

Lekwa-Teemane Municipality

Strategic Framework for Local Economic Development 2006 - 07



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Abbreviations used

BEE Black economic empowerment
CBO Community-based organization
CSIR Council for Scientific and Industrial Research
DBSA Development Bank of Southern Africa
DFI Development finance institutions
IDP Integrated development plan
DM District municipality
DPLG Department of Provincial and Local Government
DST Department of Science and Technology
DTI Department of Trade and Industry
ICT Information and Communication Technology
IDZ Industrial Development Zone
LBSC Local Business-Services Center
LED Local economic development
NDA National Development Agency
NEF National Empowerment Fund
NGO Non-governmental organization
NPI National Productivity Institute
PDI Previously disadvantaged individual
PPP Public-private partnership
PPP's Public-private partnership
SABS South African Bureau of Standards
SARS South African Revenue Service
Seda Small Enterprise Development Agency
Sita State Information Technology Agency
SMEDP Small- and Medium-Enterprise Development Programmes
SME's Small and medium enterprises

SMME's Small, medium and micro-enterprises

UYF Umsobomvu Youth Fund

1. Purpose of document

The basis of this document is premised on deliberate and carefully planned interventions, leading up to a business summit which was used to draw from various local economic players so as to intervene appropriately. This strategic collaboration between government (local), private sector and other parties is to uncover where the most significant obstacles to growth and development lie and the type of interventions that are most likely to remove them.

We will highlight the context in which there are areas of growth promise to the economy, the support required by the local government, and the nature of interventions capable of altering the economic landscape in promoting economic growth and addressing poverty.

2. Summary of Strategic Approach

The strategy is based on three pillars:

- Promoting entrepreneurships through information forums, awareness campaigns, leadership training and workshops
- Strengthening the enabling environment through more flexible regulations, better access to finance and markets, improved infrastructure facilities and business support,
- Enhancing competitiveness and capacity at the enterprise level through skill training more focus quality-, productivity-, and competitiveness-support and the facilitation of technology transfer and understanding of the local economy.

Across these pillars the strategy is to be underpinned by improved information and knowledge spread and management, including expanded research and communication as well as monitoring and evaluation of existing support programmes.

A key strategic shift is to find a more co-operative approach of government towards its partners in the public and private sectors.

3. Core thrusts

Within the strategic framework the document highlights five thrusts, which each needs strong and sustained commitment by local government to roll out their interventions as ways to unlock growth and reduce poverty.

Substantially strengthen support for Business and SMME's access to finance

Through a more targeted approach focus more on micro-, small and medium sized enterprises. There should be particular support given to the formulation of the youth- enterprise- development strategy currently being drafted by the Umsobomvu Youth Fund and the National Youth Commission. Initiate an entrepreneurship drive and expand education and training for small business specifically in support of youth owned enterprises.

Create an enabling regulatory environment through Governance and Administration

To be more financial viable it is important to do capacity building in improving service delivery of local government to businesses, developments and community.

Further expand market opportunities for Tourism

Efforts in this sphere have to happen through government's procurement process and the possible addition of schemes. With the strategy the proposal is to have a selection of a few products frequently used by government departments and public, to be manufactured by small-scale manufacturers.

Local Farming and Mining support through co-coordinated information and advice-access points

There is a mandate to design and implement a standardized delivery network that reaches both sections and integrates government-funded small-enterprise support.

Minimum Infrastructure facilities in local-authority areas

Essentially the integrated strategy has to link up closely with current IDP efforts in local municipality, with them being prepared to help to mobilize and initiate it.

While the strategy stresses that in each area the optimal mix of private-public, public-public partnerships together with government will be different; it is the integration of different support clusters, which can, *if underpinned by significant resources and strong leadership via local government*, assure a meaningful acceleration of the process of economic growth.

4. Objectives and Approach

The desired outcomes or objectives in this strategy is to improve the collaboration and communication between government, the other suppliers of support and the large and small-enterprise community in the process of implementing the strategy. This is envisaged through a number of strategic pillars of support.

Strategic pillars of support

An overview of priority areas of interventions within the strategy framework is set out below.

Unlocking the potential of Local Economic Development

PILLAR 1 Promoting entrepreneurship	PILLAR 2 Creating enabling environments	PILLAR 3 Enhancing competitiveness and capabilities at enterprise level
<ul style="list-style-type: none"> a) Strengthening awareness about the critical role of entrepreneurship b) Promote focus on ownership through campaigns, training and workshops c) Expand franchise opportunities d) Strengthening business associations and networks 	<ul style="list-style-type: none"> a) Prioritizing different thrust through creating forums/representatives on local municipalities b) Improve access to finances c) Strengthen access to markets via procurement, by-laws, information and business linkage d) Facilitate the availability of business infrastructure and premises e) Increase the effectiveness of enterprise support f) Localise support infrastructures 	<ul style="list-style-type: none"> a) Strengthen managerial, business and technical skills b) Facilitate improved quality, productivity and competitiveness c) Support technology transfer, incubation and the commercialization of business services d) Expand SMME-focused sector support strategies
<p>Cross-cutting foundation services required for success of the Pillars Information, research, monitoring and evaluation</p>		

Interventions to advance growth

This integrated strategy has been designed to address the needs, assessment made and development potential of the whole sectors involved in economic growth of the Lekwa-Teemane Municipality.

The targeted sectors can be address on the bases of the following:

- The degree to which the market exists in particular with a SWOT analysis
- The degree to which segments create opportunities to support developmental goals through interventions
- The viability of suitable action plans to impact the local government

4.2.1 TOURISM

SWOT Analysis:

<p style="text-align: center;"><u>Strength</u></p> <ul style="list-style-type: none">▪ Proximity to Johannesburg▪ Accommodation▪ Availability of water resources for water related activities▪ Opportunities of the FIFA World Cup.▪ Facilities to host▪ Low crime rate	<p style="text-align: center;"><u>Weakness</u></p> <ul style="list-style-type: none">▪ Roads▪ Accommodation not up to standard.
<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none">▪ Events▪ Tourism promotion and development	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none">▪ Tourism awareness limited

Interventions:

Products can be diversified which is important for tourism interest to be attractive. As an intervention this can promote more market access.

With all tourism the importance of a place to stay, the food to eat and the entertainment it offers. This where we see potential for interventions:

Accommodation:

- Under utilized
- Quality/standard

Food:

- Franchise opportunity
- Uniquely African Cuisine
- Fish Restaurant due to water access

Entertainment:

- Bloemhof dam opportunities
- Night life – cinema, theatre
- Sports – golf, sports complex.

Planned actions:

1. The need for Municipality to prioritize Tourism as an important facet of the area.
2. Tourism Management team: Representative that sit in on the Local Municipality.
3. The Management team can direct and support various tourism activities.
4. Arts & Culture – Creation of a Cultural Village that would lend the opportunity for small business development as well as the introduction to the area and its cultural heritage being along the N12 highway
5. The water resources lends itself to facilitate for expansion and upgrading of accommodation, and sports facilities like hosting as a fan fair park for the World Cup 2010

4.2.2 BUSINESS and SMME's

SWOT Analysis:

<p style="text-align: center;"><u>Strengths</u></p> <ul style="list-style-type: none">▪ Enough land▪ SMME's exist▪ Industries already exist▪ e.g. Dairybelle and Beefmaster▪ Natural resources are available around the area e.g. Diamonds, water, salt and fish.	<p style="text-align: center;"><u>Weakness</u></p> <ul style="list-style-type: none">▪ PPS's non existent▪ BEE not understand properly▪ Training is not relevant to some beneficiaries▪ LED projects – Identification of beneficiaries is lacking
<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none">▪ The merger between the business chamber and small business forums.▪ Regulate the unorganized businesses, e.g. drafting of by laws, Tourism Bloemhof dam development<ul style="list-style-type: none">- Sub Contracting- Arts & Culture- Beef producing- Dairy farming- Small scale mining▪ Seda / Municipality relations must be developed	<p style="text-align: center;"><u>Threat</u></p> <ul style="list-style-type: none">▪ Fronting▪ Inferior Products

Interventions:

Municipality must draft by-laws

Registration of businesses

Rates and tax co-sessions: big companies.

Seda must be more accessible.

Service Providers for drafting of business plans must be appointed by Seda

There is adequate land but it is not utilized

Municipality must identify and develop the land so that it can be utilized

Acquiring of land must be speed up

Town Planning is crucial for there is no difference between industrial and other business, e.g. storages in CBD

Infrastructure will have to suit a particular environment.

BEE opportunities should be created and be broad based.

Planned actions:

1. Small enterprises are highly sensitive to the availability, quality and cost of infrastructure facilities and business premises. This is the area where local government plays a role.
2. Establishment of LED Forums
3. Seda Entrepreneurship awareness campaigns
4. Co-funding of local industrial-park incubators and other enterprise-focus facilities in industrial development zones and other spatial development projects is essential. As far as possible these facilities should be linked to mentorship and training support related to specific sector-development strategies.

4.2.3 INFRASTRUCTURE

SWOT Analysis:

<p><u>Strengths</u></p> <ul style="list-style-type: none"> ▪ Can sell resources to generate income e.g. water, electricity and land. ▪ Sanitation is on course & has national support. ▪ Plenty of land, sought after 	<p><u>Weakness</u></p> <ul style="list-style-type: none"> ▪ Capacity (human capital) ▪ Network structure ▪ Capital injection ▪ Townships – no coupon system for electricity – unable to audit ▪ Roads back log (Internal network) ▪ Roads – funding very little ▪ Land – Marketing plan <ul style="list-style-type: none"> ○ Land use plan ○ Assessment & valuation
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> ▪ Job creation ▪ Upgrading of electricity networks ▪ Outsourcing services to SMME's ▪ Partnership with investors (BBBEE,PPP) ▪ Skills development ▪ New SMME's development ▪ Construction <ul style="list-style-type: none"> ○ tenders ○ influx of high income through land acquisition 	<p><u>Threats</u></p> <ul style="list-style-type: none"> ▪ No proper planning therefore any investor confidence. No empowerment. ▪ Lack of electricity and water supply restricts development. ▪ Township illegal connections ▪ Land lies undeveloped ▪ No facilitated funding for <ul style="list-style-type: none"> ○ SMME's-sureties ○ bridging finance ○ does not pay SMME's in time causing them to close

Interventions:

IDP representative forum should be established to involve all key stakeholders

District - bulk supply of water.

Eskom – infrastructure planning

DME put pressure on Eskom

Investor/Commercial institutions

- Social responsibility

- Pressure on Eskom

Public works / Road Agencies

- for roads

Tourism

Share income generated by infrastructure development.

Financial Institutions form part of the forum to take ownership of development.

Planned actions:

1. IDP forum together with Municipality management committee relevant to different portfolios will integrate & facilitate implementation of the above immediately involving finance houses that could help package deals
2. Roll out of infrastructure facilities with particular emphasis on townships and rural areas, including roads, telecommunication links, electricity supply, street lighting and business as well as public premises.
3. Support for extension of services and utilities and further improvement of affordability.

4.2.4 FARMING

SWOT Analysis:

<p><u>Strengths</u></p> <ul style="list-style-type: none">▪ Availability of Natural Grazing.▪ Sufficient Water Resource.▪ Favorable weather condition▪ Availability of markets for products▪ Well-developed infrastructure:<ul style="list-style-type: none">▪ Roads▪ Railways Lines▪ Grain Elevators▪ Positive/well Established Inter Governmental relationship.▪ Presence of Dairy Belle and Beef Master▪ Existing Agricultural activities reduce poverty rate.	<p><u>Weakness</u></p> <ul style="list-style-type: none">▪ Lack of cattle handling facilities for Small Farmers.▪ Lack of skills/knowledge of Farming related matters.▪ Lack of access to Agricultural Land▪ Previously identified Farming Projects on I.D.P. not been implemented.▪ Lack of inter-action between Small Scale Farmers and Commercial Farmers
<p><u>Threats</u></p> <ul style="list-style-type: none">▪ Crime-Farm attacks, theft of cattle / fences▪ Periodical drought▪ Diseases▪ Competition between Department of Agriculture and Mineral for available land	<p><u>Opportunities</u></p> <ul style="list-style-type: none">▪ The presence of Dairy Belle and Beef Master▪ Availability of a Land Reform Program

Planned actions:

A forum for organized Farming to be established

Forum to be all inclusive:

- Department of Agriculture
- Land affairs
- Municipality
- Farming Community Commercial/ Small farmers

The main focus of the forum would be to address skill shortage, infrastructure and institutional matters.

4.2.5 MINING

SWOT Analysis:

<p>Strengths</p> <ul style="list-style-type: none">▪ Availability of diamond rich gravel▪ Availability of local tender facility (market)▪ Availability of water-river/underground.▪ Well-established local Diggers with knowledge and equipment.	<p>Weakness</p> <ul style="list-style-type: none">▪ Unnecessary red tape / high cost make the Department of Mineral and Energy inaccessible for Small Mining applicants.▪ High potential Agricultural soil destroyed.▪ Lack of Diamond cutting-polishing facility
<p><u>Opportunities</u></p> <ul style="list-style-type: none">▪ Job can be created▪ Improved Local Economy	<p><u>Threats</u></p> <ul style="list-style-type: none">▪ High cost to start Mining can give cause for debt problems if applicants are not successful.▪ The non-rehabilitation of land hampers future development.

Planned actions:

1. Before any process regarding small scale Mining can be made, the Local Council
Must engage into discussions with Dept. of Mineral And Energy to:
 - Terminate all Mining activities currently on Municipal commonage land.
 - Municipal commonage land to be reserved for Lekwa-Teemane Small Scale Miners only.
 - Dept. of Mineral and Energy be encouraged to do away with red tape and high cost for Small Scale Miners of LEKWA-TEEMANE.
 - Dept. of Mineral And Energy to assist LEKWA-TEEMANE Small Scale Miners with rehabilitation of Land.
 - National Government should be encouraged to avail funds for LEKWA-TEEMANE Small Scale Miners, for training and purchasing of equipment.
 - Establish an organized structure for proper control and functioning of LEKWA-TEEMANE Small Miners.

4.2.6 GOVERNANCE AND ADMINISTRATION

SWOT Analysis:

<u>Strengths</u>	<u>Weakness</u>
<ul style="list-style-type: none">▪ The capacity of professionals in the Municipality Staff or well as Sector Departments▪ Channels of communication maintaining consistent communication with communities (English, Afrikaans, Setswana) accessibility▪ Well established and effective ward committee systems▪ The major businesses in LEKWA-TEEMANE MUNICIPALITY<ul style="list-style-type: none">- Agricultural- Finance- Retail	<ul style="list-style-type: none">▪ No Municipal budget to implement IDP priorities▪ Workplace skills plan▪ Database – SMME’s , Professionals, and statistics of HIV/AIDS▪ Policing Forum and business▪ Access to information▪ Newsletter & Internet website.▪ Equity targets on projects. E.g youth, women & people with disability▪ Political tolerance – Tendering▪ Inter governmental relationship – basically protocol.▪ Information dissemination.

<u>Opportunities</u>	<u>Threats</u>
<ul style="list-style-type: none"> ▪ Mining ▪ Capacity building in skills development – in order to address the low level of education. ▪ Bring on board – SETAS, Umsombomvu & SEDA for skills, projects & business plans. 	<ul style="list-style-type: none"> ▪ Enforcement of by laws ▪ Rate of unemployment ▪ Poverty ▪ Subsistence abuse- youth ▪ HIV/Aids statistics very high ▪ Street trading – street brokers ▪ Poor payment of Municipal services ▪ Poor service delivery to Business

Interventions:

1. Skills Development

1. Database numbers , types and age groups of technically qualified individuals and those going through training programmes
2. As assessment of skill/occupational shortages/ oversupply

Public Procurement Policies and “Buy local Campaigns”

3. By- laws and ordinances (information)
4. Local Government regulation
5. Policies: types of policy – Political Party Policy –implementation policy
6. National policy – administrative

2. Invest in soft Infrastructure

1. Programs and Projects should include:
 - enabling or providing skills training
 - Provision of skills should be demand led
 - Skills development – link to education programmes in schools

3. Providing Increased Business focused education and access to education

- Subjects – work ethics, IT , Entrepreneurship, and finances.
- Adult literacy must be addressed through LED education and outreach strategies.

4. Research and Development

- Collaboration between the Municipality, Business and institutions of higher learning.
- Eradicate placement programmes – Community LED satisfaction – survey

5. Business Advisory Services

- Good practice is a one – stop shop.
- MPCC

6. Access to Capital and Finance

- The Municipality must be involved in detailed advice to business on funding issues
- Banking institutions- relationships

7. Development of Business and Trade Associations

- Business chambers/ forum
- SMME's forum

8. Improving service delivery of local Government services to businesses

- Payment of creditors
- Happiness of the business people may attract more investment to the Municipality

9. Social Inclusion strategies

- Women empowerment
- Recruiting disabled people into the workplace.
- Social activities for the young and elderly citizens

10. Crime Prevention measures

- Free from drugs
- Imposing curfews at night
- After- school activities to keep young people busy.
- Policing forum
- Street lightning

5. Streamlining the support framework

Economical advancement in particular growth or priority sectors includes agriculture and agro-processing, construction, small-scale manufacturing, tourism, crafts and cultural industries as well as the beneficiation of minerals.

Ideally one would hope that:

- All suppliers of services or supportive action would be fully aware of what each other player is doing and how these different services dovetail and could reinforce specific support.
- Businesses would be fully aware of the existence of all support services and how their own business could utilize them to meet their particular needs, for optimum co-operation between all.

5.1 Public-sector involvement: The key players

- Local and district authorities
- Provincial authorities
- Para-statals interacting with SMME's

6. Monitoring the Integrated Strategy

The importance of systematic, regular and objective monitoring and evaluation of progress with the overall strategy and its different components is beyond dispute.

It is imperative that Lekwa-Teemane Local Municipality continuously engage the communities and give regular feed-back of progress achieved during pre-planned interventions.