

STEVE TSHWETE

LOCAL MUNICIPALITY

*Local Economic
Development Plan*

2006



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VISION STATEMENT

“To be the best Local Municipality in the world in service delivery”

MISSION STATEMENT

“The Steve Tshwete Local Municipality is committed to the total well being of all its citizens through:

The rendering of affordable, accessible, efficient and quality services

The maximising of infrastructural development through the utilisation of all available resources

The implementation of effective systems and procedures

The creation of an enabling environment for local economic development

Effective co-operation with relevant stakeholders”



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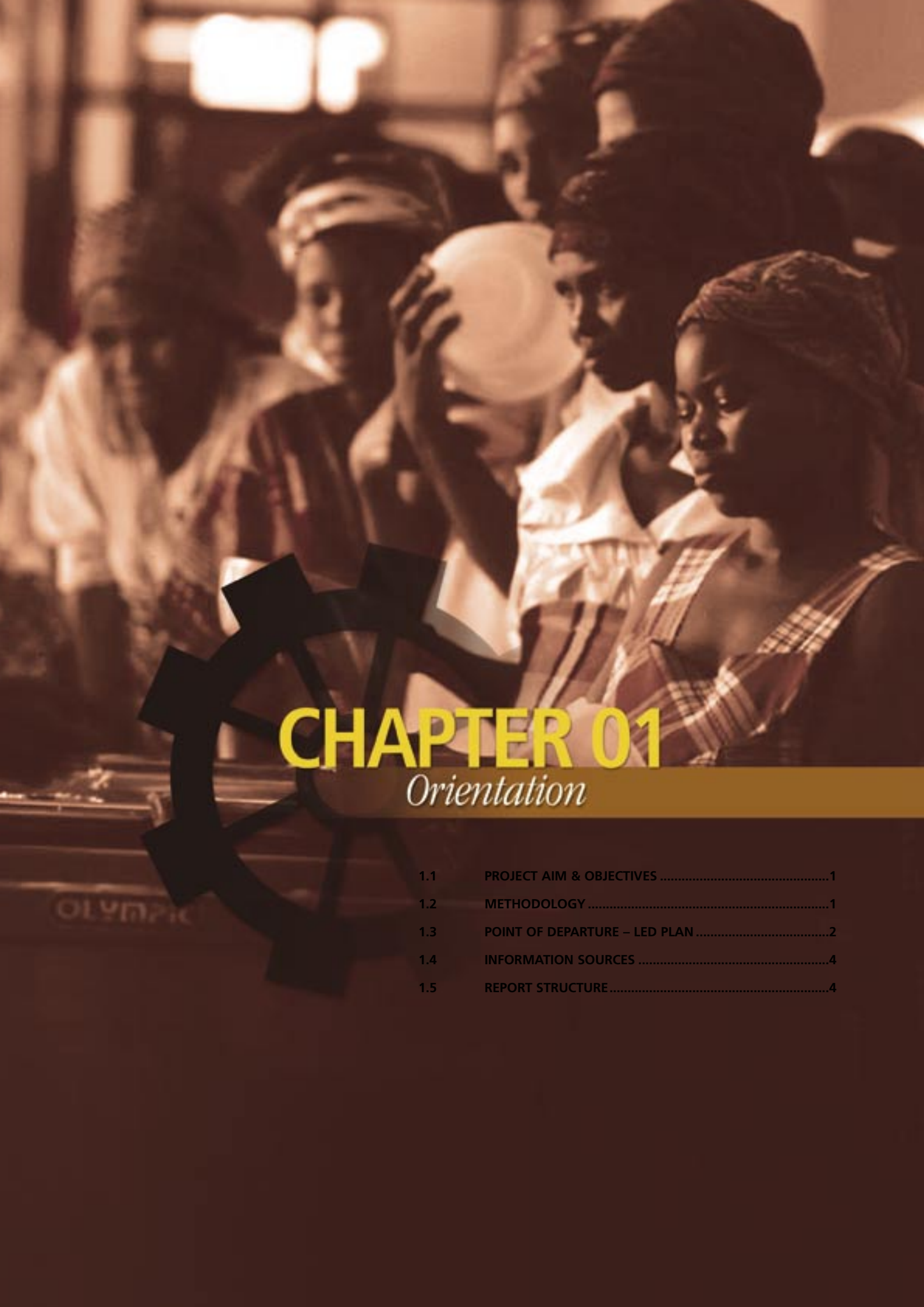
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CHAPTER 01

Orientation

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ORIENTATION

The Nkangala District Municipality (NDM) consists of a total of 6 local municipalities situated in the Mpumalanga Province. As part of the local government mandate, the NDM has been actively involved in the developing of a district level Local Economic Development Plan (LED Plan). As part of this process, the NDM has contracted **Urban-Econ: Development Economists** to assist them, and the various local municipalities throughout the district with their LED developmental function.

In this light, the formulation of an "Integrated LED Implementation Assistance Plan" for the NDM to guide the implementation of the District LED, to ensure the alignment of Local Municipal LED projects while facilitating a shared and common LED approach in the district as a whole" is being undertaken. An integral part of this process is to ensure that the various role-players have a workable framework within which the implementation of LED, from a municipal level can take place in a coordinated fashion. **This document contains the specific outcomes for the Steve Tshwete Local Municipality.**

1.1 PROJECT AIM & OBJECTIVES

The ultimate aim of the project is to design a framework that, as outlined in the introduction, provide a framework through which the (existing) NDM LED Plan can be "re-packaged" to ensure seamless implementation. Therefore, the objectives of this project are to design a suitable implementation framework that takes the local municipalities, and associated capacities, into consideration. In this light, the preceding, the main objectives were identified for this study

- To review and collate all LEDs completed within NDM
- To repackage LED projects for "Local Municipal Implementation"
- To develop an LED implementation assistance plan

It is critically important to realize that the NDM has a comprehensive and extensively communicated LED Plan. As part of the overall process that was followed during the drafting of the LED plan, 5 business plans were drafted for the "Anchor Projects" as identified during the process. It is emphasized that this project does not aim to identify specific "employment creation"-type projects, but rather to ensure that the "development facilitation"-type activities captured in the LED Plan is implemented. The reader is referred to the Nkangala District Municipality for a comprehensive indication of the business plans.

1.2 METHODOLOGY

From experience, the successful completion of complex research and associated strategy formulation is directly related to the execution of the project based on a predetermined project methodology. However, as a result of the in-depth knowledge that Urban-Econ has gained through the involvement with the NDM, a number of ancillary steps have been avoided. The salient features of the approach followed is summarized in the subsequent paragraphs i.e. the methodology is not discussed in detail. A total of 5 steps are discussed.

- **Step 1: Orientation:** The first step was used for orientation purposes and an inaugural meeting was held with the client to finalize the project goal, objectives, process deliverables and programme.



- **Step 2: Updated profiles:** The purpose of this step was to incorporate and collate updated profiles for the various local municipalities.
- **Step 3: Strategic Perspectives & Local Resources:** This step is to review and revisit the existing research undertaken throughout the NDM to date, with a view to add value and identify additional development activities to be undertaken.
- **Step 4: Alignment:** The penultimate step of the project is included as a result of the critical importance of incorporating the outcomes of the overall study with, for example, the various Integrated Development Plans (IDP). The purpose of this step is to disaggregate the strategic interventions and implementation guidelines with the aim of presenting clear guidelines to the individual municipalities regarding their respective roles in the implementation stages. More specifically, the various elements of the projects (as redistributed to the individual municipalities) will be integrated with a suitable performance management system. In other words, the overall outcomes of the entire project will be packaged as:
 - An integrated strategic development plan
 - A disaggregation with municipal level interventions, which are aligned with the overall strategy.
- **Step 5: Implementation Framework:** The final recommendations will be packaged as “mini-implementation business plans” for the local areas with clear aim, objectives, programmes and projects. The results of the classification process will be presented in a strategic and prioritised action plans

Where applicable, the existing LED Roadmap information has been integrated into this document.

1.3 POINT OF DEPARTURE – LED PLAN

During the implementation activities, it became apparent that the coordinatory actions between the various spatial areas (local municipalities) are proving to be highly challenging. In this light, the development of “local level LED plans”, which the NDM LED Plan informs were mooted. As the LED Plan will form the basis of the various local level interventions, the LED Plan is regarded as the point of departure. The key features of the LED Plan are outlined in the following paragraphs.

The LED Plan is structured in a manner that is conducive to the presentation of results of the research process that was undertaken to identify the key issues and the eventual LED Strategy.

The economy of Nkangala was analysed through the use of the various local municipalities as sub-regions. This investigation was performed through conducting a comparison of the various local economies in order to identify key sectoral characteristics on a spatial basis. The investigation presented:

- A macro perspective which presents a comparison of the NDM economy against that of Mpumalanga and South Africa
- A localised overview (municipal level) through the use of appropriate economic indicators:
 - Production profile
 - Sectoral growth rates
 - Economic concentration

UPDATES OF THE LOCALISED PROFILES ARE PRESENTED IN CHAPTER 2 OF THIS DOCUMENT

Additionally, a socio-economic analysis was performed that investigated the salient demographic features that influences economic development. The mentioned analyses were augmented by a business survey that



was conducted throughout NDM. The main (top 5) findings of the status quo investigations are presented in Table 1.1.

TABLE 1.1: SWOT ANALYSIS	
Strengths	Weaknesses
Maputo corridor transverses the District	Low skills level
Existing steel/cluster	Deteriorating rural infrastructure
A number of government initiatives in the area	Spatial inequalities
Availability of natural resources	Underdeveloped sectoral opportunities
Culturally diverse communities	Uncoordinated development implementation
Opportunities	Threats
Exploiting export opportunities	HIV/Aids impact on population
Development of SMMEs	Unemployment (increasing)
Scope for large scale tourism development	Poverty (increasing)
Close location of Gauteng markets	Unbalanced (only urban) development
Opportunities for comprehensive steel and chemical development	Dependence on limited large sectors

In order to facilitate development, seven strategic pillars have been identified namely:

- Good Governance and Capacitation
- Human Resource Development and Community Development
- Industrial and " Big Business" Development
- SMME Development and Support
- Agricultural Development
- Tourism Development
- Rural-Urban Integration.

As part of the development process, a district level economic summit was conducted where the various identified pillars were discussed and additional inputs were provided. The commission resolutions were incorporated into the main document.

Initially a total of 4 opportunities were selected (with a fifth business plan added later). The selection process entailed an objective prioritization process through which the various identified opportunities were ranked. Subsequent to the ranking, an interactive process was facilitated and the various representatives of the NDM (political and otherwise) selected the projects outlined in the preceding.

- Catalytic converters
- Truck port/logistics hub
- Multi-purpose community centres
- Agro-processing
- Convention centre



1.4 INFORMATION SOURCES

A variety of information sources have been consulted through the development of the implementation assistance framework. The most important sources were:

- Local level (municipal) development strategies
- The Quantec Research database
- The Nkangala District Municipality LED Strategy
- Mpumalanga (Provincial) Growth & Development Strategy (PGDS)
- Other

It is critically important to realize that a broad range of studies have been completed and undertaken throughout the area. However as the scope of these research projects do not always reflect the situation at a district level, the relevant information pieces are extracted and a referencing approach is utilized to ensure suitable credit is presented for non-Urban-Econ work.

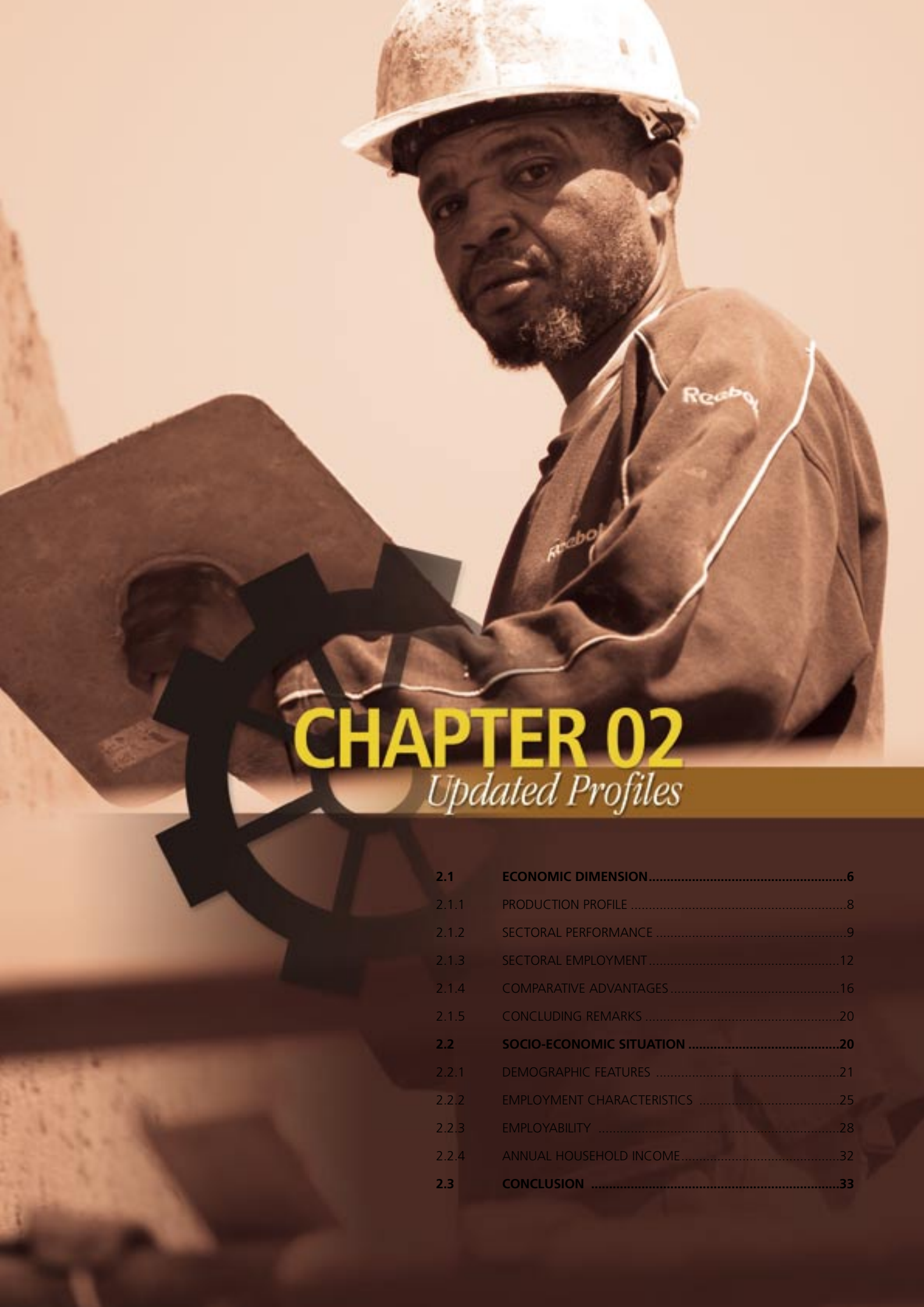
1.5 REPORT STRUCTURE

The report is structured as follows:

In **Chapter 2: Status Quo**. The salient features are discussed with specific emphasis on the economic and socio-economic characteristics. As part of this status quo assessment, the local level comparative advantages are identified and the implications thereof are highlighted from a LED perspective.

Chapter 3 discusses the approach followed to “disaggregate” the existing Nkangala LED Plan and provides an indication of the outcomes of the re-aggregation activities. It is emphasized that for the purpose of this document (District Document) the local level activities are presented in a tabular format while the specific actions and steps to be undertaken are presented in the Local Level documents.

The final chapter, **Chapter 4**, provides a detailed account of the institutional arrangements. This account presents an indication of the considerations, interaction frameworks, guiding principles and other logistical issues. The focus point of the discussions relates to establishment and intra-regional interactions to be followed concerning the Local Economic Development Forum, the strengthening of the LED Departments and the roles and responsibilities of government as well as the private sector.



CHAPTER 02

Updated Profiles

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UPDATED PROFILES

The purpose of this chapter is to provide an update of the various municipal level profiles throughout the district area. As part of this update, the dominant economic and socio-economic characteristics are presented. **In the light of the application of these profiles, in the respective Integrated Development Plans (IDP), it is believed that the packaging of the profiles must be undertaken in a manner that ensures that the minimum requirements of the IDP's, as delineated by the Department of Provincial & Local Government (DPLG). These minimum requirements will however not only be met but will be "exceeded" i.e. more that the minimum requirements will also be included in the discussions. The specific structure of the chapter is informed by the two key dimensions associated with the development of updated profiles of this nature. Firstly the functional aspects will be dealt with while incorporating a spatial focus. The chapter consists of two main segments:**

- Economic dimension
- Socio-economic features.

In the light of the need to provide an indication of the strategic position of the individual local municipalities, the socio-economic situation is discussed through an indication of the comparative situation of all the various municipalities. Conversely the discussions regarding the economic features are undertaken at a municipal level.

2.1 ECONOMIC DIMENSION

The salient features of the economic conditions in the various local areas are discussed in this section. In order to facilitate a situation whereby the individual economic activities throughout the district can be measured, a standardised classification is utilized. Envelope 2.1 offers a delineation of the various economic sectors as per the **Standard Industrial Classification (SIC)**.

ENVELOPE 2.1: MAIN ECONOMIC SECTORS

The main categories of the **South African Standard Classification of all Economic Activities (SIC) of 1993 (CSS, 1993)** are utilised for this purpose. A total of 9 sectors are distinguished. A frequently asked question for example, relates to into which sector tourism falls. The tourism industry generally spans across the economic sectors, ranging from accommodation and catering (SIC no: 6410 and SIC no: 6420), retail and wholesale SIC no: 61221 and SIC no: 6220), manufacturing (e.g. of arts and craft – SIC no: 39299), business services and social services. Activities such as sport are included under the community services' sector under SIC no: 9641. The 9 economic sectors are defined as follows (CSS, 1993: 3):

1. Agriculture

The agriculture sector incorporates establishments and activities that are primarily engaged in farming activities, but also includes establishments focusing on commercial hunting and game propagation and forestry, logging and fishing.

2. Mining

This sector includes the extracting, beneficiating of minerals occurring naturally, including solids, liquids and crude petroleum and gases. It also includes underground and surface mines, quarries and the operation



of oil and gas wells and all supplemental activities for dressing and beneficiating for ores and other crude materials.

3. Manufacturing

This sector is broadly defined as the physical or chemical transformation of materials or compounds into new products and can be classified into 10 sub-groups of which the most relevant are

- Fuel, petroleum, chemical and rubber products;
- Other non-metallic mineral products, e.g. glass;
- Metal products, machinery and household appliances;
- Electrical machinery and apparatus;

4. Utilities (generally referred to as “electricity”)

This sector includes the supply of electricity, gas and hot water, the production, collection and distribution of electricity, the manufacture of gas and distribution of gaseous fuels through mains, supply of steam and hot water, and the collection, purification and distribution of water.

5. Construction

This sector includes the site preparation, building of complete constructions or parts thereof, civil engineering, building installation, building completion and the renting of construction or demolition equipment with operators.

6. Trade

The trade sector entails wholesale and commission trade; retail trade; repair of personal household goods; sale, maintenance and repair of motor vehicles and motor cycles; hotels, restaurants, bars, canteens, camping sites and other provision of short-stay accommodation.

7. Transport, storage and communication

Transport as an economic sector refers to activities concerned with land transport, railway transport, water transport, transport via pipelines, air transport, activities of travel agencies, post and telecommunications, courier activities, as well as storage and warehousing activities.

8. Financial and business services

This sector includes inter alia financial intermediation; insurance and pension funding; real estate activities; renting or transport equipment; computer and related activities; research and development; legal; accounting; bookkeeping and auditing activities; architectural, engineering and other technical activities; and business activities not classified elsewhere.

9. Social and community services

This sector includes public administration and defense activities, activities of government, government departments and agencies; education, public and private; health and social work; sewage and refuse disposal, sanitation and similar activities; activities of membership organisations; recreational, cultural and sporting activities; washing and dry-cleaning of textiles and fur products, hairdressing and other beauty treatment, funeral and related activities.



The specific features that will be included in the economic dimension include:

- A discussion of the production profile
- An indication of the sectoral performance
- A review of the trends in the formal sectoral employment
- A review of the comparative advantages.

2.1.1 PRODUCTION PROFILE

The economies of various local municipalities are investigated in this section through a presentation of the main economic sectors as described in the previous section. The Gross Geographic Product (GGP) is utilized to provide an indication of the economic performance of the respective areas.

Gross Geographic Product (GGP) is defined as the total value of all the goods produced in a specific area during a specific period. In other words, total output for a specific period in Rand values is employed. The definition takes formal business' outputs as the primary indicator.

The discussions of the municipal level production profiles are of such nature that an indication of the real (at constant prices) as well as the proportional contribution that the individual sectors made towards the overall local economy is highlighted. For comparative purposes, the following periods are utilized:

- 1998
- 2001
- 2004

Where applicable and appropriate, the trends are highlighted.

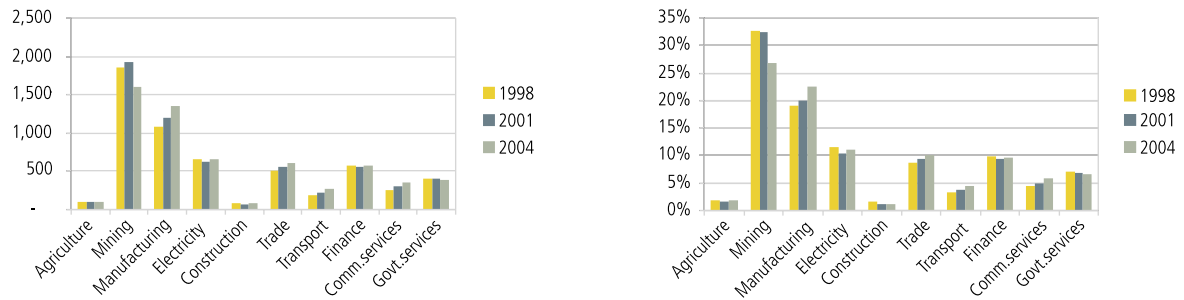
NOTE: THE FIGURES PROVIDE AN INDICATION OF THE RAND VALUE OF OUTPUTS IN MILLIONS, AND THEREFORE THE KEY TO THE FIGURES ON THE LEFT IS: R 000'000. WITH REFERENCE TO THE FIGURE ON THE RIGHT, THE PROPORTIONAL CONTRIBUTION OF THE INDIVIDUAL SECTORS IS PRESENTED.

The Steve Tshwete Local Municipality is the host of the District Municipality (i.e. the seat). This local economy is one of the largest economies in the district context and is, similar to the Emalahleni economy, dominated by the mining sector. Figure 2.1 provides a graphical illustration of the production profile and the proportional contribution of the various sectors to the aggregate market.

As mentioned, this local economy is dominated by the mining sector. However this sector experienced significant levels of contraction in the short term (2001-2004). Conversely, the second largest sector, the manufacturing sector experienced noteworthy increases in its levels of output. The local economy is also characterized by the location of various Eskom power plants in the area.



FIGURE 2.1: STEVE TSHWETE – PRODUCTION PROFILE



The “second tier” sectors (not dominant but comparatively large) include the following sectors:

- Trade
- Finance

The remaining sectors are, in the local economic context, small and generally tend to play a supportive role. With reference to the overall structure of the economy, as indicated through the proportional sectoral contributions, the primary change that occurred in the local economy is the increase in the relative importance of the manufacturing sector and the decline of the mining sector. The following section discusses the salient features of the Emakazeni local economy.

The following section investigates the performance of the various sectors on an individual basis. In other words, the growth/decline trends encountered by the sectors from a local perspective are reviewed.

2.1.2 SECTORAL PERFORMANCE

The purpose of this section is to provide an indication of the relative performance of the local level sectors. As part of this investigation, the sectoral performances are also compared with each other. Furthermore, a three periods are utilized in this investigation. The periods align with the timeframes utilized in the preceding section, i.e.:

- 1998
- 2001
- 2004

The performance of the various sectors is equated to the average annual growth rate (AAGR) for the selected period. Therefore the AAGR has been determined for the following three periods:

- 1998-2001
- 2001-2004
- 1998-2004



As the “longer term” (1998-2004) is more indicative of the expected movement within the individual sector, the emphasis of the subsequent discussion is placed on this sector. Table 2.1 presents the relevant information. Additionally the second part of the table provides an indication of the relative movement of the sectors. The Nkangala area’s sectoral performances for the various periods are:

Sector	1998-2001	2001-2004	1998-2004
Agriculture	1.9	5.5	3.7
Mining	1.8	(5.0)	(1.7)
Manufacturing	2.2	3.5	2.8
Electricity	(1.7)	2.3	0.3
Construction	(4.7)	4.4	(0.2)
Trade	5.9	4.3	5.1
Transport	3.6	2.6	3.1
Finance	0.4	2.1	1.2
Community services	3.7	3.4	3.5
Government services	0.3	(0.1)	0.1
Total	1.7	0.4	1.1

It is important to note that at first glance, the rates appear to be significantly lower if compared to the growth rates presented in the December 2004: LED Plan of the district. Taking the overall business cycle into consideration, it is clear that the periods being utilized for the measurement are at varying levels on the business cycle. Therefore, while the growth rates appear to be slower, they are (generally) on the upside of the business cycle.

Before the individual economies are discussed, the overall highlights are presented:

- The manufacturing sector recorded positive levels of expansion for all the periods under review in all the localities, with the strongest growth (over the long term) occurring in the Steve Tshwete area
- It is however also necessary to take the base (relative size) of the local economies into consideration i.e. the relative size from where the growth is take place. The various economies have been ranked according to their size in GGP output in 2004 (at constant prices):
 - Emalahleni
 - **Steve Tshwete**
 - Delmas
 - Thembisile
 - Dr JS Moroka
 - Emakazeni

On a sectoral basis, the following sectors were the highest performances at a municipal level for the 1998-2004 period:

- Agriculture Delmas 7.1%
- Mining Emakazeni 2.9%
- **Manufacturing** **Steve Tshwete** **3.8%**



- Electricity Emalahleni 0.6%
- Construction Emakazeni 5.9%
- Trade Emakazeni 7.1%
- **Transport Steve Tshwete 5.8%**
- Finance Emakazeni 3.7%
- **Comm. services Steve Tshwete 5.0%**
- Govt. services Emakazeni 3.7%
- Total Emakazeni 3.7%

TABLE 2.1: SECTORAL PERFORMANCE			
Sector	Steve Tshwete		
	1998-2001	2001-2004	1998-2004
Agriculture	(1.7)	1.6	(0.1)
Mining	1.2	(5.9)	(2.4)
Manufacturing	3.1	4.4	3.8
Electricity	(1.8)	2.2	0.2
Construction	(6.5)	2.1	(2.3)
Trade	3.9	2.3	3.1
Transport	6.0	5.6	5.8
Finance	(0.4)	0.9	0.3
Comm. services	5.1	4.9	5.0
Govt. services	(0.2)	(0.7)	(0.4)
Total	1.4	0.2	0.8

RELATIVE MOVEMENT			
Sector	Steve Tshwete		
	1998-2001	2001-2004	1998-2004
Agriculture	↓	↑	↓
Mining	↑	↓	↓
Manufacturing	↑	↑	↑
Electricity	↓	↑	↓
Construction	↓	↑	↓
Trade	↑	↑	↑
Transport	↑	↑	↑
Finance	↓	↓	↓
Comm. services	↑	↑	↑
Govt. services	↓	↓	↓
Total	↑	↓	↓

Source: Urban-Econ Calculations based on Quantec Research

It is clear that the various localities are experiencing various performances in the individual sectors. A critical element associated with sectoral performance is the employment levels and related trends at a local level. This element stems for the dire need in South Africa to ensure that unemployment levels in South Africa are halved in line with the Millennium Development Goals. The subsequent section presents a discussion of the employment trends in the “formal employment segment”.



2.1.3 SECTORAL EMPLOYMENT

The recent growth in the South African economy has direct implications for formal employment levels. While informal or second economy employment also plays an important role in providing access to household income, accurate data only exists for the trends in the formal employment levels. Envelope 2.2 presents an overview of the national situation with regards to employment creation.

ENVELOPE 2.2: RECENT FORMAL EMPLOYMENT TRENDS IN SOUTH AFRICA

South African business owners reported 6% growth in employment for 2004 – this is according to the Employment Growth Index (EGI). The index reflects a 6% growth in employment over the past year 2005/6 in South African businesses that employ between 50 and 250 people. In the previous year the EGI reflected 5% growth. The EGI forms part of the 2005 International Business Owners Survey (IBOS) and is determined by calculating the difference between increases and decreases in employment reported by business owners surveyed.

The survey revealed that 57% of South African business owners have increased their staff complement over the past twelve months. This is 7% up on last year and places South Africa joint second with the US. Both countries are 12% ahead of the global average, which reflects a 45% increase. According to the report, 13% of South African business owners reported a decrease in employment while internationally, 9% of respondents cut their staff numbers. Those businesses that increased employment reported, on average, that they had 16% more employees. Those that cut staff lost an average of 14%. Overall there was a 6% increase in employment.

All the major commercial centres in South Africa reported an increase in employment with 58% of business owners in both Cape Town and Gauteng employing more people, 57% in Port Elizabeth and East London and 50% in Durban.

The survey shows that this business sector is making a strong contribution towards reducing unemployment in South Africa.” In joint first place, ahead of South Africa and the US are India and Australia. In both of these countries, 63% of business owners reported employment growth. The report stated that together with South Africa, these countries have consistently experienced employment growth at well above the global average.

Looking ahead, the survey stated that even more encouraging is that 51% of all South African respondents said that they expected to increase their staff complement in the next year while only 6% said that they expected to cut jobs.

In order to provide a suitable benchmark for the assessment of the local situation and trends vis-à-vis the formal employment levels at the local levels, the situation in Nkangala and the Province is presented. Table 2.2 provides the required information. The most important “employer” in the district and the provincial contexts were:

- **Nkangala District**
 - **2004**
- Mining
- Government services



- Trade
- Community services
- Manufacturing
- **Mpumalanga Province**
 - **2004**
 - Agriculture
 - Manufacturing
 - Trade
 - Government services.

TABLE 2.2: FORMAL EMPLOYMENT – DISTRICT & PROVINCE

Sectors	Mpumalanga			Nkangala		
	1998	2001	2004	1998	2001	2004
Agriculture	103,376	99,204	92,639	12,747	11,753	10,511
Mining	65,413	55,910	56,682	35,661	31,395	32,800
Manufacturing	82,684	79,390	83,069	22,186	18,933	18,460
Electricity	8,626	7,514	6,844	5,076	4,387	3,984
Construction	26,400	23,696	22,064	7,904	6,700	5,901
Trade	74,172	80,181	82,231	21,264	22,620	22,638
Transport	10,808	9,319	9,270	3,510	3,075	3,085
Finance	33,727	38,602	45,293	10,850	12,234	14,192
Comm.services	66,050	70,741	74,369	20,438	21,328	21,856
Govt.services	85,784	78,946	80,551	25,628	23,578	23,785
Total	557,040	543,503	553,012	165,264	156,002	157,211

Source: Quantec Research

From the preceding it is evident that the proportion of the provincial employment opportunities being provided in the Nkangala district has decreased. In 1998, the Nkangala District economy accounted for 29.7% of the provincial employment opportunities. This has however decreased to 28.2% in 2004. The main employment creation sectors (from a district level perspective in 2004) were:

- Finance
- Trade
- Community services sector

With reference to the sectors, from a provincial perspective, that created the new employment between 1998-2004 were:

- Finance
- Trade
- Community services sector.



It is evident from Table 2.2 that a number of the sectors recorded negative growth in terms of employment levels i.e. some of the sectors shed employment. The main sectors that contracted in terms of employment levels were:

Nkangala (1998-2004)	Mpumalanga (1998-2004)
- Manufacturing	- Agriculture
- Mining	- Mining
- Agriculture	- Construction

In addition to the preceding highlights of the comparative performance of the individual sectors to create employment, the local trends need to be highlighted. Table 2.3 provides indication formal employment levels of the various sectors at a municipal level. The second part of the table, presents an indication of the relative movement that was experienced in the individual sectors.

TABLE 2.3: FORMAL EMPLOYMENT LEVELS – LOCAL SITUATION			
Sector	Steve Tshwete		
	1998	2001	2004
Agriculture	4,027	3,515	2,952
Mining	8,702	7,408	7,473
Manufacturing	6,135	5,155	5,005
Electricity	1,261	1,066	941
Construction	1,841	1,492	1,248
Trade	5,133	5,499	5,548
Transport	630	564	539
Finance	2,653	2,883	3,243
Comm. servi	4,874	4,978	4,987
Govt. services	5,422	4,885	4,798
Total	40,679	37,444	36,732
MOVEMENT IN FORMAL EMPLOYMENT (1998-2004)			
Agriculture	-1,075		
Mining	-1,229		
Manufacturing	-1,130		
Electricity	-320		
Construction	-593		
Trade	415		
Transport	-91		
Finance	590		
Comm. servi	113		
Govt. services	-624		
Total	-3,944		
Source: Quantec Research			



A critical observation from the preceding is the degree to which the local economic activities are shedding employment. This trend should once again be interpreted with caution, as the specific periods under review do not include the recent “upswing” recorded in the national economy as well as the associated trends in employment levels. While the second part of Table 2.3 presents an indication of the “longer term” trends in the various local economies, it is necessary to investigate the medium term growth rates in order to identify the recent patterns in the employment trends

Table 2.4 contains the relevant baseline information for this discussion.

TABLE 2.4: FORMAL EMPLOYMENT – GROWTH RATES			
Area		Steve Tshwete	
Period			
Sector	1998-2001	2001-2004	1998-2004
Agriculture	(4.4)	(5.7)	(5.0)
Mining	(5.2)	0.3	(2.5)
Manufacturing	(5.6)	(1.0)	(3.3)
Electricity	(5.4)	(4.1)	(4.8)
Construction	(6.8)	(5.8)	(6.3)
Trade	2.3	0.3	1.3
Transport	(3.6)	(1.5)	(2.6)
Finance	2.8	4.0	3.4
Comm. services	0.7	0.1	0.4
Govt. services	(3.4)	(0.6)	(2.0)
Total	(2.7)	(0.6)	(1.7)

Source: Urban-Econ calculations based on Quantec Research

The focus of the subsequent discussion is on the underlying trends in the rate at which employment is being created i.e. the relative position of the sectors on the employment creation cycle. In other words, the following discussion aims to unveil the recent movement or characteristics of the rate at which employment is being created. In contrast to the information presented (and discussed) in Table 2.3, the discussion regarding Table 2.4 focuses on the short term trends → comparing the 1998-2001 and 2001-2004 periods.

The Steve Tshwete economy is one of the dominant economic areas and it is therefore expected that a significant number of employment opportunities are being provided in this area. The main employing sectors are:

- Mining
- Manufacturing
- Trade
- Community services
- Government services



The trends in this local economy regarding sectoral employment reflect similar movements as the immediate neighbour (Emalahleni) with the main sectors shedding employment being:

- Agriculture -1,075
- Mining -1,229
- Manufacturing -1,130.

Approximately 3,950 formal employment opportunities were lost during the 1998-2004 period. This translates into a negative growth rate of 1.7% on an average annual basis. However during the 2001-2004 period, the rate at which employment was shed had stabilized by moving from -2.7% (in 1998-2001) to -0.6%. The sectors that contributed towards this decline were (1998-2004):

- Agriculture -5.0%
- Electricity -4.8%
- Construction -6.3%
- Manufacturing -3.3%
- Mining -2.8%

It is emphasized that the mentioned figures should be interpreted with caution as the employment levels are closely linked with the business cycle. While the figures appear to have declined dramatically, the figures do indicate that the employment trends are on an upward movement over the short term.

The subsequent section introduces the concept of comparative advantages and discusses the implications of the local level comparative advantages for the LED activities and interventions.

2.1.4 COMPARATIVE ADVANTAGES

The purpose of this section is to utilize the information presented in the preceding sections, to add value to this “existing knowledge” and to define the local level comparative advantages. The approach followed in this section, to identify the local level comparative advantages, is informed by international best practice. More specifically the Carvalho Equation is applied. Before the local level comparative advantages are discussed, a theoretical foundation to the Carvalho Classification is presented. Subsequent to the discussion of the local level comparative advantages, the implications for the LED alignment activities are highlighted.

2.1.4.1 CARVALHO CLASSIFICATION

As indicated above, the point of departure for this section relates to the provision of a theoretical foundation of the classification system utilized. The core considerations of the system are discussed in the following section. The first element is the location quotient (LQ). Location quotients are not particularly complex – as it is a measurement of the levels of concentration in the region. Industry groups that dominate in the area will have higher LQ and ones that are relatively scarce will have lower LQ. The following is a broad outline of the categorization associated with LQ's:

The second core element relates to the “shift-share analysis”. The aim of this component is to determine which a particular industry is growing or declining, based on the “natural” in the sense that it is growing or declining elsewhere as well. In other words, this component aims to determine the degree to which the local sector is influenced by/influences the trends in the boarder area.



LOCATION QUOTIENT		
< 0.75	Low	Local needs are not being met by the resident sector. The region is importing goods and services in this sector.
0.75 to 1.24	Medium	Most local needs are being met by the resident sector. The region will be both importing and exporting goods and services in this sector.
1.24 to 5.00	High	The sector is serving needs beyond the sector, exporting goods and services in this sector.
> 5.00	Very High	This is indicative of a very high level of local dependence on the sector, typically in a “single-industry” community.

The elements associated with this component are:

- Provincial Effect
- Regional Effect
- Industrial Mix

As a result of the technical nature of the calculations associated with the mentioned elements, a detailed discussion is omitted. With reference to the application of the various components, it is important to note that the Carvalho classification provides a multi-dimensional indication of the suitability of sectors vis-à-vis the tools and instruments to utilize in the development of the sectors. The following table outlines the classifications and definitions of the individual classifications.

TABLE 2.5: CARVALHO CLASSIFICATION	
Classification	Definition
Driving	Area is highly specialized in this sector, which is growing provincially and growing at an even higher rate locally
Accelerating	Area is neither highly specialized nor under-specialized in this sector, which is growing provincially and growing at an even higher rate locally
Rising	Relatively low proportion of local economy, but will likely increase due to growth in this sector, which is growing provincially and growing at an even higher rate locally
Evolving	High local specialization in a sector which grew provincially at a slower rate than overall growth; local growth exceeded provincial growth in this sector
Transitional	Average specialization in a sector which grew provincially at a slower rate than overall growth; local growth exceeded provincial growth in this sector
“Moderate”	Relatively underrepresented in a sector which grew provincially at a slower rate than overall growth; local growth exceeded provincial growth in this sector
Promising	High local specialization in a sector which grew provincially; local growth was slower than provincial growth in this sector
Yielding	Average specialization in a sector which grew provincially; local growth was slower than provincial growth in this sector
Modest	Relatively low specialization in a sector which grew provincially; local growth was slower than provincial growth in this sector
Challenging	Industries have a relatively high concentration, which suggests that they play an prominent role and should be monitored carefully
Vulnerable	Industries have an average concentration
Marginal	Industries are under-represented in the community



The preceding classification and the associated definitions provide a clear indication of the specific activities to be performed on the various individual sectors in the local areas. It is therefore critical to ensure that the economic development initiatives and activities being undertaken at a local level are informed by the selection (and therefore targeting) of the individual sectors. The following section presents the results of the investigations relating to the local level comparative advantages from a sectoral perspective.

2.1.4.2 LOCAL LEVEL COMPARATIVE ADVANTAGES

The identification of the local level comparative advantages has been undertaken through the application of a customised Excel model. In order to ensure that the local level comparative situation, and the associated implications for LED are suitably discussed, each municipal area is dealt with separately. The following table presents a comprehensive indication of the classification of the various municipal areas.

	Delmas	Emalahleni	Steve Tshwete	Emakazeni	Thembisile	Dr JS Moroka
Agriculture	Promising	Modest	Accelerating	Promising	Yielding	Modest
Mining	Marginal	Transitional;	Transitional	Marginal	Moderate	Marginal
Manufacturing	Accelerating	Yielding	Promising	Modest	Modest	Modest
Electricity	Moderate	Vulnerable	Vulnerable	Moderate	Moderate	Moderate
Construction	Transitional	Vulnerable	Transitional	Challenging	Evolving	Challenging
Trade	Evolving	Yielding	Yielding	Yielding	Promising	Promising
Transport	Transitional	Yielding	Modest	Promising	Promising	Promising
Finance	Yielding	Yielding	Yielding	Yielding	Accelerating	Accelerating
Comm. services	Transitional	Yielding	Yielding	Promising	Promising	Driving
Govt. services	Transitional	Marginal	Transitional	Challenging	Challenging	Evolving

Source: Urban-Econ Calculations based on Quantec Research

From the preceding table, it is evident that a limited number of the local level sectors are classified in the “top” segment of the classification i.e. being regarded as “driving”, “accelerating” or “rising”. The only local level sector that reflected a high classification was the community services sector in the Dr JS Moroka area. This should however be interpreted with caution as the relative trends in this sector occurred from a small base. The preceding table does not provide a suitable platform from which to investigate the local level implications of the comparative advantages and therefore the following section presents an indication of the implications.

2.1.4.3 IMPLICATIONS

The aim of this section is to identify and discuss the local level implications associated with the comparative advantages. In this context, it is vitally important to undertake the discussion at a suitable level of detail. Therefore, the approach followed in this sub-section is to provide the discussion of the comparative advantages and the implications at each area individually. As such the various municipal areas are dealt with separately.



The purpose of the following sections is to ensure that the selection of the specific activities to be undertaken by the respective role-players are aligned with the local considerations i.e. what are the economic base characteristics that need to be focused on to ensure that suitable interventions are selected.

NOTE: The discussions relating to the various local areas and their LED Comparative Advantages are presented in the following sections. It is emphasized that the identification of the various sectors are undertaken in a manner through which a direct alignment with the NDM LED plan can be facilitated. Therefore, the subsequent paragraphs present the comparative advantages while the following chapter outlines the specific activities to be undertaken in the form of the NDM LED Actions.

The Steve Tshwete Local Municipality is host to a number of large industry as well as various government departments. The most notable industrial concerns located in this local economy are:

- Columbus Steel
- Eskom (power generation)

The sectoral comparative advantages that have been identified in this local economy are highlighted in Table 2.7. The Steve Tshwete economy has similar comparative advantages as its neighbour. During the various interactions conducted with the interested and affected parties (during the development of this document as well as the numerous preceding LED-type studies), it became apparent that unhealthy and uncompetitive behaviour between individuals are being experienced. This behaviour relates specifically to the “investment attraction” activities of the two areas vis-à-vis the two regions. The mentioned behaviour relates predominately to the industrial type concerns. Another key sector that must receive attention relates to the agriculture sector. A current perceived issue that must be addressed relates to the availability of land for utilisation for agricultural activities. It should also be mentioned that game farming is currently experiencing an increasing level of small to medium sized investments.

Agriculture	Accelerating
Mining	Transitional
Manufacturing	Promising
Electricity	Vulnerable
Construction	Transitional
Trade	Yielding
Transport	Modest
Finance	Yielding
Community Service	Yielding
Government Services	Transitional

Source: Urban-Econ Calculations based on Quantec Research

Taking exiting development initiatives into consideration in the planning of the overall LED interventions is an issue that must be clearly incorporated into the overall framework. Examples include, the Maputo Corridor. Further, specific attention should be focused on the strengthening of the local market strengths in order to successfully exploit the opportunities associated with the Spatial Development Initiative. The following section presents a discussion of the situation in the Steve Tshwete area.



2.1.5 CONCLUDING REMARKS

The various individual economies have varying degrees of similarities and differences. It is furthermore necessary to review the local level comparative advantages from a district perspective. In other words, where the various economies have similar comparative advantages, it is necessary to ensure that the spatial foci of the interventions are implemented in a “complementary” manner. Table 2.8 illustrates the “focus areas” through the use of superimposed indications.

TABLE 2.8: COMPARATIVE ADVANTAGES – OVERVIEW						
	Delmas	Emalaheni	Steve Tshwete	Highlands	Thembisile	Dr JS Moroka
Agriculture	Promising	Modest	Accelerating	Promising	Yielding	Modest
Mining	Marginal	Transitional;	Transitional	Marginal	Moderate	Marginal
Manufacturing	Accelerating	Yielding	Promising	Modest	Modest	Modest
Electricity	Moderate	Vulnerable	Vulnerable	Moderate	Moderate	Moderate
Construction	Transitional	Vulnerable	Transitional	Challenging	Evolving	Challenging
Trade	Evolving	Yielding	Yielding	Yielding	Promising	Promising
Transport	Transitional	Yielding	Modest	Promising	Promising	Promising
Finance	Yielding	Yielding	Yielding	Yielding	Accelerating	Accelerating
Comm. services	Transitional	Yielding	Yielding	Promising	Promising	Driving
Govt. services	Transitional	Marginal	Transitional	Challenging	Challenging	Evolving

Source: Urban-Econ Calculations based on Quantec Research

The indicated focus areas are directly utilized to align the various local level strategies and interventions as outlined in Chapter 1. In addition to the economic dimensions, the socio-economic aspects are also investigated. The following section presents a comprehensive overview of the socio-economic features throughout the area.

2.2 SOCIO-ECONOMIC SITUATION

The demographic features of Nkangala District Municipality (NDM) are investigated in this section. The purpose of the section is to provide an overview of the socio-economic characteristics of the district together with its local municipalities. Such an overview will assist in identifying the localized issues with reference to demographic and labour force dimensions. In order to provide comprehensive baseline information regarding the mentioned dimensions, the characteristics of the following salient features are investigated:

- Demographic features
- Employment characteristics
- Employability

The socio-economic profiles are based on the official data provided by the Statistics South Africa. The above-mentioned features are presented and discussed under the fitting headings. The first socio-economic characteristic that is presented in the subsequent section relates to the demographic features.



2.2.1 DEMOGRAPHIC FEATURES

Before the various demographic features are presented, it is critical to provide the approach followed in determining the profiles. **In order to provide updated benchmarks profiles, the Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (HIV/AIDS) population status by municipality are taken into consideration in determining the demographic characteristics of the areas.**

The first demographic feature that is discussed is the gender profile of the district i.e. male-female distribution. The purpose of the discussion is to highlight the population profile in terms of gender distribution. In 2004, the overall population (including the effects of migration) residing throughout the NDM was approximately 1,043,200. Table 2.9 provides a breakdown of the overall gender distribution and gender proportion during:

- 1998
- 2001
- 2004

The underlying trends of the **gender profiles** dimension regarding the district are clarified:

- The female population is comparatively greater in numbers than their male counterpart. The gender proportion for the NDM in 2004 was:
 - Male 48.6%
 - Female 51.4%

Gender	1998	%	2001	%	2004	%
Male	492,699	48.6%	502,403	48.6%	507,418	48.6%
Female	521,668	51.4%	531,068	51.4%	535,771	51.4%
Total	1,014,368	100.0%	1,033,470	100.0%	1,043,189	100.0%

Source: Urban Econ calculations based on Quantec Research data

With the preceding presentation as a foundation of the underlying characteristics and trends in the population profile of the NDM, another demographic feature i.e. population distribution is provided and the baseline information relating to this dimension is presented in the subsequent section.

2.2.1.1. POPULATION DISTRIBUTION

The population distribution is vitally important as it provides an indication of the potential future entrants into the labour force. The aim of this section is to present an indication of the population structure and to highlight the implications of the population structure for the “potential economically active” (PEA) population. The PEA is the proportion of the population aged between 15 and 65 years and this segment of the population is regarded as part that has the (potential) ability to perform/act as a source of labour. Table 2.10 is employed to reflect the district age profile and population total. The determination of the population totals during the selected timeframes provides key indications of the rate at which the population is expanding or contracting.



Age group	0-14	15-64	Over 65	Total
1998	349,033	625,420	39,915	1,014,368
2001	346,947	646,090	40,434	1,033,470
2004	347,135	653,760	42,294	1,043,189

Source: Urban Econ calculations based on Quantec Research data

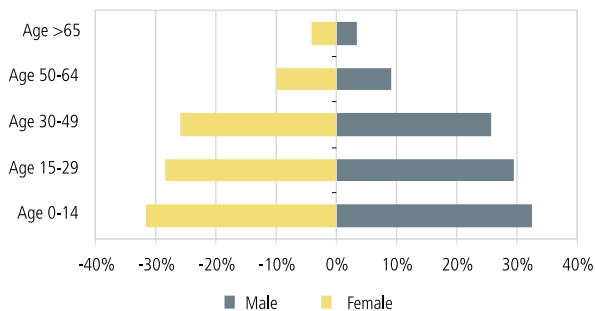
With reference to Table 2.10, the following key observations are made:

- The district population has increased by roughly 19,100 individuals between 1998-2001. During 2001 a total of approximately 1,033,500 individuals were recorded throughout the district. In 2004 total population living in the district was approximately 1,043,200 people.
- The PEA level at the district level remained relatively constant at about 63% during 2001 and 2004 periods.

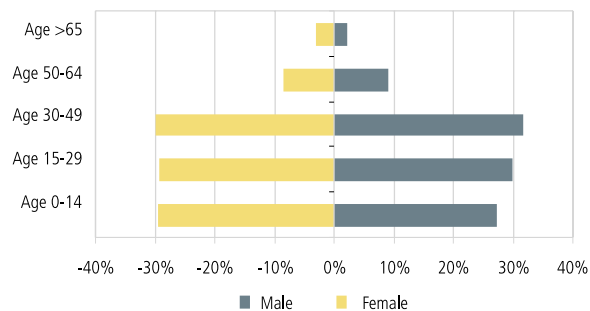
Apart from the district overview, the localized overview of the population distribution of the various local municipalities located in the NDM is provided. Figures 2.2 a-f are utilized as a point of departure to discuss baseline information relating to the various local municipal areas.

FIGURE 2.2: MUNICIPAL POPULATION DISTRIBUTION (2004)

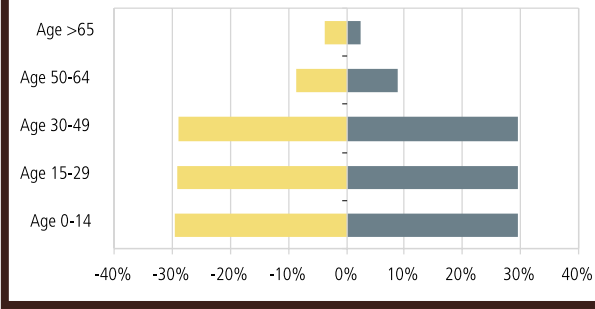
a) Delmas Municipal area



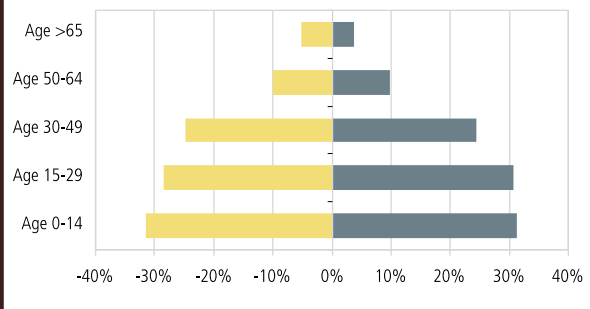
b) Emalahleni Municipal area



c) Steve Tshwete Municipal area



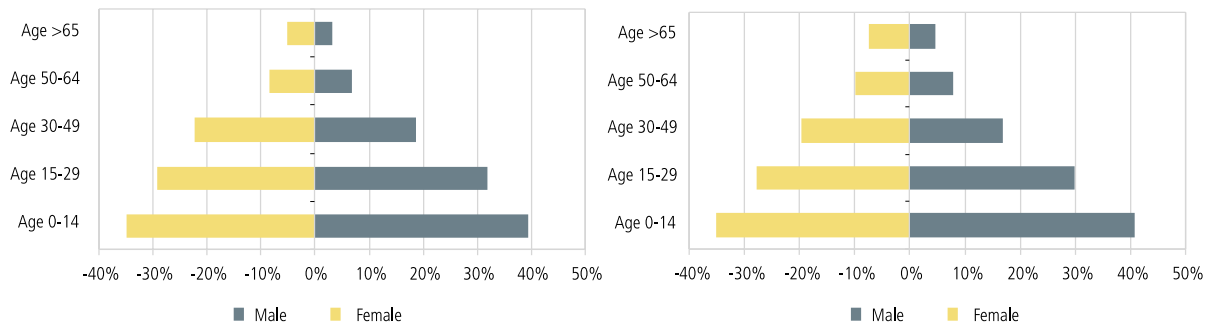
d) Emakazeni Municipal area





e) Thembisile Municipal area

f) Dr JS Moroka Municipal area



Source: Urban Econ calculations based on Quantec Research data

In order to ensure that various demographic characteristics can be compared, the proportions of different age categories per municipal area are utilized in the subsequent illustrations. The population structure has direct implications for the local economies. As such the general shapes of the age categories of the preceding figures are compared. The largest proportions of the population were recorded in the following age categories for 2004:

- Delmas Age 0-14 32.0%
- Age 15-29 28.9%
- Emalahleni Age 30-49 30.8%
- Age 15-29 29.5%
- **Steve Tshwete** **Age 0-14** **29.6%**
- Age 15-29** **29.3%**
- Age 30-49** **29.3%**
- Emakazeni Age 0-14 31.4%
- Age 15-29 29.6%
- Thembisile Age 0-14 37.2%
- Age 15-29 30.5%
- Dr JS Moroka Age 0-14 38.0%
- Age 15-29 28.8%

The statistics indicate that young population characterizes the local municipalities of the Nkangala District. This implies that there is a significant proportion of the population able to participate in the economy as a source of labour. These indications are vitally important as employment and unemployment are based on these considerations. The information reflected in Figure 2.2 is also presented in Table 2.11.



TABLE 2.11 AGE DISTRIBUTION 2004 (%)

Gender	Delmas		Emalahleni		Steve Tshwete		Emakazeni		Thembisile		Dr JS Moroka	
	M	F	M	F	M	F	M	F	M	F	M	F
Age 0-14	32.5	31.6	27.2	29.5	29.5	29.6	31.3	31.6	39.4	34.9	40.9	35.2
Age 15-29	29.4	28.3	29.9	29.2	29.5	29.0	30.7	28.4	31.9	29.1	29.9	27.8
Age 30-49	25.7	25.9	31.6	29.9	29.6	29.0	24.3	24.8	18.6	22.3	16.9	19.7
Age 50-64	9.1	10.0	9.1	8.4	8.9	8.6	9.9	10.0	6.9	8.4	7.8	9.9
Age > 65	3.3	4.2	2.2	3.0	2.5	3.7	3.8	5.2	3.2	5.2	4.5	7.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Urban Econ calculations based on Quantec Research data

The preceding table (Table 2.11) presents the total population per municipal area according to gender distribution and associated age categories. As such the proportion of the local population that has the potential to perform/act as a source of labour can be determined. The specific percentage of the total local population that is classified as the labour force is summarized as follows (2004):

- Delmas 64.2%
- Emalahleni 69.0%
- **Steve Tshwete 67.3%**
- Emakazeni 64.1%
- Thembisile 58.7%
- Dr JS Moroka 56.0%

One of the key observations that are made is that more than half of total population for each municipal area can act as a source of labour force. The next section presents the population growth rate during the selected timeframe.

2.2.1.2. POPULATION GROWTH RATE

As part of the investigation into population profile, the relative growth rates i.e. the average annual growth rates have been determined. The aim of the section is to provide a key indication of the rate at which the population as a whole is expanding. In order to provide population benchmarks, the 2001 official data and 2004 projected data provided by StatsSA has been utilized. As indicated earlier, the statistics of the mentioned period incorporated the effects of HIV/AIDS in analysis. Table 2.12 is employed to present growth rate associated with various age categories during the selected timeframes.

The statistics offered in Table 2.12 provides a suitable point of departure in discussing the population growth rates experienced in the local municipal areas. With reference to the table, it is observed that four municipal areas have (including the effects of migration) experienced a population marginal growth rate fluctuating between 0.6% and 1.7% while the two remaining local areas have experienced a negative annual growth rate during 2001-2004.



TABLE 2.12: POPULATION GROWTH RATE (2001-2004)

Categories	Delmas	Emalahleni	Steve Tshwete	Emakazeni	Thembisile	Dr JS Moroka
Age 0 – 14	1.1	1.1	0.5	0.9	(0.2)	(1.2)
Age 15 – 29	(0.4)	1.8	0.7	1.2	(0.7)	(2.6)
Age 30 – 49	0.4	1.3	0.5	1.3	0.2	(1.6)
Age 50 – 64	2.6	4.1	3.4	3.0	2.7	1.2
Age >65	1.9	3.0	2.6	1.9	1.3	0.6
TOTAL	0.6	1.7	0.9	1.3	(0.0)	(1.4)

Source: Urban Econ calculations based on Quantec Research data

While the aggregate population has experienced growth in these areas, the net effect of the individual age categories reflects differing relative growth rates. With reference to Table 2.12, this information is revealed:

- The population of both Emalahleni and Emakazeni municipal areas is growing at a comparatively faster rate than the Delmas and Steve Tshwete areas.
- The negative growth rate in the younger age categories in both Thembisile and Dr JS Moroka will translate into a decline (in future) of the PEA and therefore the overall population and the labour force.
- The highest population expansion throughout the district is experienced in the 50-64 age category.

As a result of the population growth experienced in the municipal areas, a range of development issues will manifest at the local level. This implies that the formal economic base of the areas needs to create additional employment opportunities in order to maintain the current proportional employment levels and improve the delivery of basic social amenities. The discussion provided in the subsequent section relates to the characteristics of the labour force and is based on the overall population.

2.2.2 EMPLOYMENT CHARACTERISTICS

The purpose of this section is to present employment trends and profiles from an appropriate perspective. The main aim of this section is to determine the overall:

- Employment rate
- Unemployment rate

Afore the various employment characteristics are delineated, Envelope 2.3 provides an approach followed in determining the updated profiles.

Envelope 2.3:

In order to provide updated employment and unemployment profiles per municipal area, projections for 2004 was undertaken. The projections take StatsSA's 2004 projected total labour force i.e. the proportion of the population aged between 15 and 65 years. The Census 2001 statistics are utilized as base year from where to perform the projections. As such the relative size of the labour force and the magnitude of employment and unemployment rate experienced throughout the district for 2004 is determined.



The labour force characteristics in terms of the distribution of the district population with reference to the employment and unemployment are presented in Table 2.13.

Status	2001	2004*	Growth	%
Employed	199,695	204,362	4,667	56.2%
Unemployed	155,564	159,200	3,636	43.8%
Total Labour Force	355,259	363,562	8,303	100.0%

* Indicates the projected value

Source: Urban-Econ calculations based on Quantec Research data

The preceding table indicates that the approximately 44% of the labour force in the Nkangala District is unemployed. This is comparatively higher than the national unemployment level. Furthermore, an indication of the unemployment rate from the local perspective is presented. The baseline information discussed in this section is based on Table 2.14 and Figure 2.4.

Table 2.14 indicates the values of employed, unemployed individuals as well as the growth associated with each dimension. With reference to Table 2.14, the key observations that are made include the following:

- During 2004 Emalahleni municipal area was the largest in terms of the total labour force and the second largest is Thembisile local area.
- There has been a growth experienced in terms of the number of employed as well as the unemployed people throughout the district between 2001-2004. Four local municipalities have experienced growth in employment opportunities than unemployment growth during the period under review. These areas were:
 - Delmas
 - Emalahleni
 - Steve Tshwete
 - Emakhazeni
- With reference to Thembisile and Dr JS Moroka areas, unemployment growth was higher than the employment growth over the period of three years. These localities have to generate more employment opportunities in order to maintain the current employment levels and to absorb the new entrants into labour market.

In addition to the information indicated by Table 2.14 Figure 2.4 is utilized to reflect the employed and unemployed proportions of the total labour force per municipal area. The figure is of such a nature that the percentage employment and unemployment in relation to overall labour force is indicated. The proportions assist in revealing the comparative analysis of the various municipal areas in terms of the employment and unemployment profile.



TABLE 2.14: EMPLOYMENT AND UNEMPLOYMENT PER MUNICIPAL AREA

Area	Status	Employed	Unemployed	Total Labour Force
Delmas	2001	13,180	9,766	22,946
	2004*	13,500	10,003	23,503
	Growth	320	237	557
Emalahleni	2001	76,653	47,676	124,329
	2004*	78,890	49,068	127,958
	Growth	2,237	1,392	3,629
Steve Tshwete	2001	41,647	22,824	64,471
	2004*	42,763	23,436	66,199
	Growth	1,116	612	1,728
Emakhazeni	2001	11,687	4,999	16,686
	2004*	11,873	5,078	16,951
	Growth	186	79	265
Thembisile	2001	34,104	35,748	69,852
	2004*	34,831	36,510	71,341
	Growth	727	762	1,489
Dr JS Moroka	2001	22,424	34,551	56,975
	2004*	22,791	35,116	57,907
	Growth	367	565	932

* Indicates the projected value

Source: Urban-Econ calculations based on Quantec Research data

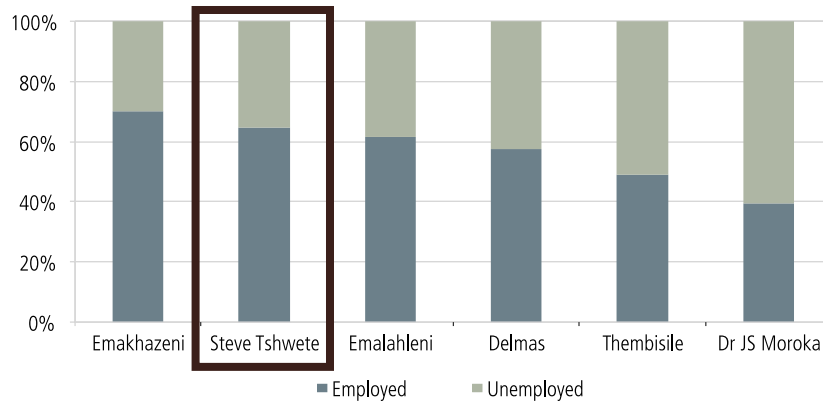
Based on Figure 2.4, the underlying trends of the local areas are underscored:

- In 2004, the unemployment rate was proportionally higher in the following areas. In other words, more than half of the total labour force in these areas was unemployed.
 - Dr JS Moroka 61%
 - Thembisile 51%
- Within other local municipalities, the unemployment rate was recorded as follows (in order of size):
 - Delmas 43%
 - Emalahleni 38%
 - **Steve Tshwete 35%**
 - Emakhazeni 30%
- The highest employment opportunities were provided within the following areas:
 - Emakhazeni 70%
 - **Steve Tshwete 65%**
 - Emalahleni 62%

Based on the preceding statistics, it is evident that within Nkangala District, Emakhazeni and Steve Tshwete local municipalities has outperformed other local areas in terms of the proportion of the labour force provided with employment.



FIGURE 2.4: MUNICIPAL LEVELS: EMPLOYMENT AND UNEMPLOYMENT 2004



Source: Urban Econ calculations based on Quantec Research data

High unemployment levels is an unfavorable situation and as such local municipalities have to generate new employment opportunities and the employment growth rates within the various economic sectors should be accelerated, then the unemployment rate in the local areas will decline. The high unemployment rate in the areas implies that there is insufficient disposable income and therefore the low buying capacity per individual. This also impacts the financial capacity of the local municipality to efficiently deliver adequate municipal services and will lead to high number of indigents. Furthermore the low purchasing power within the local communities is likely to discourage potential investors to the area. The subsequent section presents an investigation into the employability of the overall population.

2.2.3 EMPLOYABILITY

Employability of the local population is a function of the overall literacy levels. This section investigates the literacy levels of the population under the following dimensions:

- Functional literacy
- Formal skills

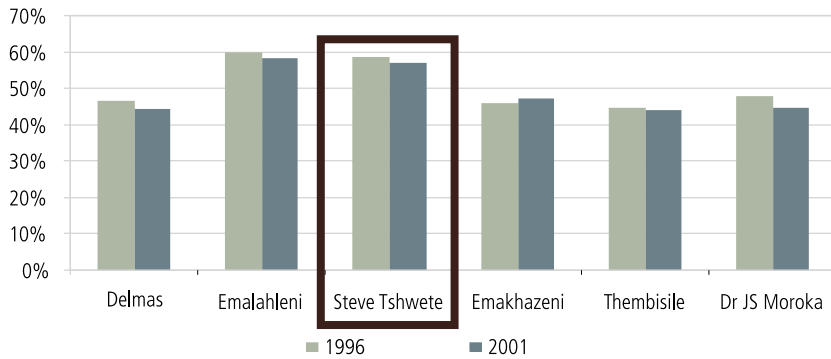
2.2.3.1. FUNCTIONAL LITERACY

The aim of this section is to provide the functional literacy level throughout the district. In this section a functional literate individual is a person aged 20 years and above ad has obtained Grade 7. It is therefore evident that this definition excludes persons who are between the ages of 15-20 years who are included in the definition of “potentially economically active” population. The information discussed in the section relating to the functional literacy level is based on the Figure 2.5.

It is important to indicate that the benchmark profiles provided are based on the Census 1996 and 2001 statistics. It is evident from Figure 2.5 that there has been a proportional decrease in functional literacy levels in other local municipalities.



FIGURE 2.5: MUNICIPAL FUNCTIONAL LITERACY



Source: Urban Econ calculations based on Quantec Research data

However Emakhazeni municipal area has improved its proportion in this regard. In terms of functional literacy, the local areas can be ranked as follows during 2001:

1. Emalahleni 58%
- 2. Steve Tshwete 57%**
3. Emakhazeni 47%
4. Dr JS Moroka 45%
5. Delmas 44%
6. Thembisile 44%

As indicated earlier, the functional literacy levels of these localities present only a partial perspective of the skills base of a region. It is therefore necessary to investigate the overall skills profile of the population living in these local municipalities. The overall skills profile is presented in the subsequent section.

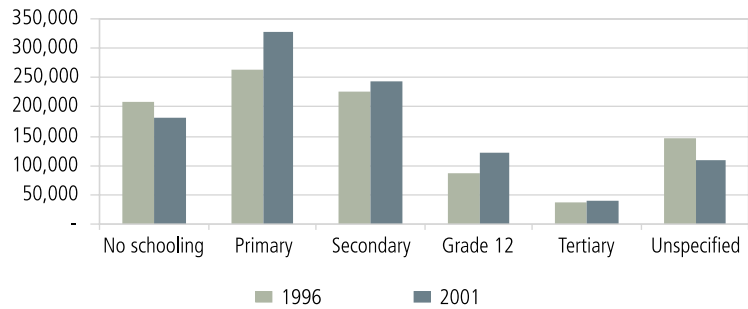
2.2.3.2. SKILLS LEVELS

The skills profile is defined as a portion of the population with varying levels of educational qualifications and practical or technical experience in a particular field. The purpose of this section is to investigate the educational profile of the district and its local municipal areas. The rationale for the investigation into the skills profile relates to the global movement towards higher skilled labour. However a critical shortcoming of the baseline information is that the official data include the individuals younger than 20 years i.e. these persons might still be in the education system or too young to participate in the formal education system. Furthermore, the skills profile provides an indication of formally obtained qualifications and does not take practical or technical training into consideration.

For the discussion of the educational profile of the Nkangala District, Figure 2.6 is utilized to indicate the number of individuals that have successfully completed the relevant and formal qualification levels. The general qualification categorization is utilized to discuss this dimension.



FIGURE 2.6: SKILLS LEVELS IN NKANGALA DISTRICT



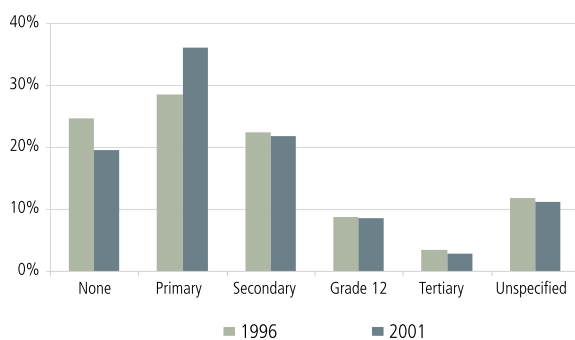
Source: Urban Econ calculations based on Quantec Research data

The primary characteristic of the district skills profile during 1996-2001 period is that there has been an overall improvement in the number of individuals that obtained formal education. The increased number of qualifications awarded for “primary, secondary, grade 12 & tertiary” categories indicates the significant educational improvement. In terms of the skills level, the largest portions of individuals are in primary (Grade 1-7) and secondary (Grade 8-11) categories. However in contrast to the number of individuals that have obtained Grade 12 certificates, there has been a decline in number of individuals that obtained tertiary education throughout the district. Furthermore the decline in the number of individuals obtaining Grade 12 and tertiary education has sever implications in the light of growing reliability of economic activities on skilled and highly skilled labour. There has been a decrease in the “unspecified” category, which may be representing the number of technically trained or not accredited qualifications.

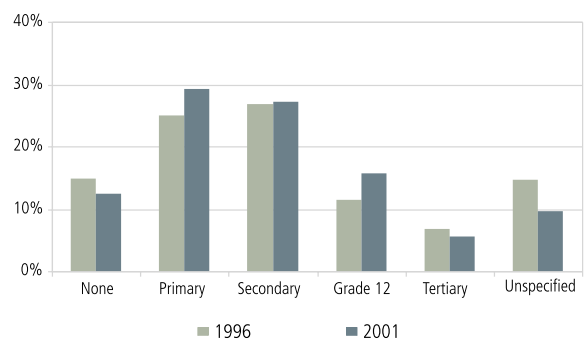
A further investigation into the skills profile is undertaken from the local perspective. As such Figure 2.7 a -f are employed to present the skills profile of the respective municipalities. The figures indicate the proportional distribution of skills throughout the various local municipalities

FIGURE 2.7: MUNICIPAL SKILLS LEVEL

a) Delmas area

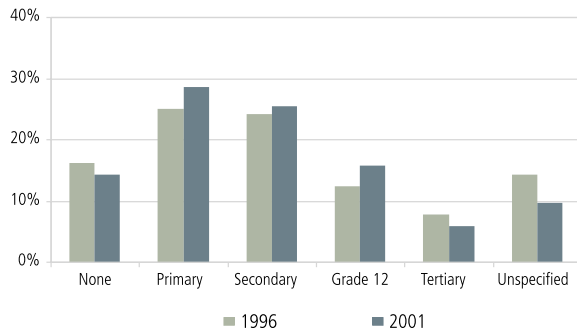


b) Emalahleni area

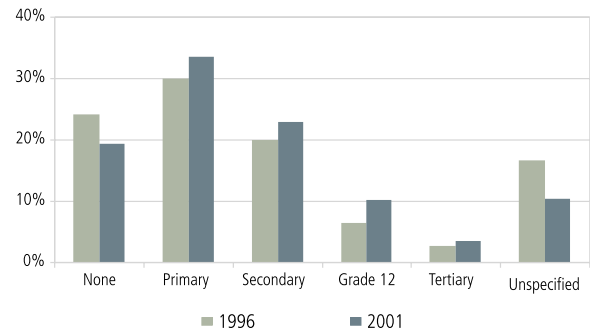




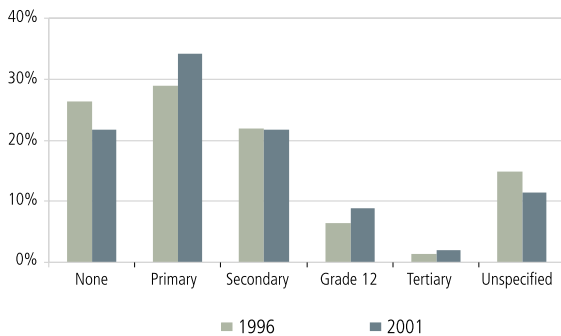
c) Steve Tshwete area



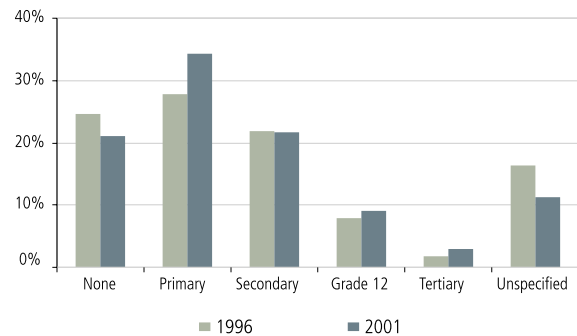
d) Emakhazeni area



e) Thembisile area



f) Dr JS Moroka area



Source: Urban Econ calculations based on Quantec Research data

In other words, the high of each bar in the figure represents the proportion of the local population that has obtained the indicated qualification. The first element of the municipal skills profile is the improvement in attainment of formal educational qualifications i.e. the decline in the proportion of “no schooling” category.

The second feature relating to the skills profile is that the highest proportion of local population are located in “primary & secondary” categories, in terms of the educational qualifications achieved. The third key observation that is made from the skills profile relates to the trends in the proportion of individuals, which have obtained Grade 12 certificates. This level of qualification is critically important as it is viewed as the minimum requirement for further studies. During 1996-2001, there has been an increase in the proportion of the local population that obtained senior certificates. However the only municipal area where this situation did not exist is Delmas, where its proportion remained relatively constant during the period under review. The movements in Grade 12 were recorded as follows:

- Emalahleni 4%-points
- Emakhazeni 4%-points
- **Steve Tshwete 3%-points**
- Thembisile 3%-points
- Dr JS Moroka 1%-points



The comparative analysis revealed that Emalahleni and Emakhazeni localities are the leaders in terms of the positive proportional movements in awarding senior certificates. The last feature of the municipal skills levels relates to the tertiary education qualifications i.e. certificate/diploma, bachelor degree, and post-graduate degree. The salient features regarding this issue is that Emakhazeni, Thembisile and Dr JS Moroka areas have increased their proportions in “tertiary” category, while the remaining areas have experienced a decline in this regard. The declining trends in this dimension for respective areas were as follows:

- Steve Tshwete -2%-points
- Delmas -1%-points
- Emalahleni -1%-points

The preceding presentations and discussions imply that the population throughout the district has to be provided with tertiary education in order to develop the human capital. This will improve the level of reliability of economic activities on skilled labour. The following section presents the income levels of the households living in the regions under the discussion.

2.2.4 ANNUAL HOUSEHOLD INCOME

1. The other socio-economic feature that is discussed as part of this document relates to the income levels of the households in the municipal areas. The aim of this section is to evaluate household earnings within the study area through an application of various income categories. Annual household income is defined as the combined income of all members of the household. Consequently, the **weighted average annual household income** is determined. For illustrative purposes, the income profiles of the local areas are presented in Table 2.15.

Income level	Delmas	Emalahleni	Steve Tshwete	Emakhazeni	Thembisile	Dr JS Moroka
No income	21.9%	21.3%	15.2%	15.4%	29.6%	38.8%
R1-R4,800	7.5%	5.1%	5.8%	7.1%	9.5%	5.2%
R4,801-R9,600	20.8%	12.3%	13.6%	22.7%	20.9%	22.9%
R9,601-R19,200	21.0%	16.5%	17.2%	22.7%	19.5%	14.8%
R19,201-R38,400	14.5%	17.4%	18.1%	16.6%	12.4%	10.4%
R38,401-R76,800	6.8%	11.8%	13.5%	8.5%	5.1%	5.2%
R76,801-R153,600	3.9%	9.2%	9.8%	4.3%	1.9%	2.0%
R153,601-R307,200	2.5%	4.8%	4.9%	1.5%	0.6%	0.4%
R307,201-R614,400	0.8%	1.1%	1.3%	0.5%	0.1%	0.1%
R614,401-R1,228,800	0.2%	0.3%	0.3%	0.2%	0.0%	0.0%
R1,228,801-R2,457,600	0.1%	0.2%	0.3%	0.2%	0.1%	0.1%
Over R2,457,601	0.1%	0.1%	0.1%	0.2%	0.0%	0.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Urban Econ calculations based on Quantec Research data

The mentioned table is employed to indicate the proportions of household earnings per category for 2001. With reference to Table 2.15, the following strategic observations are made:



The significant proportions of local households do not receive any formal annual income within the district. With respect to individual areas, magnitudes of “no income” category are determined and municipalities are ranked according to their proportions as follows:

1. Dr JS Moroka	38.8%
2. Thembisile	29.6%
3. Delmas	21.9%
4. Emalahleni	21.3%
5. Emakhazeni	15.4%
6. Steve Tshwete	15.2%

The above statistics indicate that new employment opportunities need to be generated throughout the district. The preceding table contains the distribution of households per income category. Therefore the weighted average annual household income for 2001 is calculated as follows:

- **Steve Tshwete** **R53,231.33**
- Emalahleni R48,092.81
- Emakhazeni R31,494.53
- Delmas R29,965.84
- Thembisile R17,574.31
- Dr JS Moroka R15,682.36

The preceding weighted average annual household income revealed that the households in Steve Tshwete and Emalahleni municipal areas have comparatively more disposable income for expenditure on goods and services. On the other hand, the populations in Thembisile and Dr JS Moroka areas receive annual income of less than R18,000 per annum and therefore have less disposable income for the purchase of commodities.

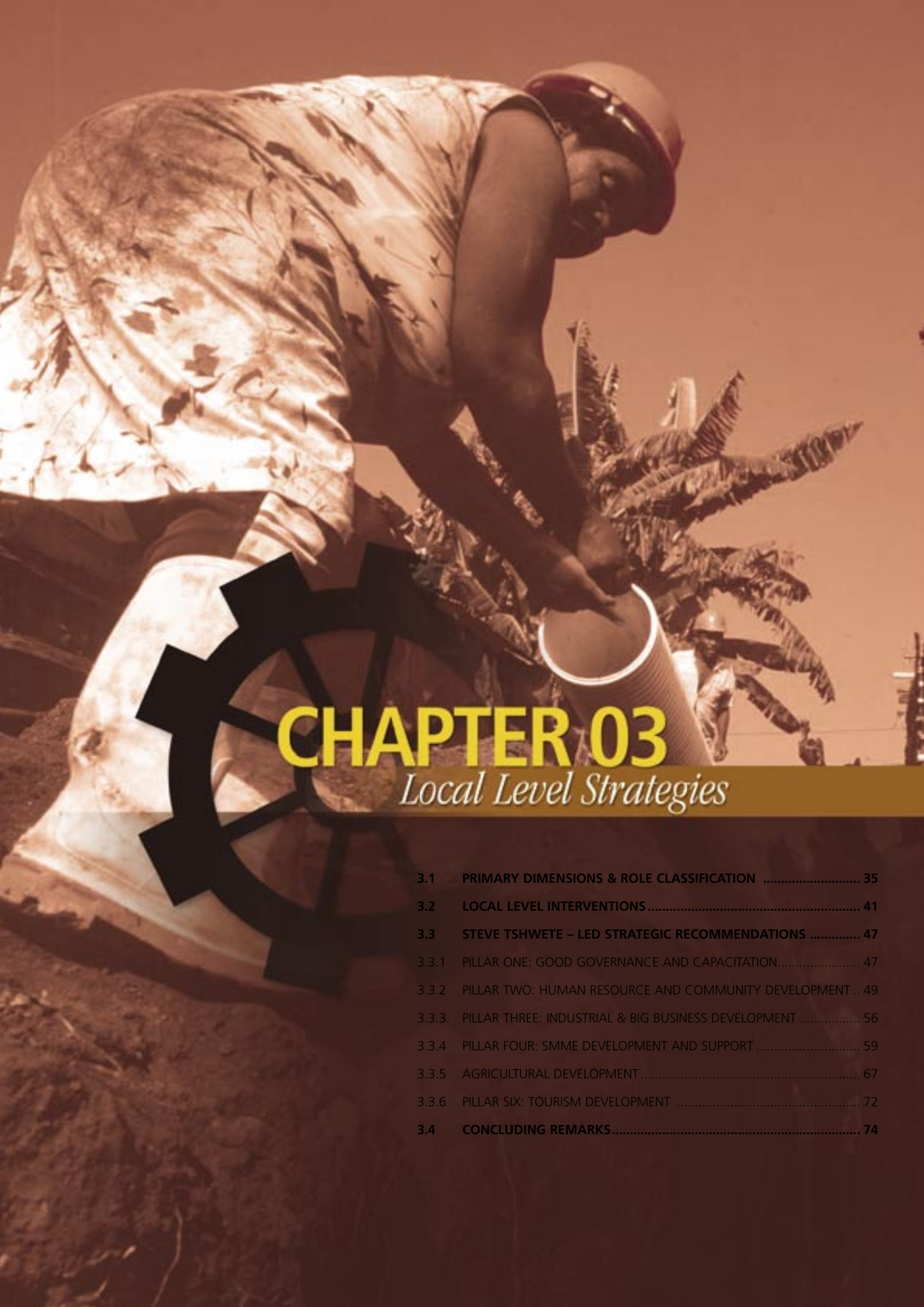
2.3 CONCLUSION

The various local municipalities, throughout the Nkangala region, are facing increased pressure from an economic as well as a socio-economic perspective. It is vitally important to base the various LED interventions on the comparative advantages that are manifesting at the local level. Therefore, the packaging of the existing District level LED plan into disaggregated, local level, LED Strategies must incorporate the following dimensions:

- An indication of the sectoral focus areas
- Facilitate alignment with the various other areas’ LED activities
- Integrate existing LED frameworks and plans into a comprehensive strategy
- To develop an “Integrated LED Implementation Assistance Plan”

From the preceding, it is evident that the final outcome of the preceding will be a guide that contributes towards the implementation of the District LED, through the facilitation of alignment of local level LED activities. Additionally, it is important to contribute towards the creation of a shared and common LED approach in the district as a whole.

The following chapter presents the various local level LED plans, based on the district level LED.



CHAPTER 03

Local Level Strategies

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LOCAL LEVEL STRATEGIES

The purpose of this chapter is to identify and delineate the specific elements of the Nkangala District Municipality Local Economic Development Strategy that has specific relevance for the individual local municipalities. A critical consideration that must be taken into consideration relates to the various cross cutting pillars i.e:

- Governance
- Tourism Development
- Human Resource Development.

While the mentioned cross cutting pillars imply that the pillar as a whole need to be implemented, the underlying rationale relating to this review (of the NDM LED plan) is to ensure that the various local municipalities LED activities are aligned. In other words, 2 fundamental issues are addressed by the review:

- Ensuring that local level LED activities are aligned with, and informed by, the NDM LED Plan
- That the 6 local municipalities have LED Guidelines to incorporate into the IDP's, to initiate the LED activities at a local level.

The chapter is structured as follows:

- Firstly the primary dimensions utilized to recommend specific elements of the strategy to the local LED teams are reviewed. This is linked to the framework utilized to package the disaggregated LED plan at a local level is presented
- Secondly "re-aggregated" LED strategies are recommended.
- Thirdly the **local level LED strategies are presented, based on the recommendations.**

It is stressed that the various elements of the re-aggregated strategies are of such nature that the dominant features of the local level LED interventions are provided. As part of this project, separate documents have been prepared for the individual local municipalities.

3.1 PRIMARY DIMENSIONS & ROLE CLASSIFICATION

The selection of the various sectors on which to focus the LED interventions are directly informed by the comparative advantages as outlined in the preceding chapter. It is vitally important to realize that the selection of the specific interventions have been undertaken through the application of selection criteria. As part of this revision for the various local municipalities, the following features were applied to ensure that the identified comparative advantages are aligned with the relevant pillars of the LED plan:

- Contribute towards the development of the prioritized economic sectors in a constructive manner
- Contribute towards the stimulation of secondary activities in the local area
- Ensure a balanced approach towards LED in the local arena
- Harness the comparative advantages while enabling supporting sectors to grow and develop
- Taking the broader development environment (and priorities) into consideration
- Increase the resilience of the local economy *vis-à-vis* external shocks.



With the preceding as a point of departure, the specific framework that was utilized as a foundation for the packaging of the individual local LED strategies is presented in Table 3.1. Note that this table aligns directly with the NDM LED strategy.

During the review of the above framework, it became apparent that in order to facilitate **alignment** at the local level, with the relevant activities vis-à-vis the different areas, the following aspects had to be included in the classification:

- The various spatial areas are inter-related and should not be regarded as “isolated”
- Opportunities exist for “cross border” cooperation between municipalities with reference to various interventions
- Specific interventions are not regarded as suitable in the local context
- The local level comparative advantages
- The local level dynamics (these aspects aren’t discussed but have been incorporated through the use of suitable interactions).

Through the application of various parameters, the district level LED plan (and the associated framework presented in Table 3.1) was allocated to the individual municipalities. Table 3.2 presents an indication of the “re-allocated” and “re-aggregated” LED plan. As part of this process, the most relevant level of municipality is also included. Furthermore, as a result of the overlap of the establishment of the LED Forum (at a district level – re-launched 30th June 2006), a specific instrument was created through which various interaction and interface requirements could be addressed. This instrument was therefore also included in the reworked framework. It also flows logically that as part of the reworked framework, the degree of involvement associated with the varying municipal bodies and the individual interventions are also different, depending on the nature of the intervention. Based on the specific role to be played by the individual institution, the classification employed is indicated in Table 3.2.



TABLE 3.1: FRAMEWORK

Regulatory Reform	Policy formulation	Indigent policy & enforcement
		Human resource policy
		Procurement policy
		LED policy formulation
		SMME policy
	Organizational re-alignment	"Culture of service excellence"
		Enforcement of "Code of Conduct"
		Appropriate capacitation (including tourism)
		Provincial government support
		Revision of by-laws
Economic infrastructure maintenance	Maintenance & repair of infrastructure	"Fix-it-quickly" approach to infrastructure maintenance
		Contingency budget
		Investigation in to alternative service delivery mechanisms
	Cross functional helpdesk	Call-centre to record infrastructure problems from public
		Establish benchmarks for responding to complaints (including feedback mechanism)
		Hot-line to Mayors' Office
Inter-Gov. Communication	Dedicated communication channels and capacitation	Roles and responsibilities framework
		Identify dedicated personnel implement all LED activities
		Develop and incorporate appropriate capacity building
Institutional Framework		See following chapter
Tertiary Institutions	Training Hub	Memorandum of understanding
		Specialized curricula
		Focused business skills development
	Research and Development	Business/SMME technology R&D departments
		Information portal to act as information dissemination & networking hub
		Formulate new skills development curricula and deploy
	Library services	Inventory of business users with access to library services
		Dedicated business development library (support) staff
		Linkages between public & tertiary libraries
	Labour sector re-alignment	Internet access to library information services (e.g. business articles)
		Audit of skills gaps vs skills requirements
		Practical expertise development linkages with private sector
Entrepreneurial development programmes		
Assist local businesses to complete and apply for WSP (Workplace skills Plan) as part of the SETA framework)		
Assist local business to formulate WSP's		
Internal business skills	Workplace skills plans (WSP)	Facilitate access to Skills Levy Fund
		Monitoring of skills development and application of funds
		Assistance in application for SETA
	Service corps of retired executives	Database of retired business-persons willing to act as mentors
		Database of emerging business operated by emerging entrepreneurs
		Facilitate group learning activities (provide discussion platforms)
	Financial aid services	Create a centralized office dealing with bursary information of all local and national bursary opportunities
		Assist prospective students to apply for relevant bursaries
		Identify businesses to sponsor students financially and otherwise
		Facilitate local businesses to provide vocational employment to students
		Leadership and management development programme



	HIV/Aids Care taker training	Care taker training centre	Establishment of a centre to train individuals as HIV/ Aids councilors
			Deploy trainees into local areas as part of training course
	Community Base Public Works Programme	Environmental awareness campaigns	Establish a programme to assist in environmental matters e.g. recycling
		Electricity pay points	Establish electricity pay point offices in selected settlements (link with MPCC)
		Public Motivation/Empowerment	Facilitate local community public motivation to initiate own LED activities
	Business Retention, expansion and attraction drive	Visitation programme	High profile interaction with business community
			Signalling activities
			Customer care
			Information dissemination
		Networking and partnership	Review existing networks to asses efficiency levels
			Formulate strategy to address weaknesses and develop strengths
	Identify gaps in partnerships and barriers to cooperation		
	Investment attraction drive	Facilitate the formation of partnerships and undertake activities to overcome barriers	
		International marketing	
		Trade and investment commissions i.e. visits	
	Marketing	Place Marketing	MDC initiatives
			Create awareness of opportunities in Nkangala
Improve and market tangible and intangible locational factors			
Industrial marketing		Brand and image building	
		Local web portal	
		Linkages with BRAIN and FRAIN	
		Networking and partnerships (develop and strengthen)	
Industrial expo		Development of "open-ware" Ethernet	
		Events calendar	
		Attract exhibitors through appropriate competitions	
Link with Maputo Corridor Marketing Initiatives	Lobby DTI & DACST to accredit Expois		
	Appoint appropriate events managers.		
	Ensure that all marketing drives align with Maputo Corridor Initiatives.		
Establishment services	Business skills development	Increase productivity actions	
		Development of management skills	
	Business Plan Formulation assistance	Undertake appropriate feasibility studies	
	Seed Capital	Provide dedicated office to assist SMMEis in the formulation of business plans	
	Incubators	Facilitate access to finance and other support services	
Emergent entrepreneur Competitions	Establish centres for small businesses i.e. providing warehouses, offices, etc temporarily until their businesses are ready to operate on their own (Link with MPCC)		
		Establish an annual emerging entrepreneur competition	



SMME Development	Expansion of existing SMMEs	Access to venture capital	Assist in the obtention of venture capital and/or other sources of funding
			Provide credit guarantee facilities to SMMEs during the application for funding
			Support and facilitate application procedures of SMMEs for funding
			Provide easy access to auditors to verify and assist in the financial controls of the SMMEs
		Incubators	Expand current scope of existing incubators
		Linkages with BRAIN & FRAIN	Establish information points where businesses can access these networks
			Assist businesses to close deals i.t.o franchise agreements
		Technology infusion	Establish a programme to assist in the integration of technology by SMMEs
			Technology days
			Telecentres
			Establish a SMME "Internet portal"
			Accreditation drive and Tender advice service, Quality assurance
	Assist SMMEs to participate in accreditation programme		
	Identify key strategic gaps in current "quality/value chains"		
	Review large business procurement policies and facilitate successful tendering		
	Linkages with large businesses	Small business Council and Association	Establish small business task team consisting of key political figures
			Disseminate product, information and services required to compete in contemporary economy
			Establish small business forums (cross sectoral) to initiate collective bargaining with suppliers
			Quarterly meetings between Task Team & forums to discuss problems
			Task team to utilise influence to remove barriers to entry and obstacles to competitiveness
			Provide a business entry point into existing networks
			Small business support centre
			Entrepreneurial and skills training
			Accounting, management, etc services
			Alignment with Mpumac
			Align with Mpumac's initiatives
			Market penetration (BRAIN & FRAIN)
			Arrange for the development of franchises
Identify suitable businesses for conversion to franchises			
Multi Purpose Community Centre (MPCC)			
Establish information and Services Centre			
Establish Information and communication Technology Centre			
Establish a Learning Centre			
Establish Community Economic Development Centre			



Emerging farmer development	Subsistence farming	Provide communities with training on emerging techniques	
		Small-scale agriculture	
		Provide suitable land for sustainable agriculture	
		Exploitation of agricultural export market to commercial farming	
		Farmers product market	
		Provide farmers with facilities for selling products to the locals & tourists communities	
		Economies of scope and scale	
		Promote the internal development advantage	
		Food and income security	
		Provide access to safe and nutritious food (Link with poverty alleviation)	
	Commercial farming	Special area development	Identify specific areas for development of large agriculture ventures (urban and rural)
			Identify investors to initiate development
			Provide appropriate infrastructure
		Market infrastructure	Provide adequate transport facilities and trading area
			Creation/upgrading of local fresh produce market
Agro-processing	Constant monitoring of health conditions & compliance with regulation		
	Special area development zones		
	Special areas for agro-processing		
Developing products	Product development	Regional integration	
		Identify linkages within the industry	
		Tourism facility and product audit	
		Arrange an audit on tourism activities	
		Tourism infrastructure upgrade	
		Provide adequate tourism infrastructure facilities and opportunities	
		Improve the existing tourism infrastructure	
		Tourism signage	
		Provide tourism signage for easy access to the area	
		Investment and funding	
		Identify new products to stimulate tourism growth	
		Investment and maximize benefits for public sector	
		Environmental conservation	
		Policy establishment	
		Establish a policy on environmental issues	
	Provide adequate transport facilities (reduce erosion)		
	Developments of "key tourism icons"	Policy formulation	
		Critical mass (Create clearly identifiable and unique tourism products)	
		Provide a focus for integrated tourism development)	
		Income augmentation	
		Poverty alleviation initiatives	
		Women empowerment	
		Youth assistance	
		Rural infrastructure provision and development	
		Economic infrastructure upgrade	
		Rural tourism and eco-tourism development	
		Link to tourism development Pillar	
Stimulating non-agricultural activities (e.g. arts & craft industries)			
Rural Support/service centres (MPCC)			



TABLE: 3.2: ROLE CLASSIFICATION

Classification	Description
Primary	If the institution is classified as the primary driver it is implied that the budgetary requirements associated with the implementation is for the indicated institution. Furthermore, such a classification implies that the institution should be held liable for the implementation of the indicated activities.
Secondary	A critical element of the interactions between the various municipalities, during the implementation of the LED interventions relates to the provision of secondary activities. These actions relate mainly to the participation in the implementation and the allocation of financial and human resources by appropriate secondment of these resources. However the provision of the support implies that the overall management, mandate and responsibility will be ceded to the primary role-players/institution.
Guiding	With reference to the guiding activities to be undertaken in the implementation, this classification makes provision for the participation in the implementation of the various interventions. The fundamental characteristic associated here relates to the provision of advisory services and human resources as inputs.

With the preceding classification outlined, the following section presents the local level frameworks that inform the LED interventions.

3.2 LOCAL LEVEL INTERVENTIONS

In the light of the magnitude of the interventions at a local level, the local level interventions are indicated in Table 3.3. **It is emphasized that as part of this project, the interventions have been packaged into separate documents that for the individual local municipalities. In other words, in addition to this document, six separate documents have been developed through which the local level interventions are communicated to the individual local municipalities. The following code applies:**

- EM Emalaheni
- ST Steve Tshwete
- EK Emakazeni
- TB Thembisile
- JS Dr JS Moroka
- DM Delmas
- NDNkangala District



TABLE 3.3: LOCAL LEVEL INTERVENTIONS

Pillar, Programme Project & Main activities			EM	ST	EK	TB	JS	DM	ND	
Good governance	Regulatory Reform	Policy formulation	Indigent policy & enforcement	S	S	S	S	S	S	P
			Human resource policy	S	S	S	S	S	S	P
			Procurement policy	S	S	S	S	S	S	P
			LED policy formulation	S	S	S	S	S	S	P
			SMME policy	S	S	S	S	S	S	P
		Organizational re-alignment	“Culture of service excellence”	P	P	P	P	P	P	P
			Enforcement of “Code of Conduct”	P	P	P	P	P	P	P
			Appropriate capacitation (including tourism)							P
			Provincial government support							P
			Revision of by-laws	P	P	P	P	P	P	P
	Economic infrastructure maintenance	Maintenance & repair of infrastructure	“Fix-it-quickly” approach to infrastructure maintenance	P	P	P	P	P	P	S
			Contingency budget	P	P	P	P	P	P	S
			Investigation in to alternative service delivery mechanisms	P	P	P	P	P	P	S
		Cross functional helpdesk	Call-centre to record infrastructure problems from public	P	P	P	P	P	P	G
			Establish benchmarks for responding to complaints (including feedback mechanism)							G
			Hot-line to Mayors’ Office	S	S	S	S	S	S	S
	Inter-Gov. Comm	Dedicated communication channels and capacitation	Roles and responsibilities framework	These aspects will be addressed by the LEDF at a district as well as a local level						
			Identify dedicated personnel implement all LED activities							
			Develop and incorporate appropriate capacity building							
Institutional Framework		See following chapter								
Human Resources and Community Development	Tertiary Institutions	Training Hub	Memorandum of understanding	P	P					G
			Specialised curricula	P	P					
			Focused business skills development	P	P					
		Research and Development	Business/SMME technology R&D departments							
			Information portal to act as information dissemination & networking hub							P
			Formulate new skills development curricula and deploy							G
	Library services	Inventory of business users with access to library services			P	P	P	P	S	
		Dedicated business development library (support) staff			P	P	P	P	S	
		Linkages between public & tertiary libraries			S	S	S	S	S	
		Internet access to library information services (e.g. business articles)			S	S	S	S	S	



Human Resources and Community Development	Labour sector re-alignment	Audit of skills gaps vs skills requirements	P	P	P	P	P	P	P
		Practical expertise development linkages with private sector	P	P				P	S
		Entrepreneurial development programmes	P	P	P	P	P	P	
		Assist local businesses to complete and apply for WSP (Workplace skills Plan) as part of the SETA framework)	P	P					
	Workplace skills plans (WSP)	Assist local business to formulate WSP's	P	P					
		Facilitate access to Skills Levy Fund	P	P					
		Monitoring of skills development and application of funds	P	P					
	Skills development funding	Assistance in application for SETA			P	P	P	P	S
	Service corps of retired executives	Database of retired business-persons willing to act as mentors	S	S					P
		Database of emerging business operated by emerging entrepreneurs			S	S	S	S	P
		Facilitate group learning activities (provide discussion platforms)							
	Financial aid services	Create a centralised office dealing with bursary information of all local and national bursary opportunities	S	S	S	S	S	S	PP
		Assist prospective students to apply for relevant bursaries	S	S	S	S	S	S	P
		Identify businesses to sponsor students financially and otherwise	S	S	S	S	S	S	P
		Facilitate local businesses to provide vocational employment to students	S	S	S	S	S	S	P
		Leadership and management development programme	S	S	S	S	S	S	P
	HIV/Aids Care taker training	Establishment of a centre to train individuals as HIV/ Aids councilors	P	P	S	S	S	S	P
		Deploy trainees into local areas as part of training course			S	S	S	S	P
	Community Base Public Works Programme	Environmental awareness campaigns	P	P	P	P	P	P	P
		Electricity pay points							P1
		Public Motivation/ Empowerment	P	P	P	P	P	P	G



Industrial & big business development	Business Retention, expansion and attraction drive	Visitation programme	High profile interaction with business community															
			Signalling activities															
			Customer care															
			Information dissemination															
		Networking and partnership	Review existing networks to asses efficiency levels															
			Formulate strategy to address weaknesses and develop strengths															
			Identify gaps in partnerships and barriers to cooperation															
			Facilitate the formation of partnerships and undertake activities to overcome barriers															
		Investment attraction drive	International marketing															
			Trade and investment commissions i.e. visits															
			MDC initiatives															
	Marketing	Place Marketing	Create awareness of opportunities in Nkangala															
			Improve and market tangible and intangible locational factors															
			Brand and image building															
		Industrial marketing	Local web portal															
			Linkages with BRAIN and FRAIN															
			Networking and partnerships (develop and strengthen)															
			Development of "open-ware" Ethernet															
		Industrial expo	Events calendar															
			Attract exhibitors through appropriate competitions															
			Lobby DTI & DACST to accredit expo's															
			Appoint appropriate events managers.															
		Link with Maputo Corridor Marketing Initiatives	Ensure that all marketing drives align with Maputo Corridor Initiatives.															
			Increase productivity actions															
		SMME Development/Small business support centre	Business skills development	Development of management skills														
				Undertake appropriate feasibility studies														
			Business Plan Formulation assistance	Provide dedicated office to assist SMME's in the formulation of business plans														
	Facilitate access to finance and other support services																	
Incubators	Establish centres for small businesses i.e. providing warehouses, offices, etc temporarily until their businesses are ready to operate on their own (Link with MPCC																	
Emergent entrepreneur Competitions	Establish an annual emerging entrepreneur competition																	



SMME Development	Small business support centre	Expansion of existing SMMEs	Access to venture capital	Assist in the obtention of venture capital and/or other sources of funding															
				Provide credit guarantee facilities to SMME's during the application for funding															
				Support and facilitate application procedures of SMME's for funding															
				Provide easy access to auditors to verify and assist in the financial controls of the SMME's															
			Incubators	Expand current scope of existing incubators															
			Linkages with BRAIN & FRAIN	Establish information points where businesses can access these networks															
				Assist businesses to close deals i.t.o franchise agreements															
			Technology infusion	Establish a programme to assist in the integration of technology by SMME's															
				Technology days															
				Telecentres															
				Establish a SMME "Internet portal"															
			Accreditation drive and Tender advice service, Quality assurance	Develop accreditation programme, specifically aimed at SMME's															
				Assist SMME's to participate in accreditation programme															
				Identify key strategic gaps in current "quality/value chains"															
				Review large business procurement policies and facilitate successful tendering															
	Linkages with large businesses	Small business Council and Association	Establish small business task team consisting of key political figures	The specific activities will be undertaken through the LEDF (district and local level)															
			Disseminate product, information and services required to compete in contemporary economy																
			Establish small business forums (cross sectoral) to initiate collective bargaining with suppliers																
			Quarterly meetings between Task Team & forums to discuss problems																
			Task team to utilise influence to remove barriers to entry and obstacles to competitiveness																
		Provide a business entry point into existing networks																	
		Small business support centre																	
		Identify suitable businesses for conversion to franchises																	
		Multi Purpose Community Centre (MPCC)																	
		Establish information and Services Centre																	
		Establish Information and communication Technology Centre																	
		Establish a Learning Centre																	
		Establish Community Economic Development Centre																	



Agriculture Development	Emerging farmer development	Subsistence farming	Provide communities with training on emerging techniques																		
			Small-scale agriculture																		
			Provide suitable land for sustainable agriculture																		
			Exploitation of agricultural export market to commercial farming																		
			Provide farmers with facilities for selling products to the locals & tourists communities																		
			Promote the internal development advantage																		
			Provide access to safe and nutritious food (Link with poverty alleviation)																		
	Commercial farming	Special area development	Identify specific areas for development of large agriculture ventures (urban and rural)																		
			Identify investors to initiate development																		
		Market infrastructure	Provide appropriate infrastructure																		
			Provide adequate transport facilities and trading area																		
			Creation/upgrading of local fresh produce market																		
		Market infrastructure Agro-processing	Constant monitoring of health conditions & compliance with regulation																		
			Special area development zones																		
	Agro-processing	Identify linkages within the industry																			
Tourism Development	Product development	Tourism facility and product audit																			
		Arrange an audit on tourism activities																			
		Tourism infrastructure upgrade																			
	Developments of "key tourism icons"	Provide adequate tourism infrastructure facilities and opportunities																			
		Improve the existing tourism infrastructure																			
		Tourism signage																			
		Provide tourism signage for easy access to the area																			
		Investment and funding																			
		Identify new products to stimulate tourism growth																			
		Investment and maximise benefits for public sector																			
		Environmental conservation																			
		Policy establishment																			
		Establish a policy on environmental issues																			
		Provide adequate transport facilities (reduce erosion)																			
		Policy formulation																			
		Critical mass (Create clearly identifiable and unique tourism products)																			
		Provide a focus for integrated tourism development)																			
	Developments of "key tourism icons"	Income augmentation																			
		Poverty alleviation initiatives																			
		Women empowerment																			
Youth assistance																					
Rural infrastructure provision and development																					
Economic infrastructure upgrade																					
Rural tourism and eco-tourism development																					

Based on the preceding table, it is evident that the principles of “load sharing” have also been applied in certain instances.



3.3 STEVE TSHWETE – LED STRATEGIC RECOMMENDATIONS

Local government is tasked with the delivery of services to the local communities residing in its area of jurisdiction. Through the enactment of the Municipal Systems Act of 2000 and the Municipal Structures Act of 2000, local government was given a mandate to deliver apart from the traditional engineering services, economic development in the local area.

It is emphasized that the “LED Road Map” also informed the selection of specific activities to be undertaken by the local municipality. Where applicable, specific components of the LED Road Map are included in this document.

3.3.1 PILLAR ONE: GOOD GOVERNANCE AND CAPACITATION

The re-alignment and capacitation of the institutional structures, especially local government, can only be performed through a systematic approach to the problems being experienced. Currently, not all of the positions created for LED-officers have been filled. The specific issues relating to the appointment of personnel is beyond the focus of this study but is central to this pillar that the departments and/or institutions are adequately and appropriately staffed and appropriate capacity resides in the local government agencies to deploy LED.

The following programmes are recommended for the Steve Tshwete area.

3.3.1.1 ECONOMIC INFRASTRUCTURE MAINTENANCE

The maintenance of economic infrastructure as well as other infrastructure such as roads, storm water and water reticulation systems is the core focus of this development programme **AND THE MUNICIPALITY SHOULD PERFORM THE ROLE OF A PRIMARY DRIVER**. A detailed action plan must be formulated to direct the efforts of the various local municipalities through the process of monitoring and evaluating. Additionally, as a first step in the formulation of the specific action plan is the compilation of a zero-based budget focusing only on the maintenance of existing infrastructure. This will provide the basis for the determination of the actual financing required funding the maintenance function.

Furthermore a “fix-it quickly” approach must be adopted to maintain the infrastructure. A cross-functional complaints/helpdesk needs to be established to act as a single point of contact where infrastructure problems can be reported. A computerised system must allocate a “case number” to each case and the repair needs to be undertaken. Further, once the repair has been performed, the activity must be logged on the system. Through the computerised system, appropriate benchmarks can be determined and the efficiency of the various local municipalities can be compared and progress made with regards to service delivery.

The preceding implies that this development programme focuses entirely on the improvement of the maintenance of infrastructure in a visible manner. The maintenance and repair of the economic infrastructure is central to the governance pillar. A number of elements are central to the deployment of this development programme, namely:

- The delivery of this service in a manner that is visible to the private sector
- Directly benefiting the private sector through appropriate investment into infrastructure
- Employing infrastructure delivery as a mechanism to stimulate BEE and SMME development
- The establishment of a contingency budget to fund emergency capital expenditures.



Apart from the preceding elements, the overall approach followed to implement the development programme must be of such nature that in the event of infrastructure failure, the issues are resolved in a fast-tracked manner. While the maintenance and repair of these municipal assets are primarily the responsibility of the engineering department, a specific mechanism must be instituted to ensure the accurate recording of infrastructure failures. Additionally, clear procedures must be put in place through which the timeframes associated with repair activities can be measured i.e. benchmarked.

A number of critical steps should be initiated to ensure that this development programme survives the initial start-up phases and include:

- A clear commitment from the top-management (political and executive) structures in terms of their resolve to implement the change in the manner in which infrastructure maintenance is performed.
- Provide the executive component of the municipalities with the necessary mandate to implement new measures
- Formulate appropriate implementation plan to shift towards new delivery mechanism with the following incremental plans
- Mobilisation of the relevant departments to support new maintenance mechanism
- Identification and clarification of the “desired future state” of maintenance delivery
- Clarification of “midpoint” goals in terms of transformation from current delivery approach to the revised, fast-tracked approach
- Continuously monitor implementation and re-align and direct efforts
- Establish helpdesk together with appropriate intranet facilities and software to support the communication actions required.
- Perform zero-based budget to obtain estimates of overall budget required to provide efficient service delivery.
- Initiate programme and communicate appropriate contact details to the public.

3.3.1.2 REGULATORY REFORM

In order to successfully reform and re-deploy the regulatory reformation throughout the Nkangala District, it is necessary to ensure that the reform is implemented in a manner that will fast track the process. Only through the comprehensive transformation of the regulatory environment will the investment climate of the region be enhanced. All aspects affected by the regulatory activities of the local government must be investigated, reviewed and where applicable amended. **It is envisaged that District municipality develop “Replicable Policy Frameworks” as the primary driver of the implementation of this programme while the local municipality internalize, customize and support the development process.** The five policies to be put in place as a first step are:

- LED
- SMME
- Procurement
- Human resources
- Indigent.



As part of the Regulatory Reform programme, an organizational re-alignment should be established as a project. The project will consist of the following

- Creation and maintenance of “Culture of service
- Enforcement of “Code of Conduct” (officials and councilors)
- Revision of by-laws and other regulations.

The revision of the regulation framework implies that the entire current approach to developmental guidance needs to be revised. It is evident that the magnitude and scope of such an operation is extremely broad. **In the light of the local dynamics within each local municipality, each municipality should act as the primary driver for the above activities with the district also undertaking the activities in-house.** The following activities should be part of the implementation:

- Establish a proper administrative procedure that will cut through unnecessary “red-taping” and duplication. Regulatory reform and Approval Process Goal: Shorter Approval Time.
- “Fine-tune” evaluation criteria for investors
- Establish an inventory of potential investors, development opportunities and national incentives
- Integrate current approval procedures and the proposed actions highlighted in the DFA.
- Establish an inventory of existing consultants, service providers, contractors, etc.
- Utilise benchmarking as a mechanism to continuously determine “strong points” and weaknesses in terms of the regulatory framework to facilitate on-going improvements of the regulatory framework.

3.3.2 PILLAR TWO: HUMAN RESOURCE AND COMMUNITY DEVELOPMENT

Human resources is viewed as one of the key resource(s) or potential strength(s) within the region and as such specific guidelines need to be determined to guide the formulation of specific strategies and objectives for the optimal development of this resource (i.e. goals and objectives to develop and optimise the education and training systems and infrastructure within the study area as a primary function and outcome to be achieved by the integrated development strategy).

A critical issue that is affecting the economic development system throughout the District and the various local areas, is the narrow skills base. More specifically the focus of human resource development in this project is on skills development which is about the process of deepening individuals’ specialised capabilities in order that they are able to access incomes through formal sector employment, through small micro enterprises (SMEs) or community projects which in turn positively contribute to the economic success and social development of a region. This learning process must also enable people to continue learning and adapting to the constantly changing environment.

The Green Paper (Skills Development Strategy, Department of Labour, 1997) proposes a new approach to skills development, which complements the formal education system. It links skill formation to the requirements of a growing economy and extends education and training to people both within and outside formal employment. It is primarily concerned with industry-based training, improving the intermediate level skills base of the country and labour market training for target groups (including the unemployed, retrenched workers, youth, women, people with disabilities and people in rural areas).

The Skills Development Strategy makes provision for a new system of learning, referred to as learnerships, for young and unemployed people wishing to join the labour market. Learnerships combine structured learning



and work experience and culminate in nationally recognised qualifications, which signify job readiness. While the initial focus will be on intermediate level skills development, integration with the education reforms driven by the Minister of Education will promote coherence between intermediate and higher-level skills development. A new approach to Employment Services will ensure that beneficiaries are informed of these and other opportunities. The six core components of a human resource development strategy should include at least the following:

- Information for Strategic Planning
- A System of Learnerships
- Employment Services
- Enhancing Provision
- Skills Development Intermediaries and Provincial Coordination
- The Funding of Skills Development

The inclusion of these six core components into the human resource development strategy will ensure that an investor friendly environment is established. Targeting the appropriate local industries, government officials and local communities can also facilitate this. **However based on the localized conditions, specific areas should be targeted as a point of departure.**

While the fundamental differences between LED and Community Development are acknowledged, specific polarities between these two concepts necessitate that community development be addressed through the strategy. It is against this background that community development and empowerment are addressed through the inclusion of specific community based initiatives and interventions.

The improvement of the labour force is integrated with the improvement of skills and literacy levels of the aggregate community. These skills levels include all related aspects being:

- Academic knowledge
- Technical knowledge
- Technical know-how
- Technical experience
- General life skills

The development programmes associated with this pillar, from the District LED perspective, include:

- Tertiary institutions
- Internal business skills
- HIV/Aids Care taking
- Community Based Public Works Programme (CBPWP)

The programmes relevant to this municipality are presented in the subsequent section.

3.3.2.1 TERTIARY INSTITUTIONS

The variety of the tertiary and vocational and educational training institutions present in the Steve Tshwete area provides a unique opportunity for linking the efforts of the local communities and the local government institutions with that of the tertiary institutions. Although the tertiary institutions are not directly involved with LED efforts, they do provide a valuable source of skills and expertise. The resource must be developed and



exploited in order to maximize the potential benefits of such partnerships between the tertiary institutions and the entities performing LED.

It should be noted that it must not be concluded that the tertiary institutions should take responsibility for LED activities but rather that the tertiary institutions should be harnessed as vehicle through which LED efforts can be transformed into highly efficient and effective activities. Additionally through partnership, the relevant skills transfers can be encouraged while implementation of LED is ongoing.

The critical procedure in the founding of the partnership's is to link the tertiary institutions with the LED efforts in the area. This can be done through the establishment of a " memorandum of understanding" between the various parties involved. Figure 3.1 presents the various core components of the partnership.

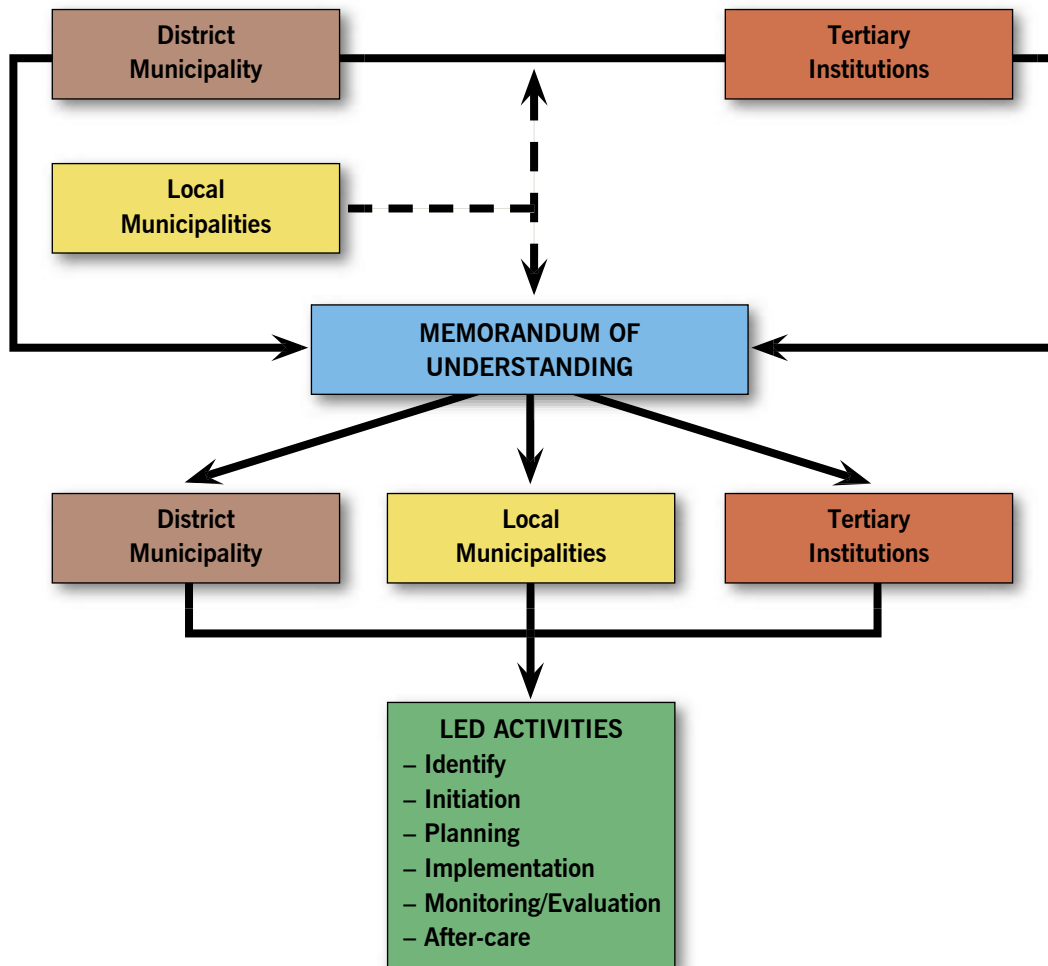
The three core components of the partnership are the district and local municipalities as well as the tertiary institutions. In order to formalize the partnership, a " memorandum of understanding" (MOU) should be drawn up to guide the activities of the different entities. The Nkangala District should drive this process with inputs from the Steve Tshwete local municipality. The MOU should be clearly linked to the specific involvement of the three entities 'activities at the various LED levels.

Apart from being linked to LED, The MOU should indicate the specific involvement/assistance of especially the tertiary institutions during the LED activities. A feedback loop is included to determine the success of the MOU in terms of the guidance provided during the LED process as well as the administration of the involvement during the different processes. Labour sector re-alignment should be established as part of the tertiary institutions programme. The project will focus on the following:

- Audit of skills gaps vs skill requirements
- Practical expertise development linkages with private sector
- Entrepreneurial development programme
- Assist local businesses to complete and apply for Workplace Skills Plans as part of SETA.



FIGURE 3.1: MEMORANDUM OF UNDERSTANDING



Financial study aids services play a major role for the current generation to further their studies. This project should be established with the following as part of the core components:

- Leadership and management development programmes
- Assist prospective students to apply relevant bursaries and loans
- Identify businesses to sponsor students financially and otherwise
- Facilitate local businesses to provide vocational employment to students
- Create a centralized office dealing with information on local and national bursary opportunities.

As the core components of the development programme are primarily the local government structures and the tertiary institutions, these are also the key role players. It should be emphasized that the appropriate individuals, representatives from tertiary institutions, must be targeted to ensure that the duplication of the establishment process is avoided and therefore (unnecessary) time lost and efforts/energy wasted. The primary steps required to link the tertiary institutions with LED activities are summarized as follows:

- NDM-ST LED Units to identify relevant role- players (from the tertiary institutions) to be involved in the decision-making process.



- Establish communication methods and willingness of the tertiary institutions to participate in the local LED activities.
- Formulate a “ memorandum of understanding” that clearly indicates the activities, communication and roles and responsibilities
- Facilitate the implementation of a skills transfer from involved tertiary institutions’ representatives to the other role-players in the LED implementation fields
- Create linkages to disseminate lessons learned to all role-players involved in the LED processes.

3.3.2.2 INTERNAL BUSINESS SKILLS

This development programme entails the establishment of a number of Information Provider (IP) and Resource/Support Centres at strategic locations throughout the Nkangala District. The project aims to give opportunities to the people of the Nkangala District by giving business people/entrepreneurs, easy access to quality information, which will assist in the facilitation of the business management process as well as a variety of planning and decision-making processes.

The development programme entails the upgrading of existing Resource Centres and IP’s as well as the establishment of new and additional Providers/Centres throughout the Nkangala District. These IP’s should be within easy access of all (on major routes and within walking distance), and it is envisaged that optimum use will be made of existing public amenities and other suitable venues to house and accommodate such information and resource services public amenities and other suitable venues to house and accommodate such information and resource services.

Critical elements

The vital elements of this development programme are of such nature that a comprehensive delivery mechanism be established. This mechanism must provide the following services:

- Skills development for small business managers
- An inventory of service/information providers
- Skills transfer through appropriate hands-on interventions
- Provision of lectures and/or seminars on contemporary business management issues
- Technical visits to operational SMMEs
- Business round tables
- Assistance in the participation of courses
- Exhibitions.

A key outcome of this development programme is the establishment of a multi purpose entity whose functions and activities are tailored to address skills related issues and to transfer skills to the appropriate representatives of SMME’s. Additionally, this development programme is linked to the establishment of business corners in local libraries and the stimulation of the use of these facilities by the numerous small business owners and managers.

Additionally the following elements are included in the programme:

- Workplace Skills Plan (WSP)
- Skills development funding
- Service Corps of Retired Executives (S.C.O.R.E)
- Financial aid services



Programme importance

The importance of this initiative to the local SMME community (through the improvement of the human resources) is summarized through:

- The optimal utilisation of existing knowledge and know-how within training circles to provide the SMME owners and managers with sufficient capacity to fulfil strategic management of the small businesses
- The development programme will assist in the creation of a viable and vibrant management corps
- To empower local SMME owners and managers with respect to all aspects of business development and management such as:
 - Marketing
 - Planning
 - Training
 - Leadership
 - Organisational development
 - Financing and accounting
- Assisting SMME owners and managers to connect with mainstream business activity throughout the Nkangala economy

Additionally, this development programme will contribute towards the social upliftment and empowerment of small business owners and managers through the following:

- Building and expanding the capacity of local entrepreneurs
- Economic empowerment of local SMMEs through the creation of sustainable business management capacity
- Improving success rates due to improved business and strategic management.

To establish and implement that various core components of this development programme, it is necessary to divide the activities into an appropriate framework according to the different sub projects as identified in the introduction of this pillar. The activities per sub project include:

WORKPLACE SKILLS PLANS (WSP)	SKILLS DEVELOPMENT FUNDING	SERVICE CORPS OF RETIRED EXECUTIVES	FINANCIAL AID SERVICES
<ul style="list-style-type: none"> • Identify SMMEs to assist in this instance • Identify specific skills required • Approach appropriate Service providers to assist in formulation and implementation • Formulate WSPs • Implement WSP • SETA reimburse funds 	<ul style="list-style-type: none"> • Establish fund to support skills development • Lobby local business associations to participate • Employ funds to provide skills development to PDI's 	<ul style="list-style-type: none"> • Establish inventory of retired executives willing to assist/mentor • Identify and prioritise SMME's requiring mentorship • Provide matchmaking services • Support development activities 	<ul style="list-style-type: none"> • Lobby big business to sponsor local students to study in related fields • Establish inventory of bursaries available • Assist students to apply for bursaries and sponsorships • Continuously conduct mentioned activities

The main role players which need to drive the initiation and deployment of this development programme is the LED Unit within the District Municipality. The local level LED Units should assist the District in the implementation process. In other words, the NDM should undertake the necessary coordinatory activities while the LM operate and steer the implementation of the relevant actions at a local level. Local NGO's and CBO's must also be included in the delivery of this programme.



3.3.2.3 HIV/AIDS CARE TAKER TRAINING

Linked with the human resource development activities of this pillar is the establishment of a HIV/Aids Care taking training facility. **It is envisaged that the NDM will drive the establishment of these centres in line with the proposed Multi-purpose Community Centres (MPCC's) with appropriate levels of support from the local municipalities.** It is envisaged that this development programme will incorporate a number of related training facilities, which specifically cater for training and education in HIV/Aids related aspects.

It is emphasised that the training and education is focused on the personnel providing care for HIV/Aids sufferers and is therefore not necessarily aimed at the communities. A key outcome of this development programme is a comprehensive facility that capacitates HIV/Aids care takers to perform high quality support services to HIV/Aids sufferers in both the local context as well as in the national context.

Critical elements within this development programme are directly related to the sup project – the establishment of a centre at which HIV/Aids care takers can be trained and prepared for active duty in terms of providing services to the affected communities throughout South Africa.

The most important role players in this development programme will be the top management of the Nkangala District Municipality. Appropriate lobbying and planning will have to be undertaken to ensure that approval of national and provincial government departments approve and fund the development of the facility.

The deployment of this development programme is dependant on the successful lobbying of the various government departments to obtain their support. In the light of the severity of this national issue, it is envisaged that the NDM drive the lobbying process. The task team, incorporating the Mayor (of Nkangala as well as the various local Mayors) must drive the lobbying process.

In terms of the sources of funding, the NDM will have to provide for the budget to undertake the lobbying actions with internal funds. In terms of the establishment of the facility, the staffing and the provision of supplies to the facility will have to be performed through external sources of funding. These sources relate specifically to the provincial and national departments as sources of funding for this development programme.

3.3.2.4 EXPANDED PUBLIC WORKS PROGRAMME

The local municipality should act as the primary driver for the implementation of the Expanded Public Works programmes at the local levels. **The Expanded Public Works Programme (CBPWP) is a specific job creation and poverty alleviation programme of government, targeted primarily at the rural poor with the objectives of:**

- Creating short term employment opportunities for community members by means of construction of public assets;
- Creating useful public assets to disadvantaged poor communities;
- Creating sustainable employment opportunities by facilitating micro business opportunities associated with the community assets created.

The Extended Public Works Programme is a nation-wide programme, which will draw significant numbers of the unemployed into productive work, so that workers gain skills while working, and increasing their capacity to earn income. The objective is to utilize public sector budgets to reduce and alleviate unemployment. This will be achieved by:



- Creating productive employment opportunities by:
 - Increasing the labour intensity of government-funded infrastructure projects
 - Creating work opportunities in public environmental programmes (e.g. Working for Water)
 - Creating work opportunities in public social programmes (e.g. community health workers)
 - Utilising general government expenditure on goods and services to provide the work experience component of small enterprise learnership/incubation programme.
- Enhancing the ability of workers to earn an income, either through the labour market or through entrepreneurial activity by:
 - Providing unemployed people with work experience
 - Providing education and skills development programmes to the workers.

While the priority aim of the programme is to reduce poverty and alleviate unemployment, the complementary aims of providing income and enhancing future employment prospects remain important. The priority aim is clarified as follows:

- **Income:** provide an income to needy families
- **Employment:** reduce the number of unemployed for a limited period
- **Training:** improve future employment opportunities

The programme targets poverty areas according to their level of need and prioritise. It also ensures financial accountability. Jobs that are created during construction of schools, bridges, roads, marketing stalls, clean ups, etc not only improve the quality of life for residents, they also alleviate the level of poverty in the area.

As this programme is based on communities, it is important that they are also involved in all the activities. Such involvement will ensure that all the necessary inputs are captured and that additional opportunities and constraints are identified exploited and overcome or removed. Therefore key role players are:

- Communities
- All local municipalities
- Nkangala District Municipality
- Department of Public Works
- Department of Social Services
- Department of Environmental Affairs
- Department of Labour

It is the responsibility of the local municipalities to ensure that the correct procedures are followed through the implementation of this Expanded Public Works Programme. The government funds the Programme and the responsible persons will liaise with the district and the local municipalities.

3.3.3. PILLAR THREE: INDUSTRIAL & BIG BUSINESS DEVELOPMENT

Overall business development throughout the District is the following pillar in the development framework. This pillar includes the activities that must be undertaken to support the development of firstly the existing business concerns as well as potential business developments throughout the District.

It should be emphasised that although the focus is on manufacturing, the implementation of the specific development programmes are of such nature that all the remaining sectors will benefit from their implementation. This pillar is formulated in a manner that will provide the foundation of such improvement.



The elements of the pillar can be classified as being on a project level, the immediate implementation of these activities should be viewed as a critical building block for economic development in the Nkangala District. More specifically these blocks relate to the following elements:

- The timeous provision of information requested to investors relating the development procedures and criteria through the establishment of a single point of contact
- The linking of investors with business opportunities
- The provision of attraction mechanisms

The approach to this developmental problem (as proposed in this development pillar) can be described as the removal of development barriers which are faced by investors i.e. limited information, establishment costs as well a lack of a fast-tracked method to obtain information relating to the local conditions. The retention and development of the industrial base is a critical element that must receive appropriate attention during implementation. It is stressed that the deployment of this pillar is dependent on the overall deployment of the strategy as a whole. The two programmes associated with this pillar are:

- Business Retention and Expansion
- Marketing

Each programme is investigated in the subsequent paragraphs to highlight critical components.

3.3.3.1: BUSINESS RETENTION AND EXPANSION

The business retention and expansion is a central component of the strategy. It is acknowledged that the establishments of new businesses typically receive more attention than the existing businesses. However international experience indicates that the growth of existing businesses creates higher volumes of employment. The business retention and expansion development programme incorporates a number of projects which area aimed at:

- Encouraging existing businesses to remain in the area
- Increase existing levels of efficiency
- To growth current performance levels

The main element of this pillar that the Delmas municipality should undertake is the visitation programme. The remainder of the programme elements should be undertaken by the NDM LED Department.

Visitation programme

The visitation programme is an innovative approach in the light of the local context. The visitation programme consists of three main components. Firstly, an appropriately planned visitation action plan is conceived which is followed by the physical visits to businesses to obtain primary information from them regarding their perceptions. The key goals of the visitation programme are:

- Demonstrate a pro-business attitude and an appreciation of the business's contribution to the local economy (also refer to envelope 3.1)
- To identify their specific problems and to jointly develop mechanisms to assist the local businesses
- To involve different segments of the business community in the problem solving network
- Assist the local businesses to become more efficient and effective in the manner through the creation of linkages with provincial and local government initiatives.



The slow expansion in the number of employment opportunities created in the area is having a significant effect on the overall employment throughout the area. It is therefore necessary to shift the focus from the steel industry to the other non-steel industries. Through the BR&E development programme, the existing businesses will be supported to ensure that they remain in the area and secondly to provide appropriate services/support to build their labour force and to expand the core competencies and capabilities in a manner that will facilitate a diversification of the economic base.

ENVELOPE 31: “SHOWING BUSINESS THAT WE CARE” CAMPAIGN

As part of the initiation of the business retention and expansion process, this project is being proposed. The project encapsulates the establishment of the high profile visitation task team as well as the initiation of the visitation programme. In order to expedite the deployment of this project, the following activities should be undertaken:

- Establish the high profile task team. It is proposed that the following individuals be part of the task team, Executive Mayor, LED Portfolio Councillor, Municipal Manager, Manager Corporate Services, Chief Public Relations Officer and the LED officer
- Formulate (and establish accompanying database) interaction task sheet. The task sheet should contain discussion-generating questions relating to what the municipality should do to assist the business concern.
- Design (internal) municipal mechanism through which the issues raised can be addressed.
- Monitor and evaluate the implementation of the corrective actions being undertaken and ensure that feedback contact is facilitated with the respective businesses.

This project is, in essence, ongoing. However the initiation thereof should not take more than 2 months to complete one “visitation cycle” depending on the issues raised by the business concerns.

Note: different businesses can be contacted in the different visitation cycles. It is envisaged that the main cost driver associated with this project will be the time of the task team to undertake the associated activities. However the budgetary requirements of dealing with the requests of the business concerns are not clear at this stage.

Single point of contact

The creation of a single point of contact is in essence part of the maintenance of economic infrastructure development programme as discussed under the “Good Governance” pillar. However, the focus is different. This contact point focuses mainly on the provision of appropriate services in the form of an investment and business information hub. It is evident that the Maintenance contact point is aimed at ensuring a high level of infrastructure quality while this contact point is aimed at the provision of suitable economic development and investment information.

Networking & Partnership

The establishment of networks in the local economy and the strengthening of existing networks is a vital component of the BR&E development programme. Through the strengthening and building of networks, the relationship between local government and the private sector can be strengthened. Additionally, marginal businesses can be exposed to a variety of government programmes that provide a number of incentives to return profitability and to secure employment.



International experience has shown that the improvement of networks can lead to a dramatic reduction in the transaction costs of businesses and therefore improve profitability and competitiveness. Furthermore, the facilitation of partnerships between the local businesses is associated with this project. The key elements of this project are presented through the indication of the various issues that should be addressed by this project. The issues include:

- Increasing the range of products manufactured and exported by different groups of firms in the area,
- Stimulating different niche export markets targeting the medium and long term,
- Building the availability of different kinds of production and management technologies,
- Enhancement of the efficiency of institutions for access to finance and institutional assistance.

Land release project

The release of land for the development of industrial parks and the provision of appropriate infrastructure is addressed through this project. The identification and earmarking of land for industrial development is a key consideration in the attraction of business investment. The main elements of the project relate to:

- Identifying appropriate land
- Matching land characteristics with various investors' land requirements
- Providing appropriate infrastructure
- Linking with the marketing drives and activities of the NDM and local municipalities
- Apply to premier to release local government owned land below market value and employ as an incentive.

3.3.4 PILLAR FOUR: SMME DEVELOPMENT AND SUPPORT

The National Government has identified SMMEs as a vehicle to drive employment throughout the country. It is acknowledged that SMMEs have high employment creation characteristics and measured against this criteria, this business model is appropriate, to address the high unemployment in the district. The support for SMMEs can be classified into two primary focus areas, firstly the support provided to the existing SMMEs and secondly the support provided to the emerging entrepreneur in the start-up or initial phases of the business life cycle.

This support and encouragement should be aimed at the existing SMMEs within the local economies as well as the start-ups or new ventures within the local economy. The support should be provided to these entities by the local municipalities in conjunction with the district municipality and other government and non-government institutions.

Efforts that entrepreneurs may undertake themselves to remedy deficiencies on the enterprise level will only be successful within limits. In many countries there is no supportive institutional environment that will assist them in their **modernisation endeavours** in an efficient and competitive way. **Existing services offered** by private or public providers frequently do not correspond to their needs or they are **too expensive**. As SMMEs are underrepresented in established business associations and their own SMME associations are weakly politicised, they lack an efficient lobbying p. Therefore, the creation of an enabling institutional environment for SMMEs, including service providers specialised on SMMEs as well as component lobbying organisations, is an important task in SMME promotion.

The mobility of SMME is much more limited. For them, the trade-off between the cost of changing location and the cost of participating in a local network tends to be solved in favour of the latter – they sometimes get actively involved in LED efforts, and they certainly are an **important target group** for LED initiatives.



Based on the findings and results on the constraints of SMMEs internationally, a new concept for economic promotion was conceived. It included a series of core activities to which several other activities should be added gradually. The core activities and the respective activities were the following:

- To make the **service** of economic promotion more **transparent and more accessible** to the enterprises through enterprise visits, round tables, newsletters and intensification of public relations.
- To **enforce the exchange of experiences** among enterprises and to create a basis for **enterprise co-operation** through the organisation of focus groups working on cross-cutting or sector specific topics, initiation of workshops and regular meetings for new entrepreneurs or technical and management staff of existing enterprises, creation of an internet data base to inform on services offered and requested, on free production capacities.
- To **intensify the co-operation** with the municipalities and to strengthen their **promotional capacities** through the creation of a special training and capacity enhancement programme for local officers responsible for economic promotion, the organisation of working groups.
- To make **the administration more responsive** to the needs of the business community and to facilitate access to Nkangala District Municipality administrative services through an **institutionalized exchange of experiences**.

There are several types of strategies or tools that one can use as part of a home-grown strategy to support SMMEs development in a local economy. These ranges from the relative simple intervention such as setting up an SMME information desk at any local municipality offices to something more complex such as facilitating the establishment of trade and information sharing networks and technology transfer. These tools are based on international and national best practice activities and are included to provide a point of departure against which the strategic framework can be formulated and suggests a variety of strategies that can be used to stimulate and promote SMME development. These tools should, however, not be seen as a blueprint for success and it is required that innovative and creative thinking be applied during the implementation of these strategies, customized to the local economic situation faced by the local small business fraternity.

The specific activities that should be undertaken by the local municipality are discussed in the following sections.

3.3.4.1 ESTABLISHMENT SERVICES

The establishment of SMME's is a vital element of the overall strategy process. This development programme intends to provide a spectrum of planning related services to SMME's prior to and subsequent to the start-up phase. Similarly, the various projects associated with this development programme is of such nature that through its delivery, the following cornerstones of SMME development will be fitted together in a manner that is conducive to sustainable establishment. The cornerstones are:

- The opportunity
- The resources (financial, and other)
- The entrepreneur or management team (of the envisaged business)

Other interventions included in this development programme include:

- Entrepreneurial competitions
- Business plan formulation
- Entrepreneurial inventory and matchmaking activities



Four critical elements form underpin this development programme. It is stressed that these critical elements are inter-related yet independent. In other words, they will act on their own but the outcomes of each critical element will inform and benefit the others. The strengthening of internal business skills in a vital component through which the sustainability of SMME's can be improved, **but should for the purposes of implementation be directly informed by the human resource pillar.** Additionally, the mortality rates can be reduced through the building of appropriate skills in terms of the capabilities of SMME owners and managers. These skills relate specifically to:

- General management
- Marketing management
- Strategic planning and management
- Tactical planning and implementation
- Management structures and management roles
- Value chain concepts
- Total quality management
- Managing human relations
- Creating high-performance environments
- Essential understanding of financial management, controls and measurements

The delivery of these skills development activities must be aligned with the Human Resource Development pillar.

Business Plan formulation assistance

The business plan is the primary instrument that is employed to gain access to funding. It is however imperative that the quality of the business plans in terms of content as well as the presentation is of high quality. Typically, emerging SMME's do not have the financial resources to undertake suitable research to obtain the information required by financial institutions to approve business plans. Emerging SMMEs should therefore be assisted during the initial planning phases to prepare high calibre business plans that address at least:

- | | | |
|-----------------------------|----------------------------|----------------------|
| • Executive summary | • Financial indicators | • Marketing plan |
| • Overview of the industry | • Operational plans | • Development plans |
| • Market research | • Management team | • Critical risks |
| • Proposed company offering | • Manufacturing procedures | • Envisaged problems |

It is evident that an appropriate business plan is a comprehensive document. The majority of emerging entrepreneurs do not necessarily have the skills required to formulate such a document. It is stressed that, typically, not all the elements are addressed in a business plan. However, the majority of the issues are clarified through appropriate research and documentation. This element of the development programme aims to support emerging entrepreneurs to:

- Firstly define their business idea into a workable business opportunity
- Secondly, assist the entrepreneur to formulate a workable business plan
- Thirdly, understand the local dynamics in order to appreciate the potential risks and problems that might be encountered during the implementation of the project
- Fourth to provide suitable advice and guidance to emerging entrepreneurs w.r.t. the magnitude to which the business idea "fitted" with the available resources, management team and opportunity.



Emergent Entrepreneur Competitions

The motivation of emerging entrepreneur to enter and compete in the local market is a vital building block in the overall mobilisation of the latent potential in the economic environment. It is envisaged that an “Emergent Entrepreneur Competition” is launched in an attempt to:

- Mobilise the latent intellectual resources of the local entrepreneurs
- Improve the quality of the “business ideas” originating for the local entrepreneurs
- Initiate a process whereby business ideas can be identified, screened, refined and implemented
- Stimulate innovative thought in the local community with regards to the creation of new innovative business ideas.

Furthermore, the competitions should not only focus on the business ideas, but should be extended to a variety of entrepreneurial activities. Typical categories that could be included in the competition are:

- Start-up (<1 year old)
- Post-start up (1-2 years)
- Most successful venture (>2 years)
- Employment created
- Sales growth
- Turnover
- Etc.
- Manager of the year
- Sale person of the year
- Company of the year

Additionally, a variety of competition classes could be designed to ensure that the preceding categories are adjudicated for different size companies. The different SMME categories that should be included are:

- Sector
- Size
- Ownership
- Turnover
- Employment

The key role players in this development programme include a wide range of both government as well as private sector stakeholders. It is however, vital to notice that the Nkangala District Municipality will have to initiate the entire process while playing a supporting role to the various areas which have established their SMME support mechanisms. The NDM should therefore also obtain the buy-in of the various role-players to facilitate a seamless implementation process with a high level of integrity, transparency and accountability. The deployment of the activities associated with this development programme is closely linked to the institutional options.

3.3.4.2 SMME EXPANSION

Virtually all countries, at whatever stage of economic development, recognise the importance of SMMEs and the need to support their development. In some cases the enthusiasm for SMMEs becomes excessive, giving enterprises privileges, which may distort market forces to the point that the SMMEs fail to achieve the very objectives for which the sector was supported in the first place. Over zealousness for small enterprises making



them sole producers of certain items and providing subsidised finance at substantially less than commercial rates, only contributes in the end to the maintenance of uncompetitive SMMEs. Firms within such a cosseted SMME sector will inevitably become inefficient and will not create employment at low levels of capital investment -considered being one of the major comparative advantages of small enterprises in countries where capital is scarce and labour relatively abundant.

A favourable policy environment and a less restrictive regulatory framework may help SMMEs in the long run to compete in the market and may, in some cases, ease access to finance, but there remain imperfections in the working of free markets which put SMMEs at a distinct disadvantage. SMMEs typically lack access to new technologies and to improved management techniques. They also lack the financial records and collateral to be able to convince financial institutions to lend to them. Transactional costs for managing loans to SMMEs continue to be too high to be profitable for banks to engage in such loans. The specific projects associated with this development programme, and the level of activity that the local municipality should undertake with each project are:

<ul style="list-style-type: none"> • Access to venture capital 	Support the District during implementation
<ul style="list-style-type: none"> • Technology utilisation: assisting SMME's during the take-up of appropriate technology 	
<ul style="list-style-type: none"> • Linkages with BRAIN & FRAIN: DTI programmes in the form of networks that can be accessed by SMME's 	Primary role to be fulfilled by the local municipality
<ul style="list-style-type: none"> • Accreditation drive and Tender Advise services, Quality Assurance 	Support the District during implementation

While an isolated implementation approach will have impact on the growth of the various SMME's that par take in the projects, it is essential to deploy the associated project in an integrated fashion. The most critical element of the development programme, which has a high degree of influence on the overall outcome of the development programme, is the communication.

However, afore the communication components can be initiated, the relevant individual elements of each project needs to be in place. These projects each has its own critical elements and is discussed in the subsequent paragraphs:

Linkages with BRAIN & FRAIN

National Government has through the Department of Trade and Industry established the NAMAC Trust. This trust has been involved in the SMME development field for a number of years and has therefore gained valuable insight and knowledge on the most appropriate and suitable strategies relating to SMME development. Therefore, the establishment of the linkages with the two mentioned programmes will have a dual benefit.

- Firstly external knowledge and expertise will be injected into the local development initiatives
- Secondly create an enabling environment within which the LED Unit members can be capacitated through participation and therefore “learning by looking” and learning by doing.

Studies of recent years have led some researchers to the conclusion that it may **not be the size as such that is the real cause of the weakness but the isolation of small firms**. It is argued, based on some very valid



experiences in Europe, that the limited resources and the consequent weakness of SMMEs (because of the relative powerlessness of these enterprises to influence markets) could, to a significant extent, be overcome by grouping of SMMEs within the same sectors. Industrial districts can and do provide the physical framework for such groupings leading to integration through inter-firm relations.

It is evident that the primary role-players in terms of the provision of the mentioned services (BRAIN & FRAIN) will remain the NAMAC Trust, DTI and Council for Scientific and Industrial Research (CSIR). However, the access to these networks is not being performed by these entities. In other words, the mentioned role-players are responsible for the maintenance of the electronic and other interfaces. Therefore, specific local role-players are required to disseminate the information/create an awareness of these programmes in the entrepreneurial community.

This implies that, at a local level, specific entities should be tasked with implementing the actions associated with undertaken the activities. More specifically the various local authorities should ensure that the awareness is created. The Nkangala District Municipality should coordinate the actions of the local municipalities.

With reference to the management development project it is proposed that in order to reduce the risks of duplication, the activities should be performed and aligned with the human resource development pillar. The key implementation/facilitation activities, which must be performed for the two projects associated with this development programme i.e., transfer of technology and linkages with BRAIN & FRAIN are presented individually. The specific activities to be undertaken during the implementation phase by the local municipalities include:

- Identify local entrepreneurs/SMME's which are in a favourable position to act as franchisors
- Provide assistance to register franchise on FRAIN
- Actively promote and create awareness of BRAIN and FRAIN
- Link with communication activities of NGO's, CBO's and other development institutions
- Identify and motivate entrepreneurs to pursue franchise opportunities
- Ensure linkages are integrated with the SMME Establishment Development programme

The deployment of this development programme is of such nature that extensive coordination and cooperation between role-players are required. Therefore, it is envisaged that to maintain a high degree of centralisation of the control, that the LED Unit be tasked with this functional activity. It is stressed that the actual performance of the various actions as outlined in the preceding implies that at least two individuals within the LED Unit be assigned to perform these duties.

As indicated in the preceding, this development programme consists of three projects. While an isolated implementation approach will have impact on the growth of the various SMME's that par take in the projects, it is essential to deploy the associated project in an integrated fashion. The most critical element of the development programme, which has a high degree of influence on the overall outcome of the development programme, is the communication.

However, afore the communication components can be initiated, the relevant individual elements of each project needs to be in place. These projects each has its own critical elements and is discussed in the subsequent paragraphs:



The transfer of technology is not an activity that can be performed in a fragmented manner. The rationale for this is based on the assumption that each SMME has an acute understanding of its own internal capacity and capabilities. Therefore, the buy-in of the SMME's into the project is vitally important to mitigate the potential risk of creating the impression that technology is being forced onto SMME's. In other words, during the deployment of this project, sensitivity has to be shown to the autonomy of the SMME's

As has been stated, the weaknesses of small firms are similar both in industrialized countries and developing countries. Obsolete machinery, low technological levels, weak management, inadequate controls are among the deficiencies of SMME the world over. These defects that undermine the small firm's efforts to operate competitively are generally considered to be a result of their small size and consequent lack of adequate financial and human resources to cope with these problems.

Technologies are transferred through a variety of forms and often in a serendipitous fashion: sometimes through personal contacts with friends or relatives in the same or in other countries through visits undertaken on their own initiative (and expense) by entrepreneurs. The practical implementation of technology upgrading or modernisation for SMMEs has too often taken place in the past through the guidance and information provided by machine manufacturers' agents who, in many cases, have exerted undue influence on the technology (i.e. equipment) purchased and used by SMMEs. Rarely has the choice of equipment or technology been influenced by advice from technical or research institutes or technology centres even where these exist.

The term 'transfer of technology' when referred to developing countries used to imply transfer of the technology in question (and the related know-how) from a more advanced country. This may not be the only transfer possible nor necessarily the most appropriate. Nowadays there are many possibilities in various countries for the acquisition of suitable equipment from within the country or from other developing countries especially from middle income countries. Also, even if the source of the technology may be outside the country, the choice of the technology has to be made according to advice and guidance received within the country where the machinery or process will be used.

There are a number of recognised formal arrangements for implementing a transfer of technology, technical assistance agreement, 'know-how' agreements, joint ventures, subcontracting, licensing and franchising.

A final word on **types of technology favourable to SMMEs**: much has been written on the need for SMMEs to use simpler, more '**appropriate**' or '**intermediate technology**' as it has been called, namely technology that is more labour intensive. There is some justification for such an approach in many cases, but when SMMEs are poised for modernisation and expansion to make themselves more competitive – which is evermore becoming the case in a number of developing countries – the enterprises concerned may have to upgrade their technologies beyond the basic simple level associated with "appropriate technology" which may more suit micro-entrepreneurs and the informal sector.

It is stressed that all technology adopted by SMMEs, at whatever stage of their growth, should conform with their needs, resources and capabilities and this means that equipment introduced can be installed, operated and maintained with the skills available and that the output generated at economic levels of operation is in accordance with the real market potential. Recommendation on technologies should only be made after all these factors and alternatives have been assessed.



It is evident that the primary role-players in terms of the provision of the mentioned services (BRAIN & FRAIN) will remain the NAMAC Trust, DTI and Council for Scientific and Industrial Research (CSIR). However, the access to these networks is not being performed by these entities. In other words, the mentioned role-players are responsible for the maintenance of the electronic and other interfaces. Therefore, specific local role-players are required to disseminate the information/create an awareness of these programmes in the entrepreneurial community.

This implies that, at a local level, specific entities should be tasked with implementing the actions associated with undertaken the activities. More specifically the local authority should ensure that the awareness is created. The Steve Tshwete LED department should facilitate the following activities

- Mobilising appropriate role-players to become pro-active in terms of their involvement in SMME growth activities in Nkangala
- Identify the potential strategic partners in the transfer of technology.
- Audit the current level of technology utilisation
- Identify common areas where obsolete or old technology is being employed
- Identify alternative/new technology that can be employed
- Assist SMME's to contact and attract potential strategic alliance partners with the required level of technology.
- Support the technology transfer process through the facilitation of the establishment of
 - technical assistance agreement
 - 'know-how' agreements
 - joint ventures
 - subcontracting
 - licensing and
 - franchising
- Monitor and evaluate the success rate and mortality rates of the businesses participating in the programmes.

3.3.4.3 LINKAGES WITH LARGE BUSINESSES

This development programme strives to facilitate the creation of strategic alliances on the one hand and to provide the local municipality and entrepreneurs the necessary information that can be turned into business/LED value. A major constraint to economic development throughout the District is the lack of cooperation between the enterprises because of insufficient information on cooperation opportunities. Additionally a lack of information at SMME level with reference to the application criteria required to access and exploit the business opportunities presented in the non-core activities of large business is constraining SMME development. **It is believed that the implementation of the LED Forums at the local as well as the district level will assist in the stimulating cooperation and initiating the exploitation of business opportunities.**

The formation of linkages between the large businesses and the SMME's is a critical element of the overall strategy. **However it is not envisaged that the municipalities will drive this process, as it is predominantly a spontaneous process that will be initiated through informal LEDF interactions.** These linkages are therefore critically important as each different level encompasses varying dimensions of interaction between the different role-players. The first level is the institutional interface, followed by the product interface and finally the various internal processes.



The linking of the SMMEs with the activities of the opportunities presented by the various existing business concerns should be undertaken in the various working groups of the LEDF's.

3.3.4.4 SMME CLEARINGHOUSE PROJECT

From the SMME commission it is evident that a complete spectrum of SMME support services needs to be provided. Against the background of the limited municipal resources, and the variety of SMME support services and activities being implemented from national and provincial government level it is proposed that the establishment of the SMME clearing house be investigated. In other words, afore any resources are committed toward the actual establishment of the clearinghouse a detailed due-diligence study should be conducted. The due-diligence should address the following:

- An inventory of SMME support services and activities by government services
- The current availability of these services in the Steve Tshwete area
- The reasons for the current non-availability of these services throughout the area
- Potential activities that could address and reverse the current lack of SMME support (non-municipal) in the area
- The qualifying criteria of the various programmes and the approaches required (whether by the municipality or by the SMME) to access the services

The second element of the due-diligence study relates to the determination of the specific cost, resources and timeframes required to establish a SMME clearinghouse in the STLm. The result of the due-diligence study should be packaged in the format of a business plan. The final business plan should then be tabled at council for a resolution regarding the fitting approach towards deploying a SMME clearinghouse. A due-diligence study of this nature will cost between R150,000 and R300,000 depending of the scope of work and will take approximately 16 weeks to complete.

3.3.5 AGRICULTURAL DEVELOPMENT

Agricultural development has been identified, as an important dimension in stimulating development in the Delmas area. Agricultural development offers an opportunity to develop poor people's livelihoods within a coherent framework. The poor are influenced by many factors and seek financial security through a wide range of activities. The resource base on which the poor build their livelihoods includes:

- Natural resources (arable land, water, forest, pastureland, biodiversity, etc.)
- Physical resources (infrastructure, drinking water, sanitation)
- Capital in various forms (savings, credit)
- Human resources (education, knowledge, health, nutrition)
- Social resources (networks, membership of organisations, access to institutions, negotiating position)
- Political influence

The economic activities of the poor take place within a diversified whole. Family members often have different types of work, in agriculture or other sectors, associated with formal or informal trade in fruit, vegetables, animal products or forestry products, or they may earn income from common land, day-labour, loans or begging. Agricultural development measures must be based on an understanding of the great breadth of activities, how they are affected by structural limitations and how they are conducted within certain institutional frameworks.



However, agricultural development in this context is expanded to, not only focus on emerging farming but also on agro-processing and therefore the development programmes included in this pillar are:

- Emerging farmer support
- Commercial farming
- Agro processing

The primary aim of the pillar is to assist subsistence farmers to transform to become emerging farmers who will grow big enough to be self-sufficient and become commercial farmers who have the necessary momentum to grow independently. Each programme is investigated in the subsequent paragraphs to highlight critical components. **In the light of the importance of agriculture from a food security, economic activity as well as a historical perspective, the local municipalities as well as the district municipality should drive the implementation of the agriculture development projects.**

3.3.5.1 EMERGING FARMER SUPPORT

Emerging farmers are defined as “those who have the motivation and potential to farm fully as fledged commercial farmers, but lack resources and access to the necessary support services to expand and be classified as commercial farmers” (DBSA, 1986). The development of the emerging farming sector is vitally important to diversify the local economies and to contribute to the food security in the region

The primary implications of this are that the resources available to be utilised for agriculture development, of specifically the emerging farmers, must be employed in an increasingly efficient manner. Therefore the level of efficiency with which the emerging farmers are supported should be refocused on the following dimensions; the expansion of the skills of the emerging farmers, the proliferation of support programmes aiming at the skills expansion, the organisation of the agriculture communities to participate in economic (agricultural) activities and to strengthen the bargaining power of the emerging farmers.

The provision of support for the emerging farmers should be closely linked to the existing needs of the farming community while being sensitive to the market related products/produce required. In other words, guidance should be provided to the emerging farmers relating to the market dynamics and how to exploit it without the creation of a “dependency syndrome” in the emerging farmers. This development programme cannot be viewed in isolation from the broader developmental context.

The provision of appropriate support for the emerging farmers is vitally important to the success of agriculture development. Such support is focused on a variety of activities. Firstly the improvement of the **extensions services** offered must be facilitated. Secondly, a variety of **demonstration plots** must be incorporated throughout the region and thirdly **access to markets** must be improved.

- **Extension services:** Currently the extension services are provided by the Department of Agriculture. These services need to be completely re-evaluated in terms of the functions being fulfilled. Additionally, the level of service delivery should be examined and the reasons for the poor service levels must be addressed. Sensitivity should be employed, as it is likely that resistance to the investigation will be experienced. It is vitally important that these improvements to the extension services be facilitated as a catalytic process that will be able to generate momentum in the other development programmes
- **Development of demonstration plots:** As the majority of the existing emerging farmers are employing relatively “old” technology and techniques, the establishment of a mechanism through which these



entrepreneurs can be empowered must be included. The development of demonstration plots throughout the region is an appropriate mechanism that can be applied with immediate effect. The provision of information and technical know-how on farming methods, market trends and production opportunities are undertaken from these demonstration plots. An added benefit is that close linkages can be developed between the existing research farms and the demonstration plots. However, as a result of the characteristics of these demonstration farms, access to the information and support from the demonstration plots is more readily due to its “open nature”.

- **The access to markets** is currently a major barrier to the optimal functioning and development of the emerging farmers sector. Therefore the facilitation of access to the markets by the emerging farmers is vitally important. In other words, this core component aims to address the issues related to the access to the markets by emerging farmers. These issues are connected to the distances from the markets, limited market penetration and small market share, non-diversified/homogenous products being offered. In order to overcome these issues, the preceding mechanisms i.e. the improvement of the extension services and the development of demonstration plots must be implemented, to act as primary drivers of the point the efforts in the right direction.

A critical consideration in the provision of support for the emerging farmers is the delivery, where required and justified, of special infrastructure. This will facilitate and coordinate the immediate delivery of bulk services and infrastructure on the request of investors.

At present the agriculture activities in the region is highly under-utilised. Given the high unemployment rate, the associated poverty levels and therefore the limited levels of food-security, the subsistence and emerging farmers who are currently producing agricultural produce (primarily for increased livelihoods and income supplementation) should be targeted in order to include this portion of the community into the formal economy. This will contribute positively to the internal capital flows and therefore assist in the creation of wealth throughout the region. **Efforts must be embark on to facilitate the initiation of the improvement of the community through inward focused development activities.**

The restructuring of the support provision to the emerging farmer fraternity is a catalyst programme and must be fast-tracked to ensure that the development process is initiated and gains momentum.

The Department of Agriculture is a main driving force behind the implementation of the mechanisms and measures to improve the support to the emerging farmers. However **the NDM as well as the local municipalities should act as primary drivers of the project on a local level.** This championing should be conducted in close consultation with the representatives of the Department of Agriculture.

The scope of the project will have a direct impact on the budget allocations of the project. It is currently not possible to estimate the value of the project. Where possible this project must be closely coordinated with other developments in the agriculture sector. The local municipalities should be responsible for such coordination. With respect to the development of demonstration plots, the following steps are required:

- Identification of appropriate land
- Sourcing of funds to develop infrastructure
- Development of infrastructure
- Alignment of the developmental activities to assist the demonstration plots activities
- Create awareness of demonstration plots and attract local emerging farmers to attend demonstrations
- Constantly review activities being undertaken in terms of knowledge gained by the emerging farmers and the effective utilization of the knowledge gained.



The steps associated with the access to markets that must be performed are:

- Formalization and establishment of local market areas.
- Formulation of an informal trading policy as well as the actual enforcement of the policy
- Alignment and utilization of the small business development programme to develop independent agro-produce entrepreneurs.

3.3.5.2 COMMERCIAL FARMING

Commercial farmers are farmers who farm independently on a commercial basis and compete with commercial farmers throughout South Africa. It is very important to note that any farmer who produces a marketable surplus can be considered a commercial farmer, but emergent until such time he/she can be classified as fully commercial and, able to utilize his agricultural resources without substantial external support. In view of the wide spectrum of needs and large numbers of small farmers involved, the economic allocation of support services is important.

The agricultural extension roles need to be well defined within the multi-sectoral context. It is then considered as important to identify the comparative advantage of agriculture in general and in particular. Agricultural extension is characterised by its proximity to the rural communities. It can therefore take over responsibilities regarding prevention activities combined with the promotion of mitigation strategies related to food security and nutrition. Additionally this service should be combined with the activities of the existing rural development initiatives in a manner that ensures that community level capacity is built.¹ Efficient tools and instruments in key intervention are needed for the agricultural sector to facilitate the cost-effective delivery of agricultural services to the relevant communities. Tools and instruments are defined as something that gives the **ability, capacity, responsibility and accountability** to achieve the desired goal and objectives. Some of the most important **instruments** that can be utilised for the capacitation of communities relates to the transfer of knowledge in terms of:

- **Knowledge management** is a relatively new instrument to agriculture LED. This instrument entails the improvement and optimal utilisation of tacit knowledge within the communities. However this also includes the transfer of explicit knowledge to the communities within the local area. Usually this instrument is placed under the ambit of the “human resources development programme” and is also included under this heading in the strategic framework.
- **The use of appropriate agricultural technologies** and techniques is a major element that requires attention. The rationale behind the utilisation of appropriate technologies and techniques will increase the agricultural yields in addition to the protection of the environmental resources. This increased productivity can be viewed as the relationship between the input and output ratios. The following prerequisites need to be in place afore such activities can be successfully implemented:
 - Better and more **effective co-ordination** between government agencies
 - More **effective communication** of agriculture policies and application procedures to front line staff
 - Practical training, education and awareness building
 - Technology demonstrations
- The **improved communication** between all the local role-players and stakeholders are required as the primary element that influences the implementability of the agriculture expansion initiatives. This should also be strengthened through the formalisation of collaboration between the agriculture and other sectoral activities.

¹ Myezwa H et al, 2002



These above mentioned approaches to the agriculture services are by no means exhaustive, but provides a clear indication of the specifics required in order to utilise LED as a vehicle to improve the “wealth situation” of especially the rural and poor communities. Ongoing policy developments should anticipate/consider the long-term impact of development activities and therefore strive to continuously “update” the information database of the economic situation within the Nkangala District. This should be done through ongoing research, which should inform the implementation strategy of the initiatives.

It is vital that poverty reduction objectives are translated into straightforward operational guidance for programme preparation, implementation and monitoring. Therefore it must be set out how poverty reduction approaches, at all stages of sectoral programming, and might be introduced into agriculture sector approaches.

The following guidelines should be incorporated to facilitate the utilisation of agriculture development in order to reduce poverty **(The local municipality should be aware of the following aspects during project design and implementation):**

- Coherent Pro-Poor Agricultural Sector Policy Framework
 - Increase agricultural productivity, lower transport costs, increase rural and employment and food security, and integrate remote and lower potential areas into growth strategy.
- Use appropriate institutional structures to encourage the private sector and civil society
 - (e.g. decentralized services)
 - Encourage the private sector and enhance market reforms (increase competition between traders)
- Public and Private sector institutions
 - Define the roles and responsibilities of the public and private sectors, taking account of local situations
 - Build institutional capacity to manage the programme, and to provide rural services, especially at the local level (note that once again strong linkages with the human resource development component
 - Introduce new management practices to tackle biases against poor farmers and women.
- Improve the target resources
 - Increase funding of agricultural activities
 - Target a greater proportion of funds, directly at groups of poor farmers and women
 - Increase investment in low potentials area, and develop services for the poor and women, to integrate them into the growth process.
- Ensure the participation of the poor and women in programme preparation and services.
 - Organisation representing poor farmers and women must be consulted in programme preparation reviews.
 - Donors and governments may need to encourage the development of institutions that represent the poor and women.
 - Invest in information systems to allow effective programme design and evaluation.
 - Establish systems for evaluating the impact of measures on poverty.

Increasing agricultural productivity is a key area in the fight against poverty. For the poorest, whose only asset is their labour, returns are vital. There is an urgent need to ensure that poverty objectives are better integrated into a strategy for growth promotion, and reflected in the programme design and operational guidelines. The following key issues should be considered during the delivery of all agriculture development activities:

- Land issues
- Market access
- Access to funding
- Access to water and irrigation



3.3.5.3 AGRICULTURE LAND AVAILABILITY PROJECT

The primary aim of this project is to determine:

- a) The availability and ownership of dormant land that could be utilized for agriculture
- b) To identify the practical steps required to transfer, release or make available the land for occupation by emerging farmers

In order to initiate the process, the following key steps need to be undertaken:

- Identify and provide a mandate to a person within council to drive the process
- Provide suitable levels of resources as well as time to facilitate the completion of the project
- Establish linkages between research activities and ancillary services such as the GIS-department.
- Identify main ownership structures (e.g. national, provincial, or local government, mining houses, etc.) and contact relevant individuals to obtain information
- Mandate legal experts to review legislative requirements and procedures for transfer or utilisation and or occupation of the land for agricultural activities.

It is envisaged that the timeframe for this project is 6 months with a budget of approximately R 50 000 (if in-house legal expertise are utilised).

3.3.6 PILLAR SIX: TOURISM DEVELOPMENT

There are many definitions and descriptions of **tourism**. While some specialists restrict tourism to trip distances (i.e. over 50 or 100 km from home), others require that a person stay overnight to be counted as a tourist. More traditional definitions include only vacations or pleasure trips. Today, however, the trend is to use tourism and travel as synonymous terms. According to Gunn (1994) probably the best working definition is:

“Tourism is the temporary movement of people to destinations outside their normal places of work and residence, the activities undertaken during their stay in those destinations and the facilities created to cater to their needs.”

Tourism products and their foundations are far more perishable than manufactured products. For example, if a manufacturer of gearboxes discovered that the demand for the product has increased in a certain region the manufacturer can supply products to these areas. However, when a new hotel is developed in a region and a large capital investment was made and the travel market decides to go elsewhere, it is costly if not impossible to move the physical plan. The development programmes are clustered together in a manner that clarifies the specific sub-system within the tourism system as a whole. **It is in this light that the local as well as the district municipality, together with the local product owners, proactively drive the implementation of the tourism development activities.** Therefore the development programmes are discussed in the following sequence:

- Product development
- Development of “key icons”
- Environmental conservation



The programmes are investigated in the subsequent paragraphs to highlight critical components:

3.3.6.1 PRODUCT DEVELOPMENT

Product development is the work of bringing a site or a destination of interest and potential, for purposes of attraction or hosting of visitors, to a condition such that it is visited and that, during the visit, the visitors experience learning and enjoyment. Further, the visitor should preferably take away memories, ideas and gifts with them. For all this to happen, the product must be physically easily accessible, have requisite facilities with appropriate aesthetics and generally be attractive to the target market. The visitors should also experience quality hospitality services when at the site, i.e. be well received and guided through the experience, if they need this. They should be able to enjoy a full experience and, most importantly, spend money on food, gifts and artifacts, entertainment and learning

This is the work and objective of product development. Due to the shortage of resources and the limits to the market, product development strategies throughout the region should be conservative, incremental and directly linked to demonstration of results. Products for development should be carefully selected to achieve maximum impact with the least investment and effort. Much money can be spent without achieving desired results by not checking the extent and character of the market thoroughly and by not checking the financial viability of product development – what is the investment required to bring a product to required levels and what is the expected return over a period. These are critical questions in product development.

New products must be initiated within an integrated tourism development framework. Issues such as training and capacity building, marketing and the provision of infrastructure must be addressed in a coordinated fashion if unnecessary duplication and wastage of resources, financial and other, is to be avoided. It is recommended that a specialist tourism product development consultant be appointed to work with the NDM staff for a short period to provide experience and on-the-job training. The programme is aimed at the following:

- Extend tourist spending in the area
- Complement and extend existing products
- Identify new products to stimulate tourism growth, investment and maximise benefits for public sector, private sector and community-based entrepreneurs
- Identify a range of tourism product interventions
- Broaden participation in product development to include all stakeholders and communities
- Create opportunities for local SMMEs

It is imperative that the NDM work with all stakeholders, through the proposed stakeholder forums, to plan, develops and implement new products as well as to upgrade existing attractions. Nkangala District Municipality, with its six local municipalities should be the main driver for the facilitation and implementation of the proposed project.

3.3.6.2: DEVELOPMENT OF “KEY ICONS”

The development icons such as gateways, nodes, precincts and routes offer an opportunity to focus product development and marketing resources as well as a system of spatial organization for the area. These concepts are:

- A **tourism gateway** is a key entry point into the region or into a route. A tourism gateway should serve as both a marker and a point of information and can be accommodated in or by a number of tourism-



related attractions or service points. Gateways can also be linked to visitor centres. Gateways should be accessible, visible, user-friendly, informative and enabling, interactive, well maintained, safe and secure.

- A **tourism node** is an area with a high concentration of diverse tourism products, normally branded, in a specified spatial region.
- A **tourism precinct** includes a number of related and complementary attractions, linked to a specific focus of interest in a demarcated area. Generally tourism precincts evolve from a particular social and cultural fabric that shapes a unique identity and character. Tourism precincts have a clear identity, reinforced by a structured urban planning framework, and branded street furniture, lighting, signage and facilities. Tourism precincts should be accessible, user-friendly, of a suitable scale, safe and secure, well maintained, integrated, and contain a diverse mix of activities and attractions intended to draw and keep visitors in the area.
- A **tourism route** is defined as a linear path intended to lead visitors to a number of thematically linked destinations or attractions. Routes may be sequential or based on a clearly defined narrative, or may simply lead a traveller through a particular landscape or environment.

The development of the four key icons is intended to:

- Create four clearly identifiable and unique tourism products in the region
- Provide a focus for integrated tourism development by bringing a range of stakeholders together around a common task
- Allow for processes and strategies to be tested within clearly defined parameters

The potential tourism icons should be identified so as to promote and create a unique tourism environment in Nkangala District. This will be followed by the development Plans to support and motivate those tourism icons, and cost estimates on the development and establishment of each icon. It is then that sources of funding can be acquired with the information on the above factors. Matchmaking of projects will also be done together with the implementation.

3.4 CONCLUDING REMARKS

The representation of the various activities to be undertaken from the different levels of government (local vs district) is clearly indicated in the preceding sections. It is critically important to emphasise that the implementation should not be undertaken from an “insulatory” position but rather through the application of suitable institutional options. The various activities should therefore also be linked with the institutional options. Additionally, the outcomes of the overall study should also be incorporated with the Integrated Development Plans of the municipalities.

Through integration with the institutional arrangements, the objectives of LED throughout the district will be transformed into specific feedback systems that will act as a mechanism through which progress can be monitored. **It is critically important to understand that the re-packaging associated with this preceding table, focuses mainly on the various local municipalities.**

The following chapter presents an indication of the institutional arrangements that have been identified for the various local areas throughout the Nkangala District area.



CHAPTER 04

Institutional Arrangements

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INSTITUTIONAL ARRANGEMENTS

The purpose of this chapter is to outline the specific institutional arrangements that need to be established to ensure that implementation of the LED activities, throughout the district, is undertaken in a homogeneous and integrated manner. This implies that the arrangements must be institutionalized in a manner that will ensure that the outcomes are sensitive towards the actions at the surrounding and broader area. In other words, it is necessary to ensure that the models applied in the various areas are of such nature that the spatial distribution of interventions does not translate into a barrier for implementation. Furthermore, specific attention needs to be placed on the inter-municipal relations. A number of critical building blocks are associated with the institutional arrangements. These components are at different levels vis-à-vis:

- The local and district municipalities
- The local municipalities (in relation to other local municipalities)
- The private sector in relation to the local and/or the district municipalities

These relationships, and the potential for conflict need to be appropriately managed. In this light, this chapter presents the recommended framework that would assist in the management, interaction, information dissemination and conflict resolution for LED to be implemented throughout the Nkangala area. The chapter is structured as follows:

1. The overall framework is introduced
2. Institutional Arrangements
3. General principles are outlined.

During the discussions of the preceding aspects, efforts are made to ensure that the “practicalities” are emphasized.

4.1 OVERALL FRAMEWORK

The overall is of such nature that the focus of the interventions is of such nature that the development of capacity, skills transfer and ultimately the implementation of LED is central. The main focus areas are:

- Management of LED
- Developmental monitoring

The focus areas are dealt with under individual headings.

4.1.1 MANAGEMENT OF LED

The management of the LED activities needs to be undertaken at different levels i.e:

- Strategic level
- Project level



The different areas have varying characteristics and the management activities should be adjusted accordingly. Table 4.1 presents an indication of the salient features of the three levels and indicates the main differences.

Dimension	Strategic Level	Institutional level	Project level
Focus	Development of long term, coherent vision	Communication and interface points, channels and events	Implementation focus – transforming the project from a “plan to a operational entity” that has been “operationalised”
Main features	High degree of interaction Inputs from various stakeholders Conceptually, high level direction Not “micro level” indicators	Intensive Interactions Acts as the vehicle through which “public planning” can take place Long lead times	Decision making close to the project Project specific focus Emphasis on making the project successful Guided by overall strategy Flexible decision making structure
Planning horizon	Long term	Long term	Project bound
Process characteristics	Systematic way of decision making based on priorities and developmental needs	*Democratic processes” Networking Decentralised decision making processes	Highly focused on project deliverables Decision making – centralized
Linkages to other processes	Significant levels of interaction required with “external processes” and other planning processes	Acts as the overarching vehicle through which a broad range of role-players and other processes are	Primarily being informed by other programme level interventions Linkages are influenced by the comparative level of the project i.t.o the LED programme

With the preceding table as a point of departure, the various levels are dealt with in the subsequent paragraphs.

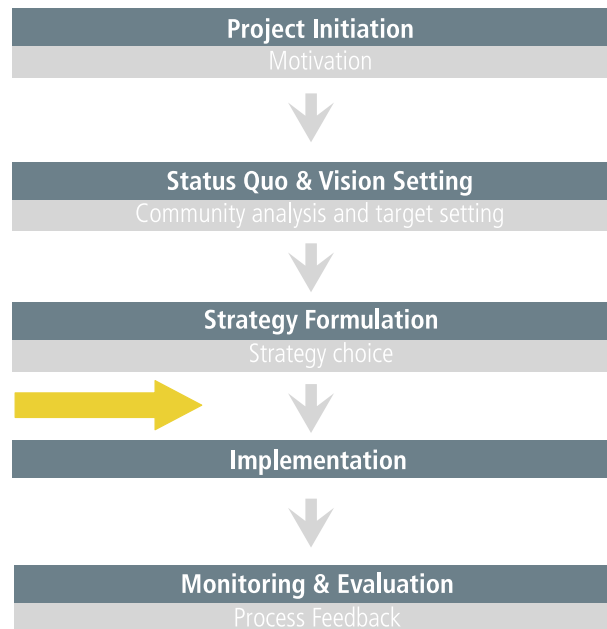
4.1.1.1 STRATEGIC LEVEL

As indicated earlier, it is vitally important to stimulate the development of capacity to drive the various LED interventions. It is however believed that the Nkangala District Municipality be tasked with fulfilling the role and function of “economic development facilitator”, it is necessary that the various local government structures all align their activities and “pull in the same direction”. Therefore the strategic level considerations are outlined in the following.

On a strategic level, the planning for implementation of the LED Strategy is situated in Step 3 of the “Conceptual LED Planning Process” as presented in Figure 4.1.



FIGURE 4.1: LED PLANNING – CONCEPTUAL PROCESS



Source: Adapted from: National Business Initiative: Taking the Lead – A Community Resource Kit for LED, 1996

Each of the different steps in the LED process, have a unique focus area. Additionally the sequence guides the implementing party through the necessary activities required during the LED process. **It is emphasized that the Nkangala District has already completed steps 1-3 and has furthermore embarked on different aspects of Step 4. During the implementation of the LED Plan it was realized the alignment of activities with the various local municipalities is hampering the implementation and therefore the need for this project.** In the light of the envisaged scale of distribution of this report, a synopsis of the individual steps is presented in Table 4.2.

The essential point about strategic planning is that it is a systematic way of making choices determining priorities and allocating resources and time around the identified priorities and choices. A participative strategic planning process enables everyone involved in LED to contribute to where the project is going and to understand and take part in its progress.

It is also an ongoing process that develops over time. During interactions with the various local municipalities, it became evident that the specific stage at which the municipalities are in respect of the LED process varies.



TABLE 4.2: LED PROCESS – STEPS

STEP	DESCRIPTION
Initiation	The first step is to look at the motivation of the role players involved in the process. A short statement should be produced which summarizes the vision. This vision should provide an indication with regards to the reasons for the involvement in LED as well as the broad indication of what the envisaged outcome of the LED process is. This outline statement should state the problems, which should be addressed as well as the goals of the process. What is the problem that must be addressed. This initial phase only provides a general direction and is not burdened with specific activities, just general aims.
Status Quo & Visioning	The second step is to carry out a SWOT analysis. Such an analysis looks at the internal strengths and weaknesses as well as the opportunities and threats as a result of the external environment. The utilisation of the analysis will provide insight into the current position. Additionally aspects such as the weaknesses and threats can be evaluated and mechanisms to addresses these aspects can be formulated.
Strategy Formulation	The third step is to develop the actual strategic plan itself. This entails the formulation of the goals with regards to how the “future should look”. Together with this is the formulation of specific objectives, which identifies how the goals will be achieved. As the formulation of goals and objectives can be time consuming, the following strategic decision model assists in the facilitation of fast-tracking the formulation of the goals and objects together with the actual planning of the strategies. It is evident that the process is based on group discussions and interaction. The model is based on the identification of alternatives, an evaluation of comparisons against each other as well as the decision on which alternative to utilise. Subsequently, the design of the various selected alternatives is undertaken which completes the process. However due to the continuous interaction, the potential risk of failure is minimized. The interactions are outlined in the subsequent section: 4.1.1.2: Institutional Framework
Implementation	The fourth step is the implementation of the strategic plan. This implies the formulation of activities/projects that will address the goals and objectives as identified in the strategic plan. The projects should be focused around implementing the objectives. For example, if the objective is to reduce unemployment by developing local small businesses one project might be to develop a brick-making cooperative. It is important that all projects flow from the objectives in the strategic plan and that all of the activities can be undertaken, each objective should be backed up with a project set up to achieve it.
Monitoring & Evaluation	The fifth step is to undertake a needs analysis with regards to the implementation requirements. In other words, what are needed in order to successfully implement the projects. The analysis must focus very clearly on the activities that need to be carried out. The analysis must also focus on the capacities required within the implementing party, to implement the project. The capacities must then be developed in accordance with the requirements of the specific projects and activities that were identified by the plan.

Table 4.3 indicates the comparative position of the individual municipalities in the LED process.

TABLE 4.3: COMPARATIVE LED POSITION

Municipality	Position
Emalahleni	Status Quo, vision setting & Implementation
Steve Tshwete	Implementation & Feedback
Delmas	Status Quo, vision setting & Implementation
Emakazeni	Status Quo, vision setting & Implementation
Thembisile	Implementation & Feedback
Dr JS Moroka	Implementation & Feedback

Source: Interactions and previous studies

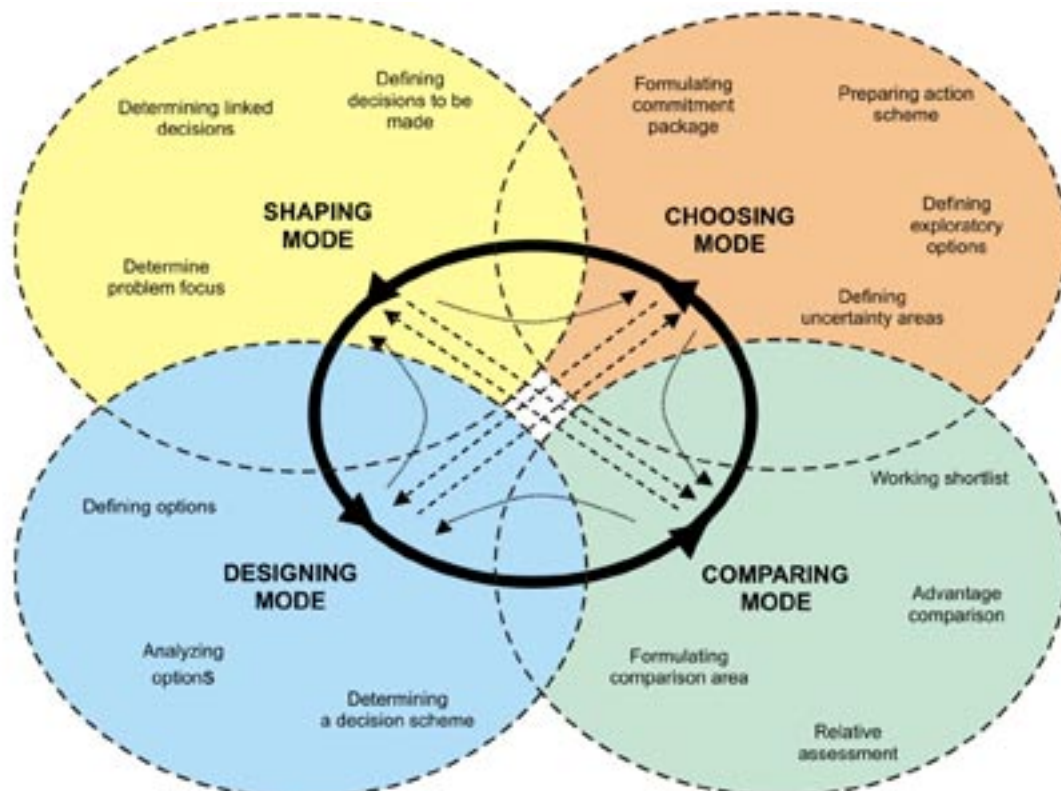


The mis-alignment of the municipalities in terms of the comparative positions regarding LED is addressed by the alignment of the various actions and the “repackaged” NDM LED Plan. Therefore from a strategic management perspective, the following key activities should be undertaken:

- Establishment of the LED Forums at the local levels (discussed in subsequent sections)
- Determining the “municipal readiness” to initiate and implement LED
- Clarifying and institutionalizing the role of LED in the municipal context
- Restructuring the various organograms to ensure that LED is an independent department
 - Facilitating a process through which the LED departments are appropriately capacitated
 - Institutionalizing LED into all municipal structures
- Incorporating the outcomes of this process into the IDP to ensure that LED is captured
- Undertaking fitting LED capacity building and skills transfers.

The overall strategic direction for LED in the District has been set through the NDM LED process i.e. a number of interactions were conducted where representatives of government, the private sector and other role-players had the opportunity to provide inputs into the strategy. Examples of these opportunities included the various economic summit events, as well as Economic Development Agreement that was signed at Kloppenheim in 2005. The strategic level of LED management is concerned with the identification of the issues, development of alternatives, selection of the most appropriate strategy, designing the implementation framework (based on the available resources) and initiating the implementation and ultimately monitoring and evaluation. **The high levels of interaction with the parties involved in a central element of this process and the interrelationships are indicated in Figure 4.2.**

FIGURE 4.2: STRATEGIC DECISIONS & INTERACTIONS



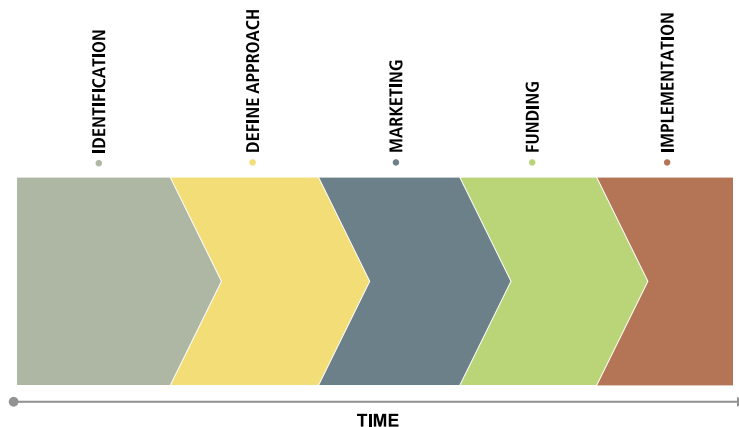


The following section discusses the project level management guidelines, which are associated with LED.

4.1.1.2 PROJECT LEVEL

The purpose of this section is to provide an overview of project level management activities that need to be undertaken. In the light of the diversity of the various LED actions, the guidelines are aligned with overall best practice regarding the management of LED projects. On a practical level, the initiation and implementation of LED projects, the process can be simplified into five specific core activities. It is necessary to consider that the activities are not individual steps but rather inter-connected steps. The core activities are presented graphically as depicted in the following diagram. Refer to Figure 4.3:

FIGURE 4.3: PROJECT LEVEL PROCESS



The various core activities are briefly discussed in the subsequent paragraphs

- **“The identification of potential projects and opportunities”**: The identification of potential projects and opportunities that can be developed in the local economy is the first step in the practical approach to LED. Various methods exist that can be utilized to identify opportunities within the economies.
- **“Define approach”**: The defining of the specifics of the project. This implies the actual formulation of business plans, the determination of funds required as well the impact of the project. Other considerations are taken into account such as input-requirements, demand and supply factors, market penetration as well as the financial requirements of the project. Apart from the actual project design and refinement, the role that the local authority can play to assist local entrepreneurs also falls in this category and includes activities such as: the provision of the necessary infrastructure, ensure an enabling institutional environment exist, etc.
- **“Marketing”**: The marketing consists of two main thrusts, place marketing as well as the marketing of the specific products/services produced by the respective projects. The provision of appropriate mechanism by the local authority to market the region is critically important to the successful attraction of investors to the area. Linked to this is the need for the provision of adequate exposure of local businesses to the services provided by the other local businesses.
- **“Development funding”**: Acquiring funding and/or finance for the implementation and development of projects are a critical component of any developmental project. Specific activities and specific types of funding need to be identified prior to the actual application for funding. These aspects should be clarified during the second step “define approach”. The local authority can play a facilitation role through the provision of support in the application for funding as well as matching potential investors and funding sources. Moreover the provision of appropriate and focused investment incentives can play an important role in the attraction of investment to the region.



- **“Implementation”**: The culmination of the preceding activities result in the successful implementation of the identified opportunities. Assistance during the initial phases of implementation is critically important and measures to assist entrepreneurs include the provision of support activities, the formation of partnerships as well as mentoring activities. A fast tracked approval process is also conducive to the creation of a favourable investment/implementation process.

It must be taken into consideration that the current capacity at the various local municipalities does not warrant a LED process such as the preceding one. Therefore, the linkage between the project level LED management and the institutional arrangements (refer to the next section) are clarified. These guidelines are structured in a manner through which the project level management activities are presented in a manner through which the specific activities to be undertaken are clearly indicated. Table 4.4 contains this linkage with specific reference to the various local municipalities.

TABLE 4.4: LINKAGES		
COMPONENT		ACTIVITY TO ENSURE LINKAGE
IDENTIFY	Idea generation	<ul style="list-style-type: none"> ▪ Establish organising committee and organise (utilization of the LEDF) ▪ Consulting local communities (ward meetings) ▪ Brainstorming sessions ▪ New business idea competition
	Opportunity identification	<ul style="list-style-type: none"> ▪ Community planning events ▪ SWOT analysis
DEFINE APPROACH	Business Plan Formulation	<ul style="list-style-type: none"> ▪ Business plan formulation guidelines
	Market analysis	<ul style="list-style-type: none"> ▪ Consumer survey ▪ Baseline information (benchmarking) ▪ Business survey ▪ Establish business database (business directory)
	Legislation	<ul style="list-style-type: none"> ▪ Review by-laws and amend
	Management	<ul style="list-style-type: none"> ▪ As being discussed in this section of the overall document
	Access to support structures	<ul style="list-style-type: none"> ▪ Inventory of support services available ▪ Clear understanding of their approval and selection processes ▪ Lobbying for the support structures to conduct road shows through the region
	Location	<ul style="list-style-type: none"> ▪ Identify appropriate areas and ensure focused development within the selected areas
	Land & Buildings	<ul style="list-style-type: none"> ▪ Set up an inventory of potential buildings that can be utilised during development of entrepreneurs ▪ Determine where projects can be housed. ▪ Approach private sector to release property for utilisation ▪ Negotiate favourable rent rates
	Infrastructure	<ul style="list-style-type: none"> ▪ Ensure necessary infrastructure is available to potential investors ▪ Guarantee adequate maintenance of infrastructure ▪ Establish special infrastructure delivery fund for extraordinary requirements (only for LED projects)
	Labour force	<ul style="list-style-type: none"> ▪ Encourage and support local training facilities to expand curriculum's aimed at the broadening of the skills base ▪ Encourage and coordinate (as far as possible) provincial government departments to undertake training within the district.



MARKETING	Place marketing	<ul style="list-style-type: none"> ▪ Press releases ▪ Printed media ▪ Alignment with other initiatives
	Business marketing	<ul style="list-style-type: none"> ▪ Buy-locally campaign ▪ Utilise business directory as marketing
	Lobbying	<ul style="list-style-type: none"> ▪ Lobby appropriate government departments
	Project launches	<ul style="list-style-type: none"> ▪ Use launches to create awareness of project and as a communication media ▪ Communicate progress of the projects to the communities
DEVELOPMENT FUNDING	Funding	<ul style="list-style-type: none"> ▪ Develop a database of all donor and funding agencies ▪ Facilitate the successful application for funding from the various ▪ Provide information to applicants regarding the different potential types of funding and funding agencies
	Grant funding	<ul style="list-style-type: none"> ▪ Lobby respective donor agencies to provide grant funding
	Loans	<ul style="list-style-type: none"> ▪ Engage local lending schemes to cater for the emerging entrepreneurs ▪ Engage commercial institutions to provide loans to emerging entrepreneurs. ▪ Assist entrepreneurs during applications for loans
	Bank guarantees	<ul style="list-style-type: none"> ▪ Utilise existing facilities such as Khula to obtain guarantees for loans from commercial financial institutions
	Own capital	<ul style="list-style-type: none"> ▪ Encourage existing business to expand operations within the local area
	Seed and venture capital	<ul style="list-style-type: none"> ▪ Support applications to organisations such as the IDC, which provides seed and venture capital to potential investors.
	Incentives	<ul style="list-style-type: none"> ▪ Develop appropriate incentive packages providing discount structures on municipal services in selected areas and for selected economic activities.
	Development support	<ul style="list-style-type: none"> ▪ Organisation of 'build your business' training ▪ Enhance awareness and skills in areas such as ▪ Business planning ▪ Merchandising ▪ Customer service ▪ Performance management ▪ New market opportunities etc.
	Establishment support	<ul style="list-style-type: none"> ▪ Provide start-up advice such as ▪ Determining customer base ▪ Competitive pricing ▪ Promotional programmes ▪ Competition ▪ Convenient location etc.
	Matchmaking	<ul style="list-style-type: none"> ▪ Link opportunities, funding and entrepreneurs ▪ Referral of business opportunities as well as assistance in the application for funding.



IMPLEMENTATION	Partnerships	<ul style="list-style-type: none"> ▪ Establish partnerships between the existing local business and emerging entrepreneurs ▪ Enhance 'small firm – big firm' contracting opportunities.
	Fast-track approval process	<ul style="list-style-type: none"> ▪ Stream line the approval process to be able to provide potential investors with speedy replies with regards to developmental aspects/enquiries ▪ Convene 'extra-ordinary council meetings' where necessary
	Support structures	<ul style="list-style-type: none"> ▪ Provide counseling (advise, information and support) ▪ Provide links to contract workers ▪ Provide information regarding the
	Incubators/hives etc	<ul style="list-style-type: none"> ▪ Establish business opportunity centres (BOC) ▪ Engage emerging entrepreneurs to co-operate and network. ▪ Establish a small business association as a mouthpiece for the emerging entrepreneurs
	Network establishment/facilitation	<ul style="list-style-type: none"> ▪ Establish a business directory of the region ▪ Identify potential linkages with established business ▪ Ensure buy-in from day-to-day buying decision-makers
	Management support services	<ul style="list-style-type: none"> ▪ Training of entrepreneurs in practical business skills as well as more general workshops on self employment ▪ Establish a 'retired-executive council' that voluntarily assists emerging business through management support. ▪ Provide administrative support to the emerging entrepreneurs ▪ Provide mentorship programmes
	Capacity development	<ul style="list-style-type: none"> ▪ Experience exchange – providing local entrepreneurs an opportunity to share experiences and ideas through seminars, newsletters, etc. ▪ Coordinate and link activities undertaken by the local training facilities, and government departments ▪ Develop an apprenticeship/traineeship scheme where a number of local businesses share a group of trainees.
	Contingency fund	<ul style="list-style-type: none"> ▪ Establish a fund that can be accessed by failing business. i.e. improvement of cash flow situations ▪ Determine repayment options.
	Mentoring	<ul style="list-style-type: none"> ▪ One-to-one guidance ▪ Continued advise and regular meetings with business operators ▪ Guidance with marketing, accounting and management procedures ▪ Assistance in identifying and solving problems ▪ Introductions to business and professional organisations ▪ Personal support

It is evident that the management of the LED process is closely related to the institutional considerations. The institutional level considerations are dealt with in the following section.

4.2 INSTITUTIONAL LEVEL

The implementation of LED activities throughout the NDM and its respective local municipalities is not being undertaken at an optimal level. A potential reason for this relates to the capacity constraints being faced in the various institutions as well as the developmental context of the spatial localities. The limited capacity of the local municipalities in terms of both financial and human resources is a major challenge. This necessitates the formulation of innovative measures that will facilitate cost-effective implementation of LED projects and the optimal utilization of human resources throughout the area. Additionally, the functional alignment of LED projects and activities throughout the area is vitally important.



It therefore follows logically that in order to initiate and implement the projects for the Nkangala area, it is necessary that a **committed organizational structure** be assigned the responsibility. This body or structure should be assigned with the responsibility to initiate, co-ordinate and manage the development process however the ultimate purpose of the body would be to ensure that the:

A **re-alignment of the current institutional arrangements** is required to ensure the successful facilitation of LED throughout the district. As the current planning framework which guides LED is not adequate (IDP's economic components) it is necessary to revise the existing framework to ensure that the economic development activities planned and initiated, implemented, coordinated and aligned to maximize the impact of LED on all economic related aspects such as:

- Employment creation,
- Poverty alleviation
- Wealth creation as well as
- The redistribution of opportunities.

It is however believed that through the incorporation of the “Re-packaged District LED”, the immediate requirements of the municipalities in terms of a strategic framework to guide their respective LED implementation activities are addressed. It is furthermore vitally important to provide fitting recommendations regarding:

- Intra-regional interaction frameworks.
- The LED interface with the private sector, and
- The LED Departments

The establishment or strengthening of institutional mechanisms to assist the various municipalities (district and local) with regard to the planning, managing and coordination of LED is a first critically important step that must be undertaken. The main building blocks associated institutional arrangements are:

- The LED Forum
- The LED departments and associated capacitation

Due to the nature of the two entities (which will be explained in subsequent paragraphs) it is necessary to highlight the required communication needed between all of the stakeholders and role-players. These stakeholders will inevitably be included into the development processes. However the angle from where the communications will originate will be different. As identified in the preceding section, the local municipalities are not in positions to perform the required LED activities. It is therefore essential to re-align the mechanisms currently employed to delivery LED. However, before the two main elements are discussed, the intra-regional interaction framework is presented.

4.2.1 INTRA-REGIONAL INTERACTION FRAMEWORK

The aim of this section is to outline the intra-regional interaction framework that has been developed during interactions at a district level. The subsequent section outlines the main features of the framework and should be utilised as a point of departure. In other words, the framework should be used to facilitate a fast-tracked establishment of the various structures. Figure 4.4 presents an indication of the main features of the interaction framework.



It is important to recognize that the various experts need not be permanent members of the permanent management structure, but could be incorporated from elsewhere when needed. As individuals find themselves members of more than one action group at a time, their responsibilities are in a constant flux, as their attention moves from objective to objective.

It follows logically that such a diversified structure needs a high level of flexibility to allow for the close collaboration amongst participants, necessary, if they are to adapt to the swift changing environment in an innovative manner. Much fewer rules and regulations are typically to be found in this type of structure, with those that do exist tending to be loose. In addition to the preceding, the following key features are highlighted:

- The chairpersons of the local level LEDF are expected to serve on the District LEDF
- The chairpersons of the various working groups at the local level should participate in district level working groups
- LED management committees will be established at the respective local and district municipalities. These management committees will have the following representation:
 - The municipal managers
 - The following portfolio councilors:
 - Finance
 - Local Economic Development
 - IDP manager or an specialists
 - Economic specialist and researcher

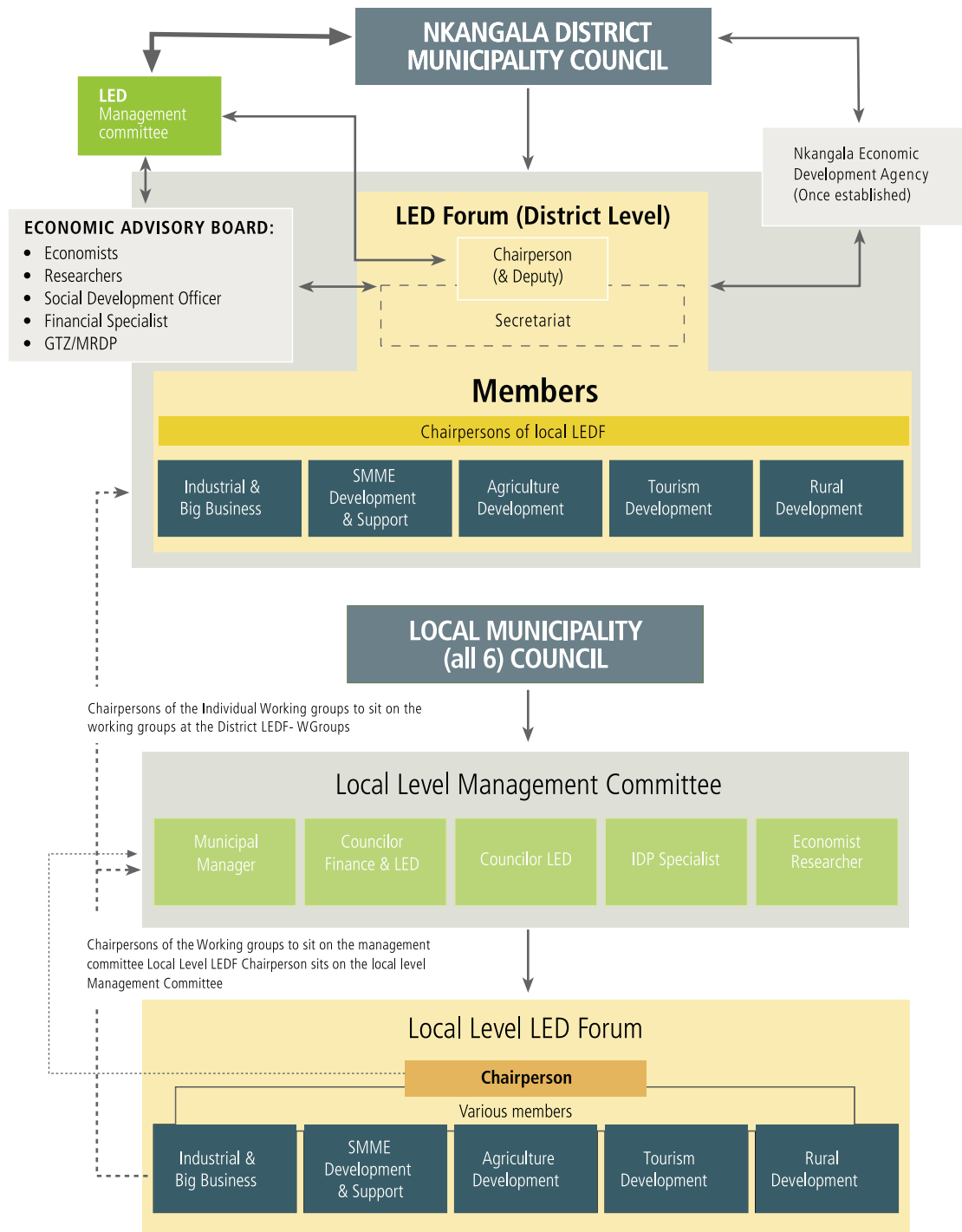
It is envisaged that an Economic Advisory Board will be established at a District Level to participate in the strategic decision making process.

Where applicable, the local LED management committees will utilise the specialist services of the Economic Advisory Board. With reference to the preceding figure, the most important areas where the interaction, between the individual parties can be expected are:

- Between the political and management structures of the individual municipal entities
- Between varying political structures
- Between the private sector role-players
- Between the various levels of government



FIGURE 4.4 INTERACTION FRAMEWORK





From the preceding, it could be inferred that one of the vacuums is the limited reference to the interaction with provincial level institutions and provincial level governmental structures. The establishment of the mentioned structures (LEDF and LED Departments) should however not be regarded as a mechanism that would preclude any interaction with the mentioned parties. The LEDF and LED Departments should however be regarded as a mechanism through which the potential interactions can be improved, managed and tracked.

An added benefit of the interaction framework includes:

- Disseminating lessons learnt throughout the district relating to the establishment processes.
- Increase the quality and quantity of interactions between role-players
- Contribute towards the ability of the individual as well as the collective region(s) to improve their ability to articulate the value proposition in order to attract quality investment
- Formal and informal learning
- Mentoring and advisory services
- Learning through networking and knowledge sharing
- Business improvement models and assessment tools, and
- Research and benchmarking.

It is evident that the interactions need to be channelled through the local and district level structures. The details regarding the operationalisation of the development forums are discussed in the subsequent section.

4.2.2 DEVELOPMENT FORUM

From the preceding section, it is evident that the various structures will be replicated at the local as well as the district level with various parties being represented at the local as well as the district level. The ideal is therefore a small permanent management group, that co-ordinates various types of expertise into issue based action groups. It is anticipated that this would consist of a manager (facilitator), supported by a professional assistant, a personal assistant, as well as a small administration contingent. The development forum should have various characteristics that will support its successful operation. The characteristics include:

- Have clarity on its purpose and function.
- Operate independently, but within agreed policies, principles and a mandate. The development forum should be guided from a common value orientation and vision.
- Have a clearly defined mandate and legally enshrined decision-making powers to manage the whole implementation process.
- Be driven by a delivery oriented “CEO” who can take its activities into the regional arena.
- Have high levels of financial and process accountability. There should be regular report-backs on project progress and process. Monitoring mechanisms should be put in place.
- Be ‘lean’ and focused. The development forum should be structured with a small, but effective complement of dedicated and empowered staff.
- Be representative of core stakeholder groupings and function in a consultative manner.² In this regard, members on the development forum should reflect perspectives as prevalent among their constituencies to ensure that diverse needs are met. The development forum should have the ability to co-opt other members if and when required.
- Be transparent in its dealings.
- Be a-political.³
- Have a commercial/business approach with a strong project management and co-ordination function. It should have a strong implementation focus.

² The need for consultation does not however negate the need for strong decision-making powers.

³ Yet endeavour to secure political buy-in from the highest levels.



- Integrate and enhance existing and future business and social development processes.
- Be as committed to the needs and growth of the grassroots entrepreneurs as it is to burgeoning large-scale enterprises.

Apart from the preceding guidelines, it is vitally important to ensure that the operationalisation of the LEDF (at all levels) are being fast-tracked. The Development Forum must be driven by a focus on service delivery to the relevant target beneficiaries. From the preceding section, it is evident that the local level forum (together with the district level forum) incorporates:

- Task teams
- Other considerations.

The salient features of each element are highlighted in the following paragraphs.

4.2.2.1 TASK TEAMS

Internationally, task forces have increasingly emerged as a favoured mechanism for developing and coordinating local economic development efforts and programs. While task forces should not be created to replace the activities of existing public and public-private institutions, they can be used to strengthen the coordination and delivery of programs for local economic development. From the international experience, the following aspects should be built into the task team during the establishment process:

- Must be allowed to have sufficient scope and institutional strength to command new and additional resources.
- Alignment with the overall LEDF should be a key to overcome problems of coordination, accountability to local democratic institutions, legitimacy and transparency.
- The task team's aims and approaches must be moulded and informed by the local level political dynamics and economic considerations

A critical aspect associated with the task teams is that situations could appear where the task team will be required to identify and address issues beyond the remit of its mandate vis-à-vis the overall economic development activities throughout the area. In such an event, the matter should be referred back to the LEDF via the secretariat.

The first core activity that should be undertaken by the various task teams (in close cooperation with the LEDF) is to develop a suitable "terms of reference" for the individual task team. The specific aspects that must be addressed as part of the terms of reference includes, but aren't limited to:

- A delineation of the "interests" of the task team
- The most appropriate memberships
- Aim of the task team
- Objectives of the task team
- Degree of flexibility that will be allowed with the task team
- "Operational requirements"
- Funding and research requirements
- Interaction and communication channels to be followed
- Timeframes
- Etc.



It is further proposed that during the initial interactions (and delineation of the mandate) the objectives be kept flexible in order to respond to unfolding situations. Task teams should strive towards a formalized approach with long-term objectives. It is believed that the establishment of the task teams will **add value to the institutional process by gathering the relevant individuals and organizations around the table to focus on selected issues**. Furthermore, LED task team will provide a suitable mechanism through which the coordination and mobilization of individuals and organizations with the appropriate expertise to address particular economic development concerns can be undertaken. Their establishment can provide an adaptable focus for activity and the matching of local regional, national and donor funding support. Additionally, the Chair person of the individual task teams (and also the overall LEDF) should be selected with due cognizance of the following aspects:

- Be of a high calibre.
- Have the necessary expertise.
- Be willing to commit to the process.

Subject to the final decision (on the terms of reference and other related matters) the Chairpersons, should appoint a “technical task team” that is dedicated, lean and focussed and has the ability to provide specialists input into the various activities of the task teams. The latter would deliberate and develop technical information for consideration by the task team chairperson and task teams. If required, it would draw on consultants for advice.

4.2.2.2 OTHER CONSIDERATIONS

In addition to the establishment of the various task teams, a range of other considerations has to be incorporated into the overall institutional frameworks, such as:

- **Feedback mechanisms:** It would be important to put mechanisms in place to help community representatives to provide feedback to their constituencies. Clarify the objectives of the development forum and the various task teams. This feedback mechanism needs to be of such nature that both internal as well as external parties are included into the communication process.
- **Clear mandate and responsibility:** The Development Forum should have a clearly defined mandate and legally enshrined decision-making powers to manage the whole implementation process of the development forum (accountability and responsibility). It would, however, be critical that the relationship between the development forum and local government be clarified at the outset. This should place specific emphasis on:
 - Roles and responsibilities of local government officials, particularly in terms of project implementation and accountability to the public.
 - Policy formulation and interpretation, including the consultative Integrated Development Planning (IDP) process.
 - “Alternative service delivery mechanisms.
- **Legal and institutional arrangements:** In this regard it is recognised that linkages with, and the support of local governments are necessary for the Development Forum to function effectively. This new institution would therefore evolve its functions in the conceptual ‘space’ between local government and the private sector.
- **Lobbying, marketing and communication:** The Development Forum should put substantial resources into marketing the development forum in general and specific projects in particular. Lobbying critical stakeholder and investors would be an additional critical requirement to bring the development forum to fruition. Information regarding job opportunities should be made available to interested parties.



- **An integrated approach:** In line with the contention that the Development Forum must have a strong delivery focus, certain stakeholders have mentioned that:
 - The Development Forum should draw on a strategic framework in its endeavours aimed at bringing the development forum to fruition.
 - Well-managed feasibility studies should inform investment and implementation decisions.
 - There should be regular report-backs regarding project progress and process and monitoring mechanisms must be put in place.
 - It would be necessary for the Development Forum to adopt an integrated approach to achieve harmonisation with other local and regional development activities. In this regard it should be ensured that:
 - The developments link up with regional development projects and nodes.
 - The strategies of other projects are taken into consideration.
 - Fragmentation of activities within Nkangala and beyond is avoided.

In order to guide the **implementation and establishment** of the LEDF's throughout the NDM area, the following key implementation guidelines are presented.

- 1: **Present the final proposals to the local and district government structures for comment and notice.** It is suggested that a government meeting be held with all stakeholders. The findings of this process should be presented, debated, modified and formally accepted. A summary of this report should be made available to all relevant stakeholders before this meeting.
- 2 **Present the proposed development forum structures and process to the District and Local Municipalities for a resolution on this matter.**
- 3: **Establish the various local level LEDF** The government structures and the private sector representatives should recommend representatives to the Forum. A first Development Forum meeting should be held to develop a mission, focus, constitution, and operational rules and regulations. It is stressed that the District Level LEDF was established on the 30th June 2006
- 4: **Establishment of the Task Teams and the relevant chair persons**
- 5: **Operationalisation**

It is believed that the overall timeframe required for the establishment (district wide) should not exceed 3 months.

The various elements of the institutional arrangements must have high levels of communication to ensure that the **implementation of LED is undertaken in a coordinated fashion. This also implies that the** activities of one entity will have an influence on the activities of the other. Therefore, due to the fact that the LEDF will have representation of the six local municipalities as well as the private sector, a close link with the LED department (district and local) will be beneficial.

The increase levels of communication and interaction will facilitate higher awareness levels of issues affecting the region as a whole. Moreover, the close links as well as the representation will form a feedback link between the LED Departments and the LEDF's. This link will also serve the purpose of a control mechanism through which the local municipalities can evaluate the activities of the LED Department. Additionally, the same link will provide the District Municipality to ensure that the LEDF operates within the set parameters as prescribed in the various legislatures. As part of the institutional aspects relate to the local government functions, it is necessary to provide an overview of the specific actions to be undertaken to strengthen this link in the LED environment.



4.2.3 STRENGTHENING THE LED DEPARTMENTS

The strengthening of the various LED Department is the first step towards creating an enabling institutional environment within which the necessary activities required to stimulate the local economy can be undertaken. It is therefore critically important to realize that the improvement of the “internal” (at a municipal level) condition is vital, as the LED departments will be tasked with performing the necessary functions and activities associated with LED. The strengthening of the various LED Departments must be undertaken to facilitate and initiate the re-structuring of the current LED implementation environment.

The shift in the overall institutional orientation regarding the LED activities throughout the district also implies that the current management activities need to be re-aligned. Therefore the municipalities need to depart on a process of re-aligning the institutions that will facilitate improved LED delivery. A total of 4 key intervention areas have been identified that would result in the institutionalization of LED into the municipal structures. The interventions are:

- **Organisation level interventions**
 - Positioning LED as a municipal priority
- **Department level interventions**
 - Refocusing the LED strategies
 - Strengthening the skills base
 - Monitoring and evaluation

The positioning of LED as a municipal priority implies that organizational change needs to be facilitated. At a departmental level, the refocusing of the LED activities must be undertaken with the emphasis on LED implementation and the alignment with the regional LED activities inline with the recommendations of this report. .

The municipalities must implement changes to their approach to LED planning and delivery vis-à-vis the internal structures. As indicated earlier, two levels of interventions are envisaged. The interventions are of such nature that the local level dynamics have been taken into consideration and therefore the subsequent sections provide a **roadmap** that will assist the municipalities to implement the changes. The interventions are discussed in the following paragraphs.

4.2.3.1 ORGANIZATIONAL LEVEL INTERVENTIONS

In the light of the increased “complexity” of the institutional- and communication framework associated with LED, it is vitally important for the municipalities to “gear” themselves for proactive delivery of LED activities. Therefore the LED component needs to be placed at the centre of the municipality. Such a repositioning must be motivated and based on the re-prioritization of LED with the municipal structure.

The repositioning implies that organizational change must be facilitated. In the interim, the Nkangala District Municipality should assist the local municipalities to re-position their LED activities in the municipal structures. The recommended process associated with the repositioning is discussed in the following paragraphs.

- **MOTIVATION FOR CHANGE:** The repositioning of the LED activities will have a variety of implications for the non-LED departments such as (potential) budget cuts and loss of status in the municipality. Additionally the importance of LED in the municipality is not clear to all the employees and decision-



makers. It can be expected that some of the political leaders will not share the view that LED must be the central focus of the municipality in comparison to activities such as addressing infrastructure backlogs. The outcome of this step will be that political and management buy-in into the process is achieved. This first step has a dual purpose:

- To disseminate information relating to the rationale for the repositioning of LED in the municipality
- To garner support for the organizational change
- To convince management and the political structures of the necessity of the restructuring
- **MUNICIPAL STRUCTURES:** The second activity will be to review the structures of the entire municipality together with the budget allocation procedures and prioritization methods. Specific emphasis must be placed on the identification of inefficiencies throughout the municipality. A key outcome of this step will be an indication of critical shortcomings of the municipality in terms of why LED is not currently perceived as a municipal priority.
- **ALTERNATIVES:** Once the critical shortcomings have been identified, alternatives need to be formulated indicating how LED can be repositioned in the municipality as a developmental and municipal priority. The alternatives must indicate preliminary cost (budget) implications, the revised municipal structures, human resources requirements, timeframes and an action plan. The alternatives should be workshopped extensively with the political and management structures of the municipality, in order to assist them to make an informed selection of the restructuring process.
- **REPOSITIONING STRATEGY:** Once the repositioning strategy has been selected and designed (through a participatory process), LED should be repositioned in the municipality through a suitable implementation framework. However before the specific implementation activities are embarked upon, the following aspects should be thoroughly planned, workshopped and supported through appropriate council resolutions:
 - Municipal structures, post levels and job descriptions
 - Budget allocation and prioritization procedural manuals
 - Action and implementation plan with milestones
 - Implementation indicators (through which implementation progress can be measured)
 - A monitoring and evaluation plan (that will be able to measure the success and failure of the reposition efforts)
- **IMPLEMENTATION:** During this step the repositioning strategy must be implemented. The success of the repositioning strategy will be determined during this step of the process. It is therefore vitally important to ensure that the buy-in into the process is maintained throughout the process.
- **MONITORING AND EVALUATION:** During and subsequent to the implementation of the strategy and repositioning activities, the changes that are occurring must be monitored and evaluated. The measurement instruments and indicators must be formulated during the strategy design step. It is emphasized that the monitoring and evaluation activities must measure the implementation process as well as the impact of the repositioning on the municipality as a whole and adjustments should be made where applicable.

The following section discusses the department level interventions i.e. the specific activities to be undertaken within the LED Departments to ensure appropriate levels of implementation.

4.2.3.2. DEPARTMENTAL LEVEL INTERVENTIONS

As indicated earlier, the various local level LED departments are critically important to ensure the implementation of the various LED activities are undertaken. Such strengthening must however be undertaken in close cooperation with the surrounding areas as well as the broader region i.e. the political and municipal structures. The specific interventions that are required at the departmental level include 1) Strengthening the skills base, 2) Refocusing the LED strategies, and 3) Monitoring and evaluation. The associated management guidelines are presented for each intervention in the following sections.



- **STRENGTHENING THE SKILLS BASE:** A critical shortcoming of the various municipalities, is the narrow skills and experience base. Therefore, two elements must be addressed. Firstly the recruitment procedures should be reviewed and secondly, the existing employees should be capacitated. The second focus area is also one of the core components of the National LED Policy. The relevant experience and relevant skills are in acute shortage in the LED departments. This implies that the recruitment procedures and/or policies are not functioning optimally. With reference to the recruitment procedures, the following guidelines are recommended:
 - Review the recruitment policies and procedures to identify why high caliber personnel are not attracted and amend the policies and procedures accordingly
 - Establish minimum qualifying criteria for the candidates to meet before becoming eligible for the LED positions e.g. Degree from a recognized institution in the fields of geography, economic or town planning.
 - Draft skills and experience profile targets that will guide future employee recruitment activities and skills development activities.
 - Evaluate current staffing requirements based on the actions that should be undertaken and address the gaps in the current skills make-up.

- In order to strengthen the existing skills base of the LED departments, the following **management guidelines** apply:
 - Develop detailed skills profiles of all personnel through participation with the individuals and formulate an individual skills development programme. The municipal managers' office should facilitate this process
 - Identify appropriate graduate and post-graduate degrees that will assist the LED personnel to more effectively and efficiently deliver and include these programmes in the skills development programme
 - Identify personnel to develop into management positions and provide assistance to gain access to tertiary institutions to develop managerial skills e.g. Management Development Programmes (MDP's) or Masters in Public Administration (MPA)
 - Include the participation and completion of development programmes as a criteria in the annual performance management systems

- **REFOCUSING THE LED STRATEGIES:** As part of this study, the District level LED plan was repackaged that would assist the various local municipalities to initiate their own LED implementation activities. It should be emphasized that a number of the local municipalities have LED plans (with limited implementation). These existing plans should be refocused to ensure alignment with the broader strategy. This is regarded as a key implication. The aim will be to provide guidelines to the municipalities regarding which activities to omit. Where applicable, workshops must be conducted with the LED officials and councilors to generate an understanding of the need for the re-alignment and refocusing of the LED activities.

- **MONITORING AND EVALUATION:** The final departmental level intervention relates to a development and implementation of a monitoring and evaluation system with suitable processes. It was identified during various discusses that the monitoring and evaluation activities, where existent, are mainly internally focused. A shift in this focus is proposed to have a more external and project-based emphasis. In other words, the monitoring and evaluation activities should focus on:
 - Project specifics such as:
 - Financial indicators
 - Strategic project progress according to milestones
 - Impact on the economic environment holistically
 - Focus on qualitative and quantitative indicators for example:



- Type and number of business opportunities identified
- Number and types of new businesses who received start-up capital (from a diversity of sources)
- Number of new entrepreneurs who benefited from technical and financial training (e.g. by the Department of Labour)
 - Qualitative evaluation of all technical and financial training received
 - Number of businesses who reached production stage or marketing stage
 - Difficulties encountered in production or marketing (qualitative analysis)
 - Length of time from start-up of a business to the first revenue flow
 - Ratio between a business' costs and revenue each month, for a period of two years

It is however not envisaged that the internal monitoring and evaluation be ceased but rather that the preceding elements form a basis for the internal monitoring and evaluation.

4.2.3.3 CLOSING STATEMENT

The re-packaging of the NDM LED plan for the various local municipalities has direct implications for the municipalities. The main implications relate to the re-alignment of strategic plans and LED delivery activities. However the general lack of financial resources and insufficient technical and relevant skills is hampering LED delivery. These constraints are, however, an indication of the fact that LED is not a municipal priority.

Management guidelines to facilitate a reprioritization of LED in the municipal organisation were presented in the preceding. The repositioning implies that the entire organisation will have to adapt to a renewed focus. The re-alignment of the municipal priorities with LED as the central component will further imply that fewer resources will be available for meeting other municipal priorities such as infrastructure backlogs. The establishment of financially resourced and appropriately staffed LED departments is not a panacea for delivering LED. By addressing the management implications of the LED implementation, municipalities will be in a better position to respond to changing economic environments. The following section presents an discussion of the general principles to be applied during the LED process.

4.3 FURTHER CONSIDERATIONS

The purpose of this section is to present an indication of the guiding principles regarding the implementation of the various LED activities throughout the area. The following dimensions are discussed:

- Roles and responsibilities
- Alignment with other government programmes
- Critical considerations

Each aspect is dealt with under a suitable heading.

4.3.1 ROLES & RESPONSIBILITIES

Apart from the roles and responsibilities, which must be internalized, the actual strengthening of the LED Departments at a district as well as the local levels are critically important as these departments must guide and facilitate the implementation of activities and support the LED Forums. Moreover, it is evident that a number of various role-players will become active in the LED process, namely:

- District Municipality



- Local Municipality
- Private Sector

In order to provide an appropriate foundation regarding the specific roles and responsibilities of the mentioned entities in the overall process, the recommended roles and responsibilities of the entities are presented in Table 4.5.

TABLE 4.5: ROLES AND RESPONSIBILITIES	
Area	Functions
District	<ul style="list-style-type: none"> ▪ Facilitate and maintain internal and external communication ▪ Facilitate and ensure capacity building ▪ LED planning (district and local) → being undertaken as part of this project ▪ Manage LED initiatives ▪ Compile and asses feasibility of business plans (being undertaken) ▪ Strategy development (completed as part the LED Strategy) ▪ Identify and broker resources equitably ▪ Identify market and opportunities ▪ Provide financial resources ▪ Coordinate and align LED activities in close cooperation with local municipalities ▪ Establish and maintain partnership to facilitate LED activities (part of LEDF) ▪ Align municipal policy and practices ▪ Monitor and evaluate the impact of LED activities
Local Municipality	<ul style="list-style-type: none"> ▪ Policy and planning - strategic focus ▪ Research and development, assess need in strategic areas ▪ Develop/link to IDP ▪ Facilitate/ coordinate LED partners ▪ Marketing city/town ▪ Identify, development and manage data bank of stakeholders ▪ Support services - financial and non-financial ▪ Skills development - LED officials and community ▪ Regeneration studies ▪ Linking and access to funding ▪ Identify, prioritize and select projects ▪ Implement and manage projects ▪ Create conducive environment for LED and growth ñ support services incentives ▪ Job creation through capital projects ▪ Conflict resolution and management ▪ Identify strategic and high potential growth areas ñ geographic and functional ▪ From and encourage linkages ▪ Sharing information ñ between local authorities, other partners and clients ▪ Facilitate and oversee partnership between big business and communities ▪ Job creation information, collation and report results



Private Sector	<ul style="list-style-type: none"> ▪ Provide entrepreneurship ▪ Sharing information between local authorities, other partners and clients ▪ Participate in debates ▪ Facilitate the creation of new business ventures ▪ Proactively participate in creating new employment ▪ Seek new markets and develop ▪ Identify bottlenecks in the local market place ▪ Communicate issues hampering business development ▪ Collectively seek ways of addressing bottlenecks and market failures ▪ Proactively seek manner through which the internalize BBBEE into the local business environment.
<p>It should be noted that the preceding table is also presented in the “Development Framework of the LED Plan</p>	

In order to drive the mentioned process in a meaningful manner, the various institutional role-players must be established and strengthened through the implementation of the various recommendations outlined earlier. Additionally, through the establishment of the various institutional arrangements (e.g. the forums), implementation would be able to be initiated and will be guided by the roles- and responsibilities outlined in the preceding table. In addition to the localized development interventions and efforts, it is important to ensure alignment with the initiatives and strategic direction of national government. These issues are dealt with in the following section.

4.3.2 ALIGNMENT WITH GOVERNMENT INITIATIVES

The aim of this section is to present an overview of the most important government initiatives that must be aligned with. In the light of the recent shifts in the policy frameworks, the most important government initiative that must be aligned with is the **ASGISA – Accelerated and Shared Growth Initiative for South Africa**.

The Accelerated and Shared Growth Initiative for South Africa consists of a limited set of interventions that are intended to serve as catalysts to accelerated and shared growth and development. ASGISA is not a new economic policy. It is mostly micro-economic reforms within a Growth, Employment and Redistribution (GEAR) macro-economic framework. It is about the efficiency of the state, better conditions for business, closing the skills gap in short and long term, linking the 1st and 2nd economy, clearing up on Governance and Red tape⁴, corruption etc, that impacts on delivering at all levels of government and critical within specific departments like the Department of Trade and Industry (DTI), Department of Minerals and Energy (DME), Department of Home Affairs (DHA) and Department of Land Affairs (DLA). The main objectives of ASGISA are to:

- Reduce poverty and unemployment by fifty percent by the year 2014.
- Enable South Africa to achieve and sustain average economic growth rates of 4.5% between 2005 and 2009, and 6% between 2010 and 2014.

The list of binding constraints emerging from analysis and consultation has been kept short enough and focused enough to allow for a coherent and consistent set of responses. The binding constraints are:

- Volatility and level of currency
- The cost, efficiency and capacity of the national logistics system
- Shortage of suitably skilled labour amplified by the impact of apartheid spatial patterns on the cost of labour
- Barriers to entry, limits to competition and limited new investment opportunities

⁴ The collection or sequence of forms and procedures required to gain bureaucratic approval for something, especially when oppressively complex and time-consuming.



- Regulatory environment and the burden on small and medium businesses
- Deficiencies on state organisation, capacity and leadership.

Countering these constraints requires a series of decisive interventions. These interventions do not amount to a shift in economic policy so much as a set of initiatives to achieve objectives more effectively. The responses to the binding constraints fall into six categories:

- Infrastructure programmes
- Sector investment (or industrial) strategies
- Skills and education initiatives
- Second economy interventions
- Macro-economic issues
- Public administration issues

Each category is outlined and unpacked under the relevant headings.

4.3.2.1 INFRASTRUCTURE PROGRAMMES:

The general purpose of ASGISA infrastructure intervention is to improve the availability and reliability of infrastructure services in response to rapidly growing demand. Infrastructure programmes are distributed to provincial and local government through the municipal and provincial infrastructure grant programmes, while provinces and most municipalities have further funds collected from their own revenue sources for capital expenditure. Public sector infrastructure spending has considerable spin-offs in terms of the generation or regeneration of domestic supply industries, small business development and empowerment. Government is seeking to maximize the positive impact of the spin-offs on the domestic economy. The priority areas in terms of infrastructure identified by ASGISA is as follows:

- Provincial and local roads.
- Bulk water infrastructure & water supply networks.
- Energy distribution.
- Housing.
- Schools and clinics.
- Business centres.
- Sports facilities.
- Multi-purpose government centres.
- Electronic communications.

Infrastructure programmes identified by ASGISA is presented in Table 4.6. The targets set for these programmes are also included.



TABLE 4.6 ASGISA INFRASTRUCTURE PROGRAMMES

Programmes	Targets
Expansion of South Africa's broadband network	No clearly defined target
Reduce telephony costs	No clearly defined target
Submarine cable project	No clearly defined target
2010 FIFA Soccer World Cup project	Building/Improving 10 stadiums
Develop research and development infrastructure	No clearly defined target
Improve modalities for public-private partnerships	No clearly defined target

Source: ASGISA, 2006

4.3.2.2 SECTOR INVESTMENT (OR INDUSTRIAL) STRATEGIES

In order to promote private-sector investment, sector strategies are being prepared, and some are in the implementation stage. Part of the focus of ASGISA is to focus the energy of government and its partners. ASGISA identified the following industries as high priority areas:

- Business Process Outsourcing (BPO).
- Tourism.
- Agriculture, agro-processing and biofuels.
- Chemicals.
- Metals beneficiation (incl. Capital goods).
- Creative industries (crafts, film & TV, content and music).
- Clothing and textiles.
- Durable consumer goods.
- Wood, pulp and paper.

Business process outsourcing refers to the trend of business worldwide, especially in countries where labour is costly, to locate back-office activities such as accounts or claim processing or front office activities like call centres in cheaper centres. Sector investment programmes that were identified by ASGISA are presented in Table 4.7. The targets that were set for these programmes are included.

TABLE 4.7: ASGISA SECTOR INVESTMENT PROGRAMMES

Programmes	Targets
Business process outsourcing programme	100 000 additional direct & indirect jobs by 2009
Tourism project	12% of GDP by 2009 & Increase employment to 400 000 people by 2009

Source: AsgiSA, 2006

4.3.2.3 SKILLS AND EDUCATION INITIATIVES

For both the public infrastructure and the private investment programmes, the single greatest impediment is shortage of skills – including professional skills such as engineers and scientists; managers such as financial, personnel and project managers; and skilled technical employees such as artisans and IT technicians. The



shortfall is due to the policies of the apartheid era and the slowness of our education and skill development institutions to catch up with the current acceleration of economic growth. The ASGISA response range from: medium-term educational interventions to raise the level of skill in areas needed by the economy, to immediate measures to acquire skills needed for the implementation of ASGISA projects. Programmes that was identified by ASGISA to address the skills and education backlog is presented in Table 4.8. The targets set for these programmes are included.

TABLE 4.8: ASGISA SKILLS AND EDUCATION PROGRAMMES	
Programmes	Targets
QUIDS-UP programme	No clearly defined target
Maths and Science (Dinaledi) programme	50 000 Maths and Science graduates by 2008
Career guidance programme	No clearly defined target
Joint Initiative for Priority Skills Acquisition (JIPSA)	No clearly defined target

Source: ASGISA, 2006

The Joint Initiative for Priority Skills Acquisition (JIPSA) will identify urgent skills needs and quick and effective solutions. Solutions may include special training programmes, bringing back retirees or South Africans and Africans working out of Africa, and drawing in new immigrants where necessary. It may also include mentoring and overseas placement of trainees to fast track their development. JIPSA will have an initial timetable of 18 months, starting in March 2006, after which its future will be reviewed. As part of JIPSA, 100 women will begin a one-year placement programme in the United Arab Emirates focused on developing skills in infrastructure project management and project financing as well as tourism. There will be similar placement programme sin South African companies.

4.3.2.4 SECOND ECONOMY INTERVENTIONS

Without interventions directly addressed at reducing South Africa's historical inequalities, growth is unsustainable. Conversely, successful measures to reduce the inequalities will add impetus to growth. Government has already initiated intervention to address deep-seated inequalities and target the marginalised poor, to bridge the gap with the Second Economy, and ultimately to eliminate the Second Economy. ASGISA includes some specific measures of response to the challenges of exclusion and the Second Economy. One key mechanism is to use the leverage of the First Economy to address the Second Economy. There are two examples in ASGISA:

1. Leveraging the increased levels of public expenditure, especially investment expenditure, to promote small businesses and broad-based empowerment addressing such issues as access to finance, preferential procurement and a review of the impact of regulations on labour-intensive sectors. Focus areas in this regard include the expansion of women's access to economic opportunities and promoting youth development.
2. All of the sector strategies, such as the strategies for tourism or BPO, will have element addressing development foals in the Second Economy. For example, the economic cluster of government is committed to ensure that at least five BPO operations are established in poor areas with relatively little economic activity. The targeted beneficiaries are youth and women. Broad Based Black Economic Empowerment will be leveraged to support shared growth.



Second Economy interventions that were identified by ASGISA are presented in Table 4.9. The targets set for these interventions are also included.

Programmes	Targets
SMME programme	100 000 SMME's per year
Expanded Public Works Programme (EPWP)	No clearly defined targets

Source: ASGISA, 2006

4.3.2.5 MACRO-ECONOMIC ISSUES

Challenges regarding macro-economic issues include the following:

- Reducing the volatility and overvaluation of the currency
- Ensuring that within an inflation targeting regime fiscal and monetary policy work together to produce sustained and shared growth
- Improve budgeting in government, particularly at a macro level where the tendency exists to underestimate revenue and overestimate expenditure, which results in the budget appearing more expansionary than it is, which in turn sends misleading signals to other players in the economic arena.
- Expenditure management, particularly in government capital investment, where several agencies' budgets are considerably under spent while some other run out of funds before the end of the financial year.

One innovation to be introduced in 2006 is the development of a new capital expenditure management information system by the National Treasury.

4.3.2.6 PUBLIC ADMINISTRATION ISSUES

ASGISA is planned on the principle that institutional interventions are costly and should be kept to minimum, and that, where possible, existing institutions should be levered into new functions and responsibilities. Focus is placed on the realization of a people's contract on economic matters, and the effective implementation of agreed BEE Charters, and leveraging benefits from offsets. On local government and service delivery, focus is placed on addressing the skills problems through Project Consolidate.

The project will deploy an estimated total of 150 expert staff to local governments to improve project development implementation and maintenance capabilities. The following section summarizes other government programmes and economic opportunities.

4.3.3 OTHER PROGRAMMES

The purpose of this section is to present an inventory of other government programmes that must be taken into consideration during the implementation and deployment of the LED activities. Therefore these programmes are not discussed and outlined. The inventory is presented in Table 4.10.



TABLE 4.10 GOVERNMENT PROGRAMMES

Focus Area	Programmes
Infrastructure programmes	Expanded Public Works Programme
	Municipal Infrastructure Grant (MIG)
	Electricity programmes: Grid electrification and Non-grid electrification
Social programmes	Community Development Workers (CDW)
	Early Childhood Development
	Home Community-based Care
	National School Nutrition Programme
Environmental Programmes	Working for water
	Working for wetlands
	Working for fire
Programmes to promote tourism	Poverty relief programme
	Protected Areas Management
	Tourism Support Programme
	Integrated Nature-based Tourism and Conservation Management Project (INTAC)
Agricultural programmes	Comprehensive Agricultural Support Programme (CASPP)
	Land care Programme
	Land Redistribution for Agricultural Development Programme (LRAD)
	Household Food Production, Food Security and Starter Packs
	Irrigation, Rehabilitation & Development Programme
Small Business programmes	Khula Enterprise Finance
	Business Partners Umsobomvu Franchise Fund
	Umsobomve Youth Advisory Centres
	Gender and Women Empowerment Unit
	Technology for women in business
	Skills development in the cultural industries
	Thuso Mentorship Programme
	Local Economic Development (LED)
	Small enterprise Development Agency (SEDA)
	Business Referral and information network (BRAIN) programme
Community Public Private Partnership Programme (CPPP)	
South African Micro Finance Apex Fund (SAMAF)	
Education in the workplace	Promoting literacy: Adult Basic Education and Training programme (ABET)
	Learnerships
Technological support	Innovation Fund
	Thumisano Programme
	Godisa Programme
Health and HIV/Aids	National HIV/Aids and TB Programme
	Transport sector HIV/Aids Strategic Aid Plan
	Tirisano Programme
	Integrated Nutrition Programme
	Telemedicine
	Uniform Patient Fee Schedule
Polio and Measles Immunisation Campaign	

Source: Urban-Econ literature review



It is evident from the preceding that the following areas can be considered as high priority areas:

- Infrastructure development
- Social development
- Environmental management
- Tourism
- Agriculture
- Small business development
- Education and Skills development
- Health and HIV/Aids

Further critical considerations that must be recognized during the implementation of the projects are outlined in the following section.

4.3.3 CRITICAL CONSIDERATIONS

During informal discussions relating to the strengthening of the LED Departments, and the subsequent assistance to the local level municipalities, a number of key issues were raised regarding the activities of the strengthened District LED Department. Additionally the various activities and initiatives being undertaken by the other spheres of government should be coordinated. The alignment and exploitation of the opportunities being offered by these initiatives must be lobbied for in order to facilitate a fast-tracked approach towards the implementation of the respective projects.

LED in the Nkangala areas is at a sensitive cross-roads with regards to the existing format, and operational structure. The establishment of the various LED Forums throughout the district will present a suitable opportunity to transform the implementation of LED. The initiation/establishment of the LED Forums should however also be regarded as part of the implementation process. The following key considerations should also inform the other implementation activities:

1. LED must be seen as being more than just a line-function, but needs support from all branches of government. All LED activities should align with the objectives of the Mpumalanga PGDS.
2. A working definition of LED needs to be developed which can offer meaningful guidelines to municipalities.
3. The various local government role-players should participate in the dissemination of the findings of studies and the outcomes of monitoring, evaluation and assessment actions
4. Municipalities need to pursue more practical IDP's in which LED feature prominently, and is pursued with vigour. Municipalities need to be realistic about their needs, capacity and ability.
5. Municipalities need to be more entrepreneurial in all of their actions. LED thinking and goals must pervade all aspects of municipal activity. In addition, municipalities must operate more effectively in a business-like manner, deliver quality services, encourage investment and work with all key local stakeholders.
6. Require all local municipalities to start liaising with their local business chambers for the greater good of local citizens. Such collaboration must be extended to all key stakeholder groups, which have economic / development interests as opposed to social interests at heart. Church and NGO organisations often have a key role to play in this regard. Local reconciliation needs to be sought if appropriate and conflicts have to be addressed and project beneficiaries need to be intimately involved at all stages of project design and implementation.
7. By the same token, non-local government- led LED must be encouraged as far as possible. Local government must create and promote an environment conducive to investment and business development. It must provide the necessary infrastructure and support, particularly to bodies such as tourism agencies.



Information provision and research by the local municipality is an important aspect of local development to pursue.

8. Local leaders and champions need to be supported and encouraged.
9. Try to de-politicize development, and also reduce opportunities for corruption through proper reporting systems and the setting of appropriate standards.
10. Ensure that local authorities and LED agencies are accountable and corruption free is essential.
11. Work with market forces through provincial interaction with national chambers of business and international delegations.
12. Implement and utilize continual monitoring and assessment techniques to identify successes and blockages with strategies and to respond to such considerations.
13. Projects identified must be based on sound business principles and utilize effective market research. Government grants funding needs to be sought and made available only if projects conform to these criteria.
14. Projects need to also take cognizance of global economic realities and access such markets as far as is possible.
15. As far as possible, projects must encourage the use of local labour and effective local procurement.
16. SMME development needs to be encouraged, as does sub-contracting, local procurement and most important of all, the provision of SMME support staff and Business Service Centres
17. Wealth-generating projects need to be accorded more prominence than infrastructural delivery ones, and projects, which seek sustainability and economic diversification, are essential to pursue.

4.4 THE WAY FORWARD

The implementation of the various building blocks of the LED activities will lead to an improved environment where LED activities are contributing towards the creation of employment opportunities. It is believed that through the implementation of the mentioned aspects in close cooperation with the individual parties. Suitable synergistic cooperation can be developed however, the implementation of the programmes would only be successfully facilitated if the overall and national developmental objectives were used as the underlying guiding principles.

The estimated timeframes for the implementation of these LED forums is 4 months and it is further believed that the local level LED frameworks should be incorporated into the IDP's as point of departure. The specific activities regarding LED and the municipal level institutional arrangements proposed in the preceding should be reviewed annually as part of the IDP process. Such an annual review would ensure the following:

- Alignment with the local development needs
- Alignment with the IDP's and LED Plans of both local and district levels
- Ensure that the envisaged projects contribute meaningfully to addressing local development issues

A critical consideration relating to the allocation of the budgets relates to the fact that the local level municipalities do not currently have budgets available to fund LED activities. This situation should be rectified as a matter of urgency with contingency budgets being made available to drive LED and the establishment of the various LED Forums. Where appropriate the district level LEDF (established on the 30 June 2006) should be used as an interim measure to bolster the failures in the local level situations.

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