

ECONOMIC POTENTIAL FOR FEZILE DABI DISTRICT MUNICIPALITY:



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30/03/2011

PRESENTATION PREPARED FOR:

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The Executive Mayor
Cllr Jonas Ramokhoase
Fezile Dabi District Municipality



Vision:

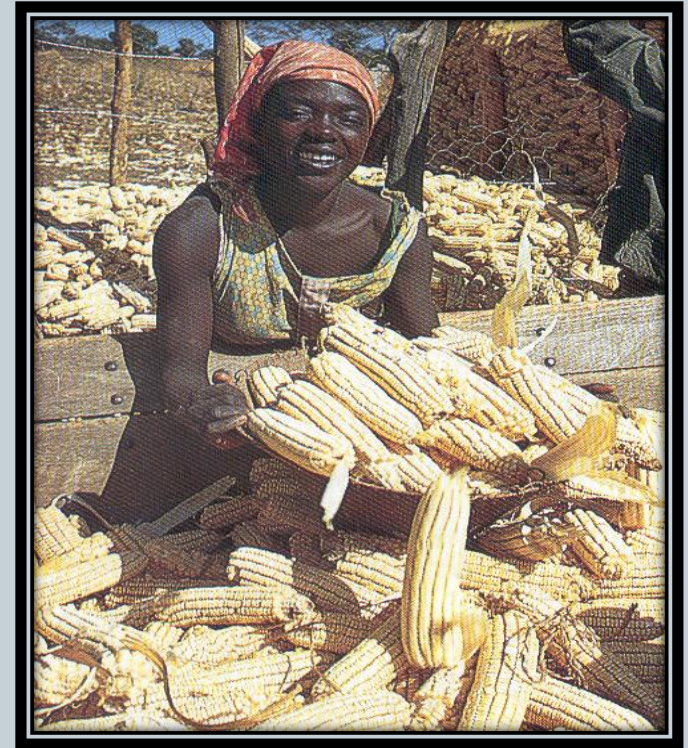
Equitable and sustainable agricultural, environmental and nature conservation sectors to create a better life for the people of the Fezile Dabi District Municipality



BACKGROUND

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- ❖ Fezile Dabi District municipality was established in terms of Provincial Notice No. 113 of September 2000.
- ❖ It is one of the five districts in the Free State Province and is the second smallest District in the Province covering 16.4% of the provincial area which totals to 129 480 km².
- ❖ The district has four demarcated local municipalities, namely: Moqhaka Local Municipality, Metsimaholo Local Municipality, Ngwathe Local Municipality and Mafube Local Municipality.
- ❖ It hosts an important manufacturing industry which is situated in the Metsimaholo Local Municipality town of Sasolburg where activities such as processing of natural minerals takes place.
- ❖ It is possible that various initiatives linked to resource availability in the area could be undertaken and could be of high intensive commercial agricultural development initiatives.



INTRODUCTION

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Local Economic Development (LED) in Perspective

The key deliverable of this exercise is to ensure, integration and coordination of Local Economic Development activities for the Fezile Dabi District Municipality. A well coordinated plan of activities to ensure good cooperative governance by all stakeholders is required to meet the challenges of economic and employment growth in the Fezile Dabi Municipal Area.

Since there are many models and approaches to local economic development, the main activity will be to assess current approaches, agree on an approach, and to develop it through a participatory process. The following list of activities will constitute the broad outline and approach which will be adopted by all stakeholders:

- A critical review of the LED models and approaches (this also includes the Legislative Context),
- Stakeholder analyses and formation of working groups that includes a mixture of stakeholders to ensure a community-based approach,
- The assessment of resources and assets in the area that can be used as a basis for development,
- Profiling and SWOT analyses of economic sectors as part of an economic assessment and profile of the area,
- The production of a LED Strategic Plan that consists of a shared economic vision developed by way of a participatory process, a set of goals, strategies and an action plan. It will also include criteria for success,
- Assessment of the LED plan against resource requirements,
- The formulation of recommendations in relation to skills and capacity development, strategic partnerships, support systems and resources mobilisation approach for sustainability.
- Identification of key potential partners to partners with the district to improve the local economic sector and outline key areas of intervention to ensure that measurable outcomes are produced within a given time.

CRITICAL AREAS FOR LED AMONG THE MUNICIPALITIES

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- All the stakeholders need to take the following into consideration when analysis and assessing the economic performance of the district:
- Economic development is perceived very differently by the various municipalities ranging from building „a globally competitive region so that all communities can benefit from economic growth“ (eThekweni) to more modest goals, e.g. „poverty alleviation through job creation“ (Moqhaka/Kroonstad).
- Most rural municipalities define LED as multifaceted including poverty relief or the promotion of economic growth.
- Urban municipalities see no distinction between addressing poverty and promoting economic growth. This is an aspect of concern, as economic growth *per sector* is not sufficient to address poverty, notably where there is persistent and widespread inequality as is the case in South Africa.
- In terms of mechanisms for implementing LED, both urban and rural municipalities report having a dedicated LED Unit/Department and most of rural municipalities have an LED Officer.
- In terms of their economic development focus, LED features to some degree in municipal IDP“s but only few of rural municipalities have developed a defined LED policy. Common themes included job creation; skills development; excellent city; sectoral targeting; investment attraction; inner city redevelopment, infrastructural development.

THE RANGE OF LED INTERVENTION INCLUDES:

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- Development of an Economic Development Strategy, often as part of the IDP,
- Grants/rebates to attract new investors,
- Area-based support, mainly for larger firms while non-financial support for inward investment includes information provision, lobbying of business, investment facilitation and technical support (13 municipalities),
- Infrastructure and industrial and commercial sites,
- Supporting SMME's, including preferential procurement, SMME support centres/business incubators, support for the informal sector,
- Support for sectors/clusters,
- Support for the poorest sections of the community including skills training, local area support, housing support, advisory services, procurement and public works,
- Research or information activities, e.g. a database of economic trends, sector information and relevant information,
- Support for export and marketing.

CONTINUES:

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- In rural municipalities, LED is more embedded in district than local municipalities. While LED officers and/or LED Units have often been appointed, the absence of guiding policy, direct political links and weak institutional support systems is not ideal. Therefore all the stakeholders need to highlight the following local economic development concern in South Africa.
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- LED is not yet well embedded in municipal practice, as shown by the limited funds allocated, the absence of poverty reduction targets and the lack of detail of the impact of interventions. It is still early days for many municipalities, whose policy is still being developed and concrete results appear to be limited. In addition, the lack of monitoring and evaluation is a cause for concern.
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- LED is unevenly developed and operationalise across the South African urban system. Major divides exist as a group between the largest, most well resourced and capacitated municipalities and the smaller urban centres in terms of policy development, institutionalisation of LED and applied practice. This is even true for some of the larger secondary cities. However, there are some exceptions to this general picture.
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- LED is defined and understood very differently, which reflects the absence of national LED guidelines, and the short time with which municipalities have been actively taking forward LED approaches.
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- This results in challenges in determining objectives and targets as well as differences between councils, which hinders the scope for comparison. There are differing views held between government departments as to whether LED should have pro-poor or pro-market focus and a legacy of support for unsustainable, low skilled community projects has negatively impacted on perceptions of the efficacy of LED.
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- Even in the case of flagship projects such as developing flagship infrastructure, results clearly do not always live up to expectations.
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- LED is sometimes perceived as marginal to the mainstream basic services delivery mandate of local government.
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CONTINUES:

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- There is considerable variation in the amount of resources and staff devoted to LED, the degree to which LED has moved beyond policy pronouncements and the results achieved.
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- The compartmentalization of economic development and lack of coherence is a significant problem. There are pro-poor statements in the policies of many municipalities, but this is often not translated into significant LED budgets, or the actions of other municipal departments.
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- This impedes the overall scale and impact of council LED policies. In addition, there is an apparent failure to link line-function interventions or national government-funded projects explicitly into LED e.g. housing construction and infrastructure.
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- The varying size of LED units, the presence or absence of professional staff and resource differences creates a very diverse profile in terms of what exists and also in terms of actual impact.
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- Most municipalities are initiating some form of partnerships, even if many are weak. The objectives of these relationships need to be more clearly articulated and the concept needs more direct focus in IDPs.
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- Although there are forums and mechanisms for public-private interaction in most places, there seem to be relatively few cases of direct collaboration in joint projects. There is only limited private sector involvement which highlights the need to establish the previously mentioned partnerships.

CONTINUES:

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- For community-based economic development to work, participatory identification of strengths and opportunities at a local level is required as well as fostering of community energy and commitment to take forward their own development. In practice top-down approaches seem much more common.
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- The devolution of significant and real power to affect LED is impeded when local municipalities lack the skills and capacity to effect change. This applies to councillors and officials and is a major constraint which government itself has recognised as needing attention.
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- Significant devolution has taken place without adequate funds to run LED offices, pay for training or to finance projects, creating what is locally known as an „unfunded mandate“.
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- Real economic growth is being noted in pro-market supported ventures, e.g. convention centres, place marketing etc., and the challenge is to try and ensure that there are genuine pro-poor employment and development spin-offs from such activities, as well as activities which specifically target growth at the bottom, either in support for the informal sector, in agriculture, in community-based tourism etc.

THE AGRICULTURAL OPPORTUNITIES OF THE FDDM:

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High intensive commercial agricultural initiatives can be developed, which includes among others:

- ❖ Aquaculture/inland fish farming
 - ❖ Vegetable Production
 - ❖ Livestock Farming
- ❖ Greening Infrastructure
- ❖ Grain Crop Production
- ❖ Commercial Orchards



POTENTIAL STRATEGIC STAKEHOLDERS:

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In order to alleviate poverty and reduce unemployment rate in the district, Strategic Private Public Partnership (PPP) can possible be developed with the following potential strategic stakeholders:

Private Sector and Parastatal(s)

- Tiger Brands
- National development Agency
- Sasol Firm

Sister Departments and other Government Spheres

- Department of Labour
- Department of Economic Development, Tourism and Environmental Affairs
- Department of Rural Development and Land Affairs
- Department of Social Development
- Department of Agriculture
- Department of public works

Foreign Markets: Key Export potential for large scale investment justification

Kuwait
Qatar
Dubai
Japan
China



Catfish at growing stage



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The end!

Thank you

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