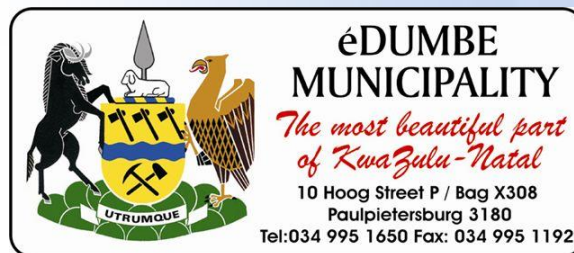


# eDumbe

# Local Economic Development

## DRAFT REVIEW 2019



**eDUMBE  
MUNICIPALITY**  
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of KwaZulu-Natal*  
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## SECTION ONE: INTRODUCTION

### 1.1 Background

Edumbe Local Municipality has a Local Economic Development Strategy that was compiled in 2012. In view of the requirements for local government to have a credible LED strategy in place, the current Economic Development Strategy needs to be reviewed to reflect the most recent local and regional development dynamics, and include an implementation plan. Reviewing the strategy will enable the municipality to determine how its LED strategy is progressing, and identify any recent developments that may hinder or assist in the implementation of the strategy. The intention of this review is to provide an analysis of recent socioeconomic and demographic trends within the Municipality, in order to reflect changes in the local economy and lessons learnt from the implementation of the LED Strategy developed in 2006, in order to provide direction and guide the Municipality in undertaking successful economic development initiatives based on the current local economic situation. This review is also to ensure alignment of LED Strategy to the developmental needs of the area as per the Integrated Development (IDP) of Municipality

The purpose of this review is to collate all economic information and investigate the coordinated options and opportunities available to broaden the economic base and improve the economic competitiveness of the eDumbe. This will be packaged as a strategic action framework in order to address the creation of employment opportunities, investment and business development and the resultant positive spin-off effects throughout the region's economy. Furthermore, it is also aimed at ensuring that the municipality effectively and efficiently facilitate the creation of an appropriate enabling environment that is conducive to economic growth, development and investment. This can, however, only be achieved if and when the current development situation in the eDumbe area is understood.

This analysis aims to provide the foundation by assessing the current demographic, socio-economic and economic characteristics and trends of the area and also by highlighting main challenges faced by the area. In view of the above understanding and challenges, eDumbe Municipality has established an on-going, participatory planning process, bringing together the experience and expertise of people who have been working on the socio-economic development issues for some time. The municipality has further sought and included diverse perspectives, inviting the broad participation of stakeholders in the area's economy to discuss the region's potential and obstacles, to propose solutions, to strategize and to set priorities that will benefit all economically distressed population and the region as a whole. It again, believed that the ultimate outcome of these ongoing deliberations will be a

comprehensive and implementable Economic Development Strategy or plan for the municipality.

As the municipality engages in this exercise it is fully aware of the fact that, the traditional powers and responsibilities assigned to local municipalities allow them to exert a great influence over the social and economic well-being of localities. Furthermore, Section 152 (c) of the South African Constitution, the Municipal Systems Act of 2000 and the White Paper on Local Government (1998), urges local government to promote sustainable socio-economic development within their respective areas of jurisdiction. This fresh mandate focuses on local policies and programmes, aimed specifically at job creation and poverty alleviation, with an emerging focus on the local economy with stakeholders and decision makers becoming the primary unit for stimulating economic growth and development.

However, the legacy of the past policies has made this focus on social and economic development both more pressing and difficult. Inequalities exist both within and between the new jurisdictions, and many municipalities are unable to afford to provide the most basic services. Unemployment has deprived large sections of the population the income to pay for water, sanitation, electricity and roads. New macroeconomic policies have led to the restructuring and relocation of economic activity and consequently, uncertainty in the local labour market and tax base.

### 1.1.1 Purpose of the Study

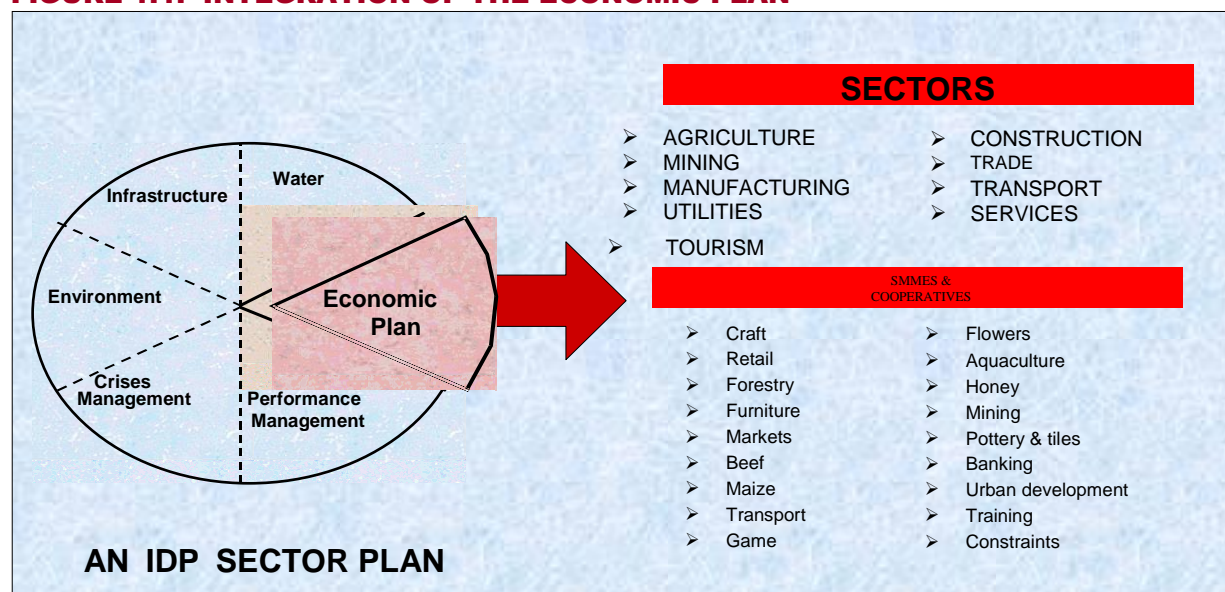
The primary purpose of the study is to review and formulate a comprehensive LED strategy that should guide and direct the processes of economic stimulation in eDumbe thereby resulting to the permanent desired change on the structural economy as a whole. It is therefore, in the interest of the study to explore various means of unleashing the full economic potential of the study area through establishment of the LED framework and strategies for eDumbe.

The overall objective of the Economic Development strategy is to identify economically feasible development projects at the municipal level. These projects would be linked to the strategic development of the municipality thereby creating an optimal economic environment that is conducive to employment creation, income generation and sustainable economic development of the eDumbe Municipal area. Furthermore, the findings and recommendations of this study will inform the Integrated Development Plan, thereby providing guidance for the further economic development of the area.

As illustrated in **Figure 1.1** below, this study aims to address the vision and the implementation of the IDP, as well as incorporate all economic sectors including the SMME sector as part of the development strategy for the eDumbe Municipality. Furthermore, it will create an economic profile of the community highlighting the basis of the area's comparative advantages, thus allowing the development of new or

alternative economic strategies that can be implemented, and the identification of bankable and viable programmes and projects for the economic upliftment of the region.

**FIGURE 1.1: INTEGRATION OF THE ECONOMIC PLAN**



### 1.1.2 Importance of LED Strategy Review

The White Paper on Local Government provides the context and the direction for the role of municipalities in economic development. It states that the local government is not directly responsible for employment creation, but that it is responsible for taking steps to ensure that the overall economic and social conditions of the region are conducive to the creation of employment opportunities and investment promotion. Its role is therefore to create an enabling environment for the promotion of economic development and growth.

In accordance with the National LED Framework, an LED Strategy should

- ✓ Provide direction to the LED directorate within the municipality
- ✓ Emphasize the role of the entire municipality in terms of LED
- ✓ Set LED targets that are aligned to national and provincial priorities
- ✓ Coordinate efforts of both private and public stakeholders in LED
- ✓ Inform the municipality's IDP (LED strategy is a sector plan of the IDP)

The existing eDumbe LED Strategy of 2012 served as the original LED Strategy for the municipality. In this strategy, an economic profile of the municipality was compiled revealing socio-economic issues in the area such as high levels of inequality exacerbated by a lack of employment opportunities, high prevalence of male urban migration, poor education levels achieved leading to lack of skills and in general lack of economic diversity in the area

especially the rural areas. The study made new findings on the prevalence of HIV/AIDS in the community further weighing down on the municipality's economic development potential.

The research compiled revealed that income generated by households was mainly derived from subsistence farming as well as from participation in the informal economy.

Through the use of stakeholder consultations, a needs assessment of the community was documented. This assessment revealed that some communities still required the municipality to deliver basic services such as housing, electricity, water, and sanitation. A Strategic Framework was then developed encompassing projects identified by the eDumbe Local Municipality, Non-governmental Organizations, as well as government structures operating within the municipality. These projects were then grouped into packages that addressed key development areas of the Municipality i.e. Infrastructure for LED, Tourism, Agriculture and Forestry, Job Creation and Skills Development, Local Participation, developmental nodes, rural economic nodes. An implementation strategy specifying projects, budgets, source of funding, time frames, and role players was also developed.

The purpose of this project is to undertake a review of the current eDumbe LED Strategy of 2012 in order to assess the extent to which the LED Strategy has been implemented within eDumbe, identify the gaps in the existing Strategy and to incorporate changes, socio-economic developments and trends that have taken place within the local and regional economy since the drafting of the existing strategy. The review also aims to ensure the alignment of district and local municipal programmes, plans, strategies and initiatives with those of the provincial and national governments.

The revised Edumbe LED strategy will offer the local municipality, the private sector, the non-profit and non-governmental organisations, and the local community the opportunity to work together to improve the local economy. Further, it aims to enhance the region's competitiveness thus encouraging sustainable economic growth that is inclusive.

### **1.1.3 Study Objectives**

The overall objective of the study is to undertake the 2012 LED Strategy Review in order to identify economic development needs, opportunities and comparative advantages of the eDumbe Local Municipality, to inform and guide the municipality to facilitate development; facilitate job creation within eDumbe; promote the creation and growth of small enterprises; foster productive economic linkages between eDumbe and the wider regional economy; enhance the stability and growth prospects of eDumbe and surrounding economy; and promote inward investment where possible. This review will seek to determine whether the

outcomes of the existing strategy have been achieved whilst also identifying challenges that were encountered during its implementation. The final strategy should be aligned to national, provincial and district policies and strategies noting the priorities of the municipality.

**Specific objectives of the study are:**

- To assess the extent to which the 2012 eDumbe LED Strategy objectives have been achieved.
- To identify challenges encountered during the implementation of the 2012 strategy
- To identify gaps from the existing strategy.
- To undertake a detailed economic analysis which will enable the identification of appropriate market interventions that will lead to economic development in eDumbe.
- Establish and determine if the sectors and commodities identified in the 2012 strategy are still significant to eDumbe's economic activity and can be further exploited.
- Review the comparative and competitive advantages identified in the LED Strategy and determine their relevance, as well as identify further opportunities for interventions.
- To develop eDumbe Local Economic Development strategy 2018 – 2023
- To develop a detailed implementation plan for the 2018 – 2023 eDumbe Local Economic Development Strategy
- To develop a Monitoring and Evaluation Framework to systematically track the progress in the implementation.

### **1.1.3 Approach and Methodology**

#### **1.1.3.1 Approach**

The study has attempted to address the key principles underlying sustainable economic development of eDumbe. These will be linked to strategically prioritized development programmes and projects that will serve to address the ever-escalating level of poverty within the Municipal area of jurisdiction.

In preparation of the Plan, due consideration has been given to the following:

- ✓ Current economic development practices in the study area, policies and legislation;
- ✓ Socio-demographic analysis in the study area as it pertains to local economic development;

- ✓ Role players and stakeholders in economic development in the study area, including their respective roles and responsibilities;
  - ✓ The importance of improving coordination between all the role players and stakeholders involved in economic development;
  - ✓ Training programmes available especially for small business development and SMMEs;
  - ✓ Key economic development focus areas, strategies, programmes and projects already identified or being implemented as part of the IDP;
  - ✓ Key economic development sectors, strategies, programmes and projects already identified or being implemented by any other organs of state, NGOs and service providers;
  - ✓ Funding sources for economic development; and
  - ✓ Institutional structures and operational plans relating to economic development in the study area.
- ✓ The consideration of the above principles enables the identification and definition of the following elements, which will form the core content of the study:
- ✓ **Project Identification and Prioritisation:** the identification of programmes and projects is aimed at exploiting the comparative advantages of the study area. The development opportunities will be interpreted in terms of specific programmes. The viability of the projects is based on market conditions, potential economic and financial impacts as well as sustainability. A systematic classification process is undertaken, based on a generic classification framework and development criteria.
  - ✓ **Business Planning Approach:** the results of the project culminate in the formulation of business plans for specific prioritized projects.

The economic plan forms an integral part of the Integrated Development Plan (IDP) for eDumbe that deals comprehensively with the major economic sectors of the locality. The study also takes cognizance of the economic studies conducted for the District municipality and eDumbe municipality and uses these as a base line for the economic analysis for the municipality as a whole. This economic study is therefore undertaken within the context of:

- ✓ The local municipality IDP and supporting programmes;
- ✓ The national and provincial departments' local economic and SMME development programmes; and
- ✓ Previous research and development plans that have been formulated for the Zululand district and local municipality of eDumbe; and
- ✓ Workshops conducted with key role players and stakeholders.

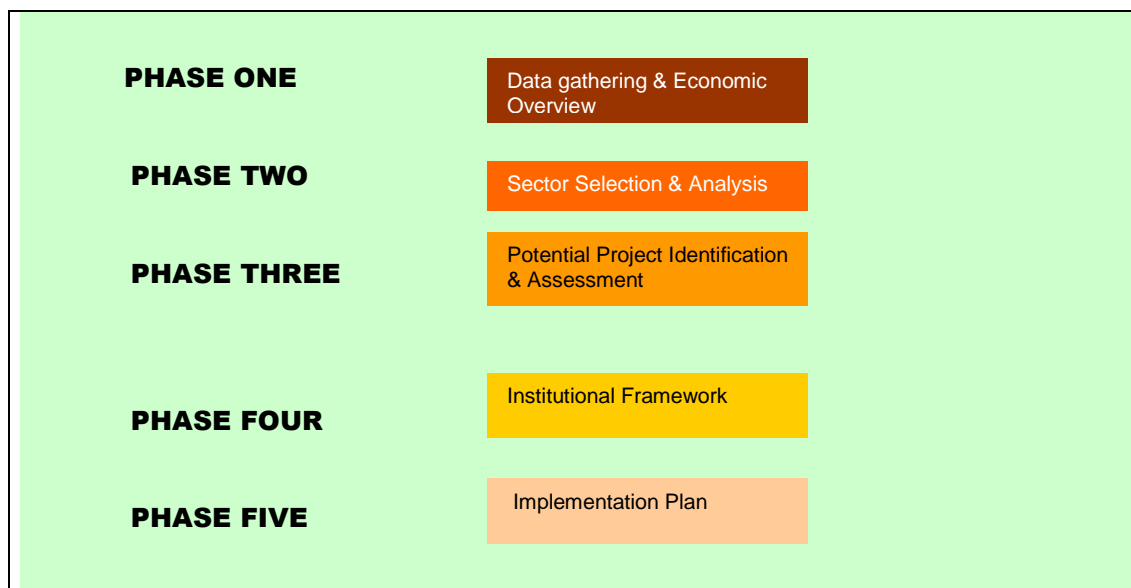
The information gathered through the preceding mechanisms are assimilated and analyzed in this report, to formulate an Economic Development Plan for the eDumbe Municipality.



### 1.1.3.2 Methodology

The methodology applied in this study is divided into five phases that are illustrated in Figure 1.2 below.

**FIG 1.2: METHODOLOGY OF THE STUDY**



This report provides a situation analysis of eDumbe and entails basic data collection, collation and problem analysis. A broad economic overview of the region is provided, containing relevant information on the social and demographic characteristics of eDumbe, followed by a sector analysis and a process of sector selection. The sector selection process is based on the potential of a specific sector to generate employment opportunities, its ability to attract investment, and stimulate economic growth in the municipality.

The Project Identification Phase is informed by existing research documentation, interviews and discussions, and workshops conducted with community members and stakeholders. The process of project identification is an all-inclusive approach designed to allow for the selection of those projects that demonstrate the ability to regenerate the local economy in a sustainable manner and link into the overall economic development path of eDumbe. Business plans are then formulated for the selected projects, providing a structure for the identified projects and the relevant operational and financial plan. The last stage is the preparation of the Implementation Plan, which clearly indicates the institutional framework required to implement the Plan, and action steps to be followed for the immediate implementation of the Economic Development Plan.

### 1.1.4 Data collection

The eDumbe Local Municipality Strategy will be developed using the Edumbe Local Municipality resources, Zululand District Municipality resources and the responsible Sector Departments resources. The Sector Departments resources will include but not limited to Department of Economic Development, Tourism and Environmental Affairs (EDTEA), the Department of Cooperative Governance and Traditional Affairs (COGTA) and the

Department of Agriculture and Rural Development. In undertaking the Edumbe Local Economic Development Strategy Review, the approach that will be adopted will include identification of gaps, research and documentation through the use of the following techniques:

- **Desk-top analysis:** this will constitute the review and analysis of relevant documents such as, policies and strategies, and data. Such will be obtained from the national government, provincial government, local government and statistical databases. This review and analysis will provide the context of local economic development within Edumbe Local Municipality.
- **Semi-structured interviews:** one-on-one interviews will be administered to public and private stakeholders of the municipality. This will serve as a consultative process of the strategy review to the local role players and will contribute towards a more informed understanding of the local context thus ensuring that the strategy speaks to the specific needs of the eDumbe community.
- **Focus groups:** this will involve discussion workshops with stakeholders and experts from different sectors. Participants will be identified through the existing forums. This platform will serve as a platform for the team to provide feedback in accordance with achieved milestones of the study, and to solicit inputs into the revised strategy
- **Presentation to Municipal structures:** upon the consolidation of the research findings and the completion of the stakeholder consultation process, the draft strategy will be presented for approval through the municipal structures.

## 1.2 Defining LED

Local Economic Development (LED) is an approach to policy intervention that reflects a change in focus from national to local intervention, and a change in practice where emphasis in planning shifts from control and regulation towards the stimulation of “development”. The concept of local economic development has spread quickly within the context of transformation and economic restructuring, especially given the economic and social pressures that South Africa is confronted with today. LED can therefore be defined as a process in which local governments and/or community-based groups manage their existing businesses and enter into partnership agreements with each other, in an effort to create new jobs and stimulate economic activity within a locality.

### LED Unit & eDumbe Officials

*Core focus of LED: An emphasis on the concepts of partnership, economic sustainability and improvement of community well-being. To the extent that the PGDS represents an inclusive approach to*

Local economic development can further be defined as a sub-state or sub-regional action, taking place within the context of the local labour market. LED can also be described, as an applied economic development strategy that seeks to address site-specific needs through appropriate local solutions.

LED is one of the priority issues of the national government development strategies. The progress in implementing local economic development initiatives is, however, hampered by the lack of trained LED champions as well as funding of such initiatives. The service backlogs in many parts of the country have also shifted the focus away from local economic development towards service provision and the development of infrastructure. LED involvement requires government intervention in the form of facilitation, support and funding. The eDumbe in partnership with the national government, provincial and the district municipality all have an important role to play in the successful implementation of local economic development initiatives.

International experience clearly indicates that local authorities and other local agencies can play a key role in helping to tackle local employment and development needs. The LED within the eDumbe needs to encompass both, concepts of competition and global competitiveness, whilst simultaneously adopting a community-based focus that addresses the crucial problem of unemployment in the area.

Local economic development efforts within the study area should therefore focus on:

- ✓ Addressing local development needs, crises and job creation requirements;
- ✓ Local control and empowerment;
- ✓ A partnership between all key
- ✓ Local leadership;
- ✓ Initiative and entrepreneurship;
- ✓ The use of local resources and skills;
- ✓ Appropriate external support, advice and facilitation; and
- ✓ Creating an environment that facilitates economic growth and diversification.

## **SECTION TWO: SITUATION ANALYSIS**

### **2.1 Background Information on the Area**

The Zululand is located north-eastern part of KZN and borders King Cetshwayo and UMkhanyakude to the south and east, UMzinyathi to the west. eDumbe is located in the central part of Zululand being adjacent to Ulundi and Abaqulusi municipalities. It is approximately 290 km North West of Durban and can be accessed through R 34 off N2.

EDumbe Municipality is one of five Category B Municipalities within the Zululand District. It is located on the north of the province of KwaZulu-Natal. EDumbe forms the southern end of Zululand District and the province of KwaZulu Natal. It is bounded by Abaqulusi and UPhongolo Municipalities to the south and the east within the District (Zululand Municipality), with Emadlangeni Municipality of Amajuba District Municipality to the west, and bordered by UMKhondo Local Municipality, Mpumalanga Province in the immediate north. eDumbe Municipality, covers a geographical area of 1 947 km<sup>2</sup> of KwaZulu-Natal, is home to a population of about 89 416, and is demarcated into 8 wards which is predominantly rural in nature. Furthermore, the eDumbe Municipal area comprises of 52 settlements in total, which includes 48 dispersed rural settlements, 3 urban areas and one major town. The major town/urban centre are Paulpietersburg / Dumbe, located in relation to the provincial road and rail networks. Paulpietersburg, generally known as Dumbe, is a small town in KwaZulu Natal, South Africa. It was established in 1888 and was then part of the Transvaal Republic. It was named after then President Paul Kruger and Voortrekker hero Piet Joubert. It was established in 1888, proclaimed a township in 1910, and attained municipal status in 1958. Named after President Paul Kruger and General Piet Joubert, it was first called Paulpietersrust, then Paulpietersdorp, and Paulpietersburg in 1896. Paulpietersburg is a midpoint of approximately 3.5 hours' drive from Johannesburg and Durban while is 73 kilometres to Piet Retief on the North and 52 kilometres to Vryheid town on the South. Map 1: [Insert map](#)

In response to the above challenges eDumbe municipality has committed to and has a responsibility to create a conducive atmosphere for investment. The municipality is dedicated to work with other government agencies and departments to deliver economic infrastructure that will facilitate development of effective service and industrial sectors. The initiation of the Agri-Park for the District within Abaqulusi will play a substantial part in uplifting the rural economy of all district family of municipalities. The district municipality has finalised the establishment of the Zululand Development agency that will assist in uplifting the economy of the whole District. Strategic Focus Area Objectives Job Creation Enhance Industrial Development through Trade & Investment Expansion of Government-led Job Creation Programmes Promoting SMME, Entrepreneurial and Youth Development Enhance the Knowledge Economy Fighting Poverty To Alleviate poverty Natural Resources Unleashing Mining Potential Unleashing Agricultural Potential To promote sustainability & ensure protection of municipal natural resources and heritage sites Tourism & Marketing To

market the municipality and its opportunities that it offers Informal economy To formalize the informal economy/sector.

It is the purpose of this strategy to develop the means and the implementation plan to ensure that challenges and the proposed solutions or initiatives are implemented to create a conducive environment for economic growth within the eDumbe locality.

**The Municipality's Local Economic Development key challenges include:**

- Unemployment
- High poverty levels
- Inability to attract investors
- Lack of funding and lack of investors
- implementation of LED related strategies
- Lack of Business retention strategy.
- Untapped LED initiative
- Lack of Human capacity
- Poor marketing of eDumbe Municipality.
- Unpackaged LED projects.
- Untapped tourism potential
- Business shut down
- Poor infrastructure maintenance
- Un-service industrial site
- In- ability to attract investors
- Lack of mining strategy

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It is the purpose of this strategy to develop the means and the implementation plan to ensure that the above challenges and the proposed solutions or initiatives are implemented to create a conducive environment for economic growth within the eDumbe locality.

### 2.1.1 Stakeholder Analysis

The District Municipality LED Strategy has identified stakeholders that need to be involved in any local economic development endeavours and further outlined their roles and responsibilities in the delivery of sustainable economic development

#### District Municipality:

- ✓ **Facilitate:** Facilitate and, where relevant, lead the implementation of local economic development through ensuring appropriate institutional capacity is created on the District level.
- ✓ **Guide / Enable:** Providing guidance in terms of the direction that local economic development should take.
- ✓ **Link / Coordinate (through integrated development planning):** Ensuring that the activities within the various local municipalities and the activities of external stakeholders are linked and coordinated.
- ✓ **Intelligence:** Providing “intelligence” (appropriate information) in support of local economic development initiatives.
- ✓ **Promote:** Continuing to promote local economic development as a core strategy of the District and Local Municipalities.
- ✓ **Market:** Developing and implementing a competent marketing / public relation programme for the District.
- ✓ **Support:** Providing support to local municipalities in the implementation of local economic development.
- ✓ **Fund:** Providing funding for strategic infrastructure projects which will open up opportunities for local economic development.
- ✓ **Monitor:** Establishing and maintaining a system for monitoring the successful implementation of local economic development.

#### Local Municipalities:

- ✓ **Link / Coordinate (through integrated development planning):** Linking and coordinating the activities of stakeholders in local economic development on a local municipality level.
- ✓ **Promote:** Promoting the implementation of local economic in line with the District Strategy.
- ✓ **Support:** Providing support to entrepreneurs (established and emerging), communities and investors in the establishment of new business or ventures.
- ✓ **Market:** Providing support to the District in developing and implementing the district marketing / public relations programme and where necessary developing complementary programmes for the local municipality deemed.
- ✓ **Implement:** Being actively involved in the implementation of local economic development projects in its area of jurisdiction.
- ✓ **Monitor:** Establishing and maintaining a system for monitoring the successful implementation of local economic development. This information is to be linked to the District Monitoring system.

### Communities:

- ✓ **Identification:** Continuing to identify viable opportunities for economic development in the local context and promoting such opportunities with local government.
- ✓ **Support:** Providing support for local economic development initiatives to be implemented in the local area.
- ✓ **Participate:** Actively participating in local economic development initiatives in the local area.

### Government Departments / Institutions:

- ✓ **Fund:** Providing funding support for the implementation of strategic local economic development and related projects, as well as funding for research and project packaging.
- ✓ **Support:** Providing human resource capacity and management support for the implementation of local economic development.

### Investors:

- ✓ **Implement:** Implementing projects, with a specific focus on those projects that are of a strategic nature.
- ✓ **Initiate:** Initiate new projects and secure resources and partners for realisation.

### District Development Agency:

- ✓ **Implement:** Implementing projects, with a specific focus on those projects that are of a strategic nature.
- ✓ **Initiate:** Initiate new projects and secure funding.

- ✓ **Facilitate:** inward investment to implement

### Funding Agencies:

- ✓ **Fund:** Making funding available for local economic development and related projects in Zululand.
- ✓ **Monitor:** Monitor and evaluate the efficacy of LED initiatives.

### NGOs:

It has been noted that the presence of NGOs in the Zululand District Municipality are limited. The District acknowledges the important future role of NGOs in local economic development and it will therefore endeavour to attract NGOs to the area that will support its efforts in economic development. The potential roles of NGOs in economic development include:

- ✓ **Implement:** Implementing projects, with a specific focus on those projects that are of a strategic nature.
- ✓ **Support:** Providing support to communities in becoming involved in local **economic** development.
- ✓ **Initiate:** Initiate new projects and secure resources and partners for realisation.

### Other Agencies / Institutions:

**Traditional Leaders:** All projects initiated and undertaken in traditional authority areas require the support and active participation of traditional leaders during all phases of the process from initiation through to implementation and operation.

- ✓ Traditional leaders will fulfil an important role in specifically:
  - Identifying and initiating projects / activities within their areas;
  - ensuring the support of the wider community for the initiative;
  - making land available for the initiative; and
  - monitoring the implementation of the initiative.
- ✓ **Tourism Associations:** The tourism associations are viewed as an integral part of the tourism infrastructure in the District. The tourism associations will continue to provide networking and linking services for the tourism industry. The associations should be encouraged to take on a greater developmental role in future.
- ✓ **Business Organisations/Forums:** The existing business organisations are viewed as an integral part of the business infrastructure in the District. The organisations will continue to provide networking and linking services for the tourism industry. It is, however, envisaged that the organisations will be encouraged to take on a greater developmental role in future.

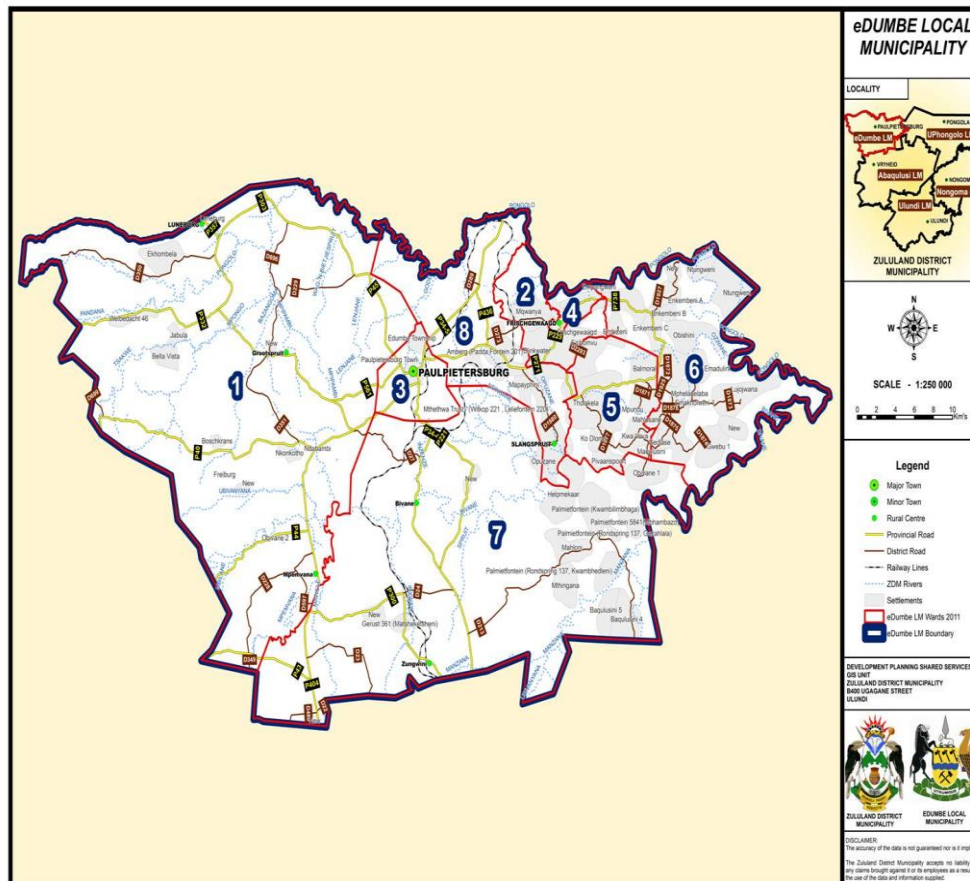


- ✓ **Civic institutions:** Civic institutions such as churches, civic associations, ratepayers groups and others will be encouraged to fulfil a greater role in local economic development. Civic institutions can fulfil a number of roles in promoting local economic development, viz.
  - disseminating information relating to District and Local Municipality policies and strategies regarding economic development;
  - building the capacity of members to become involved in local economic development;
  - identify and fund local economic development initiatives, etc. (Source: Siyaphambili LED Strategy)

## 2.2 Socio-Economic Profile

### 2.2.1 Regional Context

éDumbe Municipality is situated in the north-western part of KwaZulu-Natal. It covers a geographical area of 1 947 km<sup>2</sup> and is home to a population of about 101 607. The municipal area of jurisdiction is demarcated into 8 wards which is predominantly rural in nature. Furthermore, the éDumbe Municipal area comprises of 52 settlements in total, which includes 48 dispersed rural settlements, 3 urban areas and one major town. The major town/urban centre are Paulpietersburg/Dumbe, located in relation to the national road and rail networks. A graphical representation of this information is indicated in the maps below:



In terms of the broader sub-region, eDumbe is well situated and has good infrastructural links to surrounding areas. Paulpietersburg is situated midway ( approx 50 km) between Vryheid in the south and Piet Retief in the north and is situated on a main link road which runs from Gauteng down to Richards Bay. eDumbe therefore is well situated for the transport of goods to either Johannesburg or Richards Bay. There is also a railway line which links the coalmines of Mpumalanga to the export port of Richards Bay and runs through the region. Currently no use is made of this line due to its dedication to coal transport.

## 2.2.2 Spatial Context

The main town in the municipality is Paulpietersburg which serves as the commercial and administrative centre for the municipality and as a service centre for surrounding farming communities and Dumbe Township. The township of Dumbe functions mostly as a residential area and its residents are dependent on Paulpietersburg for services and jobs. Luneburg is another small town located about 30 – 40 km northwest of Paulpietersburg. Simdlangentsha is the major tribal area, it lies in the eastern part of the municipality and consists of rural settlements. The rest of the land usage in the municipality is dominated by agriculture and forestry. Farming in the area includes subsistence, maize, cattle and game farming. There are eight private game ranches and the state owned Pongola Bush Nature Reserve. There are two major rivers, the Pongola and the Bivane rivers that run through the study area and which give rise to the two major water features, the Dumbe Dam and the Bivane Dam.

## Spatial Development Framework

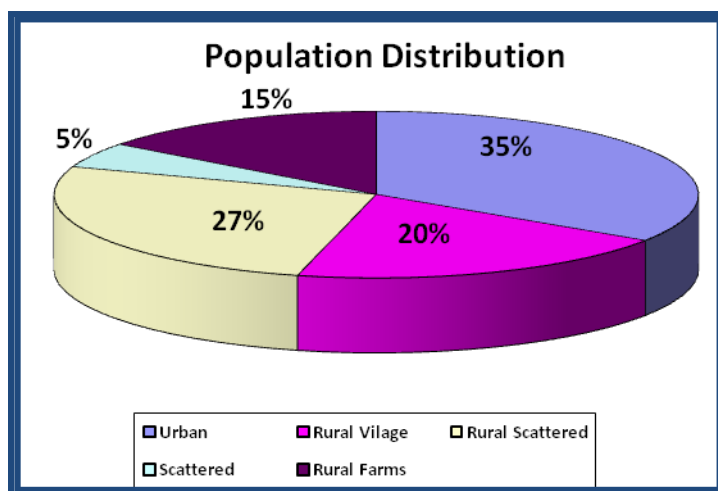
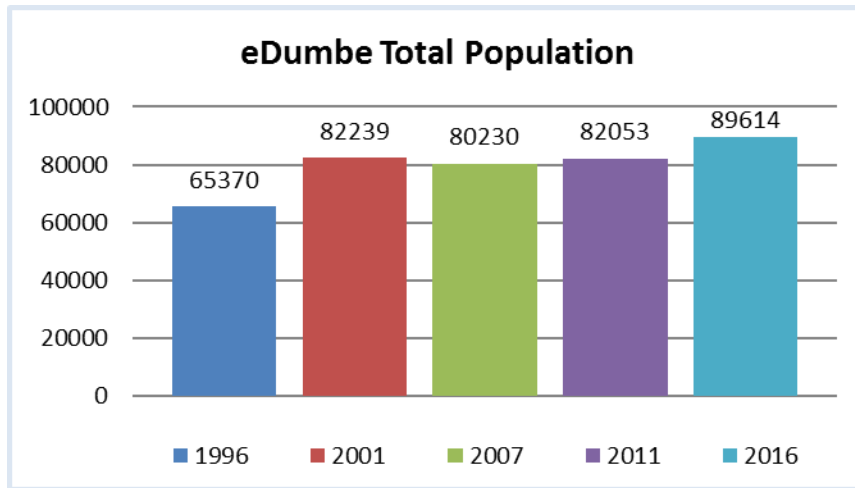
The SDF's purpose is to guide the spatial form and location of future developments within a municipality. It is therefore very relevant to LED as it serves to inform where major development nodes and corridors are to be established and therefore where to concentrate efforts at stimulating economic development so as to serve the population of eDumbe in the most efficient and effective manner. The detailed spatial development framework for eDumbe is near completion and together with the LED plan can be used to guide and inform planning and development decisions in the municipality.

In rural areas, the most common distribution network through which services are to be delivered is the Rural Service System. This system involves two components, namely a hub which serves as the centre for a variety of services and economic activities as well as the distribution and co-ordination point, and satellites which will deliver supplementary services of a lower order. Service satellites locations are usually determined by their accessibility to communities and services may be located by a clinic, store, tribal court or taxi rank. The SDF has identified three types of settlement hierarchy in the municipality

- ✓ Hub – Paulpietersburg/Dumbe
- ✓ Service satellites – Bilanyoni and Luneburg
- ✓ Service sub satellites – Ekhombela, Braunschweig, Tholakele, Ophuzane, Mahlosane, Balmoral and Enkembeni.

### 2.2.3 Population

A further breakdown in terms of population distribution of eDumbe area is provided in the table and diagram below.



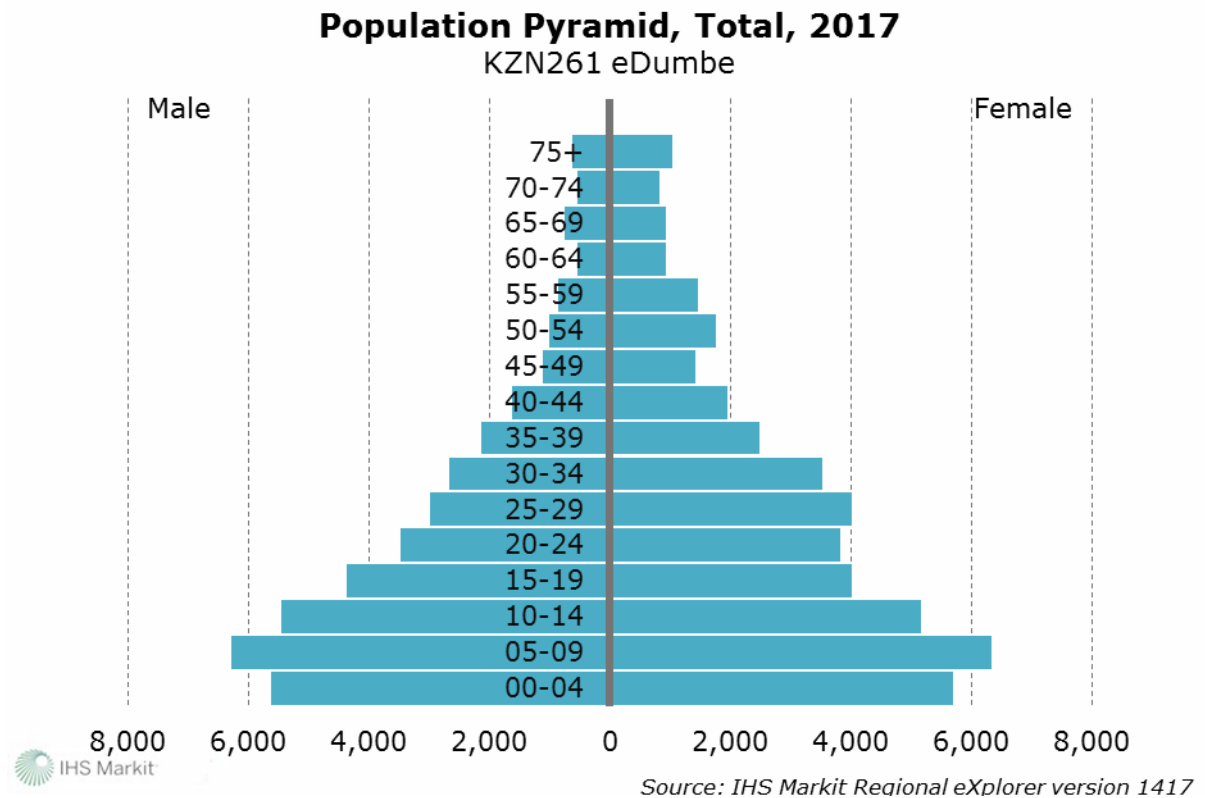
Source: \* Census (2011)

The above table and the diagram shows that only 35% of the municipality’s population lives in an urban areas while 65% lives in the rural hinterland of the municipality in a form or rural

village, scattered and farms. This factor has severe implications on actual service delivery and the cost thereof. It also implies that the large number of the citizens of eDumbe municipality is far from the formal economy with its concomitant employment opportunities. Due to the impact of HIV/AIDS which is a world concern, population growth is expected to decline over the next 20 years. This trend must be considered in the planning and delivery of new services.

### Age Profile of eDumbe

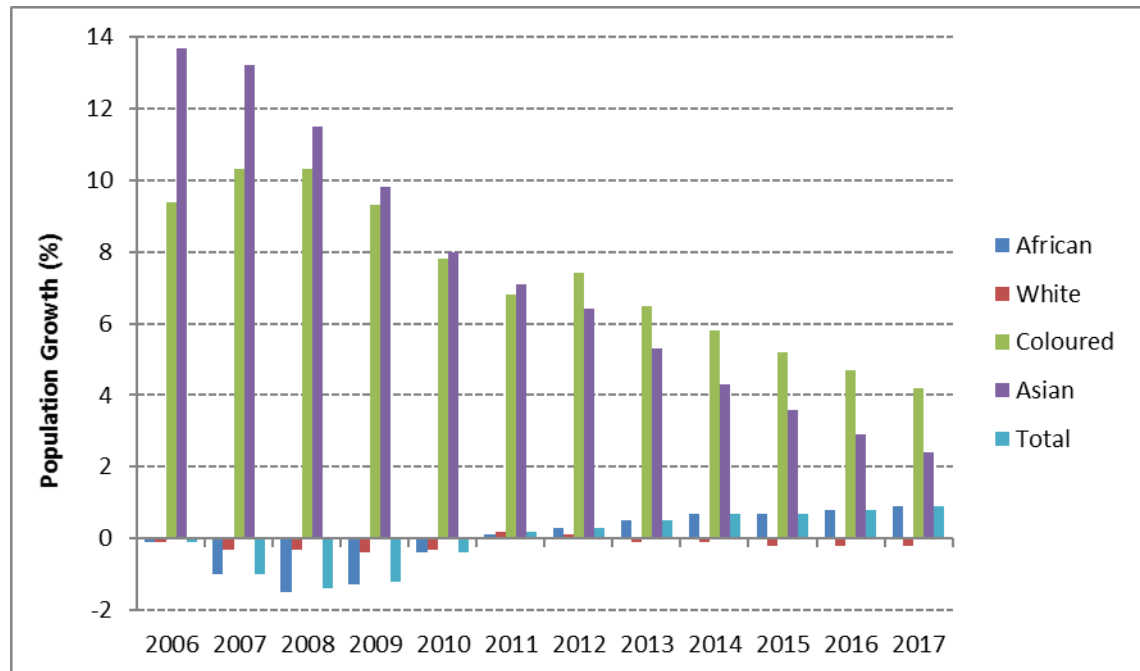
The following diagram illustrates the age distribution in conjunction with the gender groups.



The above diagram indicates the age distribution of the eDumbe population which bears implications for future planning and development and should therefore be carefully considered. Issues to be considered include:

- The availability of sport and recreation facilities for a very young population;
- The impact of HIV/AIDS syndrome on the municipality considering the number of people entering the sexually active period of their lives;
- The capacity of schools to cope with the large young population; and
- The expected increase in the number of work seekers in future years.

This diagram also demonstrate the fact that the female population is dominating almost in all stages of life in the area of eDumbe with an exception of age 5-14 which has a very slight different which does not make any significant change. It is also imperial that the population of eDumbe is predominantly dominated by the by both male and female youth group with  $\pm 40\%$  of the total population.



Source: IHS Markit Regional eXplorer version 1417

Between 2006 and 2011 total population growth had decrease from -0.1% in 2006 to -0.4% in 2010, a positive turn in the population growth was experienced from 2011, 0.2 % to 2017, which recorded levels of 0.9%. Note that there are many contributory factors to the decrease of population growth from 2006 till 2011. These contributory factors may include the availability of birth control, death rate and emigration.

Moreover, the net positive increase in the population within the jurisdiction might be caused by a slight increase in business activities together with immigration (some people returning home from other areas of employment situated in different municipalities). There were increased number of total population in the period 2017 that totalled 85 264 both male and female, the figure is inclusive of all races.

## 2.2.4 HIV/AIDS

### HIV Estimates & AIDS Deaths Estimates

Table.2 shows estimates for HIV and AIDS deaths from 2006 to 2017. The table compare both Zululand District Municipality and eDumbe Local Municipality. On the table below it was estimated that in 2017 the number of AIDS related deaths was 2 456 for the Zululand district and 247 for eDumbe local municipality. The highest number of deaths is estimated to have been in 2007 when an estimated 6 708 (for Zululand) and 736 (for eDumbe) people died. The number of deaths has declined consistently since then, as a result of access to ARVs.

**TABLE 2: HIV PREVALENCE IN EDUMBE (vs) ZULULAND**

Year	Zululand District (HIV- Estimates)	eDumbe Local Municipality (HIV- Estimates)	Zululand (AIDS Deaths Estimates)	eDumbe Local Municipality (AIDS Deaths Estimates)
2006	119 563	13 197	6 519	725
2007	119 300	12 983	6 708	736
2008	118 889	12 666	6 750	725
2009	119 191	12 434	5 206	548
2010	120 151	12 366	4 400	457
2011	120 861	12 350	4 598	474
2012	121 231	12 328	4 811	494
2013	122 544	12 410	3 751	383
2014	124 303	12 542	3 252	331
2015	126 050	12 677	3 204	325
2016	128 289	12 865	2 746	277
2017	130 796	13 082	2 456	247

AIDS is very important in the context of LED as it has a number of potential economic consequences. The effects of AIDS include decreased productivity of workers, increased absenteeism and additional costs of training of new workers. It also represents a greater demand and pressure on already inadequate health facilities. Another serious issue is that of AIDS orphans and child headed

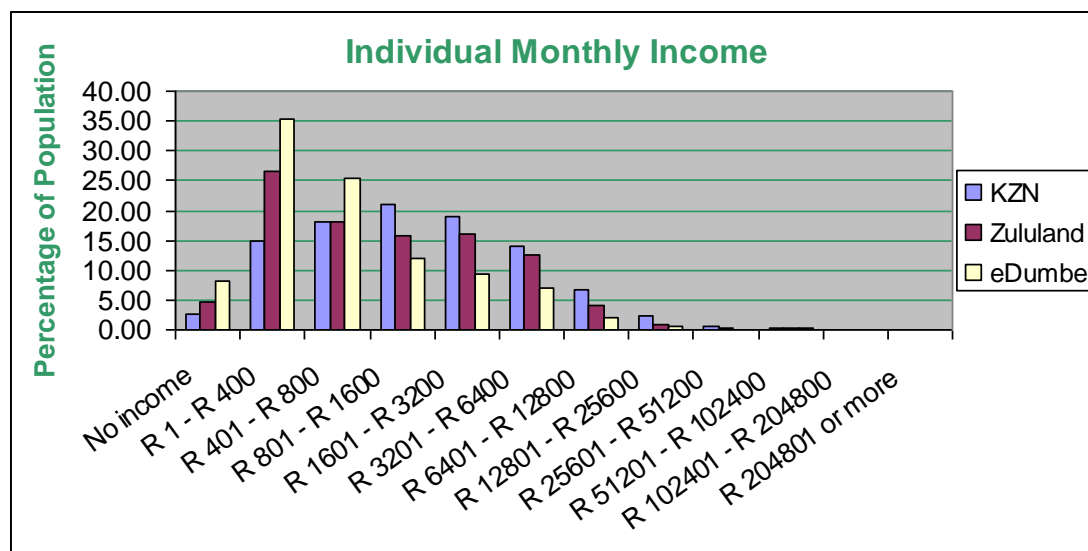
households. Children whose parents have died will be forced to drop out of school and support the rest of their family. Apart from the negative social conditions this creates, it worsens poverty and also retards long term efforts to create a skilled and educated workforce. The issue of AIDS orphans may represent a particularly severe problem for Zululand with its very high rates of infection among women visiting antenatal clinics.

The monthly statistics reports submitted by the municipal clinic sister show that ward 4 is the hardest hit in this municipality. Impact of HIV /AIDS in the municipal area is very detrimental as it leads to child headed household as the mortality rate is very high. Secondly the scope of poverty stricken families is noticeable in the reports submitted by Chairperson of the Operation Sukuma Sakhe taken from the War Rooms visits. The statistics from our clinic show that a vast number of people are on HIV / AIDS and TB treatment. The study done by the National Department of Health concluded that Dumbe was the leading local municipality in the number of people infected and affected by HIV / AIDS.

### 2.2.5 Income and Poverty

Income levels in eDumbe tend to be quite low with 69% of the population earning less than R800 a month. This is significantly higher than both the district and provincial levels where 50% and 36% of people respectively earn less than R800 a month. These figures indicate that the majority of the population has low living standards and a poor quality of life.

**FIGURE 5: INDIVIDUAL INCOME (2001)**



eDumbe Municipal IDP

A poverty score devised by the Department of Economic Development and based on the number of households with no income, unemployment levels, dependency ratio (total population divided by the employed) and households with an income of less than R1 600, shows that most of eDumbe falls in the medium to high poverty range. This poverty is focussed in the eastern and southern parts of the municipality and is particularly severe in the Simdlangentsha region. R1600 per month is well below the

amount required by households to be able to maintain a healthy and hygienic lifestyle (or household subsistence level) as would be expected income levels appear to be higher in those wards located close to the urban area of Paulpietersburg and Dumbe.

## 2.2.6 Access to Services

Service delivery in eDumbe municipality remains a challenge as indicated by the Census 2001 statistics in the tables below. Levels of delivery differ greatly by ward with many households especially in the township and tribal areas having low levels of access to water, electricity and proper sanitation.

Table 9 and 10 below indicates the status of the eDumbe Municipality with regards to the access water and sanitation.

**Table 5: Access to Water**

WATER	None or Inadequate	Rudimentary	Communal standpipes	Yard connections	Total
		<RDP	RDP	>RDP	
Urban	0	0	0	6 162	6 162
Rural	2 763	949	1104	4 033	8 849

**Source:** ZDM WSDP 2010/2011

District as the Water Services Authority is working hard to ensure that we meet national targets of having everyone getting access to piped water by 2014. Simdlangentsha West regional scheme is experiencing various challenges that either impact on the sustainability of existing infrastructure or influence the roll-out of new infrastructure to communities yet to be served. As the plan to eradicate water and sanitation backlog facing eDumbe Municipal area, critical issues related to the above have been identified for Simdlangentsha regional scheme and are discussed in more detail below:

- The current capacity of the rising main line from the existing weir in the Pongola River to the existing Water Treatment Works at Frischgewaagd Township is 2ML/day. (Supplies Frischgewaagd and Mangosuthu with raw water)
- The Current capacity of the existing Water Treatment works at Frischgewaagd town is 3ML/day.
- New networks were installed at Frischgewaagd during 2007/2008. The water demand was reduced from the maximum possible supply of 2ML/day to 0.7ML/day.
- The balance of the water (1.3ML/day) is consumed by Mangosuthu (with only 20% of the population of Frischgewaagd). High water losses are evident.
- The construction of new networks at Mangosuthu is currently out on tender and construction of the first phases will start during April 2010. Construction will include metered yard connections and consumers will be restricted to 200 litres per household. Consumers will be able to register for a higher level of service, but will be billed for the balance. The estimated cost to complete the networks at Mangosuthu is R31M. Currently funding of only R6M per year is available.
- In the near future Frischgewaagd will also be restricted to 200 litres per day, with the option to register and pay for a higher level of service.
- Once the networks at Mangosuthu are completed, a new rising main line from the Pongola weir to Frischgewaagd will be constructed.
- The Frischgewaagd Water Treatment Works will be relocated to the Pongola River Weir.
- Treated water will be distributed to Ezimbomvu, Tholakele, Mangosuthu and Ophuzane.



## 2.2.7 Labour Force Statistics

### 2.2.7.1 Employment Statistics

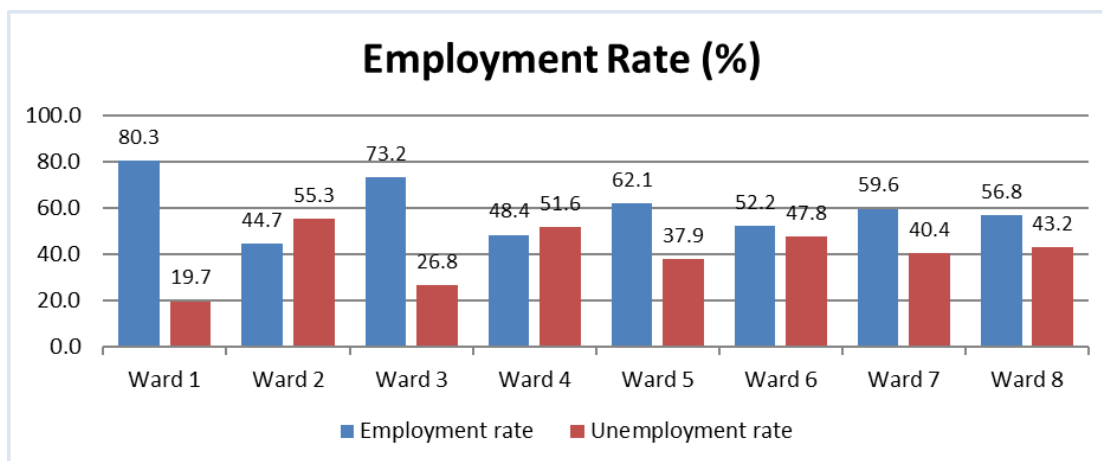
Unemployment in the eDumbe Municipality is high. According to the 2017 Census there are 11 539 unemployed people in the region. The unemployment rate is determined by expressing the number of unemployed people as a percentage of the economically active population, i.e. the total population that of working age (15 – 65) that is available for work and is either employed or unemployed. eDumbe's unemployment rate is 57% according to Census 2017 data. This is very high but is representative of a broader regional problem; the unemployment rate of the Zululand District Municipality is even higher at 61%. Both of these statistics are significantly higher than KZN's 39% and points to the scarcity of employment opportunities available in eDumbe. Forty six percent of those who are not working in eDumbe cited being unable to find work as their major reason for being unemployed.

This points to the need to stimulate demand driven economic development within the municipality. Unemployment constitutes a massive problem for the area and there can be no quick fixes for a problem that is long term and structural in nature. The strategies looked at in this document will not only be looking at direct employment generation but will also focus on providing opportunities and economic empowerment to enable the population to become economically active and in this manner improve their accessibility in the labour market.

**TABLE 8: eDumbe Municipality- Labour Market Indicators- 2017**

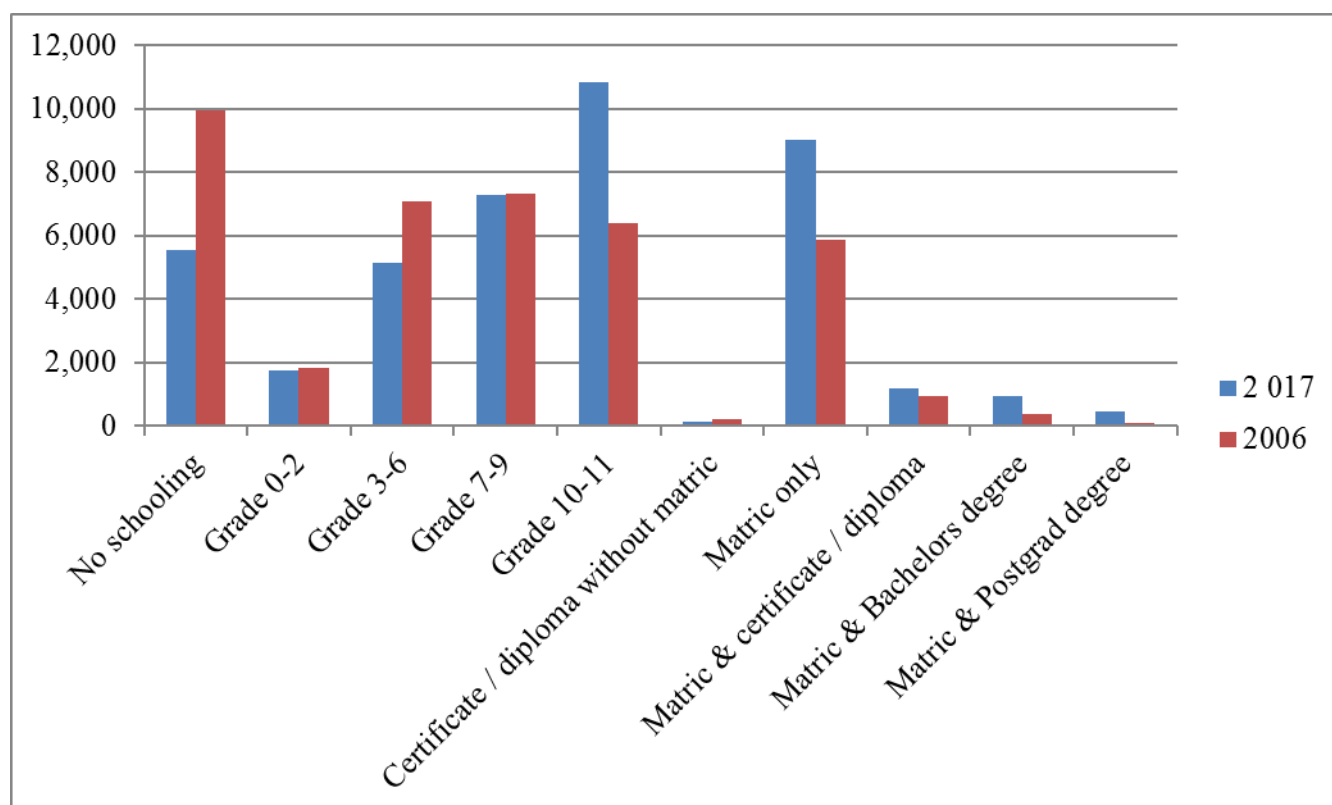
Working Age Population (15-64 years)	46 058
Employed- Formal and Informal	11 456
Economically active	17 919
Not economically active	28 139
Unemployment rate	32.4%

*Source: Calculated based on IHS Markit 2017*



**2.2.7.3 Skills and Education Levels**

**TABLE 9: EDUCATION LEVELS**



The table above indicates the generally low levels of education that exist in eDumbe. Thirty seven percent of the population have no schooling at all, 11% have a matric and only 3% possess any sort of higher education. These averages are generally in line or tend to be slightly better than for the district municipality; however they lag behind provincial averages. Low schooling levels has serious implications for income generating and employment opportunities among the population of eDumbe and highlights the need for training and ABET programmes.

**TABLE: 10: SKILLS LEVELS AMONG THE EMPLOYED IN EDUMBE**

	1996		2001	
		%		%
Senior Management	107	1.87	230	3.22
Professional	507	8.88	184	2.57
Technical	134	2.35	655	9.16
Clerks	174	3.05	380	5.31
Service Related Workers	349	6.11	481	6.73
Skilled Agric / Fishery	1043	18.26	893	12.49
Craft and Trade	623	10.91	716	10.01
Plant Machine Operators	526	9.21	933	13.05
Elementary	2249	39.37	2678	37.45
<b>Total</b>	<b>5712</b>	<b>100.00</b>	<b>7150</b>	<b>100.00</b>

Source: Census 2001

The type of employment held by the population can give useful insight into the skills levels thereof. Table 10 indicates that around 15% of the population are employed in highly skilled jobs which include legislators, senior officials and management; business and teaching professionals. Around 10% of the employed possess some sort of skill related to a craft or trade which could benefit the local economy and 12.5% are skilled in agriculture and fishery. Over 50% of the employed population are engaged in low and unskilled activities, such as plant and machine operators and elementary occupations which include street vendors, domestic workers and agricultural or construction labourers. Analysing the trends over time of the different occupations it appears that the number of people who can be grouped together in highly skilled, skilled and low skilled categories have remained largely the same, despite some significant changes in the categories therein. For example professional has decreased while technical has increased quite markedly. This may just reflect inefficiencies in data capturing and it is more significant to note that the overall proportion of highly skilled trades has not changed drastically but in fact has shown an increase from 13% in 1996 to 15% in 2001.

This information however only gives us insight into the skills levels of the employed, and considering that unemployment stands at 57% this leaves a large part of the population for which there is no information available regarding skills levels. In this case it is useful to make use of a proxy, usually education levels. Table 9 above indicates that 65% of the population do not have any schooling beyond primary school level, that is they either have no schooling at all or possess only primary education. This indicates that the population of eDumbe likely consists of predominantly low and unskilled labour.

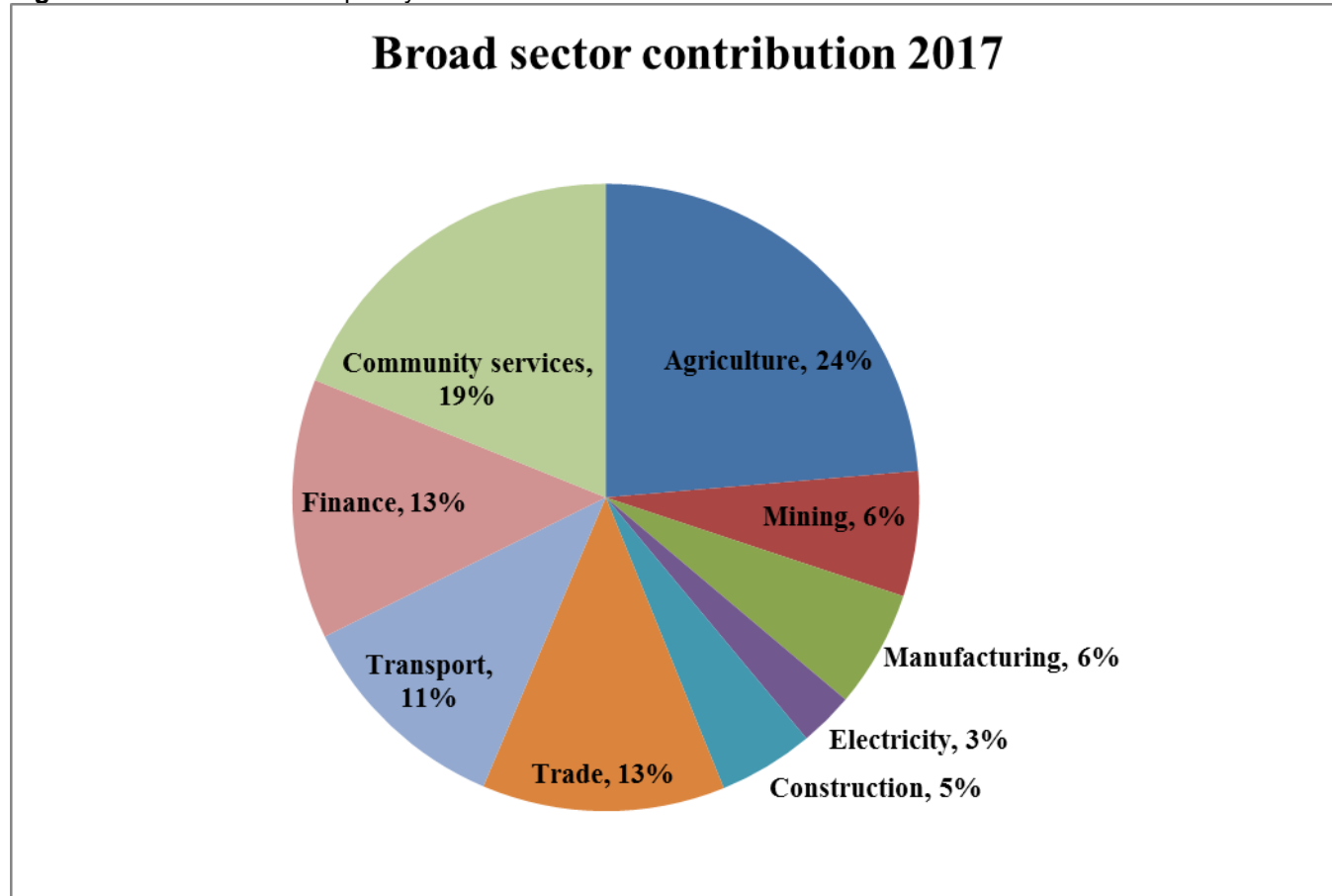
Social capital is an important economic resource and although eDumbe has a large potential workforce which is an asset to economic growth and development, this is mitigated by the poor quality of that labour force in terms of skills and education. Nevertheless the Zululand Co-ordinated Local Economic Development Framework states that the workforce in Zululand is stable, friendly and has shown innovation in promoting economic development, all of which are essential components of social capital. In order to build on the already existing strong points of the labour force it is important to now focus on skills and training programmes in order to facilitate the further development of the area's human capital potential.

## 2.3 Sector Analysis

The purpose of this section is to provide an assessment of economic activity across all present sectors. It aims to establish current trends, constraints and opportunities for further development within the sectors. This is necessary in order to guide the LED process and to formulate a strategy that adequately identifies eDumbe unique economic profile which will in turn aid in implementing projects that are best suited to the area and its characteristics.

### 2.3.1 Overview of the Economy

Figure12: eDumbe GDP output by sector



Source: EDTEA- Zululand DGDP Summit 2018.

## Structure of the Economy

The table above shows a breakdown of the structure of eDumbe's economy and comparisons to the Zululand District and KZN economies. What is evident is that eDumbe's economy is far more heavily reliant on agriculture than both Zululand and KZN. This is the major economic activity in the study area, due to availability of good quality agricultural land, however the heavy reliance on agriculture represents a relatively underdeveloped economy that requires further diversification and development of the secondary sector.

The manufacturing sector in the study area is still relatively small and accounts for only 8% of total output, compared to 10% for Zululand and 24% for KZN. Other sectors that are of significance in terms of their contribution to GDP are trade and accommodation; finance and business services and government services. Both the Zululand and KZN economies are similar in terms of these major sectors, however in the transport and communication sector, the study area lags behind district and provincial averages. This sector is very small in eDumbe, accounting for less than 2% of total output.

## Trends

In the recent past mining played a relatively important role in the economy especially in terms of jobs, however it has been playing a decreasing role with the closure of several local mines. There are no current plans or attempts to revive these mining activities to benefit the local communities. The sector that has experienced the most growth in the study area is the trade and catering and accommodation sector, which has grown by approximately 5% over the time period. This growth trend is true for the district and provincial economies as well, although theirs is not as pronounced. The manufacturing sector has seen modest yet steady growth similar to the growth experienced in ZDM. The transport and communication sector, which actually contracted slightly in eDumbe, showed strong growth in both the ZDM and KZN. Further attention should be paid to this sector and its growth potential. All three regions have seen good growth in the financial and business services and community and social services sectors.

**TABLE 12: LOCATION QUOTIENT (EDUMBE)**

Sector	Location Quotient (KZN Provincial Base)
Agriculture, forestry & fishing	4.35
Mining	9.16
Manufacturing	0.34
Electricity and water	0.2
Construction	2.66
Wholesale & retail trade; catering & accommodation	0.97
Transport and communication	0.13
Finance and business services	0.59
Community, social and other personal services	1.19
<b>General government services</b>	1.11

Source: Quantec (Pty) Ltd

The **location quotient** technique compares the local economy to a reference economy in order to attempt to identify comparative advantages and specialisations within the local economy. For the purposes of this analysis the KZN provincial economy has been used as the base or reference economy and sector contribution to GDP has been used to calculate the location quotient. Caution should be taken in analysing these results as this is a relatively simple technique and there are other factors that also affect or determine an area's comparative advantage. The results below indicate that a comparative advantage is to be found in the agriculture and forestry, mining, construction, community services and government services sectors. This ostensibly means that the local region is outperforming the benchmark region and is assumed to be an exporter of goods. The study area's excellent agricultural land will explain its comparative advantage in that sector. Despite the perceived advantage in mining, this sector is on the decline given the closure of key mines in the area.

**TABLE 14: LABOUR REMUNERATION IN EDUMBE**

Sector	1996	2004	Ave annual % change
Agriculture, forestry and fishing	19.41	13.32	4.85
Mining	14.10	17.16	12.51
Manufacturing	8.06	9.12	11.25
Electricity & water	0.35	0.37	10.68
Construction	5.97	5.91	10.50
Wholesale &retail trade; catering & accommodation	11.25	13.10	11.68
Transport & communication	2.31	1.46	3.45
Finance and business services	3.40	6.15	18.00
Community, social and other personal services	7.61	10.26	13.70
General government services	27.55	23.15	7.18
Total	100.00	100.00	9.56

Table 13 gives an indication of the total amount of labour compensation paid within the municipality and the share of each sector of total labour remuneration. It is interesting to note that the sector that is responsible for the bulk of earnings in the area is government services, despite the small role this sector plays in terms of output. This is because these activities often do not constitute directly productive activities. However civil service jobs such as nurses or police officers are often the best prospects for employment in areas with poorly performing economies. The other major contributors to income earned in the area is agriculture, although its share of the total has been declining; mining and trade and accommodation

### 2.3.2 Industrial Development

The development of the industrial sector generally serves as a backbone for economic development, especially in the modernised economies. The capacity of this sector to create job opportunities through promoting value adding activities to the locally sourced resources cannot be underestimated. The eDumbe IDP has identified the importance of promoting manufacturing in order to promote industrial development in the area. Currently, few processing plants exist in the area. The still water bottling plant owned by Coca-Cola is situated in eDumbe; manufacturing of coffins also takes place in this area. The

contribution of this sector to the local GGP could not be quantified, but the observation of number of industrial activities suggests that, it has a very minimal contribution.

The source of concern is the fact that most of locally found resources are transported outside the area for further value adding processes. Therefore, this leaves a challenge of identifying workable strategies that should stimulate this sector and bring much needed growth and development in the eDumbe economy.

### 2.3.3 Trade and Commerce

The trade sector is defined as the resale (sale without transformation) of new and used goods to the general public. The wholesale and retail trade sector accounts for around 14% of total output in the local economy. In employment terms this sector has been steadily increasing in its contribution to employment from 5% in 1996 to 8% in 2000 and currently stands at 10% of total employment in 2004[Quantec (Pty) Ltd].

It is an important sector in terms of job creation and has low entry requirements for entrepreneurs. Trade is usually indicative of a more developed economy. Factors that influence trading activities include the availability of alternatives, household incomes and the presence of other well established trade centres. Incomes in eDumbe are low with 69% of the population earning less than R800 a month, this seriously constrains the growth of this sector. Vryheid is also a more established trade and economic centre and many residents of eDumbe travel there to do their shopping, for example there are currently no retail clothing stores in the study area. Here a 'buy local' campaign may encourage residents to spend their money in the study area and thus prevent excessive leakage to other areas. The IDP has identified the possibility of establishing a shopping centre at the entrance to Dumbe township which would greatly stimulate and encourage trading activities in the area. Paulpietersburg/Dumbe serves as the economic, trade and service centre of the municipality and thus this sector is fairly well represented, however in the poorer tribal settlements of Simdlangentsha trading activities are limited and probably relegated to informal activities. Mangosuthu has been identified as a primary development node in terms of the spatial development framework and thus this would be a key area to try and develop trading activities by, for example, establishing markets and the associated infrastructure.

#### *Key Issues:*

- ✓ This sector is constrained by the low buying power of majority of the residents.
- ✓ This sector has been on a growth path in terms of both output and employment and has good prospects to continue this trajectory.
- ✓ Potential for a shopping centre by Dumbe should be investigated.
- ✓ Markets should be established in other nodes to promote trading activities in those areas as well.

### 2.3.4 Tourism

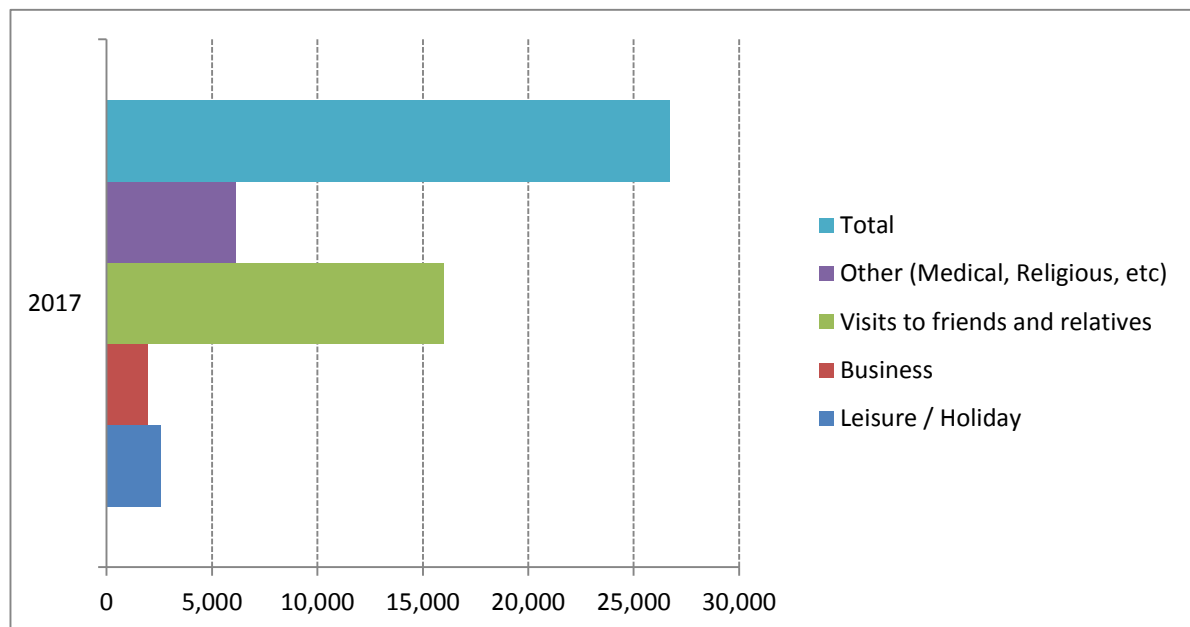
Increasing significance is being placed on this sector in the context of South Africa given this sector's potential as an income and employment generator. The main thrust of the Zululand District Municipality's strategy for developing tourism in the region is to improve tourism infrastructure in conjunction with uplifting local communities. Zululand as a tourist attraction has many opportunities available to it. A study by EcoTourism of tourist perceptions showed that 70 to 90% of the tourists that visited KZN came to experience the climate, wildlife and landscape. Over 50% of foreign tourists interviewed said they would like to have a meaningful experience of Zulu heritage and culture. Thus the district of Zululand is well placed within the tourist market in terms of its attractions and what it can offer as a tourist destination.

Currently 50% of tourists to eDumbe are German, attracted by their cultural heritage and the unique historical German character of the area. Recently the study area has also been seeing more Dutch tourists, in the line of about 360 a year [Zululand LED]. The study area has a Publicity Association and has good facilities in terms of tea gardens, restaurants and lodges. eDumbe can provide not only scenic surroundings and quaint towns with character and interesting architecture but also has a number of cultural and eco-tourism attractions. These various attractions can be marketed together as a complete experience.. Nearby attractions include game reserves, the battlefields and dams. The study area also has various community tourism initiatives, for example rural tours to Bilanyoni. The rural market atmosphere that develops naturally on pension pay days could also be promoted to tourists [Zululand LED]. The Country Culture Crescendo was an innovative promotional initiative in conjunction with the town of Vryheid where various tourist events and attractions would be co-ordinated and organised for a two week period, ensuring there was something for tourists to do or see every day. This needs to be restarted.

### 2.1 eDumbe Tourism Sector Analysis

Tourism has become an important sector that has an impact on development of country economy. The main benefits of tourism are income creation and generation of jobs. For many regions in KwaZulu- Natal it is the most important source of welfare.



**Figure 9: Number of trips by purpose of trips to eDumbe**

Source: IHS Markit Regional eXplorer version 1417

**Figure 9** shows the number of trips by purpose of trips to eDumbe in 2017. According to the figure above tourism in eDumbe Local Municipality contribute 7.8% to the local GDP contribution. In 2017, 16 015 (60 %) of trips are the visits to friends and relatives, Leisure / Holiday 2 571 (10%) Business 1 969 (7%) and other (Medical, Religious, etc) 6 153 (23%).

Currently the established tourist attractions in the area are:

- ✓ The unique German culture and festivals, especially in the Luneburg area.
- ✓ The quaint town of Paulpietersburg with interesting architecture and historical significance with a guided town trail of the historical buildings
- ✓ The Natal Spa – a resort whose main attraction are its hot sulphur springs but which also offers a range of activities including horse riding, tennis and bird tours.
- ✓ It offers the desired Zulu cultural experience with a number of traditional Zulu kraals and villages that tourists can visit.
- ✓ There is much potential for eco-tourism although not all of the study area's eco tourism attractions are adequately developed. However there is the Dumbe Mountain (which hosts paragliding events, has a walking trail and abundant birdlife); Bivane Dam, another rich birding area; the Engodini Mountain Crater which has a 4x4 trail, and the nearby Ithala game reserve.
- ✓ It is a good birding area, with Natal Spa and Bivane Dam both included on the Zululand Birding Route.

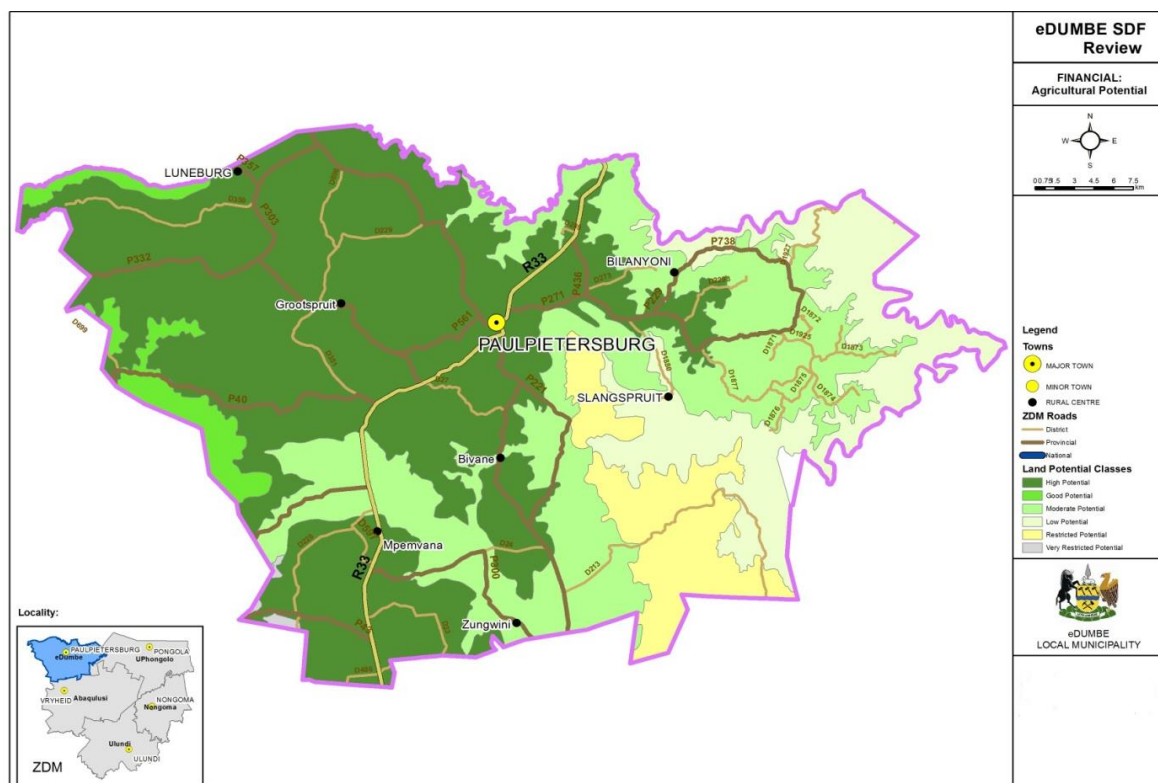
*Key Issues:*

- ✓ The area has a variety of tourist attractions and others that have potential but require further investment in order to create a complete experience
- ✓ There are a number of tourism related initiatives that have fallen away due to a lack of funding. This is an obstacle to the realisation of the area's full potential. This sector requires further investment to move it into its growth phase.
- ✓ The Community Tourism Organisation is not functioning and thus there is no co-ordinated participation by the municipality in developing the latent economic potential of this sector. This should be properly structured and include community stakeholders and the Paulpeitersburg Community Tourism Association to better co-ordinate and focus tourism efforts.
- ✓ The study area needs to focus on more effective marketing of its attractions. This should be directed at both the domestic and foreign market, in particular German tourists who are attracted by the historical German culture available.
- ✓ There are many opportunities for promoting community tourism, including Zulu cultural tours, rural tours and utilising disadvantaged communities for tour guides.

### 2.3.5 Agriculture

Table below showed the decreasing role that agriculture is playing in eDumbe's economy in terms of output. In employment terms the agriculture sector is also playing a decreasing role in the economy. The table below shows that employment in this sector has been decreasing steadily since 1996 with a 12% decline from 1996 to 2000 and with an average annual decline of 4.14% thereafter.

**TABLE:13**



Source (2017-18 IDP)

### **Land reform**

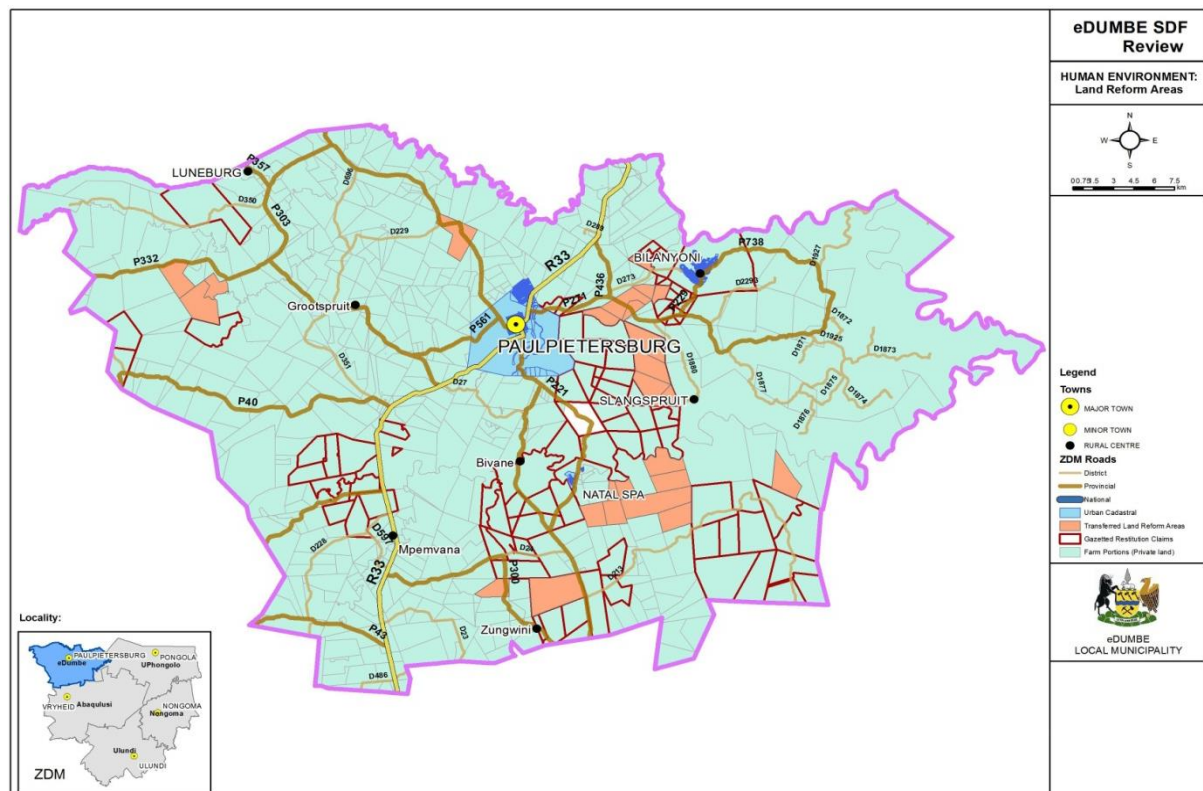
The current land ownership pattern in eDumbe reflects past practices of exclusion and favourability. The majority of the land is privately owned farms which are located on the land with the highest agricultural potential whilst the majority of the poor population is located on land with the poorest quality in the eastern portion of the area.

There are several land claim applications in the municipal area. In terms of the Land Reform (Labour Tenants) Act 3 of 1996 labour tenants are granted the right to apply for ownership of that portion of the farm over which they historically had use rights. The land claims refer to any person or community who lost their land after 1913 because of an apartheid law that discriminated against them, they are being handled by the Land Claims Commission. Although some of the claims have been processed, the progress on others is going very slowly. There is the perception that nothing is being done as they have been kept waiting a long time.

In order to ensure that farming productivity is maintained in the study area, it is important to address the issue of skills and training programmes for the new farmers that may require them. Issues of equality and equal development need to be dealt with, however it is still important not to neglect the aims of economic growth and maximising output potential. Many of the land claim recipients are hoping to establish co-operatives and thus will require relevant co-operative and management training as well as skills training.

### **Key Issues**

- ✓ Land is an issue in the municipality as most of the heavily populated areas are located on land with the lowest agricultural potential, there are land redistribution projects in the municipality and other labour tenant projects.
- ✓ There is potential to develop downstream timber processing activities, eg. making furniture, in particular low cost furniture to sell to the poorer local market in the township and tribal areas.
- ✓ There is also potential for adding value to other primary agricultural products and stimulating agro-processing activities in the study area.
- ✓ Support should be provided to small scale farmers and the establishment of co-operatives.
- ✓ The high lying, high rainfall areas in eDumbe are suited for pecan nut production and there are a few commercial farmers already engaged in this but there may be opportunity for small scale growers to get involved in this as well [Zululand LED].



Source (2017-18 IDP)

### 2.3.6 Informal Sector

The informal retail sector in South Africa is increasingly being acknowledged by manufacturers and wholesalers as an important delivery channel of goods to consumers. (Bureau of Market Research). The picture emerging from the research depicts a continuum of informal retailers ranging from fairly developed businesses to enterprises purely established for household survival purposes. This wide array of informal retailers creates an excellent foundation for advancing entrepreneurship and allowing some of the businesses to gradually upgrade to more formal business structures. At the same time, it should be noted that a large percentage of informal businesses were established in a non-lucrative business environment and are therefore operating barely above survival level.

The findings of the Bureau of Marketing are actually true in the context of eDumbe. The informal sector especially on the retail side has grown tremendously during the past years. However, the shrinking buying power of local communities has had an adverse effect on this sector. During the workshops it emerged that there is a great interest of graduating from the informal to formal business operations. This requires a major intervention through small business development agencies to ensure that there is direction and growth taking place in the sector. The contact has been made with the provincial informal sector organisation to establish the structure and size of the informal sector in eDumbe.

The informal Business chamber has been formulated ensuring the voice of informal traders being catered for within the area. Another study regarding informal traders was done emancipating from the proposed establishment of the new shopping centre that is proposed to be either in the CDB or between the 'old town' of Paulpietersburg and Dumbe township 2 kilometers away which will create a potential new hub of activities such as shopping and taxis (should a taxi rank be established there). In recognition of the importance of the informal sector of Paulpietersburg and eDumbe Municipality, the KwaZulu-Natal Department of Economic Development has commissioned the feasibility study to best understand the needs and thresholds of the informal sector in and around Paulpietersburg.

### **2.3.7 BBBEE and Small enterprise development**

BBBEE refers to Broad Black Based Economic Empowerment which aims to address the inequalities in South Africa's social and economic system. It seeks to promote new opportunities for and increase the levels of participation of black people in the ownership, management and control of economic activities. Since the African component of the population is worse affected in terms of poverty and unemployment, BEE sets out to target this previously disadvantaged subset of SA's population.

Small enterprises refer to small, micro and medium enterprises (SMME) and Cooperatives. Small enterprise development is a central tenet of the government's focus on creating employment and promoting economic growth in South Africa. There are a number of government initiatives, facilitated by the Department of Small Business and other organisations which aim to promote and grow small enterprises. Small enterprise development is of importance in developing and driving the local economy and facilitating employment generation especially when the formal economy has shown signs of sluggish growth. SMMEs and Cooperatives tend to have low entry requirements and some require only limited skills. They are well designed and placed to cater to niche markets and as sub-contractors to large firms.

The Small enterprise sector is of particular significance given eDumbe's high unemployment rate and large areas of settlements with very limited economic development. Entrepreneurial capacity is however limited by poor education and limited training opportunities. Most people leave the area to study or get formal training of some kind elsewhere and then do not come back with those acquired skills, so the aim would be to train them in the municipality in order to retain those skills and the economic benefits that would derive there from. In this regard skills development centres should be established, particularly in local areas so that local people and those with the greatest need can access them as well. In Paulpietersburg there is already an existing building earmarked for skills development and from which computer literacy programmes are being run.

There are numerous opportunities that exist within this sector, especially for business related to agro-processing and beneficiation of timber, of which there is currently very little in the municipality. Opportunities have also been identified in the textiles sector making school clothes.

To promote the Small enterprise sector in eDumbe, the feasibility of setting up a small business hive in Paulpietersburg/Dumbe should be investigated as well as local business support centres that are situated in key nodes so as to serve the poorer parts in the east of the municipality as well.

### Key Issues

- ✓ Lack of skills and business support functions currently constrains this sector.
- ✓ There are numerous opportunities for business development in the municipality, particularly with regard to textiles, agriculture and forestry.
- ✓ There are many government support programmes to stimulate this sector.
- ✓ Access to finance for entrepreneurs would need to be addressed.

## 2.3.8 Other

### 2.3.8.1 Transport

Paulpietersburg/Dumbe is the focal point of bus and taxi transport. There is currently only one bus service operating in the Paulpietersburg/Dumbe area which is the Midlands Bus service, although the Greyhound bus passes through Paulpietersburg on a daily basis. There are two taxi associations, the Zamakulu and Bhekuzulu Taxi Associations. An airstrip lies to the south west of Paulpietersburg. There is also a coal railway line which runs through the municipality. This however does not see much use any more with the closure of the mines.

**TABLE 14 : MODE OF TRANSPORT TO SCHOOL OR WORK IN EDUMBE (2001)**

Mode of Transport	eDumbe	Percentage
On foot	36 892	44.83
By bicycle	478	0.58
By motorcycle	326	0.40
By car as a driver	817	0.99
By car as a passenger	1 449	1.76
By minibus/taxi	666	0.81
By bus	1 064	1.29
By train	116	0.14
Other	162	0.20
Not applicable	40 289	49.00
<b>Total</b>	<b>82 229</b>	<b>100.00</b>

Source: Census 2001

The table above indicates the mode of transport used when traveling to school or work. Forty five percent of the population travel on foot, making this the dominant mode of travel in the municipality. All other modes of transport play only a minimal role currently in terms of people's travel methods to work. A large percentage of the population (49%) answered in the not applicable category to this question, possibly indicating the low levels of employment in the study area.

There is only one informal taxi rank located in the Municipality and this is in Paulpietersburg and services the entire municipality. The site is off-street however there is insufficient space to accommodate all the taxi's, especially during peak periods where the taxi's and commuters spill over into the streets. The Paulpietersburg Rank has no electricity, telephone, office or ablution facilities. In the whole of the local municipality 197 public transport facilities have been identified, only three of which are paved and seven of whose condition of facilities may be considered fair. Only five of these public transport facilities are formal and the majorities are informal stopping points along routes, usually at junctions or intersections. [ZDM Current Public Transport Report]

This sector has huge potential to be further developed especially in terms of improving bus and taxi services and facilities and which can provide employment opportunities and scope for small business development. The development of taxi ranks can encourage associated commercial and market development in key areas. The IDP has also identified the need to develop taxi ranks and bus terminals in Paulpietersburg/Dumbe and the other primary nodes such as Mangosuthu.

### **2.3.8.3 Construction**

This sector includes both residential and non-residential building activities, roads and bridges, water schemes, sewerage and other construction activities. There are a range of opportunities for this sector. Improved infrastructure will not only have favourable impacts for eDumbe's economic development but the construction of this infrastructure can be an important source of employment through public works programmes and help generate income and alleviate poverty in the study area. There are currently 5 low cost housing projects that have been identified and implementing agents identified as well as other identification studies for land in Bilanyoni, Mangosuthu and Opuzane for low cost housing. There have also been proposal of developing shopping centre in the other node of Bilanyoni as well as the possible development of an industrial park.

### **2.3.8.4 Government and non government sectors**

Government services are an important contributor to the local economy, accounting for 13% of GDP and about 10% of total employment in the study area. This sector tends to be particularly important in local economies that have limited employment and economic development. This sector is then an important source of jobs and income for the population. Government services include occupations such as nurses, police and municipal workers. There is a lack of readily available data on any NGO's that may exist in the area and this should be further investigated.

## 2.3.9 Concluding Section

### 2.3.9.1. SWOT Analysis

#### Strengths

- ✓ Primary nodes are well developed in terms of infrastructure and services, important for attracting businesses to the area.
- ✓ Widescale and diverse agriculture sector.
- ✓ Extensive forestry in the study area.
- ✓ Rich in natural resources.
- ✓ Located on good transport link from major centres Gauteng to Richards Bay
- ✓ Clean and attractive town.

#### Weaknesses

- ✓ Low education and skills levels.
- ✓ Limited employment opportunities.
- ✓ Poor road signage in many areas.
- ✓ Insufficient marketing of area and its attractions.
- ✓ Low levels of services and facilities in tribal settlement areas.
- ✓ Spatial profile of the district, the poorer settlements are located on land with the poorest agricultural quality.

#### Opportunities

- ✓ Develop various tourism projects and initiatives.
- ✓ Agro-processing and timber beneficiation opportunities.
- ✓ Many latent business opportunities to be explored such as coffin making, low cost furniture, textiles, services etc.
- ✓ Strengthening of LED institutions
- ✓ Education and skills development
- ✓ SMME and BEE development

#### Threats

- ✓ Crime.
- ✓ High incidence of HIV/AIDS.

### 2.3.9.2 Major Issues arising from sector analysis

Unemployment is a major issue facing the municipality and thus considerable attention should be paid to skills development and SMME development. Skills development can be addressed through ABET's, skills training programmes and the development of a technical or FET college in the district. SMME development can be stimulated through the development of a small business hive in



Paulpietersburg/Dumbe as well as local business support centres to service the other nodes. Another major issue is encouraging value-adding in the manufacturing, agriculture and forestry sectors in which there are a number of diverse projects that could be further investigated. The role of tourism in the economy can be expanded given appropriate marketing, institutional capacity building and investment in key programmes and attractions. Another major issue to focus on is the attraction and retention of businesses in the area; in this regard the municipality might investigate a suitable incentives policy.

## SECTION THREE: ANALYSIS OF CURRENT POLICIES AND INSTITUTIONAL FRAMEWORKS

### 3.1 Local Economic Development in the South African Context

The concept of local economic development has spread quickly within the context of transformation and restructuring, especially given the economic and social pressures that South Africa is confronted with today. LED is regarded as a process in which local governments and/or community-based groups manage their existing businesses and enter into partnership agreements with each other, in an effort to create new jobs and stimulate economic activity within a locality.

Local government has been described as the “hands and feet” of Reconstruction and Development in South Africa. The traditional powers and responsibilities assigned to municipalities provide them with the ability to exert a great influence over the social economic well-being of local communities. In the absence of effective local delivery bodies, government cannot implement its policies and provide the services to the communities – thereby highlighting the critical role of municipalities as key policy makers and role players in the creation of local economic development.

However, the legacy of the past policies in South Africa has made this focus on social and economic development both more pressing and difficult. Inequalities exist both within and between new jurisdictions, and many municipalities are unable to afford to provide the most basic services. Unemployment has deprived large sections of the population of the income to pay for water, sanitation, electricity and roads. New macroeconomic policies have to the restructuring and relocation of economic activity and consequently, uncertainty in the local labour market and tax base.

#### LED Unit

*LED initiatives should thus involve close cooperation between government and non-governmental actors (chambers and business associations, trade unions, universities and research institutes, companies, NGO's) during diagnosis, planning, implementation and evaluation.*

Despite these challenges, municipalities are giving increasing attention to the impact of their decisions on the social and economic well-being of their communities. Many municipalities have begun work on economic strategies or plans, which encompass both their traditional roles as service providers, and their new development mandate. It has been found that the development of an LED strategy should be an integral part of the broader strategic planning process for a district or local municipality.

## 3.2 Policy Context

Government has been actively engaged in policy development since the early 1990s, identifying local economic development as the prime mechanism for job creation, empowerment and local development. The following sub-sections provide a brief overview of the national, provincial and local economic development policies that are categorised according to the spheres of government. These policies provide a platform from which a summary is provided of their implications for the economic development within the eDumbe municipal area.

### 3.2.1 The Constitution

The overarching piece of legislation guiding the functions of LMS is the Constitution. Section 152 of the Constitution outlines the objectives of local government. These objectives 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 organisations in the matters of local government.

### Implications for LED:

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. Furthermore, a municipality is required in terms of Section 153 of the Constitution, to structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community.

### 3.2.2 White Paper on Local Government

This constitutional obligation has been further articulated in clear and convincing terms by the White Paper on Local Government (1998), which develops the concept of “*developmental local government*.” This is seen as “*local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of*

*their lives.*” Developmental local government, according to the White Paper, has four main characteristics:

- ✓ Maximising social development and economic growth
- ✓ Integrating and coordinating
- ✓ Democratising development, empowering and redistributing
- ✓ Leading and learning

All four of these characteristics are vital for the success of the vision of resilient and vibrant local economies.

The White Paper states that: *“the powers and functions of local government should be exercised in a way that has a maximum impact on the social development of communities - in particular meeting the basic needs of the poor - and on the growth of the local economy,”* and that, *“the empowerment of marginalized and disadvantaged groups is a critical contribution to social development.”*

Central to the philosophy of the White Paper is the idea of the three components – the economy, the social conditions and the locality (or territory) - which must work together to provide the support and framework for LED in order to create jobs, seen as the single most important factor in poverty eradication.

### **Implications for LED:**

The White Paper outlines the role of the eDumbe Municipality to play as a facilitator of LED, by identifying the core competencies for which the Municipality should assume responsibility. The Municipality is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities, on meeting the basic needs of the poor, and ensuring the empowerment of marginalized and disadvantaged groups.

### **3.2.3 Local Economic Development Policy Paper**

The purpose of the national policy for LED is to establish and build “Resilient and Vibrant” local economies in South Africa. The Paper asserts that each local economy has its own unique strengths and contributes to national growth and development in a special way. The level, nature and form of the resilience and vibrancy of each local economy depends on the specific conditions and circumstances of that area. Each area has its own vision, strategies and implementation methods that is borne out of local experience. This broad national vision is localized and put in context to give meaning and expression to the specific strengths, hopes and tenacity of local communities.

The Local Economic Development Policy Paper recognises that local government is at the cutting edge of the campaign to create vibrant local economies, and each of the components – district municipalities, metros, local municipalities and wards – is in the frontline. Based on this, the Paper asserts that the

district municipalities and metros must take the lead in creating and supporting the development of the local economy, and must acquire the necessary capacity, vision and instruments to succeed.

The LED component of IDPs must be greatly strengthened through a participatory process, drawing all stakeholders from the public and private (including NGO and community) sectors, and in close consultation with the PGDS process and the provincial government departments and parastatals dealing with LED issues. In order for the participatory process to succeed, and for the opportunities for the greatest number of the members of the community to be involved in the identification and implementation of sustainable opportunities, local municipalities and wards must form their own LED fora, indicate local officers to be in charge of the outreach to the community, and stimulate the local population to take part in the identification and exploitation of the opportunities.

#### Implications for LED:

This policy has direct implications for the eDumbe Municipality's responsibilities to mobilise internal resources, capacities, as well as skills as a means for addressing poverty and exclusion. The policy emphasises the role that the eDumbe Municipality should fulfill to enhance the economic and social situation by building upon the area's unique competitive advantages in a suitable and realistic manner.

### 3.2.4 Integrated Development Plan

IDP is a process by which municipalities prepare 5-year strategic plans that is reviewed annually in consultation with communities and stakeholders. These plans adopt an implementation approach and seek to promote integration by balancing social, economic and ecological pillars of sustainability without compromising the institutional capacity required in the implementation, and by coordinating actions across sectors and spheres of government.

#### Implications for LED:

LED must be developed within the context of the provincial Integrated Development Plan (IDP), as described in Section 25 of the Municipal Structures Act, as previously discussed.

In view of the ten government mandates discussed, it is critical for local municipalities to:

- ✓ Understand the government approach to LED;
- ✓ To plan and implement LED strategies within the context set out by various national and provincial policy and legislative frameworks;
- ✓ Understand their functions and duties as municipalities and the impact of each of these on Local Economic Development; and
- ✓ Have clarity on LED roles and responsibilities for the different spheres of government and civil society in order to affect a more co-ordinated effort in realising LED ideals.

### 3.2.5 Broad-Based Black Economic Empowerment Act

The objective of Broad-Based Black Economic Empowerment (BEE) Act is to substantially increase the number of black people who have ownership and control of new and existing enterprises and the number of black people in executive and senior management of enterprises.

In this Act “black people” refers to Africans, Coloureds and Indians. “Broad-based black economic empowerment” means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include but are not limited to:

- ✓ Increasing the number of black people that manage, own and control enterprises and productive assets;
- ✓ Facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises;
- ✓ Human resource and skills development;
- ✓ Achieving equitable representation in all occupational categories and levels in the workforce;
- ✓ Preferential procurement; and
- ✓ Investment in enterprises that are owned or managed by black people:

#### **Implications for LED:**

The successful implementation of BEE will be evaluated against the following policy objectives:

- ✓ Promoting economic transformation in order to enable meaningful participation of black people in the economy;
- ✓ achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises:
- ✓ Increasing the extent to which communities, workers, cooperatives and other collective enterprises own and manage existing and new enterprises and increasing their access to economic activities, infrastructure and skills training;
- ✓ Increasing the extent to which black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training;
- ✓ Promoting investment programmes that lead to broad-based and meaningful participation in the economy by black people in order to achieve sustainable development and general prosperity;
- ✓ Empowering rural and local communities by enabling access to economic activities. land, infrastructure, ownership and skills; and
- ✓ Promoting access to finance for black economic empowerment.

### **3.2.6 National Strategy for the Development and Promotion of Small Business in SA**

The primary objective of the national policy framework is to create an enabling environment for small enterprises. Given such an enabling environment it is expected that SMMEs will themselves accept responsibility for the operation, growth and progress of their enterprise. Key objectives of the National Small-Business strategy are to:

- ✓ Create an enabling environment for small enterprises;
- ✓ Facilitate greater education of income, wealth and earning opportunities;
- ✓ Address the legacy of apartheid-based disempowerment of black business;
- ✓ Support the advancement of women in all business sectors;
- ✓ Create long-term jobs;
- ✓ Stimulate sector-focused economic growth;
- ✓ Strengthen cohesion between small enterprises;
- ✓ Level the playing fields between bigger and small business as well as between rural and urban businesses; and
- ✓ Prepare small businesses to comply with the challenges of an internationally competitive economy.

### **Implications for LED:**

Such a national framework will need to be complemented with programmes developed and implemented at regional and local level. Policies need to be in tune with national and regional as well as sectoral developments, taking into account differences between sectors like manufacturing, tourism or construction, as well as differences between categories of SMMEs; namely:

- ✓ Survivalist enterprises
- ✓ Micro enterprises
- ✓ Small enterprises

### **3.2.7 Local Government: Municipal Systems Act**

The Municipal Systems Act lists the duties of a municipal council, within its financial and administrative capacity, as follow in Section 4(2):

- ✓ 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; and
- ✓ Contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution.

### Implications for LED:

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.

Section 25 (1) of the Act states that each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which

- (a) Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- (b) Aligns the resources and capacity of the municipality with the implementation of the plan; and
- (c) Forms the policy framework and general basis on which annual budgets must be based.

Specific reference to LED is made in the following section of this Act: 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 (IDP) process.

### 3.2.8 Local Government: Municipal Finance Management Act

The object of this Act is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for:

- ✓ Ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities:
- ✓ The management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings
- ✓ Budgetary and financial planning processes and the co-ordination of those processes with the processes of organs of state in other spheres of government:
- ✓ Borrowing;
- ✓ The handling of financial problems in municipalities;

- ✓ Supply chain management: and
- ✓ Other financial matters.

### Implications for LED:

The institutions to which the Municipal Finance Management Act applies, as stipulated in Section 3 of the Act, is all municipalities, all municipal entities and national and provincial organs of state to the extent of their financial dealings with municipalities. It is therefore necessary that local municipalities adhere to financial procedures presented in the Act when engaging in financial matters relevant to any LED activities.

The Act makes reference to municipal bank accounts, cash, investment and asset management, municipal budgets and debt management. Furthermore the Act stipulates the financial responsibilities of the mayor and municipal councilors. All sections of this act should be adhered to when implementing LED and therefore the Act should be consulted.

### 3.2.9 Small business Incentive Schemes (DTI)

The Department of Trade and Industry (DTI) administers South Africa's incentive programme with supporting roles played by Trade and Investment South Africa (TISA) and the National Export Advisory Council (NEAC). The Enterprise Organisation (TEO) within the DTI is its biggest programme in terms of its funding. It provides financial and other support to firms, large and small, through incentives, matching grants and other costsharing grants. The overall aim is to promote investment, develop manufacturing and assist with exports. TEO has been fundamentally changed by the DTI's restructuring exercise, with an entirely new, strategised and targeted suite of incentive programmes introduced in 2001. This is in response to both customer demand and policy research to target support where it is needed most (e.g. SMME's, new high opportunity sectors, job creation) and in directions identified by the Integrated Manufacturing Strategy and the Microeconomic Reform Strategy.

The DTI finances projects and programmes, or provides incentives or matching grants for these, in a strategic manner to achieve clear socio-economic objectives. Thus, over the next three years, the DTI is to release over R1 billion for enterprise development via the Small and Medium Manufacturing Development Programme, the Competitiveness Fund, the Sector Partnership Fund, and assistance for growing exports.



## SECTION FOUR: DEVELOPMENT FRAMEWORK

The situational analysis section provided an assessment of the internal structure and the potential of the eDumbe municipal area's local economy. Based on this assessment, it is now possible to identify the strategic framework to address the problems noted in previous sections of this report. This development framework has to be set in context of the long-term vision for the local economy.

The purpose of this section is to outline a LED vision, goals and objectives for the area and how they can be implemented in terms of strategic initiatives. The formulation of a strategic development framework within which the economic conditions of the eDumbe Municipal community can be addressed, is provided in this chapter. This chapter is outlined as follows:

Firstly the best practice with regards to sectoral development approaches is highlighted in order to set the stage for the formulation of appropriate local economic development (LED) strategic guidelines (i.e. the development framework).

These guidelines are translated into a Strategic Plan in the next section within which LED activities can be planned and managed for the municipal area. The different and specific geographical dynamics are taken into account. The framework consists of community level visions and objectives that are consolidated into the development framework.

### 4.1 The Basis for the Edumbe Economic Vision

The economic vision for eDumbe municipality was based on information gathered during the LED sessions with the different community sectors, i.e. municipal leadership, business sector, NGOs, Cooperatives, Taxi Associations and informal businesses. The outcomes of these sessions have been used to inform the vision, goals and objectives, economic development principles and also direct the formulation of strategic programmes and projects for the municipality.

"As the communities of eDumbe we believe that economic, environmental, cultural, and social values are inseparably related. The quality of life so valued by eDumbe residents depends on economic opportunity for all, while preserving rural beauty and natural resources, and a thriving, diverse community. Our adventure, in the next five years, is to use our creativity to find the balance.

As we look ahead, we see eDumbe growing prosperous through self-reliance, innovation, and community investment. While we believe that much of our future economic development will come from the growth of businesses that now thrive in eDumbe, we heartily welcome appropriate new business to our area of jurisdiction. We support economic development which protects the predominantly rural nature of the region and which maintains and/or enhances utilization of our natural resources. We will prepare our vacant industrial lands for new and expanding businesses to occupy. We will continually improve local governmental response to economic development opportunities.

The future of eDumbe lies with the people who live, work, learn, and recreate here. We will invest in people, maximizing our potential through innovative educational and social programs aimed at all age levels and targeted employment needs, and through integrated, current data bases, making up-to-date information accessible to all segments of the community. We encourage our leaders and citizens to see our area as a whole region and to work together to build the local economy. We want our governments to coordinate effectively in providing services to our citizens, and to lead their jurisdictions in the direction of sustainable development. We will seek participation and collaboration from all segments of our community in assessing needs, evaluating performance and modifying the ongoing economic development process.”

*(Source: eDumbe Community Workshops & Interviews)*

## **4.2 LED Vision**

### **4.2.1. Elements of a LED strategy**

The World Bank Has identified a number of elements that need to go into a LED. These are as follows:  
The World Bank (2002) defines these LED elements as follows:

**Vision:** The vision usually describes the stakeholders’ (community, private sector, municipality, non-governmental organizations) agreement on the preferred economic future of the economy.

**Goals:** Goals are based on the overall vision and specify desired outcomes of the economic planning process.

**Objectives:** Objectives set performance standards and target activities for development. They are time bound and measurable.

**Programmes:** Programmes are set out for approaches to achieving realistic economic development goals. They are time bound and measurable.

**Projects and Action Plans:** Projects implement specific program components. They must be prioritised and all cost must be established. They are time bound and measurable.

### **4.2.2 Edumbe Municipality Led Vision**

The vision is a key element of the LED study and one of the first steps to strategy implementation. From the assessment of the local economy and the LED Indaba/Workshops, it is clear that the economy has various problems, the most significant being the lack of beneficiation of natural resources, poor commercial and industrial investment in the town, poor physical infrastructure and a dire shortage of skills.

The long term vision of the eDumbe municipal economy has been defined as follows:

#### VISION

*“To broaden eDumbe economic base through encouraging inward investment, facilitating land availability, adding value to local resources, creating economic opportunities and job opportunities, thereby bring about an improved life for all residents”*

#### 4.2.3 Goals and Objectives

The goals and objectives have been derived from the problems that came out during the LED consultations and analysis undertaken in the previous sections. These goals and objectives aim to address the needs of unemployment, poverty alleviation and improved investment and business climate in the eDumbe municipal area.

The LED goals for the eDumbe Municipal area are as follows:

- ✓ The alleviation of poverty through the broadening of the economic base in the Agriculture, Manufacturing, Trade and Tourism sectors.
- ✓ Create opportunities in the Agricultural, Manufacturing and Tourism sectors that would result in the community increasing their involvement in the economy and increasing their skills levels, becoming more competitive within the regional labour force and increasing employment opportunities.
- ✓ Provide more effective infrastructure, especially tourism infrastructure that will help the community in attaining supplies. This will also help local businesses and SMMEs by boosting investor's confidence in the area.
- ✓ To create a fertile environment for economic growth through developmental planning policies and land use management regulations that is conducive to local small business development.

The objectives/outcomes for economic growth in the eDumbe Municipal area were identified through interviews, audits and workshops that were held with the municipality, key stakeholders and role players, and are as follows:

- ✓ Industrial development;
- ✓ Well developed Tourism Infrastructure
- ✓ Promotion of SMME development;
- ✓ Conducive environment for investment;
- ✓ Creation of employment opportunities;
- ✓ Diversity of the economic base in the eDumbe Municipal area;
- ✓ Empowerment of local communities to participate in local economic activities.
- ✓ Promotion of value added agricultural activities
- ✓ Skills development
- ✓ Promotion of Broad Based Black Economic Empowerment principles

The goals of the eDumbe Municipal area can thus only be achieved if everyone gets involved and a culture of Local Economic Development is established among the members of the community, the Local Municipality and the private sector. Not all of the above functions are municipal competencies. The relevant depths, sectors and role players will have to be addressed to put a co-ordinated effort together into realising the outlined objectives. The municipality must thus play a co-ordinating and facilitating role to ensure realization of its economic developmental goals.

### 4.3 Strategy Implementation Framework

Internationally the approach to LED has shifted significantly from the “hard infrastructure-investments” and “mobile manufacturing investments” in the 1960’s to the “business environment adjustment” in the 1990’s.

The focus of these approaches has their respective mechanisms which are targeted at achieving varying goals and objectives. Currently, LED is viewed as encapsulating the following:

“Local economic development is about local people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all in the community.”

The key issues, goals, objectives and economic vision guide the economic development intervention and strategic development programmes identified. The LED development and implementation framework for the eDumbe Municipality is now presented according to the following elements:

- ✓ Business Development
- ✓ Industrial Development
- ✓ SMME Development
- ✓ Tourism and Cultural Development
- ✓ Development of Local Economic Activities
- ✓ Development of Municipality and internal structure
- ✓ Human Resource Development/Capacity building

#### 4.3.1 Agriculture

The Agriculture sector in eDumbe Municipality has steadily grow in the recent years, however, we have seen a shift from plant production to forestry farming in most farms around eDumbe. Agricultural sector strategies have varied between maximising agricultural growth through promoting commercial crops and emphasizing food production / self –sufficiency and import substitution on the other. There are however various strategies to improve this sector, e.g.:

- ✓ Agriculture Diversification
- ✓ Agriculture Beneficiation (Agribusiness)
- ✓ Aquaculture and Mariculture

- ✓ Tools and Instruments (implements)

Each of these components is synoptically discussed in the subsequent paragraphs in order to highlight the salient features which must be incorporated into the strategic framework that is developed in the subsequent section.

#### **4.3.1.1. Agriculture Diversification**

Farmers on a global scale have become increasingly diverse in their agricultural produce over the last few decades. This means that traditional crops such as wheat have become less important as a source of livelihood while other farming practices such as permanent crops, hydroponics, organic farming, biotechnology etc. have become more important and profitable. Some degree of diversification has always existed in the Agriculture sector. After all, farming is grounded in the seasonality and risky nature of planted crops. Diversification is thus seen as a method to cope with risk and crop vulnerability.

In terms of Local Economic Development in the eDumbe Municipal area, Agriculture diversification is seen as a livelihood coping strategy for the local farmers; increasing profits through new products. Agriculture diversification also has indirect spin-off effects on the Secondary sector. Opportunities are now created in the agro-industrial sector in terms of packaging and value adding, which creates even more employment opportunities.

#### **4.3.1.2. Agriculture Beneficiation (Agribusiness)**

Agribusiness may be defined as all market and private business-oriented entities involved in the production, storage, processing and distribution of agro-based products, in the supply of production inputs, and in the provision of services. Agribusiness is an integral component of rural development, and forms part of the strategy to improve regional and local economic development and ensure food security.

The eDumbe Municipality, who specialize in the extraction of primary products from agriculture as one of their main thrusts of economic development would benefit greatly from agricultural beneficiation. In this regard LED strategies should focus on value-adding approaches such as processing, packaging, marketing and distributing farm and fish produce.

Since earnings from the simple sale of raw produce may be lower and more volatile, the addition of such “downstream” activities can improve the community’s local economy, create new employment opportunities and contribute to environmental sustainability. Agricultural value-added enterprises stand to benefit from excellent business development opportunities and make meaningful contribution to the local economy and its community at large. This is mainly because the community is located near raw agricultural inputs, which can be turned into a competitive advantage.

Agribusiness enterprises are primarily labour-intensive small and medium enterprises located near agricultural production sites. The economic success of these agricultural enterprises is increasingly

determined by the performance and capacity of upstream and down stream sectors. Agribusiness entities need to respond by improving their efficiency and market orientation. What is required in agribusiness is access to expertise, the availability of market information, and sufficient management skills.

Agribusiness support in it-self must be an integral part of the economic development concept, and must be targeted towards the creation of jobs and income in the eDumbe Municipal area. In line with a common business concept, the guiding principle is always the market orientation of all support services. Employment promotion and poverty alleviation in rural areas are additional goals of promoting agribusiness. Agribusiness does not only focus on the primary production of products but also requires additional workers. New employment opportunities will thus be created in the processing industry.

With declining employment in the South African Agricultural sector, workers leaving farms are more likely to be able to transfer their skills to value-added enterprises than to non-agriculture, manufacturing and service industries. Creating value-added jobs in the eDumbe Municipal area can improve the diversity of the local economy, increase local incomes, capture higher profits locally, and use the local natural resource base more efficiently and sustainably.

#### **4.3.1.3. Tools and Instruments**

Tools and instruments are defined as something that gives the ability, capacity, responsibility and accountability to achieve the desired goals and objectives. Efficient tools and instruments are key interventions needed in the eDumbe Municipality's Agricultural sector, to facilitate the cost-effective delivery of agricultural services to the community. Some of the most important instruments that can be utilized for the capacitation of communities relates to the transfer of knowledge in terms of the following:

- ✓ **HIV/AIDS** and its influence on productivity. This instrument is best implemented and utilized if the coordination of the relevant (health) authorities with the rural development initiatives is viewed as a priority. The influence of HIV/Aids should be anticipated / viewed as a long term.
- ✓ **Knowledge management** is a relatively new instrument to agriculture LED. This instrument entrails the improvement and optimal utilisation of tacit knowledge within the communities. However this also includes the transfer of explicit knowledge to the communities within the local area. Usually this instrument is placed under the ambit of the "human resources development programme".
- ✓ The use of **appropriate agricultural technologies and techniques** is a major element that requires attention. The rational behind the utilisation of appropriate technologies and techniques will increase the agricultural yields in addition to the protection of the environmental resources. This increased productivity can be viewed as the relationship between the input and output ratios. The following prerequisites need to be in place before such activities can be successfully implemented:
  - Better and more effective co-ordination between government agencies.

- More effective communication of agriculture policies and application procedures to front line staff. Practical training, education and awareness building.
- Technology demonstrations.
- The **improved communication** between all the local role-players and stakeholders are required as the primary element that influences the implementability of the agriculture expansion initiatives. This should also be strengthened through the formalization of collaboration between the agriculture and other sectoral activities.

These above mentioned approaches to the agriculture services are by no means exhausted, but provide a clear indication of the specifics required in order to utilise LED as a vehicle to improve the “wealth situation” of especially the rural and poor communities.

### 4.3.2. Industrial Cluster/Manufacturing Development

#### 4.3.2.1. Industrial Cluster Strategy

The Manufacturing Sector in the eDumbe Municipal area has steadily improved over the years; it is the highest contributor to GDP in the area with a contribution of about R710 Million in 2008.

**Figure:** eDumbe GDP output by sector



**Source:** Quantec Standardised Regional Database

The objective of the industrial cluster development is to build on the strength of the existing manufacturing base to link existing strong-hold industries with emerging industries to maximize opportunities.

The cluster concept is an internationally acclaimed approach to industrial development which has recently also been adopted by the South African Government. The cluster concept is based on the assumption that the main goal of a business is to maximize profit. Either one or a combination of the following actions could achieve this:

- ✓ Minimising costs
- ✓ Optimising Production /output

- ✓ Agglomeration economics.

The latter is considered as the basis for cluster development and it refers to the spatial concentration of related economic activities. Businesses are able to maximise profit and become more efficient and competitive through the effective and efficient co-operation between a number of businesses. These businesses are supported by a spectrum of service activities such as finance, research and development, infrastructure, legal services and advertising hence the formation of linkages and ultimately of a cluster. A cluster consists of four main elements:

- ✓ **Core sector:** At the core of a cluster development is a large or propulsive industry with a critical mass of similar and related businesses. Among these businesses in the cluster there is both strong competition and strong co-operation.
- ✓ **Linkages** refer to contacts and flows between economic activities of various commodities, including products, services, information and goods. The core industry should be strengthened by linking with other industries and support services. Two principal types of linkages may be identified for any economic concern namely backward and forward linkages. Backward linkages involve other firms, which provide goods and services, while forward linkages include consumers (output). The potential of a catalyst industry to have a cluster formed around it depends on the number of potential forward and backward linkages of that industry, as well as the viability of the businesses with which it can form linkages. As far as backward linkages are concerned the availability of raw materials or industries which beneficiate raw materials are an important consideration. As far as forward linkages are concerned, the general viability of the industry with which the catalyst has a forward linkage should be considered.
- ✓ **Satellites:** Businesses within this category of cluster development include all the related and supporting economic activities, which have strong linkages with the catalyst activities (such as the manufacturing and the construction sectors etc. in the area).
- ✓ **External factors and supporting infrastructure:** This category includes elements such as educational institutions, training centres, the government sector, professional associations and physical infrastructure (roads, water, and electricity). Without the appropriate support of the economic infrastructure such as skills advancement, the cluster formation will not be ideal and the cluster will therefore not advance to higher levels of maturity.

#### **4.3.2.2. Manufacturing Development Strategy**

Manufacturing technology should be advanced and competitive in order to become a world-class economic manufacturer. There is a need to stimulate and broaden the existing manufacturing base to increase the level of output in the eDumbe Municipal economy, enable the region to become more provincially, nationally and even globally competitive and to broaden the ownership of the economy. The aim of this strategy is to further develop new activities and technologies within the Manufacturing Sectors as well as increasing SMME development.



### 4.3.3 SMME Development

SMMEs in this document refers to all forms of small businesses (Sole trade, private companies, co-operatives, etc.) operating within eDumbe area. Small, Medium and Micro Enterprises (SMME) are recognised worldwide for their potential to generate job opportunities, particularly when the economy is in a downward trend. SMMEs will provide possible ways to reduce the current high level of unemployment and poverty in the eDumbe Municipal area.

Often SMME's lack competitiveness in national and global markets, for instance they suffer from low productivity, products of insufficient quality, outdated technical knowledge and skills of the entrepreneur and his staff. SMMEs therefore need business development services such as information about new markets, technologies or quality standards as well as advice and training in various fields.

Fostering a spirit of entrepreneurship involves offering a variety of business support mechanisms to potential entrepreneurs in the form of access to finance, to relevant information and to advice and training. A strong sense of motivation and work ethic is also required which is created and fostered through capacity building and giving people the tools and resources to develop.

This sub-section presents SMME development as a possible strategy for the eDumbe Municipality to exploit the potential as listed in the aforementioned sub-paragraphs. A critical prerequisite for successful SMME development is entrepreneurship. Entrepreneurship in this regard does not only refer to knowledge and experience in business administration, but most importantly, to a high level of motivation, drive and work ethics. This is fostered through capacity building and giving people the tools and resources to develop.

#### 4.3.3.1 Local Business Service Centre

Local economic and small business development is currently in a developmental phase however, it has achieved goals to better enhance the development of business sector in eDumbe Municipality. The agreement signed between eDumbe Municipality and SEDA will not only ensure SMME development but will also involve capacity building directed especially towards SMMEs. Capacity building Programmes such as Basic Business Skills, Tendering Process and Agricultural Farm Management has ensured that local SMMEs receives adequate support to better position them for future funding opportunities.

Local Business Service Centres are a means of strategically developing and managing small businesses at a local level. They can perform the functions of assisting SMME's in attaining skills, funding and networking through directing them to the appropriate channels to assist entrepreneurs in setting up and maintaining small enterprises. They offer non-financial support to small businesses, a one stop shop where enterprises can access information about government support programmes. The LED Unit provides that platform to local SMMEs with reference to government programmes and also offer counseling, tender advice, export promotion and administration to small businesses. The LED Unit has

formed linkages with organisations such as Ithala business bank, commercial banks, TIKZN and local business chambers in order to facilitate information sharing and networking among small businesses.

#### **4.3.3.2. Training and Capacity Building**

Skills are a vital component of entrepreneurship and if lacking can retard serious efforts at business development and innovation. This is an area of particular importance in the context of South Africa as a whole and has been a key policy focus. Empowering the local population to become economically active is imperative to ensuring their participation and contribution to the development of the area. This can be achieved by providing people with a wide range of technical, vocational and entrepreneurial training programmes and courses which will aid in securing the necessary skills to gain employment and or create their own.

Sector Education and Training Authorities (SETAs) are government established organisations that oversee education and training initiatives across defined sectors of the South African economy. Twenty five SETAs were established in 2000 to provide training to workers in all sectors of the economy in order to broaden the skills base of the country. SETA's represent groupings of industries which have certain common characteristics which organise, manage and control the provision of education and training for all people employed in a particular sector. SETA's are funded by a levy that is paid by all employers across the South African economic sector.

#### **4.3.4 Tourism Development**

According to Gunn (1994) tourism is defined as “the temporary movement of people to destinations outside their normal places of work and residence, the activities undertaken during their stay in those destinations and the facilities created to cater to their needs.” The development of the Tourism industry has been identified as one of the sectors with the most significant opportunity for development, growth and job creation in the country.

Tourism is a concurrent function of all three spheres of government. Tourism is also regarded as a cross-sectoral industry because it represents linkages with the retail, manufacturing, transport, electricity and financial sectors. During the LED community session conducted in eDumbe, tourism was identified as a key sector, which must be embraced as a viable economic development option that can contribute to the municipality's economic characteristic.

If the eDumbe Municipality is to reach its full potential at both local and national level, tourism must be recognised as a (potential) generator of wealth and jobs. Tourism has the potential to contribute to the development of local infrastructure, creating and supporting amenities and facilities that benefit local residents and business. Tourism potential to enhance both the natural and built environment must be recognised.

The area has a wide variety of attractions that may not be effectively marketed as stand alone attractions, however the area can be marketed as providing a 'complete experience'. eDumbe requires a comprehensive marketing strategy to inform both domestic and foreign tourists of the wealth and variety of attractions available.

It must be well demonstrated that tourism is vital to the eDumbe Municipal economy. It has important economic value, and benefits both rural and urban communities. It also enhances the value of culture, heritage and the natural environment.

#### **4.3.4.1. Working Partnerships**

This aim of these working partnerships must be to maximise the benefit that tourism generates and is based on forging stronger links between tourism and the other economic sectors such as retail and transport. The working partnerships should be forged between the following entities:

- ✓ Business with business
- ✓ Business with support agencies
- ✓ Support agencies with each other
- ✓ Communities with business and support agencies

This is vitally important as these two sectors in particular have a major influence on the tourism "experience", and which also benefit from tourism. It is important that the needs of both residents and visitors are balanced throughout the development of appropriate policies and planning. The decision makers should be convinced in the other sectors that their interests are interdependent with tourism. It is also essential that the agencies, who are involved in protecting and restoring the built environment, and managing the natural environment, implement policies that will support the development of sustainable tourism in the eDumbe Municipal area.

#### **4.3.4.2 Institutional Capacity for Tourism**

To ensure maximum effectiveness in the implementation and co-ordination of efforts, the municipal area requires a coherent structure that incorporates all relevant roleplayers in the tourism industry. eDumbe already has a Publicity Association, a private initiative, which is involved in many spheres of promoting and organising tourism related events in the municipality. The municipality has a Community Tourism Organisation, the organisation has been revived and it is properly working now. It has a budget for each year, outlining the funds available and deciding how those funds are to be allocated and a clearly outlined mechanism for applying for funding for various initiatives. All relevant roleplayers should have a stake in the organisation including business and transport representatives to facilitate the working partnerships discussed above.

#### **4.3.4.3. Increased Profile of Tourism**

Marketing is the process of making customers (in this case tourists) aware of the attractions and services, attracting new customers, keeping existing ones interested and building and maintaining a viable customer base for the products on offer. The marketing process involves a range of different activities, but some of these include advertising, communication, distributing, promotion, publicity and branding. The eDumbe municipality already has an established brand and now needs to focus on making that brand known to tourists via communication and advertising.

Worldwide tourism is growing. There are thousands of travel options to the consumer. Therefore, any municipality or city must market itself aggressively and consistently to ensure that it remains at the forefront of the potential visitors mind as it jostles for attention with an increasing number of alternatives. The challenge should be to develop a distinctive market position that competes with many other destinations, some of which will be offering similar experiences and packages. An understanding of how people perceive the eDumbe Municipal area as a destination, including its natural and built environment, culture, its quality of service and value for money.

Marketing of the area as a tourist destination can take place at a variety of different levels and the entire community has a vitally important role to play. An aggressive marketing strategy including designing and distributing tourism brochures, a website and advertisements are fundamental to stimulating tourism. However less intensive but just as necessary interventions may include encouraging facilities to be open on weekends to capture passing trade, welcoming and helping visitors, ensuring the maintenance of a litter-free environment, and involving visitors in local events and festivals.

#### **4.3.4.4. Investment in Tourist Sites and Supporting Infrastructure**

eDumbe has a wide variety of potential tourist attractions, however many of the proposed attractions require further investment and development to fully capitalise on their latent worth. Many of these have already been identified and what is required now is an action plan in terms of undertaking feasibility studies and business plans for developing of specific attractions. To realise the full potential of the area may require drawing on partnerships with neighbouring towns and municipalities to increase the scope of outreach and enlarge the potential tourist pool. There are a number of organisations that provide support specifically to tourism SMME's including the Tourism Enterprise Programme (TEP) as well as tourism SMME support provided by the DTI via their Small and Medium Enterprise Development Programme (SMEDP) and Black Business Suppliers Development Programme (BBDSP).

#### **4.3.5 Development Of Local Economic Activities**

The aim of this strategy is to ensure that LED becomes a realisable objective in the eDumbe municipality. This will be achieved by creating the supporting infrastructure necessary to support and stimulate local economic activities. To this end, the municipality has set aside a budget for implementation of LED initiatives which are aimed at improving the economic status and with return on investment.

The business environment requires stimulation in order to grow and flourish. In order to facilitate this, there needs to be an attractive and enabling environment in which they can operate. This entails ensuring the relevant infrastructure is in place and that basic services are provided. For example transport and communication infrastructure is essential to the business environment and the absence or inadequate provisioning of these can deter businesses from locating in the area. Attracting businesses may also require a more direct approach via an incentives policy. This would necessitate the creation of business and investment attraction and retention programmes. These can be very beneficial/ fruitful to encouraging outside investment and business development.

Promoting local economic activity in the eDumbe municipality also requires the active participation of the community. Thus initiatives which encourage the engagement of all spheres of the community are important as LED is based on local initiative and driven by local stakeholders.

#### **4.3.6 Human Resource Development**

Human resources is viewed as one of the key resources or potential strengths within a region and as such specific guidelines need to be determined to guide the formulation of specific strategies and objectives for the optimal development of this resource (i.e. goals and objectives to develop and optimise the education and training systems and infrastructure within the Study Area as a primary function and outcome to be achieved by the integrated development strategy).

In order to facilitate the inclusion of marginalised groups in the local economy it becomes essential to pay special attention to the socio-economic conditions of the eDumbe Municipal area. A critical issue that is affecting economic development in the eDumbe Municipal area is the narrow skills base. More specifically, the focus of human resource development in this study is on skills development which refers to the process of deepening individuals' specialised capabilities in order to be able to access incomes through formal sector employment, through small micro enterprises (SMEs) or community projects which in turn positively contribute to the economic success and social development of the Study Area. This learning process must also enable people to continue learning and adapt to the constantly changing environment.

There is thus a need for a focused approach which aims to broaden the local skills base. Such an approach would necessarily address labour quality and skills advancement. Practical application refers to the implementation of skills enhancement and training programmes, while local businesses should be encouraged to provide in-service training. Labour is regarded as a renewable resource in this context which can be adapted to changing business needs and economic conditions.

Human Resource Development furthermore aims at improved accessibility towards marginalised groups in the local economy in terms of skills development programmes. This strategy ensures the availability of a higher skilled labour force, to local businesses and industries. The above presented development framework has set a tone and a structure of a more comprehensive strategy development for eDumbe

municipality. Hence the following section focuses on specific strategies and related programmes thereof.

#### 4.3.7 Development Of Trade And Commerce

Trade is an important contributor to the economy and often is indicative of a larger and more sophisticated economy. By stimulating the development of trade in the municipal area, income leakage can be significantly reduced promoting the recirculation of money in the area and hence contributing to the livelihoods of the people in eDumbe. Thus information on where income leakages occur, for example in clothing and textiles, can help identify opportunities for trade development. A Chamber of Commerce would also be beneficial to the further development and promotion of this sector.

This strategy also encompasses informal trading activities. These can take place in Paulpietersburg/Dumbe but also crucially should be stimulated in the smaller and more rural nodes. The stimulation of trade in the more rural nodes requires market infrastructure and formalising taxi ranks.

Linkages with the tourism sector are also important. Tourism and trade activities are linked and can have positive spin offs for each other. More retail and services provided in the area are likely to attract and keep tourists for longer and the more tourists that come to the area the better it is for trade.

### 4.4 Strategic Thrusts

This section includes the strategic thrusts, development programmes and associated projects, which aim to regenerate the eDumbe Municipal area's local economy. The discussion commences with a brief introduction of the regeneration strategy and its components, followed by a short description of each component.

From a strategic development facilitation point of view, it is necessary to ensure that the appropriate linkages and interactions between programmes and projects be established. Such an integrated approach is needed to ensure the optimal rate of implementation and economic development in the eDumbe Municipal area. For the purpose of this study, a thrust can be defined as: *“Planned actions aimed at creating an impetus and a critical mass in the local economic environment in order to generate momentum in the economy”*.

These thrusts aim at utilising existing economic strengths and opportunities by transferring these into workable programmes and projects. These programmes and projects tend to reduce the current threats, and strengthen the weaknesses in the local economic environment. Programmes are developed to support the various thrusts with the main aim of addressing the specific thrust. Distinct projects are formulated with explicit actions in order to reach the targets of each programme.

The development strategies, lead projects and preliminary actions need to stimulate economic growth and development in the municipal area and thereby address most of the socio-economic ills prevalent in the area and bring much needed economic stability and prosperity.

The 7 thrusts for the eDumbe Municipal area's economy were identified and these include the following:

### **THRUST 1: DEVELOPMENT OF AGRICULTURAL SECTOR AND ACTIVITIES**

### **THRUST 2: INDUSTRIAL DEVELOPMENT**

### **THRUST 3: SMME DEVELOPMENT**

### **THRUST 4: TOURISM AND CULTURAL DEVELOPMENT**

### **THRUST 5: DEVELOPMENT OF LOCAL ECONOMIC ACTIVITIES**

### **THRUST 6: HUMAN RESOURCE DEVELOPMENT**

### **THRUST 7: DEVELOP TRADE AND COMMERCE IN THE CBD**

Each of the above-mentioned thrusts will be discussed in the following paragraphs.

#### **THRUST ONE: DEVELOPMENT OF AGRICULTURAL SECTOR**

##### **AIM**

To expand production in the commercial and subsistence agricultural sectors, encourage diversification and promote beneficiation of local found agricultural materials through a targeted agricultural strategy.

##### **BACKGROUND**

Agriculture is the backbone of sustainable economic development in the area. The sector has the ability to have multiple impacts on the economic growth and development of the eDumbe Municipality through new investment in the core production sectors. To this end, the sector has only served as a source of raw material for outside processing agencies.

##### **LOCATION**

- Agricultural forum to meet monthly or bimonthly to strategize on sector improvement
- Identify target areas for development. Extensive under-developed land that can be used for increased farming activity.
- The municipal land leased to Mondi can be used to uplift local emerging farmers with vested interest in forestry
- Possible irrigation schemes along the dam in Edumbe.
- More support for subsistence agricultural sector at tribal and rural communities.

##### **PERFORMANCE CRITERIA**

- Increased agricultural production
- Increased employment opportunities
- Investment in sector
- Increased economic output of sector
- Development of small-scale sector
- Formation of partnerships
- Protection and utilisation of agricultural land particularly in tribal areas

##### **STRATEGIC PROGRAMMES**

- Form partnerships and establish agricultural forum involving government, farmers associations and organisations, private sector and support organisations to develop an agricultural support, management and development plan for eDumbe
- Give recognition, representation and support to the efforts of existing agricultural organisations, particularly the Department of Agriculture
- Investigate the availability of water for irrigation purposes
- Consider land reform options to provide secure tenure to small emerging farmers, and stimulate this development in poorly developed areas
- Provide support to the small-scale agricultural sector and determine target areas to support, particularly on high potential, under-utilised land in tribal communities and rural settlements
- Facilitate Land availability to emerging farmers
- Fast Land claims application and process to ensure expeditious availability of land
- Improve food security at poor communities
- Diversification of the agricultural sector
- Encourage beneficiation of local raw material
- Focus on unlocking the agricultural growth potential of the rural areas through the LRAD Programme, and the establishment of community cooperatives
- Support and extend market development, the development of appropriate technologies and information distribution within the region
- Prioritise and motivate support infrastructure for agricultural development in the area

**PROJECT**

The following specific development opportunities must be investigated:

- Forestry beneficiation
- Community gardens
- Poultry farming
- Piggery farming
- Functional fresh produce market
- Timber farming development.
- Commercialization of livestock.
- Vegetable production and processing plant (RASET)
- Assist small farmers with access to equipment and markets
- Localize availability of inputs to small farmers such as seeds and fertiliser.
- Capacity building (incubation and mentorship)
- Establish an office to assist small scale farmers and facilitate linkages with bigger farmers.
- Training programmes for land reform recipients.
- Facilitate availability of water for agricultural activities.

**RESPONSIBILITY**

- Department of Agriculture
- Farmers associations
- Small-scale farmer organisations
- Department of Rural Development and Land Reforms
- eDumbe Local Municipality
- DWAF
- Mondi
- Private companies
- Tribal authorities
- Zululand District Municipality
- Zululand District Development Agency
- COGTA

**SOURCES OF FUNDING/ASSISTANCE**

- Ithala
- Department of Agriculture
- DBSA
- KZN Department of Economic Development
- NEF
- NDA
- COGTA
- NYDA
- National stakeholders

**THRUST TWO: STIMULATING INDUSTRIAL DEVELOPMENT****AIM**

To establish and promote the growth of manufacturing industries mainly concentrating on value adding activities.

**BACKGROUND**

The manufacturing sector in eDumbe plays a minimal role in the local economy. The notable low performance of the sector has been exacerbated by the closer of some of the wood and wooden products manufactures. Hence the need still exists to resuscitate and revive those industries to facilitate the labour absorptive capacity of the economy.

The sector has considerable potential to contribute to the diversification and economic growth of the area through the optimisation of local and national market opportunities.

**LOCATION**

eDumbe Industrial Development Zone – to be identified and zoned accordingly

**PERFORMANCE CRITERIA**

- Expansion of the manufacturing sector
- Increased employment opportunities
- Investment in sector and region
- Increased economic output of sector
- Social development
- Formation of partnerships
- Agro-processing industries
- Development of supporting infrastructure

**STRATEGIC PROGRAMMES**

- Ensure land and resources are available at competitive prices and bulk infrastructure are supported
- Promote the growth and diversification of the manufacturing sector
- Promote Black Economic Empowerment within the existing manufacturing entities to broaden equity
- Investigate support programmes to determine niche market opportunities particularly in the agro-processing industry
- Access funding for entrepreneurs to establish industries
- Introduce an Incentives Policy to ensure an enabling environment and the attraction of investment
- Investigate support programmes to promote the establishment and expansion of local industries
- Encourage and facilitate partnerships between local entrepreneurs and investors
- Promote the establishment of micro enterprises within the manufacturing sector
- Promote the establishment of productive assets at service centres e.g. taxi ranks, market facilities, and small-scale manufacturing projects
- Local industrial development support structures
- Develop Industrial Infrastructure
- Land availability



**PROJECTS**

The following specific development opportunities must be investigated:

- Development of an industrial development strategy for the Municipality which illustrates the way industrial development should be promoted.
    - Export promotion
    - Industrial cluster strategy
    - Implement incentives in terms of manufacturing (to attract world class people)
    - Establish a strategy for land availability, in order to develop the industrial sector
  - Timber processing
    - Re-opening of local Saw mills (plank manufacturing)
    - Timber by-products
  - Multi-purpose centres (micro and mini factory space)
    - Craft products
    - Maize milling
  - Business attraction and retention policy implementation
    - Upgrading of existing roads and construction of new ones
    - Improve telecommunication services
- Skills training and human resource development programme targeted at the needs of local industry.

**RESPONSIBILITY**

- Department of Trade and Industry
- eDumbe Municipality
- Manufacturers and individuals in eDumbe
- Tribal authorities
- Department of Economic Development

**SOURCES OF FUNDING/ASSISTANCE**

Department of Trade and Industry  
 KZN Department of Economic Development  
 Ithala  
 DBSA  
 DSBD  
 Industrial Development Corporation (IDC)  
 Private companies  
 TIKZN  
 SEFA  
 NEF

**THRUST THREE: SMME DEVELOPMENT & BUSINESS SUPPORT****AIM**

To empower the entrepreneurs of eDumbe to become more economically active and contribute to the development of the area's economy

**BACKGROUND**

The focus on SMME development for eDumbe as a critical factor for economic growth means that the municipality must promote the economic change through channels, the established firms and new entrepreneurial businesses.

It is important to recognise that supporting SMME development at a local government level, involves creating linkages and networking among the local agencies concerned with the different components of SMME development, as well as building sustainable partnerships among local government bodies, government organisations, the private sector, NGOs, and communities, in order to ensure continuing support for SMMEs to grow, sustain and expand their businesses.

**LOCATION**

Paulpietersburg/Dumbe, Bilanyoni, Mangosuthu, Balmoral

**PERFORMANCE CRITERIA**

- Capacity building and training
- Reduction in unemployment rate
- Employment creation
- Social development
- Support to existing enterprises
- Poverty reduction

**STRATEGIC PROGRAMMES**

- Provision of technical, vocational and entrepreneurial programmes to help develop the skills and knowledge required for securing employment and/or the creation of new employment opportunities.
- Facilitate access to the various training programmes offered by SETAs.
- Provision of advice, technical support, information and resources to help individuals set up and operate businesses effectively.
- Avail municipal land to SMMEs

<b>PROJECTS</b> <ul style="list-style-type: none"> <li>▪ Establish a Local Business Service Centre/One stop shop to provide business services to entrepreneurs</li> <li>▪ Incubation and mentorship programmes for SMMEs</li> <li>▪ Access to markets (RET)</li> <li>▪ Investigate feasibility of establishing small business incubator in Paulpietersburg/Dumbe.</li> <li>▪ Investigate small business opportunities in Green Economy</li> <li>▪ Revise procurement procedures and policy (to suite PDI's and small businesses) as per radical economic transformation objectives/goals.</li> <li>▪ Skills development programmes for unemployed, SMME's and emerging contractors.</li> <li>▪ Establishment of trading facilities at identified service centres.</li> <li>▪ Establish adult education and training programme.</li> </ul>	<b>RESPONSIBILITY</b> eDumbe Local Municipality, Local Business Chamber, EDTEA, COGTA Zululand District Municipality
<b>SOURCES OF FUNDING/ASSISTANCE:</b>  LGWSETA , DTI, Provincial SEDA, DSBD, COGTA EDTEA Commercial Banks (STD, ABSA,FNB, Nedbank) Parastatals (SEFA, NEF, Ithala, Growth Fund ). DSD	

#### THRUST FOUR: DEVELOP THE TOURISM SECTOR

<b>AIM</b> To develop the tourism sector of eDumbe and promote the development of a diverse tourism base.	<b>BACKGROUND</b> Recent trends in the tourism industry illustrate an expansion of the edutainment and cultural segments of the market. The domestic tourism market has shown continuous growth since 1996, whereas the international market has displayed signs of stagnation, and some decline. Indications are, however, that these trends are changing, with South Africa experiencing high growth in foreign tourist arrivals in recent years.  As tourism development is considered to be of utmost importance to the economic revival of eDumbe, it is deemed necessary to develop and expand the existing tourist attractions in cooperation with tourism role players.
<b>LOCATION</b> eDumbe municipality	
<b>PERFORMANCE CRITERIA</b> <ul style="list-style-type: none"> <li>▪ Increase in tourist activities and facilities</li> <li>▪ Increased employment opportunities</li> <li>▪ Establishment of supporting infrastructure</li> <li>▪ Increase in number of domestic and foreign tourists</li> <li>▪ Increase in the type of activities, events and festivals</li> <li>▪ Capacity building and training</li> <li>▪ Social development</li> <li>▪ Economic growth</li> <li>▪ Community involvement</li> <li>▪ Linkages between tourism and other economic sectors</li> </ul>	<b>STRATEGIC PROGRAMMES</b> <ul style="list-style-type: none"> <li>▪ The development of brand for the Municipality as a tourism destination within the context of the provincial tourism strategy</li> <li>▪ Initiate the establishment and upgrading of existing recreational facilities in the region</li> <li>▪ Educate and form networks with relevant organisations, leaders and communities. Encourage support for and involvement with the tourism sector by private companies and individuals within the area.</li> <li>▪ Form linkages with surrounding tourism regions to increase current demand in and marketing of the region</li> <li>▪ Market eDumbe extensively and continuously through the media as a tourism area with the focus on the cultural history of the area</li> <li>▪ Determine and prioritise the required supporting infrastructure and facilities within the area</li> <li>▪ Support existing and future tourism development projects</li> <li>▪ Implement targeted tourism awareness and recognition programmes for local communities, leaders and organisations</li> <li>▪ Source additional funding and investment for the tourism sector</li> <li>▪ Diversify the tourism sector by developing and promoting cultural, eco-tourism, edutainment attractions, parks, cultural villages, the establishment of bed and breakfast accommodation, alternative sports and adventure tourism</li> </ul>

<p><b>PROJECTS</b></p> <p>The following specific development opportunities must be investigated:</p> <ul style="list-style-type: none"> <li>▪ Design and distribution of promotional material.</li> <li>▪ Tourism information center upgrade</li> <li>▪ Beautification of entrances to Paulpietersburg/Dumbe.</li> <li>▪ Investigate development of Pongola Bush Nature Reserve</li> <li>▪ Develop the warm springs at Frisgewaagd</li> <li>▪ Develop the Bivane Dam area to equip it with camping, braai and ablution facilities.</li> <li>▪ Investigate declaration of Dumbe Mountain as conservation area.</li> <li>▪ Establish nature trail and chalets on Dumbe Mountain.</li> <li>▪ Investigate promotional partnerships with neighbouring municipalities and towns.</li> <li>▪ Facilitate the process of the proposed Ithala expansion into the municipal area.</li> <li>▪ Investigate the development of the development corridor via Volksrust and Wakkerstroom.</li> </ul>	<p><b>RESPONSIBILITY</b></p> <ul style="list-style-type: none"> <li>▪ eDumbe Municipality</li> <li>▪ KZN Tourism Authority</li> <li>▪ KZN Department of Arts, Culture &amp; Tourism</li> <li>▪ Private companies and individuals in eDumbe</li> <li>▪ Tribal authorities</li> <li>▪ Zululand District Municipality</li> </ul>
<p><b>SOURCES OF FUNDING/ASSISTANCE</b></p> <p>KZN Tourism Authority, KZN Department of Economic Development, Ithala, COGTA Private companies Zululand Tourism</p>	
<p><b>THRUST FIVE: DEVELOP LED ACTIVITIES</b></p>	
<p><b>AIM</b></p> <p>To develop the supporting LED activities that will seek to stimulate the local economy and provide necessary infrastructure.</p>	<p><b>BACKGROUND</b></p> <p>The deterioration of the local economy has seen the severe dilapidation of road infrastructure and less improvement on other infrastructure required for investment attraction purposes.</p> <p>To this end, any attempts to improve local production for export is hampered by this lack of infrastructure. Again, the inward investments are less likely to settle in the area due to this poor infrastructure of the municipal area.</p>
<p><b>LOCATION</b></p> <p>eDumbe and Surrounding areas</p>	
<p><b>PERFORMANCE CRITERIA</b></p> <ul style="list-style-type: none"> <li>▪ Improved access roads and main roads infrastructure</li> <li>▪ More campaign promoting local businesses</li> <li>▪ New inward investments</li> <li>▪ Capacity building and training</li> </ul>	<p><b>STRATEGIC PROGRAMMES</b></p> <ul style="list-style-type: none"> <li>▪ Investment Promotion</li> <li>▪ Infrastructure and basic services provision</li> <li>▪ Community economic development initiatives</li> </ul>
<p><b>PROJECTS</b></p> <p>The following specific development projects must be undertaken:</p> <ul style="list-style-type: none"> <li>▪ Development investment attraction programme</li> <li>▪ Investment Retention programmes</li> <li>▪ Upgrade of access roads to production sites and major routes leading to eDumbe and outside markets</li> <li>▪ Provide educational programmes to community on their role in LED</li> <li>▪ Transformation of existing community initiatives to be sustainable and create opportunities</li> </ul>	<p><b>RESPONSIBILITY</b></p> <ul style="list-style-type: none"> <li>▪ eDumbe Municipality – Tourism Officer</li> <li>▪ KZN Tourism Authority</li> <li>▪ KZN Department of Arts, Culture &amp; Tourism</li> <li>▪ Private companies and individuals in eDumbe</li> <li>▪ Tribal authorities</li> <li>▪ Zululand District Municipality</li> </ul>

**SOURCES OF FUNDING/ASSISTANCE**

KZN Tourism Authority,  
KZN Department of Economic Development,  
Ithala,  
Private companies  
COGTA

**THRUST SIX: HUMAN RESOURCE DEVELOPMENT****AIM**

To develop the internal capacity of the co-coordinators, politicians and the community at large to execute LED initiatives and be in a position to leverage support on their own.

**BACKGROUND**

To this end it has emerged that the municipality has not yet capacitated its staff to manage LED. As such the councilors are still new in local government and not capable of identifying and packaging appropriate projects to stimulate local economy. Hence, there is a need for comprehensive capacity building programmes.

**LOCATION**

Within the Municipality

**PERFORMANCE CRITERIA**

- Number of training programmes attended
- Improved project packaging
- Certificates or qualifications obtained

**STRATEGIC PROGRAMMES**

- Identify programmes that are educational for the council
- Community Development
- Develop Skills
- Establish various coordinating forums

**PROJECTS**

The following specific development projects must be undertaken:

- Encourage involvement in Learnership programmes
- Establish community projects
- Promote project level with the community
- Targeted training and workshops

**RESPONSIBILITY**

- eDumbe Municipality
- KZN Department of Economic Development
- Zululand District Municipality
- SETAs

**SOURCES OF FUNDING/ASSISTANCE**

KZN Department of Economic Development,  
Municipality  
other Funders

**THRUST SEVEN: DEVELOP OF TRADE AND COMMERCE****AIM**

To strengthen the commercial, retail and services sectors in eDumbe.

**BACKGROUND**

The trade sector has not been properly developed to cater for the local commercial needs. The sector can create significant employment opportunities for the population of eDumbe. Although the sector does not employ a large number of employees, the commercial/retail business sub-sectors create markets for other sectors or other levels of business, thereby securing and generating employment opportunities for those who are employed, and those people who are seeking employment.

**LOCATION**

eDumbe

**PERFORMANCE CRITERIA**

- Increase in retail, wholesale and services activities
- Increased employment opportunities
- Establishment of Chamber of Commerce
- Capacity building and training
- Social development
- Economic growth
- Community involvement
- Linkages between tourism and trade sector
- Increase in number of SMMEs

**STRATEGIC PROGRAMMES**

- Identify and prioritise commerce, retail and services opportunities
- Establish Chamber of Commerce
- Strengthen linkages with the tourism sector
- Distribute information on income linkages to business people within the region, in order to promote entrepreneurial activity
- Develop small emerging rural nodes with small businesses to service the basic needs of the surrounding communities
- Implement ways and means by which small loans can be made available to small businesses
- Encourage NGOs to become involved with the education and training of small business and emerging entrepreneurs
- Make provision for micro factories, markets, and other infrastructural facilities to small businesses, in order to assist informal traders
- Identify and prioritise SMME development opportunities
- Create opportunities for the rendering of services e.g. repairs, transportation, welding etc.

**PROJECTS**

The following specific development opportunities must be investigated:

- Wholesale hub in eDumbe
- Shopping Centre
- Chamber of Commerce
- Markets for informal traders
- Business support for entrepreneurs

**RESPONSIBILITY**

- Private companies and individuals in eDumbe
- Business Sector

**SOURCES OF FUNDING/ASSISTANCE**

Department of Trade and Industry,  
KZN Department of Economic Development,  
Ithala,  
private companies

## 4.5 Project List

Thrusts	Strategic Programmes	Projects
1. Development of agricultural sector	1.1 Diversification	1.1.1 Fresh produce market
		1.1.2 Agricultural projects monitoring programme
	1.2 Form partnerships and linkages	1.2.1 Small farmer assistance programme
	1.3 Beneficiation	1.3.1 Timber beneficiation
		1.3.2 Maize Mill processing plant
		1.3.3 Hydroponics Farming
		1.3.4 piggery production
		1.3.5 poultry processing
		1.3.6 cattle farming
		1.3.7 Vegetable farming
		1.3.8 Honey processing factory
1.3.9 Chicken Hatchery		
2. Industrial development.	2.1 Support structures	2.1.1 Manufacturing Advice Centre
		2.1.2 Local industrial development forum
		2.1.3 Industrial development strategy
	2.2 Growth and diversification	2.2.1 Saw mill
		2.2.2 Skills training programmes
		2.2.3 Hydro eletricifacion project
		2.2.4 Light manufacturing centre
		2.2.5 Pulp and paper manufacturing plant
		2.2.6 Charcoal manufacturing

Thrusts	Strategic Programmes	Projects
		2.2.7 Recycling Factory
		2.2.8 Animal Feeds manufacturing factory
		2.2.9 Roof tiles/Floor tiles, slabs & pavers including steel manufacturing
3. SMME development.	3.1 Technical and entrepreneurial programmes	3.1.1 Local business service centre
		3.1.2 Skills development programmes
	3.2 Promotion of SMME development	3.2.1 Procurement procedures
		3.2.2 Access to market
		3.2.3 Small business hive
	3.3 SMME opportunities	3.3.1 Business opportunity directory
		3.3.2 Small Contractor Incubator Programme
4. Tourism and cultural development.	4.1 Marketing	4.1.1 Promotional material
		4.1.2 Tourism awareness programme
		4.1.3 Tourism centre upgrade
		4.1.4 Tourist amenities
	4.2 Development of attractions	4.2.1 Pongola Bush Nature Reserve development
		4.2.2 Bivane Dam development
		4.2.3 Ithala game reserve expansion
		4.2.4 Dumbe Dam Hotel

Thrusts	Strategic Programmes	Projects
		4.2.5 Development of corridor (Wakkerstroom/Volksrust)
		4.2.6 Dumbe Mountain chalets
		4.2.7 Mkabayi Kajama Homesteads
		4.2.8 Mbizeni Hot Springs
		4.2.9 Dumbe Lounge (Township Tourism)
	4.3 Institutional structures	4.3.1 Community Tourism Organisation
5. Promotion of LED	5.1 Investment promotion	5.1.1 Business attraction and retention programme
	5.2 Support structures	5.2.1 Business advice centre
		6.1.2 LED forum
		6.1.3 Link to district LED forum
6. Human Resource Development	7.1 Develop community and skills	7.1.1 Community projects
		7.1.2 Learnership programmes
		7.1.3 FET College
		7.1.4 Nursing College
7. Trade and commerce	8.1 Institutional structure	8.1.1 Chamber of commerce
	8.2 Develop retail opportunities	8.2.1 Shopping centre
		8.2.2 Markets for informal traders
		8.2.3 Bilanyoni Retail Facility
		8.2.4 Mangosuthu Filling Station
		8.2.5 Dumbe Filling Station



## SECTION FIVE: IMPLEMENTATION STRATEGY

### 5.1 Anchor Projects

It is likely that there are a large number of potential projects that can promote economic development in an area. However, due to a lack of resources, including capacity, funding and time, it is not possible to pursue and implement all listed projects simultaneously. For this reason, project prioritisation is important. Anchor projects are those projects that consist of a number of linkages to various other sectors and projects. It is important to note that in many instances the successful implementation of larger and more complex secondary projects is dependent on the implementation of these anchor projects. The aim of project prioritisation is to determine which of the projects will have the highest impact on the local economy in terms of the initial objectives and project identification criteria, eg. job creation, capacity building, social upliftment and infrastructure development. It is therefore important to identify strategic anchor projects during the project selection phase. Below are the anchor projects that have been identified for eDumbe.

<b>Project Name</b>	<b>eDumbe Shopping Centre</b>
<b>Project Description</b>	This will be an Integrated retail facility aimed at targeting the eDumbe growing market through offering different retail offerings to local communities.
<b>Project Purpose and Reasons for Prioritisation</b>	This project seeks to address unemployment and job creation thus ensuring the promotion of BBBEE
<b>Anticipated Results/Outcomes</b>	Fully functioning Shopping Centre that will provide employment for local people.
<b>Activities to be Undertaken</b>	Finalise EIA Finalise park closure Start Construction
<b>Economic Sector</b>	Retail
<b>Stakeholders/Roleplayers</b>	eDumbe Local Municipality, private sector
<b>Ward</b>	3
<b>Budget</b>	R100, 000 000
<b>Sources of funding</b>	Private sector
<b>Time Frame</b>	12-24 Months
<b>General Comment</b>	This project will create employment and economic opportunities for local people.

<b>Project Name</b>	<b>Middle Income Housing</b>
<b>Project Description</b>	This will be a development of property sector in eDumbe. The project will target middle income earners who will qualify for housing bonds through different commercial banks. The project will provide much needed development in the area where housing needs have increased dramatically over the years.
<b>Project Purpose and Reasons for Prioritisation</b>	This project seeks to address unemployment and job creation thus ensuring the promotion of BBBEE
<b>Anticipated Results/Outcomes</b>	Housing development that will meet the standards of middle income earners.
<b>Activities to be Undertaken</b>	Finalise Sub-divisions Finalise Land Evaluation Start Construction
<b>Economic Sector</b>	Property Development
<b>Stakeholders/Roleplayers</b>	eDumbe Local Municipality, Private Sector
<b>Ward</b>	3
<b>Budget</b>	R100,000 000
<b>Sources of funding</b>	Private Sector
<b>Time Frame</b>	6-12 Months
<b>General Comment</b>	This project will create employment and economic opportunities for local people.

<b>Project Name</b>	<b>Retail Facility in Mangosuthu</b>
<b>Project Description</b>	This will be a retail supermarket aimed at targeting the township market through offering low prices and value for money.
<b>Project Purpose and Reasons for Prioritisation</b>	This project seeks to address unemployment and job creation thus ensuring the promotion of BBBEE
<b>Anticipated Results/Outcomes</b>	Fully functioning Supermarket with Filling station that will provide employment for local people.
<b>Activities to be Undertaken</b>	Finalise Feasibility Study & Business Plan Apply to for funding Implement the project
<b>Economic Sector</b>	Retail
<b>Stakeholders/Roleplayers</b>	eDumbe Local Municipality, Local SMME, SEDA
<b>Ward</b>	2
<b>Budget</b>	R4, 000 000
<b>Sources of funding</b>	IDC
<b>Time Frame</b>	12-24 Months
<b>General Comment</b>	This project will create employment and economic opportunities for local people.

<b>Project Name</b>	<b>Petrol Filling Station in eDumbe</b>
<b>Project Description</b>	This will be a retail shop and filling station aimed at targeting the township market through offering low prices and value for money.
<b>Project Purpose and Reasons for Prioritisation</b>	This project seeks to address unemployment and job creation thus ensuring the promotion of BBBEE
<b>Anticipated Results/Outcomes</b>	Fully functioning filling station that will provide employment for local people.
<b>Activities to be Undertaken</b>	Finalise Business Plan Apply to for funding Implement the project
<b>Economic Sector</b>	Retail
<b>Stakeholders/Roleplayers</b>	eDumbe Local Municipality, Local SMME, SEDA
<b>Ward</b>	3
<b>Budget</b>	R10, 500 000
<b>Sources of funding</b>	IDC
<b>Time Frame</b>	12-24 Months
<b>General Comment</b>	This project will create employment and economic opportunities for local people.

<b>Project Name</b>	
<b>Project Description</b>	
<b>Project Purpose and Reasons for Prioritisation</b>	
<b>Anticipated Results/Outcomes</b>	
<b>Activities to be Undertaken</b>	
<b>Economic Sector</b>	
<b>Stakeholders/Roleplayers</b>	
<b>Budget</b>	
<b>Ward</b>	
<b>Sources of funding</b>	
<b>Time Frame</b>	
<b>General Comment</b>	

<b>Project Name</b>	<b>Commercial Pig Farming</b>
<b>Project Description</b>	This would be the expansion of a pig production farm that was closed in early 2000s due to the owner relocating overseas.
<b>Project Purpose and Reasons for Prioritisation</b>	This project has considerable economic development of the area, in particular ward 1 where it is situated. This project will address BBBEE thus ensuring SMME development through the pig farming industry that is dominated by white farmers.
<b>Anticipated Results/Outcomes</b>	Fully functioning piggery production farm that will provide employment for nearby community.
<b>Activities to be Undertaken</b>	Apply for funding Implement the project
<b>Economic Sector</b>	Agriculture
<b>Ward</b>	1
<b>Stakeholders/Roleplayers</b>	eDumbe Local Municipality, Penvaan Feeds and Private farmer (SMME). Department of Agriculture.
<b>Budget</b>	R5, 500 000
<b>Sources of funding</b>	CoGTA , DARD, EDTEA, NEF, DSBD
<b>Time Frame</b>	12-24 Months
<b>General Comment</b>	This project is priority number 2 in our IDP and will ensure economic development through agricultural sector.

<b>Project Name</b>	<b>Egg Production</b>
<b>Project Description</b>	This will be an egg production business owned by a co-operative.
<b>Project Purpose and Reasons for Prioritisation</b>	This project seeks to address unemployment and job creation in the Edumbe area.
<b>Anticipated Results/Outcomes</b>	Fully functioning Egg production project that will provide employment for local people.
<b>Activities to be Undertaken</b>	Apply to for funding Implement the project
<b>Ward</b>	6
<b>Economic Sector</b>	Agriculture
<b>Stakeholders/Roleplayers</b>	eDumbe Local Municipality, Penvaan Feeds and Private farmer (SMME). Department of Agriculture
<b>Budget</b>	R3, 000 000
<b>Sources of funding</b>	ZDM, CoGTA , DARD, EDTEA, NEF, DSBD
<b>Time Frame</b>	12-24 Months
<b>General Comment</b>	This project will create employment and economic opportunities for local people.

<b>Project Name</b>	<b>Bonamanzi/Dumbe Dam Precinct Development</b>
<b>Project Description</b>	This will be an expansion of Bonamanzi Caravan park into a sustainable Tourism venture.
<b>Project Purpose and Reasons for Prioritisation</b>	This project seeks to address unemployment and job creation in the Paulpietersburg.
<b>Anticipated Results/Outcomes</b>	Fully operational B&B that will offer diverse entertainment experience in the area.
<b>Activities to be Undertaken</b>	Apply to for funding Implement the project
<b>Economic Sector</b>	Tourism
<b>Ward</b>	3
<b>Stakeholders/Roleplayers</b>	eDumbe Local Municipality, Local SMME, DEDT
<b>Budget</b>	R10 100 000
<b>Sources of funding</b>	CoGTA , DARD, EDTEA, NEF, DSBD
<b>Time Frame</b>	12-36 Months
<b>General Comment</b>	This project will create employment and economic opportunities for local people.

<b>Project Name</b>	
<b>Project Description</b>	
<b>Project Purpose and Reasons for Prioritisation</b>	
<b>Anticipated Results/Outcomes</b>	
<b>Activities to be Undertaken</b>	
<b>Economic Sector</b>	
<b>Stakeholders/Roleplayers</b>	
<b>Ward</b>	
<b>Budget</b>	
<b>Sources of funding</b>	
<b>Time Frame</b>	
<b>General Comment</b>	



<b>Project Name</b>	<b>FET College</b>
<b>Project Description</b>	This will be a private FET College offering different course at FET level.
<b>Project Purpose and Reasons for Prioritisation</b>	This project seeks to address the skills development gap that exists in edumbe area. The project is Prioritised as 1.2 in edumbe Municipal IDP
<b>Anticipated Results/Outcomes</b>	Fully accredited and functional FET College.
<b>Activities to be Undertaken</b>	Apply to for funding Implement the project
<b>Ward</b>	3
<b>Economic Sector</b>	Training and Education
<b>Stakeholders/Roleplayers</b>	eDumbe Local Municipality, Local SMME, Innovatus FET College
<b>Budget</b>	R15, 000 000
<b>Sources of funding</b>	Private Investor
<b>Time Frame</b>	6-36 Months
<b>General Comment</b>	This project will improve skills development of the entire area, ensuring that local people possess adequate skills for employment.

<b>Project Name</b>	<b>Informal Traders Center/Market</b>
<b>Project Description</b>	This will be an informal trading center ensuring that the gap between first and second economy is addressed.
<b>Project Purpose and Reasons for Prioritisation</b>	This project seeks to address unemployment and job creation in the area
<b>Anticipated Results/Outcomes</b>	Fully functioning informal trading center with all relevant shops space for development of informal traders.
<b>Activities to be Undertaken</b>	Apply to for funding Implement the project
<b>Economic Sector</b>	Informal Economy
<b>Ward</b>	3
<b>Stakeholders/Roleplayers</b>	eDumbe Local Municipality, eDumbe Informal Traders Chamber
<b>Budget</b>	R5, 000 000
<b>Sources of funding</b>	CoGTA, EDTEA
<b>Time Frame</b>	6-36Months
<b>General Comment</b>	This project will create employment and economic opportunities for local people.

<b>Project Name</b>	
<b>Project Description</b>	
<b>Project Purpose and Reasons for Prioritisation</b>	
<b>Anticipated Results/Outcomes</b>	
<b>Activities to be Undertaken</b>	
<b>Stakeholders/Roleplayers</b>	
<b>Budget</b>	
<b>Sources of funding</b>	
<b>Time Frame</b>	
<b>General Comment</b>	

<b>Project Name</b>	<b>Hydroponics Production</b>
<b>Project Description</b>	This project will create sustainable job opportunities while ensuring economic development of the area.
<b>Project Purpose and Reasons for Prioritization</b>	The municipality seeks to improve the production industry thereby ensuring job creation and Improvement of local economy. This project will ensure improved value chain of the overall industry thereby involving SMMEs in the value chain.
<b>Anticipated Results/Outcomes</b>	Improved economic potential and job creation of the area thereby involving local SMMEs in the overall value chain.
<b>Activities to be Undertaken</b>	<ul style="list-style-type: none"> <li>▪ Identify cooperatives/beneficiaries</li> <li>▪ Organise meetings</li> <li>▪ Develop feasibility study and business planning</li> <li>▪ Source funding for implementation</li> </ul>
<b>Stakeholders/ Role Players</b>	eDumbe Local Municipality, local SMMEs, Private Sector
<b>Budget</b>	R1,500 000
<b>Sources of Funding</b>	DTI, IDC, NEF, Jobs Fund, eDumbe Local Municipality
<b>Time Frame</b>	12-24 months
<b>General Comment</b>	This project will be driven by local SMMEs with the help of the private sector. The market for the piggery is readily available therefore this venture will be sustainable in any way possible.

<b>Project Name</b>	<b>Abattoir</b>
<b>Project Description</b>	This will be a processing and packaging of meat with the basic aim of providing market both locally and internationally.
<b>Project Purpose and Reasons for Prioritisation</b>	This project seeks to address unemployment and job creation thus ensuring the promotion of BBBEE
<b>Anticipated Results/Outcomes</b>	Fully functioning Abattoir that will provide employment for local people.
<b>Activities to be Undertaken</b>	Feasibility Study & Business Plan Apply to for funding Implement the project
<b>Economic Sector</b>	Manufacturing
<b>Stakeholders/Roleplayers</b>	eDumbe Local Municipality, Local SMME, SEDA
<b>Ward</b>	3
<b>Budget</b>	R30, 000 000
<b>Sources of funding</b>	CoGTA, DTI, Jobs Fund
<b>Time Frame</b>	12-36 Months
<b>General Comment</b>	This project will create employment and economic opportunities for local people.

## 5.2 Project List

Project	Activities	Sources of Funding	Budget (5 year period)				
			Year 1	Year 2	Year 3	Year 4	Year 5
<b>Strategy: Agriculture</b>							
Fresh produce market	Consultation with farmers, site identification, infrastructure, promotion.	eDumbe LM, ZDM, DoA	100 000	600 000			
Agricultural projects monitoring programme	Engage DoA, set up programme, appoint monitoring officers.	DoA, eDumbe LM, ZDM	30 000				
Small farmer assistance programme	Identify small farmers and their needs, devise programme of support, identify funding source.	DoA, eDumbe LM, ZDM		300 000			
Timber beneficiation	Feasibility study	EDTEA, eDumbe LM, ZDM			300 000		
Maize Mill processing plant	Feasibility study, business plan source funding.	EDTEA, eDumbe LM, ZDM	200 000				
Hydroponics farming	Feasibility study, business plan, source funds	Edumbe LM, ZDM, COGTA	200 000				
Piggery production	Feasibility study, business plan, source funds	Edumbe LM, COGTA, ZDM	200 000				
Poultry processing	Feasibility study, business plan, source funds	Edumbe LM, COGTA, ZDM	200 000				
Cattle farming	Feasibility study, business plan, source funds	Edumbe LM, COGTA, ZDM	200 000				
Fruit & Veg farming	Feasibility study, business plan, source funds	Edumbe LM, COGTA, ZDM	200 000				
Honey processing	Feasibility study, business plan, source funds	Edumbe LM, COGTA, ZDM	200 000				
Chicken Hatchery	Feasibility study, business plan, source funds	Edumbe LM, COGTA, ZDM	200 000				
<b>Industrial Development</b>							
Satellite Manufacturing Advice Centre	Feasibility study for establishment of MAC in	EDTEA, eDumbe LM, ZDM				400 000	

Project	Activities	Sources of Funding	Budget (5 year period)				
			Year 1	Year 2	Year 3	Year 4	Year 5
	eDumbe, source funding.						
Local industrial development forum	Mobilise stakeholders, assign person to manage forum.	eDumbe LM	5 000				
Saw mill	Feasibility study	eDumbe LM, ZDM, Gijima KZN		500 000			
Skills Trainings Programme	Learnership programmes	Edumbe LM, SEDA		200 000			
Hydro Electrification	Feasibility study & source funding	Edumbe LM, Private sector				500 000	
Informal Trading Centre	Source funds	CoGTA, EDTEA	200 000				
Paper Manufacturing Plant	Feasibility Study & Source funds	eDumbe LM, Private sector		200 000			
Charcoal Manufacturing	Feasibility Study & Source funding	eDumbe LM, CoGTA, EDTEA		200 000			
Timber processing factory (Plank Manufacturing)	Feasibility Study & Source funding	eDumbe LM, CoGTA, EDTEA			300 000		
Recycling Factory	Source funding	eDumbe LM, CoGTA, EDTEA	100 000				
Clothing Manufacturing factory	Feasibility Study & Source funding	eDumbe LM, CoGTA, EDTEA			300 000		
Animal feeds manufacturing factory	Feasibility Study & business Plan, Source funds	eDumbe LM, CoGTA, EDTEA		200 000			
Bed Manufacturing Factory	Feasibility Study & business plan, Source funding	eDumbe LM, CoGTA, EDTEA		200 000			
Precast (Roof tiles, Floor tiles, slabs & pavers) manufacturing factor	Feasibility Study & Business Plan, Source funding	eDumbe LM, CoGTA, EDTEA		200 000			
<b>SMME Development</b>							
Flee market	Construction of flee market	SEDA, COGTA, NEF, NYDA, EDTEA	5 000 000	5 000 000	10 000 000		
Skills development	Identify skills needs (eg business	SEDA, eDumbe		200 000			

Project	Activities	Sources of Funding	Budget (5 year period)				
			Year 1	Year 2	Year 3	Year 4	Year 5
programmes	skills, computer etc.), devise programmes, source funding.	LM, ZDM, SETAs					
Procurement procedures	Revise procurement procedures	eDumbe LM, ZDM			100 000		
Live stock Market	Construction of Live stock market	EDTEA, COGTA, eDumbe LM, ZDM, DARD	5 000 0000	4 0000 000			
Contracting opportunities in forestry	Consultation with relevant roleplayers, devise operational plan	eDumbe LM, ZDM		50 000			
Small Contractor Incubator Programme	Training of contractors	eDumbe LM	120 000				
<b>Tourism and cultural development</b>							
Promotional pamphlets	Design and distribute pamphlets (using petrol attendants)	eDumbe LM, ZDM	300 000	150 000	150 000	150 000	150 000
Tourism awareness programme	Design programme to build awareness of importance of tourism among locals and business people and how to support tourism in area.	eDumbe LM, ZDM	300 000	300 000	300 000	300 000	300 000
eDumbe mountain paragliding	Construction of paragliding facility	eDumbe LM, COGTA, National Tourism, EDTEA	11 000 000	7 000 000			
			<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
eDumbe art centre	Construction of art centre	EDTEA EKZN COGTA, eDumbe LM ZDM	9 000 000	9 000 000			
Ithala expansion	Obtain consent from all parties, apply for funding from Gijima KZN, undertake strategic plan for expansion.	EDTEA, ZDM, eDumbe LM, EKZN Wildlife	700 000				
Development corridor	Feasibility study looking at the	EDTEA ,ZDM,			200 000		

Project	Activities	Sources of Funding	Budget (5 year period)				
			Year 1	Year 2	Year 3	Year 4	Year 5
(Wakkerstroom/ Volksrust)	development of this corridor	eDumbe LM					
Dumbe Mountain Chalets	Business plan and feasibility study, obtain funding.	eDumbe LM			300 000		
Bivane Dam Development	Source funding for Ablution facilities, chalets	eDumbe LM, ZDM,			1 000 000		
Dumbe Dam development	Source funding for Guest house/hotel			200 000			
Mkabayi Kajama Homesteads	Source funding for feasibility study & business plan			200 000			
Mbizeni Hot Springs	Source funding fro feasibility study & business plan			300 000			
Dumbe Lounge (Township tourism)	Business Plan & implementation			300 000			
Community Tourism Organisation	Business Plan & implementation		50 000				
<b>Promotion of LED</b>							
Business attraction and retention programme	Identify source of funding, design programme (eg relating to road and communication infrastructure) to build a business enabling environment.	eDumbe LM, ZDM	100 000				
Local chamber of commerce	Facilitation process to establish a chamber of commerce	eDumbe LM	30 000				
<b>Human Resource Development</b>			<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Learneship programmes	Apply to SETAs for funding	eDumbe LM	400 000				
FET College	Obtain consent and agreements with Mthashane FET College	EDTEA, ZDM, eDumbe LM,	700 000				
Nursing College	Engage private colleges for a campus.	EDTEA ZDM, eDumbe LM			200 000		
<b>Trade and Commerce</b>			<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>



Project	Activities	Sources of Funding	Budget (5 year period)				
			Year 1	Year 2	Year 3	Year 4	Year 5
Shopping Centre	Appoint developer & implement	Gijima KZN, EKZN Wildlife, eDumbe LM	400 000				
Market Stalls for informal traders	Source funding	EDTEA, ZDM, eDumbe LM, EKZN Wildlife	15 000 000				
Bilanyoni Retail Facility	Source funding	EDTEA, ZDM, eDumbe LM	3 000 000		200 000		
Mangosuthu Filling Station	Feasibility Study & Business Plan,, source funding	ZDM, eDumbe LM	1 000 000				
Dumbe Filling Station	Feasibility Study & Business Plan	ZDM, eDumbe LM	500 000				
			<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Total</b>			<b>2 080 000</b>	<b>2 125 000</b>	<b>1 705 000</b>	<b>1 375 000</b>	<b>775 000</b>

## 5.3 Institutional Framework

To ensure that LED has an ongoing presence in the municipality the LED Forum needs to be revived to guide and formulate the LED process. Ongoing monitoring is provided through the formal structures set up within the municipality to drive LED, and evaluation of specific project outcomes ensures that the strategy continues to lead to the achievement of the LED vision, goals and objectives.

STEP ONE	Reviving of LED Forum
<b>Task &amp; objective</b>	To revive structure for co-ordinated LED efforts within the municipality
<b>Responsibility</b>	Planning and Development Department – eDumbe
<b>Phasing/duration</b>	Short – Medium Term
<b>Estimated Costs</b>	Minimal cost for convening meetings
<b>Funding Sources</b>	eDumbe Municipality
<b>First steps/ Actual steps involved</b>	<ul style="list-style-type: none"> <li>❖ Identify people, public institutions, businesses, community organization with vested interest in LED, such as CLLRs, Organised Labour, Organised Business</li> <li>❖ Develop steering committee or working groups to support strategy implementation</li> <li>❖ Ensure proper functioning of the Economic Portfolio Committee</li> <li>❖ Draft Clear Terms of Reference for each structure</li> </ul>
<b>Benefits</b>	The involvement of relevant stakeholders is important since it assumes some basic knowledge of the workings of the local economy.

STEP TWO	Institutional Arrangement or LED Agency
<b>Task &amp; objective</b>	To investigate the best possible institutional structure to drive LED and raise funds and market LED initiatives
<b>Responsibility</b>	LED Working Group or Steering Committee or Task Team
<b>Phasing</b>	Short to Medium Term
<b>Estimated Costs</b>	R 10 000 for investigation, cost for setting up will depend on the preferred and selected structure
<b>Funding Sources</b>	DBSA, DEAT
<b>First Step/ Actual Steps Involved</b>	Determine the role of LED Agency Determine type of institution e.g. Section 21, Development Trust, Dev Foundation in line with MFMA Contact existing to draw on their experiences Prepare brief report on alternative structures, presenting pros and cons Commission a study Recommend appropriate structure Set up process for decision making guide the forum through decision making Operationalise the structure
<b>Benefits of this step</b>	Such structure will foster the economic development of territory where it works

The setting up of such Local Economic Development Agency (LEDA) has been very prevalent in the European countries and very successful in achieving community LED aspirations. Such structures are organized and have their own legal mandate and functional autonomy, with the main focus on achieving the following objectives:

### **1. Objective of LEDAs**

- ✓ Foster the economic development of the territory where it works; tap the endogenous potential of a territory.
- ✓ Capitalize on endogenous resources and concentrate on support for those groups with the most difficult access to regular economic and financial circuits.
- ✓ Foster integration and coordination of local institutions and associations around a shared vision of local economic development.
- ✓ Promote local small and medium sized business; create entrepreneurial culture.
- ✓ Plan and bring into being a system of services to public and private organizations that can support local economic development.
- ✓ Pay special attention to identifying the most vulnerable social groups and identifying poverty traps.

### **II. What is the role of Local Economic Development Agency**

It sets up, runs, and supports an endogenous network able to catalyze development. The essential mission of LEDA is to:

- ✓ Create jobs.
- ✓ Promote and support small and medium-sized businesses in the various branches of production.
- ✓ Improve the economic context and opportunity of the territory.
- ✓ Promotes free competition among healthy businesses.
- ✓ Provides tools for economic development that include the weakest and most vulnerable.
- ✓ Uses businesses as a weapon in the fight against poverty.
- ✓ Develops relationships of collaboration and cooperation across sectors.
- ✓ Allows the local government to be the direct actor.

### **III. District Development Agency**

## 5.4 Action Plan

Strategy implementation is driven by the action plans. Within strategy implementation, it is important to remember to make it an inclusive process. In terms of the Municipal Systems Act chapter four, the maximum community participation should be encouraged and ensured at all costs.

Therefore, the following action plan attempts to highlight critical sequential steps for the eDumbe municipality to undertake as a matter of urgency. This action plan, though not prescriptive in nature, provides critical milestones aimed at implementing identified economic strategies and making a difference within the region.

<b>STEP ONE</b>	<b>Workshop strategies among the stakeholders</b>
<b>Task &amp; objective</b>	To communicate priority strategies and trigger or stimulate some initiatives among the participating community To foster shared economic vision and direct efforts to common target
<b>Responsibility</b>	LED Forum/Steering Committee
<b>Phasing</b>	Short term exercise
<b>Estimated Costs</b>	To be determined by number of w/shops and participants
<b>Funding Sources</b>	eDumbe, DEAT, DPLG
<b>First Step/ Actual Steps Involved</b>	<ul style="list-style-type: none"> <li>❖ As a committee be familiar with the content and context of proposed strategies</li> <li>❖ Understand applicability of strategies in each LM</li> <li>❖ Verify some economic facts as raised in the study</li> <li>❖ Focus on growth Strategies</li> <li>❖ Focus on development strategies</li> </ul>
<b>Benefits of this step</b>	Result to smooth identification of projects per strategy

<b>STEP TWO</b>	<b>Prepare detailed business plans for each feasible project</b>
<b>Task &amp; objective</b>	To give broad strategic direction for the projects in terms of its execution, sustainability and returns thereof.
<b>Responsibility</b>	LED Steering Committee
<b>Phasing</b>	Short to Medium Term
<b>Estimated Costs</b>	R25 000 per business plan multiply by number of feasible projects
<b>Funding Sources</b>	DEAT, DPLG, DBSA, ZDM
<b>First Step/ Actual Steps Involved</b>	<ul style="list-style-type: none"> <li>❖ List feasible projects</li> <li>❖ Assess internal capacity to prepare BP</li> <li>❖ Should the capacity fail to suffice, outsource</li> <li>❖ Prepare Terms of Reference</li> <li>❖ Prepare Adverts</li> <li>❖ Call for Proposal therefore, prepare RFP</li> <li>❖ Prepare Proposal Assessment Matrix</li> <li>❖ Receive proposals and adjudicate</li> <li>❖ Appoint and commence with BP preparations</li> </ul>
<b>Benefits of this step</b>	Business Plan ensures facilitation of coordinated efforts to market the projects and source funding

<b>STEP THREE</b>		<b>Marketing of Business Plans to Donors and Funders</b>	
<b>Task &amp; objective</b>		To source funding for project implementation purposes	
<b>Responsibility</b>		LED Task Team/ Working Group/ LED Steering Committee	
<b>Phasing</b>		Short to Long Term	
<b>Estimated Costs</b>		R20 000	
<b>Funding Sources</b>		Municipality	
<b>First Step/ Actual Steps Involved</b>		<ul style="list-style-type: none"> <li>❖ Identify donor agencies with interest in identified projects</li> <li>❖ Prepare funding proposals for each project, as per requirements of identified donors</li> <li>❖ Send or distribute proposals and business plans to funders</li> <li>❖ Make constant contact or follow up with funders</li> </ul>	
<b>Benefits of this step</b>		Sourced funds to expedite implementation and stimulate economic growth	

<b>STEP FOUR</b>		<b>Implementation of projects</b>	
<b>Task &amp; objective</b>		To implement projects with greater impact and potential to turn around economic state of the municipality.	
<b>Responsibility</b>		ZDM, ELM	
<b>Phasing</b>		Short to Long Term	
<b>Estimated Costs</b>		TBD – To be Determined by project value and size	
<b>Funding Sources</b>		Gijima, ZDM, ELM	
<b>First Step/ Actual Steps Involved</b>		<ul style="list-style-type: none"> <li>❖ Determine key Input</li> <li>❖ Determine expected throughput</li> <li>❖ Set KPIs for each projects</li> <li>❖ Determine expertise required for implementation</li> <li>❖ Determine or verify source of budget</li> <li>❖ Engage specialists or experts, where need arise</li> <li>❖ Prepare a detailed project implementation plan for each project</li> </ul>	
<b>Benefits of this step</b>		It ensures realization of desired economic changes	

<b>STEP FIVE</b>		<b>Monitoring and Review</b>	
<b>Task &amp; objective</b>		To check progress against expected outcome or results	
<b>Responsibility</b>		Steering Committee, UDM	
<b>Phasing</b>		On-going process	
<b>Estimated Costs</b>		TBD	
<b>Funding Sources</b>		ELM	
<b>First Step/ Actual Steps Involved</b>		Attend to critical issues and ask the following questions: <ul style="list-style-type: none"> <li>❖ Is the SWOT analysis still valid or have circumstances changed?</li> <li>❖ Is there more information at hand that changes the view of the issues?</li> <li>❖ Are changes required in the vision, goals or objectives to reflect changing circumstances?</li> <li>❖ Are projects achieving what was hoped they would achieve?</li> <li>❖ If not, what should be done?</li> <li>❖ Are the performance indicators being met?</li> <li>❖ If not, why not?</li> <li>❖ What changes need to be made?</li> <li>❖ Should the indicators be changed?</li> <li>❖ Should there be more action on projects?</li> <li>❖ Should the projects be changed?</li> </ul>	
<b>Benefits of this step</b>		It keeps implementation checked and reviewed timeously	