

LOCAL ECONOMIC DEVELOPMENT PLAN

2011



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1. INTRODUCTION

Economic development is imperative in a developing country such as South Africa and it is at local level where it should start. Local Government should create the environment and give direction to local economic development in the area. The people within the community expect local government to drive the process of development of the local economy. It is indeed a challenge for Local Governments to take the initiative and make an impact on the living conditions of the communities.

It is indeed at local level where conditions such as unemployment prevail and which lead to poverty and people living under the breadline. The people within all communities of South Africa wish to see evidence of local development and there is also an expectation that Local Government must drive the process. This expectation provides a challenge and opportunity for Local Government to make a meaningful impact on the lives of its communities.

To take this argument further it is for the government, the private sector and civil society to work together in order to create sustainable local economies. It is moreover in the interest of the public as a whole that growth should be affected in the local economy. It means that action should be taken to stimulate the economy in order to improve living conditions within the community.

However, there still exists a fundamental need to build a shared understanding among decision-makers, implementers and other stakeholders, both in the public and private sectors, regarding what constitutes appropriate and effective local economic development practice. The National Framework for Local Economic Development in South Africa seeks that a shared understanding of good Local Economic Development practice be built.

2. WHAT IS LOCAL ECONOMIC DEVELOPMENT (LED)?

Local Economic Development is a process to create better conditions mainly for economic growth and poverty eradication by employment creation. The process is undertaken collectively by the public sector, the community and the private sector. The aim of Local Economic Development is to facilitate economic growth in the local area in order to improve the quality of life of all the inhabitants.

It further refers to the activities undertaken to build up the economic strength of a local area in order to improve the economic future of its inhabitants. The economic successes of communities also depend upon the establishment of successful private enterprises.

These successful private enterprises create wealth, jobs and improved living standards for the local communities. Private enterprises, however, depends on

favorable local business conditions to achieve prosperity. Developmental Local Governments are responsible for and play an essential role in the creating of favorable environments for business success and job creation. Practicing Local Economic Development requires a strong partnership between the local government, the local community and the private sector.

In order to link economic development projects with the mainstream economy, it is important to note that LED has to be sustainable within the framework provided by the national economy. LED should therefore not be seen as separate from the mainstream economy.

Although social elements very often play an important role in LED projects, it has to be emphasized that the macro-economic environment still outlines the playing field for LED. Local economic development initiatives thus include elements such as job creation and training. Take note of the fact that LED is not a separate initiative but an integrated part of the development of the local community and of the country as a whole.

3. LEGAL FRAMEWORK FOR LED ON LOCAL LEVEL

Poverty alleviation and unemployment are the greatest development challenges at present as half of South Africa's population lives in poverty and in informal settlements without basic services. LED has been acknowledged and recognized for its role in meeting South Africa's development challenges.

The legal mandate for LED in South Africa is reflected in the following existing legislation:

- **The Constitution of the RSA (Act 108 of 1996)**

In section 41 of the Constitution it is stipulated, among others, that the principles of co-operative government and intergovernmental relations, should co-operate with one another in mutual trust and good faith. Municipalities should thus undertake LED in relation to provincial and national strategies and guidelines.

Section 152 of the Constitution states that the objects of local government are:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organizations in the matters of local government.

All of the objectives listed above can be associated with Local Economic Development. Local authorities have a legal mandate to promote social and economic upliftment within their areas of jurisdiction. These objectives form part of an integral set of principles from which LED strategies are formulated and implemented.

Section 153 of the Constitution indicates that a municipality must:

- structure and manage its administration and budgeting and planning processes;
- 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 above sections of the Constitution provide a mandate to municipalities for the economic development of communities on local level. It further informs municipalities about the way in which such development initiatives should be executed. LED, however, is directly contributing to the developmental role of municipalities as stipulated by the Constitution.

- **Local Government: Municipal Systems Act (Act 32 of 2000)**

This Act lists the duties of a municipal council in Section 4(2), within its financial and administrative capacity, as follows:

- Exercise the municipality's executive and legislative authority and use the resources of the municipality in the best interests of the local community.
- Provide, without favour or prejudice, democratic and accountable government.
- Encourage the involvement of the local community.
- Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner.
- Consult the local community about the level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and the available options for service delivery.
- Give members of the local community equitable access to the municipal services to which they are entitled.
- Promote and undertake development in the municipality.
- Promote gender equity in the exercise of the municipality's executive and legislative authority.
- Promote a safe and healthy environment in the municipality.
- Contribute, together with other organs of state, to the progressive realization of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution.

Local Economic Development is one of the most strategic tools through which local municipalities adhere to its duties, as prescribed by the Municipal Structures Act. This fact becomes even more applicable, once a municipality's LED strategy is functionally integrated with its Integrated Development Plan.

Section 26(c) of the Municipal Systems Act further specifies that the Integrated Development Plan of a Local Municipality must contain its Local Economic Development aims. This awards the municipal LED Strategy legal status as part of the Integrated Development Planning process.

In Chapter 5 of the Act municipalities are given the mandate to develop and adopt an Integrated Development Plan (IDP). Local Economic Development forms part of this IDP and thus provide legal status to the LED process on local level.

- **Municipal Demarcation Act (Act 27 of 1998)**

The first step in the transformation of local government was the need to re-demarcate the boundaries of municipalities. To do this a Demarcation Board was established. The Board had the task of demarcating boundaries in accordance with factors listed in Section 25 of the Demarcation Act.

The Demarcation Act is closely linked to the Municipal Structures Act, which is described below. For example, the Municipal Structures Act contains the criteria used by the Demarcation Board to determine the different municipal areas as well as the different categories of municipalities.

The Demarcation Act provides mandates to Local Governments in order to prepare and implement LED plans for the economic development of communities in the area. In fact it confirms the responsibility of municipalities to undertake economic development in a specific demarcated area.

- **Municipal Structures Act (Act 117 of 1998)**

In the preamble of the Act it is, among others, stated that, whereas past policies have bequeathed a legacy of massive poverty, gross inequalities in municipal services, and disrupted spatial social and economic environments in which our people continue to live and work and whereas there is fundamental agreement in our country on a vision of democratic and developmental local government. in which municipalities fulfill their constitutional obligations to ensure sustainable effective and efficient municipal services, promote social and economic development, encourage a safe and healthy environment by working with communities in creating environments and human settlements in which all our people can lead uplifted and dignified lives.

The Municipal Structures Act put relevant structures into place to manage the functions of municipalities, such as IDP and LED as identified by the Constitution as well as the Municipal Systems Act.

- **Municipal Finance Management Act (Act 56 of 2003)**

The Municipal Finance Management Act secures sound and sustainable

management of the financial affairs of municipalities and other institutions in the local sphere of government. It also establishes treasury norms and standards for the local sphere of government.

In terms of section 17 (2) of the Act, an annual budget must generally be divided into a capital and an operating budget. This budget makes provision for capital expenditure of projects as identified on the 5-year Integrated Development Plan as well as operating expenditure within a specific financial year of a Municipality. Both capital and operating expenditure are aimed at sustainable development within the jurisdiction area of the municipality. This includes LED which forms part of the Integrated Development Plan of the municipality.

4. NATIONAL PERSPECTIVE ON LED

The existing national policies and legislation forms the framework for LED initiatives and local strategies. On national level the priorities for LED interventions are in the following areas and form the key concepts for LED:

- **Basic needs orientation:**
 - Secure literacy and at least basic education.
 - Improve living conditions, housing and infrastructure development.
 - Have access to clean water and sanitation.
 - SMME promotion, employment creation.
 - Stimulating economic growth, private sector development.
 - Investment promotion for priority sectors (e.g. tourism).
 - Infrastructure development (Community development ,poverty reduction)
- **The National Principles of Spatial Economic Development Strategy (PSEDS) is built on the principles of the National Spatial Development Perspective (NSDP), namely:**
 - Rapid economic growth that is sustained and inclusive is a prerequisite for the achievement of poverty alleviation;
 - fixed investment should be focused in localities of economic growth or economic potential;
 - where low economic potential exists investments should be directed at projects and programmes to address poverty and the provision of basic services in order to address past and current social inequalities and
 - future settlement and economic development opportunities should be

channelled into activity corridors and nodes that are adjacent to or link the main centres.

5. PROVINCIAL PERSPECTIVE ON LED

Provincial governments are expected to play a leading role in ensuring that economic planning, infrastructure investment and development spending take place in accordance

with the principles set out in the National Spatial Development Perspective (NSDP). The

Provincial Growth and Development Strategy (PGDS) is a critical tool to guide and coordinate the allocation of national, provincial and local resources and private sector investment to achieve sustainable development outcomes.

- **The Pillars of the Provincial Economic Development Strategy (PGDS) are:**
 - Increasing investment in the province
 - Improving skills and capacity building
 - Broadening participation in the economy
 - Increasing competitiveness
- **The purpose of the Provincial Spatial Economic Development Strategy (PSEDS) is to:**
 - Provide spatial context to Growth and Development strategy;
 - address spatial imbalances, curb urban sprawl and ensure sustainable interventions;
 - identify priority areas and types of development;
 - align to municipal spatial development frameworks;
 - guide budgeting processes of the province and municipalities and
 - influence investment decisions of the private sector.
- **Important key sectors which have been identified as drivers of economic growth in the province are:**
 - The Agricultural sector (including agri-processing and land reform)
 - The Industrial sector (Including Manufacturing)
 - The Tourism sector
 - The Service sector (including government services)

The Ubuntu Municipality's approach to economic development policy can be seen as two-fold namely the Spatial Development Framework (SDF) and the Local Economic Development (LED) Strategy.

Information supplied by Provide Project Background Paper of 2009 shows the population of the Northern Cape Province as follows:

African	Coloured	Indian	White	Other	Male	Female	Total
278633	435368	2268	111844	12207	412681	427639	840320

Poverty indicators for the Northern Cape Province:

No. of poor Persons (million)	% Population in poverty	Poverty gap (R billion)	Share of poverty gap
0.5	61%	1.5	1.8%

Northern Cape highest education level for those aged 20 years and above:

No schooling	Some Primary	Com-plete Primary	Some High School	Matric	Higher	Less than matric & certif/dip	Matric & Other qual	Unspeci-fied	Total
97538	64795	69353	130352	53482	25939	8881	4724	13303	468367

Economically Active Population of the Northern Cape Province:

Employed	Unemployed	Total
215523	86060	301583

6. LOCAL VISION, MISSION AND CORPORATE VALUES & CULTURE

The functioning of the Ubuntu Municipality is founded on a set of principles and values adopted by the Municipality. It spells out the level of service delivery and the way in which the Municipality approaches its responsibilities within the community it serves. These principles and values culminate in the following Vision, Mission and Corporate Values & Principles of the Municipality:

- **Vision**

The vision of the Ubuntu Municipality is: "We, Ubuntu Municipality, commit ourselves to be developmental and economically viable, to ensure a better life for all"

- **Mission**

The mission of the Ubuntu Municipality is:

We strive to achieve -

- Effective and efficient service delivery;
- optimal human and natural resource development;
- local economic growth and development, job creation and poverty alleviation;
- a vibrant tourism industry;
- to participate in the fight to reduce the infection rate and lessen the impact of HIV/AIDS, alcohol abuse and other communicable diseases;
- a safe, secure and community friendly environment and
- to ensure sound and sustainable management of Financial and Fiscal affairs of the municipality.

- **Corporate Values and Culture:**

Corporate values and culture adopted by the Ubuntu Municipality are as follows:

- Driven by the aspirations of our people, we will respect and uphold the constitution of the Republic of South Africa and, to this end, observe human rights and participate in co-operative governance.
- We subscribe to the principles of Batho Pele and total quality management.
- We commit ourselves to the Codes of Conduct for councillors and officials in the Municipal Systems Act and to the principles of sound financial management.
- We believe in integrity in the relations with all our stakeholders.

- We commit ourselves to a corruption free municipality.
- We endorse a “people-driven” approach and, to this end, commit ourselves to ensuring public participation in local government.

7. THE INTEGRATED DEVELOPMENT PLAN (IDP) AND LED

Local Economic Development has been identified as one of the Key Performance Areas (KPA's) of the Integrated Development Plan (IDP) of the Ubuntu Municipality. The Plan stipulates that a thorough economic analysis of the municipal area needs to be conducted with the intention to develop an LED strategy or plan. The National LED Framework should guide the development of these strategies and plans. The municipality needs to identify key catalytic projects that will stimulate local economic growth. In terms of the targets set in the Provincial Growth and Development Strategy, the strategies that have been put into place in order to ensure that the targets are met and how they will be achieved, it is crucial to note that the first driver of LED is a well managed municipality. It is further important to note that LED cannot be done by the municipality alone but needs a partnership between civil society, businesses, non-state actors and government for any level of success.

The IDP is an integrated plan to outline the future development of the area. The new approach to local government is one with a developmental aim to overcome the poor planning of the past.

The gap between the level of services for the rich and the poor areas, and for informal settlements with few or no services at all, needs to be bridged. Thus, it is clear that LED is directly part of the national development vision and the IDP on local level. The principles and indicators of LED's would clarify the issue of bringing about development on local level as part of the IDP.

- **The principles and indicators of LED's:**
 - Consist of more than just poverty alleviation and job creation.
 - They move beyond the basic need for developmental focus toward sustainable economic growth.
 - LED therefore is more a local growth strategy.
 - To enable all people to benefit from local development, it needs the

participation and commitment from as many local people as possible.

- If the local area reflects a dynamic business environment, it will attract investors and tourists to the area, thus stimulating growth.
- LED is directly related to the IDP, and
- All LED projects need to be reflected in the IDP to ensure maximum participation and support from all spheres of government.

One can redefine the IDP as the overall macro plan for the area and LED as the micro plan for all sector development.

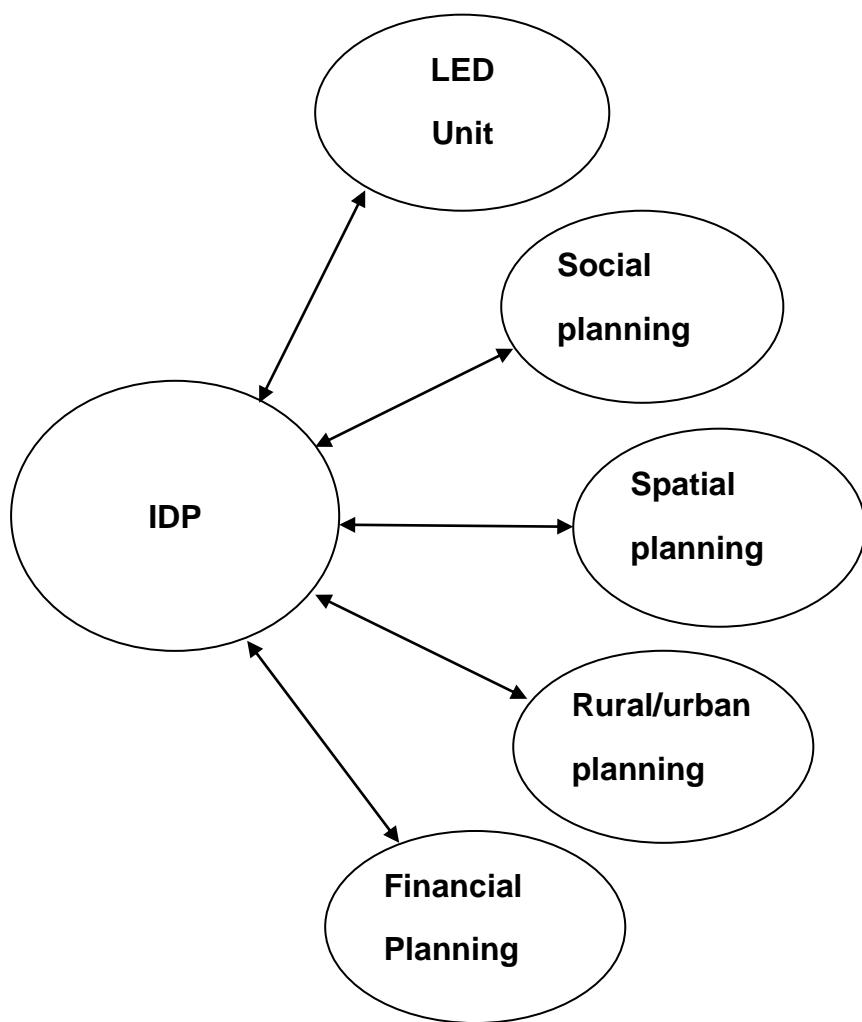
The under-mentioned should be considered in order for the municipality to have a Credible LED Strategy.

- **A credible LED strategy:**

- Is the strategy aligned with the national, provincial and district objectives, particularly in respect of infrastructure and skills development?
- Has there been adequate consideration of spatial issues relevant to economic development?
- Is there empirical and statistical evidence to support the main development thrust of the strategy?
- Have the financial implications been considered, at least as far as an indicative budget?
- Has a review taken place of institutional factors that need to be in place to deliver the strategy?
- Is there evidence of adequate stakeholder and community involvement?
- Are there clearly identified objectives and can the attainment of these be measured?
- Is there an indicative time frame for the delivery of the strategy?
- Are management arrangements in place, such as a coordinating committee, a structure for reporting and an indicative format for work programmes?
- Have issues of improved governance relating to investment and job creation been considered?

- Is the area comparative and competitive advantage understood?
- Are plans adequate to provide support to small enterprises?
- Does the plan have full Council and stakeholder commitment?
- Is there leadership for the strategy among the stakeholders?
- Have monitoring and evaluation processes been established?

The following illustration explains how different municipal areas contribute to an IDP:



8. SITUATIONAL ANALYSIS

A situational analysis provides valuable information in order to get a better perspective on the economic profile of the region. This information could be used to

identify certain economic potentials of the Ubuntu region as well as possible strategies to promote economic growth within the region.

- **Local Demographics and social Data**

Local demographics and social data play an important role in local economics and is crucial for the development of action plans for economic growth in the region and are reflected hereunder.

The Ubuntu demographic and social data obtained from the 1996 and 2001 Censuses as well as the 2007 Community Survey (CS) serve as the foundation of the Socio-economic analysis which includes the following information:

- Population and Households

The following important statistics flowed from the Census 2001 and the Community Survey (CS) 2007 and are related to the economic conditions within the communities of the Ubuntu region:

Estimated population and households: Census 2001 and Community Survey (CS) 2007

Municipalities	Persons		Households	
	Census 2001	CS 2007	Census 2001 *	CS 2007
Ubuntu Local Municipality	16 375	16 153	4 163	4 276

*Excludes collective living quarters

Percentage of households living in formal and informal dwellings: Census 2001 and CS 2007

Municipalities	Formal		Informal	
	Census 2001	CS 2007	Census 2001 *	CS 2007
Ubuntu Local Municipality	93,0	89,1	3,2	10,5

Percentage distribution of households by tenure status: Census 2001 and CS 2007

Municipalities	Census 2001				CS 2007	
Ubuntu Local Municipality						

Previous statistics from censuses of 1996 and 2001 are reflected hereunder, as -

➤ Household size

Household size	Number of households in 2001
1	556
2	848
3	809
4	766
5	423
6	263
7	192
8	119
9	60
10 and Over	127

➤ Population groups

Persons	2001	1996
African	2748	3252
Coloured	11912	14337
Indian	23	7
White	1693	1970
Total Population	16376	19566

➤ Age group distribution

Age distribution plays an important role in planning the priority services to be rendered. The demand for medical and social services increases proportionally as the percentage of older people increases.

Persons	2001	1996
Males – 0 - 4	914	1090
Males – 5 -14	1789	2437
Males – 15 -34	2708	3215
Males – 35 – 64	2126	2249
Males – Over 65	379	426
Females - 0 - 4	928	1133
Females - 5 - 14	1812	2556
Females - 15 - 34	2742	3268
Females - 35 – 64	2424	2570

Females – Over 65	554	597
Males - Total	7916	9417
Female - Total	8460	10124

➤ Income levels

Income levels do not only influence the type of services to be rendered but also the level of the service. Income levels also indicate to private institutions where investments should be made.

Persons	2001	1996
None	10152	10722
R1 – 400	1572	1600
R401 – 800	2682	4167
R801 - 1600	710	361
R1601 – 3200	522	350
R3201 – 6400	405	515
R6401 – 12800	217	122
R12801 – 25600	71	12
R25601 – 51200	16	22
R51201 – 102400	14	14
R102401 – 204800	13	-
Over R204801	0	-

➤ Economic active population

Information about economic active population also impacts on the type and level of services to be rendered. This information also indicates the tendencies in employment within the region.

Labour Force:

Persons	2001	1996
Employed	4078	5169
Unemployed	2111	1656
Not Economically Active	3879	-
Total Labour Force	6189	-

➤ Status of Housing

The current status of housing indicates the need for housing development, such as the building of houses, subsidy schemes and the possible upgrading of houses.

Households	2001	1996	Backlog
Formal	3873	3733	1200
Informal	134	412	1200
Traditional	152	44	0
Other	5	9	0

➤ Status of Sanitation

Households	2001	1996
Flush Toilets	1556	1538
Flush Septic Tanks	373	-
Chemical toilets	48	-
VIP	107	-
Pit latrine	83	311
Bucket Latrine	1200	1467
None	797	910

➤ Telecommunication data

Households	2001	1996
Telephone and Cell phone in Dwelling	458	-
Telephone only in Dwelling	626	943
Cell phone	289	-
Neighbour	1034	605
Public Telephone	1234	703
Other Nearby	178	745
Other – Not Nearby	64	146
No Access	281	1054

➤ Economical data

Economical data describes the economic activities and thus the economic profile of the Ubuntu region. It also serves as an important indicator of trends and defines the major economic activities of the region.

- Distribution of employment per sector in the region:

	Live stock farming/ Agri-culture	Mining	Manu-fac-turing	Elec-tricity	Con-struc-tion	Whole sale trade	Trans-port and comm..	Finance and other	Com-merce and personal ser-vice
Hutchinson	28	0	0	0	4	5	33	0	0
Loxton	12	0	7	4	10	17	9	0	6
Loxton farms	1009	0	8	15	3	22	2	5	1
Merriman									
Richmond	17	0	22	3	48	139	23	28	20
Richmond farms	797	0	8	0	4	5	2	5	1
Victoria West	81	1	73	1	166	265	92	104	49

- o Tourism related data

The current relevant tourism data is as follows:

Details	Victoria West	Richmond	Loxton	Hutchinson	Merriman
Dining Facilities	Sunset Sports Bar	Blue Lantern	Rooigranaat Restaurant	None	None
	Copper Eagle Trading	Ka-Ma Lodge	Die Bouhuis Restaurant		
	Merino Restaurant	Supper Club			
	Diamond Route Restaurant				
	Karoo Bird Park	An-Ra Guest House	Biesiespoort Guest House		

Overnight Facilities	Bimpi Cottage	Marina Guest House	Jakhalsdans Guest House		
	Bona Vista	Aandrus	Spies Guest House		
	De Oude Scholen	Richmond Lodge	Ouetehuis (Old Age Home)		
	Die Pophuis	Ka-Ma Lodge	Ons Loxton Huis		
	Tuishuis	Perdehoef Guest House	Loxton Lodge		
	Hickmans Country Lodge	Rondawel B&B	Karoo Cottage		
	Liza B&B	Victoria Guest House	Four Seasons		
	Marseilles	Deudone Guest House	Drankwinkel Kamers		
	Melton Wold				
	Rest a While				
	Victoria Guesthouse				
	Silver Oaks				
	Peperboom B&B				
	De Oude Pastorie				

- Tourist attractions

Richmond	Victoria West	Loxton
Horse Breeders Museum	Apollo Theatre	Hiking Trail Taaibosfontein (John Sinclair)
Oude Dak	Noblesfontein (Mining of mineral water)	Old buildings
War Park	Printing press (old printers machinery)	Castle (Van Aswegensfontein)
Dinosaurs Museum (Soetvlei)	Museum (fossils, etc)	Largest White Dorper (Van Aswegensfontein)
	Bird park (different types)	Handpomp

	of birds and reptiles)	
	Biesiesfontein (processing of game)	Second World War Museum
	Gun Powder House (place where ammunition was stored during WW2)	
	Demarcated old houses	
	Anglican Church	
	Victoria West Trading Post (Mannetjies Roux Museum)	

- o Tourism services

Victoria West has a Tourist Centre and a tourism office where information, covering the entire region and district, is available. Victoria West Info is an organization that assists tourists in the region. Tour operators are available in the area. Future development at the Apollo Complex will on its completion provide in many tourism needs.

- o Banks

Richmond	Victoria West	Loxton
Standard Bank	ABSA Bank & Mini ATM	FNB Mini ATM
ABSA ATM & Mini ATM	Standard Bank & ATM	
Post Bank	First National Bank & ATM and Mini ATM	

- o Fuel Stations and Garages

Richmond	Victoria West	Loxton
Caltex	Excell	KVB Shell
Excelsior Garage	Shell Ultra	Loxton Herstel Dienste
N1 Truck -in	KVB Shell	
Camp Towing	Besters Garage	
Gou reg Bande	ZAMA_ZAMA	

- o Shops

Victoria West	Richmond	Loxton
A.B. Handelaars	Trinitys	Karoo Vleisboere Kooperasie
Fillis Store	Percy se Plek	Ons Winkel
De Nita's Restaurant	Pep Stores	Spies Produkte
Dreyer Fisheries & Bakery		Indraf Café
Karoo Butchery	Ka-Ma Lodge	Loxton Drankwinkel
Karoo Vleisboere Kooperasie	Gafoors Algemene Handelaars	
Kontant Winkel	Ricmic Bakkery	
N12 Mini Mark	J&L Slaghuis & Supermark	
Ons Winkel (Hutchinson)	Gafoors Drankwinkels	
Spar Supermark	BKB	
Tok Inn Medisyne Hoek	Help Mekaar Tavern	
Kontrei Gallery	Sacarica Inn Pub	
Asbosskerrm	Biltong Winkel	
Victoria-Wes Slaghuis	Gafoors <u>drankwinkel</u>	
Nick's Shop	Richmond Gallery	
Village Pub		
Pick Bar		
Vorentoe Bottleshore		
Hickman's Liquor Store		
Rabbit Den Tavern		
Indraf General Dealers		
Snoephoekie		
Pep Stores		
Lewis		
Icon		
Lappies Den		
Grib & Vos Joinery		
Ali's Tavern		
O & D Windpompe en Sweiswerke		
Karoo Deli		
China Shop		
Kontant Meubels		
Fillis Store		
Thembi's Funeral Service		
Spotties Shop		

Bovest Butchery		
JF van Wyk & Kie		
Smith Vlok & Kie		

- o Tuck shops

Victoria West	Richmond	Loxton
Bailey's Tuckshop	Curby's Mobile	Horns Handelaar
Benji's Tuckshop	Charlies Tuckshop	Riekert Tuckshop
Prens Tuckshop	Six Room	
Gaika's Tuckshop	Wezi's Tuckshop	
Blue Move Tuckshop		
Thozamile's Tuckshop		
Fillis Caravan		
Fula's Tuckshop		
Lebo's Mini Store		

- o Hotels

Victoria West	Hickman's Country Lodge Wallrick Rooms
Loxton	None
Richmond	None

9. A SWOT ANALYSIS ON LOCAL ECONOMICS

A Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis is informative to the strategic objectives of this LED plan and thus serves as a guide for the identification of specific development strategies.

The information which came to the fore cannot be regarded as a complete list for a SWOT analysis on Local Economic Development in the Ubuntu region.

The results of a SWOT Analysis, however, covers the Institutional, Agricultural, Tourism, Business, Infrastructure and Community Development areas and are as follows:

Strengths	Weaknesses
<ul style="list-style-type: none"> ➤ Communities can freely participate in economic development decision-making structures. ➤ A number of vacant buildings exist which can be used as venues for economic activities and/or training programmes. ➤ An open door policy has been implemented to streamline participation of all role-players in economic development initiatives. ➤ The strong link with tourism in the region contributes to the potential for the selling of local products. ➤ Farm tourism can be utilized for local economic activities. ➤ Availability of good agricultural land in Loxton. ➤ Availability of commonage and Government land for farming. ➤ Sufficient labour is available wherever employment is created. ➤ The establishment of a working group in the agricultural sector between small and commercial farmers. ➤ Utilizing the Karoo habitat as attraction for nature tourists. ➤ Utilization of the Victoria West Museum as excellent venue for tourist and other economic activities. ➤ The railway line that passes through the region has the potential to be employed in the economic activities of the region. ➤ Utilization of air strips in Victoria-West, Richmond and Loxton for economic development initiatives. ➤ Development of the organized hunting industry for job creation and other economic initiatives. ➤ Sufficient and tourism friendly accommodation available. ➤ Historical architecture exists to attract potential visitors to the region. ➤ A safe environment, open plains and clear skies attracts visitors to the region. 	<ul style="list-style-type: none"> ➤ The poor payment of services influences the level of service delivery to inhabitants. ➤ Insufficient funds impact on development programmes and projects. ➤ Political interference is obstructing developmental activities. ➤ Lack of training in the business environment. ➤ Lack of markets for emerging farmers. ➤ Lack of management and economic skills among emerging farmers. ➤ Difficulty in obtaining funds from financial institutions. ➤ Quality of some facilities such as telecommunication not to standard. ➤ Shortage of recreational facilities. ➤ Richmond museum needs attention to be utilized as a tourism attraction. ➤ Insufficient petrol filling stations in Loxton. ➤ Poor marketing for economic development purposes. ➤ Poor condition of roads impacts on tourism. ➤ Lack of tourist information in the region affects the tourism market. ➤ Vandalism such as the destruction of information boards. ➤ No tourists packages in existence. ➤ Long distances in the region impacts on costs for tourists to travel through the region. ➤ Littering in the area impacts on visitors and tourists. ➤ Race relationships leaves much to be desired and impacts negatively on tourism. ➤ Poor infrastructure in the townships hurts the tourism industry. ➤ Briny water in Richmond impacts on tourism. ➤ The problem of mosquitoes and lice has a negative impact on tourism.

<ul style="list-style-type: none"> ➤ The N1 and the N12 routes ensure a large volume of traffic through the region. ➤ Black economic empowerment (BEE) strategies to be employed for wealth creation in the region. ➤ Sufficient land available for future development. ➤ Water and electricity available for development initiatives. 	<ul style="list-style-type: none"> ➤ SMME's compete against bigger businesses in the region. ➤ Insufficient sport facilities ➤ Lack of town planning for development purposes. ➤ Old buildings and water networks impact on development initiatives.
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Opportunities	Threats
<ul style="list-style-type: none"> ➤ Training in the management of small businesses. ➤ Establish small business incubators to train new entrepreneurs. <ul style="list-style-type: none"> ➤ Cooperation between the municipality and the community in terms of service delivery and economic growth and development. ➤ Opportunity to fill posts with local people. ➤ Training for special technical skills. ➤ Transport services. ➤ Potential regional tours. ➤ Job creation through tourism development. ➤ Opportunity to sell bottled water to tourists. ➤ Utilize game farms to promote tourism in the region. ➤ Utilize tourism information offices to market the whole region to tourists. ➤ Recycling of waste materials. ➤ Loxton has the potential for a museum to attract tourists. ➤ Upgrading of the caravan park in Loxton in order to promote tourism. ➤ Possible utilization of railway line through the region for the benefit of the community and for possible tourism development. ➤ Establishment of a Business Chamber in the Ubuntu region. 	<ul style="list-style-type: none"> ➤ Unemployment in the region. ➤ Outflow of money through CPS loan systems. ➤ No support or assistance for new local small businesses. ➤ Standard of Health Services. ➤ High inland retail prices. ➤ Standard of communication systems. ➤ Local Government credit control problems. ➤ Literacy level of inhabitants. ➤ Education in the use of electricity and water. ➤ Control over the use of commonage by community members. ➤ A rational policy for indigents. ➤ Corruption in the public service. ➤ Pauper burial service. ➤ Periodical droughts in the region. ➤ Poor quality of livestock. ➤ Unemployment in the region. ➤ Poor cooperation between emerging farmers. ➤ Low wages and low income in the region. ➤ Negative impact of alcohol abuse on tourism. ➤ Compete with other regions in terms of economic prosperity. ➤ Typical crime in the area. ➤ Protest marches and the blockage of streets and roads impact negatively

<ul style="list-style-type: none"> ➤ Utilize the centrality of the Ubuntu region for new business initiatives. ➤ Marketing of N12, N1 & R63 to attract tourists to the region. ➤ Establishment of a Youth Centre to assist the youth with new initiatives and/or projects. ➤ Utilize the potential for Private Public Partnerships (PPP's) for the benefit of community development projects and programmes. ➤ Utilize community hall for marketing and other community projects. ➤ Avail open land for sustainable development initiatives. ➤ Training of municipal staff in economic development. 	<p>on tourism and local businesses.</p> <ul style="list-style-type: none"> ➤ Poor marketing in the area. ➤ Lack of resources in the region. ➤ Insufficient security within communities. ➤ Poor investments in the region. ➤ Strong business competition in the area. ➤ Unstable electricity supply. ➤ Local businesses belonging to owners outside of the Ubuntu region. ➤ Community is dependent on social grants with no other assistance to become economically active. ➤ Pollution of water resources due to French Drains. ➤ Old water network system. ➤ Pollution of rivers in the municipal area. ➤ Insufficient capacity of reservoirs in Victoria West & Richmond. ➤ Insufficient electricity supply in Loxton. ➤ Insufficient capacity of fire brigades. ➤ Lack of skills in the region. ➤ Uncontrolled and unplanned influx of people into towns in the region. ➤ Insufficient funds for development purposes. ➤ Closing of railway services. ➤ Transport of poisons through towns in the region. ➤ Standard of public services such as social development, hospitals, policing, correctional services, education and hostels. ➤ Service delivery vehicles not fully equipped for the task. ➤ No environmental awareness initiatives in place. ➤ Lack in community development initiatives. ➤ Ruined buildings “white blocks” a threat to the community. ➤ Lack of lighting along the N1. ➤ High services bills impacts negatively on socio economic development.
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10. STRATEGIC OBJECTIVES FOR LED

- **A development strategy in terms of social and economic development should aim:**
 - To improve physical and functional integration within the Ubuntu Municipality in order to improve access to developmental opportunities;
 - to protect the natural resources and assets through effective environmental-and asset management;
 - to create development opportunities through economic growth and development initiatives and
 - to promote economic improvement and growth within the communities of the Ubuntu region.
- **The goals of a social and economic development strategy should be to:**
 - Establish a hierarchy of nodes throughout the Ubuntu Municipality;
 - improve access to social facilities and infrastructure for rural communities and disadvantaged groups, particularly women, children and the elderly;
 - promote a diversity of land uses, activities and opportunities;
 - implement the outcomes of the strategic environment assessment;
 - promote the status of the Ubuntu Municipality to become a developmental local government;
 - enhance the tourism potential of the Ubuntu Municipality;
 - promote local economic development initiatives;
 - promote primary industrial development;
 - support existing local economic development initiatives and encourage new initiatives;
 - create an entry level into the market system for emerging businesses, the informal sector and SMMEs and
 - promote a diversity of economic activities throughout the Ubuntu Municipality.
- **The following are some important LED strategies for economic development within the communities of Ubuntu:**
 - Establishment of a local Call Centre for assistance to development initiatives.
 - Municipality has to market the region for economic development purposes.
 - Establish a Skills Training Centre for the community.
 - Initiate and support skills development (e.g. bricklaying, plumbing, painting, welding etc.).
 - Promote and coordinate Public Private Partnerships (PPP's)

- Institute local community development programmes.
- Training of and assistance to new entrepreneurs and small businesses. (SMME's)
- Initiate a range of poverty alleviation programmes, such as training and job creation programmes.
- Assistance to communities to become economically active.
- Assist communities to obtain informal trading facilities.
- Municipality to support and facilitate in-service training programmes.
- Urge businesses in Ubuntu to invest in social development issues.
- Lead the community with awareness programmes in order to get employment after the completion of an acquired skill or qualification.
- Promote employment opportunities in rural areas in order to create a work culture within rural communities.
- Promote business projects within communities such as brick making, chicken farming, gardens etc.
- Promote the Tourism Strategy in order to create a demand for tourism goods and services in the region.

11. SPATIAL DEVELOPMENT AND LED

It is of great importance to take note of the fact that spatial development has a major role to play in local economic development. The Spatial Development Framework (SDF) identifies specific spatial planning principles, aims and policies. In the SDF of Ubuntu it was emphasized that the primary aim of setting up a SDF is to provide an instrument that could ensure effective growth management, supported by informed decision making. This will ensure the economic functioning of the municipality and enhance the functioning thereof. These should be attended to in order to remove potential obstructions in local economic development programmes and projects.

The following should be considered in favour of local economic development:

- **Promote sustainable urban development**
 - Avoid the disturbance of landscapes and sites that constitute the nation's cultural heritage and living patterns.
 - Avoid or minimize the disturbance of ecosystems and loss of biological diversity.
 - Long distances between residential and employment areas to be minimized for economic reasons.
 - Provision is to be made for a range of residential and commercial types to allow the local economy to diversify and to develop.
 - Rectify distorted spatial patterns and trends.
 - Discourage and prevent urban sprawl.
 - Prevent illegal occupation of land by the provisioning of formalized residential

areas.

- **Environmental management and conservation**

- Ensure the ecological sustainability of the environment.
- Special development/management areas to be identified to ensure areas of cultural, agricultural or environmental significance.
- Distinct between types of land uses where certain types could be encouraged or discouraged in terms of rational land use.
- Indicate where the intensity of land development could be increased or decreased.
- Conservation of high potential agricultural land.
- Prepare a plan for refuse removal in suitable areas.

- **Promoting economic development**

- Permitting and encouraging diverse land uses at appropriate locations to develop the economy.
- Ensure alignment with the district and governmental organizations in the interest of promoting tourism development without damaging the environment or ecology.
- Opportunities for small emerging business at accessible locations by identifying nodes/investment points in both the urban and rural areas.
- Boosting economic sectors/activities in land use planning in order to promote the potential for growth and employment.
- Promote tourism development without damaging the economy or ecology of the area.
- Promote the development of public and private land in the area.

- **Provision of a minimum level of services**

- Optimize use of existing resources by; inter alia, discouraging long-line services which is more costly.
- New developments should, as far as possible, be serviced by existing infrastructure and networks.
- Provision of basic infrastructure/services and housing to communities.
- Provide minimum levels of services where infrastructure investment is needed.

12. LED AND THE ECONOMIC PRODUCTION FACTORS

Remember that LED is not a separate initiative but an integrated part of the development of the local community and of the country as a whole.

Thus, the following is an illustration of how LED can be involved in each of the four Economic Production Factors:

Natural resources	Resources	Clean water, arable land, minerals, genetic diversity, energy resources and other natural resources.
	Ecosystem Services	Waste sinks, natural purification systems (e.g., air and water), water and flood protection through intact watersheds.
	Living systems	Ecosystems which are resilient, self-regenerating, and diverse in providing resources and services to local populations.
Capital	Financial	Improving access to, and use of, financial capital: credit, cash, investments, monetary instruments to all sectors, including informal and women.
	Technology, Tools, Machines, Factories.	Making better use of technology in business processes.
	Information	Providing social links and access to business, economic, market, social and environmental information.
Labour	Leadership and Organizational	Building leadership skills in business, local government, and economic development. Improving the social networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit. Improving general built environment and

	Built Environment and Infrastructure Labour Force	infrastructure to support economic development. Building skills within the existing population and attracting skilled labour to the community.
Entrepreneurship	Intelligence and Innovation	Strengthening entrepreneurship, education, and collaborative learning environments.

13. INFLUENCE OF HIV/AIDS ON THE ECONOMY

AIDS mean Acquired Immune Deficiency Syndrome. It is a disease that destroys the human body's ability to fight other infections through the immune system. The immune system is your body's defense against diseases. It is your white blood cells which will attack and destroy many diseases. You get AIDS from a virus called Human Immunodeficiency Virus (HIV).

People who have the Human Immunodeficiency Virus (HIV) may stay healthy for years and most infected people do not even know that they are HIV positive. When the Acquired Immune Deficiency Syndrome (AIDS) takes over, one starts becoming ill more easily. The immune system of the human body becomes weak and cannot fight viruses and infections effectively and ends up in death.

- **The economic impact of HIV/AIDS will be on:**
 - Households and
 - all sectors of the industry such as: agriculture, firms, health, transport, mining, education, water, as well as the macro economic situation environment of the country.
- **Affects of aids on government spending**
 - More taxes on health and welfare.
 - S.A. Welfare System not coping with growing numbers of orphans and their needs.
 - Less money will be available for basic services or development.

- **Micro-economic impact on organizations:**

- Higher benefit costs: life, medical, disability.
- Replacement: recruitment, training, productivity.
- Leave: sick leave, compassionate leave, morale.
- System costs: management, legal.

- **Economic impact on markets**

- Shifting spending patterns.
- Breadwinners in many households lost.
- Catastrophic impact on poorer households.
- Reduced growth in markets.

- **Financial impact**

- Direct cost:

The implications refer to expenses encountered in the direct addressing of the management of HIV/AIDS.

- Indirect cost:

The implications refer to additional loss of income as a result of the direct effect.

- Systemic cost:

The implications refer to accumulated loss of potential income as a result of indirect cost.

Awareness programmes should form part of LED management on local level. Leaders or people in leadership positions should be targeted to become involved in HIV/AIDS support groups such as mayors, ward councilors, religious leaders, traditional leaders and healers, sport and cultural stars, popular business people, community leaders, shop stewards and teachers.

Methods to raise awareness could include workshops, talks, plays, songs, music, community meetings, door-to-door visits, pamphlets, radio and newspaper.

14. INDICATORS FOR SUSTAINABLE DEVELOPMENT IN LED

Sustainable development is the guiding principle of any developmental activity.

Sustainability can only be achieved by following certain procedures and ensuring a participatory approach. To make sustainability an operational approach a range of indicators has been developed to provide the benchmark for LED:

LED FOCUS AREAS	INDICATORS
Community Focus: <ul style="list-style-type: none"> • Sustainability is based on a participatory approach. • Communities must drive LED. • Stewardship. 	<ul style="list-style-type: none"> • Community members are the driving forces behind development. • Ownership, Stakeholder forum. • Participation in the project management.
Needs Orientation: <ul style="list-style-type: none"> • Economic development. • Job creation. • Housing. • Basic needs orientation. 	<ul style="list-style-type: none"> • Needs expressed by the community. • Forms part of the municipal IDP. • Falls within the priority areas of the Municipality.
Economic Growth: <ul style="list-style-type: none"> • Growing economy, private sector development. • SMME promotion. • Economic prosperity. 	<ul style="list-style-type: none"> • Increasing income level. • Job creation. • Job opportunities.
Environment: <ul style="list-style-type: none"> • Protects local environment. • The use of local resources benefits the community. 	<ul style="list-style-type: none"> • It is based on local resources. • Nature and environment conservation principles are adhered to. • Plan for the use of local resources established.

LED Environment in Municipality:	<ul style="list-style-type: none"> • Planning process in place. • Human resources available. • Organizational structure in place. 	<ul style="list-style-type: none"> • LED strategy, programmes, projects. • LED officer, coordinator, manager. • Led unit established.
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15. LED AS PART OF THE TYPICAL FUNCTIONS OF A MUNICIPALITY

The Municipality needs an internal organization and a structure with specialized departments in order to fulfill all tasks (powers and functions), as stipulated in the Constitution of the Republic of South Africa. Each department will have its internal organization with posts, task descriptions and hierarchies. The table below provides a typical example of departments, tasks and functions of a municipality:

DEPARTMENT	TYPICAL TASKS	TYPICAL FUNCTIONS
Internal Auditing	To ensure that control measures, concerning financial and stock matters, are adhered to.	<ul style="list-style-type: none"> • Implementation and maintenance of effective auditing programmes. • Continuous auditing of council activities. • Providing advice to prevent losses. • Responding on audit reports.
Legal Services	To provide legal advice, opinions and services to the municipality.(political and admin. structures as a legal entity which has quasi-judicial functions).	<ul style="list-style-type: none"> • Scrutinising all council's documentation, to ensure that they meet all relevant legislation. • Ensuring implementation and monitoring "batho pele" strategy. • Developing legal policies, procedures and guidelines. • Providing advice with regard to industrial relations and attending

		to disciplinary hearings.
Community and social development	To provide appropriate community services.	<ul style="list-style-type: none"> • Striving towards proper primary health care services for the community. • Striving to develop a community that is able to determine their priorities and become self reliant. • Developing, managing and providing of cultural and recreational services for the community.
Financial services	To provide and manage a financial system and support services for the dept: financial management.	<ul style="list-style-type: none"> • Administration of statistics and insurance admin. • Control of council's budget and reporting to council. • Administration of financial statements. • Control of council's asset register.
Organizational Department	To make proposals to ensure effective operations within the municipality.	<ul style="list-style-type: none"> • Setting up organizational structures and processes. • Orderly structuring of the organization's human resources to ensure sound control of human and technical resources.
LED Unit	To promote economic and social development.	<ul style="list-style-type: none"> • Development of a LED strategy and programmes. • Design, implementation and management of LED projects. • Allocation of an annual budget for LED. • Reporting on LED activities.

Parks, Sport and Recreation	To develop, manage and provide recreational and horticultural services for the community.	<ul style="list-style-type: none"> • Determining of future needs. • Development of recreational facilities and activities. • Managing parks, sport- and recreational matters.
Housing Development	To create sustainable and environmentally friendly human settlements.	<ul style="list-style-type: none"> • Management of municipal housing properties. • Provision of affordable housing to the community. • Land affairs administration.
Human Resources	To ensure proper human resources management.	<ul style="list-style-type: none"> • Set up human resource planning. • Implementation of sound labour relations. • Co-ordination of training and development for personnel. • Ensure proper control of occupational health and safety regulations.
Corporate Services	The development of council administration, library and customer-care services.	<ul style="list-style-type: none"> • Rendering of a council administrative service. • Rendering of a library and information service. • Management of a customer care services.
Information and Communication Technology	To provide an electronic information and communication service.	<ul style="list-style-type: none"> • Development and maintenance of the IT system. • Installation of computer systems and of an information network. • Operation of the IT network

Traffic and Security Services	To ensure orderly utilization of the public roads network and protection of the council's resources.	<ul style="list-style-type: none"> • Provision of security services. • Provision of traffic operational services. • Provision of an accident prevention programme and applying law enforcement measures.
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16. THE CHANGING FOCUS ON LED FUNCTIONAL TOOLS

When referring to LED tools one should think broadly and very innovatively. A successful LED project is based on a range of tools, combined with the right decisions and a participatory approach.

It will, however, be the choice of the qualified LED officer to select the right tool or the most adequate combination of tools to ensure the success of the project. Led tools must indeed support the implementation of the LED strategies in order to reach the agreed objectives. Some of the tools can be aligned with more than one concept and some LED tools are of a generic nature.

Before examining how to do LED, it is crucial to examine how the focus tools have been changed over the years. It points to a number of different ways in which LED can be done. These are very important in order to avoid making mistakes of the past.

- **The period 1960's to early 1980's**
 - Mobile manufacturing investment attraction from outside the local area.
 - Attraction of foreign direct investment.
 - Making hard infrastructure investment.
 - Large grants, tax breaks, subsidized loans for manufacturing investors.
 - Subsidized hard infrastructure investment.
 - Lowered production costs through techniques like recruitment of cheap labor.
- **The period 1980's to mid 1990's**
 - Retention and growing of existing local businesses.
 - Direct payments to individual businesses.
 - Continued emphasis on inward investment attraction but usually more targeted to specific sectors or from certain geographic areas. (Public Sector Driven).
 - Business Incubators/workspace.

- Advice and training for small, medium scale enterprises.
- Technical Support.
- Business Start-up support.
- Both hard and soft infrastructure investment.
- **Period late 1990's onwards**
 - Making whole business environment favorable.
 - Soft infrastructure investments (e.g. human resource development, regulatory rationalization).
 - Public/Private Partnerships.
 - Leveraging private sector investments for public good.
 - Improving quality of life and security for the communities and potential investors.
 - Highly targeted inward investment attraction, building local area competitive advantage.
 - Holistic strategy to provide a competitive local business environment.
 - Focus on stimulating growth of local firms.
 - Cross-community networking and collaboration.
 - Facilitating economically linked business clusters.
 - Emphasis on development and soft infrastructure provision.
 - Supporting the quality of life improvements.
 - Focus on service sector as well as manufacturing.

17. SUMMARY OF SOME IMPORTANT LED TOOLS

- **Small, Medium and Micro Enterprise (SMME) development**

Support by municipalities to small businesses by facilitating access to finance, training and development, research and information, markets and linkages, incentives and new technology. The municipality should play an important role by helping local entrepreneurs gain access to these important sources of support. A municipal official should serve as an SMME coordinator and should be responsible for collecting and disseminating information on such programmes.

A number of organizations provide loans to entrepreneurs. The municipality can assist entrepreneurs by making them aware of the support available through these organizations.

There exist a substantial failure among new and small businesses. The need for management and business training, counseling, research and other forms of support is a critical issue in SMME'S.

- **Regulations and By-Laws**

An environment for growth and development can be created by the development of an efficient regulatory framework to govern trading, zoning, business licenses and other regulatory issues. Ubuntu Municipality should strive to ensure a balance between economic development and safeguarding the interest of the community and the environment.

- **Land**

Ubuntu Municipality should play an active role in encouraging growth and development by creatively utilizing the land, buildings and other assets owned by the municipality. Ownership of land provides the Ubuntu Municipality with the opportunity to leverage investments, encourage certain types of development or target areas to facilitate further growth.

- **Human Resource development**

The municipality should start with its own staff to develop human resources in order to make a positive contribution to LED. It has to join forces with other stakeholders to identify training needs throughout the locality and help ensure that local resources are directed towards these needs. Such linkages could be facilitated by a one-stop development centre, local business service centre and the LED forum. Such a centre could be staffed by officials to maintain a job opportunity database lease with employers and ensure that the general public have easy access to an information centre.

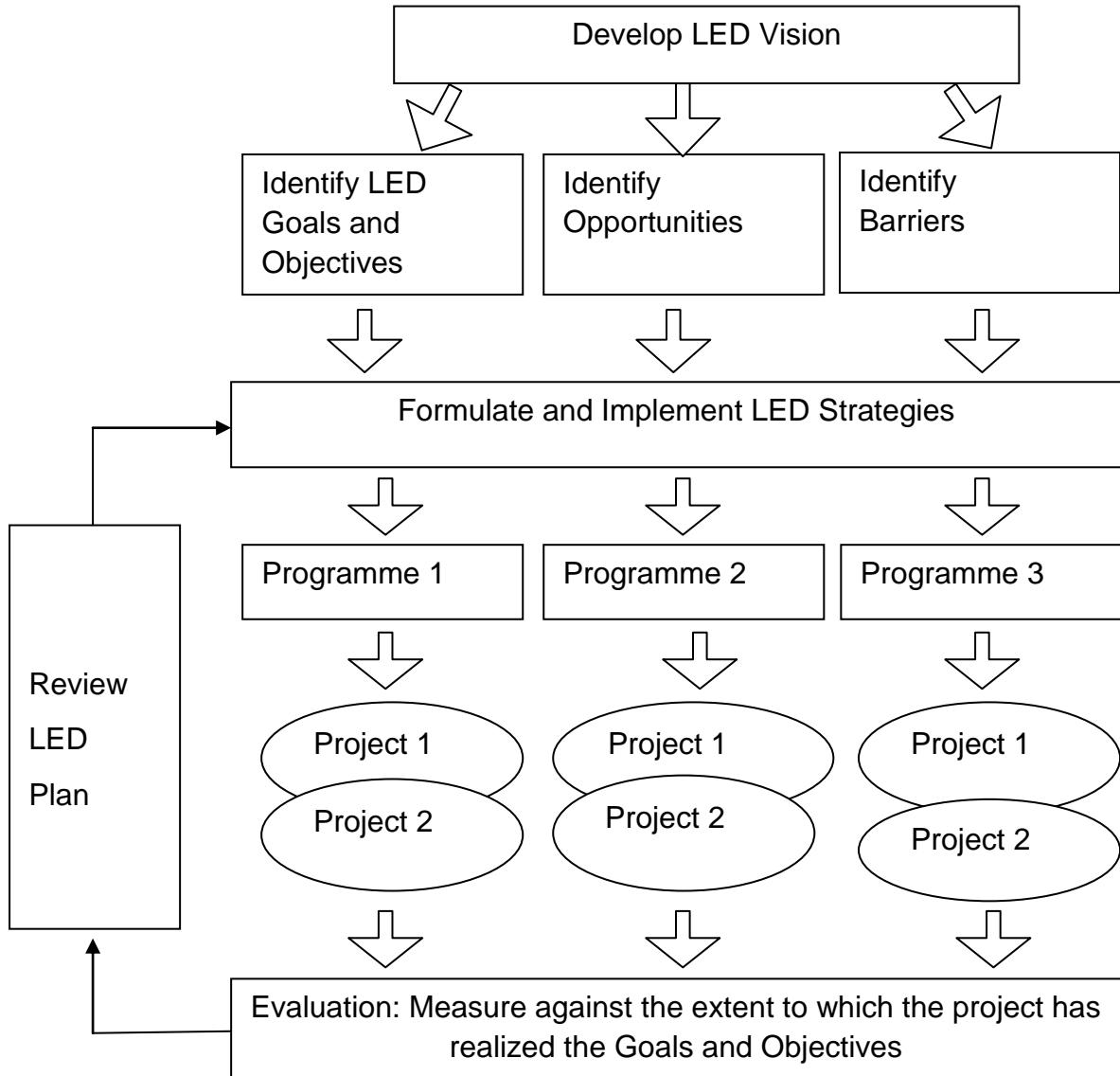
- **Development of LED initiatives within the different economic sectors**

LED initiatives should take place within the formal economic sectors namely, transport, manufacturing, services, agriculture, mining and especially tourism. Economic development opportunities within these sectors should be investigated one by one in order to identify LED opportunities which will fit in with the economic profile of the region.

Special focus should be put on tourism as an economic sector as it has great potential in the Ubuntu region and also has the status of the fastest growing economic sector globally. Furthermore, has the World Tourism Organization (WTO) launched tourism internationally as a fully fledged economic sector.

Based on the present status of tourism as an economic sector and the great potential of tourism in the region, it is imperative to treat tourism as a priority issue in LED.

18. LINKAGES BETWEEN LED STRATEGIES, PROGRAMMES AND PROJECTS IN THE PLANNING PROCESS



19. ACTION PLAN FOR LED

The LED process occurs when a local authority, businesses, civil society, NGO's and most importantly individuals work collectively and strive to improve their economic status by combining skills, resources and ideas and putting them together into action plans. The action plan should guide the development activities in order to implement programmes and projects which are aimed at local economic development initiatives as described hereunder:

- **Organizing the LED function in action planning**

- Establishing of the LED function

Someone has to take responsibility for starting a focus on LED in the local area. Mostly this is the responsibility of the local municipality. Even if the initiator is not the local municipality, it is crucial to have local government support for the process. In almost all successful city economic development case studies, a responsible person, often in either the Mayor's office or in the office of the Chief Executive Officer (CEO), is initially appointed to take responsibility for LED. (This may expand into a specific unit or department at a later point.) The responsible initiator(s) may spend much of his/her time upfront obtaining a sufficient understanding of the local economy to identify important stakeholders.

- Management of stakeholders

Stakeholders are individuals, firms and/or organizations in the public and private sectors that have an interest in and ability to contribute to LED. The stakeholder management process recognizes that all stakeholders are important and that some will be able to participate more than others.

- In terms of stakeholders it must, however, be determined:
 - ✓ who the key stakeholders are
 - ✓ what their interests are likely to be
 - ✓ the best way to involve them in the LED activities
- The benefits of involving stakeholders include:
 - ✓ Stakeholders bring specialist knowledge and different perspectives making the planning process more robust.
 - ✓ They bring professional, financial and physical resources to the table.
 - ✓ They legitimize the process by being involved.
 - ✓ They forestall problems by being engaged in the process.
 - ✓ Business partners are likely to know much more than local government representatives about the true state of the competitive position of the community.
 - ✓ By involving higher tiers of government, strategies are likely to benefit from their support (including financial).
 - ✓ Local community representatives are likely to be best informed about local problems and opportunities that could be addressed by the LED strategy.
 - ✓ By involving communities, it is more likely that a volunteer effort could be established to support LED implementation programs.

- ✓ Jobs and economic growth are created in the private sector. Government is usually merely a facilitator in this process.
- Potential stakeholders in the public sector include:
 - ✓ Local government
 - ✓ Provincial and Central Government
 - ✓ Health Authority
 - ✓ Transportation Authority
 - ✓ Institutions of higher learning
 - ✓ Education Board/Authority
 - ✓ Utilities
- Potential stakeholders in the private sector include:
 - ✓ Chamber of Commerce
 - ✓ Board of Trade
 - ✓ Business associations
 - ✓ Large corporations
 - ✓ SMME representatives
 - ✓ Private developers
 - ✓ News media
 - ✓ Professional associations
 - ✓ Higher learning establishments
 - ✓ Utilities
 - ✓ Town center improvement groups, etc.
- Potential stakeholders in the community sector include:
 - ✓ Individuals
 - ✓ Neighborhood groups
 - ✓ Church groups
 - ✓ Youth groups
 - ✓ Environmental groups
 - ✓ Voluntary service groups
 - ✓ Historic societies
 - ✓ Cultural and Arts groups
 - ✓ Educational groups
 - ✓ Groups representing minorities

The ultimate configuration of the stakeholder group should be determined by a strategic assessment of the local economy and the important local economic actors.

- Establishment of a Steering Committee

The Steering Committee should include key stakeholders from all sectors including the local authority. The local authority will usually provide institutional support for this committee. This provides them with a degree of control that may be needed in the early days of establishing the LED strategy and partnerships.

- Establishment of a group within the local authority to oversee the LED process

This group should include people from across the various local authority departments that are likely to have an interest or professional, technical, political or financial responsibility for matters affected by the LED strategy. Membership should be at both Elected Member and at officer levels. There should be terms of reference and a formal reporting system for the group. Transparency and public access to information used or generated by the group is important to its credibility.

- **Guiding principles in action planning**

Guiding principles for LED is purposeful in developing action plans for LED in the region. These principles also serve as a purposeful tool for better understanding of what is expected in order to make effective LED a reality in the specific region. Important principles, among others, are:

- Target previously disadvantaged people.

LED must target previously disadvantaged people, marginalized communities and geographical regions, black economic empowerment enterprises and SMMEs to allow them to participate in the economy.

- local ownership

LED promotes local ownership, community involvement, local leadership and joint decision-making.

- Favorable location factors

LED aims at creating favorable location factors, i.e. qualities which make a place a good place to do business. This includes obvious elements such as improving the infrastructure and training workers, but also less obvious elements such as business-mindedness and efficiency of local administration.

- Promoting business

LED aims at promoting business. This can be existing businesses, start-ups or external companies coming into a location. It is also about linking things: promote and support spin-offs and sub-contracting, attract investors, which fit into the local economic structure, and consider franchises as a source of new local businesses.

- Local markets work better

LED aims at making local markets work better. It aims at creating places and opportunities to match supply and demand, as well as to discover, propagate and promote new business opportunities.

- Locally available resources and skills

LED aims at making better use of locally available resources and skills and maximises opportunities for development.

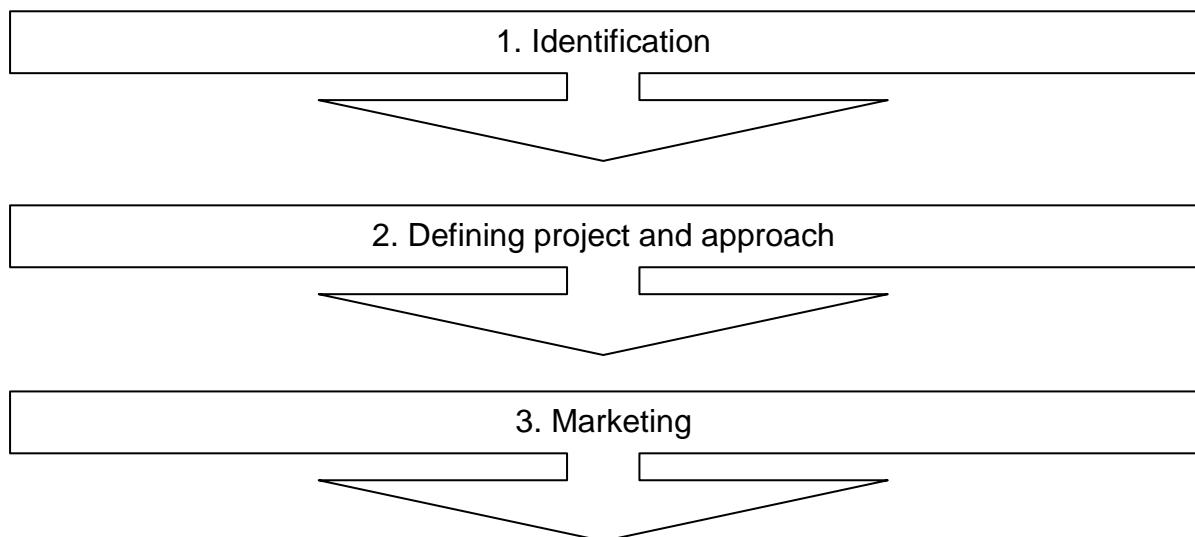
- #### ➤ National and international partnerships

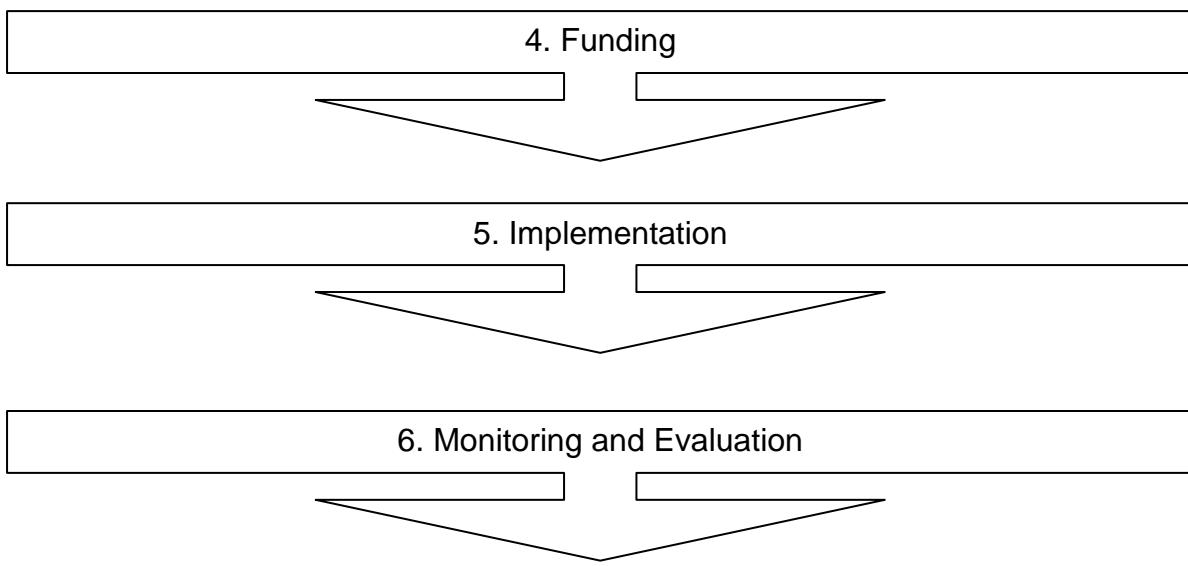
LED involves local, national and international partnerships between communities, businesses and government to solve problems, create joint business ventures and build up local areas.

- **Important steps with the practical implementation of LED projects in action planning**

With the practical implementation of initiated LED projects, certain steps have to be followed in order to manage the project effectively. Each of the steps for the practical implementation, however, has its own components. These components as well as the different steps are interdependent and progressive and build up to the implementation and evaluation of projects.

The steps, which are inter-connected to each other, are as follows:





➤ Step 1: Identification

The first practical step is the identification of the potential projects and opportunities that can be developed in the local economy. The generation of new ideas and opportunities can be brought about through the establishment of committees, consultation with local communities and brainstorming sessions. Assessment of the initiatives in terms of a SWOT analysis should also be included. It is good practice that the initial step of idea generation and project/opportunity identification be undertaken by the local municipality. Municipalities are well informed about the local conditions and dynamics of their communities and are aware of all the local key role-players within the community.

➤ Step 2: Defining project and approach

The project and the approach of the process have to be defined. It refers to the actual formulation of business plans and the design of specific projects. It also refers to the role that the municipality can play to assist local entrepreneurs in the provision of the necessary infrastructure, ensuring and enabling institutional environment and creating a business environment.

➤ Step 3: Marketing

Marketing refers to marketing of the region as well as the marketing of the specific products/services produced by the respective projects. The provision of appropriate mechanisms and communication methods to market the region is critically important to the successful attraction of investors to the area. The need for adequate exposure of local business to consumers is also important.

➤ Step 4: Funding

Funding refers to the acquiring of finances for implementation and development of projects. It also refers to the facilitating efforts of the local authority through the provision of support in the application for funding as well as matching potential investors and funding sources.

➤ Step 5: Implementation

Implementation means the culmination of the preceding steps in order to put the identified opportunities into action. It is important to assist entrepreneurs with the provision of support activities and skills development in the early stages of entrepreneurship.

➤ Step 6: Monitoring and Evaluation

The implementation of the LED Strategy needs to be monitored on an ongoing basis. Progress with respect to new investment and the impact thereof on the local economy needs to be constantly assessed and monitored over the implementation period of the strategy.

To enhance efficiency and effectiveness of the strategy, continuous adjustments need to be made, based on market fluctuations and demand changes. This entails continuous strategic re-positioning.

20. THE WAY FORWARD

It is important that, in order to implement the various development programmes and projects formulated in the LED strategy, the institutional recommendations have to be initiated and established as soon as possible. These drivers of the LED process, however, will not succeed if the political ambition and will is not part of this implementation process. Therefore, it is imperative to keep all the stakeholders and role-players involved throughout the planning process in order to initiate political will, to generate interest and to stimulate dialog.

The rapid deployment of the various institutional options and strategies should be undertaken as a matter of urgency. Once the opportunity for an option appears it should immediately be taken up before it disappears, which means that momentum will be lost in the economic development process of the region. This will also negatively influence developmental efforts and initiatives in future.

Furthermore it is of great importance that role-players take ownership of LED strategies in order to facilitate the implementation of the different programmes and projects. The monitoring and evaluation of the various activities could be incorporated into the performance management system to ensure responsibility and accountability within the Local Economic Development function of the municipality.