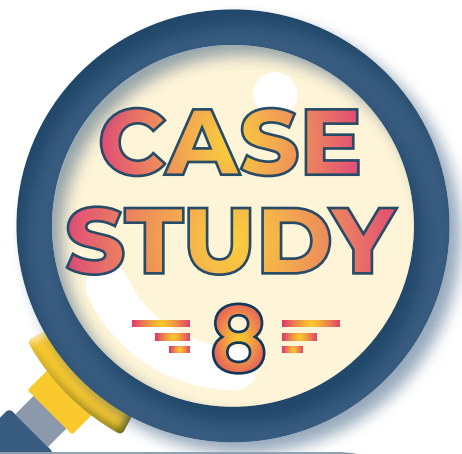




Vuthela

ILEMBE LED PROGRAMME



CASE STUDY

8

BUSINESS ENABLING:

Creating an enabling environment for inclusive property development and construction in the iLembe district



A Case Study in the iLembe District of
KwaZulu-Natal, South Africa

September 2023



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
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Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO



KWAZULU-NATAL PROVINCE
ECONOMIC DEVELOPMENT, TOURISM
AND ENVIRONMENTAL AFFAIRS
REPUBLIC OF SOUTH AFRICA



enterprise ilembe
ECONOMIC DEVELOPMENT AGENCY

Introduction

The business enabling environment encompasses policies, administrative procedures, enacted regulations and bylaws, and the state of public services and infrastructure. It further includes norms and customs, strategic objectives, and trade agreements that facilitate production and distribution of products and services locally, nationally and abroad.

This case study seeks to explore ways of enhancing the enabling environment for inclusive property development and construction in the iLembe district.

The study examines the impact of the business, regulatory and financing environment on property development and the construction sector in the district, and how the availability of bulk infrastructure like water, sanitation, energy and roads influences development priorities and decisions.

Issues around the inclusion of local small, medium and micro enterprises (SMMEs) in the property development sector in a way

that transforms the local economy will also be discussed.

The case study is based largely on the desktop research. The views of the iLembe Chamber of Commerce, Industry and Tourism, private property developers, and representatives of municipalities in iLembe district were also included.

The Vuthela iLembe LED Programme is funded by the Swiss State Secretariat for Economic Affairs (SECO) and implemented in partnership with the Department of Economic Development, Tourism and Environmental Affairs (EDTEA), the iLembe District Municipality and the local



municipalities of KwaDukuza and Mandeni to create an enabling environment for inclusive economic growth and job creation in the district.

The Vuthela Programme aims to improve the economic future of iLembe district residents through sustainable economic growth of the local economy and the creation of more inclusive employment and income-generating opportunities.

The programme's five components focus on public (municipal) finance management (PFM), municipal infrastructure, private sector development, building inclusive growth and partnership and co-operation.

This case study is intended to stimulate insights and discussions that will enhance local economic development in the district and in the wider South African community in a transformative, inclusive manner.

It is presented in three parts that deal with the challenges and obstacles facing inclusive

This case study is intended to stimulate insights and discussions that will enhance inclusive economic growth and job creation in the district and in the wider South African community in a transformative, inclusive manner.

property development and construction; interventions and actions underway by various stakeholders; and some of the key issues to be addressed in the future.

The study concludes that there is opportunity for parts of the problem to become part of the solution - the challenges of growing the local economy could be tackled by including previously marginalised contractors and small businesses in a manner that expands operations, opens up new markets and supports long-term market expansion in the property and construction sector as well as the wider local economy.



Part 1: The Challenge

Including local SMMEs, small contractors and workers from local communities in construction and property development offers great potential to advance the empowerment of previously disadvantaged communities, expand business operations and transform local economies.

This requires combining the business-minded imperatives for survival and profitability with socially-minded aspirations for transformation, reducing inequality and an end to poverty.

Inclusive economic transformation measures, which often prove difficult enough to implement under thriving conditions, are further hampered by low prospects for economic growth.

At a national level, it is widely acknowledged that South Africa’s current economic trajectory is unsustainable: economic growth has virtually stagnated, unemployment is rising, inequality remains high and the poverty that prevails in many communities is yet to be eliminated.

At a district level, economic conditions in the iLembe district reflect national circumstances, and the construction and property sectors appear to be particularly hard hit.

The most recent Business Confidence Index published by the iLembe Chamber of Commerce, Industry and Tourism states:

“Business sentiment in the construction, property development, property sales sector continues to slump, with this key sector in the iLembe District’s economy becoming the 5th least

confident business sector.”

Members of the Chamber of Commerce provided these reasons for the decline in confidence in the construction and property sector:

- Delays in planning approvals
- Unwieldy building control processes
- Inadequate development of infrastructure
- High expectations around developers’ contributions for infrastructure development
- Concerns about the capacity of road infrastructure and traffic congestion

Three sectors recorded positive business confidence in the index for the second half of last year: Energy, Wholesale, Retail, Vehicle Trade sector, and the Arts, Culture and Creative Industries sector.

Business owners and operators indicated what they perceived to be the main constraints to conducting business in the iLembe district in a recent survey undertaken by the Chamber: The key market-related indicators of market size amidst the prevailing economic decline, the district’s competitiveness and its adaptability were indicated as constraints by 60% of the businesses who participated.

The key public sector indicators selected by all the business respondents as primary business constraints were service delivery and infrastructure provision, regulations and compliance, and property rates and taxes.

Others factors that constrained business activity and growth included skill shortages and labour related issues, crime and access to finance and liquidity.

The Chamber concluded that several macro-economic and local factors led to a challenging end to 2022.

Interventions designed to create an enabling environment to advance the inclusion of local SMMEs in the construction and property development sector should be considered against these prevailing economic conditions in the iLembe district Municipality.

As part of the early phases of the Vuthela Programme, the World Bank Group (WBG) undertook a study on the ease of doing business and produced a report

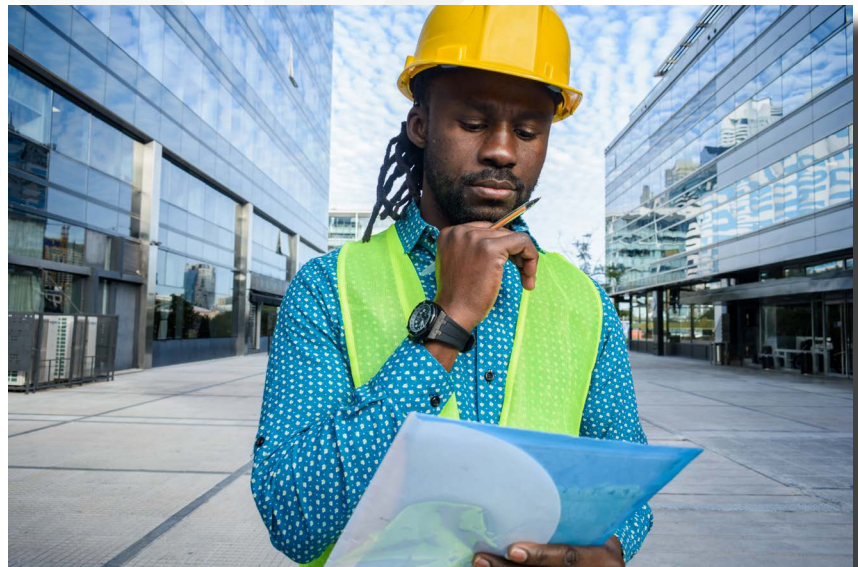


THE WORLD BANK
IBRD • IDA

“Doing Business in iLembe 2015” is the first World Bank Group report studying the ease of doing business in the iLembe district.

Main findings

- South African entrepreneurs face different regulatory hurdles depending on where they establish their businesses. In the iLembe district, this is mainly due to different local regulations in two of the areas benchmarked, KwaDukuza Local Municipality and Mandeni Local Municipality - dealing with construction permits and getting electricity - and differences in the implementation of national legislation in the other three areas measured.



- Starting a private company in iLembe requires six procedures, 56 days (10 days longer than in Tshwane, Johannesburg and Ekurhuleni) and costs 0.3% of income per capita. Compared globally, the process is inexpensive but lengthy - over six times longer than in the average Organization for Economic Cooperation and Development (OECD) high-income economy.
- Dealing with construction permits in iLembe took on average 16 procedures, 110 days and cost 0.80% of the warehouse value, comparable to the South African 9-cities average. The process was 15 days faster in KwaDukuza than in Mandeni but almost twice as expensive as in Mandeni.
- Compared globally, getting electricity stands out as lengthy in Mandeni - 295 days versus an average of 141 days in South Africa or 77 days in the average OECD high-income economy, and complex in KwaDukuza - eight procedures versus an average of five procedures in South Africa or OECD high-income economy.

Compared globally, registering property in iLembe - as in the rest of South Africa - stands out as costly. Registering property in iLembe takes on average of nine procedures, 29 days and costs 6.35% of the property value.

Compare this with 4.7 procedures, 24 days and 4.2% of property value in the average OECD high-income economy.

- Local policy makers can achieve tangible improvements by replicating good practices already successfully implemented in other South African cities or elsewhere.

“Doing Business in iLembe 2015” identifies good regulatory practices, uncovers administrative bottlenecks, and provides recommendations based on examples from the country and the other 188 economies measured by the global “Doing Business” project. The iLembe “Doing Business” benchmarking was requested and funded by the State Secretariat for Economic Affairs of Switzerland (SECO) and was implemented in collaboration with the iLembe District Municipality and KwaDukuza and Mandeni Local Municipalities.

IFC intervention

The International Finance Corporation (IFC), as part of the Vuthela Programme, provided technical assistance to the KwaDukuza Local Municipality (2018 to 2022) that led to an improved process and turnaround times in planning approvals. The technical support facilitated external stakeholder engagements increasing the transparency of the municipality, fostering positive relationships, and increased accountability from the municipality and the private sector.

Reform description

The IFC engaged with the KwaDukuza Local Municipality by:

1. Conducting workshops and focus interviews for situation appraisal [SWOT analysis, problem identification, change management].
2. Conducting workshops to map the as-is process, to-be process and interim solutions.
3. Analysis of the high percentage of referrals.
4. Conducting workshops and interviews to understand the system shortcomings.
5. Making recommendations to achieve quick wins, and longer-term institutionalised process optimisations.
6. Conducting quarterly stakeholder engagements with the private sector (developers, architects, runners, industry bodies).
7. Conducting surveys to obtain feedback and develop a continuous improvement culture.
8. Peer learning with other cities.
9. Solidifying the need for SANS10400 training and licenses.
10. Drafting of the Developers Guide.
11. Signing of Memorandum of Understanding (MOU) with the South African Council for the Architectural Profession (SACAP).
12. Assisting with communications.
13. Providing input into the systems requirements.

The reforms can be identified as:

1. Reduction of referrals
 - a. Continuous assessment of the referrals;
 - b. Improved pre-scrutiny desk by increasing the resources;
 - c. Introduction of checklists at the front desk and online;
 - d. Making the Land Use Management Scheme free of charge (was charged at R1 580 for softcopy and R1 975 for a hardcopy);

- e. Communication to architects through external stakeholder engagements and dedicated technical sessions;
 - f. Signing of the SACAP MOU to share the referrals so that Continuous Professional Development (CPD) can be done; and
 - g. SACAP now provides the SANS10400 licenses to its members for free, which was facilitated during the SABS SANS10400 development of the training.
2. Improved processes (reduction of steps for circulation for high impact projects through the Development Assessment Committee [DAC], updated Standard Operating Procedures).
 3. Improved turnaround times (for site development plans and building plans, prioritisation of minor building works).

4. Improved communications and stakeholder engagements.
5. Reduction of the number of inspections.
6. Combined inspections (fire inspection with final inspection) for high impact projects (that went to the DAC).

KwaDukuza Local Municipality took on the challenge of making reforms although they were heavily challenged with resource constraints. KwaDukuza Development Planning management engaged with the IFC and private sector to understand the realities through various workshops and external stakeholder engagements. The municipality has made significant progress with its digitalisation programme.



Barriers and enablers to inclusive growth

In her 2022 Master thesis on development in South Africa, N Raziya¹ states:

“Despite the South African government’s efforts to achieve inclusive growth, inequality persists. Enterprise and Supplier Development (ESD) was introduced to promote economic transformation for small, medium, and micro-enterprises (SMMEs).”

She points out that the conceptual framing of ESD is consistent with social innovation and inclusive innovation frameworks which advocate for inclusive innovation that disrupts traditional social practices and relationships.

“Key enablers to ESD implementation included visionary leadership, a visible shift in mindsets amongst some corporates’, and an enabling

legislative and policy environment.

“Barriers to ESD implementation included the legislative burden associated with B-BBEE, and lack of capacity amongst ESD actors,” she states.

In their paper on the factors that hinder the growth of small businesses in South African townships, authors Boysana Mboyane and Mmboswobeni Ladzani² found that the slow growth rate was partly due to the lack of support that SMMEs received from support institutions, and partly to their own internal weaknesses.

The findings revealed that the most common factors impeding business growth were a lack of legal knowledge, a lack of funding and a general lack of business acumen.



Challenges faced by small businesses in South Africa

Here follows an edited extract from their paper, which offers many pertinent solutions to the challenges raised:

Lack of access to finance

Access to finance is one of the most significant barriers to small business growth in South Africa. Many small business owners struggle to access funding from traditional banking institutions due to a lack of collateral, credit history, or financial records. This makes it challenging for them to secure loans or other forms of funding to expand their businesses.

Difficulty in complying with regulations

The South African government has implemented numerous regulations to protect consumers, workers, and the environment. However, these regulations can be a challenge for small business owners who lack the necessary expertise and resources to navigate the complex regulatory environment.

Small business owners must comply with numerous regulations, including tax laws, labour

laws, and environmental regulations. Failure to comply with these regulations can result in fines, legal action, and damage to the business's reputation.

Limited market access

Small business owners often struggle to access markets beyond their local communities. They lack the necessary resources and networks to expand their customer base and reach new markets.

Skills shortages and access to talent

Small business owners in South Africa often struggle to attract and retain skilled talent. This is because large corporations and multinational companies often offer higher salaries and better benefits, making it challenging for small businesses to compete.

Infrastructure and technology constraints

Small businesses in South Africa often struggle with inadequate infrastructure and technology. This includes a lack of reliable electricity, poor internet connectivity, and outdated technology systems.

Solutions to the challenges faced by small business in South Africa

Government support programmes for small businesses

The South African government has implemented numerous programmes to support small business growth and development, including funding for small businesses, export promotion programmes, and enterprise development initiatives.

Alternative financing options

Small business owners can explore alternative financing options like crowd-funding or venture capital to access funding.

Industry associations and networks

Small business owners can join industry associations and networks to access industry-specific knowledge, networking opportunities, and marketing support. Additionally, industry associations can advocate for the needs of small businesses and provide a platform for small business owners to voice their concerns and ideas.

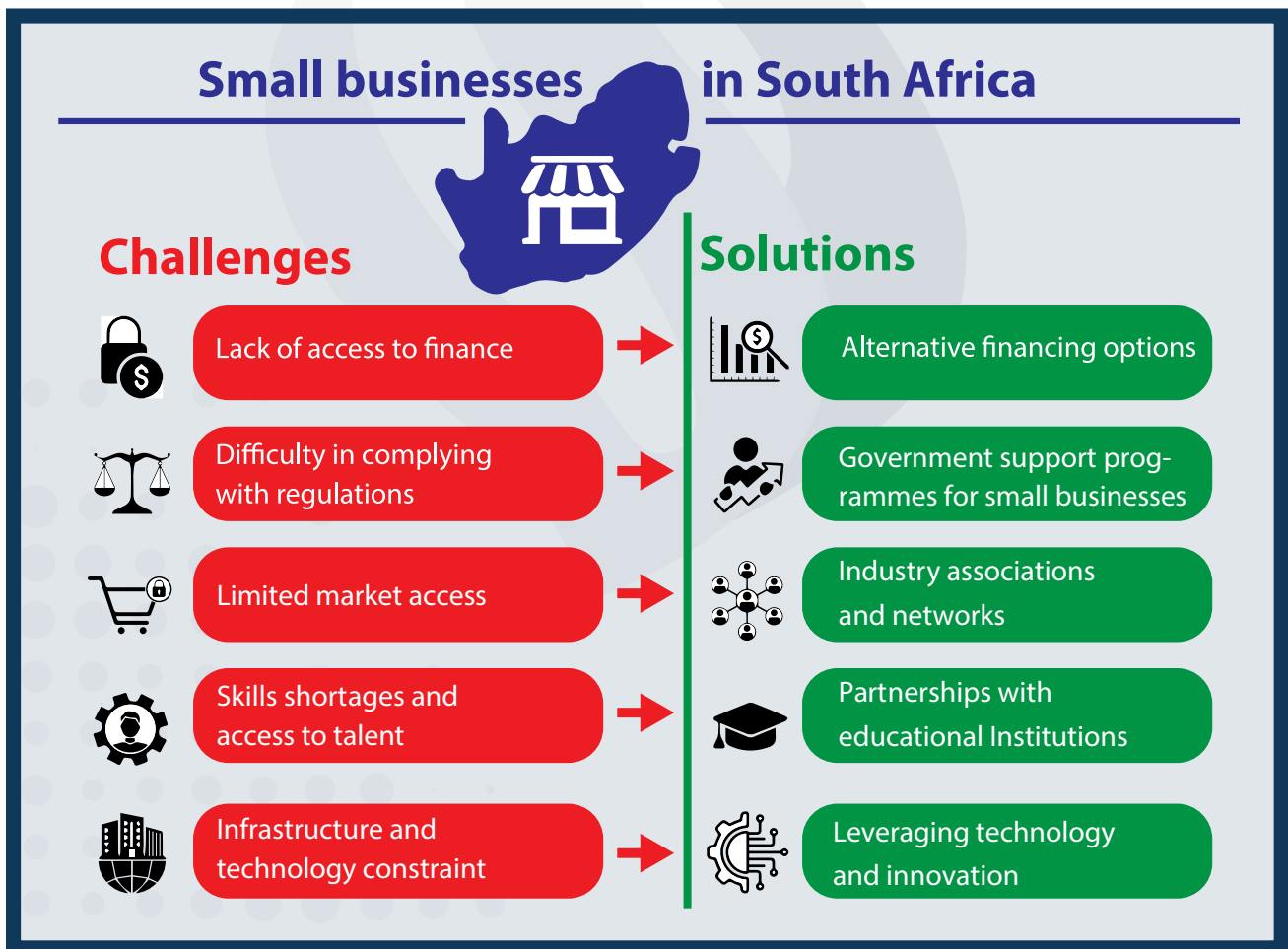
Partnerships with educational Institutions

Small businesses can partner with educational institutions to develop their talent pipeline and attract skilled talent. Additionally, small businesses can offer attractive compensation

packages, flexible working arrangements, and opportunities for career growth to retain their talent.

Leveraging technology and innovation

Small businesses can leverage technology and innovation to overcome infrastructure constraints. This includes using cloud-based software, mobile apps, and e-commerce platforms to streamline operations and expand their customer base. Additionally, the South African government has implemented numerous programmes to support the growth of the technology sector, including tax incentives and funding for research and development.



Solutions to the challenges faced by small business in South Africa

Part two: Interventions underway

Small businesses play a crucial role in the South African economy.

These businesses face numerous challenges that hinder their growth and sustainability.

Access to finance, regulatory compliance, limited market access, skills shortages, and infrastructure constraints are some of the most significant challenges faced by small businesses in South Africa.

Several interventions are underway in the iLembe district to address these challenges and accelerate inclusive business growth.

through the South Africa's National Treasury and will change some municipal processes, including translating by-laws into isiZulu. The Vuthela Programme's Private Sector Development component assisted KwaDukuza Local Municipality to prepare the technical proposal to secure the funding from the EU GBS programme.

Applications for building plans, town planning, occupation certificates, outdoor advertising, rates clearances, electricity connection, business licenses and informal trading permits will be converted to online platforms to facilitate the approval process.

The online systems will allow applicants to track their applications and municipal officials to monitor the process through every step.

The success of Senza-Lula also relies very much on the involvement of different stakeholders; therefore, the campaign is rooted across all business units.

Senza-Lula will make it easier for consumers, businesses, staff, councillors and investors to interact with the municipality and is expected to transform the way that municipal business is conducted in the KwaDukuza Local Municipality.

Senzalula



The KwaDukuza Local Municipality has initiated the Senzalula Programme to make it easier to do business in the area and to improve municipal performance. The programme will make it easier for small business owners and emerging entrepreneurs to start and operate their businesses, opening the way for new entrants to participate in the local economy.

Senzalula ("we make it easy") is funded by the European Union (EU) through the General Budget Support (GBS) Programme administered

The success of Senza-Lula also relies very much on the involvement of different stakeholders; therefore, the campaign is rooted across all business units.

Enterprise development

The KwaDukuza Local Municipality's Economic Development and Planning division conducts programmes to train and upskill entrepreneurs and business operators in the region.

Specific attention is paid to small businesses through a SME development programme.

The iLembe Chamber of Commerce, Industry & Tourism has initiated programs to address the challenges facing small local business operators, including contractors operating in the built environment.

These challenges include a lack of specialised skills to take up opportunities that emerge, lack of access to finance to fund growth, difficulties in complying with regulations and licensing requirements to gain acceptance as contractors to large companies, lack of access to relevant information about imminent construction projects coming up, and accessing opportunities.

Barriers to entry in the property development sector are notoriously onerous, with a general development environment that is considered to be equally demanding by the Chamber.

The regulatory and administrative environment is considered challenging by existing, experienced developers, with new, emerging, developers that want to enter this market unfortunately unable to escape this reality.

The time sensitivity of property development makes the ease and speed of development approvals, among others, critical to the financial feasibility and risk of a development - the success and profitability of a project is dependent on it.

This is especially true in periods of rapidly increasing input costs, and higher inflation in general, where it is not uncommon for developers to rework development costs, and return on cost, in between development plan submissions.

Developers, like any other businessperson, identify and manage risks through research, due diligence, and risk assessment before initiating a project. The threat of unknown risks in property development, such as ad hoc development charges and infrastructure contributions, remain a significant concern. This risk can be managed through ensuring transparency, clarity and certainty around these charges.

Interconnected with the development sector, the construction sector appears to be a crowded maze, says the Chamber. Efforts to create credibility for legitimate emerging contractors have been frustrated by the construction mafia and business forums, with cost and work quality consequences.

The Chamber has been supporting a number of emerging developers, mostly through skills development, guidance, facilitation and access to professional expertise.

The Chamber launched the iLembe Emerging Contractors programme as part of the iLembe Business Stability Initiative. The programme is presented in collaboration with the Balwin Foundation, and several developers and contractors in the district, and also specialist suppliers such as Saryx's HSEC Online. The programme is presented by the KZN Master Builders Association.



The programme allows for the transfer of critical skills and knowledge relating to the built environment, but equally important allows exposure of these nominated emerging contractors to be absorbed into the supplier databases of developers, main contractors and even subcontractors.

A key feature is the need to develop skills required to compete and participate in a modern, compliant and safe build environment.

Other programmes undertaken by the iLembe Chamber includes a business accelerator programme, titled The Entrepreneur, for small business owners with an annual turnover of less than R6-million. The digital home of the programme is the entrepreneur.net.za, and entries for the 2023 programme are currently being considered.

The Chamber also conducts workshops, seminars and information sessions, in partnership with all four local municipalities, as part of an Outreach initiative aimed at improving the operations and financial fitness of SMMEs.

Developer Property Point is one of several private companies that conducts programmes designed to speed up the inclusive growth in the property sector. These Enterprise Development Programmes are aimed at bringing small emerging local businesses into the sector through appropriate training and mentoring.

The company has an approved LED policy which sets aside 30% of its total spend on small and medium businesses, which typically include those offering cleaning, security, and small construction services.

Property Point works with the national YES

Programme to stimulate and enhance employment opportunities for youth in the iLembe district.

Property Point also conducts a Women in Property programme to promote the participation of women in the sector.



The elements of the training programme include tuition and mentoring, aimed at developing business plans, as well as marketing and branding. The winners will receive development funding to expand their business.

The Entrepreneur programme, through a national collaboration between the iLembe Chamber and Airports Company South Africa (ACSA), will be rolled out to regions across South Africa where ACSA has a presence, commencing in 2023 with the George Airport and the George Business Chamber.



Part three: Key issues for the future

The iLembe Chamber concluded its latest Business Confidence index by referring to the steps that will be required to boost inclusive business growth in the region in the future:

“A concerted effort is required in addressing the “basics” - a responsive and effective public sector, refurbishing aging infrastructure, enhancing law and by-law enforcement, curbing community unrests, reining in the cost of doing business and removing red tape. These elements are all essential for local businesses to overcome the numerous structural and other modern economic challenges.

“The private sector and local government within the iLembe District are committed to dynamically partner on specific initiatives to stabilise our economy, and that will aid the viability and growth of small and medium enterprises and secure investment in key economic sectors and geographies in our district.”

It is noteworthy that the key reforms suggested by the Chamber are accompanied by a call to collaboration through partnerships.

Options to stimulate policy and practice reforms include changing functional areas and business environment to reduce costs and risks for all business, for example simplifying business registration and licensing; improving tax policies; enabling better access to finance; improving access to land titles; enhancing public-private dialogue; and developing appropriate quality standards for products and services. Inclusive business literature refers to specific government measures such as subsidies, tax waivers,

mandatory inclusion, or preferential public procurement as potential options to stimulate inclusive business growth.

Targeted interventions to support specific businesses activities or sectors include modified licensing regimes for highly innovative inclusive business models in sectors that feature only limited private sector participation (such as energy or health) and specific legislation that allows access to relevant forms of finance or allows entrepreneurs to act as providers of finance to the poor, for example mobile and agent banking.

National Treasury has developed business reforms to advance inclusive growth. National Treasury recognises that the combination of low growth and rising unemployment makes South Africa’s economic trajectory unsustainable and has proposed a series of growth reforms that promote economic transformation, support labour-intensive growth and create a globally competitive economy.

National Treasury highlights six fundamental building blocks for sustainable long-term growth and a series of specific reforms to raise potential growth. While these factors do not relate directly to the property and construction sector, they do refer to all sectors of the economy.

The themes that underpin the growth reforms are:

- modernising network industries
- lowering barriers to entry
- addressing distorted patterns of ownership



through increased competition and small business growth

- prioritising labour-intensive growth
- implementing focused and flexible industrial and trade policy
- promoting export competitiveness and harnessing regional growth opportunities

“Network industries such as energy, transport, and telecommunications, provide essential services that underpin the growth, productivity, and competitiveness of an economy,” states the Treasury.

South African network industries face challenges including the absence of efficient economic regulation, old and poorly maintained infrastructure, a lack of access to quality services, and poorly managed state-owned companies.

Specific interventions should be prioritised to address these challenges by improving the national electricity, telecommunication, transport, and water system.

The reforms outlined by National Treasury should be accompanied by improving the fundamental building blocks for sustainable economic growth:

- Improving educational outcomes by aligning learning to labour market needs.
- Implementing youth employment interventions that incentivise job creation like learnerships and apprenticeships.
- Expanding affordable public transport systems and prioritising targeted housing and urban development interventions.
- Addressing the skills constraint.
- Delivering a capable state supported by a new compact between the government, private sector, and other social partners.
- A stable macroeconomic policy framework underpinned by a flexible exchange rate, inflation targeting, and credible and sustainable fiscal policy.

The African experience

South Africa’s national challenges in forging inclusive business growth are part of broader issues facing the entire continent. Solutions to the South African problem can be found by considering the experience of inclusive business interventions in Africa.

In their post on “The 10 key drivers for inclusive business in Africa”, Rob van Tulder and Siri Lijfering argue that “we need to fundamentally reshape the way we think about growth: from a focus on GDP as the single (and misleading) metric for development to inclusive societies as the basis for sustainable development and growth”.

This will enable the continent to tackle some of the greatest challenges the Africa is facing, such as extreme inequality, poverty, food insecurity, access to health and education, and climate change.

“The private sector plays a vital role in facilitating this transition,” they concluded, after conducting research into 100 companies and organisations in Africa at The Partnerships Resource Centre of the Erasmus University in Rotterdam.

Their research was published in a book titled *Inclusive Business Strategies in Africa. A Business Model Perspective*,³ which details the 10 driving factors that turn societal challenges into opportunities and create shared value through inclusive business practices.

The driving factors that emerged from the study bear close resemblance to the challenges, and the opportunities to create solutions, that are prevalent within the IDM.

In summary, these are:

1. Inclusiveness as a process rather than an outcome

Formulating an inclusive value proposition and striving towards a triple bottom line that aims for a positive social and environmental impact in addition to a financial return on investment, and designing processes of co-creation to cater for the needs of low-income and marginalised groups and working with partners that can complement resources.

2. The importance of a societal mission-driven identity

Developing a mission statement and connecting it to the Sustainable Development Goals (SDGs) helps organisations to become more focused and able to connect with others that are set out to work on the same issues.

3. Long-term strategy and vision

Inclusive business is not a quick-fix and entrepreneurs need to be in it for the long haul. Inclusive business entrepreneurs need a long-term investment horizon and commitment to work on institutional as well as business development.

4. Creating space for intrapreneurship

Inclusive businesses are made up of inclusive business entrepreneurs that develop innovative solutions for pressing societal needs. Creating a business environment where ‘intrapreneurship’ can flourish is crucial for inclusive business success.

5. Organising last mile distribution

Rural areas are often accessible only by poor quality road infrastructure; products and services providing essential societal value often do not reach the intended customers or are more expensive and of lower quality than the products

available to other populations. Organising last mile distribution, either by leveraging existing retail channels or developing new distribution channels, is a critical aspect of inclusive business success.

6. Serving local needs

Contextual factors determine to a large extent the uptake of the inclusive business model. To develop a business model that caters to specific local needs and requirements, inclusive businesses need to have a thorough understanding of the local context.

7. “If you want to go fast, go alone. If you want to go far, go together”

Contributing to inclusive development requires moving from stand-alone initiatives to innovation ecosystems in which a variety of partners work together to reach greater societal impact. Engaging in cross-sector partnerships can provide businesses with complementary resources and capabilities needed to create and

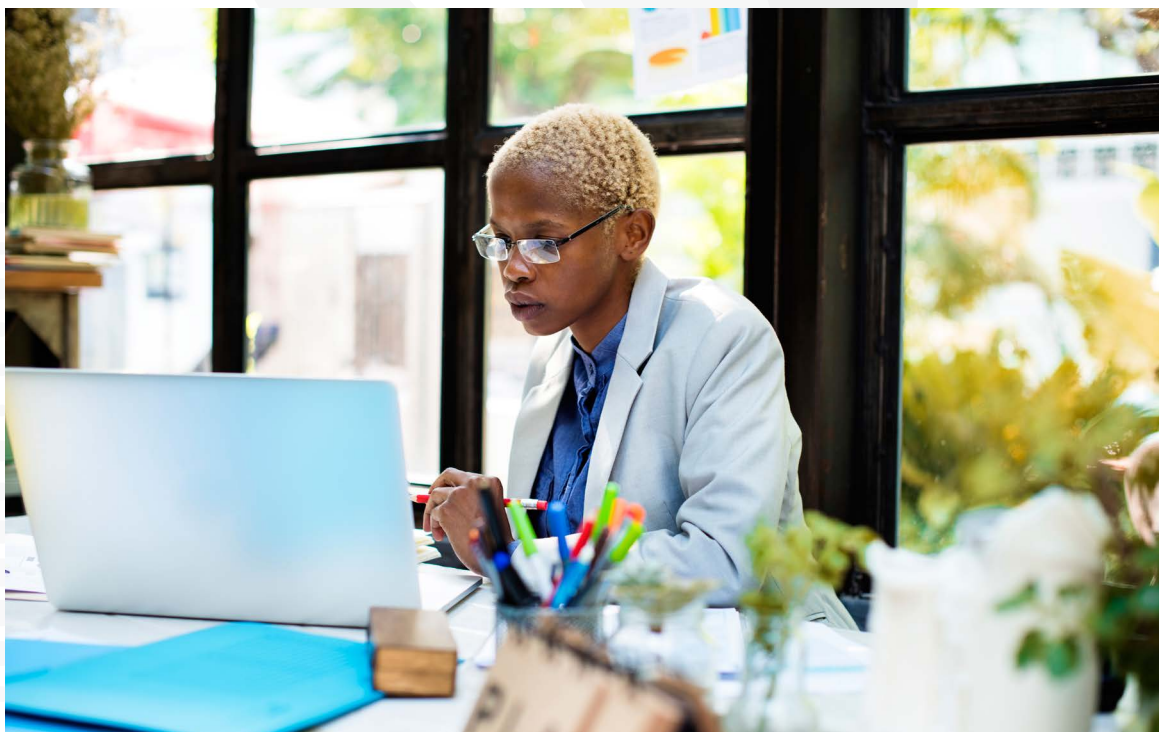
deliver value in novel ways while minimising costs and risks.

8. Scaling

Scaling is important both from a business perspective: to reach commercial viability by compensating for low margins, and from a development point of view: to meet the needs of the four billion people living in poverty. Inclusive businesses can employ different scaling strategies that focus on developing new products or services, entering new markets or a combination of both.

9. Managing by measuring

Many inclusive ventures often have longer expected payback periods and standard business protocols, and evaluation methods are not fit for purpose. Inclusive businesses need to formulate and evaluate environmental and social key performance indicators as well as financial targets to reach triple bottom line impact.



10. Creating a learning environment

To develop a successful inclusive business model, inclusiveness needs to be institutionalised within the core business by creating a learning environment that captures and shares lessons from inclusive business success and failures.

In their published paper on the links between business and development, Virginie Bonnell and Filippo Veglio³ argue that business has a critical role to play in accelerating progress towards development and to underpin its license to operate, innovate and grow,

“Companies can most notably develop inclusive business ventures, that is, sustainable business solutions that expand access to goods, services, and livelihood opportunities for low-income communities in commercially viable ways.

“The notion of inclusive business calls for additional focus and innovation in the way companies do business. It involves creating new forms of employment, new markets, and affordable products and services. This spurs economic growth and encourages entrepreneurship.”

Pointers to the future

The learnings from initiatives designed to foster inclusive growth in Africa offer many potential solutions for the iLembe district.

Many business organisations and municipalities in iLembe are already undertaking initiatives to speed up inclusive growth in the construction and property sector, and in business in general.

However, notable gaps appear to be the acknowledgment and formalisation of the social mandate for sustainable transformation through inclusion as part of the business operations and process, and the level of partnerships and collaboration need to execute inclusive growth plans and projects.

Combining the business and social mandates offers potential to develop a unique exercise for inclusive economic development.

It also has the potential to turn the challenge of social transformation into a solution for economic growth by bringing in innovative entrants, expanding markets for goods and services and serving local needs with non-traditional products.

A high level of collaboration and coordination between the private sector, the public sector and communities within the iLembe district will be required to implement such an over-arching enabling intervention and to create additional ones that will support future reforms.

This suggests that a dedicated platform should be created to focus on bringing all the relevant stakeholders together, enabling them to plan and execute strategies for inclusive growth in the property and construction sector in the iLembe district. Such a growth coalition would include municipal officials, private property developers, Enterprise iLembe, public regulators, business and community representatives.

The iLembe District Economic Development Facilitation Committee was established with a fully-fledged constitution in August 2017, with the objective of “providing an interface between Local Government, Business, Labour and Social Partners operating within the iLembe District.

The constitution notes that: “The committee aims to promote investment and job creation through unlocking bottlenecks that inhibit development within the district.

The structure was underpinned by a formal Memorandum of Understanding signed between the iLembe Chamber of Commerce, Industry and Tourism and the iLembe District Municipality on 31 October 2017. The committee was to meet twice in 2018, but has been moribund since then, despite an admission reflected in the minutes of 11 April 2018, by the then Mayor of the iLembe District, Councillor S Gumede that:

“The iLembe District is facing challenges of poverty, inequality and unemployment. Government is not able to address these challenges alone but need to work with the private sector. Previously there has been a disjuncture between government and the business sector. In order to ensure that an enabling environment is created both have to work together. Communication is also key so continuous engagement is critical in order that we meet the mandate of driving economic

development, attracting new investment and retaining and growing existing business”.

There currently is no functioning structured platform to promote public-private dialogue and programming for business enablement and inclusive growth in the iLembe district.

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