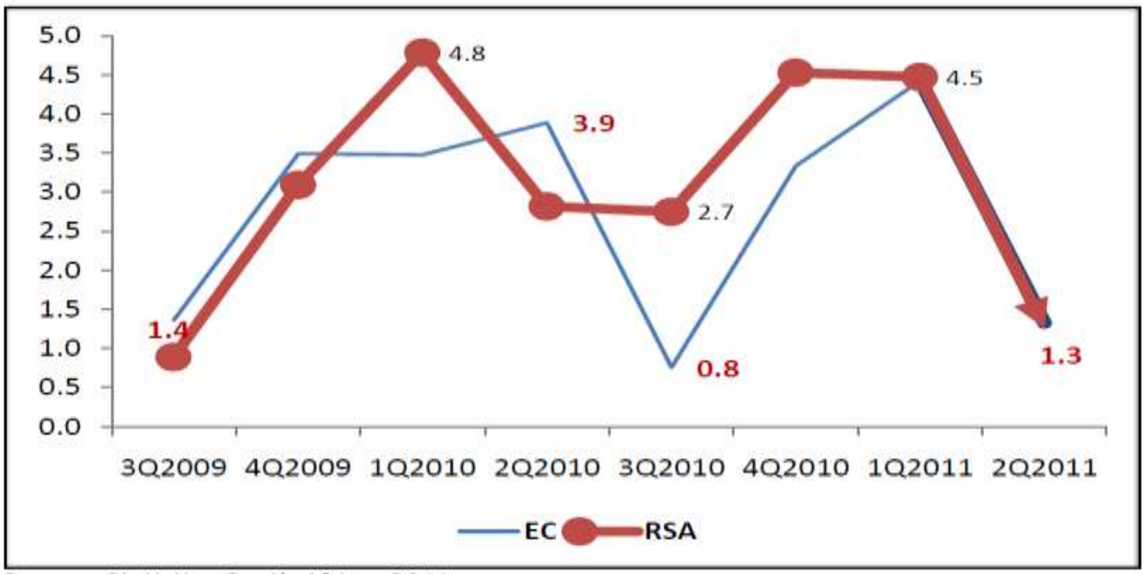
CHAPTER TWO: SOCIO – ECONOMIC AND LED ANALYSIS

1. ECONOMIC OVERVIEW

South Africa's post economic domestic economy as seen in the Figure below has a M shape which indicates that the economy is unable to sustain growth (ECSECC,Aug 2011).

Chart 3: South African Economy



Source: Statistics South Africa, 2011

The Eastern Cape's economy is also affected by the same ills with the seasonally adjusted real GDP at market prices slowed by an annualised rate of 1.3 % but year on year it has had the lowest growth in the country at only 2.4 %. This decline was mainly driven by poor performance in agriculture, mining and manufacturing activities which reflected negative growth (ECSECC Aug 2011). In contrast to the decline in the primary and secondary sectors, the tertiary sector experienced a noticeable expansion (ECSECC, Aug 2011).

2. ECONOMIC INDICATORS

The Senqu **local economy** generates around one quarter (25.7%) of total District GVA, representing the second largest contribution after Elundini (39.0%) and being closely comparable to Maletswai share (24.3%) of the JGDM economy. From 2000 to 2010, the local economy has grown at an average rate of 3.0%pa, while the District and provincial economies has averaged 5.6%pa and 3.2%pa, respectively, over the same period. In respect of total

formal employment in the District, Senqu makes a relatively higher contribution (27.9%), again ranking second to Elundini (36.7%) and above the contributions of Maletswai (22.2%) and Gariep (13.2%).

Table 12 : Summary of Local Economic Indicators, 2000-2010

GVA at basic prices (R'm) (Constant 2005 prices)	District Share of EC (% 2010)	Senqu Share of DM (% 2010)	Senqu Share (% 2010)	Shift in Share of DM (2000-10)	Growth (%pa) (2000-10)	GPI (2000-10)	LQ (2010)
TOTAL	**3.61**	**25.74**	**100.00**	**-7.16**	**3.03**	**78.24**	**1.00**
Primary: Total	**7.94**	**30.27**	**5.74**	**-1.23**	**-3.17**	**96.09**	**1.18**
Agriculture, forestry & fishing	8.09	29.56	5.46	-1.52	-3.24	95.11	1.15
Mining & quarrying	4.66	55.65	0.29	11.02	-1.87	124.69	2.16
Secondary: Total	**2.68**	**20.50**	**11.98**	**-9.30**	**5.47**	**68.79**	**0.80**
Manufacturing: Total	2.22	20.95	8.17	6.74	6.55	75.66	0.81
Food, beverages, tobacco	*4.29*	*12.30*	*2.02*	*-4.06*	*5.48*	*75.19*	*0.48*
Textiles, clothing, leather goods	*1.62*	*26.38*	*0.39*	*-7.96*	*5.59*	*76.83*	*1.02*
Wood, paper, publishing, printing	*4.82*	*7.57*	*0.41*	*-14.72*	*3.03*	*33.94*	*0.29*
Petroleum products, chemicals, rubber, plastic	*1.73*	*44.35*	*2.10*	*-20.79*	*8.72*	*68.09*	*1.72*
Other non-metal mineral products	*5.79*	*25.85*	*1.28*	*-4.28*	*5.58*	*85.80*	*1.00*
Metals, metal products, machinery & equipment	*1.35*	*11.62*	*0.31*	*-6.85*	*7.87*	*62.92*	*0.45*
Electrical machinery & apparatus	*0.79*	*47.95*	*0.32*	*7.04*	*8.72*	*117.21*	*1.86*
Radio, TV, instruments, watches, clocks	*2.76*	*100.00*	*0.46*	*0.00*	*8.58*	*100.00*	*3.88*
Transport equipment	*0.38*	*27.72*	*0.40*	*4.85*	*7.86*	*121.21*	*1.08*
Furniture & other manufacturing	*0.53*	*68.16*	*0.47*	*-15.21*	*5.09*	*81.75*	*2.65*
Utilities: Total	5.09	13.11	0.79	-30.76	-6.32	31.14	0.51
Electricity	*3.14*	*5.07*	*0.14*	*-14.23*	*-9.10*	*26.27*	*0.20*
Water	*10.22*	*19.62*	*0.66*	*-46.24*	*-5.60*	*29.79*	*0.76*
Construction	4.40	22.52	3.01	-4.59	9.87	83.06	0.87
Tertiary: Total	**3.73**	**26.45**	**82.28**	**-7.07**	**3.34**	**78.92**	**1.03**
Trade: Total	3.14	19.88	9.01	-12.04	-4.03	61.99	0.77
Wholesale and retail trade	*3.17*	*19.95*	*8.57*	*-12.28*	*-4.04*	*61.90*	*0.78*
Catering and accommodation services	*2.77*	*18.48*	*0.44*	*-10.48*	*-3.81*	*63.82*	*0.72*

Transport: Total	2.89	20.45	5.62	-4.67	4.60	72.50	0.79
Transport and storage	3.27	26.40	4.26	-5.78	3.82	82.04	1.03
Communication	2.48	11.95	1.35	-6.17	7.57	65.94	0.46
Finance: Total	4.42	24.97	27.86	1.47	12.72	84.23	0.97
Finance and insurance	5.69	27.05	21.09	-5.81	14.01	82.31	1.05
Business services	2.92	20.14	6.78	-4.48	9.51	81.80	0.78
Services: Total	3.70	31.42	39.79	-3.30	1.69	87.07	1.22
Community, social & personal services	3.76	30.91	13.57	-4.95	2.51	86.19	1.20
General government	3.67	31.70	26.22	-4.50	1.30	87.58	1.23

Source: Global Insight 2010

Economic Growth, Structure and Sectors

The **tertiary sector** contributes the greatest share of GVA (82.3%) and formal employment (68.8%) to the Senqu local economy. As reflected in the above table, the Senqu economy claims a comparative advantage in the primary sector, with a location quotient (LQ) of 1.18, where both Agriculture (LQ: 1.15) and particularly Mining (LQ: 2.16) are claimed as advantages.

The local economy further claims a **comparative advantage** in the tertiary sector, with a modest location quotient of 1.03, principally owing to the relative strength of the Community (LQ:1.20) and General Government (LQ:1.23) Services. While no comparative advantage in the secondary (LQ: 0.80) sector emerges, several **Manufacturing sub-sectors are claimed as advantages**, notably the Radio and instrumentation (LQ: 3.88) and Furniture and other manufacturing (LQ: 2.65) industries, with less pronounced advantages (LQs) also claimed for the following manufacturing sub-sectors: Electrical machinery and apparatus (1.86); Petro-chemical products (1.72); Transport equipment (1.08); and Textiles, clothing and leather goods (1.02).

Community services and General government (Services) accounts for the bulk (39.8%) of local GVA and for 37.4% of all local formal employment. The dominance of Services contributes to the concentration of the local economy (Tress Index: 63.48), as well as of the District economy which has a tress index of 58.28. Given that diversification is essential for a robust and resilient economy, the promotion of economic development across a range of sectors, away from the current concentration on Services, will mitigate against negative seasonal or sectoral impacts.

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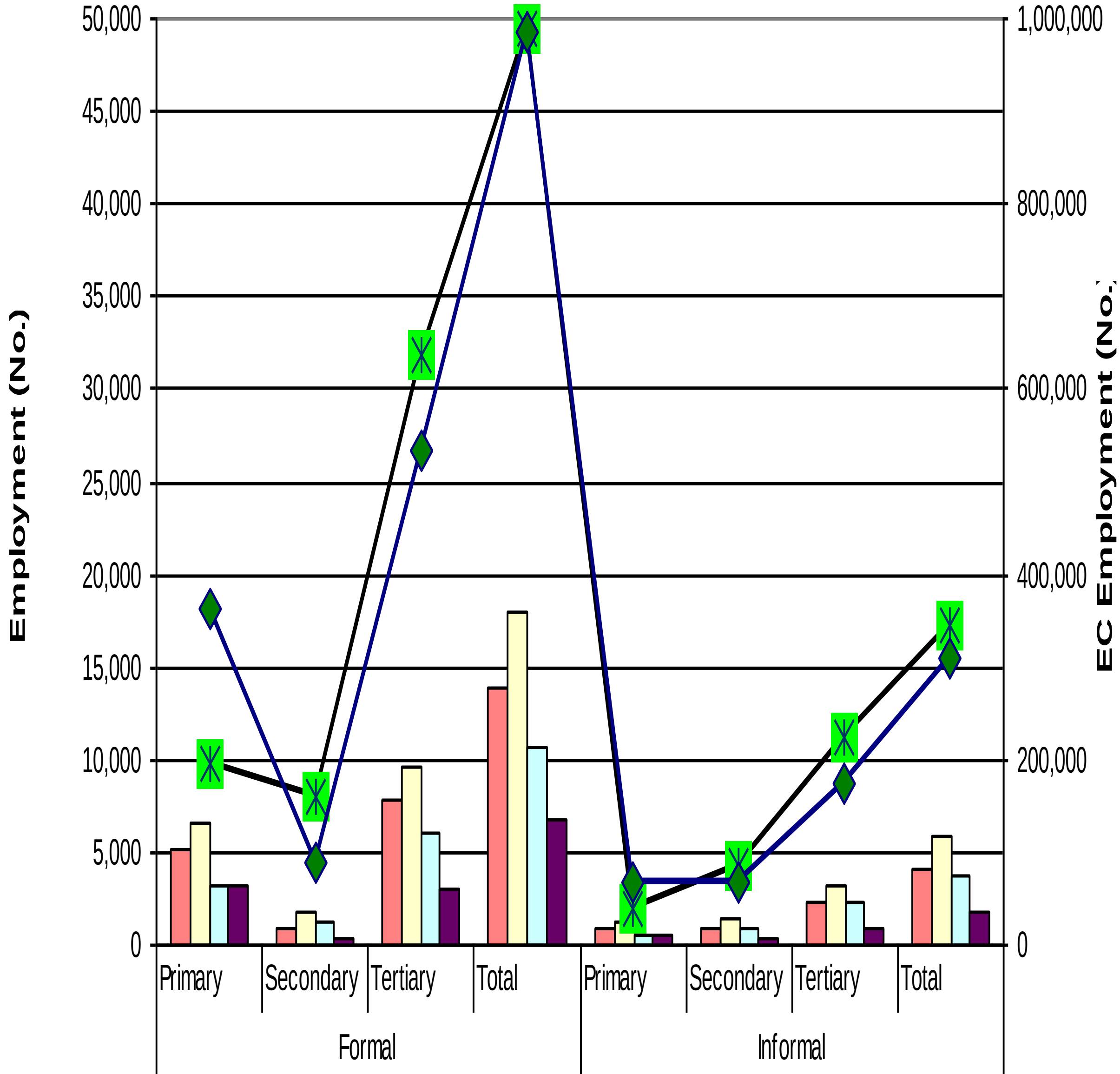
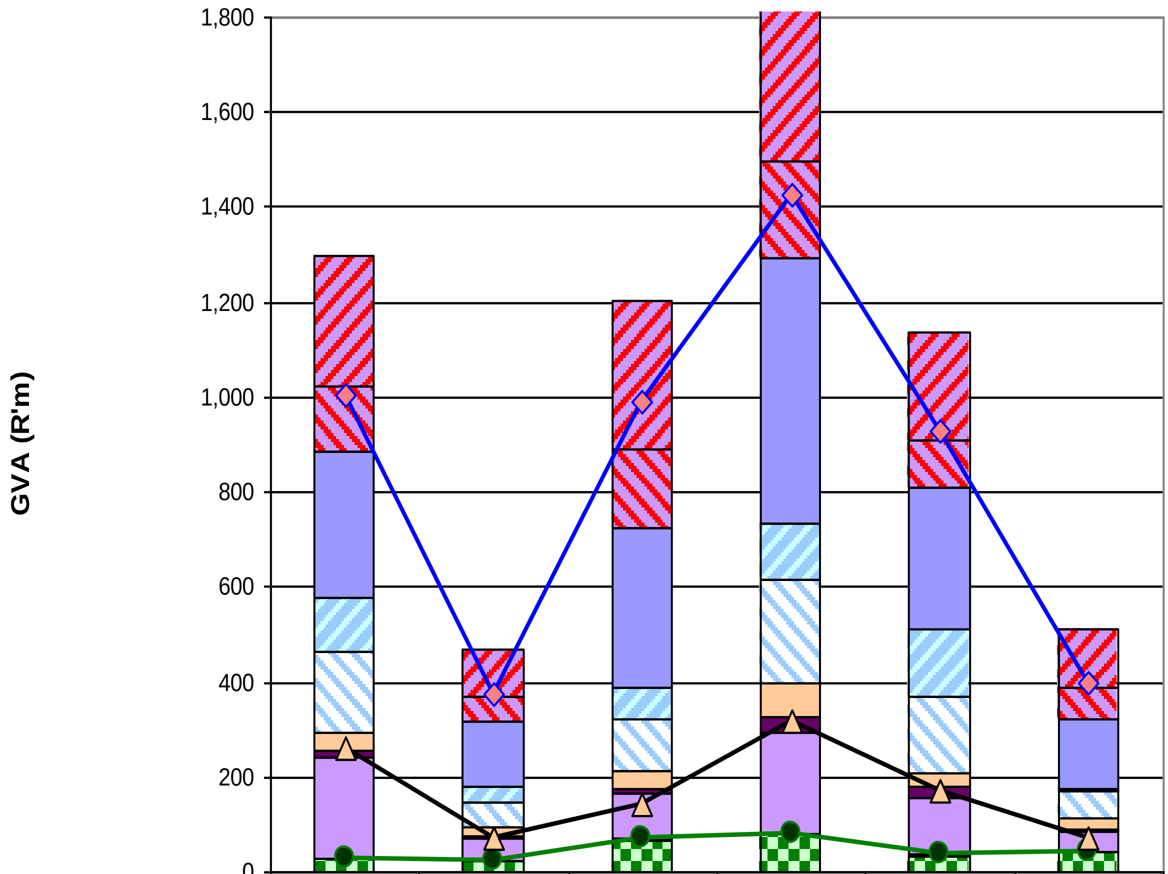
- **Chart 4: Employment by Main Sector and area, 2010 Global insight 2010**



	Formal Primary	Formal Secondary	Formal Tertiary	Formal Total	Informal Primary	Informal Secondary	Informal Tertiary	Informal Total
Senqu	5,126	939	7,847	13,913	939	862	2,379	4,181
Elundini	6,564	1,791	9,619	17,974	1,285	1,411	3,136	5,831
Maletswai	3,283	1,324	6,096	10,703	593	837	2,249	3,679
Gariep	3,204	391	3,106	6,701	558	331	950	1,839
EC	194,148	159,215	636,894	990,257	37,654	85,338	223,052	346,044
JGDM	18,177	4,446	26,668	49,291	3,375	3,441	8,714	15,530

Chart 5: GVA by Formal Sector and area, 2010



	EC (R'00m)	JGDM (R'0m)	Senqu	Elundini	Maletswai	Gariep
General government	271.58	99.6	315.7	329.6	226.2	124.5
Social services	140.74	52.9	163.4	201.5	99.6	64.2
Finance	303.96	134.4	335.6	560.2	300.4	148.0
Transport	114.52	33.1	67.6	116.9	143.0	3.3
Trade	173.70	54.6	108.5	217.7	161.2	58.5
Construction	36.62	16.1	36.3	74.3	29.1	21.5
Utilities	14.36	7.3	9.6	33.1	23.9	6.5
Manufacturing	211.65	47.0	98.4	209.4	117.9	44.1
Mining	1.33	0.6	3.4	1.0	1.7	0.0
Agriculture	27.46	22.2	65.7	81.6	34.5	40.4
Tertiary: Total	1004.50	374.5	990.8	1,425.8	930.4	398.5
Secondary: Total	262.63	70.4	144.3	316.7	170.9	72.1
Primary: Total	28.79	22.8	69.1	82.6	36.2	40.4

Considering **tress indices** for Senqu, from 1995 (63.60), through 2000 (63.41) and 2005 (61.47), the local economy was becoming less concentrated (more diversified), but has since reversed that trend to become more concentrated (63.48) in 2010.This reversal arguably owes to the continued dominance of Services coupled with the increased prominence of a second sector, namely Finance (27.9%). The only other sectors to have increased their share of GVA contribution to the local economy, from 2005 to 2010, are Manufacturing, from 7.1% to 8.2%, and Construction, from 2.2% to 3.0%.**The Finance sector** has grown, since 2000, to displace both Community services (13.6%) and General Government (26.2%) as the largest sectoral contributor (27.9%) to Senqu GVA in 2010, although Services (considering both Community and Government sectors together) does retain its overall dominance in the local economy. The profile of formal employment differs from that of GVA, where Services is marginally dominant in Senqu (37.4%) and Maletswai (30.8%), followed closely by Agriculture at 36.3% and 30.4% respectively. By contrast, Agriculture dominates formal employment in Elundini (36.3%) and particularly Gariep (47.6%), followed by Services at 30.6% and 29.7% respectively.

Finance, like Services, is not strictly a driving sector in that no new productive value is generated, although both can play significant roles, as services, in facilitating (or limiting) an enabling environment conducive to local economic development. Beyond these dominant service-related sectors, potential local economic drivers emerge as Mining and quarrying together with the Manufacturing sub-sectors of Electrical machinery and Transport equipment. The latter industries emerge as leading (GPI >100) comparative advantages (LQ >1; positive shift in share) and further claim higher than average growth rates, with the notable exception of Mining (-1.9%pa). (Refer to **Error! Reference source not found.**) Agriculture, while being claimed as a comparative advantage (LQ: 1.15), emerges as a lagging sector (GPI: 95.11) and reflects negative growth (-3.2%pa) as well as relative loss in share (-1.5%) of the District economy.

While **Mining** emerges as a relatively significant economic sector in terms of performance, no corroborating information regarding mining, quarrying or related activities, such as sand-winning, is found in the Senqu IDP (2011). Mining generates a comparatively small contribution to both GVA (0.3%) and formal employment (0.5%) in Senqu, but does emerge as a leading (GPI: 124.69) comparative advantage (LQ: 2.16; 11.0% shift in share) in the District.

The other primary sector of **Agriculture**, in spite of a lagging performance (GPI: 95.11) and negative shift in share (-1.52%), makes a relatively significant contribution to local GVA (5.5%) compared to the District (4.8%) and particularly the Province (2.1%). Moreover, Agriculture's contribution to formal employment in Senqu (36.3%) and in the JGDM (36.6%), contrasted with 19.3% provincially, represents more than one third of local formal employment. Further, Senqu is characterised by a strong presence of subsistence agriculture, which does not contribute directly to the formal economy but does enhance local food security and survivalist economics at household level, and further presents opportunities for skills development and growth in small-scale agricultural development.

The Senqu IDP (2011) notes that commercial farming is mainly in small stock (sheep and limited numbers of goats) together with some cattle farming. Limitations to commercial agricultural development, beyond the predominance of subsistence agriculture, lie in the limited extent of arable land in Senqu – one of the most degraded areas in South Africa – although intensive production of selected fruit with related processing and packaging opportunities, as well as marginal production of dry beans and grain sorghum, have been identified for Senqu. (JGDM 2010; UKDM 2009)

The District LED Strategy (UKDM November 2009) identifies **route tourism** as a significant opportunity for the District as a whole, where Senqu is presently the most developed tourism destination and where eco and adventure tourism offer the greatest potential for further development. Furthermore, Tourism was identified as a leading product for the Senqu local economy in 2004 (ECO 2006), with scenic beauty, hiking and wildlife attractions, and trout fishing, together with South Africa's only ski resort at Tiffendell. Along the tourism value chain there is potential for developing SMMEs, particularly in respect of small scale accommodation facilities and tourism products and services, including crafts and entertainment and guiding. A further local economic opportunity relates to local procurement in respect of services, products and supplies such as furniture, bottled water and services such as repairs and maintenance.

The Senqu IDP (2011) **identifies Agriculture and Tourism** as the major economic drivers of the local economy. Conventional and traditional agricultural practices may offer limited returns, recognising the local environmental limitations; However, alternative intensive practices, notably hydroponic production, can be exploited, particularly where enabled by good water quality. Where such is realisable, further advantages required for exploiting growth in intensive agricultural production include marketing together with reliable and affordable transport, as well as quality food hygiene packaging and processing processes that conform to national, and ideally international, standards.

Tourism does emerge as a key potential economic sector, and economic driver, particularly with the inclusion of the country's only ski resort, Tiffendell. The Senqu IDP (2011) notes that mountain tourism is the most active tourism node, albeit seasonal in nature with strong winter adventure tourism and with Tiffendell ski resort being the "key pin" with linkages to the Rhodes, Barkly East, Maclear, Ugie and Lady Grey areas. Tourism is not a distinct economic sector but a consumption-based service industry that encompasses many different economic activities. As a general rule, tourism figures are included within the tertiary sector, particularly Trade (Wholesale and retail trade, and Catering and accommodation) which generates 9.0% GVA (8.6% trade; 0.4% catering) and 9.7% formal employment (8.8% trade; 0.9% catering) in 2010. However, the Trade sector has declined over the past 10 years in respect of GVA (-4.0%pa) and formal employment (-2.5%pa). Informal sector 'employment' in Trade has also declined (-0.5%pa) although this decrease applies to the catering sub-sector (-10.4%pa), whereas the trade sub-sector has grown (0.1%pa) and now accounts for around one third (33.5%) of all informal 'employment'.

EMPLOYMENT

The structure of the local economy in respect of formal employment has undergone some shifts from 2000 to 2010. Services remains dominant and Utilities and Mining remain as the least prominent employers. Agriculture has shifted from being the largest employer (46.9%) in 2000 to being second-largest (36.3%) in 2010. The most significant growth is seen for the Finance sector, increasing from 2.9% to 7.5% formal employment over the last decade (7.5%pa). Positive growth is further recorded for the Mining (6.7%pa) and Manufacturing (5.9%pa) sectors. However, employment in Mining remains marginal, increasing from only 40 to 76 workers, from 2000 to 2010. Manufacturing employment increases from 267 to 471 workers over the same period. Further, all manufacturing sub-sectors have seen positive rates of growth in formal employment, which is also seen for the sector's GVA contribution in 2010.

Formal employment and GVA contributions, by sector, are reflected in the tabulated figures with greater detail for the local economy, by sector, summarised below.

Table 13: Senqu Formal Employment and GVA Contribution (2010) and Growth (2000-2010)

Sector	GVA (Current Prices) Contribution			Formal Employment Contribution		
	R'm	(%)	%pa (2000-10)	No.	(%)	%pa (2000-10)
Primary: Total	**69.1**	**5.74**	**-3.17**	**5,126**	**36.85**	**-4.64**
Agriculture	65.7	5.46	-3.24	5,051	36.30	-4.74
Mining	3.4	0.29	-1.87	76	0.54	6.66
Secondary: Total	**144.3**	**11.98**	**5.47**	**939**	**6.75**	**0.72**
Manufacturing	98.4	8.17	6.55	471	3.39	5.85
Utilities	9.6	0.79	-6.32	34	0.25	-7.00
Construction	36.3	3.01	9.87	434	3.12	-2.10
Tertiary: Total	**990.8**	**82.28**	**3.34**	**7,847**	**56.40**	**-0.66**
Trade	108.5	9.01	-4.03	1,347	9.68	-2.47
Transport	67.6	5.62	4.60	255	1.84	-0.65
Finance	335.6	27.86	12.72	1,042	7.49	7.45
Community Services	163.4	13.57	2.51	2,455	17.64	-1.85
General Government	315.7	26.22	1.30	2,748	19.75	-0.59
TOTAL	**1,204.2**	**100.00**	**3.03**	**13,913**	**100.00**	**-2.27**

Source: Global Insight 2010

Informal sector data is notoriously unreliable and, by its very nature, not conducive to quantification. Drawing on available estimates, informal sector 'employment' in Senqu is concentrated in the tertiary sector (56.9%), centred on Trade (34.7% - 33.5% trade; 1.2% catering), followed by Agriculture (22.5%), Construction (15.6%), then

Community, social and personal services (15.0%). Growth in informal sector ‘employment’, at -0.5%pa, is similarly negative albeit less considerable that that in the formal sector (-2.3%pa), from 2000 to 2010. The top performing sectors in terms of local informal employment growth are Finance (16.0%pa), Manufacturing (8.6%pa), Transport (7.9%pa) then Construction (6.5%pa).

Small Business Sector

According the Joe Gqabi SMME Survey (3Sixty, 2010), the Senqu small business community is characterised by the following trends:

- 72% are in trade/ tourism sector following by agriculture (16.7%)
- Only 22.2% are VAT registered
- Only 22.2% are Income Tax registered
- More than 50% sole traders followed by Coops 22.2%
- About 83.3% employed less than 5 people
- Only 33.3% had a valid business plan
- Only 38.9% had received a pre-start up training
- About 50% required advice, training and business plan support
- 55.6% do not know where to get business support and advice
- 72.2% are not members of an association
- Only 16.7% participate in DM procurement database
- 77.8% believe procurement access is not easy
- Only 50% of Senqu SMMEs are registered in Senqu supplier database

This indicates a sector that is highly vulnerable, informal and in need of a stronger support system if any meaningful growth is to be realised.

COMPARATIVE AND COMPETITIVE ADVANTAGES

- **Basic Services and Infrastructure**

The local municipality performs above District average in respect of access to all **basic services** but refuse removal, where only 13.45% households in Senqu enjoy regular municipal refuse collection services. The majority of Senqu households enjoy access to the RDP minimum levels of basic services in respect of housing (95.16%), energy (66.28%) and sanitation (56.13%). In Senqu’s favour is the considerable allocation of local government equitable share, at R79.2m in 2011/12, which equates to around R627 per capita.

- **LED Support System**

The Senqu Municipality has a dedicated LED Unit located within its planning department. The Unit is responsible for coordination and facilitation of LED processes in Senqu as well as advise Council on LED matters. Over the 2008/9 period the LED Unit had an approved budget of R6.39 million and adjusted budget of R8.37 million – mainly funded through external donor and government contributions. The LED Unit is not fully-staffed and its capacity needs to be severely increased.

Senqu is one of the key partners of the Joe Gqabi Economic Development Agency (JoGEDA) which is tasked to drive special economic development projects on behalf of the district municipality and the four local municipalities in Joe Gqabi. With respect to Senqu, the Agency has prioritised commercial property development and plastic manufacturing as its immediate flagship projects. Its other partners are the local tourism organization (Senqu Tourism Association) and the Small Enterprise Development Agency (SEDA) which provides support services to tourism enterprises and other small businesses in the area. The capacity and programmes of both organizations need up-scaling through the provision of additional human and financial resources to read across the municipal area. Other partners include the JGDM, ECDC, DLGTA, DEDEA and the Department of Agriculture.

- **EPWP, CWP & Enterprise development**

EPWP & CWP programmes are operated very effectively in the municipality. Enterprise development is however struggling as SMME's and Co-operatives struggle to become financially viable. The municipality continues however to support these iniatives through its percentages in its supply chain management policy.

- **Tourism**

– **Scenic beauty, hiking and wildlife attractions and trout fishing.**
– South Africa's **only ski resort at Tiffendell**. Tiffendell Ski Resort is the only ski resort in South Africa and is uniquely positioned to capture the local skiing market. Opportunities exist to promote Tiffendell as a venue for international events such as the World Snowing Boarding Championships.
– Reopening of the **historic railway line** between Aliwal North and Barkly East passing through Lady Grey is also a unique development options that will attract tourists;

- **Agriculture**

Wool production

Agriculture is one of the major economic drivers of the local economy and considered one of the New Growth path's job drivers. In 2010/11, 46 099 196 kilograms of greasy wool was produced in South Africa. Out of this the Eastern Cape produced 14 300 585 kilograms. The Barkly East magisterial district produced 897 677 kilograms and the Lady Grey district 197 727. The entire Transkei produced 3 467 686 kilograms. In 2011/12, 44 807 741 kilograms were produced out of which the Eastern Cape produced 13 950 406 kilograms. Barkly East 876 812, Lady Grey 178, 107 and the Transkei 3,357,008 (Cape Wool production figures 2010-2012). This makes Senqu one of the largest producers of wool in the Eastern Cape. Its climate and topography makes it well suited to expand this type of farming.

Bottling of fresh spring water is a potential niche. Senqu has pure, clear water that is already being bottled on a small scale. Potential may exist for further expansion.

Strategic location and proximity to Lesotho provides development opportunities near the Telle Bridge border post as well as for the revitalisation and upgrade of Sterkspruit. These provide major tourism development opportunities for both Senqu and Lesotho.

CHALLENGES

- **Geographic Challenge**

The majority (86%) of the Senqu population lives in predominantly rural areas consisting of rural villages and farm households. The average population density is 3.24 households per square kilometre, lower than the district and provincial population density of 3.27 and 3.89 households per square kilometre, respectively. The population density is 17.23 persons per square kilometre - indicating that people are scarcely located, making it extremely costly and difficult to provide the prerequisite services and conditions to address unemployment and poverty.

- **Dependency Challenge**

For every formally employed person there are 8.08 people that depend on the same income resources in Senqu. However, despite a large potentially economic active population (57% or 72 003 people), the economy is unable to provide the required economic and employment opportunities for all these people. In the current form and conditions, the local economy can only provide employment and economic opportunities for only a quarter (25.13%) of the potentially EAP. This calls for the drastic improvement of the socio-economic conditions to ensure that more opportunities.

- **Poverty Challenge**

Despite experiencing positive economic growth between 2000 and 2010, Senqu’s economy has been unable to create meaningful benefits for the poor. The poverty rate is 62.93% - much higher than the provincial average of 53.61%. Dependency on social grants is highest in Senqu (37.42%) compared to the district (34.46%), provincial (31.54%) and national (22.68%). Also, the state of household savings reveals a high degree of indebtedness (-R464) for Senqu which further exacerbates the poverty challenge.

Although the Municipality has and continues to support a number of poverty alleviation projects, in many instances these have not yielded much results, largely owing to poor methodologies, lack of appropriate support and institutional capacities. In many instances the impact of these poverty alleviation projects remains unknown.

- **Employment Challenge**

Based on the official definition, more than one third (30.34%) of the economic active group in Senqu is unemployment while the district average is 23.54%. Including those not actively seeking for work, unemployment in Senqu is as high as 65% compared to 54% and 48% for the district and Eastern Cape respectively.

Between 2000 and 2010 formal employment growth was negative at -2.27%, performing worse than the district (-1.23%) and province (-0.21%) respectively. The reason for negative formal employment growth can be attributed to:

- Poor performance of agriculture, trade and manufacturing sector;
- Over-dependency on the services sector;
- Recession and global environment.

However, also of concern is the quality of available jobs in Senqu. For example a majority of the informal and formal employment is in the Agriculture and Trade sector, if one excludes the services sector. These jobs are not high paying and therefore do not necessarily provide a good quality of life.

- **Income Challenge**

With about 50.25% of the households earning no income at all and 21.39% earning between R1 and R1600 per month, almost two thirds of Senqu households are indigent. Of these, more than one quarter of households (6134) earn R400 or less per month. This is indicative of Senqu's low economic base, a factor that makes it less attractive to investors. This has negative repercussions for the economy and the municipality as more and more people cannot afford to pay for their livelihoods and services.

- **Literacy Challenge**

Only 58.66% of the adult population can read and write compared to the provincial 66.7% and national average of 73.62%. A tenth (10.81%) of the adult population have a matric while almost 15% have no formal education. Considering that the majority of people are living in poverty, the relatively low literacy levels make it difficult to find better livelihood options.

- **Skills Challenge**

Majority of adult population (32.21%) are unskilled. There is a major shortage of technical skills (currently only 0.19%). However, Senqu has a relatively high proportion of professionally skilled persons (23.46%) compared to the district (15.49%) and province (13.53%). The lack of appropriate skills affects the performance of the economy, as much as it affects the delivery of basic services.

- **Infrastructure and Land Challenge**

While Senqu performs above district average in respect to all basic services with the exception of refuse removal where only 13.45% households are provided with the municipal refuse collection services, infrastructure backlogs remain an area of constraint that must be addressed to unlock better growth and new investments into the area. For example:-

- Extension of electrification to certain rural areas and plucking of high leakages caused by poor maintenance and aging infrastructure;
- Surfacing the 562Km gravel road backlog and improving maintenance on existing access roads and bridges;
- Improvement of waste management (backlog of 31 155 households) to address infrastructural shortages and environmental issues;
- Housing provision (backlog of 30 000 RDP houses);
- Land tenure issues, claims, rights and invasions

The effect of migration into urban areas such as Sterkspruit is also putting major strain on existing infrastructure in these areas. A more integrated approach addressing social, economic and infrastructural issues is critical.

- **Land**

The Senqu Municipality has communal land in the former Transkei homeland situated around Herschel and Sterkspruit, bordering on Lesotho. The land tenure in this area is a mixture of freehold, quit rent and PTO. Land tenure and rights in this area have traditionally been vested in traditional authorities with the Department of Agriculture distributing PTOs. The rest of the area is either freehold tenure in the former RSA towns or commercially owned farmland (Senqu SDF 2009).

The majority of the municipal land is unimproved grassland (75.6%), with only 6.6% of the area used for cultivation purposes. Approximately 13% of the surface area is classified as degraded: that is, it has previously been subjected to poor land use and management practices (e.g. overgrazing or inappropriate cultivation methods). Only 1.1% of the surface area is developed as built areas, including the urban areas of Sterkspruit, Lady Grey and Barkly East, as well as the rural settlements. Senqu has major challenges relating to land invasions of municipal owned or state land. This is due to lack of land being offered for sale and people being unable to afford land but wishing to be closer to prospective employment and urban amenities in the urban areas of Barkly East and Lady Grey. In the smaller rural hamlets of Rhodes, Rossouw and Herschel people are invading land and building informal settlements in order to move closer to urban amenities or receive housing with freehold tenure especially farm workers. There is also the land redistribution challenge that Senqu must meet. For example, to be able to meet the 30% redistribution target by 2014, 166 000 ha will need to be redistributed at 33 000 per annum at a total cost of R 83 million if the price remains at around R 2500 per hectare (JGDM ABP 2010).

- **Growth Challenge**

Between 2000 and 2010 average growth was 3.03%. Despite outstripping the average population growth (-0.89%) for the same period, this growth has not been sufficient to cause any significant dent on unemployment and poverty. It is also far below the national target of 4% to 7% required to necessary positive employment growth. The reason for limited growth can be attributed to:

- Over-dependency of the economy on the services sector which accounts for one quarter of the total GVA and formal employment;
- Significant spending outside the Senqu area (leaking bucker phenomenon);
- Poor performance of agriculture, trade and manufacturing sectors;
- Low income levels that are not attractive for investors;
- Lack of innovative value add approach to the economy;
- Effects of recession and globalization.

- **Institutional Challenge**

Senqu lacks appropriate institutional capacities, networks and systems to support LED and improve stakeholder participation in LED processes. Critical institutions such as LED Fora are not functional for many years now. The capacity of the LED Unit is also limited in terms of LED experience, tools, systems and exposure. There is also need to improve the mainstreaming and institutionalization of the LED mandate across the municipality. The participation of the business sector in LED processes, especially the more established industry leaders in Senqu has always been minimal. Coupled to this is the lack of an appropriate enterprise development system. The understanding and application of LED by the municipal leadership, not excluding community and business leaders, also needs to be greatly improved if this LED strategy is to result in any significant changes.

SKILLS AND EDUCATION LEVELS

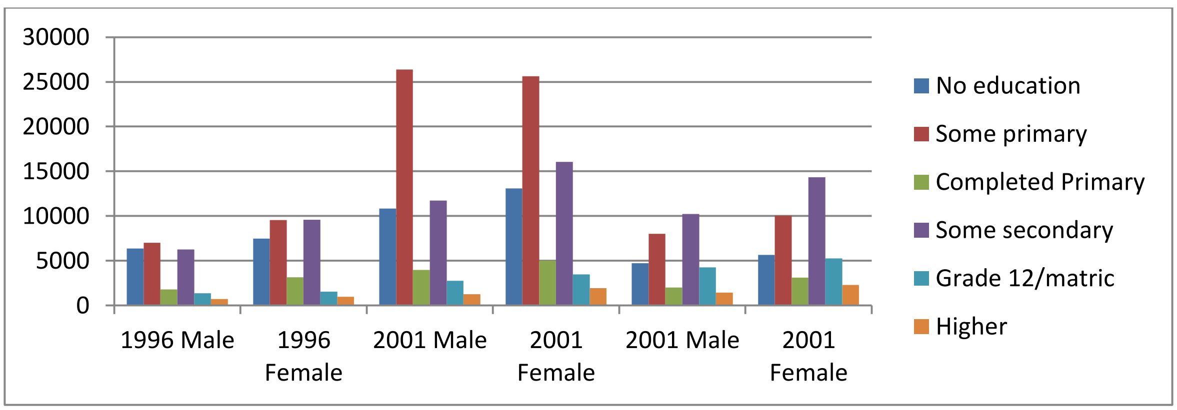
In general skills levels are low, with the majority of residents reliant on government/community services for employment or primary economic activities such as agriculture. 40 111 beneficiaries receive grants with a value of R 32 480 001 paid out monthly. It must be remembered that 41 854 people actually receive grants but as they are children only their parents are counted as beneficiaries (SASSA 2013).

Skills and Professions

An indication of **skills and professions** is afforded by the 2007 Community Survey (StatsSA 2009). Considering only the survey population for which a profession is specified, the dominant occupational group across all areas is ‘Elementary’, applicable to almost one third of the Senqu (32.21%) and JGDM (31.78%) economies, as well as the Elundini (32.93%) and Maletswai (32.79%) economies. The Province (24.30%) and Gariep (23.76%) reflect proportions closer to one quarter for “elementary occupations”. “Professionals” are the next most prominent occupation within Senqu (23.46%) as well as for Elundini (14.36%), the District (15.49%) and the Province (13.53%). By contrast, “Skilled agricultural and fishery workers” are well represented in Gariep, while “Service workers; shop and market sales workers” are next most prominent, after elementary occupations, for Maletswai (11.91%). Service and sales workers account for around one tenth (9.71%) of Senqu professions, followed closely by “Craft and related trades workers” (8.94%) then skilled agricultural workers (8.88%), while “Technicians and associate professionals” (0.19%) are the least represented in the local economy.

About 39% of Senqu Municipality workforce is made up of elementary or unskilled workers, the largest percentage in the District. Senqu Municipality has low levels of senior management and technical staff, 3% and 4% respectively. This corresponds with low levels of educational facilities in the area and indicates a need for skills development and education programmes. SLM has the second lowest levels of education behind Elundini Local Municipality in the District, with 58.85% of the population having only received a primary school education. SLM area has 153 schools of which 68 are Primary, 17 are Secondary, 63 are Combined and 5 are ECD. SLM has the lowest levels of education, with 47% of the population having only received a primary school education as can be seen in the chart below. There is only one tertiary education facility (FET College) in the Municipality.

Chart 6: Education levels



Source Statssa 2011

This chart indicates that the number of illiterate people is steadily declining and the Municipality is doing well in achieving the goal of universal primary school access. It is also good to note the increase in secondary and tertiary education.

Table 14: No of persons aged 5-24 attending educational facilities

No of persons aged 5-24 years attending educational facilities

	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Attending	25766	26890	52656	27123	27336	54460	23262	21904	45166
Not attending	6110	7845	15954	7878	7546	15425	5509	6226	17735
Total	33875	34735	68610	35001	34883	69884	28771	28130	56900

Source: Statssa 2011

Attendance of educational facilities is also increasing as can be seen in the table above. An analysis of education by wards indicates that Ward 10 (Sterkspruit) has the highest number of people with tertiary education, followed by ward 8, 19 (Barkly East), 11 (Herschel) and 14 (Lady Grey). Ward 2 has the highest number of people with no education, followed by ward 19 (Barkly East), 16 (Rhodes) and ward 9.

EMPLOYMENT RATES

The tables below indicate that there has been a decrease in the unemployment rate to 35.5 %. However it should be remembered that the unemployment rate does not include the persons who have been looking for employment and are now discouraged. As a result the unemployment rate is actually higher. What is also a worrying factor is the high youth unemployment rate of 43.6 %.

Table 15: Official employment status Age 15-64

Official employment status by Sex for Person adjusted, EC142: Senqu, 15 – 64, Household			
	Male	Female	Total
Employed	9478	8774	18252
Unemployed	4478	5559	10037
Discouraged work-seeker	3029	4372	7401
Other not economically active	18455	23034	41488

Source: Statssa 2011

Table 16: Unemployment and youth unemployment rate

	Unemployment rate			Youth Unemployment	
Municipality	1996	2001	2011	2001	2011
Joe Gqabi	51.6	53.2	35.4		
Elundini	60.5	63.7	44.4		
Senqu	59.1	54.5	35.5	63.1	43.6
Maletswai	27.5	37.4	26.7		
Gariep	34.4	43.8	25.8		
EC Total	48.2	54.3	37.4		

Source: Statssa 2011

HOUSEHOLD INCOME AND POVERTY LEVELS

Much of the Senqu population earn no income of between R 1 and R 1600 per month. The data from the Census 2011 indicates that 15.98 % of the households in Senqu earn no income and that a further 7.17% earn between R1 and R 4800 per month as can be seen in the table below.

Table 17: Income categories

Income categories – Senqu Municipality

	Eastern Cape	EC142: Senqu
No income	264309	6081
R 1 - R 4800	98769	2729
R 4801 - R 9600	165799	4609
R 9601 - R 19 600	384579	10680
R 19 601 - R 38 200	343052	8010
R 38 201 - R 76 400	164896	2756
R 76 401 - R 153 800	113971	1615
R 153 801 - R 307 600	86222	1009
R 307 601 - R 614 400	46463	380
R 614 001 - R 1 228 800	12310	86
R 1 228 801 - R 2 457 600	3895	51
R 2 457 601 or more	3080	38

Source: Statssa 2011

This poor socio –economic situation is further exacerbated by the high dependency ratio. The HDI and Gini coefficient also indicate the poor socio-economic conditions which exist in Senqu.

Table 18 :HDI

Human Development Index (HDI) (Global insight 2010)				
	1996	2000	2005	2010
African	0.39	0.40	0.42	0.42
White	0.83	0.83	0.81	0.84
Coloured	0.45	0.43	0.46	0.49
Total	0.41	0.41	0.43	0.44

Source: Global Insight 2010

Table 19: Gini coefficient

Gini coefficient (Global insight 2010)				
	1996	2000	2005	2010
African	0.54	0.58	0.59	0.55
White	0.59	0.54	0.49	0.42
Total	0.57	0.59	0.61	0.57

Source: Global Insight 2010

STAKEHOLDER INVOLVEMENT

The Municipality has been revising the LED Forum and is launching the Economic Development Forum. The aim of the forum is to:

- Provide LED facilitation and support within the Senqu municipality

- Advise on development choices by understanding the local context enough to validate claims made about local potential
- Mobilise local stakeholders
- Facilitate local partnerships within and between local public and private organisations
- Develop an annual work plan to implement the LED strategy that is reported on quarterly
- Assist with and advise on local economic development iniatives
- Coordinate all local economic development iniatives within the municipality
- Provide information and create awareness about LED within the municipality
- Monitoring and evaluation of local economic development projects

The forum was meant to be launched on the 20th June 2013 but this was delayed due to civic protests in Sterkspruit which hampered and disrupted the movement of delegates.

The formulation of the LED strategy did involve all stakeholders and a LED day was held on the 26th March 2013 to bring all relevant stakeholders together for their views on LED in the municipality.

The municipality is also in the process of furthering its relationship with the Sterkspuit business Forum. Unfortunately other business chambers are defunct or unwilling to engage in discussions with the municipality due to protest action.

Other stakeholder forums include the LTO, small farmers association and agricultural forum. However these forums require more capacitation and engagement to keep the functioning effectively.

The municipality engages with sector departments through District Support team meetings on a quarterly basis and IDP Representative Forum meetings.

INVESTMENT ATTRACTION, SMALL TOWN REVITALISATION AND POLICY FRAMEWORK

The municipality is expending great effort to attract investors to the municipal areas by ensuring that towns are kept clean and that grass and trees are cut and pruned regularly. Senqu was the 3rd place winner in the cleanest town competition.

In addition the municipality is spending its neighbourhood development grant on beautifying the entrance to Lady Grey by planting trees and providing pathways linking the township to the CBD. The emphasis in Sterkspruit is on consolidation of neighbouring settlements into the existing town and resolving land tenure issues. The plan was to develop a precinct plan for Sterkspruit for the 2012/13 FY but due to civic action the plan was delayed.

Money has been set aside in the 2013/14 FY to develop a small town revitalisation plan for Barkly East. Funding to implement the plan will have to be sought. Applications have been made to DEA for community parks for both Barkly East and Lady Grey. The lack of available land prevented Sterkspruit from forming part of the application.

The policy framework regarding businesses will be revisited in the 2013/14 FY in order to determine areas of hindrance for business development. These include the bylaws on building control regulations, business and street trading, liquor trading, preparation of foods at registered private kitchens and taxi ranks and taxi ranking.

A trade and investment policy will be done in 2013/14 FY.

EXPANDED PUBLIC WORKS & COMMUNITY WORKS PROGRAMME

Senqu municipality has successfully implemented the EPWP programme. The objectives of the EPWP programme are as follows:

- To create job opportunities through reviewing the manner that municipalities implement existing projects/programmes
- To identify and propose programmes that will contribute to additional job creation opportunities
- To ensure that the proposed job creation programmes form part of the service delivery mandates of the municipality

These principles have been incorporated into the municipality's efforts to increase employment opportunities for its residents. Projects consist of basic road maintenance, paving of streets, picking up refuse, pothole repair and stormwater channel maintenance. Over 196 jobs were created in 2011. Future projects include maintenance of municipal property, cleaning in urban areas, stormwater management in townships and data collection. However management is currently in the process of revising the current EPWP and CWP programmes to ensure that sustainable work opportunities are created and that graduates from the programme acquire skills which increase their employment activities. The CWP programme has been increased to provide jobs for 2000 participants in 2 wards.

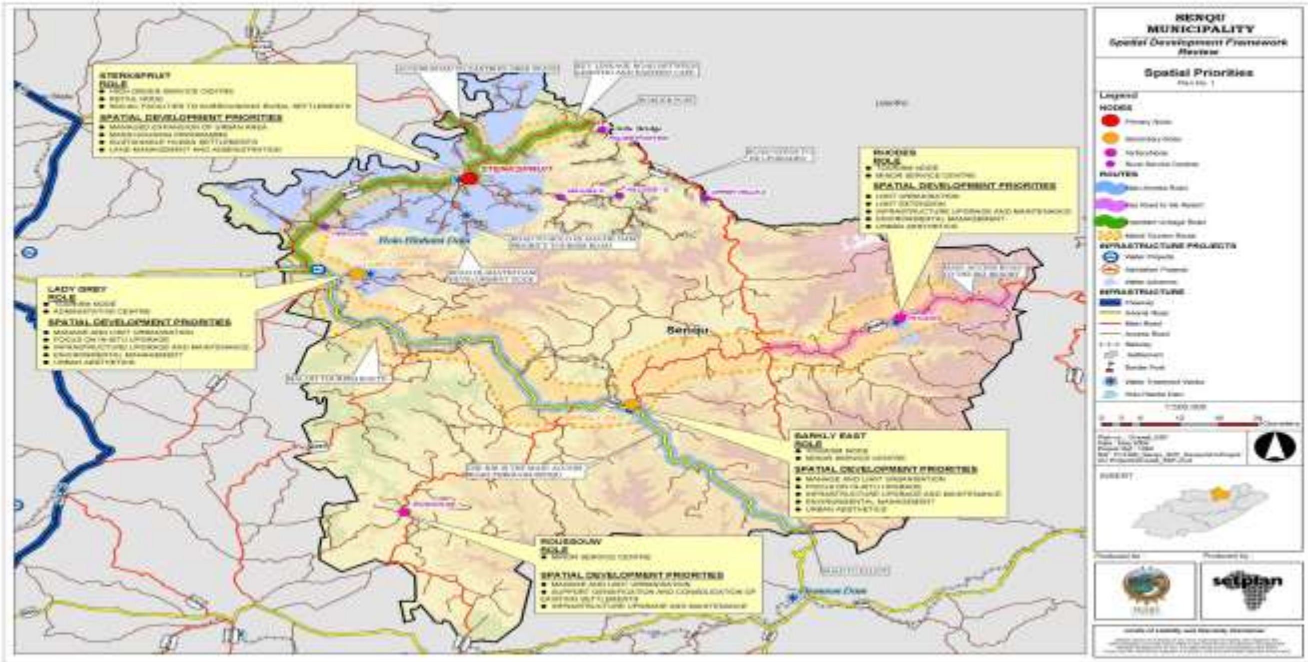
The EPWP policy was adopted by Council on the 25th October 2012. The policy outlines the institutional arrangements for implementing EPWP, roles and responsibilities, the employment opportunities, training and EPWP target, conditions of employment, target groups and reporting process. The Director of technical Services is responsible for implementing EPWP but the co-ordination will be done by the EPWP Steering Committee. The Committee will consist of all directors ad all relevant sector heads. The responsibility of the Committee will be to:

- Coordinate the overall municipal wide coordination of EPWP and related issues
- Review the EPWP policy
- Setting departmental EPWP targets
- Enabling environment for the successful implementation of EPWP
- Reporting to the management meeting
- Monitoring and evaluation of the EPWP programme
- Setting of performance standards
- Compiling a EPWP management plan

A budget of R 3 500 000 was allocated towards a Job Creation project which proved to be successful. This consisted of various components but was registered as a single project that created 1049 temporary jobs. All internal and MIG projects were also registered with the EPWP and resulted in a total income of R 1 625 000 for the municipality under the labour rebate program of the EPWP.

LED PRIORITIES & SPATIAL REALITIES

The map below from the SF 2013 review indicates the relationship between the LED priorities and the spatial realities.



Map 1: Spatial Priorities Source SDF 2013

ALIGNMENT BETWEEN THE NSDP, SDF, NGP & LED STRATEGY

Table 20: Alignment between the NSDP, SDF, NGP & LED Strategy

NSDP Category	Applicability in Senqu Municipal Area	New Growth Path	LED Strategy
Innovation and experimentation.	▪ Not applicable	Jobs driver 3: Seizing the potential of new economies	
Production: High value, differentiated goods (not strongly dependent on labour costs).	▪ Not applicable	Jobs driver 3: Seizing the potential of new economies	
Production: Labour-intensive, mass-produced goods (more dependent on labour costs and/or natural resource exploitation).	▪ Formal agricultural sector in Senqu ▪ Need for investigating further the potential for intensive, irrigation-fed agriculture in under-developed rural settlement areas ▪ Land most suited to crop production is found in the Sterkspruit area	Jobs driver 2: main economic sectors Jobs driver 3: Seizing the potential of new economies	Development Thrust 3: Sustainable Livelihoods Development Thrust 2: Enterprise Development

NSDP Category	Applicability in Senqu Municipal Area	New Growth Path	LED Strategy
	▪ Stock farming is assessed as the agricultural activity with the highest potential, if correctly managed.		
Public services and administration.	▪ Barkly East and Lady Grey are centres for District and Local Government administration	Job driver 4: investing in social, capital and public services	Development Thrust 3: Sustainable Livelihoods Development Thrust 4: Skills Development Development Thrust 5: Institutional Development
Retail and services.	▪ Sterkspruit is a high order regional service centre, providing access to goods and services to a large catchment population.	Job driver 1 infrastructure Jobs driver 5: spatial development	Development Thrust 1: Locality Development
Tourism.	▪ There are areas with development potential as tourism sites of interest relating to the Drakensberg and the Maloti Tourism Route.	Jobs driver 2: main economic sectors	Development Thrust 2: Enterprise Development

LED STRATEGY

The municipality has a LED strategy which was adopted in June 2013. The adoption was delayed by the protest action in Sterkspruit.

LED Strategy Objectives

This 5-year Senqu LED Strategy aims to achieve the following economic outcomes:

- Achieve and maintain a minimum annual growth rate of 5.5 % from 2016 and beyond;
- Reduce unemployment to 20% by 2017.
- Reduce current poverty rate to 52% by 2017.
- Improve black-ownership and participation in the mainstream economy, in particular within the priority sectors of tourism and agriculture.

- To build strong and sustainable LED capacity, institutions and resources.

High Level LED Performance Baseline (2012 – 2017)		
Indicator	**2012 (Current)**	**2017 (Target)**
GVA Growth	3.03% pa	5.5% pa (min)
Unemployment	30.34%	20%
Poverty	62.93%	52%

Figure : SLED Strategy 2012 Performance Baseline

LED Strategy Development Thrusts

The Senqu LED Strategy (2013) has 5 integrated LED development thrusts and priorities

Chart 7: Development Thrusts

Development Thrust 1: Locality Development

The Locality Development Programme will be premised on achieving the following outcomes:

- Making the municipal area more attractive to investors, tourists and individuals;
- Improving the physical and environmental appeal of the area

Development Thrust 2: Enterprise Development

The purpose of Enterprise Development Programme is to:

- Create a conducive environment for existing, new and start-up businesses;
- Improve profitability, competitiveness and sustainability of locally-based enterprises;
- Prioritise development of key growth and employment sectors eg Agriculture, Tourism and Green Economy.

Development Thrust 3: Sustainable Livelihoods

The purpose of the sustainable livelihoods programme is to:

- Provide the poorest of the poor with alternative livelihood options
- Support income generation activities for the poor
- Facilitate job creation projects that will benefit the poorest of the poor

Development Thrust 4: Skills Development

The purpose of the skills development priority is to:

- Build the necessary skills base for economic growth and development;
- Improve employability and active economic participation;
- Support key growth and employment sectors.

Development Thrust 5: Institutional Development

LED institutional development in Senqu is designed to:

- Improve municipal capacity to coordinate and facilitate LED processes;
- Establish appropriate mechanisms to implement this LED strategy;
- Mainstream LED across municipal functions and activities
- Foster sustainable partnerships with key and relevant stakeholders
- Improve monitoring and evaluation of LED projects and initiatives.

LED IMPLEMENTATION PLAN & ALIGNMENT WITH NATIONAL & PROVINCIAL PLANS

Table 21: LED Implementation Plan

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
Improving infrastructure Social protection Building safer community Transforming society and uniting the country Reversing the spatial effects of apartheid An inclusive and integrated rural economy	Job driver 1 infrastructure Jobs driver 5: spatial development	Strategic Priority 1: Speeding up growth & transforming the economy to create decent work & sustainable livelihoods; Strategic Priority 3: Rural development, land & agrarian reform and food security; Strategic Priority 2: Massive programme to build social & economic infrastructure. Strategic Priority 8: Building cohesive & sustainable communities.	**Locality Development Programme**	The development of Sterkspruit is hampered by the lack of land and a long term developmental vision. The ANC Legotla took a decision to develop the town	The NDPG has been used to conduct a survey of land tenure in and around the town. A proposal to consolidate and plan the villages around Sterkspruit has been developed. A proposal to change the land tenure of the villages surrounding Sterkspruit has been sent to the Department of Rural Development and Land Affairs. The Community Services Department also undertake daily cleansing activities as well as grass cutting and pruning. The same activities occur in Lady Grey and tree planting has occurred	Sterkspruit redevelopment project. A 5 year development plan (precinct plan) is being developed through the NDPG and then a 15 year SDF. The 5 year SDF will be developed by June 2014	R.Crozier
						A land audit of all the land in Sterkspruit is required by June 2014 and negotiations with Tribal authorities to stop land invasions.	R. Crozier
						The development of a waste management site by June 2014	L.Gologolo
				The economy of Barkly East is declining. The ANC Legotla took the decision to develop a small town revitalisation plan	Develop a small town revitalisation plan by March 2014. The Community Services Department also undertake daily cleansing activities as well as grass cutting and pruning	Barkly East development project R 260 000	L.Makuala
				Roads are the first priority for the municipality as they provide access to all	Have meetings with DPW & R around priority tourism roads, agricultural roads and roads to hospitals like:	Updating of the Roads Master Plan Implementation Programme by June	R.Crozier

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
				goods and services	• Khiba • Manxeba • Coville • Mlamli • Rhodes airstrip • Tiffindell roads	2014	
				The green economy is seen as one of the economies that can produce growth.	The municipality should negotiate with the DME and ESKOM and see how the municipality can become involved in the sector.	Renewable Energy Programme by 2016	R.Crozier
An inclusive and integrated rural economy Reforming the public sector fighting corruption Transforming society and uniting the country	Jobs driver 2: main economic sectors Jobs driver 3: Seizing the potential of new economies	Strategic Priority 1: Speeding up growth & transforming the economy to create decent work & sustainable livelihoods; Strategic Priority 3: Rural development, land & agrarian reform and food security; Strategic Priority 2: Massive programme to build social & economic infrastructure. Strategic Priority 8: Building cohesive &	Enterprise Development Programme	Barkly East and Sterkspruit produce very good quality wool. The Department of Rural Development and Agrarian Reform already has a breeding programme in place to improve the quality of the livestock but are now struggling to procure good quality rams	A proposal has been written and given to ECDC for funding. ECDC have told the LED Officer that they will fund the study.	Wool processing facility Feasibility study R 100 000 by March 2014	L.Makuala
				A feasibility study on peach and vegetable processing was done by the University of Fort Hare. The organic niche market should be targeted	The municipality will form partnerships with Agricultural forums, Department of Rural Development and Agrarian reform and the UFH by June 2014	Agro-Processing Incubator. This project will investigate the possibility of red meat production and peach processing project	L.Makuala
				The Department of Rural Development and Agrarian reform is		Agriculture Development Programme. An annual programme will be developed by August	L.Makuala

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
		sustainable communities .		looking at assisting farmers to sell their product directly to abattoirs as well as looking at how to ensure that lands in the rural areas don't remain fallow. The municipality is looking at increasing its fodder production project.		2013	
					JOGEDA is already in the process of developing a small business incubator. The municipality will look at forming a partnership with them to look at investigating small business development in stone cutting and possible diamond mining	Business Development Support Municipal JOGEDA partnership agreement by June 2014	JOGEDA P.Bushula
				The municipality has reviewed its supply chain management policy for 2013/14	The municipality will review its supply chain management policy in order to promote the procurement of goods and services from local based small businesses	Local Impact Procurement Programme (LIPP)	C.Venter
					The municipality will run various trainings for local contractors on how to engage in tender processes and improve their CIDB ratings	Contractor Training	SDF & R.Crozier
				The municipality has no policy in place.	The municipality will undertake a study of all its bylaws and policies to ensure that no impediment to trade for both formal and informal traders is in place by September 2013.	Trade and Investment Policy R 60 000 by June 2014	L.Makuala

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
					The municipality must also examine taxi ranks and look at issues affecting informal traders such as traffic control and the role of each department or stakeholder in informal trading.	Hawkers Association by June 2014 Informal trading policy by 2015 Audit of businesses and their issues and solutions by June 2014	L.Makuala
					Many co-operatives fail in the area. This could be due to procurement processes of Businesses – turn around payment time – limited cash flow. A value chain analysis of all projects and the roles of all stakeholders are required.	Co-operative support programme by 2017. This programme will examine why co-operatives fail and what the municipality can do to assist them.	L.Makuala
				The municipality has an adopted Tourism master plan with an implementation plan	The municipality meets annually with the LTO to look at the priorities for that year which involve the funding of CTO's, marketing of destinations, school awareness campaigns and support for emerging tourism entrepreneurs. In addition the municipality must look at partnering with the national liberation route to look at creating a Tele liberation route by 2015	Annual Tourism Programme implementation plan by June 2013 Tele liberation route partnership by June 2015	N.Methola
Fighting corruption Building safer	Job driver 4: investing in social, capital and public services	Strategic Priority 6: Intensify the fight against crime and corruption.	Sustainable Livelihoods Programme	The municipality already has a job creation fund which promotes labour intensive	The municipality should form a broader forum with DPW and JGDM to launch an annual labour intensive programme which teaches skills	Special Infrastructure Jobs Programme (SIJP). This project will focus on undertaking infrastructure projects in a labour intensive	R.Crozier and all Senqu Directors

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
communities Transforming society and uniting the country Improving the quality of education, training and innovation quality health care for all social protection transition to a low carbon economy		Strategic priority 8: Building cohesive and sustainable communities.		activities		manner	
					The Senqu Municipality will partner the Eastern Cape Department of Roads and Public Works to expand the implementation of the Hlumisa Household Contractors Programme which promotes the use of household contractors drawn from poor rural households to maintain the provincial rural road network. This will ensure that more poor households are involved in road maintenance while also earning some form of livelihood.	Household Contractors Programme Partnership	R.Crozier
						Leaking Bucket Study. Research will be commissioned to identify, assess and quantify the economic leakage experienced by the Senqu Municipality as a result of external consumer spending lost to nearby economic nodes such as Aliwal North, Queenstown and Bloemfontein. It will also identify and make recommendations on potential opportunities for local communities and enterprises by June 2016	L.Makuala
						Sustainable Livelihoods Strategy (Poverty Alleviation Strategy). A strategic framework that will provide guidelines on appropriate models and approaches to address poverty in Senqu. This	L.Makuala

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
						Framework will also provide recommendations on how to improve the sustainability of poverty alleviation and income generation projects undertaken by the poor. This will include a thorough assessment of past and existing poverty alleviation projects undertaken in Senqu by June 2015	
Improving the quality of education, training and innovation An inclusive and integrated rural economy Social protection Transforming society and uniting the country	Job driver 4: investing in social, capital and public services	Strategic Priority 6: Intensify the fight against crime and corruption. Strategic priority 8: Building cohesive and sustainable communities .	Skills Development Programme	A skills audit has already been done by the SDF for the 2013/14 WPSP	A skills audit has already been done by the SDF for the 2013/14 WPSP	Priority Skills Development Plan by July 2013	P.Bushula
				Rural women, especially those who are both domestic workers and unemployed in farming areas will be provided with basic life and technical skills to enable them to improve their earning and employability capacity.	A partnership is needed between the Municipality, department of education and the agricultural sector to work on improving the skills of the youth and women agricultural workers. Training and Mentoring facilities. School career programmes inc. agriculture	Rural Women and youth Skills Development Programme by June 2016.	L.Makuala and SDF
				The ANC Legotla has stipulated that 22 learnerships should occur for 2013/14 in Senqu Municipality	Senqu Management has already got a Learnership strategy in place. A partnership needs to be developed with the agricultural sector and business to secure further learnerships by June 2015	Agriculture, Tourism and LED Learnerships	SDF

National Development Plan	New Growth Path	PGDP	THRUST	BASELINE	INTERVENTION ACTIVITIES	PROJECT	RESPONSIBILITY
Reforming the public service Improving the quality of education, training and innovation		Strategic Priority 2: Massive programme to build social and economic infrastructure. Strategic Priority 4: Strengthen education skills and human resources base. Strategic Priority 8: Building cohesive, caring and sustainable communities	Institutional Development Programme		The filling of positions will be completed by June 2017. A skills audit is already complete	LED Unit Capacity Building Programme	P.Bushula
					The Forum takes the place of the LED forum and local action team and will meet quarterly. An annual meeting schedule will be developed by the June of each year	Economic Development Forum	L.Makuala
					An annual awareness campaign will be developed by June each year	Local Economic Development Capacity Development Programmes R 80 000	L.Makuala

The Tourism Plan has 5 strategic pillars with their own interventions:

Pillar 1: infrastructure support Base	Upgrading of key tourist access roads (R58, r 392) Grading and maintenance of eight passes implementation of JGDM signage strategy Develop new and upgrade existing picnic sites and viewing points
Pillar 2: Product development and transformation	Develop a database of tourism related businesses Promote tourism networking through LTO and CTO's Establishment of a rock art interpretation centre and associated guided tours Feasibility study into small scale rail tourism Exploration of formalising cultural tourism products Provision of political support to the establishment of conservation area Expanded development and support to flower and bird routes Support and expand existing packaged tours Promote existing events and introduce new events in off season
Pillar 3: Marketing the destination	Creation of a Senqu Tourism website Develop an events calendar Conduct a marketing drive that targets key tourist segments
Pillar 4: Collaborative Institutional functioning	Build municipal tourism capacity through site visits Strengthening and capacitation of LTO and CTO's mentorship programme for emerging product owners Training and customer service programme for tourism employees Community tourism awareness programme Establish a visitor Information centre (VIC) and provide training to staff
Pillar 5: Monitoring and understanding the Tourism economy	Undertake regular tourism date collection via surveys Impact assessment for tourism projects Creation of an activities database

CURRENT LED UNIT STAFFING

Municipality has an LED Unit which is based in the Department of Integrated Planning and Economic development. The Unit has 1 LED Officer, 1 Tourism Officer, 1 Poverty Alleviation Officer and an unfilled Enterprise Development Officer post. In future the Unit will contain a LED Manager and an Agricultural Officer.

CONCLUSION

The LM's lack of annual growth has resulted in an unprecedented high unemployment in the Senqu area with high dependence on government grants. This coupled with access to basic household and community services which is below optimal creates tension amongst communities who compete for relatively scarce resources. Therefore it becomes absolutely crucial that the municipality creates conducive conditions for job creation and participation in agricultural activities by availing land for development.

Businesses are not growing as SMME's as they do not receive strategic support from government institutions. Areas for great concern are centred around food security and land reform. The tourism sector is underdeveloped and needs strategic intervention to revive and contribute to the local economy meaningfully. In this regard a responsible tourism sector plan has to be developed which could provide direction to optimise the potential that exist in the area. Agriculture remains central to the development of the area. However it has to be done in conjunction with other programmes. Land administration and town planning seem to have been relegated to the background of the municipal priorities. This approach does impact negatively on the development trajectory of the municipality.