

SECTION F 3 LOCAL ECONOMIC DEVELOPMENT [LED]

The primary role of the Kouga Municipality in local economic development is to coordinate, facilitate and stimulate sustainable economic development within its jurisdiction through appropriate mechanisms; Strategy and policy development; Programme development and co-ordination and Strategic liaison and networking

The Municipality is has established in May 2011 established a standalone LED, Tourism & Creative Industry Directorate. The Directorate is manned by a Section 57 Manager (vacant and to be filled by June 2012), Manager LED and Manager Tourism and Creative Industries with supporting staff and each with its Portfolio Head Councillor. Other vacancies as the Trade and Investment officer and movement of staff from other departments to creative industries will be considered during the reorganizational programme set to be complete by June 2012. The Municipality is in possession of LED Plan, SMME strategy and Integrated Tourism Sector Plan which were adopted in June 2010, December 2008 and July 2009 respectively. In all these plans and strategies gaps still exist and the new council need to review. Currently there is misalignment between LED & MIG, portion of LED funding is with MIG and is not allocated as such. The municipality has proactively prioritized LED projects and 10%-15% should benefit SMME & EPWP. R 700 000.00 has been received from EPWP. Alignment of SMME's skills development with Municipal data base is a strategy to assist the local SMME's. The criteria is envisaged to be developed to accommodate the local companies (SMME's) and Supply chain policy will be reviewed to and incorporate the BBE Act mandate. ISD need to be employed to make sure that all trained SMMEs benefit in the MIG projects The municipality has strong partnerships with SEDA, and SEDA is assisting with capacity building and registration.. No support given by the DLGTA or DEDEA in terms of IGR. No LED forum available but need to be revived. DLGTA (LED) to assist with the revival of the Forum. The plan to include Sport & Recreational Facilities has been developed and it has been included in the MTEF for 2012/13.

I. LED Objectives

The Kouga vision outlines key principles and outcomes to address the key development challenges in the area. To fulfill this vision the IDP defines a set of objectives and strategies in a number of priority areas including economic development. These are clustered under three key objectives identified for local economic development.

Kouga seeks to increase employment and stimulate economic growth through the Economic Development & Empowerment Strategies by:

- Promotion and development of Small, Medium and Micro Enterprises. (SMME's) with focus on PDI's
- Regulations, by-laws and Council policies should promote and encourage business investment and local labour incentives
- Effective utilisation of Council's assets, land and buildings to stimulate entrepreneurship and creating SMME incubators
- Promote and stimulate the opportunities for Public \ Private Partnerships (PPP's) for infrastructure and service delivery.
- Stimulate economic growth and business development through incentives for business retention, expansion and attraction
- Encourage human resource development through existing and future projects and community organisations
- Promote and market the local area through tourism organisations, customer services and establishment of ongoing linkages with other regional economic development)
- Promote and support local business support and spending
- Promote beneficiation of local products and raw materials
- Participate in national programmes – ensure that the community is exposed to all initiatives and encourage them to participate. Assist communities with access to programmes and funds

- Increase knowledge and awareness of the need to stimulate economic growth throughout the Kouga region by training and capacity building
- Co-ordinate employment initiatives through Expanded Public Works Programme and Supply chain processes
- Strive to access all forms of funding and support

To improve the tourism industry and increase number of tourists visiting the region through the following tourism

Strategies:

- Upgrade, maintain and provide tourism facilities and support
- Engage in active marketing on a local and regional level
- General town beautification
- Adequate Economic infrastructure
- Develop and concentrate on key attractions and annual events
- Encourage capacity building, development and training of people

The municipality has conducted a process of reviewing its Local Economic Development Strategy and participation of all councillors, officials and the public was sought to ensure that we strategise together in order to develop our local economy.

2. **Capacity Assessment for LED Programmes**

The Kouga organogram provides for a LED Unit, with key function of coordinating the development of LED policies, strategies, plans, programmes and has established a Development Agency to facilitate the full implementation thereof. The Manager in LED has LED requirement skills and reports to the Section 57 Manager of the LED, Tourism and Creative Industries Directorate that has a fixed term five year contract. About 80% of the approved LED posts in the organogram are filled. In the past 3 years 50-69% of LED staff has attended at least 3 accredited training and less than 30% of LED staff has at least 3 years of relevant working experience and policies that guide the implementation of LED programmes. LED portfolio committee is in place chaired by the councillor who is heads the directorate, LED stakeholders forum have been established in since 2010 and need to be revitalised.

SMME strategy has been adopted by council by June 2010 is based on the current and forecast socio-economic situation in the municipality: Current and relevant data; Data analysis reflecting type and level of economic activities in the municipalities; Comparative and competitive advantages and socio-economic forecasts are explicitly articulated. The Municipal LED strategy clearly outlines a strategy to address enterprise development and support. All LED objectives are linked to LED identified priorities. Stakeholders (a level below the expected level of consultation) have been involved in the development and implementation of LED strategy. The LED Plan and Strategy needs to be reviewed especial with changing economy and demographics. Further required is the Rural Economic Development Strategy that will feed into the LED strategy and Plan.

Resourceful partnerships established for LED activities

The LED terrain is in a constant state of flux and is still dogged by “conflicting” interpretations on its focus and objectives. This is mainly caused by the absence of a coherent policy framework and the inadequate clarity of institutional mandates. This is further influenced by the evolutionary nature of LED practice, which requires the maximisation of experiential sharing.

Thus, it is important to create adequate space for introspection, learning and networking amongst practitioners to ensure continuous effectiveness.

Kouga like all other municipalities is not immune from financial constraints that negatively impact on the realisation of the desired LED Plan and Strategy. Kouga Budget is inadequate to attend to the primary LED objectives. Furthermore the MIG funding provides for economic infrastructure projects and some few Socio-Economic projects. The Municipality has partnership agreements with four (4) of the structures: Government Department; Private Sector (Business Sector); International Organisations; Peer Municipalities; Communities.

Strategic Alignment with Cacadu District Municipality

Cacadu District Municipality has on 09 March 2012 been introduced a Learning Networking Draft Plan in the District Support Team. This Strategic Plan seeks to enable a more sophisticated understanding of the LED function an effort designed to improve understanding and immediately influence practice by creating space for learning and sharing of best practice. Learning and Network is an enrichment mechanism for LED practitioners, through organised conference, study tours workshops etc. The practitioners will be taught skills and insight in a friendly and casual atmosphere. The rationale would be to enrich, expand upon, and allow for additional practice and experience with the concepts presented. This plan will be effective hooked into other strategic support efforts, which include but are not limited to:

- a) Refinement of the existing generic DST operational framework
- b) Analysis of LED frameworks and policies.
- c) Already identified DST operationalisation actions i.e. CDM EIS, DST LED conceptual framework and NMMU LED Consortium projects
- d) To synchronise this with other learning events, i.e. Thina Sinako learning encounters, DHLGTA's policy workshops e.g. "Second Economy" workshops etc.

This is also part of a province wide effort, which is meant to consolidate an integrated, better-coordinated and more effective local economic development (LED) support system. This is also represents a solemn attempt at affirming public sector investment, intergovernmental relations and governance in the facilitation of LED. The PWG is represents a move away from the often uncoordinated and sometimes ad hoc support by municipalities and sector departments to LED initiatives. These are very important prescripts of the National LED Framework (2006).

A Cacadu District Municipality established a District Support Team (DST) which comprises the CDM's economic development officials plus those of the nine Local Municipalities (LMs) and the ECPG sector departments. Within the Cacadu District, internet enabled access to business intelligence would be very important in reducing business uncertainty, for the following reasons:

Face to face business contact and interaction are complicated by small town rural nature of the District with very low densities, long distances between towns, farms and tourism attractions and a transport network that is ever more dispersed as one moves to the North away from the NMBM and the coastal corridor. The two main drivers of economic activity are agriculture and tourism, both of which require high levels of connectivity with local and global markets and have extensive business-to-business linkages across local and global value chains.

The Business Intelligence is the process of collection, treatment and diffusion of information that has as an objective, the reduction of uncertainty in the making of all strategic (business) decisions. The Business Intelligence has always been critical to the functioning of any business, it is now more important than ever before for two main reasons:

- An ever increasing amount of business involving every stage in the value chain is conducted over the web
- The high level of information availability renders superior business intelligence to be an important competitive advantage.

Within South Africa, Local Economic Development or LED is a crucial tool and a legislated function of local government to unlock local economic potential and redress the structurally skewed and inequitable economy that emerged from the Apartheid Era. The institutional arrangement which is a key element of Economic Intelligence is that the District Support Team (DST) of local LED officials must be the primary custodians and beneficiaries of the Cacadu Economic Intelligence System (CEIS). The Draft Conceptual Framework for LED in the Cacadu District Identified 'Three Sixty' Strategic Services with a Model articulated as follows:

- The ultimate goal of LED is social impact in the form of reduced poverty and improved quality of life, which is pursued by means of improved economic performance, growth, employment and so forth.
- To realise this improved economic performance, business sectors need to increase earnings for the local economy from markets, by competing better.
- These businesses benefit from competitive advantages and suffer the disadvantages of operating from this particular local business environment.
- LED improvement initiatives aim to improve the competitiveness of firms in the market and to reduce constraints in the business environment.
- These improvement initiatives require work / activity/ functions to be realised.
- Stakeholders in collaboration provide the organisational capacity to execute and draw on available know-how and resources.
- Achievement of the desired social impact justifies the investment of the resources into LED''

3. **Institutional Commitment to Led**

Council has for the past three years resolved to ensure institutional commitment to LED. The LED related IDP priorities have been identified and an LED Plan drawn up and SMME strategy in place however with no secured funding. The strength of LED unit is in Intergovernmental relationships & partnerships to increase the resource base, reviving inter-departmental commitment, strategies and reporting on LED intervention. The plan does refer to the need of policy formulation. A Major challenge relates to the lack of Trade and Investment Policy, Plan, Strategy, Marketing and communication strategies as well capacity to review the existing LED Plan and SMME strategy that responds to the current trends. Further a budget that is responsive to LED needs.

4. **Development Thrusts**

A development thrust defines an area of priority focus. It is a collective economic force that can generate sufficient economic energy and momentum to create a series of sustainable opportunities to achieve the set short, medium and long-term objectives of any strategy.

Based on the comprehensive strategic analysis and rigorous stakeholder consultative process, the Kouga Municipality and its partners have identified the following five (5) key development thrusts as the core drivers of this LED strategy and plan.

4.1. **Strategic Thrust [1]: Enterprise and Sector Development**

Strategic goals:

- To grow the numbers and improve the competitiveness and productivity of small, medium and micro enterprises;
- To increase the numbers and productive capacity of SMME and large enterprises in tourism, agriculture and manufacturing sectors of the economy;
- To improve the quantity and quality of jobs created by SMME's and large enterprises;
- To increase the contribution of tourism, agriculture and manufacturing on employment and gross geographic productivity.

Agriculture Development Framework:

- To promote the production of high-value crops and vegetables
- To attract new investments into agriculture and infrastructure development
- To facilitate sustainable BEE enterprises in citrus, stock farming, fishing and maritime
- To promote small-scale farming activities for food security net
- To facilitate access to agricultural land by emerging farmers
- To implement an agriculture enterprise development and extension programme
- Coordinate agricultural activities by establishing an Agricultural Forum

Tourism Development Framework:

- Facilitate establishment of new BEE enterprises in tourism
- Design and implement tourism development programmes for local communities
- Improve the quality of crafts and black-owned businesses in general
- Establish community tourism forums to promote tourism participation
- Facilitate the establishment of new tourism products within township areas

4.2. **Strategic Thrust [2]: Economic Infrastructure Development**

Strategic goals:

- To improve the state and quality of general economic development infrastructure thus enhance the accessibility of markets, movement of goods and services and inter-regional linkages.
- To improve the levels of supply, quality and reliability of business support infrastructure in terms of provision of electricity, water, sanitation, road, rail and harbour-linkages.
- To attract new public and private investments to address critical bulk and economic, tourism and agricultural infrastructural backlogs as a pre-condition to unlocking new economic growth levels.

4.3 **Strategic Thrust [3]: Skills Development and Labour Alignment**

Strategic goals:

- To develop new management, technical and life-skills in line with labour market demands of the area, its key sectors and the region at large;

- To re-align skills production and capacity building programmes to meet existing labour market shortages through re-training and re-orientation;
- To create surplus labour capacity to meet existing and future business and investment growth demands;
- To improve the existing employability of the unemployed person including youth, women, under-graduates and post-graduates through targeted skills training.

4.4 Strategic Thrust [4]: Informal Economy Development

Strategic goals:

- To encourage the participation of the previously disadvantaged communities and individuals in self-employment, self-help and poverty-alleviation initiatives.
- To provide meaningful support to informal self-employment, self-help and poverty alleviation initiatives thus ensuring progressive growth into the SMME sector.
- To enhance the role of the informal economy in meeting rural and township consumption / consumer needs.

4.5 Strategic Thrust [5]: Institutional Development

Strategic goals:

- To build the appropriate internal [municipal] and to some extent, the external institutional capacity necessary to ensure the successful implementation of the Council's IDP economic objectives and this LED Strategy.
- To improve the integration, alignment and coordination of government and stakeholder economic development programmes to leverage resources.
- To establish meaningful communication, efficient decision-making and economic development and implementation capacity.

5. Kouga's Development Approach to LED:

Development Priority	Desired outcomes	Broad Strategic Objectives
To improve economic growth, employment and reduce poverty by maximizing the socio-economic impact of the municipality's actions, through broadening stakeholder participation in aligned and focused socio-economic activities.	Improved local economy that attracts tourism and investment and provides decent employment and sustainable livelihoods	Facilitate actions that improve service delivery in order to contribute to the reduction of poverty
		To facilitate the growth of the Kouga economy and increase employment opportunities by creating a conducive economic environment
		Support initiatives for agricultural development and related processing activities
		Facilitate actions that broaden Stakeholder participation in economic activities

Strategic Framework for the LED Plan of the Kouga Local Municipality:

	Intervention logic	Objectively verifiable indicators
Overall Goal	To improve economic growth and employment opportunities and reduce poverty by maximizing the socio-economic impact of the municipality's actions, through broadening stakeholder participation in aligned and focused socio-economic activities.	<ul style="list-style-type: none"> • Economic growth improved by at least % over a five-year period • Employment is increased by % over a five -year period • Poverty reduced by % over a five-year period • % increase Stakeholder participation & % improved Service delivery
Specific objective	Facilitate the growth of the Kouga economy and increase employment opportunities by creating a conducive economic environment. Facilitate actions that broadening Stakeholder participation in economic activities. Facilitate focussed service delivery action towards poverty reduction.	<ul style="list-style-type: none"> • % of investments increased • % of procurement spend on local business • % of formal business retained and attracted • Fully representative Local partnership established and joint action plans developed • % of jobs created through municipal programmes
Result 1	Improve Economic Governance capacity of the municipality.	<ul style="list-style-type: none"> • All Systems and procedures within the municipality related to economic growth reviewed and improved • Institutional Mechanism created that involves all stakeholders in decisions around economic issues • Resources (financial and human) available for Local Economic Development Unit increased by % for the next 3 year
Result 2	Facilitate the development, attraction, expansion and retention of Enterprises	<ul style="list-style-type: none"> • Involvement of all relevant stakeholders in actions around SMME development. • % increase of local businesses in procurement of services for municipality • Capacity building programmes for entrepreneurs and business development services available • At least two linkage programmes between 1st economy and 2nd economy role players facilitated • At least % increase in new businesses setting up.

Result 3	Locality of the municipality is developed in an integrated and sustainable way	<ul style="list-style-type: none"> • Municipality is aware of all resources and assets in its position. • The general Capacity for understanding sustainable development and conservation improved by % • Existing competitive infrastructure and resources maintained and improved
Result 4	Municipal actions are aligned and inclusive so that livelihoods of ordinary people in the municipality are improved.	<ul style="list-style-type: none"> • % of communities used in municipal service delivery • % businesses involved in community development issues
Result 5	The capacity and needs of the Labour Force in the municipality understood and recorded	<ul style="list-style-type: none"> • Understanding of the labour-force needs and skills of business in the municipality. • At least three skills training programme for Labour Force run
Overall Activities		
Result 1	<p>Economic Governance capacity of the municipality improved.</p> <p>1.1 Establish an interdepartmental working group to deal with all integrated LED issues.</p> <p>1.2 Establish a Local Action Group consisting of government, the private sector and the community sector.</p> <p>1.3 Joint plans with all stakeholders are developed</p> <p>1.4 Implementation of internal and external awareness campaigns.</p> <p>1.5 Resourcing the LED unit with financial, human and skills capacity.</p> <p>1.6 Improve the processes and procedures of the different units within the municipality</p> <p>1.7 Business red tape reduction</p>	
Result 2	<p>Development, expansion and retention of Enterprises are facilitated.</p> <p>2.1 Promotion of investment through developing trade & investment strategy and extensive marketing campaign around the comparative advantage and competitiveness of the municipality</p> <p>2.2 Improve the internal procurement systems the municipality so that it benefit local businesses</p> <p>2.3 Support the linkage between 1st & 2nd Economy players</p> <p>2.4 Strengthen the relationship between institutions supporting enterprises and the municipality</p> <p>2.5 Developed a set of actions (including non-financial incentives) that retains enterprises in the locality.</p>	

<p>Result 3</p>	<p>Locality of the municipality is developed in an integrated and sustainable way.</p> <p>3.1 Cadastral study of Kouga finalised</p> <p>3.2 General marketing of the locality including the heritage sites</p> <p>3.3 Identify true comparative advantage of the locality and use it to make locality competitive</p> <p>3.4 Development of a specific programme around sustainable development and Conservation</p> <p>3.5 Explored strategic LED opportunities of “Blue-Flag Beach”</p>
<p>Result 4</p>	<p>Municipal actions are aligned and inclusive so that livelihoods of ordinary people in the municipality are improved.</p> <p>4.1 Review how economic opportunities can be utilised in the waste management cycle and exploit opportunities.</p> <p>4.2 Developed specific activities around Policing, car-guards, street kids etc.</p> <p>4.3 Involving businesses in programmes of Health awareness inside and outside the business environment</p>
<p>Result 5</p>	<p>Labour Force capacity and needs understood and recorded</p> <p>5.1 Do a labour-force survey within the municipality to determine the job needs of the locality.</p> <p>5.2 Develop a data-base of general jobs available in the municipality.</p> <p>5.3 Facilitate skills development programmes for the labour-force in the locality.</p> <p>5.4 Ensure the support for labour intensive projects</p>