



Umzumbe LED Review 2011

Prepared by
Generating New Understanding cc

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BACKGROUND

Generating New Understanding cc (hereafter referred to as GNU) was tasked with reviewing the current Local Economic Development Strategy for uMzambe Local Municipality. The primary aim, as outlined by the municipality was to deliver a short user-friendly document that can be easily understood and used by all primary stakeholders. The municipality required the review to identify catalytic LED programmes in uMzambe that are aligned to the SDBIP.

The objectives of reviewing the LED strategy were to:

- Undertake a detailed economic analysis in order to identify appropriate market interventions that will lead to economic development of uMzambe Local Municipality.
- Formulate an implementable LED strategic framework to guide the promotion and support sustainable economic development within the municipality.
- Create a database of projects within the municipality including those that were being implemented, as well as economic opportunities and future projects.
- Formulate a matrix to guide the municipality in prioritizing strategic projects for investigation and implementation.

GNU contextualized these tasks within a workable global definition of LED that could take into account local specific socio-economic circumstances and environmental factors so that local government, the private sector and local communities were given the opportunity to work together to “improve the local economy.” GNU felt it was imperative that while the review focused on enhancing competitiveness and increasing sustainable growth, it had to ensure that this growth is inclusive. For this reason, the research philosophy considered LED as a way communities were given a platform to continually improve “their investment climate and business enabling environment” so that they can take advantage of their competitiveness to open employment opportunities – especially amongst the economically marginalized poor communities.



Whilst this is a mere review of the LED Strategy, the community played a pivotal role in voicing what they needed, which were linked to and supported the selection of key projects that should be adopted to achieve the Municipality's LED objectives.

After careful economic analysis, the following questions were used to guide the review process:

- Where do the urgent priorities lie?
- What resources can be made available to support the strategy?
- What options are relatively inexpensive to implement?
- What options offer immediate benefits?
- Does the community have the capacity to implement the option?
- What are risks?
- Can the risks be minimized?

CHALLENGES

The ***uMzambe Municipality LED Strategy, Implementation Plan and Mentorship and Implementation Support 2009***, the primary document that GNU was given to review - is long and cumbersome, due to the additional requirements called for by the funding agent and other stakeholders at the time. This, along with the fact that there is no electronic version of the Strategy, made the review task complex at most times.

Having said this, the 2009 LED Strategy document is detailed and evidence based, which allows one to formulate informed decisions on future programmes and projects that are aligned with the existing LED Strategy and the current LED SDBIP. Whilst acknowledging the validity and thoroughness of the original document GNU felt that there was a need for a simpler, more focused reviewed document that could be translated into immediate implementation.

In order to deliver this user-friendly interactive review document, it was decided to promote the 2009 LED Strategy as a reference document and draft a short implementable review that will provide:



- Concise economic analysis - in order to identify appropriate market interventions that will lead to economic development of uMzambe Local Municipality.
- The status quo overview of key performance indicators alongside strategic LED objectives and projects outlined in the uMzambe Municipality LED Strategy 2009.
- Key variables for quick win projects that can be implemented immediately.

REVIEW APPROACH

The review followed a three-pronged process that involved qualitative outcomes. These processes in part ran concurrently as follows:

- a) Interaction with the LED Unit at a supportive and discursive level
- b) Data and document scan
- b) Workshops with LED Stakeholders

a) All interaction with the LED Unit was aimed at capacitating and therefore tasks delegated to the LED Unit were experience based. For this reason, the LED Unit was tasked with identifying and inviting appropriate participants to the LED Stakeholder workshops. It should be noted, that the environment in uMzambe is primarily rural, and therefore very little interaction takes place between large players in the Municipality and the LED Unit. The outcome of this was therefore a biased focus on SMME participation in the workshops.

The initial meeting with the LED Unit was to gain background information to current economic activity in the municipality, as well as to ascertain the LED Units' understanding of LED requirements.

Using Maslow's Hierarchy of Needs as a guiding tool, the LED Unit was shown how to unpack community needs, whilst at the same time link opportunities and support economic growth.



b) The data and document scan was a purely desktop exercise with the intention of gleaning as much information to support appropriate analysis of the uMzambe LED Strategy and provided a user-friendly review document. GNU only focused on pertinent documentation and current data. In this regard, the 2009 LED Strategy provided an in-depth and detailed status quo analysis, using the most current data available. GNU was therefore able to summarise the main issues pertaining to this review using primarily this document – only having to reference key data with DBSA outcomes.

c) LED Stakeholder Workshops were set up by the LED Unit as part of their capacity building process. The LED Unit invited active stakeholders in the economic environment that they had and were currently engaging with. The participants at the workshops were made up of survivalist, micro and small enterprises.

The focus of the workshops was to uncover current constraints, challenges and obstacles to enterprise development in the area. This was achieved through interactive scenario planning exercises and basic SWOT analysis with the participants and the LED officers.

Two workshops were conducted: a) the first was the primary tool for uncovering the current economic profile in the municipality, while b) the second workshop offered the participants and the LED Unit an opportunity to review the outcome from the first workshop and to consolidate the information for the review.

Debriefing sessions were held with the LED Officer after each workshop, to consolidate the information given by the participants and to discuss the way forward.



UMZUMBE PROFILE: DEMOGRAPHICS

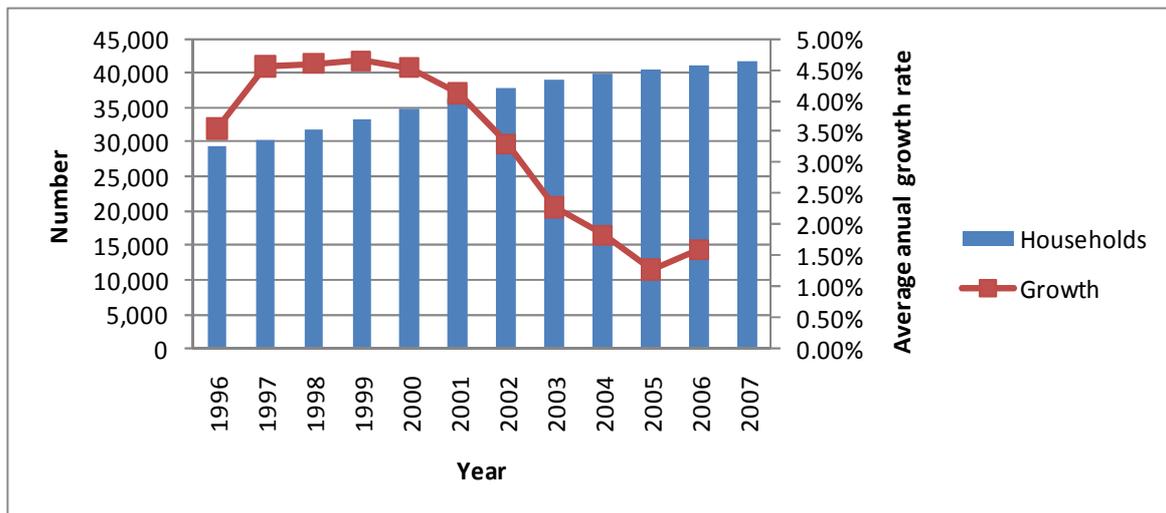
A brief look at the demographics of uMzambe Municipality will provide critical pointers for ascertaining appropriate LED focus. It will also serve as an overview of the potential socio-economic requirements the Municipality will have to factor into LED.

HOUSEHOLD SIZE, AGE AND GENDER

The Ugu District Economic Indicators and Intelligence Report 2010 stated that in 2008 uMzambe accounted for a quarter of the population living in Ugu District. Even though uMzambe was the second largest populated local municipality in Ugu, it experienced negative population growth between 2003 and 2008.

According to the DBSA Information Unit, in 2007 estimated population of the municipality was approximately 179, 638 persons, with the average household size estimated to be 3, 57. Between 2001 and 2007 the annual average growth rate had dropped to -1, 54%, which is below the national average of -1, 36%.¹

Figure: Household Size - 1996 to 2007



Source: DBSA (Base data: ASSA Models, Global Insight and StatsSA)

The uMzambe LED Strategy 2009 stated that in 2006 nearly three fifths (62%) of the population in uMzambe were younger than 24 years old and only 4.4% were 65 years

¹ Data estimates by Information Unit, DBSA



or older.² The bias towards youth in the profile is synonymous with developing countries.

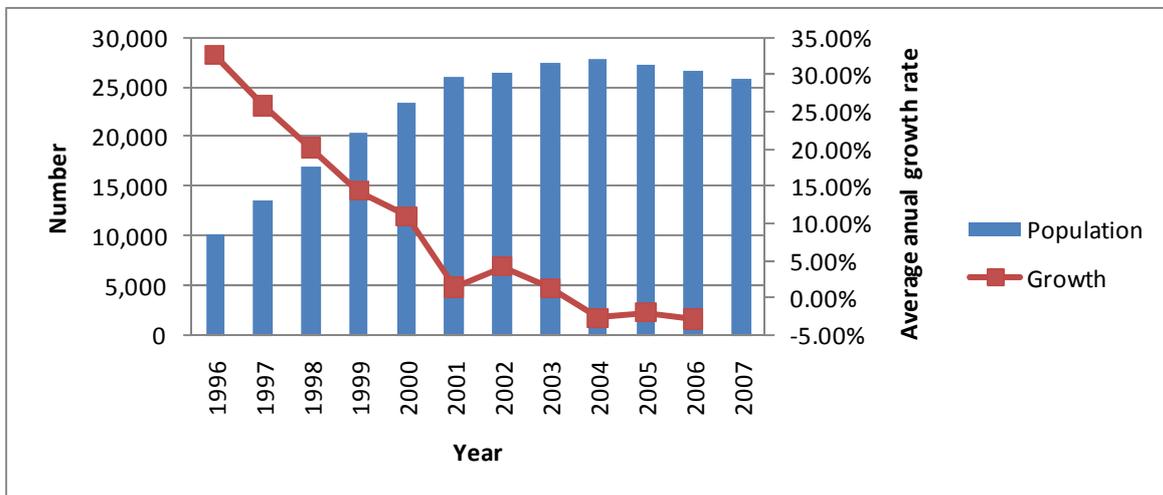
The report also found that over the past ten years, there has been a decline in the 0-4 year old category – this was also reflected in the DBSA estimates. The main contributing reasons were lower fertility and birth rates – which were linked to HIV and AIDS and out- migration.

The uMzambe LED Strategy 2009, stated that there was significantly more women than men in uMzambe³ – with a 6% gender difference noted.

HIV AND AIDS

As illustrated in the figure below, the average annual growth rate of the HIV population is estimated to have dropped to 1, 97% between 2001 and 2007 - which was above the national average of 1, 86%.⁴

Figure: HIV Positive Population between 1996 to 2007



Source: DBSA adapted from ASSA Models, Global Insight and StatsSA

As seen in the figure below, the estimated Aids population in uMzambe for 2007 was 10,958 people. The average estimated annual growth rate of the Aids population

² uMzambe LED Strategy 2009, pp53

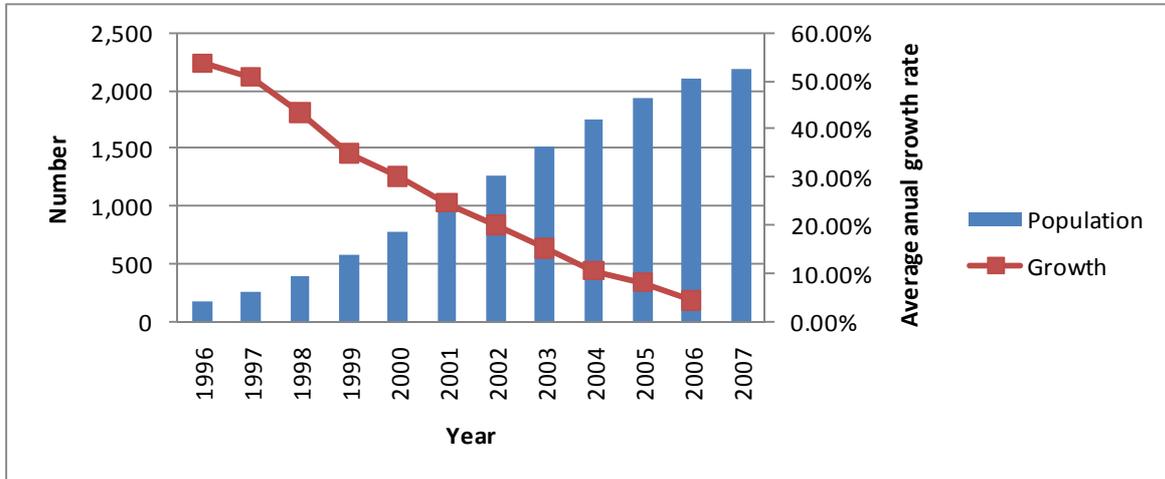
³ uMzambe LED Strategy 2009 pp 50

⁴ Data estimates by Information Unit, DBSA



between 2001 and 2007 dropped to 19, 49% - which was above the national average of 18, 44%.

Figure: Population with Aids between 1996 to 2007



Source: DBSA (Base data: ASSA Models, Global Insight and StatsSA)

The increase in HIV and Aids population in uMzumba noted in the LED Strategy 2009 was based on actual figures recorded between 1996 and 2004. While the estimates show a decline, they were based on trends noted in the statistics over a seven year period cycle.

The implications of gender, HIV/Aids are outlined on page 56 of the Strategy document, but the following points need to be reiterated here:

- Consider linkages between HIV/Aids and development interventions – looking specifically at how best to allocate funds for appropriate intervention and support.
- There needs to be a gender approach to LED – focusing on empowerment for women and curbing the push factors for out-migration of men.



EDUCATION

When the levels of education and literacy were considered, the uMzambe LED Strategy 2009 found that there had been a slight improvement between 1996 and 2004 in early childhood education as well as in the higher grades – with Matric showing an improvement of 14.14% in 2006.⁵

Table 1: Highest level of education: age 15+ for Ugu District Municipality

Year	No schooling	Grade 0-2	Grade 3-6	Grade 7-9	Grade 10-11	Less than matric & certiff/dip	Matric only	Matric & certificate / diploma	Matric & Bachelors degree	Matric & Postgrad degree	All/Total
1996	91 430	6 482	93 763	93 876	53 435	7 826	35 168	7 512	2 346	447	392 285
% '1996	23.31	1.65	23.90	23.93	13.62	1.99	8.96	1.91	0.60	0.11	100.00
2001	94 487	14 889	84 699	103 046	64 068	4 775	50 180	12 593	3 127	1 264	433 128
% '2001	21.82	3.44	19.56	23.79	14.79	1.10	11.59	2.91	0.72	0.29	100.00
2008	71 393	14 807	74 963	115 624	95 197	3 770	69 440	18 228	4 255	1 426	469 102
% '2008	15.22	3.16	15.98	24.65	20.29	0.80	14.80	3.89	0.91	0.30	100.00

Sources: Global Insight Southern Africa, REX (2009)

According to Ugu District figures, most people aged 15 and above were clustered around grade 3, as well as those who had completed Matric as their highest level of education. There was also sizable percentage of people with no schooling, although this trend has declined considerably between 1996 and 2008.

Table 2: Functional literacy for Ugu District Municipality⁶

Year	Ugu Illiterate	Ugu Literate	Ugu % literate	uMzambe % literate
1996	168 349	150 134	47.1%	
2001	174 186	176 079	50.3%	
2006				44.6%
2008	169 228	213 545	55.8%	

Sources: Global Insight Southern Africa, REX (2009)

⁵ uMzambe LED Strategy 2009, pp 61

⁶ Functional literacy is defined by DBSA as the proportion of persons aged 20 and above that has completed Grade 7



There had been an increase from 47.1% in 1996 to 55.8% in 2008, of the population living in Ugu, who were functionally literate. In 2006 the percentage of the population in uMzambe, who were functionally literate, was 44.5%.

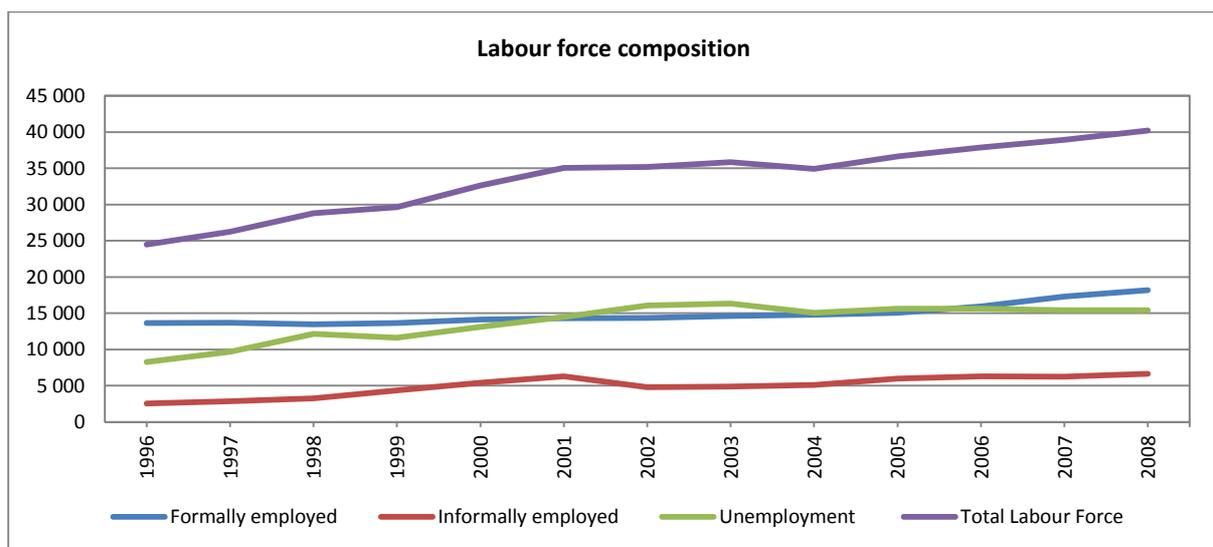
The uMzambe LED Strategy 2009 (page 61) did point out that the education figures for uMzambe were lower than the District average and therefore needed careful consideration in any growth and development initiative.

Skills levels and the ability to learn new skills will inform the path LED initiatives need to take – since skills levels would impact on the manner in which LED was directed and mediated, as well as the required support mechanisms that would be needed.

LABOUR, INCOME AND POVERTY

The employment figures considered for uMzambe in the figure below show the combined formal and informal sectors. The total number of people employed (formal and informal) increased from 24,469 in 1996 to 40,221 in 2008. The formal sector accounted for 73.3% (18,169) of total employment in 2008. Informal sector employment on the other hand accounted for 26.7% (6,634) of total employment in the Municipality.

Figure: Labour force composition

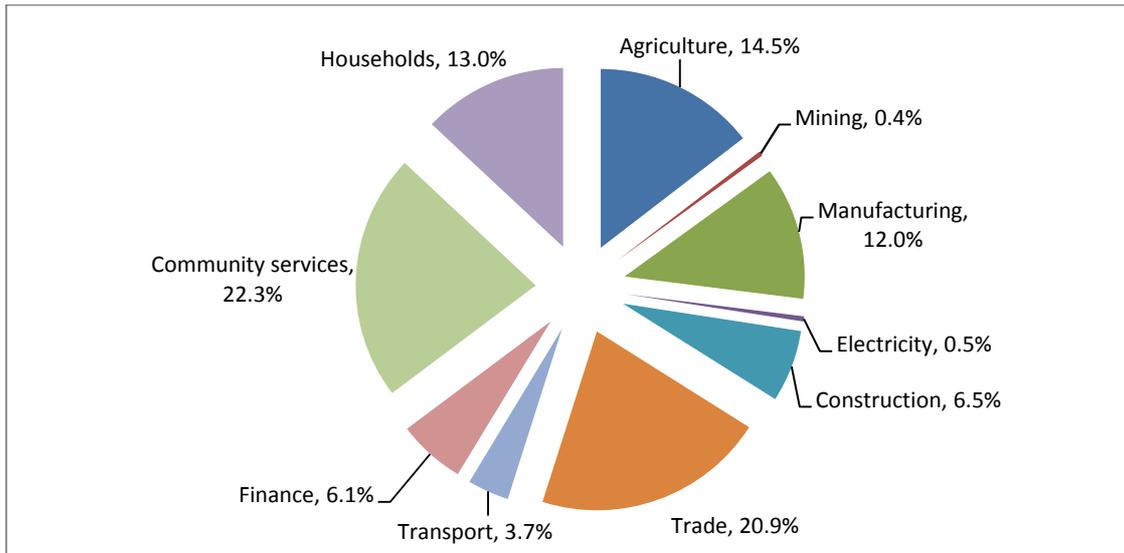


Sources: Regional Explorer, Global Insight, 2008



According to the Ugu District Economic Indicators and Intelligence Report 2010, employment growth in uMzambe averaged less than 2% between 2003 and 2008. The report also noted that while other local municipalities in the Ugu District were showing negative employment growth rates, uMzambe was the only municipality showing marginal employment growth.

Figure: Share of total employment per sector 2008



Sources: Regional Explorer, Global Insight, 2008

The figure above provides an overview of how each sector contributed to employment (formal and informal) in 2008. The community services sector (22.3%) and the trade sector (20.9%) were the major contributors to employment in the uMzambe. The agriculture (14.5%), private households (13%) and manufacturing (12%) sectors made notable contribution to employment. The remaining sectors made very small contributions - ranging from 6.5% in construction to 0.4% in mining. DBSA stated that this was due to relatively low employment creation and absorption capacity in those sectors.

Table: Unemployment rate, official definition (%)⁷

	Black	White	Coloured	Asian	Total
1996	38.0%	2.4%	43.5%	-	38.0%
1997	44.1%	2.2%	34.7%	-	43.9%
1998	49.8%	2.5%	37.6%	-	49.7%
1999	46.4%	2.1%	29.4%	-	46.2%
2000	47.9%	2.6%	31.9%	-	47.8%
2001	49.3%	2.8%	33.0%	-	49.1%
2002	53.7%	2.8%	34.4%	-	53.5%
2003	53.2%	2.6%	32.4%	-	53.1%
2004	49.9%	2.4%	28.5%	-	49.8%
2005	48.7%	2.2%	26.3%	-	48.5%
2006	47.9%	2.0%	25.9%	-	47.8%
2007	46.4%	1.9%	25.3%	-	46.3%
2008	45.4%	1.8%	23.4%	-	45.3%

Sources: Regional Explorer, Global Insight, 2008

Despite the recovery in employment figures after 2004, more people were unemployed in 2008 as compared with 12 years ago. This, however, should not detract from the fact that there has been a steady decline in the unemployment rate from 2004 to 2008. As shown in the above table, in 1996, the rate of total unemployment was 38%, which grew to 49.1% in 2001, but thereafter declined to 45.3% in 2008. According to DBSA Information Unit, “the continuous growth in formal and informal employment along with a decline in the number of people unemployed resulted in a decline in the rate of unemployment.”

The uMzambe 2011/2012 IDP unemployment statistics were based on figures drawing only on the formal sector as employing agent. When only the formal economy employment contribution is looked at, 72% of the people living in the municipality would be regarded as unemployed. Since the informal sector plays a vital role in the economy, for the purpose of this review the official definition will be used. It also ensures that the data corresponds to District indicators.

⁷ The **official definition of employment**- includes the formally employed, and those persons active in the informal/ unregistered sector. Thus unemployed persons will be those people who are neither active in the formal nor informal sectors. This definition is aligned to national and district figures.

Table: Percentage of people in poverty (Poverty rate (%))⁸

	Black	White	Coloured	Asian	Total
1996	69.8%	-	-	-	69.8%
1997	72.0%	-	-	-	72.0%
1998	74.3%	-	-	-	74.3%
1999	76.8%	-	-	-	76.8%
2000	74.3%	-	-	-	74.3%
2001	75.6%	-	-	-	75.6%
2002	77.5%	-	-	-	77.5%
2003	75.7%	-	-	-	75.7%
2004	76.0%	-	-	-	76.0%
2005	75.6%	-	-	-	75.6%
2006	72.1%	-	-	-	72.1%
2007	70.5%	-	-	-	70.5%
2008	69.5%	-	83.7%	-	69.5%

Although uMzambe had the highest comparative number of people living in poverty in the Ugu District (2008), there had been a decline in poverty levels over the past six years. The Ugu District Economic Indicators and Intelligence Report 2010 found that people living in poverty in uMzambe had declined from 75.7% in 2003 to 69.5% in 2008. The report maintains that the P68 road between Shabeni and Highflats (passing through uMzambe - an infrastructural project under the ISRDP) contributed to reducing poverty in the District and filtered down into uMzambe. The report cited “increased economic activity and job opportunities” as being part of the poverty reduction.

Those “opportunities” were not evident, or referred to, during the workshop session. One of the major reasons found for the absence of these opportunities was the lack of direct funding. Furthermore, the drive through observation by the research team did not reveal any outputs directly linked to the P68 corridor development.

It should be noted that income received from informal employment contributed to pushing household income levels to just above the poverty line.⁹ DBSA Information Unit also noted that the extension of social grants (the increase in child age threshold to

⁸ Poverty Rate - the percent of people living in households with an income less than the poverty income. The poverty income varies according to household size; the larger the household the larger the income required to keep its members out of poverty.

⁹ 3) Poverty line or living in poverty - according to the United Nations, the poverty line is the measure of people living on less than \$1 per day. This is known as an absolute poverty line, which is fixed in terms of standard of living it commands over the domain of poverty comparison.



include older children) also had an impact on decreasing the poverty levels in the municipality.

It is beneficial to couple employment rates with income distribution and the human development index, as this gives a clearer overview of income security at a household level.

Table: Gini coefficient

	1996	2001	2008
Black	0.48	0.53	0.54
Total	0.49	0.53	0.54

Sources: Regional Explorer, Global Insight, 2008

Despite the increase in annual per capita income figures, the total Gini coefficient figures indicated that the inequality in the distribution of income had worsened between 1996 and 2008 from 0.49 to 0.54. This would mean that while on average household incomes were increasing for some, the gap between the upper and lower income cohorts were also increasing – where Black households were predominately part of the lower cohort.

Table: Human Development Index (HDI)¹⁰

	1996	2001	2008
Black	0.34	0.37	0.35
Total	0.57	0.57	0.56

Sources: Regional Explorer, Global Insight, 2008

The HDI levels for the Black population was low (0.35) in 2008. Moreover, the total HDI Index had declined between 2001 and 2008. The impact of the challenges experienced in education and the slow increase in per capita income levels for most of the Black population had contributed to the low HDI for uMzambe.

¹⁰ The HDI can take on a maximum level of 1, indicating a high level of human development, and a minimum value of 0, indicating a low level of human development.



INFRASTRUCTURE

For this reason, it seemed appropriate to look at the status quo of water and electricity supply in the municipality.

ELECTRICAL CONNECTIONS

The data in the Ugu District Economic Indicators and Economic Intelligence Report 2010 showed a significant increase in electrical connections between 2003 and 2008 in uMzambe.

When household growth rate was added as a variable and the data re-examined in terms of this variable, a slightly different pattern emerged. The DBSA Information Unit found that the rate of service delivery was slightly lower than the household growth rate, which would impact negatively on the perception of supply. This would particularly be true in business initiatives that require reliable electricity.

Table: Access to electricity: (Number of households)

Category	2007		2008	
	Number	%	Number	%
Without access	28 204	66.7	28 500	66.8
With Access	14 059	33.3	14 185	33.2
Total	42 263	100.0	42 685	100.0

Source: DBSA adapted from Department of Minerals and Energy/ESKOM operational information

As the above table shows, between 2007 and 2008, the total number of households in Umzumbe increased by 422 households. During this period the number of households without access to electricity increased by 296 households. Although 126 households have gained access to electricity, the rate of service delivery is below the required rate of 296 households. Although the difference may seem marginal, it would have potential implications for service delivery over the long term as the backlogs grow incrementally each year.

The uMzambe IDP Review 2011/2012 indicated a higher number of households that have access to electricity than the DBSA data. The IDP Review stated that just over half



(50.1%) of the community still depend on candles for lighting, while 46.1% of the community has access to electricity for lighting. A few households rely on gas or paraffin for lighting. There are no alternative clean sources of energy, such as solar, available to communities where the grid is not a viable option or in areas where grid electricity has not yet been supplied.

Irrespective of the differences in data, the number of households that do not have access to electricity is still notably high.

WATER

The uMzambe IDP Review 2011/2012 stated that communities have not yet been provided with adequate basic water infrastructure. Water backlogs are being experienced in almost all areas within the municipality.

Table: Access to water

Type of access	% Households
Piped water	39.1
Borehole/ Spring	13.8
Dam/ Pool/river/stream	43.7
Other	3.4

Source: Umzambe IDP Review 2011/2012 adapted from Community Survey Data, Statistics SA 2007

According to the above table, just under two-fifths (39.1%) of the households have access to piped water. The remaining households still rely on water sources such as rivers/stream or dams (43.7%) and a spring/borehole (13.8%).

The workshop also noted that the municipality had dedicated areas to which water is delivered in trucks.



ROADS

The state of roads is a critical factor for LED. It provides the backbone along which development can take place. Without easy access to and from an area, LED initiatives will be hindered.

Table: Road Infrastructure

	Length	%
Tarred	204	43.8
Gravel	227	48.7
Tracks	35	7.5
Total	466	100.0

Source DBSA Information Unit adapted from Dept of Transport in collaboration with Dept of Provincial Local Government

More than half the roads in uMzambe are not tarred, with 48, 7% in gravel condition and 7, 5% are tracks. The remaining 43, 8% or 204km of the total 466km of roads are tarred.

UMZUMBE ECONOMIC PROFILE

The uMzambe LED Strategy 2009 provides an in-depth analysis on economic sector trends. Should further information be required, this document should be referenced.¹¹ This report will look at the crucial economic information that will have a direct impact on the recommendations and projects detailed in the following section.

When all the economic sectors were looked at, the data showed that the value of goods produced by the manufacturing and agriculture was the highest, while the mining sector was the lowest. The value of goods produced and services rendered at nominal prices had increased from R1, 719,007 in 2001 to R2, 824,208 in 2007.

¹¹ uMzambe LED Strategy 2009: Economic Trends pp64 onwards



Table: Sector's share of uMzambe Municipality total (%)

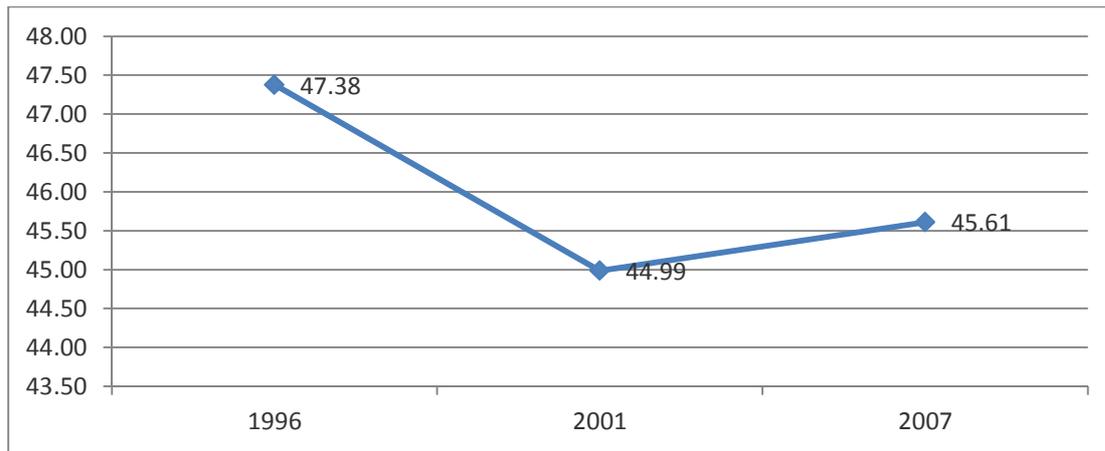
Economic Sector	1996	2001	2007
Agriculture	23.9%	23.9%	22.5%
Mining	1.2%	1.4%	1.1%
Manufacturing	26.3%	24.1%	24.0%
Electricity	8.2%	7.0%	6.8%
Construction	2.7%	2.6%	2.3%
Trade	11.3%	12.1%	12.0%
Transport	4.8%	5.4%	5.4%
Finance	6.5%	8.0%	8.0%
Community services	15.2%	15.5%	17.9%
Total industries	100.0%	100.0%	100.0%

Sources: Compiled by DBSA from Regional Explorer, Global Insight, 2008

The manufacturing sector followed by agriculture was the leading sector in uMzambe's economy. The above table shows that in 2007 manufacturing contributed 24% to the municipality's total GVA. Agriculture was the second highest contributor at 22.5%. Both these sectors, however, showed a slight decrease in contribution since 1996.



Figure: Figure: Tress index



Sources: Compiled by DBSA from Regional Explorer, Global Insight, 2008

The tress index of uMzambe increased from 44.99 in 2001 to 45.61 in 2007. This could indicate that the municipality’s economy was concentrated on a few sectors. DBSA Information Unit indicated that this would make uMzambe’s economy, to some degree, vulnerable to the effect of external factors such as adverse climatic and geological conditions, economic recessions, commodity price fluctuations and possible labour strikes.

Table: Location quotient

Economic Sector	1996	2001	2007
Agriculture	5.7	6.8	7.0
Mining	0.2	0.2	0.1
Manufacturing	1.3	1.3	1.3
Electricity	2.5	2.8	3.0
Construction	0.9	1.1	0.8
Trade	0.8	0.9	0.9
Transport	0.5	0.6	0.6
Finance	0.4	0.4	0.4
Community services	0.7	0.7	0.9
Total industries	1.0	1.0	1.0

Sources: Compiled by DBSA from Regional Explorer, Global Insight, 2008

The location quotient in the agriculture, electricity and to some extent manufacturing sectors was significant in uMzambe (these sectors were also strong players for Ugu District as a whole). This should imply that in uMzambe these sectors were strong and



had the potential to effectively render goods and services, as well as export to other regions. The uMzambe LED Strategy 2009 clearly highlighted the importance to harness the potential of these sectors.

Table: Average annual growth rates

Economic Sector	1996-2001	2001-2007	1996-2007
Agriculture	0.3	1.4	0.9
Mining	-3.1	-0.9	-1.9
Manufacturing	-0.3	2.5	1.2
Electricity	-0.3	0.5	0.1
Construction	2.8	3.3	3.0
Trade	3.0	4.0	3.6
Transport	5.1	4.8	4.9
Finance	3.6	2.8	3.1
Community services	0.1	2.7	1.5
Total industries	0.9	2.5	1.8

Sources: Compiled by DBSA from Regional Explorer, Global Insight, 2008

As the above table shows, between 1996 and 2001 the economy of uMzambe grew by 0.9%, increasing further by 2.5% between 2001 and 2007 – with a total eleven-year economic growth average of 1.8%. The mining sector output was the only sector that showed negative growth.

It was concerning to note that the average growth rate for agriculture and manufacturing was relatively low, given that uMzambe’s economy is concentrated on these sectors. Furthermore, the uMzambe LED Strategy 2009 noted a sharp decline in employment opportunities within the agricultural and manufacturing sectors.

The uMzambe LED Strategy 2009 stated that there were a total of 789 SMME’s in uMzambe. The report found that there was a fairly even spread of SMME’s across the wards, with slightly more concentrated towards the north eastern parts of uMzambe.

Table: SMME Distribution

Agriculture	Services	Retail	Manufacturing	Construction
32%	26%	18%	15%	9%

Source: Adapted from uMzambe LED Strategy 2009



Nearly a third (32%) of the SMMEs operated in the agricultural sector, followed by services sector. The uMzambe LED Strategy 2009 Report found that there was an overlap with the spatial location of services and agriculture based SMMEs.

SYNOPSIS OF WORKSHOP OUTCOMES

The workshop participants were drawn from the uMzambe LED database. As part of the LED Unit's capacitating they were tasked with putting the participants together for the workshop. Most participants were either micro or survivalist enterprises, while three were newly established and as such had no trading history to discuss.

PARTICIPANTS

The participants stated that this was the first time they had all assembled in one venue. They were not aware of what the other participants' enterprises were and what challenges they faced. Central to the participants was a shared vision of earning a living from their enterprises despite the obstacles and challenges identified.

The participants viewed uMzambe favourably because it was situated "next to the sea" and has a rich history. Although the participants indicated that they had never gathered as a group with the people present at the workshop, they felt that uMzambe had a "supportive community." uMzambe held strong ties for some participants simply because their family had lived in the area "for a long time."

Many participants felt that because the taxi system was fairly reliable between uMzambe and eThekweni or Port Shepstone, they (friends and family) were able to seek employment in these centres. All participants said that the roads in uMzambe were poorly maintained and made access to most areas difficult, especially when it rained.

The participants were of the opinion that there were many challenges they faced in the area. Most said that it was difficult to grow vegetables because the soil was poor, there were no fences and small animals and pests destroyed their crops. This meant that they needed to buy food from neighbouring centres.



The various enterprises represented at the workshops have been listed below:

- Vegetable Farming
- Chicken farming
- Catering Enterprise
- Bakery
- Jewellery Manufacture
- Sewing Enterprise

It was evident from the outcomes of the various scenarios and discussions that the general expectation was that the Municipality should assist and facilitate a conducive and enabling business environment. However, this expectation is born out of the low skills levels and the absence of support mechanisms that would move beneficiaries away from dependence mindsets.

It should be noted that according to the National Small Business Act survivalist enterprises:

- Operates in the informal sector of the economy.
- Mainly undertaken by unemployed persons.
- Income generated below the poverty line, providing minimum means to keep the unemployed and their families alive.
- Little capital invested, not much assets.
- Not much training.
- Opportunities for growing the business very small.

Operating under these constraints it would be easy to view the municipality as a structure that should be responsible for seeing to these business needs.

Two basic service related constraints that had an immediate impact on their daily business operations were noted during the workshops - these being water and electricity supply. The extent of the shortages, especially in electricity, was difficult to unpack, but it was clear that participants were plagued by unreliable electricity supply,



especially three-phase supply. Regular power cuts appeared to be the norm, impacting on enterprises that were dependent on power.

Access to water appears to be extensive problem, affecting participants domestic and business spaces. Lengthy discussions on inadequate to no water supply was undertaken. It was stated that people had to walk between 6 and 10km a day to fetch water that came at a cost of “R50 per bucket.”

The participants were also of the opinion that the youth in uMzambe need to have skills training. Participants said there were no “jobs” in uMzambe and therefore people had to “leave” the area to go and find work. Many looked for work “just across the road” in neighbouring Hibberdene, while others go to Port Shepstone and Margate. The participants said that these areas were much “nicer” and had “better shops.” The participants repeatedly affirmed that people from uMzambe would work in these areas and spend their income there as well.

The other reason people (youth) leave uMzambe was because the youth were not “really interested in farming.” The youth within the participants said they wanted to do something “more exciting” and that they needed more opportunities (other than farming) in uMzambe. These youths mentioned that they would like to be involved in DJing, music production and event management.

The older participants said that if they had more support from the municipality they would be able to make “money” from their enterprises. The main requirements they raised included: business enabling equipment, fencing, buildings to accommodate enterprises and a central economic hub were highlighted during the course of the workshops.

They all felt that there is definitely a need for networking opportunities, skills training, business planning and business support amongst not only themselves, but also the youth in uMzambe.



The following list provides an overview of the needs stated by the same micro, survivalist enterprises and co-operatives at the second workshop.

Vegetable Farming

- Currently planting cabbages, beetroot, tomatoes, spinach, mealies, butternut, peas and carrots
- In future wants to also plant potatoes and herbs
- They have registered a co-operative with 4 members
- The Municipality assists with farm equipment, such as tractor for ploughing
- They need water pumps for irrigation
- They also need fertiliser

Catering Enterprise

- They need equipment such as cutlery, crockery and gas stoves
- Currently cooking over open fires
- Need measuring tools such as scales, measuring cups etc.
- Need premises for preparing food
- Need assistance with transport to take food to client's place

Bakery

- Newly established co-operative with 10 members
- Need training, mentoring and practical experience

Jewellery Manufacture

- Needs assistance in acquiring equipment such as a Roll Mill
- Needs assistance to access markets
- Needs dedicated premises as he works with cattle bone

Sewing Enterprises

- Need management assistance in bringing down and controlling input costs
- Needs business management skills training



- Currently buy material from Durban and Port Shepstone – need to bring down transport costs
- Need assistance to market goods and secure new business

Chicken Farming

- Needs training in new and more efficient farming methods
- Needs assistance with transport for deliveries of product to customers

LED UNIT

The LED Manager stated that the LED Unit wanted to reposition the Unit's focus on Commercial Projects (more medium to large scale) and therefore motioned that the survivalist enterprises should be handed over to Community Services. This repositioning would make it difficult for the Unit to provide substantial and sustained support to survivalist enterprises.

The LED Unit said that there were no appropriate structures to house SMME development. A central hub, such as the Multi Purpose Community Centre that was currently unused, could serve as business incubators, thereby opening up opportunities for co-operation between enterprises, as well as providing them with an environment that is more enabling. Although an ideal medium-term solution, the Community Centre remains unused due to a dispute over ownership between the District and Local Municipalities.

The LED Unit felt that the Bakery Co-operative that was set up would benefit from such a hub, albeit they need extensive business skills training as well as equipment. The Unit approached existing and established bakeries in Hibberdene and Port Shepstone to initiate mentoring programmes. Thus far, the ten members have attended a one-day in-house training session at a bakery in Port Shepstone. Despite this initiative the co-operative members have not done anything since this initial training.

The LED Unit felt that they needed more assistance with monitoring and evaluation tools to ensure responsibility and accountability on the part of enterprises that were



being assisted by the municipality. The Unit felt that the Bakery Co-operative members needed to be more proactive in establishing the bakery. With effective tools the level of responsibility, hence accountability would be easier to implement and monitor. After some discussion the members agreed that they needed to work towards establishing the bakery – which would be possible with clearer guidelines, underpinned by monitoring and evaluation tools.

These tools would also assist the Unit with the Arts and Crafts sector, which has five functioning crafters.

The LED Unit highlighted potential tourist opportunities offered by a stretch of unspoilt beach. This area could open up opportunities to micro enterprises that were service and product orientated. The LED Unit said this potential could not be tapped into, due to the poor road infrastructure – particularly since there was no access road from the N2 to the beach. The LED Unit also pointed out that uMzumba would also have to develop the beach area to accommodate picnic areas, braai and recreation facilities, before micro enterprises could take advantage of economic opportunities.

The LED Unit were of the opinion that sand mining had notable economic potential for the municipality, however currently, sand mining was happening in a very ad hoc and uncontrolled manner. Trucks were constantly carting river sand out of the municipal area with no apparent licenses and damaging the river environment and the roads.

The LED Unit stated that the Unit's work and effectiveness was curtailed by substantial political interference in LED Programmes and Projects. According to the LED Unit, there was no clear interdepartmental communication and co-operation, which they felt undermined the effectiveness of LED programmes and the success of projects.



CRITICAL EVALUATION

People define their lives and work according to the spaces they live in. Their attitude towards this environment is largely influenced by their ability to access sustainable economic structures. According to research, the ability to make money has a major influence on people's perception of their quality of life.¹² This ability shapes their attitudes towards the area, as well as the municipality as the delivering agent.

LED is therefore closely linked to a perception-based decrement towards quality of life, a realm that not only draws on individual attitudes, but those of a society, as well as the physical and environmental context people and communities find themselves in.

Therefore, the negative effects of unemployment (especially indigent households) can negate the positive effects of service delivery, housing and infrastructure – key elements underpinning LED - because economically vulnerable residents also experience this vulnerability in their built and social environment.

uMzambe is characterised by extreme disparity in wealth – seen in the region's Gini Coefficient Index. Although there has been an improvement in unemployment levels, it has not really translated to effective relief for the poor (or the informal economy). Thus, this experience will drive people's perception of their own economic ability to access economic markets.

KEY FACTORS IN INSTITUTIONAL CAPABILITY AND CAPACITY

In order to deliver any form of services the vehicle used has to have the capacity and capability to do so. The manner in which development in South Africa has unfolded makes it easier to focus outwardly rather than inwardly. Yet, it is the inward focus that will allow for sustainable and meaningful development. For this primary reason, Institutional Analysis is critical.

¹² eThekweni Quality of Life Survey 2008



Many local government institutions fall into the trap of over committing, over promising and over planning and under delivering. This has, to a large extent, led to the unhappiness experienced by many communities across the country. Thus far, the focus on poverty alleviation has been on access to money and to a certain extent, job creation. However, poverty goes beyond no job, no food, no water and nowhere to live. It includes no hope, no creative outlets and no sense that you are in control of your own life.

The local municipality has been given the mandate to deliver goods and services to its community in order for the community to achieve a better quality of life. Therefore, it is imperative that the local municipality examine its capacity and capability very carefully so that it can deliver as promised.

Interviews with the LED Unit have revealed an alarming lack of support and recognition for this vital unit. Local economic development is a cross-cutting aspect of development and as such requires an integrated approach that must include different departments working closely together. The so-called “silo mentality” is an obvious obstacle to an integrated approach to development.

The IGR Forums must be strengthened and allowed to work independent of any political influence. A Communication Policy should be formulated that allows for a free flow and exchange of information, both horizontally and vertically.

It is recommended that a Customer Satisfaction Survey be conducted, as this will provide key weaknesses that must be overcome, as well as strengths that need to be enhanced.

A further recommendation is that the leadership of the municipality, both political and administrative, conduct a SWOT Analysis on the institution. A critical component of a SWOT Analysis is its implementation. This requires honesty, immense courage, a strong political will and a true commitment to uplifting the lives of especially the poor and marginalised. It would be advisable to secure the services of an independent service provider to conduct this Swot Analysis.



A fundamental issue that stifles the effectiveness of LED is the confusion between LED and Community development.

The core of LED lies clearly in economic development, which in time is profitable to the community as a whole. The driving theme of LED is competitiveness of enterprises and enhancing the competitive advantage of the area, which will lead to growth and job creation. LED is about creating vibrant local economies, which generate the tax income so that government has the funds necessary to pursue an effective social policy.

However, business will need to be convinced of the concept that a vibrant business location builds on a prospering community with well-trained and motivated employees. This in turn will generate tax income so that the government has funds necessary to pursue an effective education, social and health policy. Therefore, cooperation between stakeholders of the public, private and civil society sector will be beneficial to all.

A further issue, which is causing a distortion in LED, is the objective to foster economic empowerment of the disadvantaged.

Whilst it is acknowledged the role entrepreneurship plays in the economic empowerment of particularly the seriously marginalised segments of the community in Umzambe, (that is persons with low or no skills who have no or very little chance of integration into the formal market) it would be irresponsible to suggest that entrepreneurship is the way forward if it is not underpinned and backed by systematic, comprehensive and high quality entrepreneurship awareness building and training. The majority of existing training schemes address vocational skills, not business acumen.

What is needed is a systematic approach to educate and inform people about business fundamentals and entrepreneurship and this should not primarily consist of lectures but rather in experience-based learning exercises.

It is suggested that the LED Unit facilitate and actively promote mentoring programmes by using the business skills of local business persons, within and the surrounding areas of Umzambe, to strengthen the capabilities of existing and emerging entrepreneurs of



Umzumbe. This effective use of local resources will open up other business opportunities and might encourage the formation of partnerships (public-private and private-private partnerships).

Currently the outreach and impact of micro and SMME promotion is limited and it does little either to improve the competitiveness of existing micro, survivalist and SMMEs or to improve the probability of survival of emerging businesses. This is to ensure that SMME or enterprise promotion in LED is not reduced to disadvantaged groups, but has the goal to boost the local economy as a whole.

This stagnation of effective LED is largely due to this confusion of LED and Community Development. Community development is about solving social problems, for example, health, housing, education, neighbourhood, etc. and it involves principles such as solidarity and support for the weak and marginalised.

There needs to be a clear market and business focus in LED. Addressing market failure is the appropriate way to stimulate business opportunities, not subsidising potential entrepreneurs or entertaining them with shallow training courses.

Umzumbe has a sizable number of entrepreneurs in the informal economy. However, these activities are largely happening alongside each other, creating no interactive spaces for mutual support and growth. As valuable as these activities may be in sustaining people, the general absence of organized independent associations among these economic actors limits the extent to which these entrepreneurial activities translates to economic sustainability.

The research showed that most of these entrepreneurs expect the municipality to provide them with some form of basic infrastructure to conduct their business. Because there is no recognised structure to talk to, the provision of basic infrastructure is either not done, or at best, done on an ad-hoc basis.

The LED Unit should assist and encourage the formation of an LED Forum that must be representative of the business environment. It must be stressed that this forum be



comprised of persons actively involved in projects and who can add value to discussions. The forum should initially be restricted to a maximum of five members - excluding the LED Unit.

Furthermore the municipality should encourage local stakeholders and this proposed LED Forum to identify specific project ideas that are quickly realisable and make a difference for local businesses.

KEY FACTORS IN AGRICULTURAL SECTOR

When the tress index, locational quotient and contribution to the economy were considered, it emerged that uMzambe's economy was concentrated on a few sectors. Agriculture seems to emerge as the two most likely contributors to the region's economy. Yet, agriculture showed relatively low annual growth rate, as well as a decrease in its ability to contribute to employment in uMzambe.

The uMzambe LED Strategy 2009 report found that there has been *“a sharp decline by 15.9% in employment opportunities within the key agricultural sector. Since the tress index indicates a narrowly defined economic structure, with agriculture as its lead sector derived by the location quotient, this decline in employment opportunities is particularly problematic for the area.”*

uMzambe's rural and geographical character has always favoured agriculture. Most of the land to the east of the municipality has high agricultural potential, while this potential deteriorates as one travels towards the coastal areas in the western parts of the area. Furthermore, the large stretch of high potential agricultural land makes up most of the land on either side of the P68, which has been identified in the Provincial Spatial Economic Development Strategy as an important corridor for agriculture and agri-processing.¹³ However, much of this land is white owned commercial farmland focusing on mono-agriculture.

¹³ uMzambe LED Strategy 2009 pp77



Geographical features have superimposed certain barriers for small and emerging farmers, facilitating the continued dominance played by a few long standing farmers in the area. This is not to say that these agricultural establishments do not play a vital role in the economic contribution to the region. But one has to factor in declining investment in the sector, due to declining commodity prices and influx of imports and the rising costs of production.

Although mono-agricultural practices are the norm in South Africa and supported by National Programmes and guidelines, it does not necessarily offer a viable long-term option for food security in the area. Some international case studies in other developing countries such as Cuba, Brazil and Peru showed that diversification in farming practices offer a more sustainable and viable solution at a local level. It also structurally opens up opportunities for small-scale farmers to actively participate, contribute and benefit from the agricultural economy.

uMzumbe could benefit from developing an independent market-oriented small farm sector that supports local farming initiatives over imported initiatives. Creating food security, especially through co-operative initiatives, would help assist small or emerging farmers become viable local economic entities.

The workshop findings showed that there were a notable number of people wanting to engage in farming activities, but they were hampered by the structural inequality still evident in this sector – both market and socially based. It is vital that this inequality be addressed, if any meaningful agricultural projects are implemented. The socio-economic benefits food security gives to an area is huge. It also changes the perception and value of creating food as an activity with social and economic value. In the nineties, Cuba actively engaged in the promotion of food security and agricultural status. According to the *Power of Community: How Cuba Survived Peak Oil (2006)* - youth, medical doctors and mechanics were happily becoming small-scale farmers as the country moved out of poverty into a state of food security.

While it is commendable that the uMzumbe LED Strategy 2009 report (project no. 7b) talks about tea tree farming, organic farming and agri-tourism projects, the reality of the



current situation is that people need immediate food security. Once this is achieved and taking into account the low levels of skill available, the municipality should then pursue a policy of training and capacity building before entertaining flagship projects.

Taking cognisance of the above point it is recommended that the municipality facilitate the implementation of viable agricultural projects, especially small -scale farming. (Refer to pages 70-73 of uMzumbe LED Strategy 2009). This would allow subsistence farmers to satisfy the immediate demand in the area and progress gradually into the commercial aspect of farming. The primary focus here should be on “Health” rather than “Wealth”.

The research noted that the youth were not interested in doing any farming activities, but with supportive training, mediating the technical aspects and importance of organic farming whilst experiencing the benefit of food security, they might be more amenable to it.

To address the low levels of skills available and lack of interest particularly by the youth, it is suggested that the municipality facilitate the establishment of an Agricultural Information and Training Centre. Attached to this centre could be incubators that will provide a venue for successful trainees and emerging farmers.

Taking guidance from the Rural Development Plan, it would be prudent to establish agricultural Co-operatives. (There is the possibility of getting funding for 2-year programmes with year 1 being for training and year 2 for mentorship).



KEY FACTORS IN THE MANUFACTURING SECTOR

The manufacturing sector made up nearly a quarter (24%) of uMzambe's economy. According to the uMzambe IDP 2011/2012, the sector is made up of furniture, sculptured wood, tissue manufacturing, jewellery manufacturing and water bottling. The IDP also stated that the *"municipality has contributed by partly funding provision of inputs and assisting in the establishment of these initiatives."*

These manufacturing enterprises are important to the economy, as well as contributing to employment and increased skills. In order to ensure that this growth can be sustained, it might be beneficial to look at a few central issues relating especially to small enterprises.

Mulligan stated that small manufacturers have a small client base [especially in an area such as uMzambe] and are therefore highly dependent on the expected income from each client. If anything goes wrong with one of these clients, it can put the business at serious risk.

Manufacturing enterprises in uMzambe have limited financial, marketing and human resource skills and as such some enterprises work under challenging conditions to meet the demands of reaching a client-base and then ensuring sustained demand.

The workshop outcomes tend to suggest that some enterprises were usually fighting for survival and can therefore only focus on day-to-day operations, rather than plan for future growth. It would appear that in most enterprises' capital was dedicated to operations, with limited access to capital for improvements such as required equipment/or upgrades, adequate facilities, marketing and sales support, or even the implementation of technology to reach a client-base outside uMzambe.

For a valuable sector that does account for a significant portion of the municipality's economy, effort needs to focus on creating a central hub for these enterprises. The hub can also support tourist initiatives and thereby co-ordinating resources and creating localized support into a central hub linked to marketing.



There is also a need for business skills and marketing training. It is impossible to overstate the importance of skills in improving productivity and business ability. The link between education, earnings, and productivity is well documented.¹⁴

KEY FACTORS IN THE TOURISM SECTOR

Tourism is regarded as a sunrise sector and as such is one of the more effective vehicles for job creation and enterprise development. For this to succeed there has to be mechanisms, strategies and infrastructure in place. A critical factor is infrastructure and more specifically, the quality thereof. Ugu District has a beautiful coastline with Blue Flag beaches. According to the Ugu District Economic Indicators and Intelligence Report 2010, the District is ideal for surfing, sea kayaking, kite surfing and scuba diving. Fishing as well as the huge sardine run that occurs every year also attracts large numbers of holidaymakers.

uMzambe lays claim to only 2km of this coastline referred to above and is therefore indirectly competing against the well established areas along the Hibiscus Coast - where popular resorts and beaches abound. Over the years these establishments have been well patronised by local as well as international visitors. Thus, the major challenge for uMzambe is to attract these visitors, as well as new visitors.

The questions the municipality needs to address include: what does Umzumbe offer, is the infrastructure sufficient and of suitable quality and are the offerings of the local enterprises of a standard that it could compete competitively with other similar offerings and thus attract visitors?

uMzambe has a strong sense of history, which the municipality want to capture with the Ntelezi Msane Heritage Centre. The uMzambe IDP 2011/2012 noted this initiative as a “niche tourism product focused on culture, heritage and history.” The municipality’s aim is to attract local and international visitors who have a keen interest in South African history, culture and heritage. The municipality would also like to foster relationships

¹⁴ Mark Troppe, *The Human Component in Manufacturing*, from **New Directions in Manufacturing**, 2004



with aspiring performing and visual artists through joint initiatives hosted by the Centre.

According to the uMzambe IDP 2011/2012 the centre will consist of:

- a museum with an interpretive centre
- an academy focusing on arts, crafts and heritage
- an amphitheatre where historic environment education, time travels and live performances will take place,
- an African-themed restaurant
- a Ntelezi Msane monument

The creative inspiration for this initiative and the work done thus far is to be commended. Nonetheless, this review would like to caution against setting up niche tourism products without undertaking an extensive feasibility study, which **must** include local products that are similar in nature, such as the Red Location Museum in Port Elizabeth (New Brighton), Eastern Cape and elsewhere in the country. The feasibility study must look at and compare: concept, design, location in relation to tourist routes, number of visitors and profitability. It must also factor in the cost of such a development against the potential profitability. Once these issues have been investigated the social benefits must be reviewed. These will include: capacitation of local artists, entrepreneurs and linkages that can be formed with other similar local, provincial and national programmes.

KEY FACTORS IN THE MINING SECTOR

Illicit economic activities that blatantly erode the social and environmental base of the region must be stopped. Sand mining has notable economic potential for uMzambe, however, currently it is happening in a very ad hoc and uncontrolled manner. Trucks are constantly carting river sand out of the municipal area with no apparent licenses and damaging the river environment and the roads. Proper enforcement backed by effective legislation and regulations would safeguard against destructive practices. Opportunities should be made available for local entrepreneurs, rather than having the resource exported with no benefits for the local economy.



A recommendation on moving forward on this issue would be to conduct a Feasibility Study on Sand Mining in the area. This would highlight the pitfalls and opportunities of sand mining for the local environment and community.

KEY FACTORS IN THE INFORMAL SECTOR

The informal sector's separateness from the formal economy lies in legislation – not necessarily in the viability or sustainability of that enterprise. By forcing aspects of this legislation onto this sector might in fact liquidate its feasibility. It is vital to acknowledge that the informal economy has “been observed to have more of a fixed character in countries where incomes and assets are not equitably distributed.”¹⁵

In 2008, the informal economy accounted for just over a quarter (26.7%) of the total employment in uMzambe.¹⁶ This sector plays a vital role in the livelihoods of especially poor households. They operate in an extremely challenging environment, often excluded from the mainstream of LED.

It is important to look at the role of the informal sector for the poor in the local economy. According to Dr. Miriam Altman, low earnings from work appear to be an emerging structural feature in developing countries, where underemployment and unemployment co-exist. The role of local government in reducing poverty becomes more critical, even in low-income economies with stronger traditional community support systems. In this environment, employment is a necessary, but not sufficient condition for poverty reduction.¹⁷ In this climate, the informal economy cannot be seen as a social security net, but rather an active part of the local economy.

¹⁵ Kristina Becker, Fact Finding Study: The Informal Economy, 2004 pp 3

¹⁶ DBSA Information Unit adapted from Regional Explorer, Global Insight, 2008

¹⁷ Altman, Concept Paper: What are the policy implications of the informal sector becoming the informal economy? (2007)



In uMzambe, the informal economy has been divided into two groups: survivalist and entrepreneurial. The former group is viewed as having no potential and therefore needs to be relocated to community services, while the latter group have potential, with improved prospects, for economic participation with small formal industry. However, the resilience some survivalist businesses display must be taken into account.

“Women have been selling bananas next to the N2 for as long as I can remember. As a child I can remember eagerly awaiting the sweet smell and smooth sugary taste of the butter bananas characteristic of the area. On route to our seaside holiday in Margate I would look out the car and see these women selling their bananas in baskets, all lined up along the side of the road. Despite the structural separateness between us that apartheid ensured, they were friendly and happy to see us. Our annual trek was never quite the same without stopping for our bananas.

Sadly, despite the demise of apartheid, and the evident upgrading of the N2, there has been no change for the women selling bananas. On my last less frequent trip to the area – not a seaside holiday – but en route to the Eastern Cape, I still see these women selling their bananas 30 years later. They still sit alongside the road waiting eagerly for passersby. They have struggled against all odds, to ensure their children’s futures. It is evident they still bear the load of structural inequality. It seems this is their destiny, or should it be? ¹

In a predominantly rural region such as uMzambe, the line dividing the two potentially different groups is also very blurred. With the downturn of the region’s economy, entrepreneurial informal businesses could sink into the survivalist category, while the opposite is also true. With improved economic support, appropriate enabling and a conducive environment and targeted mentorship, survivalists can grow into sustainable micro enterprises.



Local Municipalities have been given the honour to ensure these women have a stake in the economy they so tirelessly upheld all these years. It will be utterly immoral to exclude them from local economic development. Workshop evidenced that these women educated their children and fed numerous families through the years. Like many other survivalist businesses, they need to be incorporated into LED and not sidelined. With appropriate support mechanisms, survivalists and entrepreneurial businesses can and should be given the opportunity to integrate into uMzambe's economic development processes.

KEY FACTORS RELATING TO ENERGY, WATER AND ROADS

Energy, water, sanitation and road infrastructure determines the way people live. As such they become defining factors for the community in terms of access to education and the economy – it ultimately provides the socio-economic structure that either enables a person to be and grow or not.

Inadequate infrastructure limits the productive opportunities of the poor and has a negative impact on their welfare, which in turn slows down local economic growth.

If uMzambe is to realise its LED goals, the municipality will have to address the backlogs noted in water delivery and electricity connections. While understanding the challenges posed by the growing needs of the community and economic sector, it is imperative for the social wellbeing of uMzambe. Deepening disparities between the various local municipalities in Ugu and within uMzambe may result in further disempowerment of those who are already at a disadvantage as well as potential social unrest in the future.

Poor road infrastructure within the municipality is another barrier to local economic development. The uMzambe LED Strategy 2009 noted that the “municipality has been unable to construct many access roads due to capacity and equipment deficits.” Moreover, the municipality has not aligned the strategic objectives of the IDP process with the Department of Transport's Provincial and National priorities. This has resulted in uMzambe not yet being able to tap into the economic potential of the P68 corridor potential.



The uMzambe IDP Review 2011/2012 has identified roads in areas with identified agricultural projects, tourism initiatives and community facilities that must be prioritised. Increased infrastructure provision and access to adequate social services, such as water and energy will allow for a wider array of opportunities and products in uMzambe.

It thus becomes important for the municipality to investigate alternative options in delivering social services and addressing transportation challenges. In terms of energy, solar and wind power should be considered, especially in deep rural areas, or in areas where the grid is insufficient or absent.

There are numerous new technologies available that offer alternatives to black top or tarred roads. These options are also cost effective, offer local job opportunities and can be applied using local resources. It is therefore recommended that the municipality investigate these avenues as part of their alternate strategies.

PROGRAMMES AND PROJECTS

This section focuses on quick-win projects, which as discussed above is needed for economic development in uMzambe. The Municipality also requested a concise easy to use template for LED initiatives. The review does, however, request that the Municipality refer to the existing LED strategy template from the uMzambe LED Strategy 2009.¹⁸

Quick win projects are the most effective and efficient ways to initiate development because it is premised on the following criteria:

1. Can be started immediately
2. Uses local resources
3. Produces visible results in the short term (3-6 months)
4. Has a catalytic effect

¹⁸ uMzambe LED Strategy 2009, Template from pp 13



The following table provides an overview of programmes and projects that could be implemented over the short to medium term.



Programme	Strategy	Project
Increase efficiency and effectiveness of the institution Strengthen Institutional Memory	Encourage inter-departmental communication	<ol style="list-style-type: none"> 1. Establish/strengthen communication department 2. Publish a quarterly internal communication bulletin 3. Craft a communication strategy
	Promote efficient and effective departments Promote Batho Pele Principles	<ol style="list-style-type: none"> 1. Placement of suitably qualified staff in LED and Community Services 2. Employ dedicated tourism personnel 3. Train Community Services staff in basic LED
	Promote vertical and horizontal alignment within local and other spheres of government	<ol style="list-style-type: none"> 1. Set up IGR structures 2. Conduct regular IGR meetings 3. Conduct inter-departmental networking sessions
Infrastructure roll-out for LED development	Improve road network	<ol style="list-style-type: none"> 1. Implement all road projects No 25 – 30 from IDP 2. Appoint service provider to conduct studies on improving the integrity of gravel roads – using cost effective alternative methods 3. Upgrade selected gravel roads
Actively promote and support Economic growth	Promote support for local enterprises	<ol style="list-style-type: none"> 1. Conduct survey on economic leakages 2. Conduct business climate survey 3. Conduct business expansion and retention programme
	Address market failure Encourage and promote networking sessions/forums	<ol style="list-style-type: none"> 1. Establish business incubators 2. Establish mentoring programmes 3. Facilitate partnerships with established businesses 4. Facilitate access to markets 5. Lobby SEDA and other govt. institutions for business support
Strengthening the Informal economy	Promotion of business principles	<ol style="list-style-type: none"> 1. Create database of informal businesses 2. Registration of informal businesses 3. Basic business training workshops 4. Establish secure trading stalls 5. Implement infrastructure provisions
To provide consistent and efficient Energy supply	Promote alternative energy sources	<ol style="list-style-type: none"> 1. Conduct feasibility study on alternative energy sources 2. Implement solar-water pump project 3. Implement solar-lighting project 4. Install solar water geysers
To grow Tourism to uMzambe	Promote uMzambe as a destination of choice	<ol style="list-style-type: none"> 1. Conduct feasibility on alternative road construction methods 2. Construct access road from N2 to beach 3. Implement an infrastructure programme 4. Beach development of Turton Mfazazana 5. Construct secure beach recreational facilities 6. Conduct feasibility study on local heritage centres similar in nature to the proposed Ntelezi Msane Heritage Centre 7. Undertake study tour to the Red Location Museum in the Eastern Cape



		and other similar facilities in South Africa.
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Programme	Strategy	Project
Adequate Water Supply to all residents	Promote efficient and effective use of water	<ol style="list-style-type: none"> 1. Investigate various rain harvesting options 2. Install rainwater tanks in strategic areas 3. Monitor and evaluate current tanker water delivery system
Ensure Food Security for all residents	Promote health before wealth	<ol style="list-style-type: none"> 1. Implement raised bed farming in poor soil conditions 2. Fencing of small scale gardens 3. Establish environmentally friendly pest control methods 4. Install irrigation infrastructure 5. Install solar-water pumps
	Promote business approach to agriculture	<ol style="list-style-type: none"> 1. Establish agricultural training facility 2. Roll-out business training programmes for emerging farmers 3. Establish mentoring programmes
	Encourage youth involvement in agriculture	<ol style="list-style-type: none"> 1. Establish school agricultural programmes 2. Establish agriculture management training programme
	Encourage diversification in crop farming	<ol style="list-style-type: none"> 1. Implement diverse crop farming – focusing on companion planting 2. Implement crop rotation 3. Set up small farmers network 4. Conduct feasibility study on Bamboo farming
	Promote small-scale farming	<ol style="list-style-type: none"> 1. Conduct a agricultural land audit 2. Identify suitable land for small-scale farming 3. Training programme in soil management 4. Training programme in seed harvesting 5. Training programme in diverse crop farming 6. Training in organic farming 7. Install irrigation infrastructure 8. Install solar-water pumps 9. Lobby support from Dept of Rural Development (DEARD) 10. Lobby support from Dept of Agriculture 11. Engage the services of appropriate NGOs
	Promote the establishment of agricultural Co-ops	<ol style="list-style-type: none"> 1. Identification of beneficiaries 2. Register co-ops with Dept of Agriculture 3. Establish networking forum 4. Facilitate access to markets 5. Management training programmes 6. Lobby support from Dept of Agriculture





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