



Umtshezi LED Strategy and Plan

FINAL STRATEGY

This project was supported by



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Report prepared by:



1. Introduction

The Umtshezi Municipality has undertaken the development of an LED Strategy and Plan with the assistance of the Gijima KZN LED Support Program. The goals of the project include the following: To -

- Develop an understanding of the status quo.
- Develop a common understanding of the LED problems and opportunities facing the Umtshezi area.
- Develop a shared LED strategy and plan for the area.

The project process has included a review of the status quo, including a statistical analysis that will provide a common baseline understanding of the Umtshezi economy and context for LED. The reports generated include:

- A status quo report.
- A training report.
- The LED Strategy.

This report is the conclusion of Phase 3 and entails the development of a strategy and plan. The report includes the following areas:

- The policy environment relating to LED in the Province and Nationally.
- The strategic basis for the Umtshezi approach.
- The LED strategy.
- Project identification

Approach taken in the strategy

The LED strategy outlined in this report is designed to be carried forward as a 'living document'. The strategy is articulated through a set of interventions at a project level. The goals are long term, leading up to five year plan.

The strategy is designed to overcome weaknesses, take up opportunities or exploit competitive advantage. The projects identified in this process are clearly linked to various aspects of the strategy. The strategy also looks to develop multiple approaches to achieve different goals. In the industrial sector for example it is important to both support local businesses being established and developed; as well as attracting larger businesses from outside. This supports local entrepreneurial development and job creation. Local BEE goals are also strengthened through this approach.

Implicit in the strategy is the need to meet the macro policies of the state. This includes poverty reduction and growth goals as outlined in ASGISA, the BBBEE and BEE goals, and the redistributive goals outlined by departments such as The Department of Land Affairs. The strategies are clearly linked to these national goals.

2. Policy Framework

The policy environment is important as it provides direction for local initiatives and more importantly it points to where funding is being, and will be, spent. The policy environment for undertaking LED has shifted over the last three years. This is mainly as a result of the national framework for South Africa (ASGISA) and a renewed emphasis on focusing on the informal or marginal economic sectors (second economy).

The policy areas analyzed here include:

- The Accelerated Shared Growth Initiative –South Africa
- Analysis of the Second Economy
- National LED Policy
- Provincial Policies

2.1 ***Accelerated and Shared Growth Initiative – South Africa (ASGISA)***

South Africa has successfully implemented a range of economic policy reforms and institutional instruments, and through this brought stability in the macro-economic context – such as a reduced budget deficit. Indicators such as inflation and annual economic growth indicate a broadly positive environment. However, there appear to be structural constraints with particular sectors of society still having high levels of inequality, unemployment and poverty. The government has now committed itself to an initiative that will address these issues through a co-ordinated cluster approach across departments. It is important to note in this regard that ASGISA is *not a new policy*.

ASGISA is linked to the millennium goal of halving poverty and unemployment by 2014. The goals are not only redistributive, but also include accelerating the economic growth rate – there are references to the three goals of poverty reduction, equity and growth. ASGISA aims to accelerate economic growth from 4.5% between 2006 and 2009, and then to 6% from 2010 to 2014.

2.1.1 Theoretical basis

The theoretical basis underpinning the approach within ASGISA is not only that economic growth is good and that redistribution is desirable. Yemek (2006) points out that “inequality is harmful to growth ... whereas wealth redistribution to the poor can be growth-enhancing. According to this argument, redistribution is fundamental to speeding up pro-poor growth in the South African context. This argument demonstrates that South Africa cannot be sure of achieving the MDGs [Millennium Development Goals] at current levels of inequality, unless alternative strategies to the neo-liberal and populist growth models are implemented.”

The approach is to bring those who are marginalized in the second economy into the economic mainstream, and the marginalized will benefit through participating in economic growth. Yemek (2006) defines the focus as “growth that provides real benefits and durable solutions to those who need it most in society”.

ASGISA documentation identifies the following ‘binding constraints’ on economic growth:

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

Yemek (2006) outlines the four intervention focus areas as follows:

- Increasing the capacity of public infrastructure.
- Supporting investment-led growth in economic sectors with labour-intensive capacity, greater revenue generation potential and international competitiveness.
- Building comprehensive social development programmes that have the potential to enhance self-reliance in society.
- Revamping the delivery capacity and responsiveness of the public service sector.

2.1.2 Six spending areas

The focus areas above are articulated across six budget areas. The investment areas follow the main cluster focus areas:

- Infrastructure investment
- Sector strategies
- Education and skills development
- Second economy
- Governance and institutional interventions
- Macroeconomic interventions.

Infrastructure investment

The budget allocation infrastructure is R370 billion over a three year period. The goal is to provide the basic infrastructure required as a platform for growth. This is also the logistics and transport platform needed. Some 40% will go to public enterprises, mostly Eskom (R84 billion) and Transnet (R47 billion, of which R40 billion is ‘core’), and mainly on power generation, power distribution, rail transport, harbours and an oil pipeline. The ASGISA documents (2006) note that the “general purpose is to improve the availability and reliability of infrastructure services in response to rapidly growing demand.”

The ASGISA documentation notes that “the three spheres of government are responsible for about half of the total public sector capital investment over the period through a range of programmes at national department level. ... Projects 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.”

It is planned that the capital budget of government will increase by between 10% and 15% per year.

There are therefore clear expectations that Municipalities will play a role in the implementation of ASGISA (also see Public Administration below).

Sector strategies

ASGISA aims to diversify the economy through encouraging downstream activities and new growth sectors. The sectors are also to be targeted for BBEEE and SMME support.

The three priority sectors are:

- Business process outsourcing - projected to bring 100 000 additional direct and indirect jobs by 2009.
- Tourism, identified as having the potential of about 400 000 additional jobs by 2014.
- An intervention in the bio-fuels sector is being developed at present (including for KwaZulu Natal).

ASGISA documentation notes that “these industries ... are labour-intensive, rapidly growing sectors worldwide, suited to South African circumstances, and open to opportunities for Broad-Based Black Economic Empowerment (BBBEE) and small business development.”

Further priority sectors identified are as follows:

- Chemicals
- Metals beneficiation, including the capital goods sector
- Creative industries (crafts, film & TV, content and music)
- Clothing and textiles
- Durable consumer goods
- Wood, pulp and paper (as mentioned in provincial projects)

It is worth noting that the sectors noted in the list immediately above are closely aligned to the sectors identified in the Provincial Industrial Development Strategy (see below).

The ASGISA documentation also identifies that the South African industrial economy is weak in terms of the following factors:

- Inadequate competition and import parity pricing.
- Capacity for trade negotiations.
- A more co-ordinated Africa development strategy.

- Incentives for private R&D investment.
- BBBEE to encourage industry transformation, beyond the transfer of equity.

Skills and education

There is a clearly identified shortage of hard skills such as engineers, financial managers, technical artisans etc. Interventions include:

- Literacy & numeracy training.
- Maths and science programmes.
- Career guidance programme
- Upgrading of FET Colleges (Further Education and Training).
- Adult Basic and Education Training.

Second economy

This is dealt with as a separate topic below. In terms of the ASGISA programme it is used to define marginalization and economic exclusion. The ASGISA documentation notes that “Government has already initiated interventions 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.”

The basic approach includes the following:

- Use the first economy to bridge the gap.
- Target women and the youth as particularly marginalized groups.
- Use public expenditure through targeted procurement.
- Use broad based empowerment principles and tools.
- Use specific interventions such as access to micro-finance (DTI initiatives such as SEDA etc)

Public administration

The public administration focus is to improve service delivery by state institutions. The ASGISA report indicates that “the ASGISA process has also mandated the DPLG, in consultation with the DTI, to improve the capacity of local government to support local economic development.”

Macroeconomic management

The macro economic interventions relate to issues that impact on the local level, but are not controlled by local stakeholders. These include the value of the Rand, government revenue and expenditure, inflation targeting and allocations to capital investment.

2.2 **Second Economy**

The ASGISA initiative that has just been summarized above includes the approach to the second economy as an important focus area. The Development Bank report “Overcoming under development in South Africa’s second economy” (Development Report 2005) is a very useful analysis of some of the issues surrounding the second economy and economic development policy.

The Presidency, 2003 describes the second economy as follows:

One of the major consequences of the change in the structure of the economy is that “two economies” persist in one country. The first is an advanced, sophisticated economy, based on skilled labour, which is becoming more globally competitive. The second is a mainly informal, marginalized, unskilled economy, populated by the unemployed and those unemployable in the formal sector. Despite the impressive gains made in the first economy, the benefits of growth have yet to reach the second economy, and with the enormity of the challenges arising from the social transition, the second economy risks falling further behind, if there is no decisive government intervention.

The section below is from the SARPN Report (2006) and provides a useful set of summary ideas in terms of a definition:

The **first economy** is:

- Modern,
- Integrated with the global economy, and
- Produces the bulk of the country’s wealth

The **second economy** is:

- Underdeveloped,
- Isolated from the first and global economies,
- Contains a large percentage of people including the urban and rural poor, and
- Contributes little to the country’s wealth

The SARPN documents continue the argument that transforming the second economy requires transfers from the first economy and that the first economy is unsustainable without the integration of the second economy.

Growth and development strategies for the second economy include:

- Rural development and urban renewal.
- Development of small and medium enterprises and cooperatives.
- Black economic empowerment.
- Expansion of micro-credit.
- An expanded public works programme.
- Learnerships and internships for the unemployed.
- Improvement of the education system to provide useful skills.
- Training and deployment of community development workers.

Government has therefore designed specific interventions as it is believed that inequalities will remain without targeted interventions. The specific interventions include the following (Government ASGISA Report, 2005):

Measures to promote youth development during 2006/07

- Set up 100 new youth advisory centres
- Enrol at least 10 000 young people in the National Youth Service
- Enrol 5 000 volunteers to act as mentors to vulnerable children
- Expand the reach of our business support system to young people
- Intensify the Youth Co-operative Programme
- Closely monitor the impact of our programmes on youth skills training and business empowerment as an integral part of our national effort.

Leveraging components of BBBEE

- Provisions for access to finance for women and youths
- Funding commitments for housing and small business loans
- Skills development commitments
- Social responsibility commitments
- Other commitments to enterprise development
- BBBEE charters will be assessed from time to time to establish how broad-based their impact has been.

Expanding women's access to economic opportunities

- Human resource training.
- Ensuring they have access to finance (micro to mega bucks).
- Fast-tracking them out of the Second Economy.
- Ensuring their significant participation in agriculture and creative industries.
- Improving their access to basic services.
- Increasing their participation in the Expanded Public Works Programme (EPWP).

In addition the government will be working through Business Chambers and have redesigned the intervention role of the DTI. The previous interventions by Khula and other business support organizations were not particularly effective (see Annexure One). These have all been brought under the SEDA structure and have been realigned. The Development Bank notes that:

"[T]he current small business support framework used by the Department of Trade and Industry (DTI) and its parastatal agencies, Khula and SEDA, makes no distinction between entrepreneurial small business and non-entrepreneurial self-employment. ... This crucial distinction should inform policy on support interventions. The needs of entrepreneurial small business are quite different from those of the self-employed. The support strategies embodied in institutions like Khula and SEDA are broadly correct for the needs of entrepreneurial small business, but miss the mark quite widely for self-employment. Entrepreneurial small business needs *fixed and working capital, training, market information, and mentoring*, among other things. Non-entrepreneurial self-employment needs

encouragement, a limited amount of working capital, market protection, and monitoring, in that order.”

The trick therefore is to be more strategic in selecting the cocktail of support services that a micro-enterprise or small business may need. SEDA respondents have noted that the tools for micro-enterprise support are being revised at present and that a substantial portion of the SEDA budget will be set aside for micro-enterprise development.

The ASGISA Report indicates the following micro- business support instruments are to be made available:

- A new partnership between Khula and Business Partners in a R150-million fund for business loans of between R10 000 and R250 000.
- Fund for women entrepreneurs, a collaboration between the DTI, Eskom, Umsobomvu and the Women’s Development Bank.
- The Financial Services Charter will release R5 billion for small business loans.
- The Apex (SAMAF) and Mafisa programmes will supply loans of under R10 000.

SMME support initiatives include the following:

- R1-billion programme from the Industrial Development Corporation (IDC) and the National Empowerment Fund’s Venture Fund.
- Support from the Small Enterprise Development Agency based at the DTI which will provide operational support (particularly in manufacturing).
- A review of the regulatory environment for small businesses by Cabinet.

Another key instrument in the ASGISA second economy programme is the Extended Public Works Programme (EPWP). The ability of the local municipalities to engage in the EPWP is limited as the district municipalities are in most cases the accredited Municipal Infrastructure Grant Project Management Unit. In addition, Department such as Transport do not work through local municipalities. It is through lobbying and accessing the management of the infrastructure programmes that EPWP interventions can be achieved.

Finally there is a programme to assist in generating assets and equity called “Measures to realise the value of dead assets”. Some of the ideas (particularly relating to tenure and housing) are inspired by the work by Hernando de Soto¹ in creating equity for the poor. The programmes are described as follows:

- More rapid movement towards the formalisation of land tenure
- Livestock improvement programme
- Efforts to ensure that the Financial Services Charter commitment on housing finance is effectively implemented
- Improvements in planning and zoning capacities
- Support for the development of co-operatives.

¹ Hernando de Soto is renowned for his books “The mystery of capital: Why capitalism triumphs in the west and fails everywhere else” (2000) and “The mystery of capital”.

2.3 National LED Policy

The development a single national LED policy has not been particularly easy. The extent or span of the subject has been difficult to clearly identify and it is a topic with very distinct ideological fault lines and differences in how to practically implement LED support. In many respects it is similar debate to that of defining SMMEs and SMME support.

2.3.1 Pre 2004

Prior to 2004 the LED landscape was governed by the national policy in the White Paper on Local Government. The main instrument for project support was the LED Fund. The LED Fund projects were typically group community based projects across a narrow type of projects (bakeries, poultry projects, craft markets, hawker stalls, micro-manufacturing) and typically as clusters of small projects. The funding was used for the construction of project infrastructure (bakery equipment, chicken runs etc). Sustainability was poor and there was an absence of economic principles in project design. The projects were typically aimed at short term poverty alleviation. The institutional landscape referred to local government looking at the re-alignment of core functions such as land use planning, service delivery, development and regulation. The main instrument introduced for LED was the Integrated Development Plans (IDPs). Specific areas of LED competence identified for municipalities included marketing for investment promotion, support services for small business, and assistance to targeted growth sectors. There were a number of national and provincial initiatives including the Provincial Growth and Development Strategies, the ISRDP and the Spatial Development Initiatives. The main guideline that was being used at the time was a policy document entitled “LED Policy Proposal – Refocusing Development on the Poor” in 2002. Many LED practitioners were starting to question the quality and the kinds of interventions being made.

Since 2002 the national Department of Provincial and Local Government has released three separate sets of policy guidelines over the period 2004, 2005 and 2006. The documents were as follows:

2.3.2 2004: National Policy and Strategy for Local Economic Development in South Africa

The national policy document was circulated after July 2004. The document included the now well known phrase “Attitudes and Actions to Establish and Build Resilient and Vibrant Local Economies”. The lessons leading to the new policy were informed by an assessment of the Local Economic Development Fund undertaken by the Department of Provincial and Local Government in 2003.

The policy clearly indicated a need to shift thinking away from small individual projects to a much more strategic approach to LED. For the first time LED was

not about small projects and infrastructure but social capital and networking through the formation of partnerships.

The policy made two important commitments. Firstly, it moved municipalities away from managing small projects; a move which has been of vital importance. The second was to support LED Agencies, a move which has subsequently been quietly abandoned.

The main areas of responsibility can be grouped into:

- Marketing for Investment Promotion
- Support Services for Small Business
- Assistance to Targeted Growth Sectors
- Tailoring of Training and Labour Placement to Local Labour Market Conditions
- Capacitating and Transformation
- Integrating and Coordinating

The main elements of the policies were the following:

- Policy emphasizes a better synergy between poverty reduction and growth.
- Municipalities are identified as key change agents in local economies, with District Municipalities as the focus.
- An emphasis on partnerships between government, community groups and the private sector. This supports the development of growth coalitions.
- Participation in broad networks (local, national and international; and in areas such as marketing).
- Municipalities must be facilitating the economic environment, not managing small projects.
- Identify endogenous development approaches (a reference to supporting and understanding indigenous knowledge and the role that this plays in development).
- The policy supported the establishment of Local Economic Development Agencies (LEDAs). The actual implementation of projects should be undertaken by these agencies (as independent entities) and not necessarily the Municipality themselves.
- Municipalities need to support the establishment of economic institutions and systems (such as strategic economic information management).
- IDPs require a renewed emphasis and integration of LED. Local strategies and plans are considered essential.

Problems that were identified included:

- Emphases on isolated low skill, low income projects that were not linked to an overall strategic intervention.
- Poor performance of LED Fund projects in terms of sustainability, skills development and job creation.
- Municipalities, through Councillors and LED officials, were managing the LED projects directly. The role of the municipality was rather redefined to facilitate the appropriate environment for LED.

- Skills shortages in key sectors and the general need for improved job related skills.
- Insufficient emphasis on strategic infrastructure that supports economic growth.
- A need for strategies to reduce income leakage from localities.

The policy environment renewed the focus on government policies such as:

- Micro economics and business support structures, including micro financing and small business support.
- Manufacturing and industry.
- MIG and construction of infrastructure that supports economic development.
- Extended Public Works Programme.
- Sectoral support interventions such as area targeting and cluster support.

The role of the District Municipality was further refined to include:

- To assist in the establishment and development of permanent LED institutions and structures; and facilitate the development of LED partnerships and growth coalitions.
- To identify local economic opportunities and mobilize local actors.
- Play an overall integration and co-ordination role.
- Support economic transformation processes, for example through BEE and preferential procurement policies.
- Target particular economic sectors for growth.
- Support the local labour market through supporting labour placement and skills programmes.
- Facilitating small business support (including finance).
- Marketing and investment promotion.
- Reviewing laws, regulations and practices that hinder or support LED.
- Supporting key partners such as business associations.
- Information management; including monitoring and evaluation systems, data banks on economic trends, information on government departments, agencies and donors that support LED programmes etc.
- Identify specific needs and opportunities, and drive interventions such as local business expansion and retention strategies.

2.3.3. 2005: Robust and Inclusive Municipal Economies

The policy released in 2005 built on the previous work that had been undertaken. The message was similar to the 2004 document, although the delivery was much more direct.

The main message was “Local Government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities”.

The main points being made included:

- Clear instruction to move away from the idea that LED is a cluster of small “community” projects. In addition, the LED Fund was dismantled, removing the previous funding source for those kinds of projects. In addition, the idea of ‘LED as Projects’ was abandoned and it was emphasized that “everything the municipality does impacts on the local economy”. Ideas such as using procurement, local labour, infrastructure and service delivery to support LED were raised.
- National government took on the notion that LED is an unfunded mandate directly. DPLG admitted that LED is not in the list of functions for municipalities and that direct funding was not part of the equitable share, but maintained that there were creative ways for municipalities to partner and access resources from other organizations, provincial and national government programmes. The LED budget has been included within the Municipal Infrastructure Grant. The policy document noted that “Whilst the question of formally recognising and funding the LED function of municipalities should be pursued this should not be used as an excuse for municipalities to remain passive in promoting LED. Municipalities should also combine local and district resources and focus on district-wide initiatives especially with regard to developing and implementing a district-wide LED strategy.”
- Municipalities are encouraged to not implement programmes and projects by themselves, but to “focus on establishing forums to build partnerships and to network with a range of stakeholders.” LED Forums once again were seen as instruments for LED.
- Municipalities were defined as playing a connector role in LED. The municipality should link up with and access resources from a range of different government support instruments and non-governmental support initiatives.

2.3.4 2006: Stimulating and Developing Sustainable Local Economies – National Framework for LED

The National Policy gives the Government’s vision for local economies as follows:

“Robust and inclusive local economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development objectives.”

These economies are described as showing:

“... strength, inclusiveness and sustainability. They support the growth and development of local employment, income and assets constraints overcoming constraint and competition to capitalise on opportunities.

They generate: Intensive trade; the mixing and movement of people; and capture social, cultural, recreational, sports and tourism experiences.”

The 2006 policy document is:

- More analytical than previously – there are sections on broader state policy, the South African space economy and the broader economy.
- Stronger on state intervention and with less focus on partnerships and the private sector. Interestingly the document places the state back in the centre of LED initiatives – “government is the partner for communities”.
- There is less of a ‘formal business’ focus.
- Less on trickle down – more on direct interventions.
- Much more ambitious in breadth. The previous policies were more constrained in what could be achieved and emphasized the reliance on partners.
- Honest about where growth is taking place and that state resources are limited and will be prioritized. This is bad news for remote and marginalized rural areas.
- Introduces programmatic tools – such as specific goals for the next 5 years and a workplan (see Annexure C).
- Unfortunately it is also disjointed and theoretically not coherent. Concepts are not well considered in places.
- The central theme and implementation options are not clear. There is a continued rejection of small ‘community’ based projects and the previous formal business focus – but the alternatives are not clearly structured.
- Introduces a section on Sustainable Developmental Community Investment which is unfortunately weakly developed and does not go much beyond a very descriptive level.

The policy frame

The LED strategy is located within that of ASGISA and the macro-economic policy framework. It refers to the second economy and is built around the premise that the economic growth being currently experienced will continue within the parameters outlined in the ASGISA programme”:

“Through its Accelerated and Shared Growth Initiative for South Africa (AGSI-SA) the State together with its agencies will become more focused over the next 10 years in accelerating growth leading to large-scale social transformation. The latter will have to occur in the large marginalised townships and rural areas, the heart of the second economy. Wide-scale social mobilisation through information, knowledge and skills programmes can help drive us to a higher growth path. This approach recognises communities as their own change agents, rather than just passive citizens to whom services must be ‘delivered’. The active involvement of local populations in the development process is the path to accelerated and shared growth in local spaces.”

The current framework has a re-found emphasis on the role of the state. While in previous policies there was a strong private sector role, this policy has moved the

state back into a more central role. The language is more decisive and much stronger – and more interventionist than before.

The policy opens with statements such as:

- The developmental state has a decisive and unapologetic role to play in shaping the economic destiny of our country.
- Local Economic Development is an outcome of actions and interventions resulting from local good governance and the constant improvement and integration of IDPs, PGDs and the NSDP that utilise resources and opportunities from a range of sources.
- Promoting robust and inclusive local economies requires the concerted, coordinated action of all spheres and sectors of government.

The policy describes the role of the state as follows:

“The state’s role is to assist and to create the conditions for local action to emerge and grow. This framework does not *dictate* what should happen in different municipalities but focuses on what the state can do to *support* local leaders, communities, businesses, NGOs, organised labour, and other stakeholders to realise their own and their collective objectives. It emphasises the need for local people to work together with each other and with external role players to improve their lives. The state should play the role of facilitator, net worker and monitor. It should be the supporter of internationalisation, and arbitrate and keep a balance between weaker and stronger local capacities. National policy has moved considerably towards the notion of a ‘developmental state’. This move signals a frustration with the presumption that markets are always perfect, that government must be minimalist, and that privately led growth will ‘trickle down’ and produce ‘development’ for all.”

The document places the issue of a dual economy (first and second) as a central theme. The need is to assist those “who are presently economically trapped in the non-functioning local township and rural marginalised economies of the Second Economy.”

Analysis of the Space Economy

A new section relating to the South African space economy has been developed. This is in keeping with the more analytical tone of the policy. At the same time it is ambiguous about how the more remote and marginalized areas can be brought into the mainstream. It also brings in the much more ambitious aspects of the policy.

The section begins boldly:

“By and large the market has yet failed to sufficiently stimulate local economies in many parts of South Africa, even where there is considerable economic potential and consumer demand. Many of these parts of the country were established under an apartheid framework that countered and distorted market logic. Where Government since 1994 has tried to correct market and apartheid legacy distortions, it has had only partial success. This limited success has been due to

a fragmented and piece-meal approach, unsustained by a shared understanding and vision across government and social actors of the needs and potentials of different local economies. Government economic sector support programmes also failed to reach communities on a sufficiently wide scale and on a sustainable basis.”

And a paragraph later it admits that while all areas should get basic infrastructure, the additional resources should go into areas with the most need and the best return on investment². The rural environments need “a new vision of sustainable rural economies and should focus on innovative employment generation strategies that do not necessarily require large sums of capital. Where it is justifiable to invest in critical infrastructure to unlock agricultural potential this should be considered. Beyond government investment, local citizen involvement in economic development and innovation in all areas should be vigorously encouraged.”

Role of Municipalities and the Public Sector

The role of the municipality in the new policy is somewhat ambiguous in that municipalities are referred to as crucial and central, but at the same time given very little direct focus. The section repeated below is one of the few places where the policy directly addresses the role of municipalities. The policy indicates that municipalities should focus on:

- Provision of infrastructure and quality and reliable services,
- Managing spatial policies,
- Land-use regulation and development applications,
- Managing service tariff policies,
- Managing a progressive property tax system
- Marketing the territory,
- Compliance of land use and health and environmental regulations.
- Municipalities should also ensure that their actions do not “impair business start-up and growth and inhibit job creation”.
- Municipalities should support local enterprises by being the link with outside agencies.

In terms of service delivery, municipalities are encouraged to review the level of integration of their systems. The policy document notes that “infrastructure development, service delivery, municipal financial viability and local economic development are not mutually exclusive concepts. They are interdependent and government (municipalities in particular) should develop strategies and management practices that take on a holistic and integrated approach.”

² 20 of the 52 municipal regions accounted for 82.8% of the country's Gross Value Added (GVA) in 2004. Gauteng alone accounted for over 40% of GVA. “What this means is that to accelerate growth, serious attention will have to be given to these 20 regions as they currently account for most of the economic activity and have the best chance of contributing to higher levels of national growth. 57.8% of the population live in these 20 regions as well as 46.1% of the country's poor.”

The New Focus: Sustainable Developmental Community Investment

The policy introduces a concept for Sustainable Developmental Community Investment (SDCI). This concept is developed at length, but remains elusive. The practical examples are reliant on special local social environments and appear to have been very special cases.

The central themes in the programme are:

- **Mobilising Communities:**

In order to help the 30 million citizens who live in the marginalised or Second Economy areas the communities themselves need to become mobilized and organized. Communities should organize themselves to make use of “community co-operatives and social enterprises to work on developing sustainable livelihoods and meaningful productive activity - be it in savings clubs or buying clubs or the EPWP, the uptake of the unemployed into the economy will improve.”

- **Improving the multiplier effect:**

Spending (particularly government spending) in marginalized areas typically only has an income multiplier of 1.4 (as opposed to between 7 and 12 in the formal economy).

- **Government as partner to communities:**

Government must bring stability and transparency in terms of program rules and what is available.

- **A Programme of Sustainable Community Development:**

Government is to launch a Sustainable Developmental Community Investment Programme (SDCIP). This is to align and create synergies between government interventions and ‘community driven LED’. The policy is clear that the “SDCIP is not about small community economic development projects in the traditional sense. It concerns linking communities into the mainstream of the economy as critical players through their own organisation, supported by innovative redesign of methods of delivering government expenditure.”

Government Programme for SDCIP

Municipalities need to gear up for increased investment. A credible approach to LED must invest in the capacity of municipalities to manage in a way that inspires confidence in both constituents and the private sector.

The Focus of Government will be on four strategic intervention areas:

- Improve market and public confidence in municipalities through an alignment of national provincial and local programmes.
- Identify and exploit competitive advantage of the 52 municipal regions.
- Intensify enterprise support.
- Introduce sustainable developmental community investment programming.

A. Improve Market and Public Confidence in Municipalities

This will primarily focus on:

- Basic financial management, project management linked to the provision of infrastructure and services in a financially sustainable manner.
- Provision and maintenance of quality and reliable infrastructure and services
- Establishment of clear and well supported spatial policies and land-use management systems with particular emphasis on integrating small and informal traders in business zones.
- Clear and unambiguous policies for economic development at the local level based on market realities
- Speedy and effective handling of development applications for business establishment, property development, and township establishment.
- Sound and strategic property rates and service tariff policies.
- Proper community care/interface, billing and revenue collection systems.
- Communication and marketing of the services and regulations in an inclusive manner.

The actions to implement this focus area will be:

- Intensify support to municipalities under Project Consolidate.
- Monitor and Report on Implementation of the Municipal Finance Management Act (MFMA) and Property Rates Act.
- Assist municipalities to finalise appropriate spatial policies in their IDPs that are linked to a municipal-wide land-use management system.
- Improve infrastructure investment and intergovernmental coordination.
- Support Municipal- Economic Forums.

B. Identify and Exploit Competitive Advantage of the 53 Municipal Regions

The actions to implement this focus area will be:

- Undertake analysis of the 52 municipal economies.
- Target priority growth sectors.
- Build capability for a knowledge economy and innovation.
- Market the 52 regions and their products.
- Establish Innovative Funding Instruments.
- Regulatory impact assessment.

C. Intensify Enterprise Support

The actions to implement this focus area will be:

- Implement the new small business development strategy.
- Improve access to finance.

D. Introduce Sustainable Developmental Community Investment Programming

The table below outlines the main strategic areas where the National department believes that local municipalities should be focusing.

In summary the following areas are appropriate for Umtshezi Local Municipality.

Strategy 1: Improve Market and Public Confidence in Municipalities

- Finalise appropriate spatial policies in IDPs linked to a municipal-wide land-use management system.
- Improve infrastructure investment and intergovernmental coordination.
- Support Municipal- Business Forums.

Strategy 2: Identify and Exploit Competitive Advantage of 52 Municipal regions

- Analyse the 52 municipal economies.

Strategy 3: Intensify Enterprise Support

- Implement the new small business development strategy.
- Improve access to finance.

Strategy 4: Introduce Community Investment Programming

- Promote cooperatives.
- Encourage community or third tier banking.
- Improve trading markets and ring market system.
- Improve local multiplier of government spend.

The government will introduce the programme through assisting in the following main strategic areas:

| Strategy 1 | Strategy 2 | Strategy 3 | Strategy 4 |
|--|---|---|---|
| Improve Market and Public Confidence in Municipalities | Identify and Exploit Competitive Advantage of 52 Municipal regions | Intensify Enterprise Support | Introduce Community Investment Programming |
| Intensify support to municipalities under Project Consolidate | Analyse the 52 municipal economies | Implement the new small business development strategy | Promote cooperatives |
| Monitor and Report on Implementation of MFMA and Property Rates Act. | Target growth sectors and industry clustering | | Encourage community or third tier banking |
| Finalise appropriate spatial policies in IDPs linked to a municipal-wide land-use management system. | Build capability for a knowledge economy | Improve Access to Finance | Improve trading markets and ring market system |
| Improve infrastructure investment and intergovernmental coordination | Market the 52 Regions and their Products | | Improve local multiplier of government spend |
| Support Municipal-Business Forums | Establish Innovative Funding Instruments | | |
| <i>State and Social Actor Capability and Institutional Arrangements</i> | | | |

A full outline of the SDCIP is attached as Annexure D.

2.3.5 Policy Summary

The LED policy environment has changed over the past 10 years, being reviewed to reflect the changing priorities of government and to the changing economic environment.

It is not clear at what level the 2006 policy has been approved. The policy documentation indicates a new shift in direction and a commitment to ASGISA at a local level. The 2005 and 2006 policies are good as companion pieces in terms of approach. The 2006 document ignores business and the business environment – while the 2005 document is weak on community level development initiatives and the second economy.

2.4 Provincial Approach

The main document used in this section is the Strategies and Policies with National, Provincial and International Priorities (August 2005). This document states that the “aim ... is to assist municipalities to ensure that the strategies and actions they adopt, and that inform their IDP, are in line with those of the Provincial Growth and Development Strategy (2004). The PGDS has been summarised and presented as Strategic objectives, Key processes and Key Performance Indicators.” The full table is attached as Annexure E.

The reason for using this document is that it provides a practical guide to how the main Provincial policies are being interpreted into programmes for municipalities. The other main policy documents would be the budget speech, the PGDS, Gijima and the Departmental Programme (Department of Economic Development Strategic Plan for 2005 to 2009, which attached as Annexure F).

2.4.1 Strategies and Policies with National, Provincial and International Priorities

The relevant sections are summarized in the table below. The key issues are those relating to industrial development, agriculture and agri-industry, tourism and business support & access to finance.

The relevance of the strategic objectives to Umtshezi is reviewed in the next section.

Alignment of Municipal Strategies and Actions with the Provincial Growth and Development Strategy

Municipal Targets in relation to the PGDS strategic objectives and processes

| PGDS Strategic Objective | Municipal Actions |
|--|--|
| Programme 2: Economic Development Improve economic growth and development, increase formal jobs and enhance skills development. | |
| E 1 - Industrial Development Strategy: To stimulate global competitiveness, extend the value chains of activities of targeted economic sectors, and improve the labour absorption of lead sectors of the economy. | Develop ways of working with Provincial IDS to boost industrial development in municipality. Develop mechanisms to support SMMEs particularly in targeted economic sectors. Ensure that recommendations and projects identified in DED's Gijima KZN LED programme are incorporated into the IDP. |
| E 2 - Public and Private Investment: Create a framework to promote and enable public private partnerships for catalytic projects which stimulate economic growth and facilitate employment creation. | Establish a multi- stakeholder forum of key private sector, public sector and civil society representatives to discuss economic growth and facilitate effective partnerships. Use processes, structures and projects emerging from Gijima KZN LED programme to facilitate this, where possible. |
| E 4 - Promotion of Agri- Industry: To create a framework to consolidate, develop and diversify the Province's agricultural bases in order to achieve sustainable competitive advantage through value- adding activities, create jobs and transform the economic structure of the Province. | Investigate ways of encouraging beneficiation of agricultural products, possibly through developing an agricultural strategy for the municipality, involving all key stakeholders. Ensure that recommendations and projects identified in DED's Gijima KZN LED programme are incorporated into the IDP. |
| E 5 - Tourism: To develop a framework for the promotion KwaZulu-Natal as a leading tourist destination, nationally and globally and to provide strategic support services to develop a sustainable and competitive tourism industry. | Develop a tourism strategy for the municipality, involving all key stakeholders. Ensure that recommendations and projects identified in DED's Gijima KZN LED programme are incorporated into the IDP. |
| E 6 – New Local Economic Development (LED) objectives: To create a framework to formulate and implement sustainable economic empowerment strategies and initiatives in the KZN Province. | Develop LED strategy for the municipality. Establish economic development forum of all key stakeholders – private, public and civil sectors. Ensure that recommendations and projects identified in DED's Gijima KZN LED programme are incorporated into IDP. |

| PGDS Strategic Objective | Municipal Actions |
|---|--|
| <p>E 7 - Business Support Service: To create a framework to facilitate the provision of business support services to existing and new SMMEs to enhance sustainability and promote entrepreneurship.</p> | <p>Establish business support centre/s. Investigate ways in which municipal procurement policy can be focused on ensuring that contractors from the area are given preference i.e. that LED strategy permeates throughout Municipal operations. Ensure that recommendations and projects identified in DED's Gijima KZN LED programme are incorporated into IDP.</p> |
| <p>E 8 - Access to Finance: To create a framework to improve accessibility to and efficacy of financial services throughout the Province.</p> | <p>See E 7 above.</p> |
| <p>E 9 - Agricultural Empowerment Projects: To create a framework for the development of agricultural empowerment projects to provide opportunities for previously disadvantaged communities in order to maximise the agricultural potential of the Province.</p> | <p>Develop an agricultural strategy for the municipality, involving all key stakeholders.</p> |

3. Summary of the Strategic Basis for uMtshezi

3.1 *Priorities from the National Policies*

Key National Guidelines

2006 LED Policy

Indicates that municipalities should focus on:

- Provision of infrastructure, quality and reliable services,
- Managing spatial policies,
- Land-use regulation and development applications,
- Managing service tariff policies,
- Managing a progressive property tax system,
- Marketing the territory,
- Compliance of land use and health and environmental regulations.
- Municipalities to ensure that their actions do not “impair business start-up and growth and inhibit job creation”.
- Municipalities should support local enterprises by being the link with outside agencies.

Improve Market and Public Confidence in Municipalities

- Basic financial management, project management linked to provision of infrastructure and services in a financially sustainable manner.
- Provision and maintenance of quality and reliable infrastructure and services.
- Establishment of clear and well supported spatial policies and land-use management systems with particular emphasis on integrating small and informal traders in business zones.
- Clear and unambiguous policies for economic development at the local level based on market realities
- Speedy and effective handling of development applications for business establishment, property development, and township establishment.
- Sound and strategic property rates and service tariff policies.
- Proper community care/interface, billing and revenue collection systems.
- Communication and marketing of services and regulations in an inclusive manner.

Strategies (LED Policy 2006)

Strategy 1: Improve Market and Public Confidence in Municipalities

- Finalise appropriate spatial policies in IDPs linked to a municipal-wide land-use management system.
- Improve infrastructure investment and intergovernmental coordination.
- Support Municipal-Business Forums.

Strategy 2: Identify and Exploit Competitive Advantage of 52 Municipal regions.

- Analyse the 52 municipal economies.

Strategy 3: Intensify Enterprise Support

- Implement the new small business development strategy.
- Improve Access to finance.

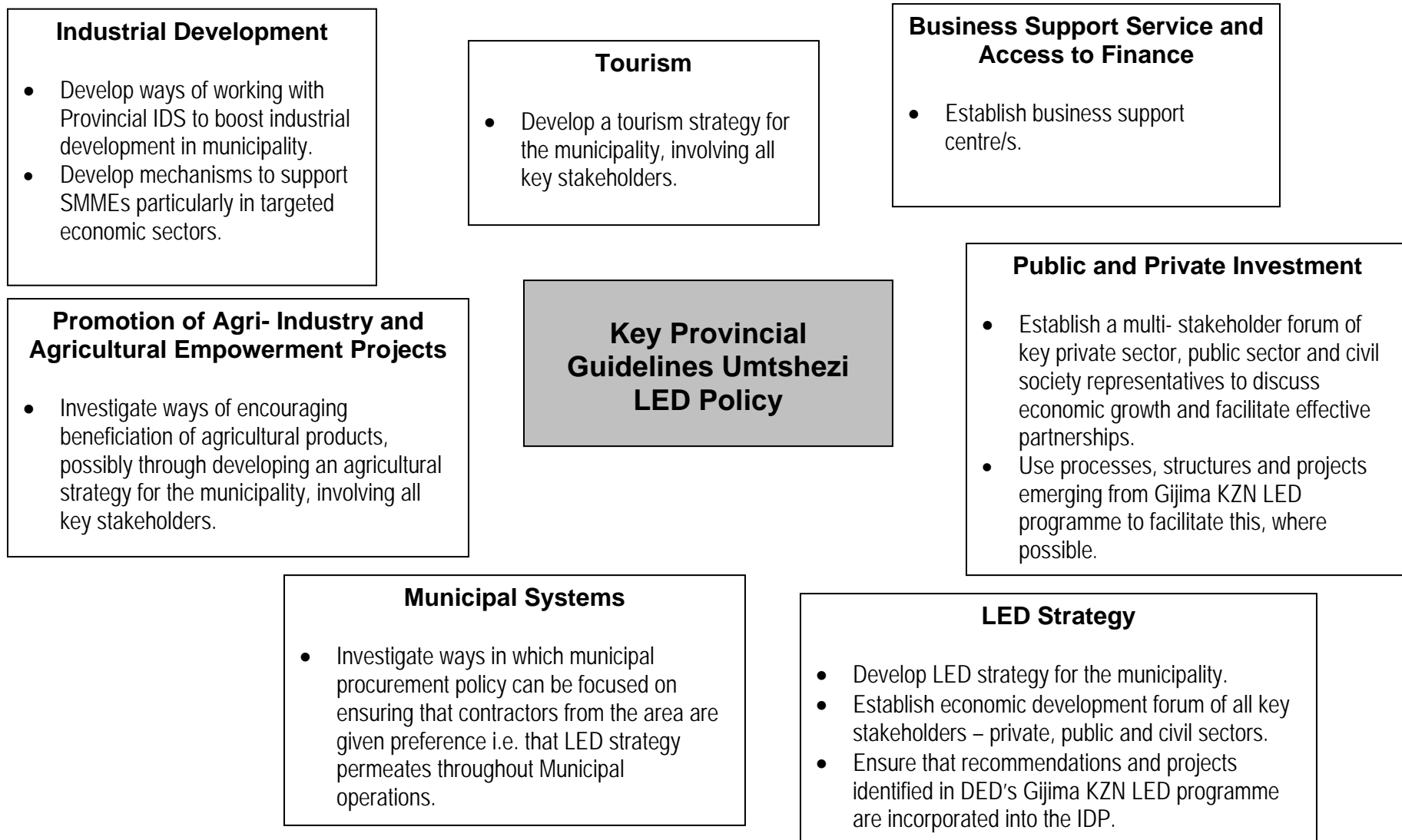
Strategy 4: Introduce Community Investment Programming

- Promote cooperatives.
- Encourage community or third tier banking.
- Improve trading markets and ring market system.
- Improve local multiplier of government spend.

Sustainable Development Community Investment Programme (LED Policy 2006)

- Mobilising communities.
- Improving the multiplier effect. Spending (particularly government spending) in marginalized areas typically has a low multiplier.
- Government as partner to communities.
- Improve market and public confidence in municipalities through an alignment of national provincial and local programmes.
- Identify and exploit competitive advantage of the 52 municipal regions.
- Intensify enterprise support.
- Introduce sustainable developmental community investment programming.

3.2 Priorities from the Provincial Policy



3.3 *Implications of the Umtshezi economic analysis*

The economic analysis undertaken in the Status Quo report indicates that the poverty and unemployment rates in Umtshezi have increased, with employment opportunities not being created quickly enough for the number of people entering the labour force. The Development Bank (2005) has clearly indicated that employment (a job or an income generating activity) is the best protection against poverty. This means that any strategy must protect and build formal employment and assist the poor and second economy participants to access opportunities. The balance between the two approaches and the use of available resources is also important.

Formal Sector

The economy experienced a negative growth rate until 1999 – 2000, and even since then has exhibited a fluctuating growth rate in spite of the national positive growth.

In terms of sectors the area has had mixed success. The three most positive private sectors remain agriculture, manufacturing and trade. These are also the three most important sectors historically. The three sectors differ in their forecast in terms of potential growth, challenges, and the future of employment demand. The manufacturing and agri-processing sectors remain important, but have experienced a decline. The Estcourt area has been a key centre for the processing of agricultural products (60% of manufacturing was previously in food processing) – mostly meat and dairy products. There are obvious important backward and forward linkages between agriculture and food processing which can be exploited. The manufacturing sector was well established in the past but has experienced a steady decline with a number of large firms closing down. The decline was partly a result of the national slow down in the sector, but also as a result of industries moving to larger centres. The remaining industries are exhibiting growth as the sector has been growing in terms of GDP/GVA, but not in employment. The upturn in manufacturing will not necessarily lead to industries coming back.

The agricultural sector is well established and indicates a level of stability in terms of employment³. There are two key challenges in the sector. The first is that there is a dependency on traditional crops and products with very little innovation or value addition. The second is that the sector appears to be struggling with the possible impacts of land reform. There have been some positive signs as the Estcourt Farmers Association has been investigating the local solution developed at Besters near Ladysmith. At the same time there is also the area proposed for the Gongolo Game Reserve which has been unable to develop a common vision.

³ There are indications that national on-farm employment has declined rapidly. Available statistics for the uMtshezi area did not indicate this. However restructuring due to land reform, product changes and technological change could spark a change in on-farm employment.

Informal sector

The most disturbing trend is that unemployment and poverty levels will continue to increase unless a new approach is developed. This is despite a growing economy (see Table 1 below). The point is that the economy will not create as many formal sector opportunities as there are job seekers. Future opportunities need to be generated in more creative ways.

| Unemployment Rate: 1996 and 2004 | | | |
|----------------------------------|-------|--------|-------|
| | Male | Female | Total |
| 1996 | 43.6% | 57.5% | 50.0% |
| 2004 | 53.1% | 73.7% | 62.7% |

The statistics generated in the status quo assessment indicates the total number of people involved in the informal sector as follows:

| | Manufacturing | Construction | Trade | Transport | Finance | Community services | Total Informal |
|----------|---------------|--------------|-------|-----------|---------|--------------------|----------------|
| Estcourt | 388 | 434 | 1,493 | 84 | 82 | 537 | 3,019 |
| Weenen | 11 | 0 | 215 | 0 | 0 | 70 | 296 |
| Total | 398 | 434 | 1,708 | 84 | 82 | 607 | 3,315 |

This is probably an under assessment⁴. It does also not clearly identify the number of small businesses as some of the people counted above will in fact be employees in the sector. Trade obviously dominates the informal sector, with community services following. (A community service in this context refers to service providers such as telephone kiosks.)

It is unlikely that the second economy will disappear; it is a more realistic approach to manage and support the people who are involved in the second economy. The LED strategy must investigate ways in which the second economy or informal sector can be developed and supported.

Challenges to economic transformation

One of the goals of an LED strategy is to influence and impact not only on the rate of economic growth but also the spread of ownership and benefits. A key challenge in measuring and monitoring transformation is the lack of information relating to ownership and control. There is no data sources to obtain this information. The problems include:

- Company data from CIPRO is not at a local level, but does include ownership.

⁴ The statistics are from Global Insights and are based on a model. Accurate statistics on the informal sector are notoriously difficult to access.

- Land data from the Department of Land Affairs (Deeds office) does not include race as a field.
- Some companies are registered in other centres such as Gauteng and employment statistics are not registered as local.
- The South African Revenue Services are loath to release statistics.

There are a number of initiatives that can assist Umtshezi Municipality. The first is that there are initiatives by other parties to resolve this lack of data. The Deeds office as part of the Department of Land Affairs is undertaking a 'land ownership audit' to measure their impact on land ownership. The Department of Economic Development is facing a similar 'impact measurement' dilemma. It is useful to monitor these initiatives and analyze the results relating to Umtshezi.

There is also a proposed project in this strategy to undertake a local survey. This would capture critical information relating to the economy and be a framework for future impact measurement.

The strategy aims to impact on these economic characteristics in the following areas:

Stakeholder mobilization and Service Provision:

- Multi stakeholder forum.
- Municipal functions and programs
-

Redistribution:

- Industrial strategy
- Tourism strategy
- Land reform and agriculture strategy
- Small enterprise support
- State procurement (targeted procurement)

4. Umtshezi Strategy

4.1 Vision and Mission Context

The uMtshezi Mission and Vision provides the context for the LED strategy. The Vision statement and the Mission Statement already communicate the commitment to and the importance of economic development.

The uMtshezi Vision states that “by 2020 uMtshezi Municipality will be the champion of sustainable development and a safe environment.”

In addition, the parts of the uMtshezi Municipality Mission Statement directly relating to LED include: -

1. Provide an enabling economic and social development environment
2. Establish and maintain community networks that promote healthy engagement between the Municipality and our stakeholders
3. Develop uMtshezi in a way that does not compromise future generations
4. Work co-operatively with other spheres of Government and the Private Sector

This places the emphasis on the enabling environment sustainability and partnership and co-operation. The core values of Co-operative Governance and Public-Private Partnerships again underlines this commitment. The LED strategy developed in this process is therefore completely in line with the objective to: “Overcome low economic growth and investment through creating an enabling environment for the key economic growth sectors and engaging with potential investors.”

In reality what does this mean for a Municipality where there is limited staff capacity in the LED unit and a limited project level budget?

The Municipality must deploy resources to achieve the most effective impact and to areas of most need. The strategy adopted by the Municipality must also not be over ambitious in terms of resources requirements – both financial and human resource related. In the past LED strategies have often focused on large scale and ‘extravagant’ projects that were inappropriate in terms of available skills and resources. Smaller municipalities are often struggling to provide basic services to all their citizens and yet are expected to also resource large LED projects. There has been a renewed recognition that Municipalities have a substantial impact on their local economies – not just through the big flagship projects – but also through the effective, efficient and responsive nature of the infrastructure and service delivery. This includes in the development management role they have (land use management, health and safety etc). Interventions need to be appropriate; it is often attractive to consider new initiatives when the current interventions are not supported. The development of industrial incentives is an example. Business people have indicated that they do not necessarily expect rates rebates or free services; but rather that the basic services are reliable and efficient.

It is for these reasons that the following strategy has been recommended:

Formal sector support:

- Municipal – multi stakeholder forum. This particularly for business – municipal relationships.
- Municipal functions and programme focus areas – land use management, economic infrastructure provision, business service provision etc.
- Sector support and strategies – particularly for tourism, industry and agriculture.

Informal sector / second economy support:

- Enterprise support to co-operatives and other small businesses (Enterprise Information Centre, skills development, mentoring etc).
- Support to land reform beneficiaries.
- Municipal and state procurement. This includes the impact of procurement & spending by the Municipality on the second economy and on the impact of state interventions (infrastructure development etc).

4.2 Strategy 1: Municipal – Multi Stakeholder Forum

The previous LED policies have emphasized the need for partnerships and forums for interaction and communication.

The Umtshezi Municipality and the business community have had an inconsistent relationship to date. The Municipality and the business community also need an environment where issues relating to Strategy 2 can be discussed.

The forum provides a space in order to develop relationships between the broader economic community (including trade unions, the informal traders, youth groups).

These types of forums are useful as they create spaces for a broad range of stakeholders to share a space that they would not normally share. This is useful at a number of levels, including in the development of a shared understanding of each other, as a place to share information and a place to identify potential projects. It also facilitates the establishment of partnerships that need to develop. The forums generate a certain level of co-management and the sharing of responsibility. The presence of official organizations and structures gives it a sense of legitimacy. The forum is an important place for economic management and economic information sharing

There are also a number of challenges that come with LED forums and these should not be underestimated. The first is that stakeholders may view the forum as an opportunity to direct the Municipality and the Municipal budget. In these circumstances the energy could be solely directed at the Municipality – without there being a shared level of responsibility (ie. the forum sessions become Municipality bashing occasions).

The structure of the forum must be clear. It should have Terms of Reference and the level or degree of decision making must be clear. The 'host' of the forum, and the entities responsible for expenditure (who provides the budget) must be clear. Commitment by stakeholders is typically variable and this can be an ongoing problem.

The issues covered by a Forum include the following:

- Improving integrated economic planning. The Forum could be a place to feedback into the IDP Process.
- The identification of economic opportunities and potential projects. This may be through the identification of local competitive advantage.
- To co-ordinate access to funding and finance for LED initiatives.
- To feedback on the performance of the Municipality concerning matters that impact on economic growth.
- To support the access to opportunities by previously disadvantaged communities and individuals.

4.3 Strategy 2: Municipal Functions

The 2006 National LED policy has a section on 'Market and Public Confidence' which emphasizes the role that the Municipality has in creating the environment that promotes business development. These areas include local policies and by-laws:

- Municipal by-laws (including enforcement).
- Land Use management Systems or Land Use Schemes.
- Rates and levies.
- Budget preparation and reporting.
- Integrated Development Plan.
- Procurement policies.
- Policies dealing with the indigent, youth, women, disabled, etc.
- Business support institutions (Community Tourism Organization, Business Support Centres etc).

In terms of service delivery, municipalities are encouraged to review the level of integration of their systems. The policy document notes that "infrastructure development, service delivery, municipal financial viability and local economic development are not mutually exclusive concepts. They are interdependent and government (municipalities in particular) should develop strategies and management practices that take on a holistic and integrated approach."

This strategy is developed through:

- Promoting and sustaining open dialogue between the business community and the Municipality on policies and by-laws. This is in the drawing up of policies and by-laws, measuring the impact of policies and by-laws, and responding to requests for enforcement. Current examples include land use management, building and development permission, the Integrated Development Plan process etc). This also includes pricing structures for services and municipal rates.
- Promoting and sustaining open dialogue between the business community and the Municipality on infrastructure provision and maintenance. The business community is acutely aware of the needs that they have in terms of infrastructure and infrastructure development. While social needs are often the priority (for example where health issues are involved, such as cholera); the needs of the economy have been ignored to some extent.
- Establishing effective partnerships to implement Municipal policies and programmes. This could be done for example through establishing mentorship relationships with the business community for small enterprises.

It is also important to remember that the Municipality has a facilitation role – even in areas that are not the competency of the Municipality. This may be in terms of accessing funds for infrastructure, providing enterprise support (including co-ops) etc. The Municipality should establish processes for connecting the local economic actors to the various support institutions that are available.

4.4 Strategy 3: Sector Support and Strategies

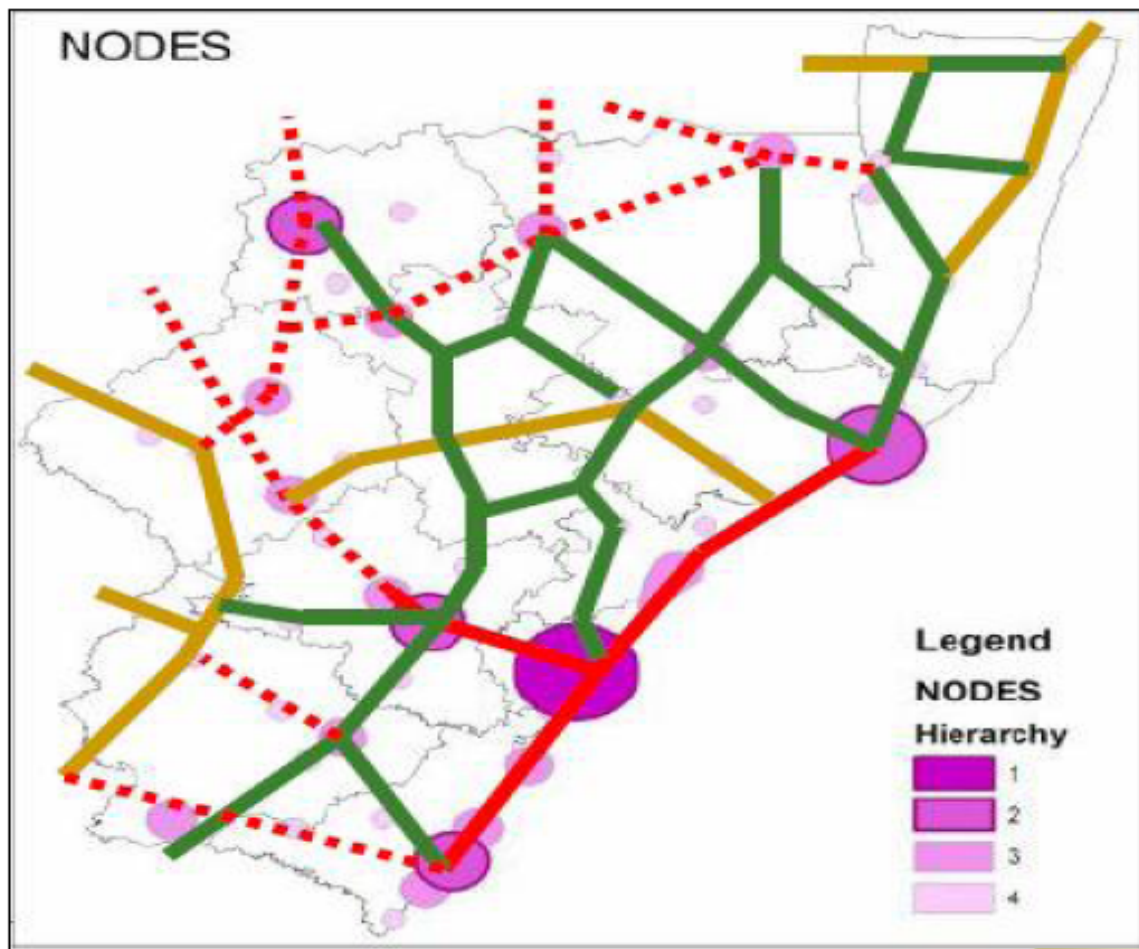
The sector support approach is based on the assumption that economic growth can be driven by interventions in specific markets and sectors. The analysis typically makes use of an analysis of sector stakeholders, product development and selection, supply and value chains, markets areas and national and international trends. The strategy should begin by making use of the resources available to undertake sector specific interventions. A sector strategy would provide the basis for short and medium term interventions.

An ongoing intervention would include regular communication with specific sector groups and in working with those groups to monitor changes in the sectors. The feedback mechanism (which could be the LED Forum) will provide a mechanism to measure changes in the different sectors and to measure the impacts of various policies and interventions.

The Provincial Spatial Economic Development Strategy is the key document which drives economic development thinking at present and identifies four key sectors as drivers of economic growth in the Province. These sectors are:

- The Agricultural sector (including agri-processing) and land reform
- The Industrial sector
- The Tourism sector
- The Service sector (including government services)

All of the above are key in the uMtshezi area, in particular agriculture, industry and tourism. The Provincial Spatial Economic Development Strategy primarily identifies Estcourt as being on the exiting N3 corridor, being a service node and being part of a tourism corridor. In addition the tourism spatial strategy indicates that the uMtshezi area is considered to contain cultural and eco-tourism opportunities. It is important that these opportunities are exploited as a substantial amount of national resources are channeled into the tourism sector.



Primary Purpose of Activity Corridor

- | | |
|----------------------------------|--|
| Multi-Sectoral Activity Corridor | |
| Tourism Activity Corridor | |
| Agriculture Activity Corridor | |
| Existing Corridor | |

4.5 Strategy 4: Enterprise Support

This strategy emphasizes enterprise support to co-operatives and other small businesses. The instruments to implement the strategy include the establishment of Enterprise Information Centres, skills development and a mentoring programme.

The strategy is a central intervention being implemented within the ASGISA Initiative, the National LED strategy and within Provincial interventions. The need is to assist those “who are presently economically trapped in the non-functioning local township and rural marginalised economies of the Second Economy.” The ASGISA documentation refers to the notion of “eliminating the second economy”. That will probably not be possible and in some middle income countries the informal sector provides more than 50% of the employment and income generating opportunities.

The two main state agencies are the Small Enterprise Development Agencies (SEDA) which will undertake business support; and Khula – which provides wholesale funding. The SEDA was established through the amalgamation of a number of business support organisations into one body, in order to bring all the business support functions under a single agency. The main organisation brought into the SEDA was the Ntsika Enterprise Promotion Agency. SEDAs will be established at District Municipality level and Enterprise Information Centres (EICs) at Local Municipality level. The SEDA offices will supply basic business support capacity and will be a conduit to further assistance (including Cipro and SARS). Business support services include information, advice and referrals; tender information and advice; import and export training; trade information; business assessments; technical support; business mentoring; market access and business linkages. The SEDA offices will also be able to use a set of diagnostic tools (computer based) that will assist the business advisor and the small business. SEDA want to put 80% of their resources into new business start ups, and 20% into supporting existing businesses. There will a SEDA established at a District Municipality level and Enterprise Information Centres (EICs) at Local Municipality level.

A long standing criticism of the Centres is that they are often managed through public sector institutions (such as municipalities) and are staffed by people who are not business oriented or entrepreneurs. It is therefore important that the business community is part of the programme and provide the practical aspects of business support. Discussions with the SEDA note that the DTI approach is shifting and differentiating between the micro enterprises which are driven by survivalist needs and larger, opportunity driven SMMEs. It important that the approach is both strategic and targeted. The DBSA (2005, 81) notes:

The needs of entrepreneurial small business are quite different from those of the self-employed. ... Entrepreneurial small business needs *fixed and working capital, training, market information, and mentoring*, among other things. Non-entrepreneurial self-employment needs *encouragement, a*

limited amount of working capital, market protection, and monitoring, in that order.

The enterprise support strategy aims at assisting in the establishment of a centre (a Enterprise Information Centre) but also in ensuring that the centre is effective, relevant and targeted.

4.6 Strategy 5: Support to Land Reform Beneficiaries

It is suggested in strategy 3 above that an agricultural sector plan be prepared. It is important that such a sector plan make clear provision for the inclusion of land reform as a transformative process. The experience of land reform in the municipal area has included a high level of competition and conflict. It is important that the strategy make resources available for mediation and stakeholder support.

The following table summarizes the current extent of the land reform programme in Umtshezi (see also Annexure I).

| Programme | Extent |
|---|---------------|
| Restitution | 74 claims |
| Redistribution | 23 projects |
| Land Redistribution for Agricultural Development (LRAD) | 3 projects |
| Labour Tenant | 14 projects |

The Provincial Land Reform Office of the Department of Land Affairs indicated that by 2005, 71 952 hectares of land had been transferred through the land redistribution programme in the Uthukela District. This is the highest of all the districts in the Province. One of the reasons for this is that the Uthukela District was the core of the then Pilot Land Reform area established in 1995.

The development of a land reform project into a holistic, functional social and environmental intervention is not only the responsibility of the Department of Land Affairs. The Department provides the land purchase funds and makes provisional support for infrastructure through the balance of the grant. This is available for infrastructure development on the projects, but this is usually only sufficient for basic infrastructure.

The LED aspects of the land reform projects are generally poorly developed. The Framework for Land Reform in KwaZulu Natal (2005) notes that: "Very few land reform projects, except those initiated by the private sector or in partnership with the private sector, facilitate the integration of beneficiary groups into commercial agricultural markets or provide opportunities for rural households to generate small amounts of income from their agricultural produce or natural resource products" (71). Land reform projects require not only the same kinds of support that other emerging farmers do; but additional support in the enterprise transformation process and resettlement process. This is termed 'post-transfer support' and requires enterprise, livelihood, infrastructure and social support interventions.

The Framework for Land Reform in KwaZulu Natal (2005) lists extension services, infrastructure development, training & capacity building, access to finance and access to markets as the most critical issues. The Uthukela District Municipality is currently completing a study on the economic impact of land reform projects in Uthukela. This project will assist in providing direction for future projects.

The land reform process offers a number of opportunities, but it requires excellent process management and facilitation skills. The district LED strategy noted that these are “not only in the existing agricultural sectors, but also in new areas such as game farming and eco-tourism”. This requires very careful consideration – in cases such as the Gongolo Wildlife Reserve it is important that the facilitation process be well managed. The district LED strategy recommends that “This is an area where the Municipalities and other government departments have a major role to play. The Municipalities have experience in implementing community level projects and have direct contact with communities. The Municipalities should therefore undertake the role of co-ordination and identifying areas of need.”

A survey of land reform beneficiaries in the Uthukela district indicated that the main issues relating to the projects included:

- A general lack of support. This was particularly agriculture and infrastructure.
- There is a level of institutional chaos relating to roles and responsibilities. This has led to a number of delays in support and implementation.
- Conflict of interest between beneficiaries and traditional authorities around land ownership.
- The projects have insufficient arable land.
- Lack of access to capital and start up capital.
- Theft and crime.
- Lack of profitability in projects and businesses.
- Lack of infrastructure and access to farm implements.
- Lack of access to training.

While few of the above are solely local government responsibilities, it is obvious that these problems will be brought to the attention of Councilors and local government officials. The co-ordinating role of local government in these issues is crucial.

The project is being undertaken by the Uthukela District Municipality at present.

4.7 Strategy 6: Municipal and State Procurement

The national LED strategy noted that state expenditure (at all levels) is having a limited impact on development goals.

This strategy intervention is based on the use of the municipal procurement system to undertake targeted and preferential procurement. This should be undertaken as a specific study within the corporate services section. The intervention should not end at this point – but also the Municipality should monitor that any other state agencies are ensuring that maximum benefits are accruing to local enterprises and local labour. This would include infrastructure development such as water systems and road construction.

The procurement intervention aims to achieve the following goals:

- Establish a database of appropriate service providers. This will focus on supporting SMMEs and Previously Disadvantaged Individuals. The database will primarily serve to link the Municipality and government departments to the target group, but it will also be available for the private sector to access when looking for contractors.
- The process will identify potential economic activities that can be outsourced or that are outsourced by the state and private sector. The database can be used by the target group to identify opportunities primarily in the public sector, but as above it will also serve to provide linkages into the private sector.
- The process will establish the required standards and needs (such as skills development). This is to assist SMMEs and individuals to understand whether there are minimum requirements (such as registration with appropriate bodies etc). This may for example relate to minimum requirements in a particular sector, for example for security companies. In addition the process will identify areas where there are skills gaps or in sectors where no appropriate companies exist. Appropriate skills development programs can then be developed.
- Establish appropriate communication channels through existing institutions (such as primary co-operatives, business organizations etc). The opportunities will need to be communicated on a fair and extensive basis; it suggested that appropriate institutional structures be developed.
- Develop a set of appropriate procurement policies and practices. The Municipality will need to review the procurement policies and practices to ensure that the program is then effective and achieves the desired outcomes.

5. LED Plan: Project Matrix

The LED strategy outlined in this report is designed to be carried forward as a 'living document'. The strategy is articulated through a set of interventions at a project level. The strategy is designed to overcome weaknesses, take up opportunities or exploit competitive advantage. The projects identified in this process are clearly linked to various aspects of the strategy and are being incorporated into the Municipal Integrated Development Plan.

The matrix below identifies the potential LED strategic projects. Project sheets and potential funding sources for the projects are then outlined in some cases. No projects are developed for Strategy One: Municipal – Multi Stakeholder Forum as the Forum can be established without any external and budget support. There is also no separate project for Strategy 5: Support to Land Reform Beneficiaries as this is currently being developed at a district level through the Uthukela District Municipality.

Each year the strategy could be reviewed internally by the LED section. The LED strategy will therefore remain relevant and will inform the selection of IDP projects. The existing IDP project list is attached as Annexure J and this list can be replaced each year. The IDP indicates the budget commitment time frame and process to be followed in the actual project implementation.

5.1 Strategy – Project Matrix

| Strategy | Project Focus Area | Description and Current status |
|---|---|--|
| Strategy 1: Municipal – multi stakeholder forum | Multi- stakeholder forum | To be undertaken internally |
| | Business Chamber relationship | Currently ongoing |
| Strategy 2: Municipal functions and programme focus | Land Use Management System | Completed |
| | LED Strategy | Completed |
| | Land Audit | Terms of reference being prepared |
| | Rates Process | Terms of reference being prepared |
| | Economic Infrastructure Provision | Participating in District Study |
| | Business Related Services | Funding application submitted |
| Strategy 3: Sector support and strategies | Industry Sector Strategy | Funding application submitted |
| | Tourism Sector Strategy | Funding application submitted |
| | Agriculture Sector Strategy | Funding application to be submitted |
| Strategy 4: Enterprise support | Enterprise Information Centre | SEDA partnership. |
| | Targeting of support and advice, including mentoring | Funding application to be submitted; linked to SEDA Program. |
| | Business Database | Funding application to be submitted |
| | Business Retention and Expansion Program | Funding application to be submitted to TIK |
| Strategy 5: Support to land reform beneficiaries | Develop a Land Reform strategy | Participating in District Study. |
| Strategy 6: Municipal and state procurement | Municipal system to be developed | Funding application to be submitted as a single project. |
| | Monitoring system for other departments to be developed | |

The current IDP Strategic focus and Project List is attached as Annexure J.

5.2 Project Outlines for Supporting Strategic Economic Development

Strategy 2: Municipal functions and program focus

| Name of Project: Audit of Business Related Services | |
|---|---|
| Project motivation | A major area of conflict between the business community and the Municipality relates to the provision of services. The Business Chamber regularly communicates with the Municipality regarding road conditions, the emergency fire services, electricity supply etc. Efficient and appropriate service provision is a key LED tool, in providing a platform for growing existing businesses and attracting new business. It is a core function of the Municipality and a municipality that can excel in these areas can use it as a marketing tool. At the same time the purpose of the project is not to create a 'complaints list' from business, but rather to ensure that both parties have clear expectations of what can be achieved. |
| Project objectives | To determine a service level understanding between business and the Municipality. This includes: <ul style="list-style-type: none"> • Which Municipal services are critical to business (prioritized) and at what levels? • The current service levels. • Potential areas of improvement and the cost requirements. |
| Project outputs | Business / Municipal service level agreement. Municipal plan of action for service provision. |
| Target / target groups | Existing businesses and potential businesses. Municipality and utility providers. |
| Responsible agent | LED Office and Office of the Municipal Manager |
| Activities | Project Steering Committee with business, municipality and utility providers Design and undertake survey Compile key list of issues Develop Memorandum of Understanding and Service Level Agreements. |
| Budget estimates | Done internally or outsourced at R 50 000.00 maximum. |
| Source of finances | Internal and Gijima |
| Institutional requirements | Multi party project steering committee |
| Partners | Business community and utility providers |

Strategy 3: Sector support and strategies - Tourism Sector Strategy

| Name of Project: Tourism Sector Strategy | |
|--|--|
| Project motivation | Tourism is identified as a local, district, provincial and national focus sector. The Umtshezi LED Strategy has identified it as a growth sector. |
| Project objectives | <p>The Strategy process will focus on the current and potential future tourism strategies, products, initiatives and programmes in the wider Umtshezi area.</p> <p>The analysis will include an examination of trends in tourism, market demands, and supply side factors and constraints. This will enable the local government to highlight the strengths, weaknesses, threats and opportunities for the development of tourism in the area and assist in the creation and implementation of a tourism plan.</p> |
| Project outputs | <p>The outputs will include:</p> <ul style="list-style-type: none"> • Full list off all existing products. • Understanding of existing constraints in the sector, particularly for new entrants. • Identify new opportunities through a competitiveness analysis and an understanding of the market. <p>Develop short, medium and long tem plans and identify potential projects.</p> |
| Target / target groups | Municipality, private sector tourism companies, community members, NGO, CBOs, domestic and international tourists. |
| Responsible agent | LED Office |
| Activities | <ul style="list-style-type: none"> • Evaluate local economic base of tourism sector, including business and market relationships, including both supply & demand factors for local tourism. • Develop an institutional understanding and model. • Define comparative advantages in the area, and local strengths, weaknesses, opportunities and threats in the sector • Conduct workshops. • Develop strategy for the roles of local government of co-ordinating, facilitating and stimulating the tourism sector • Develop strategy for the development of tourism products. • Investigate possible funding sources for specific programmes and projects. • Develop action plan for each programme • Develop implementation programme / plan |
| Budget estimates | R250 000.00 |
| Source of finances | Internal and Gijima |
| Institutional requirements | Make use of the existing tourism associations and Community Tourism Organization. |
| Partners | Local tourism businesses, local communities, NGO and CBOs, the Midlands Meander Association, TKZN, other tourism marketing associations, relevant national and provincial government bodies. |

Strategy 3: Sector support and strategies - Agricultural Sector Strategy

| Name of Project: Agriculture Sector Strategy | |
|--|--|
| Project motivation | Agriculture is identified as a local, district, provincial and national focus sector. The Umtshezi LED Strategy has identified it as a growth sector and it remains a critical sector for the long term economic sustainability of the area. Commercial agriculture remains an important employer within the region and subsistence agriculture provides a critical livelihood source in many communities. There is evidence that farmers are diversifying into other products and sectors in order to remain profitable. This includes tourism, game farming, milk processing and niche markets such as cut flowers. |
| Project objectives | While most Agriculture Plans focus on the agricultural potential of a region without linking this to practical resource management and economic development programmes that can be undertaken. It is important that this study not remain as a technical exercise in data gathering; rather it should focus on concrete opportunities in the sector. This includes highly specialized commercial ventures and livelihood support programmes. There are important structural changes taking place, such as land reform initiatives, which must be taken into account. In addition, partner organizations such as the Department of Land Affairs are important stakeholders if the agricultural sector is to be broadened and transformed. |
| Project outputs | The Plan will provide technical and strategic support to all stakeholders. The outputs will include: <ul style="list-style-type: none"> • Baseline data including technical information, baseline mapping and the identification of appropriate potential crops and livestock. • Identify financial and economic opportunities using techniques such as value chain analysis, identification of appropriate products and markets. Infrastructure requirements. • Identify opportunities to link with allied programmes. • Develop appropriate long term institutional arrangements with partner organizations. |
| Target / target groups | Municipality, farmers, farmers organizations, value chain participants (suppliers, financiers etc), land reform beneficiaries, government departments, community members, NGO, CBOs. |
| Responsible agent | Initiated by LED Office. |
| Activities | <ul style="list-style-type: none"> • Evaluate local economic base, including business and market relationships, including both supply & demand factors. • Develop an institutional understanding and model. • Define comparative advantages in the area, and local strengths, weaknesses, opportunities and threats in the sector • Conduct workshops. • Develop strategy for the development of agriculture products (raw and processed). • Investigate possible funding sources for specific programmes and projects. • Develop action plan for each programme • Develop implementation programme / plan |
| Budget estimates | R200 000.00 |
| Source of finances | Internal and Gijima. The Department of Agriculture has in the pas indicated support for these projects it is currently understood that there are no funds available. |
| Institutional requirements | Make use of the existing tourism associations and Community Tourism Organization. |
| Partners | Municipality, farmers organizations, land reform beneficiaries, government departments, NGO, CBOs. |

Strategy 3: Sector support and strategies - Industrial Sector Strategy

| Name of Project: Industrial Sector Strategy | |
|---|---|
| Project motivation | The sector has historically been core employer and producer in the local economy. There are a number of structural problems that exist; such as the closure of some plants, the reduction in employment in the sector, a narrow base (there are 4 core industries) and a poorly developed small manufacturing business sector. |
| Project objectives | <p>To develop a two pronged strategy that supports both small and large industries. The approach must align local initiatives with the substantial and detailed Provincial and National initiatives that exist in the Provincial Spatial Economic Development Strategy, the Regional Industrial Development Strategy and the Provincial Industrial development Strategy.</p> <p>Small industry strategy: Determine levels of demand for various small scale manufacturing enterprises. Determine demand for services and infrastructure by small manufacturing sector. Determine supply of services and infrastructure. Development implementation plans around land release, service supply etc.</p> <p>Large industry strategy: Determine long term strategic direction of local industries. Develop understanding of sector trends – including employment, technology, transport, infrastructure, services, business support etc. Align these with Provincial and National plans. Develop short, medium and long term response strategy.</p> |
| Project outputs | <p>Strategies that provide short, medium and long term direction for all stakeholders. The outputs will include:</p> <ul style="list-style-type: none"> • Understanding of existing constraints in the small and large scale industrial sector. • Identify financial and economic opportunities through value chain analysis, identification of appropriate products and markets, demand profiles etc. • Determine service and infrastructure requirements. • Develop short, medium and long term plans. |
| Target / target groups | Industrialists, factory workers, Municipality. |
| Responsible agent | LED Office |
| Activities | <p>Small industry strategy: Undertake survey of small scale manufacturing enterprises and potential client base. Audit demand for services and infrastructure by small manufacturing sector. Audit existing supply of services and infrastructure. Development implementation plans around land release, service supply etc.</p> <p>Large industry strategy: Undertake workshops with local industries to determine long term needs and intentions. Undertake desk top study to develop sector trends. Align these with Provincial and National plans. Develop short, medium and long term response strategy.</p> |
| Budget estimates | R250 000.00 for both studies. |
| Source of finances | Internal and Gijima. |
| Institutional requirements | Project Steering Committee. |
| Partners | Business Chamber, Trade Unions, utilities and Municipality. |

Strategy 4: Enterprise support – EIC and targeted Business Support

| Name of Project: Enterprise Information Centre and Business Support Strategy | |
|--|--|
| Project motivation | <ul style="list-style-type: none"> To support the establishment of an Enterprise Information Centre (EIC) by the Small Enterprise Development Agency (SEDA) in Umtshezi (Estcourt). To support the effectiveness of the Enterprise Information Centre (EIC) through a targeted and effective understanding of demand. |
| Project objectives | <p>To support the establishment of the EIC Office in partnership with the SEDA. In this regard the Municipality could:</p> <ul style="list-style-type: none"> To provide institutional linkages. To provide infrastructure and physical building space if possible. To co-ordinate linkages with the business community, broader communities, existing SMMEs (such as co-operatives). To assist with the process management. <p>To support the effectiveness of the EIC through developing the following:</p> <ul style="list-style-type: none"> A profile of the types of small businesses existing in Umtshezi. A thorough understanding of the demand profile for business support services. An audit of existing business support services. An audit of potential service providers; including cost recover requirements, potential mentors and other support (including through the Business Chamber etc). Develop an appropriate package of business support services for small businesses. |
| Project outputs | <p>A directory of small businesses (including co-operatives).</p> <p>An understanding of the needs and challenges of small business, including the demand for services.</p> <p>A directory of service providers.</p> <p>Institutional arrangements for small business support, including those through the EIC.</p> |
| Target / target groups | Municipality, SMMEs, existing larger businesses, retired business people. |
| Responsible agent | SEDA and LED Office. |
| Activities | <p>In establishment of the EIC:</p> <ul style="list-style-type: none"> Identify potential partners (such as co-operatives, Business Chamber) etc. Identify potential building space and requirements. Assist in establishing reference group. Assist in communicating information relating to the EIC throughout the communities. <p>In assisting with targeting the EIC:</p> <ul style="list-style-type: none"> Undertake an audit of small businesses (including demand for support services). Undertake an audit of business support services. Develop required service packages. Develop the institutional arrangements required for implementation. |
| Budget estimates | <p>SEDA provides funding for the EIC. The Municipality is obviously encouraged to assist with funding or support where possible.</p> <p>The business support services profile study will cost approximately R120 000.00</p> |
| Source of finances | SEDA, Municipality, Gijima. |
| Institutional requirements | Establishment of the EIC office and assistance with a reference group or institutional support group. |
| Partners | <p>It is vital that the existing private sector businesses and organizations are partners in the project – the success of the EIC will largely depend on the quality of the advice and support available from the private sector. This includes the Business Chamber and retired business people etc</p> <p>The SEDA</p> <p>The SMME 'community' in co-operatives etc.</p> |

Strategy 4: Enterprise support- Business Retention and Expansion Programme

| Name of Project: Business Retention and Expansion Programme | |
|---|--|
| Project motivation | To ensure that local economic opportunities are fully exploited by existing and emerging businesses – the impact being that where possible that existing businesses continue to trade, that existing businesses expand (further employment) and new businesses emerge. |
| Project objectives | Specific objective: To analyze the local economy with existing businesses and producers to identify market opportunities for import substitution and identifying unexploited opportunities for existing businesses and where possible for new businesses. |
| Project outputs | <ul style="list-style-type: none"> Identified opportunities for import substitution and new business needs. These opportunities could be taken up by existing businesses or emerging businesses. |
| Target / target groups | Existing business, new businesses, Municipality, organized business. |
| Responsible agent | Municipality, organized business. |
| Activities | <p>Phase 1: Project mobilization</p> <p>Phase 2: Analysis of Business Environment (particularly Suppliers & Producers)</p> <p>Phase 3: Value Chain Analysis</p> <p>Phase 4: Focus Group Sessions and Documenting Opportunities</p> |
| Budget estimates | R150 000 to R200 000. |
| Source of finances | Municipality, Gijima. |
| Institutional requirements | The exercise requires mobilization and participation from business and therefore organized business will be a key partner. |
| Partners | Organized business |

Strategy 4: Business Database

| Name of Project: Business Database | |
|------------------------------------|---|
| Project motivation | To develop baseline information relating to the local economy. This will provide primary information on the local economy. |
| Project objectives | <p>Specific objective: To generate local data on a range of areas including contact details, ownership, employment, HIV & AIDS interventions, product lines, turnover etc.</p> <p>This will enable the Municipality to clearly analyze the local economy with existing businesses and producers and to chart a way forward with the LED stakeholders.</p> |
| Project outputs | <ul style="list-style-type: none"> • Primary information on the local economy. • Joint ownership of the data with local stakeholders. • Clear analysis of the current status of the economy. • Ability agree to goals with stakeholders (such as redistribution and ownership goals). |
| Target / target groups | Existing business, new businesses, Municipality, organized business. |
| Responsible agent | Municipality and organized business. |
| Activities | <p>Phase 1: Project mobilization</p> <p>Phase 2: Design questionnaire in conjunction with organized business and organized agriculture.</p> <p>Phase 3: Undertake survey and analysis</p> <p>Phase 4: Analyze results and implications with joint stakeholders.</p> |
| Budget estimates | R150 000 to R200 000. |
| Source of finances | Municipality, Gijima. |
| Institutional requirements | The exercise requires agreement and participation from the private sector and therefore organized business will be a key partner. |
| Partners | Organized business |

Strategy 6: Municipal and state procurement

| Name of Project: Procurement Support Strategy | |
|---|--|
| Project motivation | The Municipality and other departments spend substantial amounts of funds in the Umtshezi area. These funds are powerful levers to target affirmative procurement and improve access to business for previously disadvantaged individuals and small businesses. The strategy can assist in directing expenditure and have a direct impact on the local economy. The expenditure by the municipality and other departments leaks out of the local economy with very few benefits accruing to local people. In some cases the SMMEs may need to be linked with business support organizations. |
| Project objectives | <p>The objectives are as follows:</p> <ul style="list-style-type: none"> • Establish a database of appropriate service providers (SMMEs and PDIs). • Identify potential economic activities that can be outsourced or that are outsourced by the state and private sector. • Establish the required standards and needs (such as skills development). • Establish appropriate communication channels through existing institutions (such as primary co-operatives, business organizations etc). • Develop a set of appropriate procurement policies and practices. • Monitor the system. |
| Project outputs | <ul style="list-style-type: none"> • The establishment of a database for local SMMEs • Develop a database of small businesses and service providers. • The establishment of a database for services that can be outsourced to SMMEs. • A skills development plan for the SMMEs. • Monitoring and evaluation system. |
| Target / target groups | SMMEs, Previously Disadvantaged Individuals, Municipality, local business. |
| Responsible agent | LED Office |
| Activities | <ul style="list-style-type: none"> • Undertake an audit of SMMEs (this may be available as a result of the projects outlined above). • Undertake an audit of Municipal and other departmental expenditure in the municipality area. • Undertake an audit of business outsourcing in the area. • Establish an appropriate • Link SMMEs with skills development developmental institutions such as the SEDA and the EIC. • Develop a Monitoring and Evaluation system. |
| Budget estimates | R250 000.00 |
| Source of finances | Gijima |
| Institutional requirements | A Project Steering Committee |
| Partners | SEDA, Municipality, Department of Labour, Business Chamber, SMME groups (Primary Co-operatives). |

Annexure A: SMME Support System (DBSA, 2005)

The section below is taken directly from the DBSA Report “Overcoming under development in South Africa’s second economy” (Development Report 2005).

South Africa’s SMME support system

In response to challenges set out in the White Paper on Small Business (1995) as well as the National Small Business Development Act (1996), the Department of Trade and Industry (DTI) created two new support institutions, Ntsika Enterprise Promotion Agency and Khula Enterprise Finance.

Ntsika was to implement the national SMME strategy via a range of retail service providers, including Local Business Service Centres, Tender Advice Centres and National Manufacturing Advice Centres.

Towards the end of 2004, a new DTI offshoot called the Small Enterprise Development Agency (SEDA) was created. It was formed after the amalgamation of Ntsika, the Community Public Private Partnership Programme (CPPP) and the National Manufacturing Advice Centres (Namac). SEDA has a budget of R120 million to drive SMME development and it hopes to establish more than 50 branches (www.geda.co.za). SEDA’s objectives include (Damane, 2005):

- The design and implementation of development support programmes
- The promotion of a service delivery network to increase the contribution of small enterprises to the economy
- The promotion of economic growth, job creation and equity
- The strengthening of the capacity of service providers
- The strengthening of the capacity of small enterprises to compete domestically and internationally

After its establishment in 1996, Khula initiated a number of loan finance schemes to increase access to finance for SMMEs through retail finance intermediaries, as well as a range of guarantee products through commercial banks. These schemes operated on the basis of a risk-sharing relationship, whereby Khula assumed a portion of the risk associated with lending to SMMEs. It was soon evident that Khula was unable to reach the “survivalist” or other microenterprises through its range of intermediaries, since the focus was on achieving financial self-sufficiency, and the strengthening of systems and staff capacity within the MFIs did not receive sufficient attention. This caused Khula to “mission drift”, and those intermediaries reaching the poor were not compensated for the costs associated with developing systems and skills in this regard. This led to the weakening and demise of MFIs focused on the poor. The new Apex was supposed to fill this gap in the DTI system, but by the middle of 2005 the Apex was still not operational.

Annexure B: Role of Municipalities

How should Municipalities do it?

Developmental LED, which seeks to ensure that all sectors of the population derive benefit from LED actions, requires local actors to be innovative and to find new ways of dealing with development challenges. It is focused on the initiative of local actors and the mobilisation of local resources rather than being solely dependent on external investment and assistance. The key challenge for local actors is to be proactive and seize development opportunities, and tap into various government programmes and business networks. Local government must play a leading role in this process.

Whether or not a Local Economic Development Agency or similar body exists in the area of a Municipal District or Metro, every municipality should apply itself to ensuring, directly or indirectly, that the following is done as a *sine qua non* for LED:

- To render operational the local socio-economic environment in order to facilitate the creation and the development of local economic activities;
- Plugging the leaks in the local economy (retaining income in the local economy);
- Development of human capital (skills development focused on the needs of the local economy);
- Development of social capital (encouraging and developing the presence and capacity of all relevant collective stakeholders in the local economy: chambers of commerce, bodies building and grouping coops, NGOs , CBOs , development agencies, local tourism structures etc.);
- Community economic development (community-based initiatives targeted at community businesses and cooperatives, municipal-community partnerships especially in respect of infrastructure and service delivery);
- SMME development (provision of business infrastructure, financial and non financial services, access to affordable finance and start up grants, technical support, involvement of SMMEs in government procurement especially in relation to infrastructure delivery), with special reference for the part of the population which currently has limited access to these services;
- To identify and support business clusters and business opportunities;
- To facilitate the participation of the population in using the opportunities and stimulating the establishment of new businesses or the growth of existing ones;
- To organise network of local actors for preparing and elaborating projects and initiatives which can have access to the provincial, national and international resources which are available;
- To support the creation and/or consolidation of chambers of commerce and business associations, the presence in the territory of qualified and effective business development services, the involvement of organised labour in LED planning and activities, and other similar interventions to ensure the full use of all the available social capital resources in the economic development of the territory;
- To ensure that contacts, links and exchanges with possible national and international economic partners are in place;
- To prepare and implement technically appropriate , viable and sustainable LED components for their IDP's, in alignment with the PGDS;
- To keep a data bank of all relevant information concerning support mechanisms, grants and facilities for assisting LED and human resource, skills and capacity building in LED spheres, from national, provincial, parastatal, donor and other sources. Advising and organising the best uses of these resources at the level of territorial competence;
- To market the area and to provide marketing assistance and support to businesses from the area and to attract inward investment.
- To promote local business expansion and retention strategies.

Annexure C: Outcomes of the framework over the five years

- All District and Metro municipalities have credible LED strategies, which are being effectively implemented by a dedicated local economic development unit or similar entity
- All Local Municipalities have at least one staff member (at least qualified through the LGSETA LED Learnership) dedicated to implementing its LED activities
- Analysis of the 52 district and metro municipal economies undertaken.
- The competitive advantage of all District and Metro municipalities are identified, incorporated into its LED strategy and exploited.
- Appropriate structures exist to encourage and facilitate discussion and joint economic planning among municipalities and with Provincial Government.
- All municipalities have innovative spatial strategies that link special demarcated areas in place.
- All municipalities have at least one public private partnership through which an economic activity is being implemented
- A national centre for monitoring, learning and research in LED is established and is supported by provincial centres

Annexure D: Sustainable Developmental Community Investment Programming

Introduce Sustainable Developmental Community Investment Programming

Sustainable Developmental Community Investment Programming (SDCIP) is about moving beyond project-based community economic development. It is rather a much more empowering approach, utilising innovative instruments to systematically build community competence and capacity.

SDCIP suggests building community, and using a powerful cultural dynamic as the main vehicle and partner for LED together with the resourcing of organised communities to carry out key local functions, provide services and become important productive units. To do this, there needs to be a paradigm shift, a corrective to the dominant 'globalisation' model. A new balance has to be struck between globalisation and 'localisation'. Localisation requires a new set of policies and programmes to exist.

Present policy is moving in that direction but remains caught in the 'supply' of objects, services, Social Grants and temporary EPWP work. This means that a large part of total official expenditure does not set out to partner 'community' and that the monies spent do not 'stay to work' in the marginalised poor areas of South Africa if they ever arrived in the first place.

The statement that business in the second economy can produce locally but cannot sell locally is a truism that explains the almost universal failure of traditional LED projects. 'Delivery' and LED is not being used to alter the paucity of local effective demand and to mobilise the vast labour and personal resources of the majority of adults caught in the non-working local economies of this country.

By ignoring the possibility of raising the local income multiplier from around 1.4 to 4.0, government is missing the greatest dynamic that can make LED a success.

SDCIP provides the "yeast in the local economic bread" to ensure the rapid establishment of an economic democracy, that is 'competent' citizens daily exercising their key economic and social rights. Residents of township and rural areas can deliver some direct and many support services in education, of health and in the investment in local productive resources. They can 'take charge' of aspects of LED and of service delivery as government's partner if the flow of state funding first picks them up as significant development actors. They can build much needed local economic institutions. In this, such activity can help to ensure that spending is circulated locally three times or so more frequently than today. In so doing it will reward local production and increase 'effective local demand' to help to meet the cost of local service and investment needs.

The second decade of democracy has to underwrite the political gains of the recent past with the formation of a working economic democracy. This requires a new set of policies and programmes that address the legacy of the marginalisation of the townships and rural areas. It will have to be driven by social and economic rights

exercised daily by citizens, mostly within suitably organised communities that operate as partners of the state, notably of local government.

SDCIP represents a move beyond LED 'delivery'. It begins with the realisation that the supply of objects and services into poor areas when their economic marginalisation means that there is no or little effective local demand with which to buy new local production or to pay for new services. .

In the rush to improve peoples' lives, both government and NGOs have not yet attempted to fully understand and to act upon the structural obstacles to local success in the Second Economy areas. Consequently, South Africa has remained a society with very little 'learning' from the near constant failure of local development projects.

SDCIP operates to raise the local income multiplier some 300% in the old 'black' rural and township areas that remain highly marginalised and dependent upon the 'global' South Africa for goods, services and jobs. It is thus a 'Charter for the Second Economy'. This is the quickest way to bring the poor, at least half the population, in from the economic cold where they are effectively economic prisoners of non-working local economies.

The SDCIP in synergy with the other three (3) strategies enables a correction to be made to the main structural fault line of the economic legacy of apartheid and which forms the dual economy of South Africa.

It promises to do this by unlocking the potential of all areas of South Africa by assisting all citizens to once again become 'competent'. It promises to do this by providing a highly efficient and effective method to realise the incorporation of all into economic activity and the ownership of local productive assets. In doing so, it rewards state expenditure with: -

- 1) high local multipliers and thus high returns via taxation to state expenditure;
- 2) rewarded 'delivery' of services and of social and economic infrastructure that can now be locally afforded, paid for and well used and supported.

The SDCIP uses a powerful localisation device-the formation of local markets. A significant opportunity to close the gap between large companies, government organisation and the second economy is through procurement. SDCIP provides an opportunity to make the public procurement system more accessible to historically disadvantaged individuals. The National Council of Provinces has evaluated the Preferential Procurement Policy Framework Act (PPPFA) and has suggested the realignment of the Act to make it more consistent with the prescripts of BBBEEE.

To enable SDCIP to achieve its potential, Government policies and procedures will need to be redesigned to make them more conducive to dealing with community trusts, social enterprises and SMMEs. The preferential policy procurement drive should be written into policy and supported at the highest level, and procurement official should be trained to work with SMME and community suppliers of goods and services.

Main Actions

The main action that **dpig** will undertake is to start with exposing SDCIP to decision-makers in the public and private sector, and to communities (ward committees and traditional leaders in particular).

A few SDCIP initiatives have started in South Africa already. Others will emerge from work being piloted in Limpopo Province. Progress should be monitored and lessons learned should be disseminated.

National and provincial departments responsible for policy and funding instruments, as well as municipalities, should be encouraged to review their expenditure processes and adopt a SDCIP approach to complement a focus on sound public service leadership and governance.

Possible techniques and processes illustrating SDCIP can be applications are illustrated in annex I way of examples. Sectors in which the techniques and approaches can be applied are as follows:

- **Crafts.** The 500,000 people or so employed in this sector should be introduced to SDCIP
- **Fresh Produce.** There is potential, as already demonstrated by some organizers of community gardens, to produce cash incomes from community gardens, and expanding their scope and co-ordination through the creation of agricultural (producer) and consumer cooperatives.
- **Waste Collection.** Through the use of SDCIP approaches and eliminating the middlemen, incomes of waste collectors can be improved.
- **Street trading.** In 2003, there were 1 million street traders in South Africa. SDCIP offers these traders an opportunity to become more involved in decisions that impact on their livelihoods.
- **Sub-contracted Clothing and Textiles.** Clustering, through SDCIP approaches, offers potential to increase incomes through order sharing in the sector where 55 per cent of the operators are informal.
- **Traditional Medicine.** SDCIP can play a role in better regulation and increased support and integration into value chains.

Figure 1. Example of Community Co-operative Model

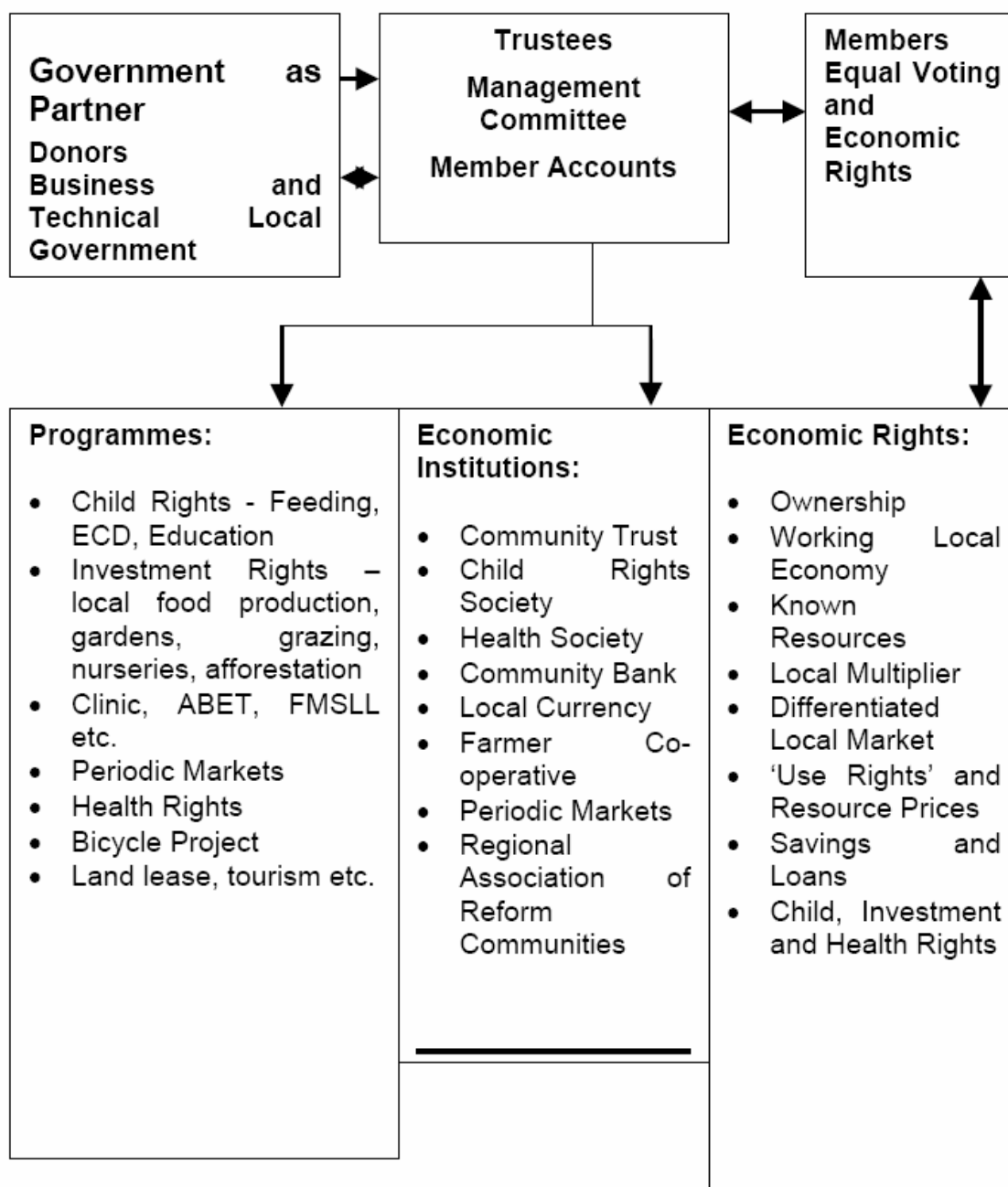


Figure 2: Summary of Strategy

| Strategy 1 | Strategy 2 | Strategy 3 | Strategy 4 |
|--|--|---|--|
| Improve Market and Public Confidence in Municipalities | Identify and Exploit Competitive Advantage of 52 Municipal regions | Intensify Enterprise Support | Introduce Community Investment Programming |
| Intensify support to municipalities under Project Consolidate | Analyse the 52 municipal economies | Implement the new small business development strategy | Promote cooperatives |
| Monitor and Report on Implementation of MFMA and Property Rates Act. | Target growth sectors and industry clustering | | Encourage community or third tier banking |
| Finalise appropriate spatial policies in IDPs linked to a municipal-wide land-use management system. | Build capability for a knowledge economy | Improve Access to Finance | Improve trading markets and ring market system |
| Improve infrastructure investment and intergovernmental coordination | Market the 52 Regions and their Products | | Improve local multiplier of government spend |
| Support Municipal-Business Forums | Establish Innovative Funding Instruments | | |
| State and Social Actor Capability and Institutional Arrangements | | | |

Annexure E: Alignment of Municipal Strategies and Actions with the Provincial Growth and Development Strategy

Municipal Targets in relation to the PGDS strategic objectives and processes

| PGDS Strategic Objective | Key Processes | Provincial Key Performance Indicators | Provincial Prioritization of Municipal Actions | Municipal Actions |
|---|---|---|--|--|
| Programme 2: Economic Development Improve economic growth and development, increase formal jobs and enhance skills development. | | | | |
| E 1 - Industrial Development Strategy: To stimulate global competitiveness, extend the value chains of activities of targeted economic sectors, and improve the labour absorption of lead sectors of the economy. ³¹ | Completing and implementing a provincial industrial development strategy that focuses on key sectoral chains in KwaZulu-Natal. Adopting an integrated approach towards boosting the competitiveness of target sectors, through collaboration with all stakeholders, to strengthening the competitive advantage of KZN globally and nationally. Ensuring that the value chains of activities of targeted economic sectors are extended, and the labour absorption of lead sectors of the economy improved. | Number of government supported clothing sector industries. Number of capitalised opportunities in ICT sector. Number of effective collaborative initiatives in wood and wood products sector for stimulation of economic activity. Number of SMME opportunities facilitated in target sectors. Value of growth in fixed investment, job creation and production. Increase Value and growth of annual exports. Increase in market share of targeted economic sectors. Increase of provincial contribution to and share of National GDP vis-à-vis the other provinces. | | Develop ways of working with Provincial IDS to boost industrial development in municipality. Develop mechanisms to support SMMEs particularly in targeted economic sectors. Ensure that recommendations and projects identified in DED's Gijima KZN LED programme are incorporated into the IDP. |

| PGDS Strategic Objective | Key Processes | Provincial Key Performance Indicators | Provincial Prioritization of Municipal Actions | Municipal Actions |
|---|---|---|--|---|
| E 2 - Public and Private Investment: Create a framework to promote and enable public private partnerships for catalytic projects which stimulate economic growth and facilitate employment creation. ³² | <p>Adopting an integrated collaborated approach for stimulating trade and investment, inclusive of all stakeholders.</p> <p>Developing a Provincial Economic Financing Strategy to gear resources towards catalytic economic projects for the Province and increase funding into the KZN Growth Fund to expand public and private investment.</p> <p>Identifying and packaging investment and trade export beneficiation opportunities, providing exporters access to trade and investment opportunities.</p> <p>Setting guidelines for interaction between government, industry, and businesses; and appropriate regulatory and support institutions to facilitate value-adding investment to the Province.</p> <p>Ensuring that BEE Strategies are implemented.</p> | <p>Real growth in fixed investment, job creation and products. Percentage increase in number of BEE firms.</p> <p>Percentage Growth in exports and increase in market share derived from PPP catalytic programmes.</p> <p>Percentage increase in capital private investment. Number of PPPs developed with Treasury 1 approvals.</p> <p>Number of PPPs implemented.</p> | | <p>Establish a multi-stakeholder forum of key private sector, public sector and civil society representatives to discuss economic growth and facilitate effective partnerships. Use processes, structures and projects emerging from Gijima KZN LED programme to facilitate this, where possible.</p> |
| E 3 - Trade Gateway: To create a framework for trade and investment that will facilitate economic growth in the manufacturing and service sectors and to improve access to national and global markets. ³³ | <p>Adopting an integrated collaborative approach towards positioning KZN as the trade gateway inclusive of all stakeholders.</p> <p>Implementing an accelerated Trade Gateway Programme that is built upon the Province's port and transport infrastructure, and promoting KwaZulu- Natal as a trade gateway.</p> <p>Assessing current capacity and efficiency of freight, air, rail and road network, and determine necessary interventions.</p> | <p>Increase in regional and global trade through project initiatives.</p> <p>Decrease in turnaround time in supply chain infrastructure.</p> <p>Increased efficiency and capacity of harbours, rail, and road transport for imports and export promotion.</p> <p>Increase of provincial contribution to and share of National GDP vis-à-vis the other provinces.</p> | | Not directly relevant to municipal actions. |

| PGDS Strategic Objective | Key Processes | Provincial Key Performance Indicators | Provincial Prioritization of Municipal Actions | Municipal Actions |
|---|---|---|--|--|
| E 4 - Promotion of Agri- Industry: To create a framework to consolidate, develop and diversify the Province's agricultural bases in order to achieve sustainable competitive advantage through value- adding activities, create jobs and transform the economic structure of the Province. ³⁴ | <ul style="list-style-type: none"> Researching and implementing new agricultural product ranges. Developing Agribusiness Incubators and supporting the development of District Agribusiness Plans in IDPs. Establishing the capacity to support agri-processing (research, technical, business, marketing). Facilitating sector information co- ordination, collaborative knowledge management and setting guidelines for interaction between government, industry, and businesses. | <ul style="list-style-type: none"> Number of agro-processing projects initiated. Number of new processed agricultural products. Increase in value-added manufactured exports. Increase in contribution of manufacturing and agricultural sectors to GDP. Increase in variety of products exported. | | <ul style="list-style-type: none"> Investigate ways of encouraging beneficiation of agricultural products, possibly through developing an agricultural strategy for the municipality, involving all key stakeholders. Ensure that recommendations and projects identified in DED's Gijima KZN LED programme are incorporated into the IDP. |

| PGDS Strategic Objective | Key Processes | Provincial Key Performance Indicators | Provincial Prioritization of Municipal Actions | Municipal Actions |
|--|--|---|--|---|
| E 5 - Tourism: To develop a framework for the promotion KwaZulu-Natal as a leading tourist destination, nationally and globally and to provide strategic support services to develop a sustainable and competitive tourism industry. ³⁵ | <p>Developing and implementing an aggressive growth strategy for tourism, optimising the benefits to host communities.</p> <p>Marketing and communication strategies initiated to boost the tourism sector, including fast-tracking the brand roll-out programme for destinations in KwaZulu-Natal, in partnership with the District Municipalities.</p> <p>Building upon KwaZulu-Natal's strengths as a domestic tourist destination, and protecting the Province against volatility in international tourist flows.</p> <p>Reporting on international and domestic trends in order to compare performance and develop effective competitive strategies to engage the tourism market.</p> <p>Developing the potential for environment based and eco-tourism initiatives.</p> <p>Identifying and establishing cost- effective and co-operative relationships with partner institutions and locally based tourism institutions.</p> | <p>Increase in contribution of domestic tourism to GDPR.</p> <p>Increase in contribution of international tourism to GDPR.</p> <p>Number of partnerships with national, provincial and local institutions e.g. SA Tourism, KZN Wildlife.</p> <p>Number of domestic and international tourists.</p> <p>Percentage increase in contribution to GDPR of national tourism market.</p> | | <p>Develop a tourism strategy for the municipality, involving all key stakeholders.</p> <p>Ensure that recommendations and projects identified in DED's Gijima KZN LED programme are incorporated into the IDP.</p> |

| PGDS Strategic Objective | Key Processes | Provincial Key Performance Indicators | Provincial Prioritization of Municipal Actions | Municipal Actions |
|--|--|---|--|--|
| E 6 – New Local Economic Development (LED) objectives: To create a framework to formulate and implement sustainable economic empowerment strategies and initiatives in the KZN Province. ³⁶ | <p>Identifying new LED opportunities and the introduction of measures that will allow these opportunities to be exploited.</p> <p>Providing resources and support for project development and strategy implementation to developing municipal capacity.</p> <p>Co-ordinating national, provincial, district and local level interventions targeting local economic development processes.</p> | <p>Increase in number of LED projects</p> <p>Number of business start-ups in selected sectors.</p> <p>Increase in private financing leveraged.</p> | | <p>Develop LED strategy for the municipality.</p> <p>Establish economic development forum of all key stakeholders – private, public and civil sectors.</p> <p>Ensure that recommendations and projects identified in DED's Gijima KZN LED programme are incorporated into IDP.</p> |
| E 7 - Business Support Service: To create a framework to facilitate the provision of business support services to existing and new SMMEs to enhance sustainability and promote entrepreneurship. | <p>Developing procurement relationships and establishing project support for interaction of large public and private sector organisations with SMMEs.</p> <p>Establishing projects and programmes relating to mentoring and capacitating of local business service centres.</p> <p>Conducting needs assessment in respect of one-stop shop Business Support Service Centres and developing action plans to address gaps.</p> <p>Establishing a central business support infrastructure for KwaZulu-Natal for the co-ordination of non-financial and financial services to provide optimal support to businesses.</p> | <p>Decrease in business failure rate.</p> <p>Increase in number of start-up ventures.</p> <p>Increase in success rate of start-up ventures.</p> <p>Increase in number of one – stop shop Business Support Service Centres in previously disadvantaged areas.</p> <p>Increase in number of experienced and qualified staff Advisors within the Business Support Service Centres.</p> <p>Increase in the average lifespan of existing businesses.</p> <p>Number of mentorship programmes created for SMMEs.</p> | | <p>Establish business support centre/s.</p> <p>Investigate ways in which municipal procurement policy can be focused on ensuring that contractors from the area are given preference i.e. that LED strategy permeates throughout municipal operations.</p> <p>Ensure that recommendations and projects identified in DED's Gijima KZN LED programme are incorporated into IDP.</p> |

| PGDS Strategic Objective | Key Processes | Provincial Key Performance Indicators | Provincial Prioritization of Municipal Actions | Municipal Actions |
|--|---|--|--|-------------------|
| E 8 - Access to Finance: To create a framework to improve accessibility to and efficacy of financial services throughout the Province. | <p>Establishing an integrated approach towards improving the accessibility of financial services.</p> <p>Developing cost-effective debt recovery mechanisms and stimulating access to capital for non-banks and promoting capacity building of both SMMEs and financial institutions.</p> <p>Improving quality of and access to market information.</p> <p>Ensure compliance with national and provincial legislative requirements and implement legislative changes required for improving cost-effectiveness of debt recovery mechanisms.</p> <p>Assessing municipality capacity training needs and address gaps.</p> <p>Promoting capacity building (SMME's and conventional and non-conventional financial institutions).</p> | <p>Increased number of SMME loans approved.</p> <p>Reduction in number of debtors' arrears (after approval of the Debt Forgiveness Strategy).</p> <p>Number of Discount Benefit subsidies granted (after approval of the Debt Forgiveness Strategy).</p> <p>Number of municipal staff capacitated through workshops/training sessions.</p> <p>Number of SMME's and conventional and non-conventional financial institutions capacitated through workshops & training sessions.</p> | | See E 7 above. |

| PGDS Strategic Objective | Key Processes | Provincial Key Performance Indicators | Provincial Prioritization of Municipal Actions | Municipal Actions |
|--|---|--|--|--|
| E 9 - Agricultural Empowerment Projects: To create a framework for the development of agricultural empowerment projects to provide opportunities for previously disadvantaged communities in order to maximise the agricultural potential of the Province. | <p>Developing business skills training programmes for farmers, assistance and support in research and development and capacitating emerging farmers through training programmes.</p> <p>Facilitating and providing assistance to farmers to encourage self-employment in the agricultural sector, and provide linkages to the commercial agricultural sector.</p> <p>Establishing an integrated stakeholder approach to drive agricultural empowerment projects thereby enabling sustained economic growth and resource utilisation.</p> <p>Ensuring broad-based black economic empowerment is addressed and jobs created and beneficiaries are community-based.</p> | <p>Percentage of economically active community based farmers.</p> <p>Increase in number of agricultural empowerment projects.</p> <p>Increase in number of new jobs created in the agricultural sector.</p> <p>Number of individuals skilled through workshops and training courses.</p> <p>Number of Agri-BEE established.</p> <p>Increase in number of agricultural projects based on indigenous environment resources.</p> | | Develop an agricultural strategy for the municipality, involving all key stakeholders. |
| E 10 – Science and Technology: To create a framework to enhance the competitive edge of the Province through the promotion and development of scientific research and information technology to achieve a provincial culture of innovation and scientific advancement. | <p>Identifying key developmental areas and creating linkages with science and technology stakeholders.</p> <p>Conducting a science and technology audit to establish the baseline capacity for development in the Province.</p> <p>Developing a regional science and technology policy framework, aligned to the national policy.</p> <p>Strengthening the science and technology curriculum at all levels of education, and developing a redress program for historically disadvantaged communities.</p> <p>Developing strategies for attracting and retaining science and technology personnel.</p> <p>Marketing the Province's science and technology expertise globally and nationally.</p> | <p>Increase number of Multi-Purpose Community Centre (MPCCs) with information technology support.</p> <p>Increase in the number of learners and educators in science and technology.</p> <p>Growth in the national share of science and technology human capital.</p> <p>Growth in the number of innovations from KZN.</p> <p>Number of innovation enterprises established and size of investments into such enterprises.</p> <p>Number of new innovative patents established.</p> | | Not directly relevant to municipal actions. |

Annexure F: DED Departmental Programme

PROPOSED PROGRAMME STRUCTURE : 2005 – 2009

| Programme | Sub-programme | Main Sub-programme Objective |
|---|--|---|
| Trade Programme Sector Development Programme | Growth Fund | Fund for catalytic economic infrastructure |
| | Investment & Export Support (Ithala & TIKZN) | Leveraging investment and trade services support (TIKZN). Business financing (Ithala) |
| | Trade Gateway | Enhance logistical and transportation infrastructure and reduce the costs of doing business |
| | Sector Development | Enhancing competitiveness of firms in selected sectors |
| | Agri-business | Development of market intelligence & piloting of niche market agri-industry & beneficiation opportunities |
| | KZN Labour Market Strategy | Development and facilitation of strategy to strengthen match between labour market supply & demand |
| | Economic Information Management | Research, Policy, Impact measurements, economic information management |
| | Liquor License Regulation | Admin support to Liquor Board |
| | Consumer Protection Services | Provision of consumer protection services and education |
| Integrated Economic Empowerment Programme | Black Economic Empowerment | Support services for black entrepreneurs |
| | Co-operatives Promotion and Support | Promotion, support and development of co-operatives |
| | Informal Economy | Implementation of the KZN Informal Economy Policy |
| | Integrated Business Support | Provision of business support services for SME's |
| Local Economic Development Programme | LED Monitoring & Evaluation | Effective networking, output and impact monitoring of the LED program and sharing of lessons learnt. |
| | Local Economic Empowerment | Creation of jobs through developing an enabling local economic environment |
| Strategic Management Services Programme | Legal | Legal Support services & legislation |
| | Marketing /Communication & IT | Branding, Marketing, Communications, Conference & event management and IT Support |
| | Human Resources | Human Resources Management and Internal Human Resources Development |
| | Administration | Centralized administration (offices, assets, systems) |
| | Business Rehabilitation Trust Fund | Management support to the Fund. |
| | Finance & Procurement | Financial, budgeting and procurement support services |

Annexure G: Umtshezi Co-operatives List

Co-operatives List One – National Registrar

| Cooperative Name | Reg No | Business Sector | Address Location | District Municipality | Authorised Signatories | Contact Telephone | Cell Number | Postal Address L1 | Postal Address L2 | Postal Address L3 | Postal Code |
|------------------------------------|-------------|--------------------------|------------------|-----------------------|------------------------|-------------------|---------------|-------------------|-------------------|-------------------|-------------|
| ALERT CO-OPERATIVE | 0000 | PRINTING SERVICES | ESTCOURT | UTHUKELA | XOLISWA P SHEZI | | 084 974 3546 | A786 FIVE ROO | P O BOX 1029 | ESTCOURT | 3310 |
| BUHLE BELANGA CO-OPERATIVE LIMITED | K6/3/9/3203 | STOCK FARMING | ESTCOURT | UTHUKELA | MAJOLA M B 630422 5 | 083 4645 516 | 084 3367 736 | PORTION OF T | ADJACENT PRO | NORTHERN SID | 3310 |
| HLANAGANA YOUTH CO-OPERATIVE | HLAN728ZNT | OTHER - MANUFACTURING | ESTCOURT | UTHUKELA | S J MAJOLA 730115 6 | 072 3968 554 | 073 4098 542 | 1513 WEMBEZI | ESCOURT | | 3310 |
| HLUBI ARTS & CRAFT CO-OPERATIVE | HLUB 204 ZN | OTHER - GENERAL SERVICES | ESTCOURT | UTHUKELA | HADEBE MBALI | 082 736 5943 | | P O BOX 66504 | ESTCOURT | | 3310 |
| IKUSASA LETHU CO-OPERATIVE | IKUS 423 ZN | FURNITURE MANUFACTURING | ESTCOURT | UTHUKELA | KHUZWAYO T J 64090 | | | P O BOX 50607 | ESTCOURT | | 3310 |
| INJOBO CO-OPERATIVE | INJO 005 ZN | CATERING/ VENDING/ FOOD | ESTCOURT | UTHUKELA | DLADLA H 691027 0 | | 076 372 8540 | P O BOX 51026 | ESTCOURT | | 3310 |
| INKANYEZI CO-OPERATIVE | INKA 545 ZN | SEWING - CLOTHING | ESTCOURT | UTHUKELA | MABASO T C 520404 | | 072 206 8027 | P O BOX 50491 | ESTCOURT | | 3310 |
| INKANYISO CO-OPERATIVE | INKA536ZNT | SEWING - CLOTHING | ESTCOURT | UTHUKELA | MBATHA H E 730915 5 | 072 923 4227 | | P O BOX 54024 | ESTCOURT | | 3310 |
| INQANAWA CO-OPERATIVE | INQA 420 ZN | CLEANING SERVICES | ESTCOURT | UTHUKELA | SIKHAKHANE T M 790 | 073 139 8746 | | P O BOX 62381 | ESTCOURT | | 3310 |
| ISIBANISEZWE CO-OPERATIVE | ISIB840ZNT | FURNITURE MANUFACTURING | ESTCOURT | UTHUKELA | MKHIZE N N 831123 5 | 072 068 0654 | 073 616 7454 | 1329 JABULAN | EZWELISHA | ESTCOURT | 3310 |
| ITHUBALOKWENZA CO-OPERATIVE | ITHU420ZNT | SEWING - CLOTHING | ESTCOURT | UTHUKELA | MHLUNGU R T 610813 | 036 353 0723 | 0823 688 9234 | A 540 FIVE RO | WEMBEZI | ESTCOURT | 3310 |
| KHWEZELISHA CO-OPEERATIVE | 0000 | CLEANING SERVICES | ESTCOURT | UTHUKELA | PHUMELELE A MLAB | | 084 642 9620 | P O BOX 19 | ESTCOURT | | 3310 |
| MAVELA TEAM CO-OPERATIVE | MAVE818ZN | CLEANING SERVICES | ESTCOURT | UTHUKELA | MVELASE T R 781005 | | 082 083 5186 | P O BOX 1410 | ESTCOURT | | 3310 |
| MBANGENI CO-OPERATIVE | MBAN305ZN | CLEANING SERVICES | ESTCOURT | UTHUKELA | MKHWANAZI S S 8507 | 036 353 8830 | 082 429 3145 | SOBABILI LOC | NTABAMHLOPH | ESTCOURT | 3310 |
| MBHEKI CO-OPERATIVE | MBHE009ZN | POULTRY FARMING | ESTCOURT | UTHUKELA | DORIS KHUMALO | 072 7923 033 | 072 7923 033 | 71 JENNINGS R | COLITA | ESCOURT | 3310 |
| PHAKAMA CO-OPERATIVE | PENDING | SEWING - CLOTHING | ESTCOURT | UTHUKELA | MABASO N O 760815 | 072 244 2155 | 072 738 0043 | 990 ZWELISHA | ESTCOURT | | 3310 |

| | | | | | | | | | | | |
|---------------------------------------|-------------|------------------------------|----------|----------|---------------------|--------------|---------------|---------------|-------------|----------|------|
| PHILA PHILA CO-OPERATIVE | PENDING | CAR WASH SERVICE | ESTCOURT | UTHUKELA | SITHOLE 660906 0430 | 073 623 1662 | 073 323 7618 | P O BOX 1897 | ESTCOURT | | 3310 |
| RHINO CO-OPERATIVE | 0000 | BRICKS/ BLOCKS MANUFACTURE | ESTCOURT | UTHUKELA | JOEFREY M M MNCU | | 076 496 8318 | BHEKUZULU L | ESTCOURT | | 3310 |
| SENZA KAHLE CO-OPERATIVE | SENZ987ZNT | CATERING/ VENDING/ FOOD | ESTCOURT | UTHUKELA | MADLALA T M 690125 | 083 732 4080 | 083 732 4080 | 105 NKUNZINI | NTABAMHLOPH | ESTCOURT | 3310 |
| SIBHEKOKUHLE CO-OPERATIVE | NOT YET AV | INTERNET CAFÉ | ESTCOURT | UTHUKELA | KHESWA C P 800301 | | 083 424 6699 | P O BOX 1421 | ESTCOURT | | 3310 |
| SIVUKILE SANITARY CO-OPERATIVE | SIVU 412 ZN | DISPOSABLE NAPPIES/ PADS | ESTCOURT | UTHUKELA | KHUMALO T O 620821 | 072 930 9841 | 07297 0867 | P O BOX 217 | ESTCOURT | | 3310 |
| SIYAKHUULAR CO-OPERATIVE LIMITED | 0000 | CATERING/ VENDING/ FOOD | ESTCOURT | UTHUKELA | FIKILE M NYATHI | | 072 508 3260 | EZINYOSINI AR | ESTCOURT | | 3310 |
| THREE TREES CO-OPERATIVE | 0000 | CATERING/ VENDING/ FOOD | ESTCOURT | UTHUKELA | GCINEKILE E MBHEL | | 076 133 1755 | P O BOX 598 | ESTCOURT | | 3310 |
| UKUKHULULEKA KOMUNTU CO-OPERATIVE | UKUK825ZNT | CLEANING SERVICES | ESTCOURT | UTHUKELA | MKHIZE M B 850510 | 082 429 4927 | 073 835 9433 | 639 DEPOT SE | WEMBEZIT | ESTCOURT | 3310 |
| UMTSHEZI IMBOKODO CO-OPERATIVE | 0000 | CATERING/ VENDING/ FOOD | ESTCOURT | UTHUKELA | KHANYISILE B MKHIZ | | 082 743 4080 | 5 DAISY STREE | WEMBEZI | ESTCOURT | 3310 |
| VUKANI CO-OPERATIVES | VUKA967ZNT | ADVERTISING/ PUBLIC RELATION | ESTCOURT | UTHUKELA | MABASO B J 520310 5 | 082 590 6445 | 072473 5265 | A 2311 | WEMBEZI TOW | ESTCOURT | 3310 |
| YOUTH IN ACTION CO-OPERATIVE | PENDING | OTHER - GENERAL SERVICES | ESTCOURT | UTHUKELA | MDUNGE H E 820621 | 072 061 1676 | 073 553 6313 | 1665 VQ SECTI | WEMBEZI | | 3310 |
| ZIMELE CO-OPERATIVE | 0000 | BRICKS/ BLOCKS MANUFACTURE | ESTCOURT | UTHUKELA | THOKOZILE G MNCU | | 083 368 2783 | C105 WEMBEZ | ESTCOURT | | 3310 |
| INHLANSI YOKUSA CO-OPERATIVE | INHL526ZNT | GENERAL FARMING | NGULA | UTHUKELA | MNCULWANE B P 751 | 073 210 4229 | 073 2777 1068 | WATERSMEET | WATERSMEET | | 3378 |
| BUHLEBEZWE SPICE GROWERS CO-OPERATIVE | 1 | OTHER - AGRICULTURAL ACTIVIT | WEENEN | UTHUKELA | MASOKA IB (63091702 | | 0722012653 | TUGELA ESTA | SAHLUBE | | 3325 |
| INQOBO MANUFACTURING CO-OPERATIVE | PENDING | FURNITURE MANUFACTURING | WEENEN | UTHUKELA | MCHUNU B S 581015 | 072 883 3992 | 072 039 0779 | 416 KWANOBA | WEENEN | | 3325 |
| INQOLOBANE CO-OPERATIVE | INQO 011 ZN | MECHANICAL WORKSHOP | WEENEN | UTHUKELA | MCHUNU M 800929 5 | | 072 568 3648 | P O BOX 360 | WEENEN | | 3325 |
| MADEVU CO-OPERATIVE | MADE 210ZN | VEGETABLE FARMING | WEENEN | UTHUKELA | MNTUNGWA S P 8101 | | 082 626 9161 | 188 EZITENDE | WEENEN | | 3325 |
| ZAKHELENI OKUHLE CO-OPERATIVE | ZAKH626ZNT | SEWING - CLOTHING | WEENEN | UTHUKELA | MTHETHWA H L 7310 | 072 312 9313 | 082 953 7050 | NO 14 EZITEND | WEENEN | | 3325 |

Co-operatives List Two – KZN Treasury List

UTHUKELA DISTRICT: CO-OPERATIVES STATISTICS

| No. | Cooperative Name | Reg No | Business Sector | Local Municipality | Authorised Signatories | Cell Number | Operational/ Non-operational |
|-----|-------------------------------|--------------|-------------------------------|--------------------|--------------------------------|---------------|---------------------------------|
| 16 | HLANAGANA YOUTH CO-OPERATIVE | HLAN728ZNT | OTHER - MANUFACTURING | ESTCOURT | S J MAJOLA 730115 6436 086 | 073 4098 542 | Operational |
| 19 | IKUSASA LETHU CO-OPERATIVE | IKUS 423 ZNT | FURNITURE MANUFACTURING | ESTCOURT | KHUZWAYO T J 640909 5334 089 | | Operational |
| 27 | INOANAWA CO-OPERATIVE | INQA 420 ZNT | CLEANING SERVICES | ESTCOURT | SIKHAKHANE T M 790920 5703 080 | 073 139 8746 | Operational |
| 29 | ISIBANISEZWE CO-OPERATIVE | ISIB840ZNT | FURNITURE MANUFACTURING | ESTCOURT | MKHIZE N N 831123 5345 082 | 073 616 7454 | Operational |
| 33 | ITHUBALOKWENZA CO-OPERATIVE | ITHU420ZNT | SEWING - CLOTHING | ESTCOURT | MHLUNGU R T 610813 0401 081 | 0823 688 9234 | Operational |
| 35 | KHWEZELISHA CO-OPEERATIVE | 0000 | CLEANING SERVICES | ESTCOURT | PHUMELELE A MLABA | 084 642 9620 | Operational |
| 43 | MBANGENI CO-OPERATIVE | MBAN305ZNT | CLEANING SERVICES | ESTCOURT | MKHWANAZI S S 850705 6301 084 | 082 429 3145 | Operational |
| 49 | PHAKAMA CO-OPERATIVE | PENDING | SEWING - CLOTHING | ESTCOURT | MABASO N O 760815 0324 088 | 072 738 0043 | Operational |
| 54 | RHINO CO-OPERATIVE | 0000 | BRICKS/ BLOCKS MANUFACTURE | ESTCOURT | JOEFREY M M MNCULWANE | 076 496 8318 | Operational |
| 57 | SENZA KAHLE CO-OPERATIVE | SENZ987ZNT | CATERING/ VENDING/ FOOD | ESTCOURT | MADLALA T M 690125 0452 086 | 083 732 4080 | Operational |
| 76 | VUKANI CO-OPERATIVES | VUKA967ZNT | ADVERTISING/ PUBLIC RELATIONS | ESTCOURT | MABASO B J 520310 5822 089 | 072473 5265 | Operational |
| 78 | ZAKHELENI OKUHLE CO-OPERATIVE | ZAKH626ZNT | SEWING - CLOTHING | WEENEN | MTHETHWA H L 731022 0922 088 | 082 953 7050 | Operational |

Annexure H: List of Provincial Projects

PROJECTS BY MUNICIPALITY

DEPARTMENT OF SOCIAL DEVELOPMENT: UTHUKELA DISTRICT MUNICIPALITY

| Ref No. | Name of Project | PR & PI | Target Group | Locality | Output | Beneficiaries | Amount | Start date-End date |
|-----------|--|---------|--------------|------------------------|--|----------------------|------------|-------------------------|
| 11298 | Zethembe Weaving and Sewing | PR | Unemployed | Rockcliff | Weaving, Sewing | 53 Women | 84 000-00 | 01.04.1998 - 31.03.2003 |
| 17512 | Ubuhle Besizwe Sothukela | PR | Unemployed | Ezakheni, Mhlumayo | HIV/AIDS, Gardening | 7 Women 3 Men | 50 000-00 | 01.04.2001 - 31.03.2006 |
| 17511 | Sakhisizwe Craft | PR | Unemployed | Ezakheni A&B Section | Grass Curtains, Grass, Mass, Izigege, Izidwaba, Flower, Baskets | 45 Women | 100 000-00 | 01.04.2001 - 31.03.2006 |
| 11/1/3/23 | Reach for Goal | PR | Unemployed | Ezakheni | Catering, Flower arrangement HIV/AIDS Awareness Arts & Craft | 55 Youth | 200 000-00 | 01.04.2002 - 31.03.2007 |
| 10916 | CMD (Literacy) Usizo | PR | Unemployed | Ladysmith CMD Premises | Training Adult Basic Education | 15 Women | 25 000-00 | 01.04.1998 - 31.03.2003 |
| 10935 | Christian Social Services | PR | Unemployed | Ladysmith CMD Premises | Training of Creche Teachers | 26 Women | 14 000-00 | 01.04.1998 - 31.03.2003 |
| 10950 | Christian Social Services (Youth Programme) | PR | Unemployed | Ladysmith CMD Premises | Awareness Campaign | 17 Youth | 26 828-00 | 01.04.1998 - 31.03.2003 |
| 11192 | CMD - Creche Training | PR | Unemployed | Ladysmith CMD Premises | Training Creche Teachers | 45 Women 45 Youth | 37 000-00 | 01.04.1998 - 31.03.2003 |
| 11265 | CMD Training of Care Givers | PR | Unemployed | Ladysmith CMD Premises | Training of Care Givers | 11 Women 10 youth | 60 000-00 | 01.04.1998 - 31.03.2003 |
| 17557 | Vulimbali Community Project | PR | Unemployed | Ladysmith | Dual Purpose Centre | 60 Older persons | 100 000-00 | 01.04.2002 - 31.03.2007 |

| | | | | | | | | |
|-----------|--------------------------------|----|------------|--------------------|---|-----------------------------|------------|-------------------------|
| 11402 | Ndomba Development Project | PR | Unemployed | Ntombi's Camp | Gardening | 17 Women, 8 Youth, 1 Men | 33 600-00 | 01.04.1998 - 31.03.2003 |
| 16025 | Asizameni Project | PR | Unemployed | Watersmeat | Gardening, Poultry | Women | 76 000-00 | 01.04.2000 - 31.03.2005 |
| 16026 | Asihlanganeni Project | PR | Unemployed | Burford | Sewing | Women | 70 000-00 | 01.04.2000 - 31.03.2005 |
| 16523 | Siyaphambana Community Project | PR | Unemployed | Kleinfontein -Diko | Gardening | Men & Women | 60 000-00 | 01.04.2000 - 31.03.2005 |
| 16751 | Zikhanyiseleni | PR | Unemployed | Matwarekop | Sewing | | 115 000-00 | 01.04.2000 - 31.03.2005 |
| 11/1/3/23 | Phumzile Project | PR | Unemployed | Steadville | Sewing, Leatherwork, Knitting, gardening, upholstery | 20 Disabled | 300 000-00 | 01.04.2002 - 31.03.2007 |
| 17634 | Zimele Women's production | PR | Unemployed | Hlathi | Rural Women's Co- operative | 71 Women | 100 000-00 | 01.04.2002 - 31.03.2007 |
| 11581 | Middelrus Rural Development | PR | Unemployed | Middelrus | Bakery, Block making, Gardening, Handcraft, Poultry, Sewing, Welding | 116 Women 14 Youth | 150 000-00 | 01.04.98- 31.03.03 |
| 11459 | Thukuthukani Development | PR | Unemployed | Emmaus | Poultry, Gardening, Fencing, Block making | 7 Women 1 Youth 4 Men | 210 540 | 01.04.98- 31.03.03 |

EXTENDED PUBLIC WORKS PROGRAM

| Programme Name | Project Name | Department | Local Municipality | Budget (Including Professional Fees) | Gross Number Of Work |
|-------------------------|-----------------------|--------------------------|--------------------|--------------------------------------|----------------------|
| Sustainable I and Based | Kzn Gongolo | Water Affairs & Forestry | Umtshezi | R 447.896 | 72 |
| Sustainable I and Based | Kzn Weenen | Water Affairs & Forestry | Umtshezi | R 155.720 | 55 |
| Sustainable I and Based | Kzn Wagendrift | Water Affairs & Forestry | Umtshezi | R 158.777 | 35 |
| Early Childhood | Ekukhanveni Day Care | Social Welfare | Umtshezi | R 27.540 | 3 |
| Early Childhood | Thandokulhe Dayspring | Social Welfare | Umtshezi | R 55.080 | 4 |
| Early Childhood | Jabulani | Social Welfare | Umtshezi | R 10.710 | 1 |
| Early Childhood | Vezinbothuko | Social Welfare | Umtshezi | R 59.670 | 2 |
| Early Childhood | Enkanvisweni | Social Welfare | Umtshezi | R 50.490 | 2 |

| | | | | | |
|-----------------|------------------|----------------|----------|-----------|---|
| Early Childhood | Lethokuhle | Social Welfare | Umtshezi | R 41.310 | 1 |
| Early Childhood | Zenzeleni | Social Welfare | Umtshezi | R 59.670 | 6 |
| Early Childhood | Kwadumisa | Social Welfare | Umtshezi | R 145.350 | 4 |
| Early Childhood | Bambe | Social Welfare | Umtshezi | R 13.770 | 3 |
| Early Childhood | Masakhane | Social Welfare | Umtshezi | R 33.660 | 2 |
| Early Childhood | Epanweni | Social Welfare | Umtshezi | R 55.080 | 2 |
| Early Childhood | Ukuthula | Social Welfare | Umtshezi | R 172.890 | 5 |
| Early Childhood | Lindokuhle | Social Welfare | Umtshezi | R 38.250 | 2 |
| Early Childhood | Thubelihle | Social Welfare | Umtshezi | R 48.960 | 2 |
| Early Childhood | Fountain Of Life | Social Welfare | Umtshezi | R 71.910 | 6 |

DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT: LED FUND PROJECTS

| District Municipality | Local Municipality | Project Name | Sector |
|-----------------------|--------------------|--------------------------------|---------------|
| Uthukela District | Okhahlamba | Winterton Tourism Hive | Tourism |
| Uthukela District | Imbabazane | Intergrated Cluster Project | Agriculture |
| Uthukela District | Indaka | Tourism Development Initiative | Manufacturing |
| Uthukela District | Lady Smith | Cleaning up Campaign | Tourism |
| Uthukela District | Okhahlamba | Bergville Arts & Craft Centre | Tourism |
| Uthukela District | Umtshezi | Inkomfe Cluster Project | Business Hive |

[illegible]

Annexure J: IDP Strategic Focus and Project List

INFRASTRUCTURE AND SERVICES: WATER, SANITATION, ELECTRICITY, REFUSE, ROADS

| PROJECT NO: | PROJECT | 06/07 BUDGET | 07/08 BUDGET | 08/09 BUDGET | 09/10 BUDGET | 10/11 BUDGET | TIME FRAME – START | TIME FRAME - FINISH | FUNDER / POTENTIAL FUNDER | STATUS COMMENTS |
|-------------|---|----------------|-----------------|--------------|--------------|--------------|--------------------|---------------------|---------------------------|-----------------|
| I/01/T | Taxi rank toilets (Estcourt and Weenen) | R 600 000. 00 | | | | | | | Umtshezi Municipality | |
| I/02/T | Mimosadale Hall | R1 200 000. 00 | | | | | | | Umtshezi Municipality | |
| I/03/T | Weenen Tennis Court Rehab | R 600 000. 00 | | | | | | | Umtshezi Municipality | |
| I/04/R | Mkholombe | | R 750 00. 00 | | | | | | D.O.T | |
| I/05/R | Ncunjana | | R 700 000. 00 | | | | | | D.O.T | |
| I/06/R | Ganahoek | | R 800 000. 00 | | | | | | D.O.T | |
| I/06/R | Wembezi Offramp | | R 17,2m | | | | | | KZNDOT/sanral/Umtshezi | |
| I/07/E | Replace Transformer, cables, switch | | R 1 500 000. 00 | | | | | | Umtshezi Municipality | |
| | | | | | | | | | | |
| I/08/E | Upgrade 33 KV substation | | R 5000 000 .00 | | | | | | DBSA | |
| I/09/E | Replace circuit Breakers | | R 200 000. 00 | | | | | | Umtshezi Municipality | |
| I/10/E | Street lamp improvement | | R 100 000. 00 | | | | | | Umtshezi Municipality | |
| | | | | | | | | | | |
| I/11/E | Protection Upgrade | | R 100 000. 00 | | | | | | Umtshezi Municipality | |
| I/12/E | Electrification projects | | R 3,5m | | | | | | Umtshezi Municipality | |
| I/13/E | Vehicle replacement | | R 300 000. | | | | | | Umtshezi municipality | |
| I/14/E | Tools and equipment | | R 50 000. 00 | | | | | | Umtshezi Municipality | |

SOCIO ECONOMIC DEVELOPMENT: HOUSING, LED, POVERTY ALEVIATION, HEALTH

| PROJECT NO: | PROJECT | 06/07 BUDGET | 07/08 BUDGET | 08/09 BUDGET | 09/10 BUDGET | 10/11 BUDGET | TIME FRAME – START | TIME FRAME - FINISH | FUNDER / POTENTIAL FUNDER | STATUS COMMENTS |
|-------------|----------------------------|---------------|---------------|--------------|--------------|--------------|--------------------|---------------------|---------------------------|-----------------|
| S/01/LED | Ward LED projects | R 730 000 | R 803 000. 00 | | | | | | Umtshezi | |
| S/02/LED | Business support | R 20 000. 00 | R 22000. 00 | | | | | | Umtshezi | |
| S/03/LED | Skills Training | R200 000. 00 | R 220 000. 00 | | | | | | Umtshezi | |
| S/04/LED | Phuthu Festival | R 70 000. 00 | R 77 000. 00 | | | | | | Umtshezi | |
| S/05/LED | Keep Umtshezi Clean | R 250 000. 00 | R 275 000. 00 | | | | | | Umtshezi | |
| S/06/LED | HIV /AIDS Projects | R 400 000. 00 | R 440 000. 00 | | | | | | Umtshezi | |
| S/07/LED | Designated groups projects | R 60 000. 00 | R 66 00. 00 | | | | | | Umtshezi | |
| S/08/LED | Nhlalakahle Assoc | R250 000. 00 | | | | | | | Umtshezi | |
| S/09/LED | Masakhane | R 250 000. 00 | | | | | | | Umtshezi | |
| S/10/LED | Siyazama | R 250 000. 00 | | | | | | | Umtshezi | |
| S/11/H | Wembezi A | | | | | | | | Dept of Housing | |
| S/12/H | Wembezi C Phase 2 | | | | | | | | Dept of Housing | |
| S/13/H | Kwandbamba Phase 2 | | | | | | | | Dept of Housing | |
| S/14/H | Rensburgdrift | | | | | | | | Dept of Housing | |
| S/15/H | Chieveley | | | | | | | | Dept of Housing | |
| S/16/H | Owl and Elephant | | | | | | | | Dept of Housing | |
| S/17/H | Frere | | | | | | | | Housing | |
| S/18/H | Rama | | | | | | | | Housing | |
| S/19/H | Papkuilsfontein Phase 2 | | | | | | | | Housing | |
| S/20/H | Engodini | | | | | | | | Housing | |

DEMOCRATIZATION AND GOVERNANCE : PUBLIC RELATIONS, MARKETING, COMMUNICITONS, SERVICE DELIVERY, EFFECTIVE PARTICIPATION

| PROJECT NO: | PROJECT | 06/07 BUDGET | 07/08 BUDGET | 08/09 BUDGET | 09/10 BUDGET | 10/11 BUDGET | TIME FRAME - START | TIME FRAME - FINISH | FUNDER POTENTIAL FUNDER / | STATUS COMM |
|-------------|-----------------------------|---------------|---------------|--------------|--------------|--------------|--------------------|---------------------|---------------------------|-------------|
| D/01/GV | Communication Plan | | R 50 000. 00 | | | | | | MSIG | |
| D/02/GV | Ward Committees/CDW's | | R 100 000. 00 | | | | | | MSIG | |
| D/03/GV | Anti Drugs Campaign | R 50 000. 00 | R 55 000. 00 | | | | | | Umtshezi | |
| D/04/GV | Culture, music, dances | R 60 000. 00 | R 66 000. 00 | | | | | | Umtshezi | |
| D/05/GV | Peace Projects | R 150 000. 00 | R 165 000. 00 | | | | | | Umtshezi | |
| D/06/GV | CPF Support | R 20 000. 00 | | | | | | | Umtshezi | |
| D/07/GV | Installation of CVV cameras | R 70 000. 00 | | | | | | | Umtshezi | |
| | | | | | | | | | Umtshezi | |

INSTITUTIONAL TRANSFORMATION: ORGANIZATIONAL REDESIGN, INTERNAL POLICIES, GENERAL MANAGEMENT

| PROJECT NO: | PROJECT | 06/07 BUDGET | 07/08 BUDGET | 08/09 BUDGET | 09/10 BUDGET | 10/11 BUDGET | TIME FRAME - START | TIME FRAME - FINISH | FUNDER POTENTIAL FUNDER / | STATUS COMMENTS |
|-------------|-------------------------------|---------------|--------------|--------------|--------------|--------------|--------------------|---------------------|---------------------------|-----------------|
| IST/01/P | Performance Management system | R 250 000. 00 | | | | | | | DPLGTA | |
| IST/02/P | Housing Development Plan | R 100 000. 00 | | | | | | | Dept of Housing | |
| IST/03/P | Land use management System | R 340 000. 00 | | | | | | | DPLGTA | |
| IST/04/P | HIV Aids plan | R 100 000. 00 | | | | | | | Dept of Health | |
| IST/05/P | LED Plan | R 129 833. 00 | | | | | | | Gijima/Umtshezi | |
| IST/06/P | Environmental Management Plan | | | | | | | | | |
| IST/07/P | Tourism Plan | | | | | | | | | |

| | | | | | | | | | | |
|----------|----------------|--|--|--|--|--|--|--|--|--|
| IST/08/P | Dis Management | | | | | | | | | |
| IST/09/P | SDF | | | | | | | | | |
| IST/10/P | Financial Plan | | | | | | | | | |

LAND REFORM PROJECTS

| PROJECT NO: | PROJECT | 06/07 BUDGET | 07/08 BUDGET | 08/09 BUDGET | 09/10 BUDGET | 10/11 BUDGET | TIME FRAME - START | TIME FRAME - FINISH | FUNDER / POTENTIAL FUNDER | STATUS COMMENTS |
|-------------|---------------------------------|---------------|--------------|--------------|--------------|--------------|--------------------|---------------------|---------------------------|-----------------|
| I/01/LR | Hamptone Green/Mpungulwane | R 340 287. 00 | | | | | | | Land Affairs | |
| I/02/LR | Cecelia Killian – Becwane CPA | R 767 569. 00 | | | | | | | Land Affairs | |
| I/03/LR | Baviaans Krantz 13 – Emseni CPA | R 317 660. 00 | | | | | | | Land Affairs | |
| I/04/LR | Bavians Krantz4.1 – Emseni CPA | R 413 069. 00 | | | | | | | Land Affairs | |
| I/05/LR | Misgunst-Granchester CPA | R 318 505. 00 | | | | | | | Land Affairs | |
| I/06/LR | Thuthuka Mngwenya | R 890 000. 00 | | | | | | | Land Affairs | |
| I/07/LR | Ennersdale\Etshenilenge | R 625 512. 00 | | | | | | | Land Affairs | |
| I/08/LR | Nkaseni -CLT | R 300 000. 00 | | | | | | | Land Affairs | |
| I/09/LR | Kwajeke | R210 000. 00 | | | | | | | Land Affairs | |

LAND CLAIMS

| PROJECT NO: | PROJECT | 06/07 BUDGET | 07/08 BUDGET | 08/09 BUDGET | 09/10 BUDGET | 10/11 BUDGET | TIME FRAME - START | TIME FRAME - FINISH | FUNDER / POTENTIAL FUNDER | |
|-------------|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------------|---------------------|---------------------------|--|
| I/01/LC | Krommelbroog – Nhlawe | | | | | | | | Land Affairs | |
| I/02/LC | Nhlangwini Gomba | | | | | | | | Land Affairs | |
| I/03/LC | Ntabebomvu Community | | | | | | | | Land Affairs | |
| I/04/LC | Msobetsheni Claim | | | | | | | | Land Affairs | |
| I/05/LC | Justice Madondo | | | | | | | | Land Affairs | |

| | | | | | | | | | | |
|---------|--------------------------------|--|--|--|--|--|--|--|--------------|--|
| | | | | | | | | | | |
| I/06/LC | Lungile G Thwala | | | | | | | | Land Affairs | |
| I/07/LC | Micheal Madondo | | | | | | | | Land Affairs | |
| I/08/LC | Roode Draay Community Claim | | | | | | | | Land Affairs | |
| I/09/LC | SR Maharaj | | | | | | | | Land Affairs | |
| I/10/LC | Agrippa T Sibisi | | | | | | | | Land Affairs | |
| I/11/LC | Convoy Moosa | | | | | | | | Land Affairs | |
| I/12/LC | Isaac M Mlambo | | | | | | | | | |