



# CHAPTER 3

## Local Economic Development Framework





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### MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK (KPA3)

#### 3.1 Brief presentation of LED Strategy /Plan

Senqu Municipality's Local Economic Development (LED) strategy was developed in August 2007.

It has four (4) strategic priority focus areas or strategic development thrusts as indicated below:

Strategic Development Thrusts	Unpacking Thrusts
<b>Local Area Development</b>	Developing the physical area of Senqu to be an attractive destination to <i>invest-in, do business, visit, work and live in!</i>
<b>Institutional Development</b>	Developing the appropriate institutional capacity to <i>lead LED, facilitate LED, executive economic improvement initiatives and support LED!</i>
<b>Enterprise Development</b>	Supporting <i>existing businesses</i> to improve their profitability (competitiveness) and increase the number and viability of <i>new business start-ups</i> of all kinds!
<b>Economic Diversification</b>	Supporting existing <i>tourism and agriculture businesses</i> to improve their profitability (competitiveness) and increase the establishment of <i>new viable enterprises</i> in these priority sectors.

In order to ensure successful implementation of this strategy, a well capacitated LED unit and related structures (such as an LED Steering Committee) need to be in place. Additionally a vehicle for delivery such as a development agency would be required to ensure successful outcomes.

In summary, Senqu Municipality is able to lay claim to the following:

- The LED unit has been established;
- The LED Manager has been appointed as well as a Tourism Officer, an Enterprise Development Officer and a Poverty Alleviation Officer.

Although the LED forum is established this does not function as well as expected. This is largely due to the fact that some members of the forum do not fully understand the role that the LED forum is required to play and some re-training is required to occur in order to resolve and minimize this issue.

#### 3.2 Progress towards achieving the LED key objectives

PROJECT NAME/PROGRAMME	DONOR	AMOUNT	ACTIVITIES	PERCENTAGE	CHALLENGES
MARKETING					
International Indaba Exhibition Show	District	R3600.00	Market Senqu to local and International tourists by issuing brochures and having one on one meetings with the visitor.		
Die Beeld Expo	District		Market Senqu to local tourists by issuing out brochures about our area.	100%	



PROJECT NAME/PROGRAMME	DONOR	AMOUNT	ACTIVITIES	PERCENTAGE	CHALLENGES
Bethlehem Expo			Development of brochures for marketing purposes for all towns within Senqu Municipality		
Cape Town Outdoor Show	Senqu	R25 131.90		100%	
Marketing	District	R13 750.00			
Advert in Togo To Magazine	Senqu		To market Senqu in this magazine all over South Africa. The magazine is distributed at all the Expos.		
Community Tourism Organisation	Senqu	R27 225.00	Street names for directional purposes in Lady Grey	100%	
Cleaning and Greening	District	R 18 777.24	Installation of dustbins in all Senqu towns.	80%	
VukaniMangwa	Department of Agriculture	R90 000.00	Revival of the Project Steering Committee and Tender was placed. Diesel for tractor was bought	90%	Requires more funding for fencing.
Lady Grey Commonages	Senqu Municipality	No funding	Fodder was sold. 40% of the value received was given to the municipality,	100%	The piece of commonage of Barkly East was used for housing settlement which has led to a shortage of land for livestock Commonage Management Plan developed in house requires to be reviewed challenges with implementation
Commonage Management Plan	Senqu Municipality	R 58,056	Develop a commonage management Plan	0%	
LED forum	Senqu	R30 000.00	The LED forum is active	100%	Work shop for members is required to capacitate the members
Masithembane Poultry Project	Social Development	R500 000.00	There are 450 laying hens. Department of Agriculture has assisted the project members by provision of training on financial management and booking keeping. The project is progressing well	10%	Funding may impede future progress
Co-operatives	Senqu Municipality	R8 000 00	Transporting Co-operatives'	90%	Insufficient funds
LED Strategy	Department of Local Government & Traditional Affairs And Senqu Municipality	R50 000.00	Renewal of the LED Strategy and terms of Reference have been completed	30%	Insufficient funds for implementation of the strategy
LRAD farmers	Rural development and reform Joe Gqabi District Municipality		A farm was bought .The size of land is 1222,384 hectares One tractor and equipment was given to the farmers	100%	

Additionally, it to be noted that there are a number of LED related projects (as shown in the Annual Financial statements) where there has been no further progress due to no funding and or insufficient funding, any unspent balances of have been transferred to revenue.

PROJECT NAME	PROGRESS REPORT	CHALLENGES	BUDGETED	SPENT FUNDS	UNSPENT FUNDS
Lady Grey Plastic Project	No further progress other than the injection machine bought in 2009/2010 Financial year. Eskom has been paid to install the electricity but to date Eskom has not installed the electricity. Security personnel have been appointed to monitor the alarm. A Business plan requesting R 23 Million has been submitted to the National Jobs Fund. Other avenues of entering into a PPP are being investigated / researched.	Insufficient funds and capacity. There is no permanent site for running the Projects	In the previous financial year 2009/2010 R 1,410,047  R0	In the previous financial year 2009/2010 R 1,366,735  R0	R100, 000. 000 in 2009/2010 Financial year R 433,12,000  R 206 080,00 in 2010/2011 financial year transferred to revenue
Bricks making	The progress is good	No top up Funds	R300, 000	R300, 000	Over spent
Commonage	We divide the camps according to different animals	No fencing material and water More are needed	R60, 000	R1, 000	R59, 000.00
Pele Pele Poultry project -	The building for poultry was build	The structure is not up to good standard	R500, 000 Department of Local Government and Traditional Affairs funding	R200, 000	R300, 000
Lady Grey Commonage	Very good progress. More than 2500 of Lucerne bales were harvested	Marketing for Project output are scarce	R110, 000	R184, 000	Over spent by R74, 000 00

### 3.2.1 Improve public and market confidence

During the current year, the municipality has focussed its efforts on promoting and implementing town planning and building applications. Unfortunately for part of the year, this function resided in another directorate and the full positive impact of this move cannot be reflected accurately at this point. However it is to be noted that greater effort will be expended in the future to decrease the "turnaround" time for approval of applications. Additionally, the location of the licensing of businesses is required to be reviewed as this currently and illogically resides within Community Services.

Currently consultants are in the process of being engaged to review all by laws, to ensure that they are legally compliant and that the penalties for contravention will discourage citizens to transgress these.

Areas of focus include:

- Provision and maintenance of quality and reliable infrastructure: Roads, ITC; market places
- Disaster management within the context of conducive environment for economic development (policy/framework adoption and implementation)

### 3.2.2 Exploit comparative and competitive advantage for industrial activities

The municipality has a competitive advantage in terms of Alpine Tourism. As a result the Joe Gqabi District Municipality obtained ThinaSinakho funding to develop an Alpine Tourism Strategy. This strategy is currently in draft but clearly indicates the need to amalgamate the smaller tourism associations within the area into one larger organisation. Studies have indicated that this industry does have the potential for growth.

Sterkspruit is the largest urban area in the municipality and while it is busy expanding on the one hand, business owners wishing to invest in the town are struggling to acquire land. This is due in part to former lax control of building and town planning regulations and the lack of freehold land. In an effort to remedy this situation, the municipality is attempting to expand the boundaries of the town by incorporating all surrounding villages under the Neighbourhood Grant Programme.

### 3.2.3 Intensify Enterprise support and business development

CBO's have been assisted to apply for lottery funding to assist with the continuation of their projects. Currently no positive feedback has been received.

Meetings have also been held with emerging building contractors to ensure that they are registered on the Department of Human Settlements Database and that they fully understand the process of procurement followed by the department. However it is noted that most contractors still struggle with the correct pricing for contracts and either under or over quote for jobs.

Tourism and craft SMME's have been assisted to market their products at various expos and at festivals such as the Grahamstown Arts Festival. In an effort to market the municipality's tourism potential, advertisements were placed in national magazines and in local newspapers to promote local events, such as the Lady Grey Passion Play.

Additionally, projects to improve the look and accessibility of towns have been implemented and these include greening projects and the erection of street names in Lady Grey.

The Expanded Public Works Programme has resulted in the employment of 1040 people. In this regard it is noted that:

- Persons were employed to clean schools, cemeteries and streets in the urban areas;
- A numbers of toilets were built;
- 30 water tanks were delivered to ward 7 and ward 2;
- 250 wheelbarrows were delivered to wards 1,2,3 and 7;
- The renovation of Tsekwana JSS occurred;
- 15 toilets were built;
- 3 churches received toilets;
- supervisors received training; and
- blankets were delivered to pre-schools.

### 3.2.4 Support Social Investment Programme

The Sustainable Developmental Community/Social Development Programme (SDCIP) is all about moving beyond project-based community economic development. It is rather a much more empowering approach, utilising innovative methodologies to systematically build community competence and capacity. The municipality under this section is therefore expected to present its plan to create the conditions required for the second economy through community based organisations and informal business associations. The type of information expected includes: number of cooperatives, small business associations and women/youth associations, develop and maintain unemployment data base.

### 3.3 Annual Performance as per key performance indicators in LED

Indicator Name		Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED budget spent on LED related activities	100 %	100 %	100 %
2	Number of LED stakeholder forums held	4	4	100 %
3	Percentage of SMME that have benefited from a SMME support programme	1 Sustainable Developmental Community/Social Development Programme/Plan (SDCIP)	Not determined	% Not determined
4	Number of job opportunities created through EPWP	No fixed Target /dependant on funding	1040	100 %
5	Number of job opportunities created through PPP	None	None	0%

### 3.4 Challenges regarding LED strategy implementation

A number of challenges are currently experienced. These and potential solutions are reflected as follows:

- The municipality lacks functioning business structures which can work together to promote and attract investment. This business structure will also form a link whereby the municipality can interact with private businesses and develop the necessary and appropriate infrastructure and policies to attract and maintain investment.
- The formation of a vehicle for investment such as a development agency has been delayed until sufficient funding and support can be obtained.
- Understanding and knowledge of the strategy and the national LED framework is limited and more effort must be extended by the LED Unit in order to expand the knowledge of ordinary citizens and influential stakeholders. This will result in a more co-ordinated and unified approach to the implementation of LED.

