
Integrated Local Economic Development Plan

2007-2012



Mohokare Local Municipality

Glossary

AIDS	Acquired Immune Deficiency Syndrome
ASGISA	Accelerated and Shared Growth Initiative in South Africa
BEE	Black economic empowerment
CASP	Comprehensive Agricultural Support Programme.
DBSA	Development Bank of Southern Africa
DEAT	Department of Economic Affairs and Tourism
DPW	Department of Public Works
DOA	Department of Agriculture
DOE	Department of Education
DOL	Department of Labour
DOSD	Department of Social Development
DTI	Department of Trade and Industry
DWAF	Department of Water Affair and Forestry
DPLG	Department of Provincial and Local Government
EPWP	Expanded Public Works Programme
FSPGDS	Free State Provincial Growth and Development Strategy
GDP	Gross domestic product
GEAR	Growth, employment and redistribution
GVA	Gross Value Added
IDP	Integrated development plan
ISRDP	Integrated Sustainable Rural Development Programme
LED	Local Economic Development
LRAD	Land Redistribution for Agriculture Development programme
Mafisa	Micro Agricultural Finance Schemes of South Africa
MIG	Municipal Infrastructure Grant
NDA	National Development Agency
NEPAD	New Partnership for Africa's Development
NPWP	National Public Works Programme
NSDP	National Spatial Development Perspective
RDP	Reconstruction and Development Programme
SAPS	South African Police Services
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SMME	Small, Medium and Micro Enterprise
URP	Urban Renewal Programme

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1 INTRODUCTION

The Integrated Local Economy Development (LED) Plan for Mohokare Local Municipality focuses on providing a consistent and conclusive set of measures to promote sustainable local economic activities, which ultimately could lead to employment generation. This document therefore provides a framework for LED in the Mohokare for Municipal Managers and LED officials including all community and business LED stakeholders. To be able to understand, initiate, facilitate, implement, promote, monitor and evaluate LED the following aspects are addressed:

- A socio-economic situation analysis of Mohokare
- The legislative framework for LED
- National LED strategic guidelines
- Provincial LED strategic guidelines
- Mohokare's LED vision
- Local LED framework including LED programmes and projects
- Guidelines for establishing an LED Unit
- Generic LED tools and approaches to enhance LED

1.1 Defining Local Economic Development (LED)

Local Economic Development (LED) is about local people working together to achieve sustainable economic growth that brings economic benefits and a better quality of life, thus improving the environment for all in the community.

The Department of Provincial and Local Government (dplg) defines LED as: "A process whereby local initiative combines skills, resources and ideas in stimulating local economies to respond innovatively and competitively to changes in the national and global economies, towards the goals of job creation, poverty alleviation and redistribution".

LED as the process through which public, business, labour and non-governmental sector partners work collectively can identify, utilize and harness resources to stimulate the economy in the Mohokare area. The aim is to increase local income and create new job opportunities through enhancing the community's ability to adapt to and cope with changing economic conditions.

Specific developmental elements of LED are urban and rural renewal, attempts to sustain the present, improvement of infrastructure, enhancing skills and systems, acceleration and promotion of economic growth. Especially in the South African context with its history and legacy of unequal development, LED is a process of development, which uses development capital, *i.e.* local resources and assets (such as raw material, finances, support, human capital, technology, knowledge, etc.) in a needs-based approach lead by broad-based community consultation to identify redistribution approaches and ways to invest in people in order to improve the overall quality of life.

In life's ever-changing environment with economic, technological, political, governmental and regulatory drivers, LED is an ongoing process, and takes place in the context of the regional, national and global economies. LED needs to be designed in a way, which assists the local area to respond to these contexts creatively.

Finally, LED intervention must benefit disadvantaged and marginalized people and communities within the municipal boundary. LED, which can take place via many different mechanisms and in which the different constituencies can play many different roles, is a process, which at its best results in wealth creation, employment generation, and rising, and more equitably distributed incomes in the local area/communities concerned. Not only is LED an important element of social upliftment, but Kopanong municipality are one of the key players in the process of shaping the local economy.

1.2 Purpose of this document

The ultimate purpose of this document is to provide a comprehensive and integrated LED approach that will enable Mohokare Local Municipality to improve and develop the local economy.

This Integrated LED Plan is intended to strategically guide LED in the area through the development of programmes, projects and tools, to promote sustainable local economic development and investment and to generate opportunities for employment where it is much needed. Through improving the local economy and creating employment there will be a decrease in poverty and crime.

The purpose of developing LED programmes is to ensure a consistent and conducive environment to promote sustainable local economic activities and employment generation.

2 MOHOKARE SOCIO-ECONOMIC ANALYSIS

2.1 Background to Mohokare socio-economic situation

Mohokare, like other parts of South Africa suffers from a highly dualistic economy, which results in a major challenge of expanding benefits to the poor, where economic growth does not necessarily lead to benefits for the poor, and where many people will not access the formal economy.

Thus in a policy speech in April 2004 to the National Council of Provinces the President talked of the First and Second Economies in South Africa. "The First Economy is modern, produces the bulk of our country's wealth, and is integrated within the global economy. The Second Economy (or the Marginalized Economy) is characterized by underdevelopment, contributes little to the GDP, contains a big percentage of our population, incorporates the poorest of our rural and urban poor, is structurally disconnected from both the First and the global economy, and is incapable of self-generated growth and development."

In seeking to be competitive, as South Africa emerged from the Apartheid siege economy, there has been a massive job loss from the formal economy in selected, usually labor-intensive sectors.

However, the March 2003 Labor Force Survey of Statistics SA showed those two million new jobs was created in the previous seven and a half years, bringing the total of those employed to 11.6 million. This represents an employment growth rate of over 2.5% a year. However this has not managed to keep up with entrants to the workforce and levels of unemployment are very high and range somewhere between 30 and 40%. Many of these have entered the informal economy but the informal sector has been neglected in much LED work.

Clearly maximizing growth and simultaneously promoting pro-poor development are high on the agenda of the largest centers. It is in such areas that some of the greatest innovation is shown, in terms of issues such as strategic planning, partnership formation, support for vulnerable economic sub-sectors, training for employment and major investments.

2.2 Socio-economic indicators of Mohokare Local Municipality

2.2.1 Introduction

This section gives an overview of the economic profile of the Mohokare Local Municipality. The purpose of this profile is threefold: firstly it provides some understanding of the economic situation in the Municipality; secondly, it will identify aspects to be supported in the future economic development of Mohokare; and, thirdly, it provides empirical evidence to support strategic planning in the long term.

The following approach was used in developing this profile:

- It contains basic data from Statistics South Africa as well as from Global Insight. Although the data may already be a couple of years old, the emphasis should be on the relative picture it portrays and not on the specific accuracy of the data.
- Further, an attempt was made to understand the current socio-economic situation against the changing trends. Therefore, the changes between 1996 and 2004 are central to the development of an understanding of the current situation.

Against this background the paper is structured as follows:

- It starts off with an overview of the area
- A profile of economic output in respect of GVA is then provided for the various economic sectors.
- Thirdly, a number of socio-economic indicators are analysed.
- Employment per economic sectors is next analysed and compared with the GVA per economic sector
- Finally, an overview of income and expenditure patterns are provided for Mohokare.

2.2.2 The geographical setting

It should be noted that Mohokare consists of the magisterial districts of Zastron, Smithfield and Rouxville. The small towns of Zastron, Smithfield and Rouxville are also the three urban nodes in the Municipality. In addition, small parcels of agricultural land from the Dewetsdorp and Reddersburg magisterial districts are also part of Mohokare. Mohokare Local Municipality is located in the southeastern parts of the Free State. The average annual rainfall varies from 498mm per annum in Smithfield, and 503 mm in Rouxville, to 657mm in Zastron (average since 1996). Overall, the area is dominated by farming activities, mainly stock farming, but with some intensive agricultural activities around the Mohokare (Caledon) River.



Map 1: Mohokare Local Municipal area (<http://www.xhariep.co.za>)

2.3. Sectoral overview of economic output in Mohokare

2.3.1 Introduction

Economic output is usually measured in terms of Gross Domestic Product (GDP). At the national level, Gross Geographic Product is used, while Gross Value Added can be used at the local level in respect of the various sectors. GVA is basically GDP without taxes and subsidies. This section starts off by providing a profile of GVA per economic sector in Mohokare (see Table 1).

Table1: A sectoral overview of the Mohokare economy, 1996 – 2004 (constant prices)

Sector / year	1996	2004	Growth rate (1996-2004)	Relative % 1996	Relative % 2004
Agriculture	63,775	75,569	2.1	23.3	24.5
Mining	0	0	-	0.0	0.0
Manufacturing	32,735	32,177	-0.2	12.0	10.4
Electricity	223	199	-1.4	0.1	0.1
Construction	8,894	7,489	-2.1	3.3	2.4
Trade	18,149	25,093	4.1	6.6	8.1
Transport	10,214	14,673	4.6	3.7	4.8
Finance	29,378	37,555	3.1	10.7	12.2
Community Service	110,155	115,838	0.6	40.3	37.5
TOTAL	273,523	308,593	1.5	100.0	100.0

It is evident that the economy in Mohokare has grown at 1.5% per annum between 1996 and 2004. This growth rate has been significantly higher than that of the Free State for the same period (0.7% per annum). The remainder of this section will analyse the relative importance of each of the economic sectors in the Mohokare Local Municipality.

2.3.2 Agriculture

Agriculture grew by 2.1% between 1996 and 2001. However, the figures in this sector should be used with some caution. The Agricultural sector is highly dependent on external climatic conditions and it depends which years one compares. This growth rate compares favourably with that of the Free State which saw a growth rate of 0.8% between 1996 and 2004.

Considering the proportional share of Agriculture to the economy of Mohokare, it also seems as if Agriculture increased its share of the total economy from 23.3% in 1996 to 24.5% in 2005. The output of this sector represents 2.5% of the Free State's agricultural GVA. The share of the economic output made up by Agriculture is also proportionally bigger than that of the Free State, where Agriculture constituted nearly 7% of GVA in 2004. If the three main magisterial districts are taken, the largest share in respect of Agriculture comes from the Zastron magisterial district, where 51.6% of Agricultural GVA is produced. In Smithfield 24.4% is produced and in Rouxville 24% (see Figure 2) (these figures exclude the small portions of agriculture produced in the other two magisterial districts). In addition to these realities one-third of the growth that occurred between 1996 and 2004 occurred within Agriculture. A factor, which requires urgent attention, is the complaint of stock theft from farmers whose farms border on Lesotho.

2.3.3 Mining

The Mining Sector did not contribute anything to the economic output of the Mohokare Local Municipality.

2.3.4 Manufacturing

The size of Manufacturing in Mohokare stabilised since 1996. If anything, a small decline of -0.2% per annum was recorded in this sector. However, in terms of its proportional share of the economy of the Mohokare Local Municipality, Manufacturing has dropped from 12% to 10.4%. This 10.4% of the Mohokare economy was also considerably lower than the 17.4% that Manufacturing contributed to the economy of the Free State. In terms of the proportional contribution of the three magisterial districts, 88% come from Zastron. The other two magisterial districts of Smithfield and Rouxville respectively contributed 2% and 10% of the GVA in respect of Manufacturing. The Mohokare Local Municipality contributed 0.4% of Manufacturing in the Free State. In respect of subsectors of the manufacturing sector, 53% originated from Furniture and other items NEC and recycling. Nearly 25% came from Fuel, petroleum, chemical and rubber products and 14% came from Food and beverages.

2.3.5 Electricity

Electricity and water provision only accounted for 0.1% of the economic output in the Municipality and the economic contribution of this sector was therefore marginal. In addition the GVA also declined between 1996 and 2004. This percentage was also considerably smaller than the 4.2% it contributed to the Free State's economy.

2.3.6 Construction

The GVA from the Construction industry also declined between 1996 and 2004, by an estimated 2.1% per annum. Against this decline the construction industry's proportional contribution to the economy of Mohokare decreased from 3.3% in 1996 to 2.4% in 2004. It should be noted that this percentage is somewhat more than the 1.8% contribution of Construction at a provincial level. Zastron contributed the largest percentage in this regard, namely 46%, followed by Rouxville 36% and Smithfield 18%. Construction in Mohokare contributed approximately 0.94% of the Construction sector in the Free State.

2.3.7 Trade

The contribution of Trade increased considerably between 1996 and 2004. In terms of an annual percentage increase, a 4.1% per annum increase was recorded. After the annual increase for Transport this annual increase is the highest for any of the sectors in Mohokare. In line with the annual increase, the proportional increase in respect of Trade was from 6.6% of the Mohokare economy in 1996 to 8.1% in 2004. However, despite this increase in the proportional contribution in respect of Trade, Mohokare only contributed 0.4% of Trade in the Free State. When we consider the contributions of the respective areas in Mohokare, the largest percentage contribution came from Zastron (54%), Rouxville (32%) and Smithfield 14%. The proximity of especially Zastron to Tweespruit most probably contributes to the positive Trade figures recorded for this town. It should however be noted that the growth of Trade is directly linked to the lower interest rates that South Africa has been experiencing since 2003. The 2006 increases in interest rates will most probably limit the growth in this sector. Figure 1 differentiates in terms of the proportional contribution of the various sub-sectors of Trade.

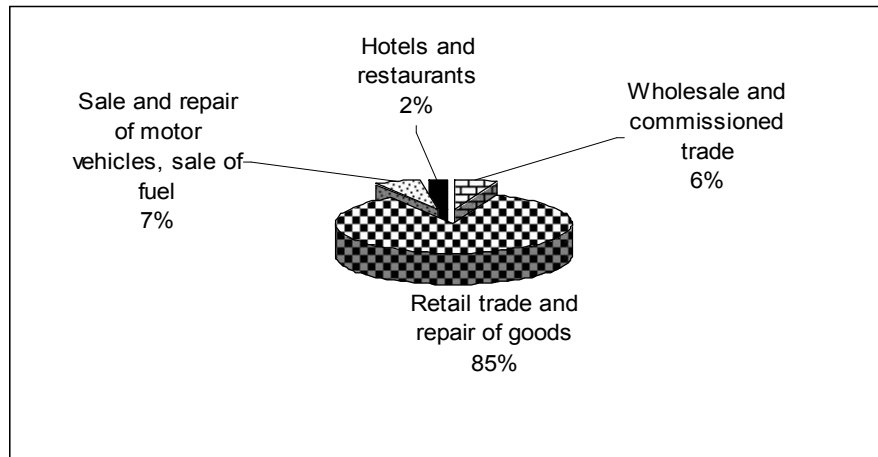


Figure 1: The proportional contribution of the various sub-sectors of Trade in Mohokare, 2004

Concerning the subsectors under Trade, the largest percentage contribution came from Retail trade and repair of goods (85%) followed by Sale and repair of motor vehicles, sale of fuel (7%) and Hotels and restaurants (2%). The GVA output in respect of Hotels and restaurants is usually associated with Tourism.

2.3.8 Transport

The Transport sector shows the largest percentage increase per annum for any of the sectors in Mohokare. The growth in this sector was 4.6% per annum between 1996 and 2004. Proportionally this sector grew from 3.7% of the economy in 1996 to 4.8% in 2004. In terms of percentage this is still significantly lower than the 8.8% that this sector contributed at the provincial level. The Municipality contributed only 0.37% of GVA in this sector. In terms of the geographical contribution to this sector, the largest contribution comes from Zastron, where 56% of the GVA in this sector was produced followed by Rouxville (22%), and Smithfield (22%). An overview of the contributions of the subsectors of the Transport sector is provided in Figure 2 below.

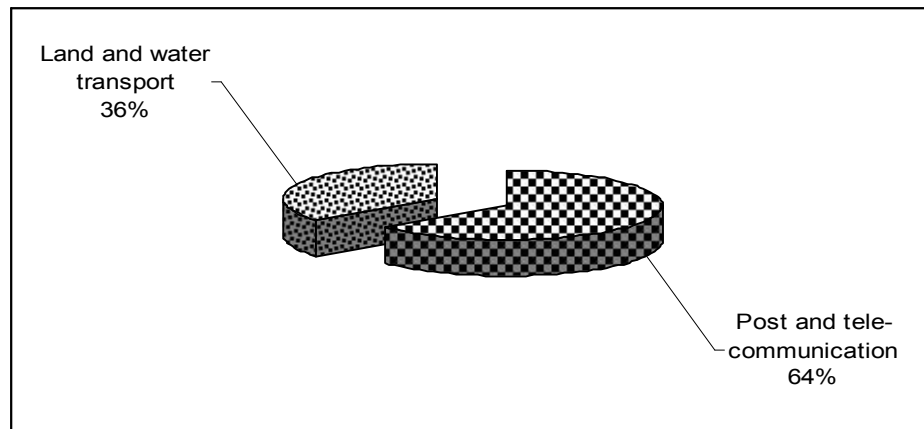


Figure 2: The proportional contributions of the subsectors in the Transport sector, 2004

The largest percentage contribution came from the Post and telecommunication sector (64%), with Land and water transport contributing 36%.

2.3.9 Finance

Significant growth of 3.1% per annum also occurred in the Finance sector for the period 1996 – 2004. Proportionally, this sector increased its contribution to the economy of Mohokare from 10.7% to 12.2%. The Finance sector in Mohokare also contributes 0.7% to the Free State's GVA from Finance. This is more or less on par with the 12% that Finance contributed to the economy of the Free State. In considering the percentage contribution of the three magisterial districts, the largest contribution came from Zastron (63%) followed by Rouxville (23%) and Smithfield (13%). In respect of the subsectors of the Finance sector, the following contributions should be noted:

- Finance and insurance: 83%
- Real-estate activities: 16%
- Other business activities: 1%

It should also be noted that nearly one-quarter of all growth in Mohokare between 1996 and 2004 occurred in the Finance sector.

2.3.10 Community Services

The Community Services sector grew at 0.6% per annum between 1996 and 2004. It should however, be noted that the proportional contribution of Community Services to the economy of Mohokare declined from 40.3% in 1996, to 37.5% in 2004. It should further be noted that this percentage is considerably higher than the percentage in the Free State (26.5%). Also approximately 1% of GVA in the Community Services sector in the Free State is generated in Mohokare. In geographical terms the largest percentage in the Municipality again came from Zastron where 45.8% of the GVA was generated, followed by Rouxville (29.6%) and Smithfield (24.6%).

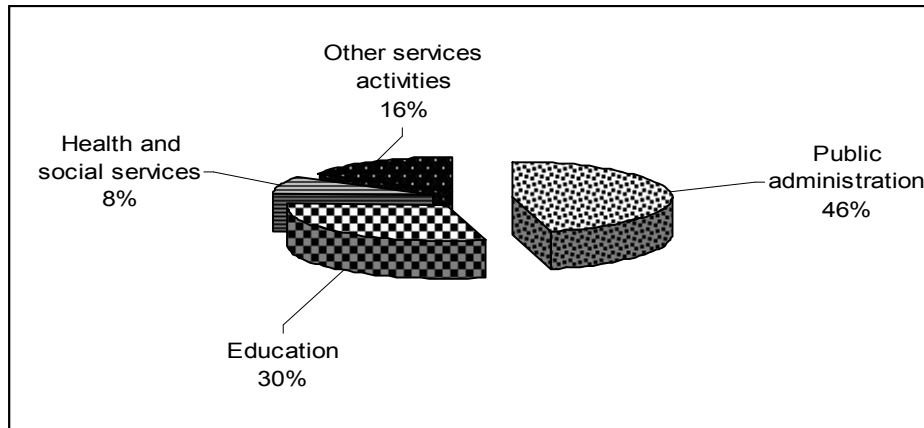


Figure 3: The proportional contribution of the subsectors of the Community Services sector, 2004

From Figure 3 it seems evident that the largest contribution within the Community Services sector came from Public Administration (46%) followed by Education (30%), Other services activities (16%) and Health and social services (8%).

The relatively high percentage that Community Services contribute to the economy of Mohokare should be noted.

2.3.11 Concluding comments

Table * below provides an overview of the main findings in respect of the analysis provided above.

Table2: Main findings in respect of economic output in Mohokare

Sectors with high growth	Trade, Transport, Finance
Sectors with average growth	Agriculture, Community Services
Sectors with negative growth	Manufacturing, Electricity, Construction
Magisterial district with the highest economic contribution	Zastron
Sectors in which the municipal contribution is higher than that of the province	Agriculture, Community Services
Sectors in which the municipal contribution is equal to that of the province	Finance
Sectors in which the municipal contribution is less than that of the province	Mining, Construction, Manufacturing, Trade, Transport

The above table portrays a picture of an economy dominated by Community Services (public sector investment), as well as Agriculture. Overall, the Municipality contributes in the vicinity of 0.7% of the economy of the Free State. Although this contribution is fairly small, a local economic development strategy should nevertheless consider means to ensure an effective economy in Mohokare.

2.4 Socio-economic indicators

The above section provides an overview of the economic output per sector and geographical area in Mohokare. The emphasis now shifts to an understanding of the socio-economic attributes of the Municipality. The following aspects will be addressed:

- Population trends

- The Gini-coefficient
- Number of people living in poverty
- Skills levels
- Literacy levels

2.4.1 Population trends

The basic population trends (from census data) are portrayed in Table 3 below.

Table 3: Population growth per settlement in Mohokare, 1996 and 2001

Area	1996	2001	Growth rate
Smithfield	4412	6661	8.6
Rouxville	5438	6146	2.5
Zastron	11964	10505	-2.5
Rural	14427	13004	-2.1
Total	36241	36316	0.04

The following comments should be made in respect of the table above:

- Except for Zastron the urban populations have all grown, while the rural populations have declined.
- The decline of the rural population can be related to farm evictions, the unwillingness of farmers to accommodate farm workers as well as the general mechanisation of the farming industry.
- The overall growth in the population of the Municipality has been marginal.

Concerning the above trends it seems as if, overall, the population growth will decline. In urban areas this decline will be fairly high while moderate growth is still to be expected in the three urban areas.

2.4.2 Gini-coefficient

The Gini-coefficient measures the inequality between the rich and the poor. It is measured on a scale of 0-1. The nearer to 1, the higher the inequality in the specific area. The results for Mohokare are reflected in Figure 6 below. As the database does not provide information in terms of the municipal boundaries, magisterial district boundaries were taken.

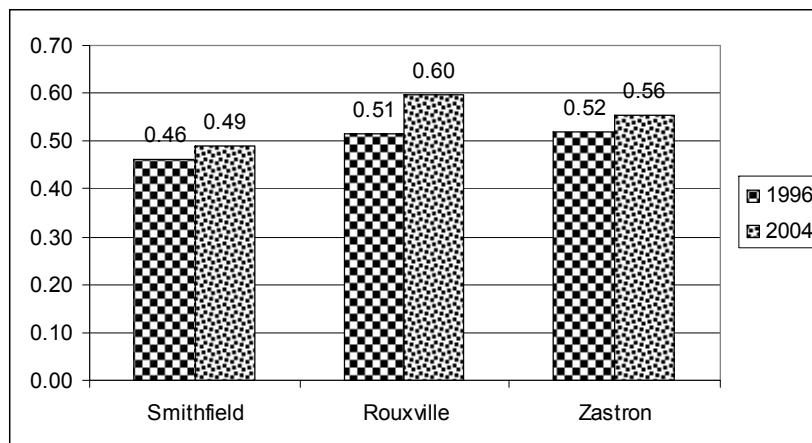


Figure 4: The Gini-coefficient for Mohokare, 1996 and 2004

A number of comments should be made in respect of the above figure:

- Firstly, it is evident that inequality increased between 1996 and 2004. The largest increase was experienced in Rouxville where an increase of 0.9 was experienced.
- The largest inequality was recorded for Rouxville, where the Gini-coefficient was recorded as being 0.6. The second highest levels of inequality were recorded for Zastron (0.56), followed by Smithfield at 0.49.

2.4.3 Human development index

The Human Development Index is compiled by means of three main indicators, namely literacy, life expectancy and GDP per capita. This index is an international index measuring development. The results per magisterial district are provided in Figure 5 below. The index also provides an area with a figure between 0 and 1. The closer the figure is to 1 the more highly developed is the area.

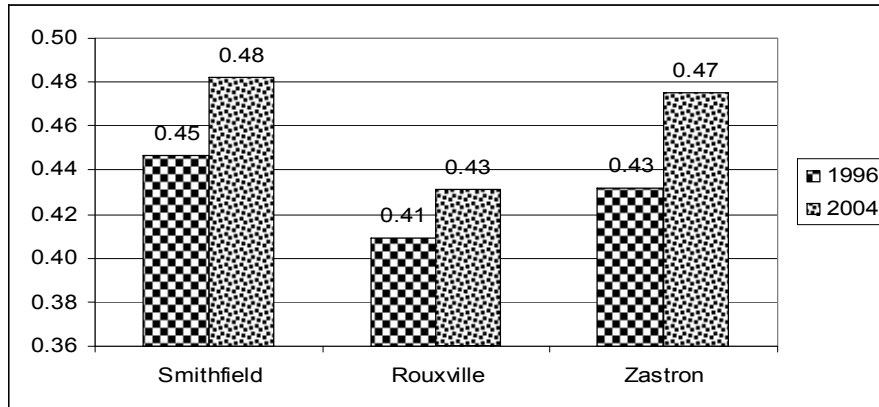


Figure 5: The HDI in Mohokare per magisterial district, 1996 and 2004

Figure 5 above shows that the highest HDI is found in Smithfield (0.48), followed by Zastron (0.47) and Rouxville (0.43). It should be noted that the HDI is somewhat lower than the average for the Free State of 0.55. The increase in HDI in Mohokare is a result of an increase in literacy and most probably in GDP per capita. However, during the impact of HIV and AIDS, life expectancy has probably declined considerably over the last 5-10 years. It should also be noted that huge HDI differences are present in respect of the various population groups. Although not all the figures were available, the HDI of whites in Zastron was estimated at 0.78.

2.4.4 Literacy and skills

The availability of appropriate skills is a basic requirement for economic development. The Millennium Development Goals also recognise this importance and has set a number of indicators in this regard. Basic literacy is defined as the percentage of people with at least primary school education. However, it should also be realised that, although the availability of primary school education is essential in terms of development, it neither guarantees skills in an increasingly knowledge-based economy nor does it reflect on appropriate technical skills. Figure 6 provides an overview of the changes in respect of literacy.

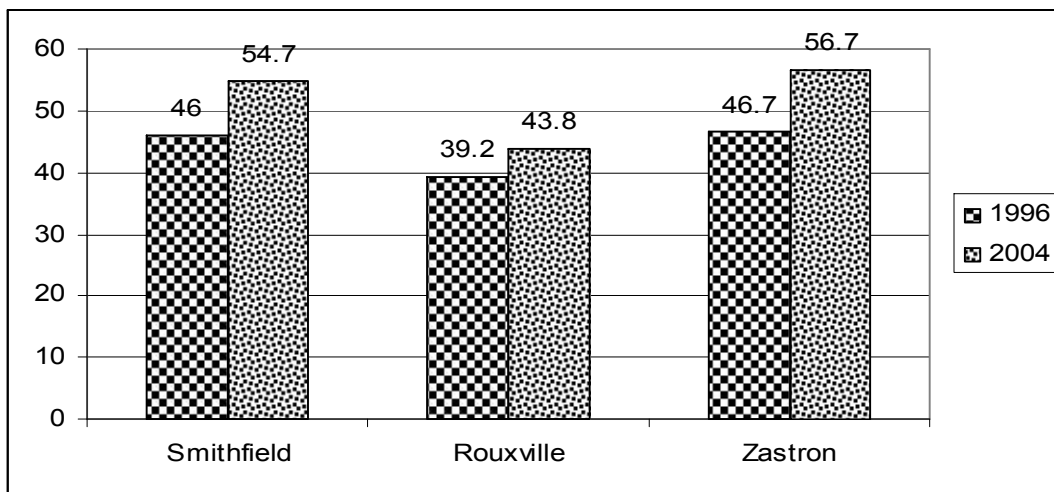


Figure 6: Literacy levels in Mohokare, 1996 and 2004

The above table shows a fairly rapid increase in the basic literacy levels of the population in Mohokare. In all of the three the magisterial districts there has been an increase in the literacy levels. However, despite this increase the basic literacy levels remain considerably lower than the 65% for the Free State. It should also be noted that the data reveal that the black population group has the lowest literacy levels. As there is fairly direct link between economic development and the available skills, a special effort should be made to address aspects of literacy. However, it will also require more advanced skills development in an increasingly

knowledge-based economy. It should further be noted that 0.84% of the population does have a degree or higher qualification. Compared with the Free State, this figure is considerably lower than the provincial average.

2.4.5 Percentage of people living in poverty

The number (and percentage) of people living in poverty is also closely related to what is required in the Millennium Development Goals, Vision 2014 and the Free State Growth and Development Strategy. Figure 7 provides an overview of the profile in Mohokare.

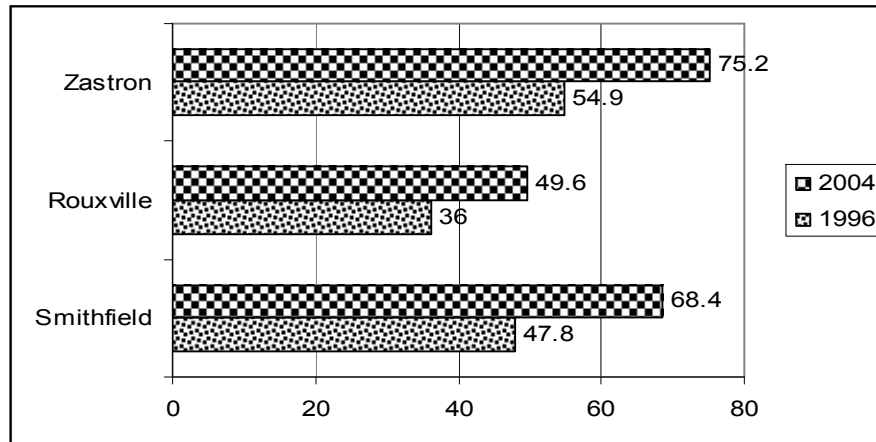


Figure 7: Percentage of people living in poverty in Mohokare, 1996 and 2004

The above figure reveals that the highest percentage of people residing in poverty are found in Zastron (75.2%), followed by Smithfield (68.4%) and Rouxville 49.6%. The Table also reveals a considerable increase in the percentage of people residing in poverty since 1996. The black population group has the highest percentage of people living in poverty: 74.1% in Smithfield, 57.8% in Rouxville and 82.8% in Zastron. The percentage of those people living in poverty is considerably higher than the percentage for the Free State (55%). However, if the total number of people residing in poverty in the Free State is considered, 1.5% of the people living in poverty in the Free State reside in Mohokare.

2.4.6 HIV and AIDS

HIV and AIDS have serious implications for local economies. Not only do they impact negatively on the social capital of households, but they also impact negatively on the availability of skills both in the workplaces and on general productivity. According to projections made HIV and AIDS prevalence among pregnant women, 25.7% of pregnant women have been infected in the Xhariep District. This translates to an infection rate of 12.3% in the District. Unfortunately, no detailed statistics are available for the municipal level.

2.5 Employment

This section provides an overview of the employment profile in Mohokare. The analysis deals with the following aspects:

- The economically active population
- Unemployment
- Employment per sector
- Employment in the informal sector

2.5.1 Economically active population

The economically active population is regarded as those between 15–65 years of age. According to the available statistics, 13 459 people were economically active in 2004. The percentage of people being economically active varied between 39.9% in Smithfield, to 29.6% in Rouxville and 35.7% in Zastron in 2004. It is significant that these percentages of economically active people are slightly higher than the percentage for 1996, when 33.3% of people in Smithfield, 25.1% in Rouxville, and 29.5% in Zastron were economically active.

2.5.2 Unemployment

Despite an increase in the economically active population in Mohokare, the unemployment rates have still increased. Figure 8 provides a profile of the changing patterns of unemployment in terms of gender and the total by means of the expanded definition. It should be borne in mind that this definition is probably an over-exaggeration of the situation. However, these are the only statistics available at the local level.

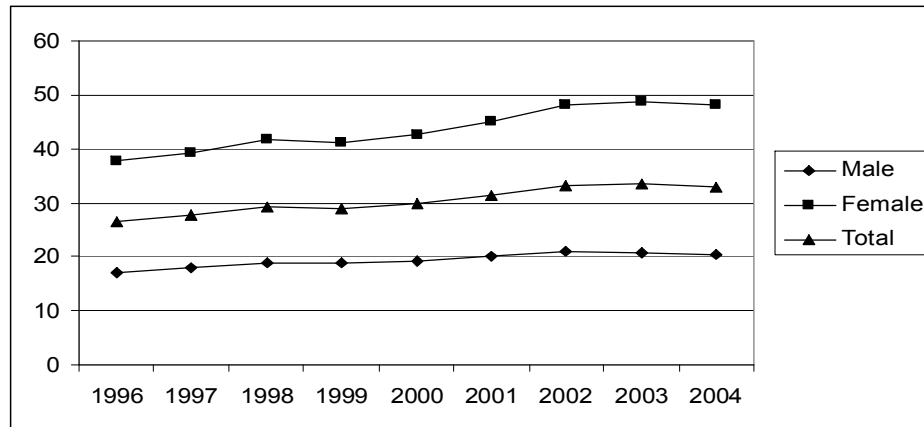


Figure 8: The changing patterns of unemployment in Mohokare, 1996 - 2004

The above figure suggests that there was a considerable increase in the number of unemployed people in the municipality. Overall, it increased from 26.4% in 1996 to 32.9% in 2004. It should be noted that this percentage is considerably lower than the average, for the Free State, of 39.1%. Furthermore, the figure also reveals that the unemployment rates for females are consistently higher than the percentages for males. The percentages for males are just around 20%, while those for females are close to 50%. Finally, it should also be noted that there was a slight decline in the unemployment rate since 2002. This decline can be directly ascribed to higher economic growth rate since 2002. However, it should be remembered that this growth was linked to a steady increase in Trade, which, in turn, was linked to lower interest rates.

Specific patterns in respect of the various population groups reflect the highest percentage of unemployment is among the Coloured population group (43%), followed by the African population group (35.8%), and the White population group (6.6%).

2.5.3 Employment per sector

Section 2.3 provided an overview of the GVA per sector. This section provides a detailed analysis of the number of people employed per economic sector in Mohokare.

Table 4: Employment per sector in Mohokare, 1996 and 2004

Sector / year	1996	2004	Growth rate (1996-2004)	Relative % 1996	Relative % 2004
Agriculture	3,458	3,638	4.2	47.5	46.9
Mining	18	13	3.8	0.2	0.2
Manufacturing	192	142	-0.8	2.6	1.8
Electricity	16	17	1.7	0.2	0.2
Construction	81	71	-0.6	1.1	0.9
Trade	315	331	0.5	4.3	4.3
Transport	81	78	-0.1	1.1	1.0
Finance	142	141	-3.8	2.0	1.8
Community Services	1,280	1,738	0.7	17.6	22.4
Households	1,690	1,593	-0.8	23.2	20.5
TOTAL	7,273	7,762	-0.8	100.0	100.0

A number of notes need to be made in this regard:

- Agriculture contributed to 46.9% of all employment in Mohokare. If households are not considered, the percentage rises to 59%. This shows the dominance of Agriculture. Furthermore, the figures from the table shows that the employment growth in this sector to be 4.2% per annum. These figures, together with the figures suggested in Section 3, indicate the dominance of Agriculture in the Mohokare economy. Fundamental support to the agricultural sector lies in the adequate

provision and maintenance of rural roads and electricity. With regard to emerging farmers, support in respect of available markets might be an additional requirement. A further important point to be made in respect of Agriculture is that the labour absorption rate of this sector is extremely high. This is evident from the fact that Agriculture contributes only 24.5% of the economic output, but as much as around 50% of employment. In the absence of mining this seems to be the only economic sector which is able to provide job opportunities to low-skilled people.

- The low economic contribution of mining employment in this sector is also visible.
- Manufacturing contributed only 1.8% to employment in Mohokare. In fact, 142 employment opportunities were recorded for this sector. Furthermore, as in the case of economic output, a decline was actually noted. The employment contribution of Manufacturing (1.8%) in proportional terms is also considerably lower than the proportional GVA contribution (10.8%).
- The employment within Electricity was also minimal.
- Employment in the construction industry also declined by 0.6% per annum. The proportional contribution of the construction industry in respect of employment also declined from 1.1% in 1996, to 0.9% in 2004. This proportional percentage for employment was also considerably less than the 2.4% that it contributed to the GVA of the Municipality.
- Although Trade contributed only 4.3% of the employment in the Municipality only 331 employment opportunities were recorded in this sector. This proportional contribution was significantly smaller than the 8.1% proportional contribution in respect of GVA. It should also be noted that the growth in GVA was also coupled with the growth in employment. However, as mentioned earlier, further growth in this sector will most probably be influenced negatively with the increases in interest rates during 2006.
- The employment contribution in respect of Transport is 1%, which, again was considerably lower than the proportional GVA contribution. It should also be noted that the growth in Transport GVA was not followed in terms of employment: a slight decrease in employment occurred.
- The Finance sector, which also saw a steady increase in GVA did not see the same growth in respect of employment. Employment figures for this sector remained the same between 1996 and 2001. Although Finance contributed in the excess of 12% in GVA in Mohokare, its employment contribution is only 1.8%.
- The economic contribution of Community Services also outstripped the proportional contribution of this sector relative to employment. Community Services contributed 37.5% of GVA, but only 22.4% of employment.

Overall, the dominance of Agriculture in respect of employment in the Municipality appears to be significant.

2.5.4 Informal employment

Asigisa emphasises the importance of transforming the so-called Second Economy into mainstream economic activities. Against this background, an overview of employment in the informal sectors is essential. Figure 9 provides an overview of employment per sector in the informal sector for 1996 and 2004.

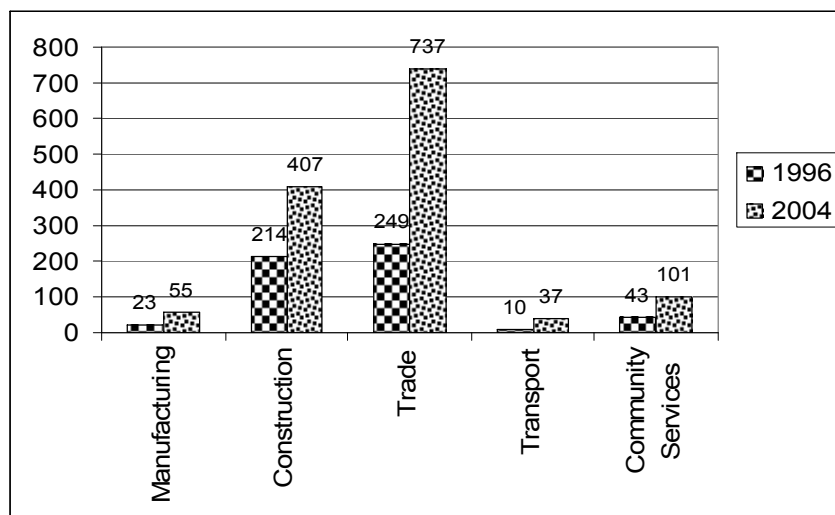


Figure 9: Employment per sector in the informal sector in Mohokare, 1996 and 2004

Overall, approximately 1300 people are employed in the informal sector. Effective support to people in the Second Economy should accompany support and an appropriate business environment for those businesses in the formal economy. Targeted support to informal businesses could include the following:

- Appropriate market and purchasing information
- Basic services in the poor areas

- Appropriate non-financial support and training
- Procurement assistance

2.6 Income and expenditure

Two aspects will be considered in this section: firstly, attention will be devoted to changes in respect of income patterns; secondly, expenditure patterns will be examined.

2.6.1 Household income categories

Table 5 provides an overview of the household income per category for 1996 and 2004.

Table 5: Household income in Mohokare, 1996 and 2004

Income category	1996 (n)	1996 (%)	2004 (n)	2004 (%)
0-2400	318	3.6	781	6.9
2400-6000	917	10.3	1,159	10.2
6000-12000	2,791	31.3	2,177	19.2
12000-18000	1,603	18.0	1,167	10.3
18000-30000	1,254	14.1	2,077	18.3
30000-42000	666	7.5	1,263	11.1
42000-54000	557	6.2	666	5.9
54000-72000	279	3.1	590	5.2
72000-96000	243	2.7	482	4.3
96000-132000	184	2.1	539	4.7
132000-192000	80	0.9	340	3.0
192000-360000	28	0.3	108	1.0
360000+	0	0.0	0	0.0
Total	8,920	100.0	11,348	100.0

The following specific comments should be made in respect of the data reflected above:

- Although there was an increase in the percentage of people in the lowest income category (below R2 400) from 3.6% to 6.9% between 1996 and 2004, it should also be noted that there was a decrease in the percentage of people earning below R12 000 per annum. The percentage of households earning below R12 000 decreased from 45.2% in 1996 to 36.3% in 2004.
- There was a steady increase in the percentage of households earning between R18 000 and R40 000 per annum for the period between 1996 and 2004. This evidence suggests that despite an increase in the households with limited income, incomes had increased. For example, there had been an increase in the percentage of households in the income categories above R18 000 per annum.
- Economic growth resulted in an increase in the number and percentage of households in the higher income categories.

2.6.2 Expenditure patterns

The expenditure for Mohokare is reflected in Table 6 below.

Table 6: Expenditure patterns per item in Mohokare, 1996 and 2004

Items	1996 (n)	1996 (%)	2004 (n)	2004 (%)
Accommodation	17,081	8.6	29,435	7.8
Holiday	240	0.1	1,078	0.3
Domestic workers	2,616	1.3	6,816	1.8
Food	64,405	32.5	115,001	30.5
Restaurants	1,999	1.0	4,923	1.3
Beverages	5,752	2.9	1,894	0.5
Smoking	3,319	1.7	6,384	1.7
Personal care	4,513	2.3	14,956	4.0
Other HH goods	3,886	2.0	8,723	2.3
Household Services	186	0.1	594	0.2
Household Fuel	1,996	1.0	7,588	2.0
Clothing and footwear	12,542	6.3	25,750	6.8
Furniture	5,204	2.6	4,196	1.1
Household textiles	1,552	0.8	1,935	0.5
Appliances	2,076	1.0	3,703	1.0
Other household equipment	308	0.2	679	0.2
Medical schemes	9,509	4.8	21,303	5.6
Medical other	1,464	0.7	6,144	1.6
Transport	19,630	9.9	42,039	11.1
Computer	347	0.2	1,524	0.4
Communication	2,587	1.3	6,141	1.6
Education self	2,466	1.2	8,713	2.3
Education bursaries	340	0.2	1,808	0.5
Reading	918	0.5	1,715	0.5
Recreation equipment	1,044	0.5	1,082	0.3
Recreation other	284	0.1	206	0.1
Recreation Services	828	0.4	1,066	0.3
Misc goods	362	0.2	798	0.2
Misc fees	3,534	1.8	8,769	2.3
Taxes	20,049	10.1	26,977	7.1
Finance	5,613	2.8	12,642	3.3
Other expenditure	1,222	0.6	2,880	0.8
Total expenditure	197,872	100.0	377,463	100.0

The following patterns are discernible in the above table:

- There was a slight decrease in the proportional contribution food made to total expenditure. This is some indication of improved living and economic conditions since 2003.

- There are also indications of the fact that people earning higher incomes had more money to spend in 2004 than in 1996. Evidence in this regard comes from higher proportional expenditure on holidays, transport, household services, finance and computers.

3 THE LEGISLATIVE FRAMEWORK FOR LED

The emphasis of development is on co-ordination, co-operative governance in accordance with the powers, responsibilities and abilities of the three spheres of government, and facilitation, rather than direct, state-led or interventionist development. Many of the key powers are being delegated to municipalities, in terms of the Municipal Systems Act of 2000 and the future Land Use Bill. Refreshingly, the Green and White Papers advocate a shift from bureaucratic, rule—and regulation based planning to normative planning, based on policies and principles. These relate to the goals of the RDP, including the need to undertake substantive reconstruction and redistribution in the name of social justice.

The key emphasis is on local authorities, which are closest to the ground and which have to live with the outcomes, and where achieving environmental and economic sustainability is most important. In this respect, the Green and White Papers are designed to provide the local flexibility needed to promote coherent LED initiatives.

The White Paper on Local Government, and the subsequent package of related legislation (discussed later), provide a new national context for local governance across the country. Local government system, organization, strategy, budget and implementation programmes should be aligned with those of other spheres of government, and vice versa.

National legislation, policies and regulations form the backbone of LED. A clear understanding and linkages to related policies, programmes and principles are essential for a co-ordinated integrated LED. A sophisticated legal and policy basis exists to support developmental LED in South Africa. What has been achieved in terms of the institutionalization of an LED framework, over a period of ten years of experimentation and policy formulation, has the potential to serve as a model for other developing countries faced with similar development challenges.

LED has been mainstreamed in South African urban economic practice and in development planning. The pro-poor LED policy has recently been developed and been supported by the government, and is receiving greater recognition at the level of local government, as reflected in actions and policies ranging from affordable service provision, to procurement and small business support.

Local Economic Development forms an integral part of Local Government and Poverty reduction.

There are various sets of legislation and Government Policies that emphasizes the importance of Local Economic Development. These policies and legislation are, amongst others, the following:

- The Constitution,
- The White Paper on Local Government,
- The RDP,
- The Development Facilitation Act (1995)
- The Local Government Demarcation
- The Local Government Municipal Structures Act (1998)
- Municipal Systems Act (2000)
- The Disaster Management Act
- Municipal Finance Management Act 2003
- The Property Rates Act and
- The Local Economic Development Policy Paper

A brief description of how these legislation impacts on LED is summarized in the following table.

Table 7: Legislative framework for LED

Legislation	Impact on LED
The Constitution (1996)	The Constitution recognizes Local Government as a distinctive sphere of government and mandates them to 'give priority to the basic needs of the community, and to promote the social and economic development of the community; and participate in national and provincial development programmes'. The Constitution obliges local government to "encourage the involvement of communities and community organizations in the matters of local government".
The Local Government White Paper (1998)	The RDP document articulated the new developmental role of local government in the White Paper on Local Government, which stressed that, "...the central responsibility of municipalities (is) to work together with local communities to find sustainable ways to meet their needs and improve the quality of their lives". The Local Government White Paper translated the objectives for participation and development set out in the RDP and the mandates outlined in the constitution into a definable statement on how local government would look and function in the future.
RDP	<p>"developmental local government" is charged with promoting empowerment and redistribution, and delivering four significant and essentially pro-poor outcomes, namely:</p> <ul style="list-style-type: none"> - the provision of basic household infrastructure and services (such as electricity, water and sewerage), to those who currently have little or no access - the creation of livable, integrated cities, towns and rural areas, in which the spatial legacy of apartheid separation is addressed - the achievement of local economic development, in which local government can play an important role in job creation and in boosting the local economy through the provision of business-friendly services, local procurement, investment promotion, support for small businesses and growth sectors community empowerment and redistribution
The Development Facilitation Act (1995)	This a key local government planning and development instrument, which introduced measures to facilitate and accelerate the implementation of reconstruction and development programmes and projects in relation to land, laying down general principles governing land development throughout the country.
The Local Government Demarcation Act (1998)	This Act sought to eliminate small and ineffective local councils through combining neighboring or near local authority areas under a single jurisdiction, and also assigned rural areas surrounding urban centres to the control of the latter. This Act, indirectly lays a basis for pro-poor development through ensuring fairer spatial distribution of resources.
The Local Government Municipal Structures Act (1998)	The Act provides for the three categories of municipality to operate within the newly demarcated areas and assigns them specific powers and duties. The duties and powers are based on the Constitution and are generally of a service type nature, but include the following LED-type tourism, planning, public works, infrastructure development and markets. In undertaking such duties municipalities are expected to promote economic and social development in the area under their jurisdiction. The Act also allows for the participation of traditional leaders within local government administration in the areas in which they reside.

Legislation	Impact on LED
Municipal Systems Act (2000)	<p>This is the last key piece of legislation and the one, which has the most direct influence over the principle of popular participation in local governance and local-level development. The Local Government Municipal Systems Act provides for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of communities, and ensure universal access to essential services that are affordable to all. The Act describes the “core processes or elements that are essential to realizing a truly developmental local government system. These include participatory governance, integrated development planning, performance management and reporting, resource allocation and organizational change”.</p> <p>In terms of service provision, municipalities are required to prioritize the basic needs of the community and to ensure that all residents have access to a minimum level of basic services.</p> <p>LED may be promoted through the provision of special tariffs for commercial and industrial users. A further LED provision is that municipalities may establish service utilities or acquire ownership of a company which renders a municipal-type service.</p> <p>The Act spells out the same powers and duties as detailed in the Structures Act and obligates municipalities to undertake developmentally orientated planning, requiring Municipalities to develop IDP's . These plans should involve widespread consultation with communities and other stakeholders and should link and co-ordinate all municipal development plans, municipal resources, capacity and budgets and be compatible with national and provincial planning requirements. In terms of service provision, municipalities are required to prioritize the basic needs of the community and to ensure that all residents have access to a minimum level of basic services. The Act clearly provides the mandate for participatory governance in local government affairs and development matters.</p>
The Disaster Management Act	<p>The integrated coordinated disaster management policy is focused on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters, and post-disaster recovery. The Act also provides for the establishment of national, provincial and municipal disaster management centers.</p>
Municipal Finance Management Act 2003	<p>This Act identifies the supervisory functions to be performed by especially the National Treasury, and also the Provincial Government.</p> <p>A municipal revenue fund must be established and the Municipal Manager, as the accounting officer, will have to control it. Consolidated financial statements must be prepared on an annual basis within a limited time frame, where after the fund will be audited via the Auditor General.</p> <p>Budgets are to be prepared in accordance with the municipality's IDP</p> <p>Procurement of goods and services must be done in accordance with the Preferential Procurement Policy Framework Act, No. 5 of 2000.</p> <p>The Act is developed to secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; and to provide for matters connected therewith.</p> <p>Of importance to LED in particular are also the clear procedures laid down also for:</p> <ul style="list-style-type: none"> • Establishment and financial governance of Municipal entities • Supply chain management policy for goods and services • Conditions and process for public-private partnerships
The Property Rates Act	<p>All land and improvements thereon is subject to property tax levied by municipalities in accordance with a determined rate. Guidelines are given as to how a valuation roll should be compiled, objections dealt with and the roll validated, in order to become the basis for property tax.</p>

4 NATIONAL POLICIES, PROGRAMMES IMPACTING ON LED

4.1 Background

In the past eight years, South African policy-makers have introduced a number of policy and strategy measures aimed at preparing South African economic sectors and institutions for participation in the global knowledge economy. These include, but are not limited:

- The White Paper on Science and Technology – “Preparing for the 21st Century” (1996)
- The National Research and Technology Foresight Project (1998)
- A Human Resource Development Strategy for South Africa – “A National at Work for a Better Life for All (2001)
- The South African Information Technology Industry Strategy (2001)
- The National Biotechnology Strategy for South Africa (2001)
- The Department of Trade and Industry’s (DTI) Integrated Manufacturing and Industrial Strategy (2001)
- The National Research and Development Strategy (2001)
- The National Plan for Higher Education (2002)
- DTI’s ICT Cluster Strategic Plan (2002)
- DTI Vision 2014
- The Advanced Manufacturing Technology Strategy (2003)

At a local level Mohokare Local Municipality needs to ensure that they capitalise on the national efforts through their own LED approach. For this purpose reference to other national programmes is essential in planning for LED.

4.2 LED as a second economy approach

The dualistic economy in almost all municipal areas within South Africa consists of two economies; the first is an advanced, sophisticated economy, based on skilled labour, which is becoming more globally competitive. The second is a mainly informal marginalised, unskilled economy, populated by the Unemployed and those unemployable in the formal sector. The second economy is “poverty-trap”. It is linked to the first economy by the extent to which it can still supply cheap, unskilled labour this economy may require. It survives on money transfers sent by family members who have been able to secure regular or occasional employment within the first economy, as well as social grants and elements of the social wage provided by the democratic state. It is also linked to the first economy by the goods (mainly food), equipment and services it purchases with the meager sources at its disposal. Those resources also make it possible for the second economy (or the poor) to maintain an informal or micro enterprise sector of small traders, artisans and service providers.

In his 2003 address the State President, president Thabo Mbeki shared the key strategies to meet the growth and development challenges of the second economy:

- The integrated Sustainable Rural Development Programme (ISRDP)
- The Urban Renewal Programme (URP)
- Expanded Public Works Programme (EPWP)
- A boost to infrastructure spending in underdeveloped regions and communities.
- Support to local government’s preparation and implementation of integrated development plans (IDPs)
- The development of SMMEs and co-operatives in urban and rural areas.
- Black economic empowerment (BEE) and special programmes for women’s economic development
- The expansion of micro-credit to enable the poorest to engage in the economy
- The incorporation eg the unemployed within the Skills Development Programme, especially as implemented by the SETAs
- The continued restructuring of education so that it gives the youth the skills to engage in the economy
- Agrarian reform, including a Comprehensive Agricultural Support Programme and forestry development
- The creation of an echelon of community development workers to help build social cohesion in the second economy, and to help develop strategies and forge links that can transform the second economy.

It is against this background that Mohokare develops their LED Plan.

4.3 LED Linkages to other Strategies, Programmes and Projects

LED is a holistic discipline and other local authority strategies and plan that should influence, and be influenced by, the local economic development agenda potentially include:

- City strategic plan
- Planning, zoning, resource management and land use development strategies

- Transportation strategies
- Leisure and recreation strategies
- Housing strategies
- Anti-poverty strategies
- Education and training strategies
- Crime and public safety strategies
- Environmental strategies and Agenda 21
- Waste disposal and pollution control strategies

In addition to looking at the relationships that LED has with other local plans, there is a need to look beyond the local area to other plans, rules and regulations that will impact upon the local economic agenda. These will include national and/or provincial laws and policies, for example:

- Telecommunications deregulation
- Financial regulations
- Environmental standards
- Taxation
- Land and property laws
- National government infrastructure investment plans

4.4 Linkages between LED and ASGISA

ASGISA is a accelerated and Shared Growth Initiative growth strategy and targeted interventions to overcome key constraints in the macroeconomic environment, in infrastructure and logistics provision, in skilled labour availability, in the competitive environment and cost structure of the economy as well as in the regulatory environment and in the institutional capacity of government to deliver:

- industrial development,
- sector strategies,
- enterprise development as well as
- Second Economy initiatives more broadly
- Including competitiveness and competition that are necessary to unlock the potential of the economy

The following sectors are targeted:

- Steel industry
- Tourism
- Chemicals,
- Creative and cultural industries,
- Metals,
- Agro-processing and
- Textiles and clothing
- Automotive industry

Mohokare Local Municipality needs to take cognitions of these initiatives to benefit from the national strategies.

4.5 LED and the Expanded Public Works programme

The EPWP is a national priority programme aimed at job creation, infrastructure and service delivery, training, and skills development. It aims to provide an opportunity to:

- Draw significant numbers to the unemployed into productive work to enable them to earn an income within the first five years of the programme
- Provide unemployed people with education and skills within the first five years of the programme
- Ensure that participants in the EPWP are able to use the experience either to set up their own business or to become employed

Potential for job creation as part of LED can be identified in the following sectors:

- Infrastructure (increasing labour-intensiveness of government-funded projects)
- Environment (creating work in public environmental improvement programmes)
- Social (creating work in public social programmes, e.g. home-based care workers and early childhood development workers)
- Economic (income-generating programmes from government procurement of goods and services specifically for small enterprise learnership/incubation programmes).

The programmes in support of LED, referred to as “expanded” because:

- It has expanded beyond the traditional focus on infrastructure, into social, environmental and economic work activities
- It will be expanding the application of existing best practices to the rest of the rest of government
- It will seek larger budgets for components of the programme that prove successful

As part of a holistic LED plan, the EPWP has the following common characteristics:

- Workers are usually employed on a temporary basis (by the state, contractors or other non-governmental organizations)
- Workers are provided with a combination of work experience and training
- The public sector body makes a deliberate attempt to use its expenditure on goods and services to create additional work opportunities for the unemployed (usually unskilled)
- It also attempts to identify and develop exit strategies for workers when they leave the programme

4.6 Small Enterprise Development

The Small Enterprise Development Agency (seda) is the Department of Trade and Industry's agency for supporting small business in South Africa and established in December 2004.

The mandate of **seda** is to design and implement a standard national delivery network that must uniformly apply throughout the country. Its role includes the support and promotion of co-operative enterprises, particularly those located in rural areas.

The work of **seda** is carried out in line with the Department of Trade and Industry's Integrated Small Enterprise Development Strategy, which aims to:

- Strengthen support for SMME's access to finance
- Create an enabling regulatory environment
- Expand market opportunities for specific categories of small enterprises Localize small business support through a grid of seda-coordinated information and advice access points
- Initiate a national entrepreneurship drive and expand
- Education and training for small business
- Co-fund minimum business infrastructure facilities in local authority areas across the country

Regarding business infrastructure facilities, the strategy expects that the integrated strategy has to link up closely with current local economic development (LED) efforts in all municipalities.

5 THE NATIONAL STRATEGY GUIDELINES

The Department of Provincial and Local Government issued a chapter on LED for South Africa. The most important 8 principles are summarized below:

5.1 A vision for LED

Local people, through their democratically elected municipality, should establish a vision for local economic development. This should include promoting growth, reducing inequality, increasing participation and tackling poverty.

5.2 Improved basic quality of life

All residents and businesses should have access to good services and a clean and healthy environment.

5.3 LED is not confined to one unit or programme

Everything that the council does – if it is done well – could potentially contribute to economic development. The responsibility for economic development should not be confined to a special unit or programme responsible for investment promotion.

5.4 Investment promotion

All efforts to attract investment should be linked to clear social and economic goals, especially job creation and balanced development.

5.5 Meeting basic needs

Growth and development lies in meeting basic needs. Public works, housing, social and community services constitute an opportunity to bring people into the labour force.

5.6 Supportive civic culture

Civic institutions, cultural and social structures can help to build confidence and trust. Networking for small firms contribute to sharing ideas and taking risks. A divided city cannot be successful or competitive. It is in everybody's interest to narrow the gaps, which divide us geographically and economically.

The economic potential within impoverished communities is considerable. With the right support and encouragement, including concerted education and training, the poorest in our community can achieve a great deal.

5.7 Linkages with national and provincial programmes

National and provincial programmes such as ASGISA, SEDA, EPWP, and SETA support economic development and in particular address the second economy.

5.8 The four National LED policy Trusts

The four LED policy trusts in South Africa are:

- Promoting competitive advantages
- Leadership and Governance
- Investing in communities
- Public-private participation

6 PROVINCIAL STRATEGY GUIDELINES

Provincial Development is guided by the FSPGDS. Based on the social and economic development challenges of the province, the Free State Province has identified the following as primary development:

- Stimulate economic development.
- Develop and enhance the infrastructure for economic growth and social development.
- Poverty alleviation through human and social development.
- Ensure a safe and secure environment for all the people of the province.
- Promote effective and efficient government and administration.

The indicators from the FSPGDS guide this Plan.

- Socio-Economic Analysis: Based on the minimum requirements listed above, the analysis conducted by Mohokare Local Municipality does not provide adequate feedback on the problems identified through the review/analysis.
- Strategy guidelines on LED: Developed strategies need to be linked to specifically identified problem areas that have been identified in the analysis phase.
- LED Strategies and Programmes: Strategies and programmes of the Free State Growth and Development Plan guide this LED Plan.

Specific Programmes of action were announced to grow the formal economy. These include the following:

- Raise the rate of investment.
- Work to reduce the cost of doing business in the country.
- Particular attention to SMMEs.
- Speed up the process of skills development, focusing on the shortfalls that had already been identified.
- Enhance the country's export performance, focusing on services and manufactured goods.
- Increase spending on scientific research and development.

To give effect to these developmental objectives, the province has identified the 11 areas that need to be addressed by 2014:

1. To achieve an annual economic growth rate at least equal to the national average economic growth rate.
2. To reduce unemployment from 38.9% to 20%.
3. To reduce the number of households living in poverty by 5% per annum.
4. To improve the functional literacy rate from 69.2% to 85%.
5. To reduce the mortality for children less than five years to 65 per 1 000 live births.
6. To reduce the obstetrical maternal mortality rate from 65.5 to 20.06 per 100 000 women in the reproductive age group.
7. To stabilize the prevalence rate of HIV and AIDS and reverse their spread.
8. To provide shelter for all the people of the province.
9. To provide free basic services to all households.
10. To reduce the crime rate by at least 7% per annum.

11. To provide adequate infrastructure for economic growth and development.

Key programmes of action to grow the informal economy are:

- The Expanded Public Works Programme launched in all provinces during 2004.
- A Financing Protocol was finalized during 2004 relating to the Urban Renewal and Rural Development Programmes.
- The Apex Fund (dedicated to the extension of micro credit) that came into operation in 2004.
- The Department of Agriculture to increase its support to agricultural activities in the communal land areas as well as other small-scale agriculture.
- During the 2005 financial year, finalise the strategy for the development and extension of financial and non-financial support to cooperative enterprises.
- The Department of Education would expand the reach of the Adult Basic Education and Training programme.
- Work with provincial and local governments to ensure that the end of 2004 in the identified urban and rural nodes deploys Community Development Workers.
- Ensure that modern information and communications technologies were introduced in the development nodes as quickly as possible to assist in all their developmental and governance efforts.

6.1 Key LED Principles

In the identification of objectives and strategies for LED, the following principles were considered:

- LED strategies prioritise job creation and poverty alleviation;
- LED targets previously disadvantaged communities;
- LED promotes local ownership, community involvement, Local leadership and joint decision making;
- For LED to be successful stakeholder involvement is imperative – This includes forming partnerships with local, national and international partnerships;
- LED should ensure it includes local resources and skills to maximise opportunities for development;
- The LED Plan must integrate diverse economic initiatives into a comprehensive approach

7 MOHOKARE LOCAL MUNICIPAL IDP AND LED

The IDP can be seen as the macro development plan for the municipal area. It summarizes the socio- economic environment, provides a situation analysis of the geographic, the level of infrastructure (including roads, schools, etc.) and provides a demographic profile of the people of the area. The IDP summarizes all government structures, systems and provides a legislative framework for service delivery and development. Different sector plans such as the spatial development framework, rural development plan, Capital project plan, Youth development, HIV/AIDS, LED, etc. form an integrated part of the IDP

The LED plan is a socio- economic investment and development plan directly informed by the IDP for the development of the area and its people if also directly informs the IDP.

Apart from the National guidelines, a set of localized strategy guidelines was also formulated, together with the Xhariep District Municipality and other neighbouring local municipalities. In general, the following two strategies need to be highlighted:

Local municipalities should act as agents for local communities to apply for funds. Funds should only be distributed through local municipalities. A condition for LED projects should be proper after care and monitoring facilitated by the local municipality, with assistance from the district municipality.

All development efforts of other organs of state or private organisations should go through municipalities.

8 STRATEGIC ANALYSIS OF MOHOKARE

Against the LED background and policy guidelines, an socio-economic SWOT analysis conducted in Mohokare revealed important information:

8.1 Socio-economic SWOT analysis of Mohokare

The potentials (strengths) and also the constraints (weaknesses) as identified for Mohokare in the IDP as well as LED workshops are indicated in the two columns (see overleaf)

Table 8: Socio-economic SWOT analysis of Mohokare

POTENTIALS / STRENGTHS	CONSTRAINTS
<ol style="list-style-type: none"> 1. Strong agricultural and tourism sector 2. N6 and Maluti tourism route 3. Zastron Mountains 4. Natural attraction and heritage 5. Natural resources include the Caledon River 6. Letsatsi Lodge employment opportunities to approximately 20 people at the lodge 7. Two restaurants in Smithfield (International tourists) 8. Accommodation for tourists approximately 10 people are employed 9. Good hospital and clinic 10. Production of cheese in Smithfield 11. Truck stop in Smithfield 12. Sports and leisure events (4x4 Trial) 13. Golf club and other Sports Ground 14. Skills for jerseys production 15. Great history and a local Museum adds to the marketability of Smithfield 16. Good educational facilities exist 17. Exploit irrigation opportunities 	<ol style="list-style-type: none"> 1. Unemployment and crime 2. Lack of safety and security 3. Lack of job opportunities 4. Lack of centers for skills development 5. Lack of structures way to address enterprise development (SMME and BEE) 6. Poor level of infrastructure maintenance such as Electric failure (accrued Tech) and Lack of water services 7. Poor maintenance of infrastructure such as water supply and scarcity of bulk supply 8. Poor Maintenance of sport ground 9. Poor road infrastructure 10. Underutilized properties such as vacant schools 11. Lack of public and stakeholder mobilisation

9 MOHOKARE LED STRATEGIC FRAMEWORK

As a result of an in depth development analysis, regional analysis, research and a community consultative process, the following vision for local economic development in Mohokare is recorded:

9.1 LED Vision

All stakeholders to collectively contribute in creating an enabling environment for economic growth and sustainable development for the people of Mohokare in 2012

9.2 LED Objectives

Informed by National, Provincial and District Guidelines objectives for Local Economic development are set for Mohokare Local Municipality, namely

- To create an enabling environment for LED
- To enhance environmental security and development including combating crime
- To enhance Tourism and investment in the economy
- To expand and diversify the agricultural sector
- To increase employment opportunities, skills and SMMEs development
- To enhance municipal LED capacity through organisational development

9.3 LED strategies

An Integrated LED approach focuses on sustainable economic growth. The Mohokare LED strategies are directly linked to the identified objectives as reflected and summarized in Table 9.

Table 9: Mohokare LED strategic Framework

Objective	Strategies
To create an enabling environment	<ul style="list-style-type: none"> ▪ Conducive incentive policy development and implementation ▪ Efficient Municipal service delivery and infrastructure provision ▪ Spatial development
To enhance environmental security and development including combating crime	<ul style="list-style-type: none"> ▪ Implement comprehensive awareness campaigns and skills development programme, in cooperation with relevant departments ▪ Improved Safety and security ▪ Develop and implement training and mentorship programmes amongst previously disadvantaged people with the assistance of voluntary organizations for conservation practices and ward greening ▪ Create opportunities for the youth to be involved in sports activities
To enhance Tourism and investment in the economy	<ul style="list-style-type: none"> ▪ Actively promoting tourism development through: <ul style="list-style-type: none"> ▪ Comprehensive marketing strategies ▪ Encourage and support the development of eco- tourism ▪ Facilitate the development of tourism routes such as South African cuisine, etc.
Expanding and diversifying the agricultural sector	<ul style="list-style-type: none"> ▪ Commonage development ▪ Collaboration with relevant departments, guidance and skills training to emerging farmers (small scale farming) ▪ Development of agro-processing industries (long term) ▪ Assistance to potential entrepreneurs in product development and marketing
To promote employment opportunities, skills and SMME development	<ul style="list-style-type: none"> ▪ Investigate opportunities for creating maintenance teams (painters, welders, cleaners) ▪ Investigate the possibility to outsource essential services such as refuse removal, etc. ▪ Facilitate capacity building programmes for SMME's ▪ Facilitate training and support for SMME's ▪
Enhancing Municipal LED capacity	<ul style="list-style-type: none"> ▪ Organisational arrangement for LED ▪ Investigate the implementation of a LED learnership and construction learnership ▪ Develop and apply processes to implement the procurement policy

9.4. LED Programmes and Projects identified for 2007-2012

To be able to successfully implement projects, Mohokare Local Municipality needs to develop and sustain facilitating capacity.

A coherent approach for Mohokare Local Municipality is to a mid and long term LED strategy which analyses the most urgent needs in the municipal area and which outlines a strategy how to address these needs. The success of LED in Mohokare will depend on how local government is aligning their development strategies, coordinating their actions and how efficient the provided funding will be used.

The achieve the main LED objectives identified for 2007-2012 LED programmes were identified. (see Table 10)

It should be noted that the LED objectives is set against a timeframe of five years. For year 1 organisational development is a priority.

9.4 Strategic Indicators

To be able to evaluate the strategic objectives, indicators are developed and needs to be used in the annual assessment of the level of success reached through the LED strategy.

Table 10: LED strategic programmes with Indicator

Objective	Strategies	Proposed Programme	Indicator
To create an enabling environment	<ul style="list-style-type: none"> ▪ Conducive incentive policy development and implementation ▪ Efficient Municipal service delivery and infrastructure provision ▪ Spatial development 	Infrastructure, Housing and Service development programme	Facilitate at least 1 project within the MIG/EPW/ASGISA framework within 1 year
To enhance environmental security and development including combating crime	<ul style="list-style-type: none"> ▪ Implement comprehensive awareness campaigns and skills development programme, in cooperation with relevant departments ▪ Improved Safety and security ▪ Develop and implement training and mentorship programmes amongst previously disadvantaged people with the assistance of voluntary organizations for conservation practices and ward greening ▪ Create opportunities for the youth to be involved in sports activities 	Volunteers programme	<p>At least 1 Awareness campaigns per year</p> <p>Establish at least 1 project through linking relevant Departments and voluntary organizations in service of conservation practices</p> <p>Implement a ward greening project within year 1</p> <p>Initiate at least 1 project for youth Sports coaching</p>
To enhance Tourism and investment in the economy	<ul style="list-style-type: none"> ▪ Actively promoting tourism development through: <ul style="list-style-type: none"> ▪ Comprehensive marketing strategies ▪ Encourage and support the development of eco- tourism ▪ Facilitate the development of tourism routes such as South African cuisine, etc. 	Tourism promotion programme	<p>Facilitate at least one Tourism-promoting initiatives per year</p> <p>Establish at least 1 tourist route per year</p> <p>Initiate a marketing plan with other Municipalities (including the District)</p>
Expanding and diversifying the agricultural sector	<ul style="list-style-type: none"> ▪ Commonage development ▪ Collaboration with relevant departments, guidance and skills training to emerging farmers (small scale farming) ▪ Development of agro-processing industries (long term) ▪ Assistance to potential entrepreneurs in product development and marketing 	Agricultural programme	<p>Investigate the viability of commonage development in year 1</p> <p>Facilitate at least 1 comprehensive Research for agro-processing per year</p> <p>Link small farmers with the CASP programme of the DoA</p>
To promote employment opportunities, skills and SMME development	<ul style="list-style-type: none"> ▪ Investigate opportunities for creating maintenance teams (painters, welders, cleaners) ▪ Investigate the possibility to outsource essential services such as refuse removal, etc. ▪ Facilitate capacity building programmes for SMME's ▪ Facilitate training and support for SMME's 	Research and training	<p>Investigate at least 1 employment creation initiative per year</p> <p>Establish effective links with SEDA, Dept of Labour and SETAs within 6 months</p> <p>Facilitate at least 4 training projects to empower at least 40 SMME's per year</p>
Enhancing Municipal LED capacity	<ul style="list-style-type: none"> ▪ Organisational arrangement for LED ▪ Investigate the implementation of a LED learnership and construction learnership ▪ Develop and apply processes to implement the procurement policy 	Organisational development	Establish and capacitate the LED Unit

9.5. Community Consultative Identification Process

Through workshops and discussions with representatives of the Mohokare local municipality several projects have been identified for the development of the local economy in Mohokare. Projects and activities relating to Local Economic Development (LED) are

indicated in the table below. Also indicated are the economical impacts the projects will have, as well as other concerns regarding some of the proposed projects.

The identified projects related directly to the IDP and display an economic impact. These are summarized in the table below.

Table 11: LED Projects identified for 2007

Proposed Programme	Project No.	LED Project	Economic Impact
Infrastructure, Housing and Service development programme	1.1	Link opportunities with Metered water connections through MIG projects	<ul style="list-style-type: none"> ▪ Job creation (local labour) ▪ More control over the water used ▪ Paying for the water will generate an income for Mohokare
	1.2	Link EPWP and/or MIG projects in acceptable sanitation system with LED	<ul style="list-style-type: none"> ▪ Job creation ▪ Investment in infrastructure and thus in the area
	1.3	Link EPWP and/or MIG projects in Maintenance of streets	<ul style="list-style-type: none"> ▪ Job creation (perhaps by paving streets) ▪ Accessibility encourages tourism and thus investment ▪ Overall increase in production ▪ More accessible for emergency services, SAPS, etc. ▪ More and better public transport ▪ Job creation ▪ Better infrastructure
	1.4	Link EPWP and/or MIG projects in Waste removal	<ul style="list-style-type: none"> ▪ Employment through recycling of waste ▪ Better control over waste
	1.5	Link Housing projects such as the people's Housing with LED	<ul style="list-style-type: none"> ▪ Job creation, through SMME's and local contractors ▪ Utilization of local manufacturers for windows, roofs, etc.
Volunteers programme	2.1	Youth sports coaching	<ul style="list-style-type: none"> ▪ Youth involved in sports – off the street ▪ Youth constructively engaged in development
	2.2	Awareness campaigns with SAPS	<ul style="list-style-type: none"> ▪ Enhancing safety and security ▪ Combatting crime
	2.3	Conservation project with relevant Departments	<ul style="list-style-type: none"> ▪ Nature conservation
	2.4	Ward greening project	<ul style="list-style-type: none"> ▪ Environmental awareness
Tourism promotion programme	3.1	Cultural Tourism route	<ul style="list-style-type: none"> ▪ More attraction for people to the area ▪ Increase in tourism ▪ More external spending
	3.2	Marketing plan for area	<ul style="list-style-type: none"> ▪ Improve investment opportunities
Agricultural programme	4.1	Linking small farmers with the CASP programme of the Department of Agriculture	<ul style="list-style-type: none"> ▪ Improved competency and sustainability of small-scale farmers
	4.2	Commanage development	<ul style="list-style-type: none"> ▪ Removal of livestock in townships
Research and training	5.1	SMME development programme – maintenance teams	<ul style="list-style-type: none"> ▪ Creates self-sustainability ▪ Creates self-sustainability
	5.2	Training and mentorship projects	<ul style="list-style-type: none"> ▪ Improved capacity
	5.3	Investigate outsourcing opportunities such as waste removal	<ul style="list-style-type: none"> ▪ Improves sustainability
Organisational development	6.1	Establish the LED Unit	<ul style="list-style-type: none"> ▪ Build municipal capacity to facilitate LED
	6.2	Investigate the possibility of an LED learnership	<ul style="list-style-type: none"> ▪ Enhance LED capacity in the area
	6.3	Local procurement policy guidelines	<ul style="list-style-type: none"> ▪ Support local business

9.6 Financial and other support for Projects

To sustain the identified programmes, financial and other support is indicated accordingly (see the last column).

Table 12: Financial and other Project support

Proposed Programme	Project No.	LED Project	Financial and other support
Infrastructure, Housing and Service development programme Volunteers programme	1.1	Link opportunities with Metered water connections through MIG projects	▪ MIG and/ or EPWP
	1.2	Link EPWP and/or MIG projects in acceptable sanitation system with LED	▪ MIG and/ or EPWP
	1.3	Link EPWP and/or MIG projects in Maintenance of streets	▪ MIG and/ or EPWP
	1.4	Link EPWP and/or MIG projects in Waste removal	▪ MIG and/ or EPWP
	1.5	Link Housing projects such as the people's Housing with LED	▪ Department of Housing
Volunteer programmes	2.1	Youth sports coaching	▪ Department of Sports, NDA, DoL, DoE, DoSD
	2.2	Awareness campaigns with SAPS	▪ SAPS
	2.3	Conservation project with relevant Departments	▪ DWAF
	2.4	Ward greening project	▪ DWAF
Tourism promotion programme	3.1	Cultural Tourism route	▪ DEAT
	3.2	Marketing plan for area	▪ Budgetary process
Agricultural programme	4.1	Linking small farmers with the CASP programme of the Department of Agriculture	▪ DoA
	4.2	Commanage development	▪ DoA, Department of Land Affairs
Research and training	5.1	SMME development programme – maintenance teams	▪ SEDA, Dti, NDA, DoL, DoE, DoSD
	5.2	Training and mentorship projects	▪ Department of Sports, NDA, DoL, DoE, DoSD
	5.3	Investigate outsourcing opportunities such as waste removal	▪ ?
Organisational development	6.1	Establish the LED Unit	▪ DBSA, dplg
	6.2	Investigate the possibility of an LED learnership	▪ LGSETA
	6.3	Local procurement policy guidelines	▪ Budgetary process

Note: In Annexure A a detailed list of funding and other support for LED is provided.

Obviously, detailed implementation and action plans needs to be developed for each programme and project. For each project objectives and indicators need to be developed and are essential for the implementation and monitoring of project success. The level of success reached through the projects ultimately contribute to the success of the programme and thus to the overall success of LED in Mohokare. Strategic LED tools and approaches could be followed to enhance the success of these projects.

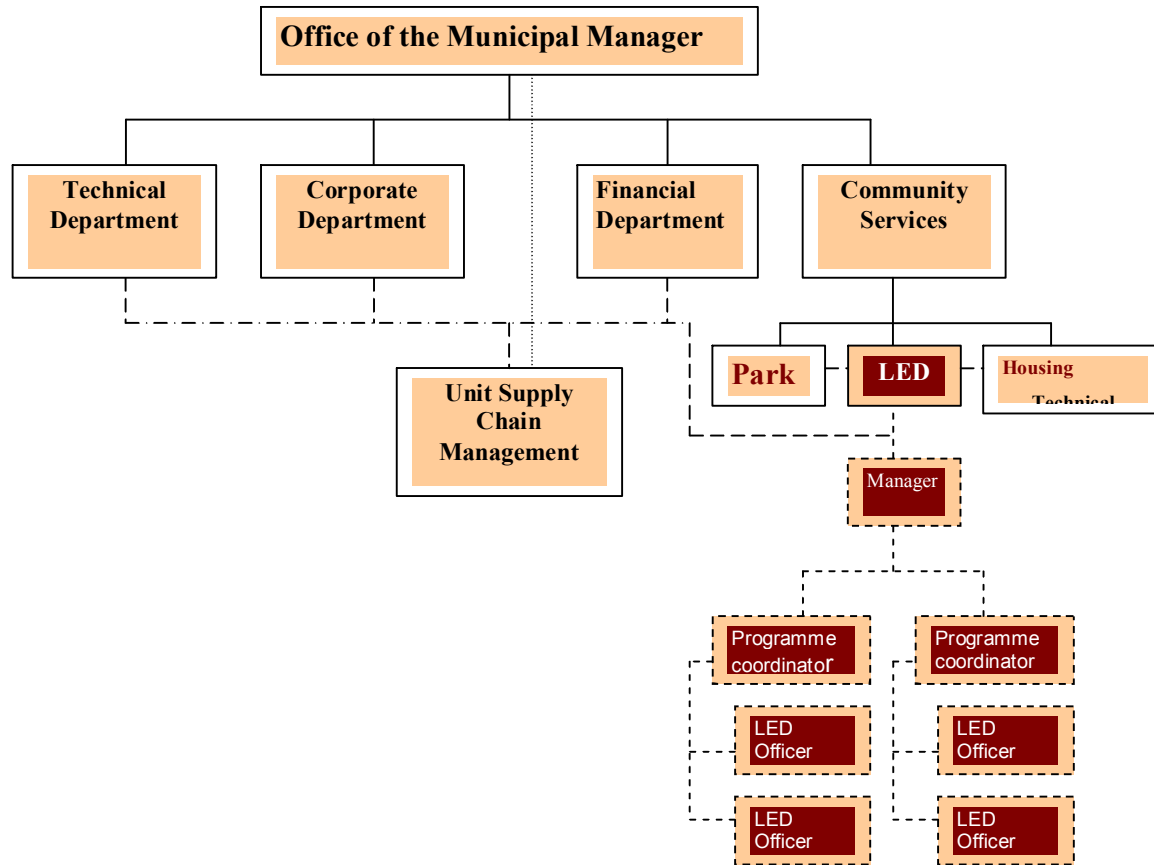


Figure 10: Proposed organizational structure for LED in Mohokare

The proposed LED Unit/Division is structured in the Management of Community Services. To establish an LED Unit is costly and need to be planned for in the budgetary process.

This process could be phased in over a period of five years (For example appointing an LED Manager and one officer – year 1; taking in 10 LED learners on a Learnership¹ in year 2; appointing an LED coordinator and an additional 10 learners in year 3 and finally, appointing additional staff as needed in years 4 and 5).

Guidance on the key performance areas, functions of the LED Unit and the proposed roles and responsibilities of staff of an LED Unit are briefly provided below.

9.8.1 Key performance areas of the LED Unit

The requirements placed on Mohokare municipality in terms of the Municipal Systems Act are crucial. The LED Unit should therefore:

- Conforms to a performance management system (PMS);
- Sets targets and indicators and monitors and reviews performance, based on these indicators;
- Participate in an internal audit on performance before tabling the above report

¹ For Mohokare to be able to facilitate these learnerships, they need to contribute to the Skills levy and liaise with the LGSETA.

- Includes in their PMS the general key performance indicators (KPIs) prescribed by the Municipality and reports on these indicators; and

In terms of these criteria, the following key performance areas are proposed, along with indicators of good management:

- Service delivery;
- Community participation and consultation;
- Communication;
- Leadership;
- Co-operation;
- General performance;
- Transparency;
- Anti- corruption;
- Disclosure;
- Risk Management and internal control;
- Ethics and values

A management system is needed for the implementation and handling of administrative work. The system includes the implementation of:

- communication, documentation, and information flows generic to all sectors and departmental policies
- the generic reporting mechanisms, formats and procedures
- the LED Financial administration system
- the LED financial data Information system

9.8.2 Key performance indicators

Key performance indicators should be identified to meet certain criteria. Such indicators are:

- usable as a key instrument for assessing the relationship between local communities and the LED strategic process;
- focused on the various elements that comprise management, namely, performance management and the implementation of LED programmes and project as part of the IDP;
- emphasizing accountability, transparency and effective participation in local governance for citizens;
- usable by the LED Unit in the course of its performance management duties, and by other stakeholders that deal with the municipality, be it in an unstructured, a semi-structured or a structured relationship;
- output orientated, and as such should be measurable, objective and precise; and
- outcome orientated, and as such provide feedback for the Unit as a whole, including a review of activities (*are things being done right?*), a review of strategy (*are the right things being done?*), a way of staying focused on the priorities rather than side issues, and a way of turning broad objectives into real actions.

9.8.3 Indicator categories

Performance indicators could be presented in matrix format, and each indicator could be dealt with categorically in terms of:

- Intended target/ result;
- Suggested means of measurement;
- Suggested source of information;
- Suggested rating; and
- Has the target/ result been achieved?

9.8.4 Functions of the LED Unit

The LED Unit facilitates the developmental responsibility of the municipality, which includes the following:

- LED strategic direction including growth, investment and promotion
- Project funding within the relevant municipal accounting system
- Coordination of project identification process between departments in terms of the IDP and Sector Plans
- Coordination of project feasibility process with involvement of other municipal departments in terms of the relevant IDP
- Establishment and approval of contracts with consultants, contractors and other service providers, etc.
- Programme - and Project management, including ensuring that programmes and projects meet planning objectives
- Coordination of project-based capacity building initiatives
- Managing and monitoring a database and preparation of reports

Two main areas of concentration are regional development coalition and creating a supportive development environment. The organizational arrangement enables the Municipality to facilitate the concept of the development coalition. By creating a “business-

friendly” supportive environment and local “enterprise culture” the Municipality enhances LED. “Big Business” as well as SMMEs are forces for economic renewal and promote the enterprise culture. The LED Unit contributes to economic growth through facilitating programmes and projects that encourage the enterprise culture, the enterprising values and attitudes among local population and developing of a business friendly and supportive environment within municipal offices. The promotion of LED demands some resources to be spent to support activities, but a coherent framework of activities is even more important. However, scarce resources will lead to inappropriate capacity to conceive a coherent set of actions.

9.8.5 Proposed roles and responsibilities of LED staff

The role of the LED Manager

The LED manager as head of the LED Unit is primarily responsible to develop and implement governmental LED policies and strategies in line with national policies. He/she is responsible for a LED strategic action plan for the municipality and should identify provincial and national LED support such as MIG and BEE. Other LED related governmental initiatives such as the EPWP, MIG, ASGISA and SEDA should be linked to the LED potential and discussion in this regard with other Departments initiated. The identification of provincial/national technical support for LED needs to be investigated by the LED manager.

The LED manager is mainly responsible for developing a multi-disciplinary inter-district and private/public forum for LED. The LED manager will advise Council on LED entrepreneurial-initiatives in the region and investigate and align LED programmes with the IDP. The identification of industrial clusters and sustainable programmes is part of his/her function.

The LED manager needs to assess the impact of LED programmes. The evaluation of merit of LED proposals and presentations, as well as the assessment of programme performance is part of the responsibilities of the LED manager.

Challenges for the LED manager will be how best to initiative a data- base for LED communication and how to facilitate programme funds. The annual budgeting responsibility will rest mainly on his/her shoulders.

The facilitation and/or development of legal matters, MOU and contractual agreements with all stakeholders will be part of the responsibilities of the LED manager. As LED representative of the local municipality he/she will facilitate legal support, LED awareness and marketing support through local procurement policy and attracting investment. Therefore the task to liaise with any potential LED stakeholder as well as external liaison with provincial and national government, regional development initiatives and possible institutions for LED capacity building lies with the Manager.

The role of the LED programme coordinator

Mainly responsible for successful LED programme implementation, the LED coordinator oversees the coordination of project matters within identified programmes. Key performance areas and tasks of the LED coordinator include:

- Identification of training needs for LED officers as well as project participants
- Identification of sustainable LED support
- Advice the LED manager on LED entrepreneurial-initiatives in the local areas
- Identification of potential LED programmes and new clusters
- Identification of research- orientated entrepreneurial collaboration with research and higher education institutions
- Identification of technical research opportunities for LED
- Initiate research for environmental and competitive advantage of the area
- Investigation for pilot projects and programmes
- Assessing LED project performance
- Support LED officer in project and manager in programme proposals and presentations
- Identify and liaise LED Stakeholders
- Process- and programme management
- Administrate LED project/programme funds and communication
- Monthly reporting on programme performance
- Assist with project/programme budgeting
- Interact with LED officers
- Assist a strategic action plan for LED
- Coordination and co-operation with contract appointment for identified consultants
- Recording all aspects of LED in the district
- Initiate sustainable LED Programmes
- Prepare proposals for LED projects/programme

- Facilitate legal aspects in contracting and human relations
- LED programme awareness and regional marketing support

LED Programmes facilitate a process, the “glue” which holds diverse stakeholders together, and enables co-operation across a range of local interests. It is therefore critical to ensure that all stakeholders in the community consider the institution credible and legitimate - a challenge for the political, economic and social divisions of the institution.

The role of the LED Officer

The LED Officer is mainly responsible for project implementation and monitoring. He/she is the direct link of the LED Unit with project beneficiaries and the community, therefore is responsible to identify community needs such as training of project participants.

The LED Officer initiates sustainable LED projects through field investigation; pilot projects and successful LED entrepreneurial-initiatives in the local areas. The identification of research- orientated entrepreneurial needs as well as technical support needed for LED projects, is part of his responsibility.

In particular, the monitoring of project performance and basic project cycle management will fall under the auspices of the LED Officer. Other aspects of his/her day-to-day operations will be to:

- administrate/facilitate LED projects through site meetings, etc.
- report on project development
- support of project beneficiaries /participants in project proposals and presentations
- interact with project beneficiaries
- convey LED information to CDW and beneficiaries
- act as LED project representative of the LED Unit
- liaise with other project role players

9.7. LED tools and approaches

Mohokare Municipality and their personnel need to see themselves as delivering a service to enterprises as their customers. Their services influence the performance of businesses in many ways: being relevant to business needs (also in terms of quality), on time (saving time to business-people, allowing them to act promptly and focus on real business problems), and cheap. To change the established administrative procedures, it requires attention and support at the highest political level, e.g. the full determination of the mayor and to develop a business –like administration.

Mohokare Local Municipality could act along the following directions:

- to represent interests of the (local) business community toward the central government on legislation, regulatory practices and tax policy
- the staff in municipal administration should be made aware of the circumstances of business through training, information and awareness
- best practices among municipalities should be readily identified and subsequently adapted in other municipalities as well;
- the public procurement process should be open to SMMEs through better information on tendering opportunities;
- Mohokare Municipality could establish “one -stop-shop” approach, one single location for registration purposes for business start-ups with staff experienced in procedures, as well as for other permits, licenses and various documents;
- all administrative procedures have to be simplified as much as possible within existing regulation, made more transparent, time left to the administration to act should be shortened, with the focus on avoiding bribes and corruption;
- Mohokare municipality has to allocate appropriate resources to improve this area of public administration (staff, training, ICT equipment);
- the information about standard procedures has to be readily available through the leaflets (with the localized contents), practical guides as well as mass media to raise the “business literacy” among would -be entrepreneurs and existing owner-managers;
- Mohokare municipality could establish “round-tables” as means to exchange information, experience, complaints, to enable business to consult with administration before issuing new administrative practices/obligations.

Other approaches to assist with the implementation of the plan are identified:

- **Attract investment into the local area;**
- **Support local businesses through research, loans, grants, premises, technical infrastructure, etc;**
- **Link urban and rural development plans;**
- **Developing human resources to improve local skills base;**

- Community-based approaches;
- Linking profitable growth to redistribution.
- Aligning LED programmes with EPWP

From Minister Manuel's 2005 Budget Speech (Manuel, 2005) the following importance can be drawn:

"We must address the barriers to small business development and job creation that arise from cumbersome municipal planning and approval procedures, or from overly burdensome administration of the tax laws, environmental regulations or labour market controls."

10. CONCLUSION

Local economic Development is a locally driven process designed to identify and utilize resources to stimulate the economy and to create employment opportunities.

The Local Economic Development (LED) Strategy is a micro development strategy; it support the IDP and intended to establish measures whereby LED programmes and projects can be streamlined in such a way that it promotes local economic development and employment. Through implementing these measures, together with the principles as guidelines, there will be a great improvement in economic development and employment, and that will ultimately lead to a reduction in poverty and in crime.

ANNEXURE A:**FUNDING AND OTHER SUPPORT FOR LOCAL ECONOMIC DEVELOPMENT****1. ENVIRONMENTAL AND SPATIAL DEVELOPMENT****1.1 Expanded Public Works Programme (EPWP)**

www.publicworks.gov.za also <http://www.epwp.gov.za>

The Department of Public Works, Roads and Transport (DPWRT) facilitates the EPWP. The programme aims at applying government expenditure to create more job opportunities, particular for unskilled labour, unemployed and marginalised (men and women, people not receiving social grants, people living in rural and urban areas, people with disabilities and especially the youth). Furthermore to:

- Increase economic growth so that the number of jobs created exceeds the number of entrants into the labour market thus reducing unemployment
- Increase education systems so that the workforce is able to take up largely skilled work opportunities generated.

EPWP projects will be funded through the normal budgetary process, the budget of line-function departments, in municipalities and the national municipal infrastructure grant (MIG).

The EPWP will provide municipalities with the necessary tools to successfully tender projects as labour-intensive ones. The South African Local Government Association (SALGA) indicated that the programme is implemented under the four sectors of which the **Environment sector is one**.

Examples of projects include: Sustainable land-based livelihoods' People and parks, the working for water programme, Fire and wetlands, Community-based natural resource management

1.2 The Department of water affairs (DWA) www.dwaf.gov.za

DWA does not necessarily only provide funding. DWA developed several programmes in support of development and public participation.

(a) [Integrated Water Resource Management](#)

The Integrated Water Resource Management Project for example is aimed at projects that contribute towards IWRM. This could support conservation and environmental initiatives.

(b) [The South African River Health Programme \(RHP\)](#)

This programme primarily makes use of biological indicators (e.g. fish communities, riparian vegetation, aquatic invertebrate fauna) to assess the condition or health of river systems. The goal of the RHP is to serve as a source of information regarding the ecological state of river ecosystems in South Africa, in order to support the rational management of these natural resources.

(c) [Strategic Environmental Assessment \(SEA\) for Water Use](#)

SEA is a process and working tool that offers an approach, information and ways of supporting decision-making. The SEA was introduced into DWA to support the implementation of the National Water Act.

(d) [Working for Water Programme](#)

The *Working for Water* programme aims to sustainably control invading alien species, optimise the potential use of natural resources, through the process of economic empowerment and transformation. This could programme could be considered for conservation and environmental initiatives.

1.3 The Department of Trade and Industry (Dti) www.dti.gov.za**(a) [The Land Reform Credit Facility](#)**

The Land Reform Credit Facility is a wholesale finance facility at Khula Enterprise Finance Ltd, whose aim is to stimulate and encourage private sector participation and involvement in the Land Reform process. The Department of Land Affairs and the European Union fund the LRCF. Agricultural and eco-tourism joint ventures could gain from this programme. Initiatives with the

objective of unlocking private sector investment into the agricultural, agribusiness and eco-tourism sector need to consult this source.

(b) The Geographic Spread

The Geographic Spread current strategies and plans are to be integrated:

- Integrated Sustainable Rural Development and Urban Renewal strategies
- Spatial Development Initiatives and Industrial Development Zones
- Integrated Development Plans
- Integration in Africa.

The focus will be on regional and international cooperation. Programmes with the same objective of for instance industrial zoning should consider this

1.4 Department of Land Affairs land.pwv.gov.za

The ELRAD scheme Offers HDP's in the agricultural sector to help them invest in projects that are directly or indirectly related to their employment (R25 000)

2. ECONOMIC DEVELOPMENT

2.1 Department of Trade and Industry (dti) www.dti.gov.za

Several programmes in support of one or more of the national government's strategic development objectives are offered by the dti. Some of these are listed below:

(a) The SMME programme

The SMME programme aims at ensuring that all sector development policies incorporate the goals of maximising the contribution of small business to the economy. This means increasing the rate of new small enterprise development, particularly SMMEs with growth potential. Any programme with the aim of developing new SMMEs could consult this source.

(b) The Africa & NEPAD

The Africa & NEPAD programme supports the economic development of Africa. South Africa is playing an important role in Africa development. If local programmes include prospective cooperation with other African countries such as exchanging technology, markets etc. the Africa & NEPAD programme could provide support.

(c) Infrastructure and Logistics

Infrastructure and Logistics aims on promoting investment in, creating an enabling policy environment and driving key strategic initiatives for a world-class, technology- enabled and socially responsible logistics and supply chain management cluster- in its quest to assist with establishing a promotion strategy.

(d) The Integrated Financing Institution Programme

The Integrated Financing Institution Programme focuses on empowerment & small businesses (consolidation of existing vehicles). This could assist programme coordinators with project financing structuring.

(e) Policy coherence

Policy coherence is aimed to promote and facilitate economic policy coherence within the dti and the economic cluster of government departments. It seems as if capacity for developing of economic –based programmes is available.

(f) Regulatory Environment programme

The Regulatory Environment programme focus on creating a regulatory environment that will boost business and consumer confidence whilst promoting economic development and growth. In programmes where products are produced which are subjected to certain regulations, this programme promises support.

(g) Competitive Market Access

Competitive Market Access programme investigates and expand market access for South African exports. Programmes promises products to be exported, could consult the dti for assistance in the export process.

(h) The Small Business Development Programme

This programme includes several development initiatives such as:

- Agro-Industries Development Finance
- Bridging Finance Scheme
- Danida Business to Business Programme, Credit Guarantee Scheme

Funding could be acquired for programmes where one of these aspects are addressed or is needed.

(i) The Business-to-Business programme

The programme intends to strengthen business opportunities and create jobs for eligible entrepreneurs from the previously disadvantaged communities, through support to the development of commercially viable businesses. Capacity for empowering existing promising, small community entrepreneurs to grow commercial viable businesses are available.

(j) Small Medium Enterprise Development Programme

The Small and Medium Enterprise Development Programme (SMEDP) is a grant paid to local and foreign investors, starting new or expanding their current operations, based on approved qualifying assets and activities / projects. After the initial implementing of projects, continuous business development support is offered through the SMEDP.

(k) Tourism Development Finance: Dutch funds available for investments in South Africa

South Africa is a new market that is expanding rapidly. This provides opportunities for businesses to expand investments and trade relations. The Dutch Ministry of Foreign Affairs finances companies who wish to invest in South Africa, together with a local South-African company. These companies can receive a contribution of 50 percent of the total project costs. Local marketing strategies could gain from this initiative.

(l) Small Business Programme

The main objectives of the programme are to stimulate the participation and growth of small business across all sectors of the economy by opening opportunities to stimulate start-ups and providing support. These are done through small business specific incentives, coordination across government, legislative amendments, consolidation of mentorship support, access to finance/capital, access to information and advice, access to private and public sector and export markets and the promotion of entrepreneurship in particular for women and the youth.

(m) Black economic empowerment (BEE)

The BEE programme aims at capacity building for companies with 51% black-owned systems. The dti strongly focus on black economic empowerment and the promotion of small, medium and micro enterprise support.

(n) Department of Agriculture (through European Union funding) www.nda.agric.za

Agricultural related programme funding for HDP's through the Community Project Funding programme (CPF) is available as a grant for poor people.

(o) **Expanded public Work Programme**

One of the sectors under addressed under the EPWP is the Economic sector. Projects could include the use of government money on goods and services catering, security and cleaning, etc.

3. FUNDING FOR ENTREPRENEURS

(a) ***The National TWIB (Technology for women in Business) programme*** <http://www.twib.co.za>

This programme is an initiative aimed to support and assist women to enhance the accessibility of science and technology in business and in particular in small, medium and macro enterprises (SMME's). It is a national programme under the auspices of the Department of Trade and Industry (the dti).

(b) ***South African Women Entrepreneurs' Network***

SAWEN seeks to affiliate all women enterprise groups, co-operatives, organisations and initiatives into a national umbrella body that will represent and articulate the aspirations of all women entrepreneurs (potential and existing) that operate within the South African SMME sector, as well as lobby for their support needs. SAWEN will link organised groups of women entrepreneurs to private and public sector business and development opportunities. SAWEN function as a public, private sector partnership (PPP). Linking initiatives with partners such as SAWEN could ensure improved local participation.

(c) ***National Empowerment Fund*** <http://www.nefcorp.co.za>

Entrepreneur support is provided for the following categories:

- Generator (for enterprise creation): R250 000 – R1million (75% shares owned by HDP's)
- Accelerator (for enterprise development): R1million – R3million (51% shares owned by HDP's)
- Transformation (for enterprise transformation): R10 000 – R20 million (26% shares owned by HDP's)

The National development Agency (NDA) <http://www.nda.org.za>

The NDA support the rebuilding of communities and in particular poverty eradication and economic development.

4. DIRECT EMPOWERMENT – (including education, training and capacity building)

4.1 The Department of Labour www.labour.gov.za

The DoL offers training programmes. In most cases they only support projects with training when it is already operational. The Department of Labour also assist with training in life skills including HIV/AIDS awareness and career guidance in the EPWP.

4.2 SETAS (Different sectors)

The Sector Education and Training Authorities (SETAS) covers a variety of sectors such as construction, services, mining, retail, etc. and offers training and capacity building through learnerships. The Municipality directly links SETA support to the Skills Levy payable.

4.3 Department Of Trade And Industry (dti) www.dti.gov.za

(a) ***The Input Factors HRD***

The **Input Factors** HRD focus on human capital investments by identifying skills needs of the economy and facilitating the implementation of targeted interventions to address the identified needs, for example programmes with a need for skills development.

(b) ***The Technology Programme***

The Technology Programme fosters and assists with commercialising technology innovation, development and diffusion within a global economy. The aim is to enhance industrial development and global competitiveness of South African industries through technology support measures. Product development as an objective will have access to this programme.

(c) ***Skills Support Programme***

The Skills Support Program (SSP) is a cash grant for skills development with the objective of encouraging greater investment in training and creating opportunities for the introduction of new advanced skills. Initiatives for developing the skills of project beneficiaries should consider this source of funding.

(d) Special Small and Medium Enterprise Development programme include:

- Access to Technology Programmes (for SMMEs, from Ntsika) provide access to technology and appropriate skills transfers and support services to SMME's.
- BRAIN: Business Referral, Advice and Information Network (NAMAC programme) strives to improve the competitiveness and growth of small business (SMMEs) in South Africa through the supply of relevant, value-added business information.
- The Business Regulatory Compliance Advice assist businesses in gaining a better understanding of what laws apply to their business and how best to comply.
- FRAIN: Franchise Referral and Information Network (NAMAC programme) strives to supply high quality information and support services to individuals and small business (SMMEs) to ensure growth and improvement of new and existing franchise businesses in South Africa.
- The Incubator Programme is a joint initiative between DACST and dti as funders in which consortia (group of institutions) who have expertise in a particular area are provided with funding to establish technology business incubators. Financial assistance for the incubator infrastructure and or running costs are provided
- MAC: Manufacturing Advice Centres (NAMAC programme) supports and develops manufacturing SMMEs. NAMAC co-ordinates and manages the MAC Programmes in South Africa.
- Mentorship (for Small Business, from Khula). The Thuso Mentorship is aimed to ensure transfer of skills to a one-to-one basis through pre-loans and post loan services. During the pre-loan stage entrepreneurs are assisted with advice, counselling and development of viable business plans. In the post-loan stage clients are assisted with any and every aspect of managing a successful business as identified by a client, mentor or both.
- Mentorship Programme (for SMMEs, from Ntsika) aims at utilising skilled businesspersons to offer personalised counselling and advisory services to qualifying SMME's.
- SABS: Design Education, Promotion and New Product Development Support. The SABS Design Institute promotes the benefits of design with the ultimate aim of improving the prosperity of the entire population. The SABS Design Institutes initiatives focus on DESIGN EDUCATION, INDUSTRY and INFORMATION, and include a number of award schemes and design publications
- SABS: Quality Management Training. The Education, Training and Development section of the SABS render quality service
- Targeted Assistance (for disabled, youth & women, from Ntsika), facilitates the creation of an enabling environment to promote the growth and development of enterprises owned and managed by disabled persons, youth & women, also to promote the development of rural entrepreneurs.
- Tender Advice Centre Programme (TAC, for SMMEs, from Ntsika) programmes focus on small businesses with 5 to 50 employees in construction, manufacturing and services industries.
- The Trade and Investment Development Programme (TIDP, for SMMEs, from Ntsika) is designed to help small businesses in South Africa to develop their ability to compete in the international marketplace.

4.4 Development Bank of South Africa (DBSA) <http://www.dbsa.org.za>

The DBSA's plays a financing role, which entails the provision of a range of financial products to private, and public sector organizations. DBSA also has funding and technical assistance for development which include:

Advisory services: range of financial products to eligible organisations in the private and public sectors.

South Africa Operations: DBSA provides ongoing expert advice, advocacy and consultancy services to its clients.

Agency Services: DBSA offers agency services on cost recovering basis

The Development Bank of Southern Africa (DBSA) also established a Development Fund, a Section 21 company in 2001.

(a) **The Development Fund (<http://www.dbsa.org.za>)**
Sustainable capacity building at municipal level, and support to municipalities in enhancing service delivery and local economic development is visualised.

(i) The Development Fund focus on:

- Funds for capacity building (grants, development credits and other financial instruments); Expertise: Consulting and advisory services for institutional and human capacity building to ensure that basic services are delivered to disadvantaged communities;
- Development facilitation: Ongoing technical support and sharing of knowledge to ensure that clients gain the necessary experience to manage the functions and processes of service delivery.

The Fund support capacity building initiatives focus on skills transfer (e.g. training), planning studies (e.g. integrated development plans, business plans, community-led initiatives) and development facilitation (e.g. consultation, advise and support) to help municipalities and communities achieve their goals. DBSA provides additional support for:

- Supporting consulting and advisory services for institution and human capacity building to ensure basic services are delivered to disadvantaged communities and local economic development is enhanced.
- Creation of networks and partnerships
- Integration of programmes and projects of the Fund with other development initiatives
- Assisting the identification of capacity gaps and assessment of needs submitted to the Fund
- Assisting with the monitoring of programmes and projects
- Provision of financial and other support services
- Mobilisation of resources from local and international donors.

(b) The National development Agency (NDA) <http://www.nda.org.za>

The NDA support the rebuilding of communities and in particular poverty eradication as well as training.

(C) Local Government Resource Centre (LGRC)

The DBSA also initiated the Development of a Local Government Resource Centre, to optimise its support to local government. Information and data within the DBSA are centralised, repackaged, interpreted and disseminated to local government, and also to national and provincial governments.

DBSA also has an LG Net project to support the following:

- Communications technologies to enable messaging and collaboration between all clients and stakeholders (i.e. e-mail, conferencing, net-meetings, etc);
- External Gateway for access to broader Internet (i.e. e-mail & browsing)
- Portal technologies to enable the storage and dissemination of Local Government related information and knowledge between the stakeholders;
- Security infrastructure to authenticate the users and control access to areas of information on the portal;

5. SOCIAL DEVELOPMENT (including rural and community development)

5.1 National Empowerment Fund – <http://www.nefcorp.co.za>

Support for groups comprising of historically disadvantaged persons (HDP's); also CBO's; and programmes with a social upliftment focus is promised. The funding category is R2 – R10 million.

The fund has a strong community participation focus. BEE retail investment programme and culture investment is promoted in particular.

5.2 Industrial Development Corporation (IDC) <http://www.mbendi.cp.za>

The IDC provides Bridging finance for entrepreneurs with secured contracts and/or tenders. The minimum finance requirement starts with R500 000 and is linked to a short term of 18 months.

5.3 National Development Agency (NDA) <http://www.nda.org.za>

Different categories of funding are available though project proposals

5.4 Department of Economic Affairs and Tourism: www.environment.gov.za

BEE and Rural economic and enterprise development programmes recently they introduced specific support for the tourist industry.

5.5 The Department of Social Development - Expanded Public Works Programme
One of the sectors under addressed under the EPWP is the Cultural and social sector

Examples of projects include: People and parks, Growing tourism, and Examples include Home-community based care and support work and early childhood development

5.6 The National development Agency (NDA) <http://www.nda.org.za>

The NDA support the rebuilding of communities and in particular poverty eradication, the youth and services to people with disabilities.

6. HOUSING AND INFRASTRUCTURE DEVELOPMENT

6.1 Municipal Infrastructure Grant (MIG) www.dplg.gov.za

The Department of Provincial and Local government (dplg) facilitates the grant. The MIG is available to municipalities for regional development. In planning for public participation in programme implementation, existing and future opportunities for capacity building, community based activities, training; labour intensive activities and co-project funding should be explored

Typical MIG funded programmes and/or projects include building, improving, upgrading and developing of:

- Key access roads
- The telecommunications systems
- The railway for passenger and goods services, the local airport
- Industrial sites and buildings - could include anything from zoning of industrial development areas to building entire new Science Parks
- Commercial sites and buildings
- The availability of industrial and potable water, the sewerage disposal system
- Industrial premises
- Improving and expanding access to electricity energy

6.2 The expanded public works programme <http://www.epwp.gov.za>

The Department of Public Works, Roads and Transport (DPWRT) <http://publicworks.gov.za> facilitates the EPWP in collaboration with numerous other department. Government expenditure is optimized to create more job opportunities, particular for unskilled labour, unemployed and marginalised (men and women, people not receiving social grants, people living in rural and urban areas, people with disabilities and especially the youth.

The EPWP aims at increasing the number of jobs created to exceed the number of entrants into the labour market thus reducing unemployment; increase education systems so that the workforce is able to take up largely skilled work opportunities generated.

EPWP projects are funded through the normal budgetary process, the budget of line-function departments, in municipalities and the national municipal infrastructure grant (MIG).

The EPWP provide municipalities with the necessary tools to successfully tender projects as labour-intensive ones.

One of the sectors under addressed under the EPWP is the Infrastructure development: Typical projects are low-volume roads, trenching, storm water, drainage and paving

6.3 The Department of local government and housing www.housing.gov.za

Through the Department of Local government and Housing the Subsidised Housing programmes like the People's Housing Process could be explored for public participation possibilities.

Note: Add to this list support from SEDA and ASGISA.