THE KWAZULU-NATAL SPATIAL ECONOMIC DEVELOPMENT STRATEGY (PSEDS): PROMOTING URBAN AND RURAL LINKAGES IN THE BEST INTEREST OF RURAL AND URBAN DEVELOPMENT

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ABSTRACT

KwaZulu-Natal, geographically one of the smallest provinces, accommodates the second largest population of the nine provinces in South Africa, with more than 50% of this population living in impoverished rural areas. In response to a spatial assessment of the developmental challenges it faces and the development of a detailed profile of the province, the KwaZulu-Natal Government set specific development targets and adopted a Provincial Spatial Economic Development Strategy (PSEDS) to achieve these targets. This strategy is focused on strengthening urban and rural linkages through the identification of priority nodes and corridors to guide and focus government’s social and economic development programmes. This paper gives a high level overview of this strategy and progress made to date.

THE KWAZULU-NATAL PROFILE IN A NUTSHELL

KwaZulu-Natal is one of nine provinces of the Republic of South Africa. Although this province only covers 7.6% (92,100 km²) of the land area of South Africa, it hosts a population of 10.1 million, or 21% of the total population of South Africa. A distinguishing characteristic of this province, commonly referred to as the Kingdom of the Zulu Nation, is that in addition to it having 61 municipalities responsible for local governance and infrastructure development, it also has a well defined system of traditional leadership with 286 Traditional Councils having jurisdiction on 30,783 km² of communally owned land held in trust (the Ingonyama Trust) for the people residing in these rural traditional areas.

Spanning much of the Indian Ocean east coast of South Africa, KwaZulu-Natal is home to the two largest ports in Africa, namely the Port of Durban (eThekwini Metropolitan Municipality), and the Port of Richards Bay (Umhlatuze Municipality) and also shares
international borders with three neighbouring African countries, namely Mozambique, Lesotho and Swaziland. The newly completed King Shaka International Airport and the Dube Trade Port in Durban provides a new multimodal airport facility for both freight and passenger functions that will further enhance access to local, regional and international markets.

According to the latest household survey conducted by Statistics South Africa in 2007, 49% of the KwaZulu-Natal population resides in a rural environment, whilst 30% of the province’s population is living within the eThekwini Metropolitan area. A significant observation in the distribution of the KwaZulu-Natal population is that almost 70% of this population resides within the seven municipal areas that are also responsible for about 90% of the Gross Domestic Product (GDP) of the province. This observation, which starts to point to the nature and extent of urban/rural linkages in the province, is further emphasised by projections based on current population growth and migration trends, which anticipates that a further 3 million people will have to be accommodated within an urban environment in KwaZulu-Natal by 2014.

More than 50% of the 2.2 million households in the province have a combined monthly income of less than R 1 600 per month and 22% of the population survive on less than 1 US $ per day. This state of poverty is further exacerbated by the fact that the average life expectancy in KwaZulu-Natal is currently just above 40 years of age and has been declining notably since 1996. The reason for this decline can largely be attributed the impact of HIV/AIDS, and in particular the impact of AIDS on infant mortality. A spatial depiction of the distribution of poverty throughout the province indicates that the majority of poor households are found in rural areas, although the density of poverty is concentrated in the seven, mainly urban, municipalities.

As far as the economy of the province is concerned, the KwaZulu Natal contribution to the National GDP stands at 16.4% and the average growth rate over the last five years was in the order of 4.1%. The predominantly urban based services sector is currently the largest contributor to the GDP with a contribution of 52% and employing 45% of the labour force, whilst the predominantly rural driven by the agricultural sector, contributes in the order of 4% of the GDP and is responsible for only 11.6% of all formal employment opportunities in the province. The contributions of the primary and secondary sectors have been declining steadily over the last ten years, emphasising migration to a predominantly urban based economy.

The South African policy environment recognises the existence of a single integrated economy in which one section of this economy consists of a formal, structured, well organised and competitive economy, whilst at the other end of the scale there is a very informal and largely subsistence economy focusing on trade and agricultural production.
It is further recognised that these two extremities of the South African economy can function in a synergistic and mutually beneficial relationship, but that more needs to be done to strengthen the linkages between what has commonly been phrased as the first and second economies. The focus is therefore largely on creating opportunities for new entrants to the economy and to ensure that these new entrants are able to move up to an appropriate level on the economic formality ladder. Within KwaZulu-Natal there is a specific focus on rural communities living on the 3.3 million hectares of Ingonyama Trust Land that is in desperate need of development and is ideal for increased agricultural production, as well as commercial, residential and tourism development.

It is therefore clear that although this province has vast development opportunities, it is facing serious challenges. The current Provincial Government, in pronouncing its vision and development objectives for the next five years, has indicated that land and agrarian reform programmes are to be the key drivers in promoting rural development and food security. The Provincial Spatial Economic Development Strategy (PSEDS) identifies a series of priority nodes and corridors where government will be actively promoting development opportunities by providing infrastructure development support funding to municipalities to facilitate investment opportunities.

RATIONAL FOR THE PROVINCIAL SPATIAL ECONOMIC DEVELOPMENT STRATEGY (PSEDS)

Based on the profile of the province and a deep understanding of the nature and extent of poverty and inequality in the province, the Provincial Government of KwaZulu-Natal adopted a Provincial Spatial Economic Development Strategy (PSEDS) in 2007. As an economic development strategy it has set specific targets against which the performance of the economy could be measured in its effectiveness in addressing issues of poverty and inequality in the province. These targets are inter alia to half poverty, illiteracy, unemployment and HIV Aids prevalence in terms of the province’s projected population by 2014, as well as a range of other economic performance targets.

As was emphasised in the profile of the province, it is anticipated that KwaZulu-Natal will have to accommodate an additional 3 million people in an urban environment by 2014, largely as result of an increased rate of urbanization. This raises the question as to where the largest proportion of these people will be moving from and where it is that they will be moving to. It is reasonable to expect that outmigration will be most prevalent in the most deprived rural areas and that if nothing is done to stem the current trends in the province, the majority of these migrants will move to the seven dominant urban municipalities, with the largest share moving to the Durban metropolitan area.
The migration patterns in the province further indicate that this movement of people from deep rural areas, more than often flows through a hierarchy of places. Initial urbanisation is in many instances to a local or regional node and then from there, as a "secondary" form of urbanisation, to a higher order centre. This situation obviously creates a range of challenges at both ends of this scale, with the depopulation of rural areas and the overburdening of already stretched urban capacity to provide social and economic prospects for migrants. This process therefore poses the risk of exacerbating both urban and rural poverty, if not managed.

The PSEDS therefore sets out to respond to this challenge by targeting:

- areas where people are most likely to move from, based on a prioritization of areas of need; and
- the spatial location of specific economic sectors with best potential for growth in the form of identified nodes and corridors that has the potential to create new opportunities to absorb the inevitable tide of urbanisation, but also to provide a denser network of social and economic services to rural communities and to stem the tide of urbanisation.

This PSEDS is thus underpinned by a principle of spatial prioritisation, resulting in the identification of specific focus areas and economic sectors to direct and facilitate the integration and alignment of government investment. The intention is to focus government’s investment and expenditure on productive infrastructure in identified priority areas and to generate an economy of scale for maximum impact, by ensuring that all government agencies are active participants in these focus areas, creating an environment in which private sector will be enticed to invest, grow the economy and to create employment opportunities. On the other hand it promotes social investment in areas with high needs but which rate low on potential for economic growth.

The 2007 Provincial Spatial Economic Development Strategy identified agriculture, tourism, manufacturing and the service sector as the four key drivers of the KwaZulu-Natal economy with the largest potential being identified in the field of agriculture. The approach followed in drafting the PSEDS was to identify and map areas with the highest existing and future development potential for each of these four key drivers. These four maps were then overlaid and a composite map of development potential was prepared.

Acknowledging the need for shared growth and to promote opportunities that will be effective to alleviate poverty and inequality, the PSEDS also mapped areas of greatest need by creating an overlay of service backlogs for water electricity and sanitation, as
well as a poverty index map of the province. By creating a further overlay of the potentials map and the needs map it was possible to prioritise areas where both potential and needs are identified as high.

These areas of **high need** and **high potential** were subsequently transposed over a map depicting all the existing and potential future nodes and corridors in the province. These nodes and corridors were then in turn prioritised based on the number of sectors that were identified as potential growth sectors in that area. A corridor where all four of the key growth sectors and a range of needs factors were present, was given a higher rating than a corridor where only one or two growth sectors were present. It is on this basis that six priority corridors were identified for intensified investment in productive infrastructure.

Each of the six priority corridors in the province has a particular focus and it is not possible to elaborate on each corridor within the context of this paper. By means of example, the rational for the primary corridor in the province, namely the area between the City of Umhlatuze (Port of Richards Bay) and the eThekwini Metropolitan area (Port of Durban), is explained as follows. This corridor is intended to promote the movement of goods, people and services between the largest ports in Africa and focuses on:

- A coastal strip with outstanding tourism with high end residential development and prospects for foreign direct investment in property and real estate development;
- An inland zone with exceptional agricultural development potential within a shadow corridor of rural poverty where the highest density of rural poverty is found in the province. The focus here is on creating new agricultural production and agri-processing opportunities linked to export facilities created with the construction of the new international airport and trade port;
- Expanding existing manufacturing facilities and potential in the nodes of KwaDukuza (Stanger) and Mandeni in the centre of this corridor. This location is ideal for the import of raw material via the bulk port at Richards Bay and the export of high value commodities either via the new international airport or the high value Durban Port; and
- Promoting the services sector in a range of smaller nodes within this corridor, including the formalisation of traditional rural villages as potential new towns and entrant areas for new urban dwellers.
IMPLEMENTING AND MONITORING STRATEGY IMPLEMENTATION

In following through from strategy development to implementation, as well as establishing a process for monitoring and evaluation of implementation, the KwaZulu-Natal Government firstly established and mandated appropriate institutional structures to oversee the implementation of this strategy. At provincial level, the Economic Cabinet Cluster is accountable for its implementation and Municipal Corridor Steering Committees have been established in each of the six priority corridors.

The PSEDS was also incorporated into and to a large extent directed the Provincial Medium Term Strategic Framework and municipal Integrated Development Plans (IDPs), which serves as a basis for budget allocations to the respective provincial departments. Each Department is required to indicate in its Strategic and Annual Performance Plans the extent to which its strategies, programmes, as well as budget placement and allocations reflect the imperatives of the PSEDS. Departments are now held accountable by Provincial Treasury and the Economic Cabinet Cluster on its level of performance in delivering on the targets set in the PSEDS.

In order to provide a further stimulus for the implementation of the PSEDS, the KwaZulu-Natal Government adopted and resourced two programmes to support the implementation of the PSEDS. The first was a Corridor Development Programme which funds catalytic interventions in each of the six corridors in support of the prioritised sectors in each corridor. The second is a Small Town Rehabilitation Programme which is focusing support to smaller towns and villages to strengthen their position within the hierarchy of places within the province. This approach acknowledges that these small urban centers perform a critical function in rural development is therefore essential to retaining and expanding the distribution of critical services to rural areas.

The Inter-departmental Task Team responsible for managing the implementation of the PSEDS has now developed a database of all capital projects undertaken by departments over the last three years, as well as those planned for the current medium term expenditure framework period. This database provides for basic project information, but most significantly, it also provides a mechanism for the spatial referencing of these projects. It is therefore now possible to map all new capital projects on a GIS layered database which displays visually the extent to which capital investment is made within the priority corridors. From a monitoring and evaluation perspective, it has now become possible to see if the outputs of departments are reflective of provincial strategic objectives.

It is still too early to measure the impact of this strategy with any level of accuracy, but the initial responses and indications are all extremely positive. The first review of this
strategy has already been commissioned and will be based on an updated profile of the province as regularly as new statistics become available. This will enable a process where trends can be monitored and where the required adjustments can be made to the strategy and its supporting programmes.

In conclusion, it is believed that the development and implementation of the KwaZulu-Natal Spatial Economic Development Strategy has the potential to strengthen urban/rural linkages, which stands to benefit both urban and rural development objectives. It is acknowledged that this is not a rural development strategy per se, and that it has an economic bias which still has to be balanced by a similar social strategy, but it is irrefutable that it stands to change the future settlement patterns of the province in a very significant way. This strategy strongly promotes a notion that the future of rural areas is largely determined by urban processes, and visa versa.

It is important to understand that integrated and holistic development is not only about the integration and alignment of sectors, but is only possible if we integrate and align within a spatial context where the space between urban and rural is not seen as a divide but as a continuum between two ends of the same space.

Thank you.

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