventions that strengthen democratic, inclusive, accountable, transparent and efficient governance practices.
<b>Evaluation and learning:</b>	The implementation of the strategy should allow for continuous evaluation and learning from experiences, so as to adapt and respond to changes.

## 1.6 Methodology

The process of developing the strategy unfolded in sequential phases, with each marking the attainment of a defined milestone. The methodology adopted included seven (7) distinct and interrelated phases, as summarized in the table below, and some of the phases were conducted concurrently due to the interrelations between them:

Phase	Purpose
<b>Project Inception</b>	To establish the rationale, plot and formalize the project execution process so as to confirm, consolidate and agree on the scope of work, as well as the budget and payment terms.
<b>Situational/ Status Quo Analysis</b>	Conduct a “ <i>soft touch</i> ” document analysis and literature review of all available and existing evidence, in order to have a clear understanding of the context within which the Retail Sector Strategy will be developed.
<b>Crafting the Strategic Development Framework</b>	Develop a strategic development framework that sets a shared sector development <i>vision, strategic goals, clear and attainable objectives, projects</i> , with measures for <i>Business Retention and Expansion</i> , and <i>Tools for Red Tape Reduction</i> for the development of the retail sector herein also proposed.
<b>Propose Institutional Arrangements</b>	Propose appropriate institutional arrangements to best facilitate optimal Retail Sector development in NLM.
<b>Development of the Implementation Plan</b>	Establish a clear plan with defined criteria to indicate milestones along implementation timelines, with clearly outlined responsibilities for the implementation of the actions.

<b>Development of the M&amp;E Framework</b>	Develop a framework for a systematic and continuous assessment of the achievement and effectiveness of the objectives of the Retail Sector strategy.
<b>Write-up of the Retail Sector Strategy and 1 x Business Plan for the Informal Trade Sector</b>	Develop a comprehensive outline of the Retail Sector Strategy document that is an ultimate product of the entire phases, to involve the identification of 1 x project that has been proposed in the strategy, for the development of a Business Plan that will be targeting the Informal Trade Sector.

The diagram below outlines the key milestones of the strategy development process:

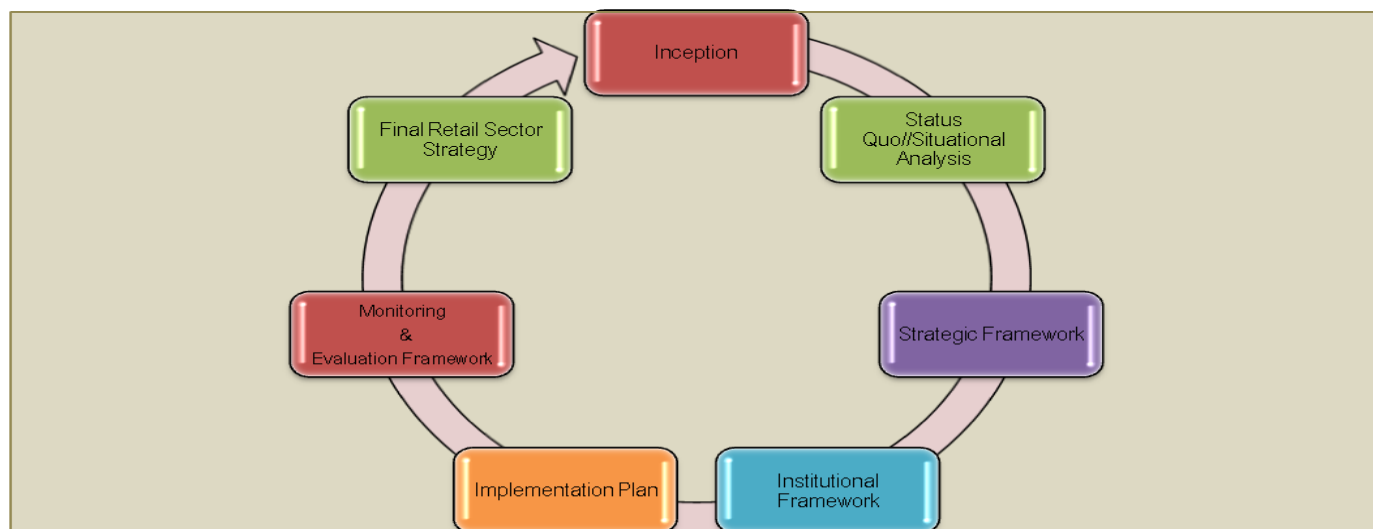


Figure 1: Milestones

## 1.7 Approach

### 1.7.1 Desktop Research

Desktop research was undertaken so as to collect national, provincial, as well as local information, which can assist in the strategy development process. These included relevant legislation; policies, strategies and plans. The sources of information extracted consist of:

- Internet websites;
- Legislation, strategies and policies related to LED broadly, SMME and Retail Sector planning and programming specifically;
- Publications and research documents;
- Other strategic documents of institutions involved in economic development and support.

### 1.7.2 Stakeholder Consultation

Stakeholder consultation and participation is a key contributor to effective legitimate decision making. It facilitates the awareness and education of participating citizens concerning issues relating to decision making processes. It also has the potential to increase technical competence, and strengthen local people's level of commitment to support the implementation of the decisions and development plans, thus ensuring sustainable development.

This process involved conducting focus group consultations with key local stakeholders in the municipality through a structured Project Steering Committee (PSC) that consisted of members of the LED Forum in Nyandeni, so as to:

- Provide more local insights into the area's socio-economic assessment;
- Identify existing support programmes as well as their impact;
- Identify delivery retail sector problems & challenges, and
- Identify current opportunities for further development.

The stakeholders that were consulted and engaged included:

Public Sector	Private Sector	Community Sector
<ul style="list-style-type: none"> <li>▪ National and Provincial Government Departments</li> <li>▪ Local Government Association (SALGA)</li> <li>▪ District Municipality (OR Tambo)</li> <li>▪ Government Entities/ Agencies</li> <li>▪ Institutions of Higher Learning</li> </ul>	<ul style="list-style-type: none"> <li>▪ Formal Business/Chamber Associations and Forums</li> <li>▪ Informal Trade Sector Associations</li> <li>▪ Cooperatives Forums (District and Local)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ward Councillors</li> <li>▪ Representatives of Ward Committees</li> <li>▪ Non Governmental and Civil Society Organizations</li> <li>▪ Traditional Leaders</li> <li>▪ Youth and Women's groups</li> <li>▪ Structures for the disabled</li> <li>▪ Community Development Workers (CDWs)</li> <li>▪ Organized Labour</li> </ul>

# SECTION B

## Status Quo / Situational Analysis

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## 2 Situational Analysis

### 2.1 Legislative Policy Context

This part of the situational analysis is meant to provide an overview of some of the relevant national, provincial, district and local municipal planning policies and strategy documents, that need to inform and guide Retail Sector development in NLM, within the broader context of economic development generally, and enterprise and sector development specifically.

A key outcome of this part will be the gaining of an improved cognisance of strategic imperatives that emanate from all the different tiers of government, and would have an impact towards the development of the retail sector. The following are a number of strategic policies that were reviewed and analysed.

- 1) *Intergrated Small Business Strategy, 2005*
- 2) *DTI Strategy for promoting the Co-operatives Sector in SA (2012-2022)*
- 3) *National LED Framework, 2014*
- 4) *EC Local and Regional Economic Development Strategy (LRED), 2010*
- 5) *EC Integrated strategy for promotion of entrepreneurship and small enterprises, 2008*
- 6) *EC Strategy and Implementation Plan for Support and Development of Co-operatives, 2008*
- 7) *ORTDM LED Strategy, 2014*
- 8) *ORTDM SMME and Cooperatives Development Strategy and Implementation Plan, 2014*
- 9) *NLM IDP 2012-2016*
- 10) *NLM LED Strategy*
- 11) *NLM SMMME and Cooperatives Development Strategy*
- 12) *NLM Agriculture Sector Plan, 2012*
- 13) *Responsible Tourism Sector Plan*

*Intergrated Small Business Strategy, 2005*, presents the way forward for small enterprise development in SA over the next ten years (i.e. 2005 to 2014). The strategy is based on the following three pillars:

- Promoting entrepreneurship through campaigns, leadership training and awards.
- Strengthening the enabling environment through more flexible regulations, better access to finance and markets, improved infrastructure facilities, and business support.
- Enhancing competitiveness and capacity at the enterprise level through skills training, more focused quality, productivity, and competitiveness-support, and the facilitation of technology transfer and commercialisation of incubation.

*DTI Strategy for promoting the Co-operatives Sector in SA (2012-2022)*, released by government as a clear government commitment to promoting an integrated and sustainable Co-operatives sector in SA over a ten-year period, sets out an “*implementation framework*” for the *Co-operatives Development Policy of 2004*, as well as the *Co-operatives Act of 2005*, as amended. The Strategy is informed by the following pillars:

- 
- Increase the supply of financial services to cooperatives.
  - Create demand for cooperative products and services.
  - Improve the sustainability of cooperatives.
  - Increase the supply of non financial services to cooperatives.

*National Framework for LED*, 2014 provides a framework which sets key priorities for LED, and create consensus among stakeholders on fundamentals for LED in the country. The core pillars of this strategy are:

- Building a diverse economic base.
- Developing learning and skilful economies.
- Developing inclusive economies.
- Enterprise development and support, and
- Economic governance.

*Local and Regional Economic Development Strategy (LRED)*, 2010 aims to address some of the identified bottlenecks in LED and the lack of capacity to deliver at the local level. The LRED's approach aims to build the capacity of locally based institutions, interest groups and communities, to enable them to act as effective partners by:

- Understanding the local economy.
- Identifying community needs.
- Developing appropriate responses/opportunities.
- Managing integrated regional plans.
- Managing local action plans.
- Monitoring progress, through learning from experiences.

*The EC integrated strategy for promotion of entrepreneurship and small enterprises*, 2008 was developed as “a framework for creating an enabling environment for SMME support, promotion and development”. The strategy intends to “mainstream Small and Medium Enterprises into the economy of the province, through opportunities created by the industry, in order to enhance entrepreneurship and self-employment”. It then presents the following four (4) pillars to achieve the above:

- SMME Institutional Framework.
- SMME Program Design and Support.
- SMME Regulatory Functions and Services.
- Monitoring and evaluation.

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*EC Strategy and Implementation Plan for Support and Development of Co-operatives, 2008* **as** developed by the EC provincial government, through the Department of Economic Development Environmental Affairs and Tourism (DEDEAT). This strategy identified the following key pillars:

- Institutional Capacity for supporting Co-operatives in the province.
- Support Infrastructure for Co-operatives Development.
- Building an independent Co-operative Movement.
- Research, Knowledge and Database Management and Statistics.

*ORTDM LED Strategy, 2014* developed in terms of the Municipal Systems Act 32, an act which requires municipalities to craft IDPs that reflects development priorities and objectives, including local economic development aims, and a transformation structure of a municipal area, has identified the following objectives for the economic development of the region.

- Intensified promotion of economic diversification and spatial balance.
- Exploration and expansion of agricultural value chain.
- Leveraged and targeted investment in rural nodes.

*ORTDM SMME and Cooperatives Development Strategy and Implementation Plan, 2014* recognizes the role played by small enterprises in economic development, and aims at guiding the development and support mechanisms for SMME and Co-operatives, by all stakeholders, such that they can contribute towards the economic growth indicators of the district, in terms of employment creation and addressing poverty, for the betterment of the standard of living of the district citizens. The objectives of the strategy are to:

- Boost the municipal institutional support system for SMMEs and Cooperatives development.
- Stimulate a strong culture of entrepreneurship in the entire district.
- Improve the efficacy, efficiency and sustainability of district SMMEs and Cooperatives.
- Escalate the provision of SMME and Cooperatives related support infrastructure.

*The NLM Integrated Development Plan (IDP) 2012 – 2016, and the LED Strategy 2012*, reflects the municipalities' long term vision and its economic developmental objectives. The following strategic focal areas are identified and targeted for economic development:

- Strategic institutional and infrastructural partnerships.
- Enterprise Support.
- Agriculture.
- Tourism.



The municipality further developed an *SMME and Cooperative Development Strategy*, to provide an appropriate environment for the establishment and promotion of self-sustainable SMMEs, which participate meaningfully in both the first and the second economy of the municipality. The strategy proposed that this can be achieved by:

- Creating a conducive regulatory and institutional environment for SMMEs and Cooperatives development;
- Improving access to finance and business premises;
- Improving access to skills, markets and market exposure;
- Provision of bulk infrastructure to small businesses.

NLM has also developed sector development plans, in support of the prioritised sectors targeted for development within the LED Strategy, namely:

- *Agriculture Sector Plan, 2012.*
- *Responsible Tourism Sector Plan*

#### Significance

It is important that the sector strategy takes cognisance of national and provincial policies and strategic frameworks so as to achieve decentralized development at a local level, which can be integrated and coordinated with the strategic imperatives of all the other tiers of government, and further re-enforce and support national and provincial development targets. These pieces of documents further shape the manner in which the investment of public funds gets directed into local areas, for overall socio- economic development.

## **2.2 Socio Economic Profile**

The overall development and economic performance of an area is determined by its fundamental socio-economic characteristics, as this have an impact on potential sector performance. This section will thus provide a broad overview of the various indicators that will have a bearing on the development of the retail sector within NLM, and the profile will briefly analyse the following indicators:

- Population size, and growth rate;
- Age structure;
- Gender distribution;
- Education levels;
- Employment status;
- Average household income levels.

Indicator	Overview	Significance
<b>Population size and growth</b>	According to Stats SA 2011, NLM has a population size of 290 390, which has been growing at a rate of 0,57% in the past 10 years.	This presents a potential for the availability of the labour work force to support the retail sector.
<b>Age structure</b>	Approximately 54% of the total population in NLM is within the working age, with 40,6% falling between 0-14 years of age, and an elderly population of 5,4%.	This determines the potential size of economically active people who can be available and ready for employment within the sector.
<b>Gender distribution</b>	The population in NLM is predominantly female, with female residents constituting 53,8 %, and males constituting 46, 2% of the total population.	The dominance of the female population should inform the development of empowerment programmes that can bring a balance to the ability of women to access and exploit retail sector opportunities ( <i>as de- facto breadwinners</i> ).
<b>Education levels</b>	The levels of education in the NLM area is quite low, with 18, 2% of the population to have no form of education, and a 35% majority that has attained primary education, with 15,2% that have matriculated, and only 4,2 % with higher qualifications.	Education determines to a certain extent the type of employment (skills profile), and employability of the economically active population, as it can lead to the availability/unavailability of skilled workers to support the retail sector.
<b>Employment status</b>	The area is characterised by high levels of unemployment, significantly higher than the national and provincial averages, sitting at 44,8%. A detailed analysis reveals that 55% of the economically active young people are unemployed.	This establishes the availability of the labour pool that can serve as human resources in support of the sector, as it would allow local labour to work within this sector.
<b>Average household Income levels</b>	Household income levels are very low within the area, with a majority of the households (25,6%) receiving incomes of between R9 601 – R19 600, with 17% receiving no income at all.	The strength of the retail sector relies on a high number of people with disposable income, which can be used for the trading transactions.

## 2.3 Economic Profile

### 2.3.1 Economic Sector Performance

This section will look at the overall local economy in terms of its different constituent economic sectors. The purpose is to observe the performance of the economy from a sectoral perspective, categorised into the *primary, secondary and tertiary* sectors, based on the SIC Economic Activities approach. The table below shows the detailed breakdown of the various economic sectors and activities.

Sector	Economic Activity	%	%
Primary	Agriculture, Hunting, Forestry, Fishing	3.21	10.87
	Mining and Quarrying	7.66	
Secondary	Utilities	14,5	23,60
	Construction	2,47	
	Manufacturing	18.,20	
Tertiary	Wholesale and Retail Trade	13.87	65.54
	Transport, Storage and Communication	9,02	
	Financial, Real Estate and Business Services	22,18	
	Personal and Government Services	20,47	
Total		100	100

Table 1: Major Economic Activities (Source: CSIR, 2009)

From the findings above, it emerges that the tertiary sector dominates economic activity in the region, contributing the highest to the GDP, at 65.54%, with Finance, Real Estate and Business services following at 22,18, followed by Personal and Government Services. The Wholesale and Retail Sector contributed 13,87% towards the local GDP .

### Significance

The primary sector, namely *agriculture and mining*, are the least contributors to the formal economy of Nyandeni, contributing 10, 87%, which has got implications on the size and scope of manufacturing activity, as well as the Wholesale and Retail sector, as it means agriculture and mining products sold through this sector have to be imported from other areas, outside the municipality.

### 2.3.2 Retail Sector Analysis

This part of the analysis reviews the results of the survey that was conducted within the municipal area in 2014, assessing the scope and size of retail sector businesses that are operating in NLM, in order to have an understanding of their composition; the challenges they face, development needs, as well requisite development support. A total of 262 retail sector businesses participated in the study, spread over 14 wards, out of *the 31 wards* that make up the municipality.

The businesses that were surveyed fell within the retail sector industry, and within the definition of the SMME category, which also include Informal Traders, and the Cooperatives sector, as defined by the *National Small Business Act, No. 102 of 1996*. Below is the presentation of the summarised key findings from this study.

Indicator	Overview
Legal Incorporation	59% of the surveyed trading entities operated “ <i>formally registered</i> ” business entities, mostly incorporated as “ <i>Close Corporations</i> ”, and a few that were registered as “ <i>PTY Ltds</i> ”, and some form of “ <i>Co-operatives enterprising</i> ” in few respondents. There was a very low percentage of unregistered businesses (16%), all operating within the Informal Trading Sector, as Hawkers/ Street Vendors.

<b>Trading area</b>	53% of the respondents traded from fixed premises, and from own business premises, with 23% that were trading from rented premises.
<b>Number of Business employees</b>	The majority of the surveyed businesses employed one (1) person, who obviously was the business owner/ the respective entrepreneur, with the highest number of employees in some of these businesses being fifteen (15) people, and a few businesses that employed up to five (5) people.
<b>Employee gender distribution</b>	A high number of the businesses employed females (51%), with 42% of employing males.
<b>Employee age distribution</b>	No respondents were found to employ under age people i.e. below 18 years, which meant that all retail sector business employees in NLM fell within the legal age limit, with 51% of the traders employing the middle age bracket of between 36 – 55 years, and 32% employing the youth (18-35 years).
<b>Trading sub-categories</b>	A high percentage (36%) of the trading activities were found to be falling within the Fruit and Vegetables sub-category, followed by other trading activities at 19% (which included a combination of Furniture, Appliances, Equipment etc). General Dealers made 19%; Clothing and Footwear (9%); and Hardware Stores (7%). The lowest sub-category was in Jewellery (5%); Cosmetics (5%), and in the Pharmaceuticals (3%) retail trading activities.
<b>Access to infrastructure</b>	There were no respondents that cited to have no access to basic and essential services necessary for their trading activities, with the majority having access to electricity (36%), followed by access to running water (15%), with access to refuse removal and storage facilities both equally accessed by 9% of the respondents. Only 8% of the respondents had access to loading and parking bays, with access to street lighting being the lowest (7%).
<b>Nationality</b>	The majority of the respondents were SA national traders (92%), with only 8% spread between non - South Africans (3%), and 5% as Foreign Nationals.
<b>Education and skills levels</b>	59% of the respondents had high school education, with only 6% that have never attended school.
<b>Knowledge of available business support programmes</b>	A very high majority (94%) of the respondents were not aware of any form of sector development and business support available from the state and state entities.
<b>Training support received</b>	A very high number of the respondents (93%) had never been exposed to any business related trainings programmes.
<b>Informal Trading Trends</b>	<ul style="list-style-type: none"> <li>47% of the responding informal traders operated from fixed and designated trading stalls, but the majority of those traders (75%) used umbrellas; tables and chairs, with no access to necessary trading facilities with shelter.</li> </ul>

	<ul style="list-style-type: none"> <li>• 50% traded from street kerbs, due to the attraction of high volumes of passing customers in such areas.</li> <li>• The majority operated as emerging or survivalist businesses, generating very low profit margins, of less than R5 000 turnovers per month.</li> <li>• The majority neither kept financial records, nor had bank accounts, leading to no access to banking support services necessary for business growth.</li> <li>• Most traders sourced about 68% of their stock from local businesses, especially those trading in Fruits and Vegetables, including those retailing live chicken.</li> </ul>
<b>Chamber association/ affiliation</b>	The majority of respondents indicated that they are not members nor affiliated to any business association /chambers, citing reasons for non – affiliation as; a) not being aware of any business associations that they can affiliate to; b) have never been recruited, and c) are not aware of the benefits of becoming members of business associations.
<b>Other general challenges</b>	<ul style="list-style-type: none"> <li>• Lack of access to finance.</li> <li>• Lack of access to business related information generally, as well as available business growth opportunities;</li> <li>• Absence or limited access to markets;</li> <li>• Lack of access to appropriate technology;</li> <li>• Limited opportunities for networking and business linkages;</li> <li>• No access to mentorship and aftercare support.</li> </ul>

### Significance

It is evident from the survey findings above that the retail sector in NLM confirms the state of the socio-economic profile of the area (*above*), the current size and scope of this sector - as measured by its contribution to the area's GDP, as well as the infrastructure profile on NLM (*as analysed below*). Furthermore, the findings also depicts a sector that is facing huge growth and development challenges, which prohibit it from addressing the broad socio-economic development needs of NLM.

## 2.4 Infrastructure profile

One of the pre-requisites for unlocking the economic sector development potential is the presence of economic enabling support infrastructure, which is often a trigger for any potential investment (*especially private sector led investment*) within an area. This chapter will assess the status quo of available economic support infrastructure in NLM, in terms of:

- *Water services;*
- *Sanitation;*
- *Electricity;*

- Telecommunication;
- Waste Management;
- Road and Transport.

Indicator	Overview
<b>Water Services</b>	ORTDM has got the function of providing water supply services to NLM, as a Water Service Authority (WSA). According to Stats SA 2011, the majority (55,5%) of households in NLM do not have access to adequate clean and piped water, with 68.2% obtaining water from natural sources.
<b>Sanitation</b>	The majority of the households in NLM (59,6%) have access to pit toilets, that are with and/ or without ventilation, with 27,1 having no access to any toilet facilities. 4,1% use chemical toilets, and 2.2% use flush toilets.
<b>Electricity</b>	71% of the population uses electricity for lighting, with 6,9% that do not have any access to energy sources, and the rest of the population use other energy sources.
<b>Telecommunication</b>	The majority (83, 1%) of the population do not have access to the internet, with 12,3% that access it from their mobile phones, and the rest access it from their homes, work, or elsewhere.
<b>Waste Management</b>	The majority of NLM residents use own refuse dumps ( 68.3%), with 55,5% having no access at all, and only 1,8% having access to pick up refuse removal from the local municipality ,that is picked up at least once a week.
<b>Road and Transport</b>	Road transport in NLM involves the N2 from Durban, and the R61 from Mthatha to Port St John's, with only 50km of a tarred road, and the rest being gravel roads, that are mostly in poor conditions.

### Significance

The availability of appropriate public sector built support infrastructure creates a conducive environment for trading activities, reduce the cost of doing business for the private sector, and thus acts as an enabler in attracting private sector investment towards the retail sector. It also allows for the effective and efficient transportation of goods between the suppliers and the retailing traders.

## 2.5 Environmental profile

This section maps the natural resource assets of the municipal area, as per NLM's environmental assets, given that retail sector development is dependent on the extraction of raw products from the earth, during primary production. The analysis will briefly focus on the following factors:

- Climate;
- Topography;
- Vegetation.

An analysis has been made is that the municipal area is considered to generally have good climatic conditions that are characterised by sub-tropical climates, which are supported by averagely high rainfalls, with the area's land cover (topography), vegetation, and environmental sensitivity all posing a potential to support the development of key economic growth sectors in NLM, namely agriculture, forestry, mining, and some form of tourism activities.

### Significance

Environmental characteristics have got a direct bearing on the economic activity of an area, in terms of activities within the primary sector, as goods that are extracted from the earth are sold via the Wholesale the Retail sector, to the business community, or to the final consumers. Furthermore, environmental factors can also support or create obstacles in the provisioning of enabling economic support infrastructure (e.g water resources from the area's wetlands, the transportation of goods etc), which are all requirements for investing towards sector development.

## **2.6 Institutional Profile**

This part of the situational analysis provides an overview of the leadership and management capacity to plan, implement and support retail sector development within NLM. The analysis will also look at the current extent, quantity and quality of the relationships between the institutions (*internal and external*) in the planning area. The understanding of these institutional matters will enable an assessment of optimal institutional arrangements, which will enable effective planning, management and the coordination of the various actors within the municipality to drive retail sector development in the area. The assessment will therefore look at both current existing internal and external institutions.

### **2.6.1 Internal Structures**

#### **2.6.1.1 LED Unit**

NLM has institutionalized the administration, management and governance of its economic development through the "*Planning and Economic Development Department*", which is responsible for decision making in respect of all economic related planning and facilitation matters, as part of the core mandate of local government. This department further report to the Planning and Economic Development Standing Portfolio Committee, as a Sub-Committee of the municipal Council. This Committee is entrusted with a responsibility to advice EXCO and Council on economic development related issues, and further drive the implementation of the LED Key Performance Area (KPA), within the municipal IDP, together with sector specific strategies, of which this Retail Sector Strategy will form part.



The staff complement of the municipal LED Section/Unit within the Department is presented in the Organogram below (*Figure 2*). It can be seen that the unit is well geared to drive Retail Sector development, as part of broader enterprise development, namely SMMEs (that include both Cooperatives and Informal Traders), as evident in the provision made for the responsible and relevant officials.



Figure 2: NLM LED Section Organogram

## 2.6.2 External Structures

### 2.6.2.1 OR Tambo District Municipality

Similarly, as in NLM, the O.RTDM has a similar configuration in terms of the governance, management and administration of economic development within the district, with a Standing Portfolio Committee for LED as a sub-committee of Council, as well an administrative function. Both the political and administrative arms perform similar functions as in NLM, as these are stipulated and guided by the local government legislation. The O.RTDM has also an LED Forum that reports to Inter-governmental Relations (IGR) structures.

#### 2.6.2.2 LED Forum

NLM has also got an LED Forum that acts as “a Platform (institutional arrangement) where local residents (private organizations, government, state owned entities; Non Governmental Organisations (NGO’s), Community Based Organisations (CBO’s), traditional authorities) within a particular locality gather, with an aim to share information and experiences, pool resources and solve problems.” The LED Forum is expected to play the following roles and responsibilities:

- Promote and facilitate partnerships between government, private sector, civil society and organized labour, for overall economic growth;
- Improve Integrated Economic Planning, through broad participation and coordination of key economic role players (government, business, labor, NGO’s, CBO’s, etc);
- Assist to identify and capitalize on local competitive advantage for territorial and sectoral economic development;
- improve the economic performance of the municipality, with respect to all its key sectoral aspects (Tourism, Agriculture, Retail etc);



- 
- Assist in the establishment of Sector specific Working Groups/ Sub-Sector Forums.
  - Enhance Enterprise Development and Support;
  - Assist the municipality in the monitoring & evaluation of economic development activities.

#### Overview

The institutional configurations for any local area have got an impact on the planning, implementation, success and failure to drive sustainable economic sector development. The important role that has to be played by these institutional structures towards driving a common sector development vision, integrated programmes planning, and the implementation of sector specific strategies within a municipal area, can thus not be undermined.

### **3 Conclusion**

Having a basic understanding of the socio-economic context is important towards the development of an effective sector strategy, due to the fact that the success of any strategy requires the identification of the local areas' strengths and building on them; realising weaknesses and addressing them; supporting specific activities to take advantage of available opportunities, and mitigating threats and adverse impacts.

This section will thus assist the strategy development process to transcend towards the framing of the relevant development vision; objectives; programmes and the priority projects that have to be developed in order to grow the retail sector in NLM.

# SECTION C

## Strategic Framework

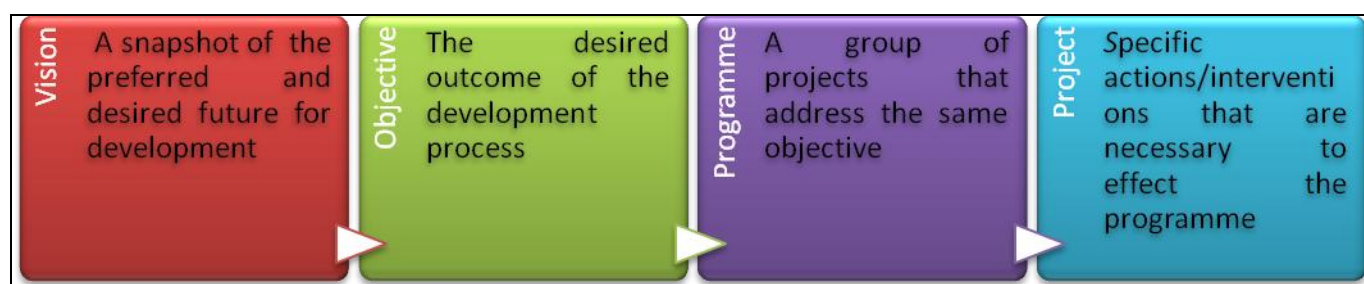
## 4. Strategic Framework

### 4.1 Introduction

The strategic framework is a direct response to the status quo of the development context presented in the situation analysis above, and present means for unlocking retail sector development opportunities, as well as mitigate the challenges and constraints that have been identified within this municipal area. The purpose of this section therefore is the crafting of a focussed overarching strategic framework that will set out the following:

- Vision;
- Strategic Objectives;
- Strategic Programmes, and
- Priority Projects/ Initiatives

Below is a brief descriptive summary of each of the strategic framework components



### 4.2 Vision

Retail sector development forms part of, and gives effects towards both LED, and SMME development, which are all meant to contribute towards the broad socio-economic development targets that have been set and approved by the Municipal Council, as stated in the IDP.

Therefore, a separate vision for retail sector development in NLM can **NOT** be crafted, as it is anticipated that the achievement of the retail sector development objectives, together with the implementation of related sector development programme and projects, will all add value towards the achievement of the SMME and Cooperatives development vision of the municipality, which in turn is meant to ensure the achievement the municipal LED vision, which has to ultimately achieve the broad development vision, as set by the municipal Council..

The IDP, LED and SMME and Cooperatives development visions that have thus been crafted and approved, are as follows:

---

### Municipal Vision

*“A well governed place of opportunities characterised by integrated-employment -creating economy and sustainable functional urban and rural centres for better livelihoods”*

### LED Vision

*“A self-sustaining and vibrant economy that supports sustainable rural livelihoods through coordinated community-anchored development”*

### SMME and Cooperatives development Vision

*“Nyandeni Municipality to grow and develop the employment and GDP contribution of SMME sector and to bridge the gap between the second and the first economies in the process;*

*And to facilitate the establishment of self-sustained cooperatives in variety of economic sectors that will generate income, create employments and liberate people from poverty”*

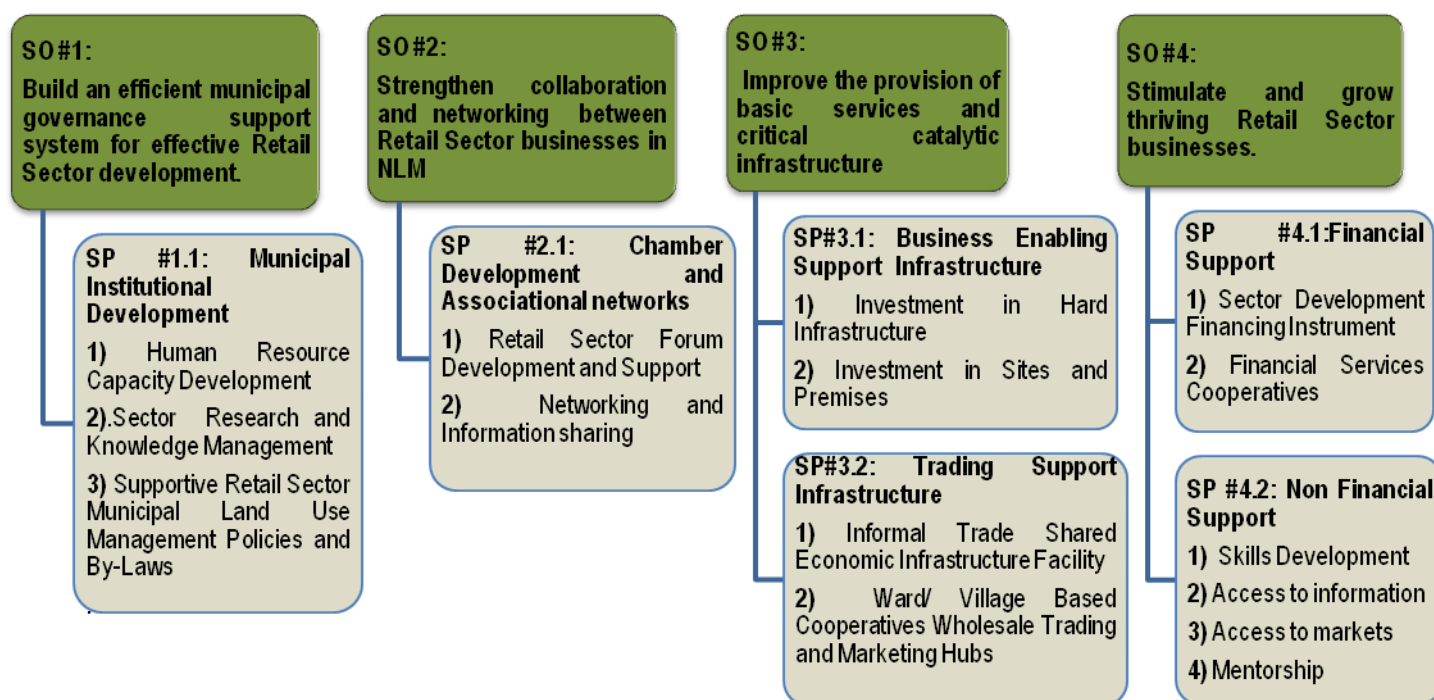
## **4.3 Strategic Objectives**

In order to meet the SMME and Cooperatives development vision stated above, the following four (4) key strategic objectives will need to be achieved:

- Build an efficient municipal governance support system for effective retail sector development.
- Strengthen collaboration and networking between retail sectors businesses in NLM.
- Improve the provision of basic services and critical catalytic infrastructure.
- Stimulate and grow thriving retail sector businesses.

## **4.4 Strategic Framework Matrix**

Below is the matrix that shows the *strategic objectives (SO)*, with related strategic programmes (*SP*) and the priority projects/ initiatives that will need to be implemented in order to stimulate the growth of retail sector businesses in NLM:



## 4.5 Priority Project/Initiatives

This section will provide a brief descriptive summary of the priority projects that have to be undertaken during the implementation of the strategy. The successful implementation of these projects will build on the sector strengths; address current weaknesses; take advantage of opportunities for development that exist currently or in the foreseeable future; and mitigate against the impact of possible threats.

It has to be noted that there are strong linkages and interdependencies between some of the individual projects that have been identified, with the implementation of one, serving as an input, for another output of one project. These projects have also been identified and selected based on the following criterion that is graphically and briefly explained below:

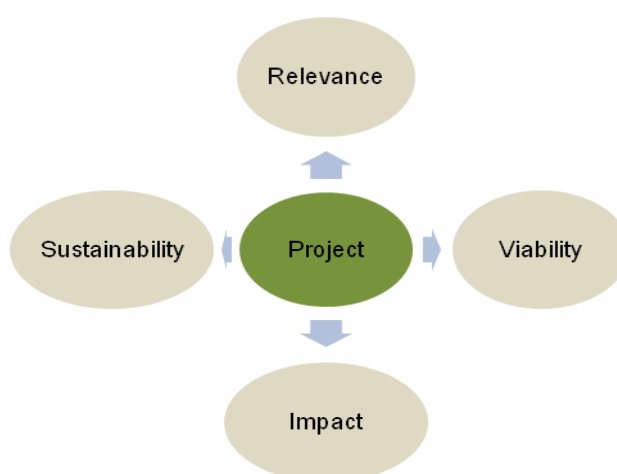


Figure 3: Summary Project selection Criteria

Criteria	Description
<b>Relevance</b>	The relevance of the project to the needs and constraints of the local community area, the provincial and national government developmental targets
<b>Viability</b>	There will be demand with a potential for growth in the market, which will enable the generation of adequate revenues/ income to cover project implementation costs.
<b>Impact</b>	Positive primary and secondary long-term effects that will be produced by the project, directly or indirectly, intended or unintended, on the targeted local communities.
<b>Sustainability</b>	The likelihood that the positive effects of the project will persist for an extended period once initiated and implemented, financially and institutionally.

#### 4.5.1 Project Summaries

Strategic Objectives #1	Strategic Programme # 1.1	Projects	
Build an efficient municipal governance support system for effective retail sector development.	<i>Institutional and Organisational Development</i>	<b>Project # 1.1.1</b>	<b>Human Resource Capacity Development</b>
		<b>Rationale</b>	Municipalities are mandated to facilitate social and economic development within municipal spaces, and the relevant LED Departments/ Unit has to take responsibility for the development of local economies, focusing on the local key growth sectors that pose a development potential. The set of skills attributes, with the capacity profiles of the relevant human resources personnel ( <i>administrative and political</i> ) within a municipality that carry this function, can either hinder or advance successful socio-economic development, and further provide a foundation for overall municipal economic growth. Improving the competencies of relevant personnel in retail sector development can thus enable the successful coordination of the implementation of the retail sector strategy, in a manner that maximises overall economic development.
		<b>Brief Description</b>	This entails the provision of continuous and ongoing skills and capacity development programmes to the relevant human resource in: <ul style="list-style-type: none"> <li>✓ Sector development facilitation, planning, and programming, broadly.</li> </ul>

			<ul style="list-style-type: none"> <li>✓ An understanding of retail sector, as a sub-sector within the tertiary sector, and how it links or connects to other industry sectors (<i>primary and secondary sectors</i>)</li> <li>✓ Fundraising and mobilizing the necessary human, physical and financial resources for the development of the sector.</li> <li>✓ Monitoring the impact of the retail sector within the municipal area.</li> </ul>
		<b>Project # 1.1.2</b>	<b>Sector Research and Knowledge Management</b>
		<b>Rationale</b>	Local level retail sector analysis is an important ingredient for long-term strategy building, planning and implementation, in terms of assessing the performance, nature and structure of the retail sector. Conducting an analysis of the strengths, weaknesses, opportunities and threats within the sector, can serve to highlight key issues and opportunities facing the local economy, which can further guide the design, approach, and the implementation of any sector development programmes/projects.
		<b>Brief Description</b>	<p>This is about continuously collecting baseline data on the performance of the retail sector in the municipality; in order to create an informed sector profile in the local area, which can highlight the basis of the comparative and competitive advantage in retail trade, in relation to neighbouring areas, in the region, provincially and nationally. This should entail the following activities:</p> <ul style="list-style-type: none"> <li>✓ Audit local social; natural physical; human, and financial resources.</li> <li>✓ Identify and update retail <i>sector industry profiles</i>, for incorporation within the municipal LED plan.</li> <li>✓ Develop value chains, backward and forward linkages, complementarily, and clustering, necessary for growing the local economy broadly.</li> </ul>

		<b>Project #1.1.3</b>	<b>Supportive Retail Sector Municipal Land Use Management Policies and By-Laws</b>
		<b>Rationale</b>	Supportive municipal policies and by-laws that favour local enterprises ( <i>formal, informal and cooperatives</i> ) promote and advance the development of local enterprises; support local product; create new jobs; and sustain jobs already created by local businesses. These policies also tend to ensure business attraction and retention, and reduce the impact of the importation of products from outside the municipality, which results to economic leakages in the flow of the market system.
		<b>Brief Description</b>	This requires the municipality to develop and promote land use management plans, policies and by-laws that will make it attractive for both external and internal investors to open and operate retail sector businesses in NLM.
<b>Strategic Objectives #2</b>	<b>Strategic Programme # 2.1</b>	<b>Projects</b>	
Strengthen collaboration and networking between retail sector businesses in NLM	<i>Chamber Development and Associational networks</i>	<b>Project # 2.1.1</b>	<b>Retail Sector Forum Development and Support</b>
		<b>Rationale</b>	Supporting the retail sector to form voluntary, unified and member - based associations will assist individual businesses to be unified and speak under one voice; advocate for, and further members' collective business interests; strive to ensure future prosperity via a pro-business climate, and reduce transactional friction through well functioning networks. These associations will become effective in enhancing engagements between the membership base, and the municipality, and with all other relevant stakeholders.
		<b>Brief Description</b>	The project should entail supporting the formation and the development of a retail sector chamber/associations, which should also become part of the LED Forum, and can have the following components under its wing, given the different nature of the challenges and needs of each:



			<ul style="list-style-type: none"> <li>✓ Formal Retail Sector Business Sub- Association/s;</li> <li>✓ Informal Trade/Hawker Association/s, and</li> <li>✓ Local Co-operatives Forum.</li> </ul> <p>The retail sector association/s should thus be encouraged to get affiliated to any existing regional business association/s like NAFCOC, etc.</p>
		<b>Project # 2.1.2</b>	<b>Networking and Information sharing</b>
		<b>Rationale</b>	Networking enables the sharing of information; best practise models; learning encounters, and sharing of experiences between the individual businesses, for successful enterprising, given that businesses (both large and small) often operate in isolation from each other. This will further enhance the retail sector business sub-association/s.
		<b>Brief Description</b>	The project should involve organising regional sectoral networking workshops and seminars, and these can take any form, as long as they would achieve the outcome of networking and information sharing between retail sector businesses. This should include continuous knowledge dissemination about “Retail”, as a sector, and how it links with other economic sectors; include facilitating and providing support in attendance of outside seminars; conferences and study tours, by local businesses.
<b>Strategic Objectives #3</b>	<b>Strategic Programme # 3.1</b>	<b>Projects</b>	
		<b>Project # 3.1.1</b>	<b>Investment in hard infrastructure</b>
		<b>Rationale</b>	A key resource in business development is infrastructure. Businesses cannot function without access to reliable “hard” infrastructure. Infrastructure acts an enabler for development; reduces the costs of doing business for the private sector; improves the physical business environment, and makes the area attractive for business attraction, retention, expansion and recruitment.

Improve the provision of basic services and critical catalytic infrastructure.	<i>Business Enabling Support Infrastructure</i>	<b>Brief Description</b>	The project should be about ensuring that appropriate, user-friendly and fully functional infrastructure exists to promote sector development. This means that <i>electricity, water and sanitation services, refuse removal, telecommunication, and transport</i> infrastructure are provided and available to retail sector businesses, as an integral part of the ability of the economy to function well, and grow.
		<b>Project # 3.1.2</b>	<b>Investment in Sites and Premises</b>
		<b>Rationale</b>	Closely aligned with hard infrastructural needs is the availability of sites and premises for retail sector businesses to operate. Local government also plays a key role in deciding on land use management, regulating land use, and spatial planning. The municipality, provincial (ECDC), and national government (DPW), are often significant owners of industrial and commercial land and property, and are in a strong position to use these resources to encourage business investment and expansion. A good understanding of the local property market can thus enable a municipality to plan for Retail Sector growth.
		<b>Brief Description</b>	This requires the auditing/survey of public land and industrial sites/ buildings, which can be released, developed, and improved for use by the retail sector businesses in NLM. This can enable investment attraction from commercial property developers to host national franchises, and other chain stores/retail outlets, that can come and operate in the municipality. Decisions will need to be made on which public sites and buildings can be effectively reused cost efficiently. In some instances, state owned redundant buildings can be adapted /sub - divided for use as smaller workspaces by the local retail trading business community e,g Cooperatives entities, and as industrial/business parks.

	Strategic Programme # 3.2	Projects	
	Trading Support Infrastructure	Project # 3.3.1	Informal Trade Shared Economic Infrastructure Facility
		Rationale	<p>In a rural base economy like NLM, economic growth is not only determined by the formal economy (<i>the economic sector that is legally registered and pay taxes</i>), but also by the informal economy (<i>whose activities are not legally registered</i>). It has been researched in SA that in rural base economies, the size of the informal economy can be greater than the formal economy. This sector also interacts with the formal economy by supplying certain goods and services. The linkages between the formal and informal sectors of the economy therefore need to be understood, developed and supported, to also enable this sector to gradually move to a level of the formal economy.</p>
		Brief Description	<p>The project should be about the leveraging of public sector investment that would provide the necessary infrastructure, by creating an enabling environment for informal businesses to crowd-in investment in the inner city, and around nodal areas, where there is clear business activity taking place. The shared infrastructure can be:</p> <ul style="list-style-type: none"> <li>✓ Warehouse/storage facilities;</li> <li>✓ Shelter/ stalls for trading area of vendors;</li> <li>✓ Cold storage for common use;</li> <li>✓ Child care facility for traders;</li> <li>✓ Business Industrial facilities, and</li> <li>✓ Any other form of business infrastructure that is needed by the Informal Trade Sector.</li> </ul>

		<b>Project # 3.3.2</b>	<b>Ward/ Village Based Cooperatives Wholesale Trading and Marketing Hubs</b>
		<b>Rationale</b>	Co-operatives have a long and successful tradition around the world and nationally, and have proven to contribute to rural communities in terms of social, cultural, human and economic development. In contrast to other forms of business, co-operatives tend to mobilise and integrate more people as community members into the mainstream economy. While businesses that service markets in urban centres tend to be more competitive, rural areas tend to be underserved. This is caused by a multitude of reasons that tend to increase the costs of doing business ( <i>due to distance, remoteness of markets etc</i> ), and poor road networks.
		<b>Brief Description</b>	<p>The project is about enabling community led enterprises to have access to appropriate facilities from which they can undertake <i>trading</i> and <i>marketing</i> activities. This would also enable the meeting of buyers with the local or village sellers, for exchanging the goods produced/sold. The following approach can be pursued:</p> <ul style="list-style-type: none"> <li>• Partitioning of community halls that each village/ward has access to, where projects that do not require big facilities for trading activities can be undertaken from e.g groceries shops; fruit and vegetables shops; arts and craft products, etc.</li> <li>• Construction of new facilities within the land that is communally owned by the community.</li> </ul>

Strategic Objectives #4	Strategic Programme # 4.1	Projects	
Stimulate and grow thriving retail sector businesses.	Financial Support	Project # 4.1.1	Sector Development Financing Instrument (SDFI)
		Rationale	Access to funding can enable retail sector businesses to address their funding needs, like start-up capital – for stock; equipment; materials; marketing; office set up; working capital - to ensure proper cash flow management; widening asset bases - such as purchasing new and bigger machines or equipment; expansion – for increasing output and use up idle capacity.
		Brief Description	<p>The project can involve:</p> <ul style="list-style-type: none"> <li>✓ Developing and administering a municipal SDFI.</li> <li>✓ Approaching credit providers and donor funding institutions nationally, provincially and locally (<i>Government Departments, SOEs, NGOs, and private funders</i>), so as to house and manage the disbursements of their business finance, and even co-fund their respective financing instruments to the benefit of local retail sector businesses.</li> <li>✓ Approaching medium and big businesses in NLM to finance start-up and emerging sector businesses, within their BB-EEE score cards.</li> </ul>
		Project # 4.1.2	Financial Savings and Credit Schemes
		Rationale	The project will also address the challenge of access to funding, where local retail sector business can device means of addressing their own challenges, through implementing “traditional” practises of saving as a group ( <i>namely stockvels/imigalelo</i> ). It will also inculcate and strengthen a culture of group savings and social cohesion, including conformity and compliance with own established group savings and credit regulations.

		<b>Brief Description</b>	The initiative should be structured such that businesses with similar interests (e.g. <i>Informal Traders, Cooperatives, etc</i> ), and/or business individuals that know each very well, are persuaded to come together and establish savings and credit schemes, to ultimately finance their individual business needs. Co-operatives enterprises currently receive support from government for the establishment of <i>Financial Services Cooperatives (FSCs)</i> , which gets affiliated to the <i>Cooperatives Development Bank Agency</i> , and the Agency also provides requisite capacity development, including seed capital, to kick start such initiatives.
	<b>Strategic Programme # 4.2</b>	<b>Projects</b>	
	<b>Non Financial Support</b>	<b>Project # 4.2.1</b>	<b>Sector skills development</b>
		<b>Rationale</b>	From time to time, small businesses encounter problems in managing their business and financial affairs, effectively; which leads to constant failures of businesses, at their first three to five years of starting up. To curb this, targeted training programmes should be developed in partnership with all government agencies that provide small business development and support services e.g SEDA, ECDC, NYDA, W&R Seta, etc, to address critical sector skills shortages.
		<b>Brief Description</b>	Under this project, training of the Formal and Informal Businesses, as well as Co-operatives Enterprises need to be conducted in general understanding of Retail, as a sub-sectors; technical, vocational, entrepreneurial and general management skills that should include, amongst others: <i>Office Administration; Financial management; Sales and Marketing; Problem solving and Decision-making; Customer Care; Quality Management; Health and Safety;- Tendering; Exporting; Conflict Management, and Specialist technical knowledge</i> for specific economic sectors.

		<b>Project # 4.2.2</b>	<b>Access to information</b>
		<b>Rationale</b>	Once of the challenges faced by business, generally, is access to business related information, together with all the available business development and support services provided by the state and state entities, as well as support provided by the private sector, and NGOs.
		<b>Brief Description</b>	Organise and invite relevant government departments, state agencies, private and NGO role players to SMME information sharing sessions, to come and share existing and available relevant business development and support services, which local retail sector businesses can tap into. This should also involve leaving information booklets, flyers, brochures, and /or business cards with the municipality for distribution to the local retail trading business community.
		<b>Project # 4.2.3</b>	<b>Access to markets</b>
		<b>Rationale</b>	Access to more markets will stimulate product demand, enhance access to local and external markets, improve general access to markets, and thus increase the profitability levels of local retail sector businesses, resulting to sustainable enterprising. Access to more markets can further results to a gradual growth of the retail sector businesses, from micro, to small, medium and later, to large businesses.
		<b>Brief Description</b>	<p>The project should be about:</p> <ul style="list-style-type: none"> <li>✓ Encouraging medium and big retail sector businesses to buy from local small and emerging retail sector businesses, whilst assisting them with their product quality, as part of Supplier Development, within their BB-EEE Score-cards.</li> <li>✓ Hosting Trade Fairs/ Flea Markets/ Market days or Shows, at which retail sector businesses can be able to display and promote their products.</li> </ul>

			✓ Facilitation of export opportunities to enable participation in Trade Delegations and International Trade Fairs, and other Marketing Events, nationally, provincially and locally.
		<b>Project # 4.2.4</b>	<b>Mentorship</b>
		<b>Rationale</b>	It has been observed over years, that mentorship has the ability to empower the Mentee, through skills transfer, thus reducing business failure rate, and ensure business success. It is for this reason that mentoring becomes critical, as it can improve the operational effectiveness of local retail sector businesses in NLM.
		<b>Brief Description</b>	<p>The project will focus on building good relations with the retail sector business chambers/ associations in order to tap into the expertise of their well experienced member businesses, so as to provide one-to-one mentorship, to small and emerging entrepreneurs within the sector.</p> <p>The mentorship programme should run for a specified period of time, preferably up to six months, with periodical monitoring and evaluation. The municipality can develop an incentive scheme to reward the mentoring businesses, or even seek sponsorships/donation from other stakeholders from the public and the private sector, towards such an incentive scheme.</p>



# SECTION D

## Implementation Plan

## 5. Implementation Plan

This section lays out the hierarchy of actions that need to be implemented in order to effectively achieve the strategy, with budget estimates, clearly outlined sources of funding, responsible implementing parties/partners, as well as the implementation timeframes. The implementation plan should serve as an integrated programming document to maintain clarity of the proposed strategic direction, and ensure that programs and projects do not inappropriately compete for resources and support. With a timeframe of between one and three years, a good implementation plan will result in a more efficient and effective use of available budgets, and can be used to attract funding from external sources, such as governments, SOEs, the private and NGO sector..

No	Project/ Initiative	Sources of funding						Estimated Budget					Implementing Partners	Implementation Timeframe				
		NLM	State	SOE	Private	HEIs/ SETA	NGO	16/17	17/18	18/19	19/20	20/21		16/17	17/18	18/19	20/21	21/22
1	.Human Resource Capacity Development	√	√	√	√	√	√	1 000 000	1 250 000	1 500 000	1 750 000	2 000 000	NLM, ORTDM, Cogta, SALGA, LG-SETA	√	√	√	√	√
2	Sector Research & Knowledge Management	√	√	√				300 000	350 000	400 000	450 000	500 000	NLM, ORTDM, NTINGA, Cogta, ECSECC	√	√	√	√	√
3	Supportive Retail Sector Municipal By-Laws	√	√	√				50 000	60 000	70 000	80 000	90 000	NLM, National Treasury, COGTA, SALGA	√	√	√	√	√
4	Retail Sector Forum Development & Support	√	√	√	√	√	√	100 000	150 000	200 000	150 000	200 000	NLM; ORTDM; Eskom; DPW, DOT, Telkom, SANRAL; ECDC; DEDEAT NYDA; DoSD; DPW; SEDA; WSU;SETAs	√	√	√	√	√

5	Networking & Information sharing	√	√	√	√	√	√	100 000	150 000	200 000	150 000	200 000	NLM; ORTDM; ECDC; SEDA NYDA; Business Chamber	√	√	√	√	√
6	Investment in Hard Infrastructure	√	√	√				3 000 000	5 000 000	8 000 000	12 000 000	18 000 000	NLM, ORTDM, NTINGA, Eskom, DEA, DPW, DOT, Telkom, SANRAL	√	√	√	√	√
7	Investment in Sites & Premises	√	√	√	√			5 500 000	6 000 000	6 500 000	7 000 000	7 500 000	NLM, ORTDM, NTINGA, ECDC, DPW	√	√	√	√	√
8	Informal Trade Shared Economic Infrastructure Facility	√	√	√				10 000 000	12 500 000	13 000 000	13 500 000	14 000 000	NLM, NTINGA; ORTDM, DSBD	√	√	√	√	√
9	Ward/ Village Based Cooperatives Wholesale Trading and Marketing Hubs	√	√	√	√			5 500 000	6 000 000	6 500 000	7 000 000	7 500 000	NLM, ORTDM, DRDLR; W&R SETA	√	√	√	√	√
10	Sector Development Financing Instrument	√	√	√				10 000 000	12 500 000	13 000 000	13 500 000	14 000 000	NLM, ORTDM, NTINGA, SEFA; IDC, DSBD, DTI, ECDC, DEDEAT NYDA	√	√	√	√	√
11	Financial Savings and Credit Schemes	√	√	√	√	√		3 000 000	3 500 000	4 000 000	4 500 000	5 000 000	NLM, ORTDM, NTINGA, SEFA; IDC, DSBD, DTI, ECDC, DEDEAT, ECRDA, NYDA, Business Chamber	√	√	√	√	√
12	Skills Development	√	√	√	√	√	√	10 000 000	10 500 000	11 000 000	11 500 000	70 000 000	NLM, ORTDM, NTINGA,	√	√	√	√	√

													DSBD, DTI, ECDC, NYDA, SETAs, WSU					
13	Access to information	√		√	√	√		1 000 000	1 250 000	1 500 000	1 750 000	2 000 000	NLM, ORTDM, NTINGA,SEFA; IDC, DSBd, DTI, ECDC, DEDEAT, ECRDA, NYDA, Business Chamber/s	√	√	√	√	√
14	Access to markets	√	√	√	√	√		1 000 000	1 250 000	1 500 000	1 750 000	2 000 000	NLM, ORTDM, NTINGA,SEFA; IDC, DSBd, DTI, ECDC, DEDEAT NYDA, ECRDA, Business Chamber/s	√	√	√	√	√
15	Mentorship	√	√		√	√		1 000 000	1 250 000	1 500 000	1 750 000	2 000 000	NLM, ORTDM, NTINGA,SEFA; IDC, DSBd, DTI, ECDC, DEDEAT NYDA, Business Chamber/s	√	√	√	√	√

# SECTION E

## Institutional Framework

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## 6. Institutional Framework

Establishing and maintaining both formal and informal links with all the key stakeholders can support the implementation and monitoring of this strategy, and therefore build working relationships and trust between all the strategic partners of NLM. It can assist in the process of managing perspectives and differing agendas, during the implementation of this strategy. It is proposed that both *internal* and *external* implementation mechanisms should be utilized during the implementation of the strategy.

### 6.1 Internal implementation mechanisms

Retail sector development is implemented within the broad objectives of LED. The White Paper on Local Government (1998) notes that LED is about creating a platform and environment where investment and entrepreneurship thrives. The White Paper further states that: *“Local Government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities”*. This includes creating an enabling environment for businesses to grow. This effectively means that the role of the municipality is more of ‘facilitating’ the creation of a conducive environment for businesses to grow.

Taking this into consideration, the municipality has one position for an LED Officer (SMME) within the Planning and Economic Development Department, a department that is considered to be the main nerve centre representing the internal structure for the co-ordination and promotion of SMMEs within NLM, which will be responsible for all the coordination activities required for implementing the Strategy. Within this department, the LED Officer, under the supervision of the LED Manager, will be required to oversee the successful implementation the strategy. He/she will be charged with a number of tasks, including developing and refining the projects, and providing strategic and technical development for each of the projects to be implemented in the strategy. He/she will need to identify, appraise and undertake liaison with other potential resources in fulfilment of the strategic objective, and should have the skills to plan and direct project workflow on a day-to-day basis. In assessing and reviewing the progress of the strategy against the *Implementation Plan*, he/she will be expected to report as required to internal and external parties, and should therefore be able to develop effective professional partnerships with all of key stakeholders.

### 6.2 External Stakeholders

To ensure co-ordination and integration of enterprise development into the objectives of different role players in government, across spheres, and civil society at large, the municipality maintains on-going relations with external stakeholders. Below is the list of some of the institutions that can assist the municipality in the implementation of the strategy, and most of these are proposed such that they can either be initiated, or strengthened, as part of retail sector development within NLM.

District Municipality (O.RTDM) will provide the following support during the implementation of the strategy:

- Provide overall support during the implementation of the identified priority projects/initiatives.
- Build the capacity of the relevant personnel in NLM.

- 
- Network with all relevant stakeholders nationally, provincially and locally, as a way of identifying and mobilizing both financial and non-financial resources for the implementation of the strategy.
  - Liaise and lobby all relevant departments within O.RTDM towards contributing requisite resources necessary for the implementation of this strategy.

*District Development Agency (Ntinga):* The mandate of the agency is the promotion and facilitation of socio-economic development of the rural region, prioritizing primary agriculture and agro processing; manufacturing, value adding and beneficiation; tourism and mariculture; green economy; forestry; small towns revitalization; development, support and sustainability of SMME and Co-operatives, and the promotion of trade and investment.

*LED Forum:* The LED Forum, as a platform (*institutional arrangement*) where residents (*community representatives, private organizations, government, NGO's, CBO's, traditional authorities, the private sector*) within a particular locality gather, should aim to share information and experiences, pool resources, and collectively find solution to problems towards building the local economy, thereby creating jobs and fight poverty. The forum therefore should be able to involve and engage as many community-based structures as possible, in order to mobilise social capital for the implementation of the strategy.

*Business Chamber/Associations:* Business associations, including chambers of commerce and trade associations, contribute to economic growth, development, and prosperity. This structure should play a key role in building an inclusive entrepreneurship eco-system for sector development, such that retail sector businesses are able to grow and create jobs. Through these associations, the private sector can voice legitimate, needs while engaging government in transparent policy reform processes. The business association is often structured into sub-sectors, and the retail sector should become a key component of this association.

*Hawkers/ Informal Trade Association:* Informal traders will need to lobby all relevant stakeholders, so as to ensure that government realizes its commitment to this previously disadvantaged sector group. If traders are not organized, and thus not in a position to put pressure on local government, resources for the implementation of this strategy are unlikely to be allocated to them. They will have to lobby for trading space to be factored into town developments, and for the redesign of existing areas where trading occurs, e.g. broadening of pavements, creating pedestrian walkways, and the provision of shelters etc.

*Co-operatives Forum:* The Forum will work as a networking platform for co-operatives, which should represent and advocates co-operatives member interests. For it to be effective, it will need to be formed through a bottom up and organic process, not as a result of a government initiatives, with government only providing technical and other support.

# SECTION F

## Monitoring & Evaluation Framework



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## 7. Monitoring and Evaluation Framework

Monitoring and evaluation (M&E) is a key component of any strategy implementation. Indicators should be clearly laid out at the project level to measure inputs, outputs, outcomes, and impact for each project. These will be consolidated to determine program success, and provide an overall assessment of the strategy. Repeated semi-annual and annual meetings to discuss results will become necessary as part of an on-going planning and learning process. An independent audit of key indicators through repeated municipal and business surveys is crucial to measuring the progress made since the baseline of the local economy (retail) assessment, and these can be quantitative and qualitative in nature.

Monitoring is the continuous assessment of a strategy and/or project implementation in relation to agreed schedules, and of the use of inputs, infrastructure, and services, by project beneficiaries. Monitoring provides managers and other stakeholders with continuous feedback on implementation. It identifies actual or potential successes and problems early, to facilitate timely adjustments to project operation. Monitoring accepts the project design as given; measures progress; is focused on performance, and occurs continuously.

In other terms, *monitoring* means to “*observe*”, or to “*check performance*.” Monitoring is a continuous process of collecting information, using indicators to gauge the process or project. Regular monitoring allows the timely identification of successes or failures. There are two common forms of monitoring:

- *Compliance monitoring*: which ensures that what was agreed upon is actually done (e.g., the municipality will upgrade road X).
- *Impact monitoring*: which gauges the impact of actions in relation to the objectives (e.g., the upgrade of road X benefited the movement of goods in and out of a particular village, to the urban market, resulting in ten new transit-related jobs).

Evaluation is the periodic assessment of a project's relevance, performance, efficiency, and impact (both expected and unexpected), in relation to stated objectives. Project implementers/managers undertake interim evaluations during implementation, as a first review of progress; a prognosis of a project's likely effects; and as a means of identifying necessary adjustments in project design. Evaluation challenges the design of a project, draws conclusions and makes judgments, is focused on the effectiveness of the program or project, and becomes a key milestone in the project cycle

Evaluation therefore uses the information from monitoring to analyze the process, programmes and projects to determine if there are opportunities for changes and improvements. Evaluation, like monitoring, should promote learning. In the implementation stage of any strategy, evaluation is used to determine if the actions are meeting the strategic objectives, efficiently, effectively and/or at all.

## 7.1 Why Monitoring and Evaluation?

- A well-designed monitoring and evaluation system will help answer the question *'how do I know when I have reached my objectives?'*
- It provides a basis for accountability in the use of resources.
- Used carefully at all stages of the project cycle, monitoring and evaluation can help to strengthen strategy and project design, and implementation.
- It helps to build trust with businesses, financial institutions and investors, by openly sharing results.
- The emergence of recorded benefits early – on, helps reinforce ownership and early warning learning by all regarding emerging problems, and allows action to be taken before costs rise.
- A well-designed M&E allows for mid-course corrections.
- A reliable flow of M&E information during implementation enables managers to keep track of progress, and to adjust operations to take account of experience.
- It allows for the interventions to be adapted to reflect the changing needs of target businesses, sectors and companies.
- It provides important information on how to use limited resources more efficiently, by directing investments to programs and activities that have the greatest impact on productivity, job growth or investment.
- It allows for the benchmarking of sector development interventions against examples of good practice.
- It demonstrates the impact of sector development interventions towards overall economic development and growth.
- It can help to justify budget requests for further retail sector development interventions.

## 7.2 Summary difference between Monitoring & Evaluation

	MONITORING	EVALUATION
<b>What</b>	Monitoring is the process of routinely gathering information on all aspects of a project or program. It is used to inform decision making on project implementation.	Evaluation involves a stepping back to gain a deeper perspective on what effects and impacts have been achieved. It informs decision-making.
<b>Purpose</b>	<ul style="list-style-type: none"><li>• Analyse the current situation.</li><li>• Identify problems and find solutions.</li><li>• Discover trends and patterns.</li><li>• Keep program activities on schedule.</li><li>• Measure progress towards intermediate goals, and revise action in order to achieve these goals.</li></ul>	<ul style="list-style-type: none"><li>• Determine how effective a project or program has been.</li><li>• Determine the extent to which goals have been achieved.</li><li>• Learn how efficiently things are being done.</li></ul>

	<ul style="list-style-type: none"> <li>• Formulate key questions.</li> <li>• Make decisions about human, financial and material resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop “<i>lessons learned</i>” so future programs and projects of a similar nature can be improved.</li> </ul>
<b>When</b>	Monitoring is continuous (daily, monthly, and annually). Monitoring activities should be scheduled as part of the projects work plan, and be a routine part of project implementation.	Evaluation is conducted periodically: <ul style="list-style-type: none"> <li>• At or near the mid-point of implementation.</li> <li>• At the end of a project.</li> <li>• At a point well after a project has been completed (3-10 years).</li> </ul>
<b>How</b>	Monitoring can be carried out by staff and participants through field visits, review of service delivery, and through a Management Information System.	Internal evaluation can be carried out by the project manager and/or project staff and participants. External evaluations are generally conducted by external consultants, external agencies, or donors.
<b>Why</b>	Monitoring provides managers with information needed to analyse the current project situation, identify and find solutions, discover trends and patterns, keep in schedule and measure progress towards expected outcomes. It allows an opportunity to make decisions regarding human, financial and material resources, and minimize needless program costs.	Evaluation is the formal process of documenting the following project achievements: <ul style="list-style-type: none"> <li>• Progress in the work plan.</li> <li>• Establishment of systems.</li> <li>• Implementation of planned activities.</li> <li>• Achievement of the goals.</li> <li>• Effectiveness of the project.</li> <li>• Impact of the project.</li> <li>• Efficiency or cost-effectiveness.</li> </ul>
<b>Information Type</b>	More emphasis on <i>quantitative</i> data, but some qualitative data is gathered to contextualise the quantitative analysis.	More emphasis on <i>qualitative</i> data, but quantitative data is gathered in indicators. Qualitative analysis can often support the quantitative assessment.
<b>Information Category</b>	Descriptive, analytical and documentary data should all be used to observe the “ <i>what</i> ”, and understand the “ <i>why</i> ” of the project activities.	Descriptive, analytical and documentary data should all be used to observe and record the “ <i>what</i> ”, and understand the “ <i>why</i> ” of the project achievements.

M & E FRAMEWORK				
Strategic Objectives	Strategic Programmes	Priority Projects/Initiatives	Objectively Verifiable Indicators of Achievement	Sources and Means of Verification
Build an efficient municipal governance support system for effective retail sector development.	1.1 Municipal Institutional Development	1.1.1 Human resource capacity development	<ul style="list-style-type: none"> <li>✓ Number of training sessions held</li> <li>✓ Number of officials and politicians trained</li> </ul>	<ul style="list-style-type: none"> <li>✓ Training Manuals</li> <li>✓ Training Reports</li> </ul>
		1.1.2 Sector Research and Knowledge Management	<ul style="list-style-type: none"> <li>✓ Number of Retail Sector Industry Profiles developed/ Updated</li> <li>✓ Number of Sector Value Chains &amp; Clusters Developed</li> </ul>	<ul style="list-style-type: none"> <li>✓ Sector Industry Profiles</li> <li>✓ Value Chain Analysis Report</li> <li>✓ Cluster Development Reports</li> </ul>
		1.1.3 Supportive Retail Sector Municipal Land Use Management Policies and By-Laws	<ul style="list-style-type: none"> <li>✓ Number of Land Use Management Plans, Policies and By-Laws developed and approved by Council</li> </ul>	<ul style="list-style-type: none"> <li>✓ Land Use Management Plans, Policies and By-Laws</li> </ul>
Strengthen collaboration and networking between Retail Sector businesses in NLM	2.1 Chamber Development and Associational networks	2.2.1 Retail Sector Forum Development and Support	<ul style="list-style-type: none"> <li>✓ Formal, Informal and Cooperative Enterprise Retail Sector Sub - Associations/ Chambers established, capacitated and supported</li> </ul>	<ul style="list-style-type: none"> <li>✓ TORs for Retail Sector Sub-Associations/Chamber</li> <li>✓ Training and Meetings Reports</li> </ul>
		2.1.2 Networking and Information sharing	<ul style="list-style-type: none"> <li>✓ Number of Retail Sector Business Networking and Information Sharing Sessions Held</li> </ul>	<ul style="list-style-type: none"> <li>✓ Meetings and Workshop Reports</li> <li>✓ Attendance Registers</li> </ul>
Improve the provision of basic services and critical catalytic infrastructure	3.1 Business Enabling Support Infrastructure	3.1.1 Investment in hard infrastructure	<ul style="list-style-type: none"> <li>✓ Rand Value invested in Hard Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>✓ Infrastructure Profile</li> </ul>
		3.1.2 Investment in sites and premises	<ul style="list-style-type: none"> <li>✓ Number public land &amp; industrial sites/ buildings audited/surveyed, released, developed &amp; improved</li> <li>✓ Number public land &amp; industrial sites/ buildings partitioned/re-sized &amp; used by Retail sector businesses</li> </ul>	<ul style="list-style-type: none"> <li>✓ Audit// Survey Reports</li> <li>✓ PPP agreements/SLAs</li> <li>✓ Lease Agreements</li> </ul>
	3.2 Trading Support Infrastructure	3.2.1 Informal Trade Shared Economic Infrastructure Facility	<ul style="list-style-type: none"> <li>✓ Number of Informal Trade Business accessing Trade Shared Economic Infrastructure Facilities</li> </ul>	<ul style="list-style-type: none"> <li>✓ Business Plan</li> <li>✓ Financing Agreements/ SLAs</li> <li>✓ Progress Reports</li> </ul>
		3.2.2 Ward/ Village Based Cooperatives Wholesale Trading and Marketing Hubs	<ul style="list-style-type: none"> <li>✓ Number of Cooperatives Ward / Village Based Trading &amp; Marketing Hubs established and operational</li> </ul>	<ul style="list-style-type: none"> <li>✓ Business Plan</li> <li>✓ Financing/ Lease Agreements/ SLAs</li> </ul>
Stimulate and grow thriving Retail Sector businesses.	4.1 Financial Support	4.1.1 Sector Development Financing Instrument	<ul style="list-style-type: none"> <li>✓ Rand Value of SDFI committed by NLM</li> <li>✓ Rand Value of finance secured for the retail sector industry in NLM from government DFIs and</li> <li>✓ Number of retail sector businesses supported and accessing retail sector business finance</li> </ul>	<ul style="list-style-type: none"> <li>✓ NLM Retail Sector Development Annual Financing Budget</li> <li>✓ Retail Sector Financing Partnership Agreements/ SLAs</li> </ul>
		4.1.2 Financial Services Cooperatives	<ul style="list-style-type: none"> <li>✓ Number of FSCs established and supported</li> <li>✓ Number of Retail Sector businesses accessing finance</li> </ul>	<ul style="list-style-type: none"> <li>✓ FSC Constitutions</li> <li>✓ Progress Reports</li> </ul>
	4.1 Non Financial Support	4.1.1 Skills Development	<ul style="list-style-type: none"> <li>✓ Number of Retail Sector Businesses trained</li> </ul>	<ul style="list-style-type: none"> <li>✓ Training Reports</li> </ul>

				✓ Attendance Registers
		4.1.2 Access to information	✓ Number of Retail Sector Businesses with access to development sector information	✓ Workshop Reports ✓ Attendance Registers
		4.1.3 Access to markets	✓ Number of Retail Sector Businesses accessing additional markets for their products	✓ Signed Off - Take Supply Agreements
		4.1.4 Mentorship	✓ Number of Retail Sector Businesses mentored for enterprise success	✓ Mentor/ Mentee Agreements ✓ Mentorship Reports

### 7.3 Monitoring and Evaluation Framework Checklist

	Yes	No	Action
<b>Pre-implementation</b>			
<b>Step One: Confirm objectives /expected outcome and outputs</b>			
Have objectives been developed to show what the intervention is trying to achieve?			
Are outcomes in place to show what the final achievement of the intervention will be?			
<b>Step Two: Establish outputs for the intervention</b>			
Have outputs been established to show what tasks are being carried out to achieve the outcomes?			
<b>Step Three: Establish performance indicators and starting baseline</b>			
Have performance indicators been established, taking into account data availability, surrounding environment and underlying trends of the local area?			
Has a starting baseline been established?			
<b>Step Four: Identify data to be collected</b>			
Has the source of data been identified to calculate the performance indicators?			
Do the data need to be collected?			
Have the data been checked for accuracy and reliability?			
Is extra work required to format the data for analysis?			
<b>Step Five: Identify methods of gathering data</b>			
Have the methods of data collection been agreed?			
Have appropriate analytical methods been agreed?			
Have statistical specialists been employed to complete the analysis?			
<b>Step Six: Formulate a timetable for implementation</b>			
Has an implementation timetable been formulated to ensure the intervention runs and finishes on time?			
Have milestones for key activities of the intervention been established?			
Have milestones for regular review of the inputs and outputs been established?			
<b>Step Seven: Estimate the costs of planned inputs</b>			
Have the input costs been estimated to enable the analysis of cost-effectiveness of the intervention?			
<b>Step Eight (Optional): Identify a comparable area</b>			

Has a comparable area been identified to ensure any changes are a result of the intervention?			
	<b>Yes</b>	<b>No</b>	<b>Action</b>
<b>Implementation</b>			
<b>Step Nine: Implement intervention and gather data</b>			
Has a contingency plan been organised?			
Have operational rules been written and sent to all the strategic partners?			
<b>Step Ten: Monitor progress</b>			
Are the inputs being monitored?			
Are the output and outcome data being monitored?			
Are the key milestones being monitored?			
	<b>Yes</b>	<b>No</b>	<b>Action</b>
<b>Post-implementation</b>			
<b>Step Eleven: Analyse data</b>			
Have the outcome data been compared with baseline?			
Has the cost-effectiveness of the intervention been calculated?			
Have the costs of the intervention, including any inputs monitored during the intervention been calculated?			
Has the comparable area been examined?			
Have the trends in the wider area and any similar comparison area been examined to assess the impact of the intervention?			
<b>Step Twelve: Report and disseminate results</b>			
Have the results been disseminated to stakeholders in an appropriate form?			
Have the results been fed back into the future planning of interventions?			

## 8. Conclusion

The proposed M&E framework can thus be integrated within the annual municipal SDBIP and departmental scorecard, and the Performance Management System of the municipality, such that there could be a cyclically and systematic monitoring and evaluation of the strategy, overtime.

## 9. Annexure

### 9.1 Business Plan - Informal Trade Shared Economic Infrastructure Facility

# **Business Plan**

## **Informal Trade**

### **Shared Economic Infrastructure Facility (SEIF)**



## 1. Introduction

<b>1.1 Municipality:</b>	Nyandeni Local Municipality
<b>1.2 Contact Person:</b>	Miss Bongiwe Ngqongwa
<b>1.3 Title:</b>	LED Manager
<b>1.4 Address:</b>	Municipality House B. Nomandela Drive Libode 5160
<b>1.3 Contact Details:</b>	<i>Tel:</i> 047 555 5000 <i>Cel:</i> 082 779 9518 <i>E-mail:</i> ngqongwab@nyandenilm.gov.za
<b>1.4 Project Location:</b>	Libode and Ngqeleni Towns

## 2. Background Information

Nyandeni Local Municipality (NLM) is one of the five (5) Local Municipalities (LM) of the O.R Tambo District Municipality, located in the Eastern Cape (EC) Province in South Africa (SA), situated in the eastern part of the former Transkei region of the EC. According to the NLM IDP 2014/2015, the municipality is faced by high unemployment (46.5%) and poverty levels (65.5%), which require targeted development and support to the Small, Medium and Micro Enterprises (SMMEs), such that they can serve as vehicles to address this status quo.

The municipality has an approved LED Strategy, together with an SMME and Cooperatives development Strategy, and within that framework, the municipality undertook a process of developing a Situational Analysis Report on the state of the Retail Sector in 2014, which culminated towards the development of a Retail Sector Development Strategy in 2016, from the basis that the strategy can:

- Increasingly strengthen the local economic capacity,
- Improve the investment climate, and
- Increase the productivity and competitiveness of local businesses, entrepreneurs and the labour force, for overall economic growth.

The Retail Sector Strategy was further aimed to be utilized as a tool by the municipality, as well as by other role players within the enterprise development space, to ensure a dedicated, integrated and effective development and support mechanism for the Retail Sector, which mainly consists of the Small Medium and Micro Enterprises (SMMEs), including the **Informal Traders**, as well as Cooperatives Entities, for the overall promotion of local economic development (LED), and thus contribute towards the district, the provincial, and national economic growth targets.

The Retail Sector Strategy has identified “*improving the provision of basic services and critical catalytic infrastructure*” as one of its strategic goals, towards the development of the retail sector in NLM, with “*trading support infrastructure*” identified as a strategic programme, that would require the implementation of a *Shared Economic Infrastructure Facilities*” as a priority project, in order to mainstream the participation of the Informal trade Sector into economy of NLM.

### 3. Project Description

The project is about leveraging public sector investment that would provide the necessary infrastructure, so as to create an enabling environment for informal businesses to crowd-in investment in the inner city, and around nodal areas, where there is clear business activity taking place. The shared infrastructure facilities will take the form of any of these, depending on the priorities of the municipality:

- ✓ Shelter/ stalls for trading areas.
- ✓ Warehouse/storage facilities.
- ✓ Cold storage facilities for common use.
- ✓ Business industrial facilities.

The aim is to support informal trade businesses, with an intention to improve access, create local economic benefits, and optimize performance of businesses operating from these facilities.

### 4. Objectives

The overall objective of the project is to enable the empowerment of the local communities in structuring their socio-economic economic situations through an effective utilization of hard infrastructure, so as to stimulate the growth required to create jobs, and thereby reduce poverty in NLM.

The specific objective is to uplift the current state of the informal trade sector, through the provision of appropriate Shared Economic Infrastructure facilities, for improved competitiveness and sustainable trading of this sector.

## 5. Rationale and Impact

It has been researched in SA generally, that in rural base economies, the size of the informal economy can be greater than the formal economy, which is further confirmed by the *Eastern Cape Socio-Economic Consultative Council (ECSECC) Report: Potential Role of Micro-Businesses and Entrepreneurs in the Eastern Cape Informal Sector (June, 2015)*.

This Report states that tighter fiscal conditions, weaker economic growth prospects, high unemployment and poverty rates are coercing government into achieving its objectives of creating decent jobs, overcoming poverty and reducing inequality more rapidly. To survive this harsh environment and escape extreme poverty and unemployment, most people embark on various subsistence activities such as self-employment in informal businesses. This is evidenced by growth in informal employment that has outpaced growth in formal employment, as evident from the EC employment index – where between 1995 and 2013, jobs in the informal sector increased by 64 index points (from 100% to 164%), while jobs in the formal sectors declined by 14 index points (from 100% to 86%).

The above means in other words, that for every 100 people employed in the EC formal sector in 1995, there were 14 fewer people in 2013. However, for every 100 people employed in the EC's informal sector in 1995, there were 64 additional people in 2013. This implies an employment shift from the formal economy to the informal economy; which is an inflow into the informal sector in the form of self-employment, through the creation of micro-enterprises.

This is also the case in a rural base economy like NLM, where economic growth is not only determined by the formal economy (*the economic sector that is legally registered and pay taxes*), but also by the informal economy (*whose activities are not legally registered*). This is the same sector that also interacts with the formal economy by supplying it with certain goods and services. The upliftment of the informal businesses for local economic development can therefore not be undermined in NLM.

The Department of Small Business Development (DSBD) has further developed the National Informal Business Upliftment Strategy (NIBUS), in order to prioritize targeted support interventions aimed at developing this sector in South Africa. This department further initiated the Shared Economic Infrastructure Facility (SEIF), as a sub-programme of the Black Business Support Development Programme (BBSDP), in response to the NIBUS identified interventions.

## 6. Target Groups/Beneficiaries

- Informal Traders/ Hawkers/ Street Traders

## 7. Other role players/stakeholders

- OR Tambo District Municipality
- Ntinga O.R Tambo Development Agency
- Department of Small Business Development

## 8. Approximate Financial Requirements

- R10 million

## 9. Pre-Conditions

- Land Use Authorisation Permits
- Technical drawings and designs (*or at least preliminary designs*), including details of capacity and technical specifications of the infrastructure, if required
- Environmental permits from the relevant authorities, if required

## 10. Utilization of funds

- Site Clearing and Preparation
- Buildings
- Machinery, Equipment and Tools
- Furniture and Fittings
- Supplies

## 11. Sustainability

The project will be sustained through the provision of support infrastructure and continuous maintenance of the facilities from the multi-year funding cycles of NLM, in collaboration with the stakeholders cited under Point 7 above.

## 12. Implementation Timeframes

- 2016/2017