

MAKANA MUNICIPALITY

LED STRATEGY

**PART II:
STRATEGIC
DEVELOPMENT
FRAMEWORK**

NOVEMBER 2009





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SECTION 2: STRATEGIC FRAMEWORK

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND

The context and the direction for the role of municipalities in economic development is provided in the White Paper on Local Government. It states that “Local government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities.”. Its role is therefore to create a conducive environment for economic development and growth

In terms of the National LED Framework a LED Strategy is needed to:

- Provide direction to the LED unit
- To emphasize the role of the entire municipality in terms of LED
- To set LED targets that are aligned to national and provincial priorities
- Coordinate efforts of private and public sector stakeholders in LED
- To inform the municipalities IDP (as the LED Plan is a sector plan of the IDP)

The Makana region faces a number of challenges to local economic development. Unemployment is high, as is poverty. Economic growth has in the recent past been slow, as the area’s development potential has not been exploited fully.

This strategic framework in conjunction with the situation analysis represents the Makana municipality’s strategic planning commitment in the area of local economic development. The Makana LED strategy will guide decision-making and orient the LED directorate and the municipality at large towards the maximisation of the area’s developmental potential.

1.2 . PURPOSE OF THE STRATEGIC FRAMEWORK

Section two, presents the strategic development framework, implementation plan, monitoring and evaluation framework and benchmarking of the Makana LED strategy. Section two follows on from section one, which presented the situation analysis. All analyses and recommendations made in section two are thus made in the context of the results of the situation analysis. In addition to this, the strategic framework incorporates stakeholder input to ensure full alignment with the economic realities of Makana.

The strategic framework seeks to provide a vision, strategy, goals, and targets around which Makana’s LED (Local Economic Development) directorate can work towards. It is envisioned that the recommendations emanating from this strategy will stimulate, promote and facilitate Local Economic Development in the area through the creation of an enabling environment.



1.3 REPORT OUTLINE

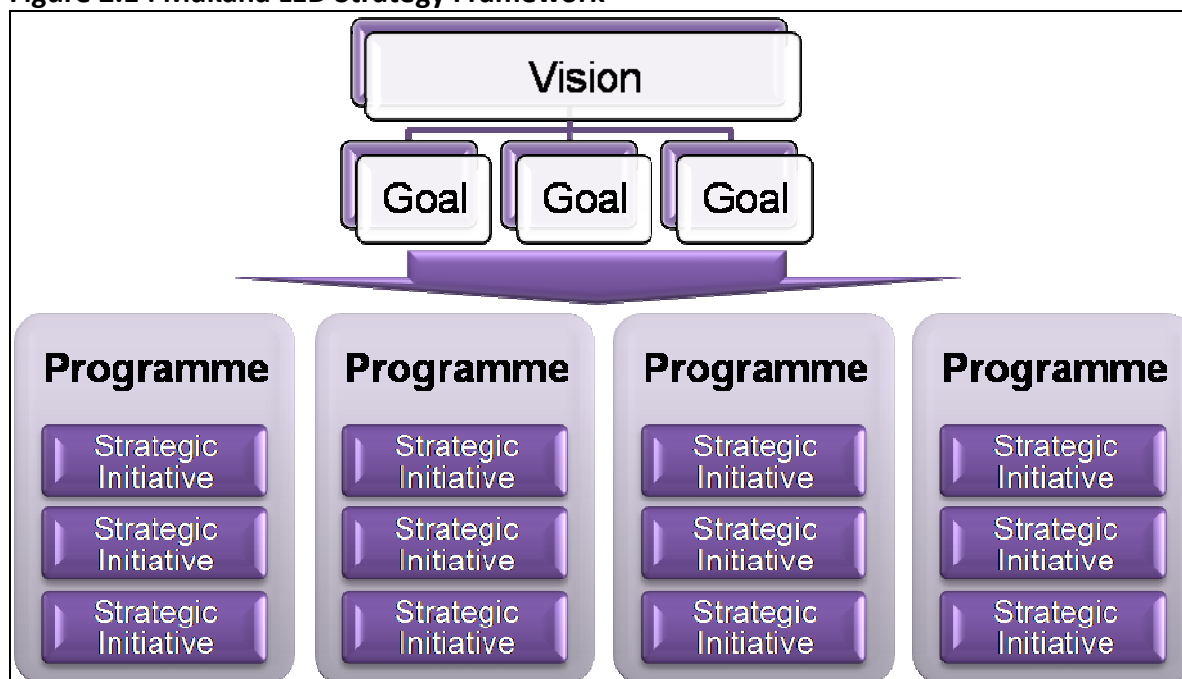
Chapter 2:	Strategic Development Framework	This section presents the framework of the strategy and includes the vision, goals, programmes and strategic initiatives conceived.
Chapter 3:	Implementation Plan	This section provides guidelines for the implementation of the strategic framework in terms of recommended actions, roles and responsibilities and associated timeframes.
Annexure 1:	Support Agencies	A compendium of support agencies and their contact details.
Annexure 2:	Monitoring & Evaluation Framework	A monitoring and evaluation framework based on the SDBIP is provided for the 10 prioritised initiatives.
Annexure 3:	Benchmarking for LED best practice	Provides criteria for successful LED strategies based on government guidelines .



CHAPTER 2: STRATEGIC DEVELOPMENT FRAMEWORK

This section will present the strategic framework for the Makana LED strategy. Each of the elements of the strategic development framework will be introduced and elaborated upon, providing their purpose and describing them in detail. The strategic framework is developed and presented in the context of the situation analysis report, and is informed by the outcomes of a comprehensive stakeholder engagement process. The strategic framework is presented in Figure 2.1

Figure 2.1 : Makana LED Strategy Framework



As is shown in Figure 1.1, the strategic framework is developed in line with and adapted from World Bank LED principles, and is made up of the following elements:

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

Goals: Objectives are based on the overall vision and specify desired outcomes of the economic planning process. They set performance standards and identify target activities for development.

Programmes: Programs are set out approaches to achieving realistic economic development goals.

Strategic Initiatives: Allow the prioritised implementation of specific programme components..

Source: World Bank, 2002, adapted



The vision provides the overall direction and aspirations towards which the LED strategy must focus on. This vision is then broken down into measurable components in the form of goals. The goals are articulated through programs, which serve as pillars on which the LED strategy is based on. Within each program are found several strategic initiatives. These strategic initiatives will seek to address the constraints and threats identified in the situation analysis and drive progress towards achievement of the stated vision and goals.

2.1 VISION

The vision sets out what the LED strategy seeks to achieve. All the other elements of the strategic framework thus cascade from the vision. The Makana LED strategy vision was developed after stakeholder engagement convened in the form of an Indaba. The Indaba allowed public participation and input into the vision. The other element that forms a central part of the LED vision is the Makana municipality’s vision, as set out in its IDP document.

The long term economic vision for the development of the Makana area is:

A robust, vibrant and sustainable economy that promotes local inclusive development

The vision can be broken down to certain key words, phrases and principles that will be expanded upon in Table 2.1.

Table 2.1 Explanation of Makana Vision Key Principles

Key Principle	Explanation
Robust	Robustness is the quality of being able to withstand stresses brought on by changes in circumstance. In the ever-changing global economy, it is vital that the Makana economy have the ability to dynamically respond to various pressures. This is to be attained through an ability to adapt to industry trends and adopt evolving technologies and approaches
Vibrant	A vibrant economy is seen through high levels of activity and growth in terms of business attraction and establishment, employment creation and a bustling entrepreneurial base. Given Makana’s relatively slow pace of growth from 1995 to 2007, it is vital that an injection of purpose-driven activity infuse the orientation of all economic activity in the area to boost growth and development.
Sustainable	All economic activity that takes place in Makana must be founded on principles of long term sustainability (environmental and economic). Accelerated development and sustainability are not mutually exclusive but should rather be considered at complimentary.



	<p>A shift towards a green economy (environmentally sustainable) is possible and even desirable within the context of Makana’s development and such considerations must be made throughout the economic planning process. Economic sustainability relates to growth that is based on activity that is viable and feasible over the long-run. It thus relates to positioning the Makana economy to be driven by key sectors that tap into and maximise its inherent traits.</p>
<p>Local</p>	<p>This element underscores the importance of retaining incomes and expenditures within the locality of Makana. This places forth notions of reduced income leakage, prioritised local procurement, internalised business sector solidarity and stakeholder cohesion. Also intrinsic in this statement is an element of local ownership of and responsibility for the area’s growth and development.</p>
<p>Promotes development</p>	<p>This key principle deals with the ability of stakeholders to translate the area’s latent potential and comparative advantage into developments that benefit the community at large in a practical and discernible way. Makana has significant unrealised and unexploited development potential and it is pivotal that such low hanging fruit be grasped.</p> <p>Efficiently and effectively utilising available resources makes up part of this key principle. The realisation of Makana’s development potential is to be articulated through the interventions envisaged in the programmes and strategic initiatives contained in the strategic framework.</p>
<p>Inclusive development</p>	<p>Balanced development is envisaged on a household level as well as on the economy-wide level.</p> <p>On the household level there is a need for reduced poverty and other forms of deprivation, employment creation and access to economic opportunities and greater participation levels by all residents of Makana. Development and growth must not bypass or lead to the marginalisation of any sections of society.</p> <p>On the economy-wide level the Makana economy whilst concentrating on its competitive and comparative advantages, must also allow for and promote diversification of activity. This reduces the chance of undue reliance on a few sectors, with balanced growth occurring in all sectors of the economy.</p> <p>Imbued in both these elements is the importance of redressing historical and structural imbalances. Historical imbalances relate to marginalisation of various groups into an economic periphery. Structural imbalances are based on the spatial and sectoral distribution of economic activity in</p>



Makana.

2.2 GOALS

Flowing from the vision is a set of goals that allow progress in achievement of the vision to be gauged. Goal determination involves identification of indicators that reveal how well Makana has achieved its economic vision.

The setting of goals in Makana was primarily based on district, provincial and national goals, where appropriate. This was then ratified via public participation at the Economic indaba. It is important to note that although ideally objectives should be SMART (i.e. specific, measurable, achievable, realistic and time-bound); it is not always possible to set quantifiable goals.

Based on the vision discussed above, and the traits of the Makana economy revealed in the situation analysis, the following goals will guide the Makana local economic development strategy:

1. Increase R-GDP by 3.5% per year to match district and the provincial growth rates by 2014
2. Maintain employment at current levels from 2010 to 2011, with the view of increasing trade and service sector employment by 4% from 2012 to 2014
3. Grow the tourism related component of the local economy by 10% by 2014
4. Maintain sustainable levels of capital expenditure on key LED infrastructure from 2010 to 2014
5. Increase the role of formal and informal strategic partnerships in and between the public and private sectors of Makana as a catalyst for growth
6. Reduce income leakage and support SMME activity through increased local procurement and labour force support measures.

The rationale for each of these goals will now be provided, so as to expand on their elements and justify their motivation :

1. Increase R-GDP by 3.5% per year to match district and the provincial growth rates by 2014

With average annual R-GDP growth rates of less than 1% between 1995 and 2007, Makana severely lagged behind the respective district and provincial averages of 2.48% and 3.15%. Part of the vision of a vibrant economy means increasing R-GDP growth rates significantly so as to not fall behind the provincial and district wide pace of development. The target of attaining R-GDP growth rates higher than those of the province will position the local economy towards realisation of the PGDP and ASGISA goals for economic growth. Furthermore, increased an increased R-GDP will facilitate a reduction in encroaching poverty and allow livelihoods improvement.



This is an achievable goal, which is illustrated by the fact that matching the Cacadu district's annual average growth rate translates into an injection of R26.54m into the Makana economy. To put that figure into context, it may be noted that in 2007 the value of the Makana economy was approximately R1.32bn

2. Maintain employment at current levels from 2010 to 2011, with the view of increasing trade and service sector employment by 4% from 2012 to 2014

There was a sustained fall in employment levels in the Makana area between 1995 and 2007. This trend has been driven partly by declining agricultural fortunes amongst other factors. This has exacerbated the already high levels of unemployment in the Makana locality.

The first part of the goal attends to the need to arrest the negative trend experienced in job creation and retention in the Makana area. Maintaining employment at current levels will shield already vulnerable households from the adverse effects of the global recession (e.g. lower international tourist arrivals) and ensure there is no further erosion of human capital to the labour force.

The second part of the goal aspires for increased trade and service sector employment from 2012. Given the five-year nature of this LED strategy, medium term challenges imposed by the late 2000s global recession must be factored into goal-setting for the Makana LED strategy. With South Africa predicted to emerge from the current recession in 2012 (Stiglitz, 2009), firms will have a more positive outlook regarding the economy. As the sectors with the two highest levels of historical employment growth, the trade and service sectors offer opportunities for a rebound in hiring practices after 2012. This forecast is based on the fact that they are closely related to tourism and education related activity, which should both expand between 2012 and 2014.

3. Grow the tourism-related component of the local economy by 10% by 2014

Tourism directly and indirectly contributes towards approximately 12.1% of all economic activity in Makana. Tourism has strong linkages with other sectors and has high economic multipliers which mean that increasing it will have wide-ranging positive effects on the economy.

A sustained increase in the total contribution of tourism to the local economy would lead to a further R16m worth of output in the broader economy by 2014. Increased visitor arrivals, revenue maximization and product development and more bed nights sold each year would all contribute towards an injection of R16m into the economy by 2014. In line with the values enshrined in the vision, this growth must be based on environmentally sustainable practices, and inclusion of the townships and of the previously disadvantaged areas.

4. Maintain sustainable levels of capital expenditure on key LED infrastructure from 2010 to 2014

This objective recognises the importance of government expenditure in the Makana area. Investment in critical infrastructure will reduce service delivery backlogs and ensure the provision and maintenance of an enabling and conducive environment for economic



development. Maximising the impact of government expenditure also falls under this goal, through increased targeted investment. Economic infrastructure such as key reticulated services supports the maintenance and sustenance of Makana's comparative and competitive advantages.

There is currently a mismatch between the municipality's critical economic infrastructural needs, and budgetary allocations for its provision. The amount allocated to infrastructure in MTREF capital budget fluctuates by a significant amount from year to year, which has the potential to undermine service delivery and roll-out. It is for this reason that this goal promotes sustainable expenditure, which supports planning processes of the public and private sector. The Technical Services directorate receives the most votes in the municipal IDP and also has the largest expenditure allocation in the budget. A greater proportion of its budget must then be dedicated to the provision and maintenance of economic infrastructure.

5. Increase the role of formal and informal strategic partnerships in and between the public and private sectors of Makana as a catalyst for growth

Strategic partnerships are recognised as having the potential to leverage resources toward the achievement of goals. This may be illustrated by the successful partnership of the private and public sectors in Makana through Makana Tourism organisation.

Inter- and intra-organisational liaison has an important role to play as a catalyst in the growth and development processes. This objective will be achieved through the establishment, resuscitation, cementing and expansion of several strategic partnerships, which will be discussed later on in this chapter.

6. Reduce income leakage and support SMME activity through increased local procurement, and labour force support measures

Income leakage and the need to establish a broader and deeper entrepreneurial foundation within the Makana area were identified as key constraints during the various stakeholder engagement processes employed. These two related factors represent lost potential that must be seized upon as a turnaround will promote vision of making the economy more robust and vibrant. Increased localised income circulation and targeted SMME support will help redress historical and structural imbalances in the Makana economy. Inherent in this is facilitation of more equitable creation and distribution of resources

Increased local procurement by business operators in the area will promote income retention in the area. This is especially important when driven by large entities that with sizeable resource bases at their avail, such as the municipality and Rhodes University. Local procurement that prioritises small and emerging business suppliers will help expand the entrepreneurial base found in Makana .

Similarly labour force support measures such as education and training promotes innovation, entrepreneurship and localised income retention. This could take the form of mentorships, earn as you learn programmes and a shift in the curricular focus of educational institutions.



2.3 PROGRAMMES AND STRATEGIC INITIATIVES

In order for the goals discussed in the previous section to be achieved, the strategic framework contains key developmental thrusts packaged in the form of programmes. The programmes are based on the findings of the situational analysis, seeking to reduce identified constraints and maximise untapped economic potential. Each programme is made up of several strategic initiatives, which fall in the public and private realms. The programs and strategic initiatives discussed in this section all seek to ensure that Makana maximises economic development based on its unique attributes and characteristics.

The programmes for the Makana LED strategy are:

1. Strategic Partnerships
2. Infrastructure Provision And Services
3. Investment Attraction
4. SMME Promotion
5. Tourism Development
6. Leveraging of educational capital
7. Agricultural sectoral development

The first four programmes deal with cross cutting issues that have been identified as requiring strategic interventions. Cross cutting issues relate to challenges and opportunities that transcend sectoral barriers. This can be seen by how the need for strategic partnerships applies across all economic sectors in Makana, how infrastructure promotes development across the economic spectrum, investment attraction is needed by all participants, and SMMEs operate across the board. Cross cutting programmes thus apply for the general economic landscape of Makana and are vital for the creation of a conducive and enabling environment for growth and development.

The last three programmes provide targeted actions in sectors deemed to be important in shaping the overall future of the Makana economy (tourism, education and agriculture). These sectors were selected based on the following outcomes of the situation analysis:

- Comparative advantage analysis (Section 4.2.5)
- Sectoral performance classification (Section 4.2.6)
- Opportunities and constraints analysis (Section 8)

The strategic initiatives in each of the sectoral programmes zone in on critical success factors that will allow maximisation of their development potential.

Each programme is discussed in the proceeding sections, with elaborations on its motivation, rationale and strategic initiatives. The strategic initiatives are listed in descending order of prioritised, as voted for by stakeholders at the Makana Economic Indaba.



2.3.1 STRATEGIC PARTNERSHIPS

The institutional profile in section 7 of the situation analysis brought out how institutional structures and relations have a direct impact on an area's development. This relates to both private and public sector structures and organisations, and the manner in which they relate and interact with each other. The National Framework for Local Economic Development in South Africa (2006) and The White Paper on Local Government (1998) both recognise the importance of strategic partnerships as a means of facilitating local economic development. The Makana LED directorate's mission statement responds to this by stating its commitment to "co-ordinate all resources of Government, Business, Civil Society and Community towards the development of the local economy" (Makana Website, 2009).

It is envisioned that through the establishment of several strategic partnerships, the resources, skills and institutional capacities contained in both the Makana public and private sectors can be harnessed and channelled towards development of the local economy. Actions contained in the strategic initiatives relate to the exploration, establishment, improvement, facilitation and maintenance of strategic partnerships.

Strategic partnerships can be formal in nature (such as Memoranda of Agreement, Joint Ventures and Service Level Agreements), or informal (such as Problem solving forums, voluntary collaborative agreements, non-binding organisational commitment and networking arrangements).

Through strategic partnerships coordination of business marketing, liaison of administrative activities and cooperation in the fields of capacity building may be supported through appropriate support structures, communication channels and institutional memory. On a practical level, the benefit of strategic partnerships in Makana may be realised through provision of office space, sharing of vital contacts and suppliers, synergies in project tendering, and combined problem solving efforts

It is envisioned that through the establishment of several strategic partnerships, the resources, skills and institutional capacities contained in both the Makana public and private sectors can be harnessed and channelled towards development of the local economy. The programmes objectives include:

- Increased cooperation, interaction between local LED stakeholders
- Creation of formal partnerships between entities e.g. Memoranda of agreement
- Establishment of informal partnerships e.g. forums, information sharing sessions, etc.

The strategic initiatives that relate to strategic partnerships in Makana mainly involve the municipality as one of the partners and were developed in response to perceived gaps in intergovernmental and inter-organisational relations. Filling in these gaps will have a beneficial impact on the ability of government, business, civil society and the community to contribute towards LED. Recommendations on strategic partnerships are found in Table 2.3 with brief descriptions of each included



Table 2.2 Strategic Partnerships to be pursued

Partnership	Description
Makana Municipality → the business sector	LED should be initiated, driven and implemented by the business sector, with the municipality only facilitating the provision of a supportive infrastructural and institutional framework. The business sector thus needs to interact constructively with the municipality on how the municipality can improve the business climate in Makana. Similarly the municipality needs to coax the business sector to action that taps into and maximises on the region's opportunities. This can be undertaken through periodic action-oriented engagement and consultative lobbying between business collectives (forums/chambers etc) and municipality. A vehicle for such a strategic partnership could be a Mayoral LED Business Forum
Makana municipality → Other municipalities	The Makana municipality does not operate in isolation from other surrounding and neighbouring municipalities as they all exist within the realm of public service delivery entities. Cooperation between local municipalities aids achievement of national objectives and reduces the chance of harmful forms of competition arising
LED directorate → other directorates in the Municipality	Each of the directorates in the Makana municipality is directly and indirectly responsible for advancing local economic development. The LED directorate must be positioned to provide meaningful guidance and support to other directorates. This can be achieved through increased advisory roles and decision-making powers. A more holistic perspective based on common purpose in the integrated development planning process will reduce interdepartmental fragmentation and increase effective cooperation and organisational cohesion. This partnership will improve private sector perceptions of the municipality through streamlined organisational performance.
Makana Municipality → Rhodes University	The Makana area has the potential to grow based on 'knowledge-economy' foundations stemming from Rhodes University. The Makana municipality and Rhodes University are the two largest entities in the Makana economy (based on R-GDP contribution and employment). It is vital that symbolic commitments and agreements toward cooperation stated in the Memorandum of Understanding between Rhodes and the municipality be realised in tangible means. The intellectual and financial resource base of Rhodes must be leveraged to provide practical research assistance in areas of mutual interest. Other elements of the MOU such as administrative development, financial management and human resources must also be prioritised.
Makana Municipality → CBOs and NGOs	CBOs and NGOs are very active in the Makana area and as much as they focus more on social development, social and community development is inextricably related to economic development. NGOs



	and CBOs assist through income generating projects and skills training which are linked to the labour force support and entrepreneurial support programs. The municipality could provide administrative support and facilitate interaction with intergovernmental agencies. CBOs and NGOs can play a significant developmental role in the smaller nodes found in Makana, and their activities must be promoted and supported.
Makana Municipality Government Departments & Development agencies	→ Partnership with government departments and developmental organisations and institutions such as ECDC and SEDA must be strengthened. This will allow greater information dissemination on available support measures availed by such organisations. Improved relations will open up channels of access to finance, technical assistance and other forms of support. These partnerships will include those with organisations that are currently situated within the Makana area, as well as those not currently located within the bounds of the municipality
Emerging business → established businesses	Formal and informal relations between emerging business owners and established business owners will allow exchanges of ideas, resolution of common problems and earnest cooperation. Such partnerships could allow a platform for advice and support, which may be expanded to training. Partnerships of this nature would be most beneficial in the tourism, agriculture and construction sectors
Between educational institutions	Makana has a reputation as a premier educational centre, and this may be expanded into it becoming a hub destination for educational excellence. This would have to include public schools, which may learn from private school best-practices. In order to tackle the high unemployment prevalent in Makana, further learning opportunities such as SETA learnerships, ABET courses and technical qualifications may be offered in educational curricula.
Makana Municipality Private Reserves	→ Game There is scope for state of relations between the municipality and PGRs (under Indalo) to be strengthened. Greater cooperation in areas such as environmental management, biodiversity conservation and tourism attraction are some of the possible outcomes from such a strategic initiative. Movements towards increased local procurement, and repackaging of product offerings to appeal to local tourists could assist in the realisation of Makana’s LED goals. As part of this initiative, consolidation of PGR interaction with local communities into coordinated efforts could boost their corporate social responsibility profile in the area.



<p>Inter-business partnerships</p>	<p>A functional organisation of business owners (business forum/ chamber/ association) can help develop the local economy. It would allow networking, exploration of business avenues, professional development opportunities, and sharing on best practice. If fully representative and inclusive, such an organisation could also promote local businesses supporting each other, which will reduce income leakage out of the Makana economy.</p>
<p>Local business owners → other regional business chambers</p>	<p>Local business organisations (in the form of a forum or business chamber) could gain valuable knowledge and experience on how best to make their organisation function well through interacting with other business chambers such as Border Kei Chamber of Commerce and the Port Elizabeth Regional Chamber of Commerce and industry.</p>
<p>Between agricultural stakeholders</p>	<p>Partnerships between and amongst the following role-players will improve coordination of activity within the agricultural sector:</p> <ul style="list-style-type: none"> • Government departments (Agriculture, Land affairs, etc) • Farmers associations (Makana farmers association, Albany-Bathurst Farmers League, etc) • Game reserves (Private, public, game farms, nature conservancies etc.) • Public organisations (The municipality, ECARP, etc) • Private organisations (fresh-produce sellers, tourism organisations, etc) <p>Various partnerships involving these and other stakeholders will ensure the successful implementation of initiatives falling under the agricultural development programme, to be discussed later on in this document.</p>

2.3.2 INFRASTRUCTURE PROVISION

An introduction to the state of service provision was provided in the socio-economic profile for the situational analysis. This brought out the level of access that households have to basic services. The infrastructure profile then provided a status quo of the levels of economic infrastructure in Makana. This was done to show how appropriate the current level of infrastructure is for business attraction and retention.

From the socio-economic profile and the infrastructure profile it emerged that Makana presently has an overall level of infrastructure provision above the average provincial and district levels. In the Eastern Cape context, this serves as a strength as other municipalities often struggle to attract and retain businesses because of poor infrastructural networks.

However, the need for constant and increased maintenance, upgrade and expansion of available infrastructure emerged as something to be tackled on an ongoing basis. Economic



development is highly dependant on the level of physical and social infrastructure that is in place in an area to serve the need of the business community. If Makana is to draw external investment and maximise internal investment, it is crucial that adequate supporting infrastructure (and allied mechanisms such as a competent and well capacitated technical support team) be in place. Infrastructure in this context is a key requirement in the creation of an enabling environment for economic development. Its provision (to an acceptable quality standard) is a pre-determinant for growth, whilst poor provision may serve as a constraint that deters investment from the area.

The strategic initiatives recommended in this section all serve towards the creation and maintenance of a conducive enabling environment. Given the fact that localities are constantly in competition with each other to attract outside investment, this program’s strategic imperatives tackle the imperative need for infrastructure.

The following elements are all implicit factors considered in the investment decision-making process:

- Reliable electricity supplies
- Regular waste management
- Good transport networks
- Comprehensive telecommunications linkages
- Sufficient potable water

These elements factor into the true cost of doing business in Makana and as such may function as deterrents or draw-cards to the LM.

The objectives of this programme include:

- Eradication of infrastructural provision backlogs
- Increased capacity to service needs of the Makana area
- Maintenance of essential infrastructure
- Overhaul of ageing vital infrastructure

Taking a more holistic perspective, in addition to factors directly linked to business performance, community well-being through service provision also has a significant impact on local economic development. Backlogs in service provision may negatively affect worker productivity, health, morale, and even the decision of whether or not to settle and reside within the bounds of the Makana municipality. Recommendations on strategic initiatives linked to infrastructure provision and services are found in Table 2.4 , with brief descriptions of each included

Table 2.3 Infrastructure Provision and Services

Strategic initiative	Description
Increased capacity in the Makana Technical and Infrastructural	The Technical and Infrastructural services directorate of the Makana municipality is responsible for a number of functions which affect the level of infrastructure quality and basic service provision. Capacity constraints in some of the departments within the directorate were



<p>Services directorate</p>	<p>identified in the stakeholder engagement process as hindering growth in the construction and trade sectors. Through concerted efforts to increase staffing levels and fill vacant posts, the directorate will be able to serve its function more effectively and efficiently. The implementation success of the initiatives discussed under this program is highly dependent on the ability of the Technical and Infrastructural Services directorate’s ability to perform its duties, roles and responsibilities fully.</p>
<p>Guaranteed Electricity supply</p>	<p>A reliable supply of electricity is essential for growth and development as sustained power outages harm business sector confidence regarding the area’s future prospects. Coordination on the distribution, wholesale and retail resale levels must be enhanced to ensure power supplies are maintained. Furthermore, constant pre-emptive maintenance of electricity infrastructure will help ensure this initiative is a success. This initiative could be linked to the wind-farm concept that has been proposed for just outside Grahamstown</p>
<p>ICT</p>	<p>As was revealed in the infrastructure profile of the situation analysis, Rhodes University has a robust foundation in terms of ICT resources. This could be expanded so that not just Rhodes benefits from the ICT infrastructure in place. Such a move could result in the establishment of information-technology intensive enterprises, that piggy-back off the knowledge base provided by Rhodes University. These could link up with the IDZs in the province and provide business process outsourcing or other associated services</p>
<p>Overhaul of water infrastructure</p>	<p>There is a need for</p> <ul style="list-style-type: none"> • Maintenance of reticulation pipes (to reduce leakage) • New pumps for reticulation (to cater for the increased population and economic activity in Makana and replace the old pumps) • Increased capacity for remediation facilities (to ensure water quality is not compromised in times of peak demand) • Improved water storage capacity in Riebeeck East (in the form of tanks) and more municipal boreholes
<p>Environmentally friendly infrastructure</p>	<p>This may take the form of alternate energy provision and grey water recycling. Alternate energy sources in Makana include wind farms, biomass extraction and bio-fuels. Grey water recycling and improved water storage may help conserve water and allow home vegetable gardens to become sustainable.</p>
<p>Eradication of housing backlog</p>	<p>The Makana area has a housing backlog of 12 900 housing units. Its eradication presents opportunities for construction sector SMMEs</p>



	involved in housing developments.
Water and sanitation service delivery quality	Makana experiences a high level of complaints surrounding water provision and sanitation services. Improving the quality of water supplies and sanitation services is a strategic initiative that may be pursued under the infrastructure provision and maintenance program. Linked to this would be the education of users on the importance of water conservation, and surrounding sustainable maintenance and usage of services provided by the municipality.
Transport infrastructure maintenance	<p>There is a need for</p> <ul style="list-style-type: none"> • Improvement of the roads in the townships to increase accessibility and open up the townships to economic development • Tarring of the road to Alicedale, which may increase tourist arrivals. • Maintenance of tourism specific infrastructure such as pavements • Improvement of the taxi rank in Grahamstown and construction of a taxi rank/ bus stop in Alicedale • Maintenance and upgrading of the Grahamstown airstrip

2.3.3 INVESTMENT ATTRACTION

The growth and vibrancy of the Makana economy is largely dependant on the levels of investment that take place within it. Investment in the form of monetary injections and business expansion has a catalytic impact on income levels and job creation in the municipality. Investment attraction when paired with infrastructure provision constitutes a key determinant in the formula for successful local economic development.

Attracting external investment allows monetary injections into the local economy. Internal investment in the form of business expansion is the other facet of investment attraction. Both these elements rely on positive investor confidence in the Makana municipality. Recommendations on strategic initiatives linked to investment promotion and entrepreneurial support are found in Table 2.5, with brief descriptions of each included.

The objectives of the investment attraction programme include

- Positioning Makana as a lucrative investment destination
- Improving the business climate for local businesses
- Fostering catalytic injections into spatially marginalised sectors of the economy

Table 2.4 Investment attraction

Strategic initiative	Description
Urban renewal of	Urban renewal is needed both in the townships and in the



<p>the inner-city and the townships</p>	<p>Grahamstown inner-city area. By making these areas more aesthetically pleasing and user-friendly, investment into Makana will increase. Examples of such projects already underway include the church-square rejuvenation in Grahamstown and the Neighbourhood Development Program. Further initiatives could take the form of township greening, town beautification and resolution of traffic and parking problems. Targeted investment into ‘Grahamstown East’ in line with the recommendations of the municipal SDF and vision 2016 are also envisaged as part of this initiative. Such an initiative would reproduce further benefits for the local economy beyond the initial impact of the urban renewal. These include upgrades of store-front facades and awnings as well as general building improvement (maintenance and upkeep). Such positive benefits tend to trigger virtuous cycle that leads to an overall improvement of the business environment and attract investment into the area.</p>
<p>Red Tape reduction programme</p>	<p>Rules, regulations and procedures which impose unnecessary costs on doing business are also known as ‘red tape’. These may take the form of excessive administrative steps in business registration, excessive compliance costs delays in rezoning and building permit applications, and poor business confidence in dealing with government as a customer . research into how to improve the local business climate through reduction of red tape will attract external investment and promote retention of local business services. Maximisation of municipal revenue must also be pursued as part of such an initiative, as the Makana municipality is currently owed a significant amount of money by local residents . This may indicate the presence of inefficient or ineffective revenue collection systems hindering overall municipal performance.</p>
<p>Development of Marketing strategy for the municipality</p>	<p>A marketing strategy that shows what the available business opportunities and advertises the area’s positive attributes could function as an important tool for investment promotion. As part of a marketing strategy, investment conferences could be held periodically, as well as outward missions to other localities to promote the area’s attributes.</p>
<p>One-stop shop for investment within the municipality</p>	<p>Drawing its mandate from the marketing and investment promotion strategies, a one-stop shop or investment office would aid in information dissemination as well as carrying out the marketing function to solicit and secure potential investors. This would be an externally funded entity that acts as an interface platform between potential investors, and accessing and exploiting local development potential. The one-stop shop would advance the goals of both the investment attraction programme, and the SMME promotion, which is</p>



discussed in the next section. It is envisaged that the one-stop shop for investment will also facilitate access to finance for entrepreneurs in the form of venture capital, private sector investors and publicly sourced funding schemes and organisations. Some of these are discussed in the implementation plan, which is the next chapter of the strategic framework. Further discussion around the one-stop investment shop is provided in the implementation plan.

Prioritised development and implementation of Investment promotion strategy	The development and implementation of an investment promotion strategy for the Makana area must be prioritised. Ideally this would consider the possibilities for Private Public Partnerships as utilised at Settler’s Hospital. The strategy would also explore trade opportunities with other municipalities and linked to the provincial industrial hubs of East London and Port Elizabeth
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2.3.4 SMME PROMOTION

One of the outcomes of the stakeholder engagement process that informs the recommendations made in this chapter was the pressing need for SMME support and entrepreneurship promotion in Makana. In addition to national retailers and chain stores that operate within the municipality, the Makana private sector is dominated by a few business owners that account for a significant proportion of all the commerce that takes place. This however, leaves a void in terms of SMMEs development in Makana.

There is a limited amount of SMME activity in Makana, especially those that are owned and run by PDIs. SMMEs in Makana run by PDIs often take the form of Spaza shops that are small retailers targeting township markets. According to the Whyhawk group (2009) purchases in spazas and other similar establishments make up 10% of the South African retail spend. However in Makana, retail spend in spazas and home-based micro-enterprise is probably much lower than this as such enterprises in Makana:

- Are relatively small in size (3-4m²)
- Sell a limited range of products (because of limited shelf space and capital constraints),
- Stock products very similar to what competitors also sell (which reduces opportunities for market segmentation and targeting)
- Offer poor customer service quality, which discourages potential customers from shopping from them and increases their visits to formal “first economy” entities

There is thus a need for the provision of concerted support measures to SMMEs and general entrepreneurial activity in Makana. A strong entrepreneurial base leads to innovative business endeavours that can create employment, provide skills training, and boost community incomes. Furthermore the creation of SMMEs promotes diversity, which is much needed in Makana as the economy is highly concentrated in a few dominant activities. Recommendations on strategic initiatives linked to entrepreneurial support are found in



Table 2.6 with brief descriptions of each included. The initiatives that fall under this programme will be closely related to some of the strategic partnerships discussed. For SMME promotion to get off the ground and become a credible developmental thrust, meaningful interaction involving the municipality, developmental organisations such as SEDA, CBOs and NGOs such as Masifunde and GADRA and the business sector will be a pivotal prerequisite for success.

The objectives of this programme are to

- Facilitate the creation of an entrepreneurial class in Makana
- Diversify the range of SMME activity beyond conventional sectors
- Encourage local value-addition based on comparative and competitive advantage

Table 2.5 SMME promotion

Strategic initiative	Description
SMME development and support plan	An SMME development and support plan is essential for the Makana area as it would provide high-level guidance in this field of activity. The plan would plan the coordination of all activity relevant to SMME development and support relevant to various stakeholders (the municipality, emerging and established business, organisations such as SEDA, etc). A status quo baseline review and a needs analysis would form integral parts of such a plan, as would the initiatives that fall under this programme.
Municipal support	SMME The Makana municipality can directly support SMMEs through the promotion of local procurement through a review of its buying and tendering policies (guided by the MFMA’s provisions). Buying policies could be modified and refined to prioritise BBSEE. Tendering practices may be modified through the unbundling of government projects into smaller projects so as to include and benefit more SMMEs. These actions would be accompanied by a ‘buy-local’ drive to support local business owners. Commitment in this regard by large economic entities such as Rhodes University would boost the impact that a ‘buy-local’ drive would have on the local SMME sector.
Feasibility of alternate business opportunities	Linked to the small business incubator and the investment promotion strategy is the exploration of business opportunities that present a break from the existing mould of dominant enterprise in Makana. This could include recycling, tour guides, home vegetable gardens and carbon sequestration through Subtropical Thicket restoration. Value chain analysis could be used as a tool for identification of business opportunities, including niche and small scale manufacturing linked to intensive agricultural production. As part of this, it is essential that the business sector align itself with



	opportunities that arise as offshoots from the presence of several educational institutions in Makana. For example, service providers may make provision for discounts to visiting parents and offer products that are unique to Makana e.g. Makana Mead
Small business incubator	A business incubator could provide aspiring entrepreneurs with training and education on business skills and management. Assistance would be rendered in the fields of financial planning, marketing, writing of business plans, sourcing of funding and the provision of ancillary service and facilities. Support in bringing informal business into mainstream commerce could also fall under the ambit of a business incubator in Makana. SEDA could be engaged to be the primary driver of this strategic initiative, with capacity support from the Centre for Entrepreneurial Development and SIFE .Other organisations involved in the training and promotion of SMMEs such as Alicedale and the Alicedale development forum may also provide assistance.

2.3.5 TOURISM DEVELOPMENT

The tourism sector profile in section 4.3.9 of the situation analysis highlighted the importance of tourism to the Makana economy. Tourism makes a significant contribution to Makana’s R-GDP (approximately 12.1%) and also creates and supports employment in the region. In recognition of the role played by tourism in the Makana economy and community, a key program of the Makana LED strategic framework is tourism development.

The tourism development program is made up of initiatives that will help maintain tourism sustainability and tap into the significant growth potential that is as yet unrealised in Makana. The initiatives promote growth of tourism through better marketing, product development and infrastructural and institutional support. The initiatives also promote diversification of the range and location of activity, so as to keep to tourism sector vibrant and responsive. Growth in tourism would lead to further multiplied growth in Makana’s trade, service and agriculture sectors, which justifies the choice of tourism as a sector to be prioritized.

The tourism development program is linked to and based on the Makana Responsible Tourism Sector Plan Review (2009), which contains the following elements

- Vision
- Spatial Development Plan
- Institutional Framework
- Infrastructure Development Framework
- Tourism Investment Plans



It is thus essential that the tourism development program align with the above-stated elements of the Responsible Tourism Sector Plan (2009). The strategic initiatives recommended under the tourism development program all directly and indirectly cohere with the sector plan elements through:

1. Guiding targeted actions, focus areas and general polices that will help “unlock the tourism potential of Makana”, which is in line with the sector plan’ revised **vision**
2. Incorporating an understanding of the need for a balanced distribution of tourism activity, that considers the area’s environmental biodiversity and sensitivity, which is in line with the **spatial development plan**
3. Promoting complementary approaches and participatory cooperation that will lead to growth in local tourism through increases in visitor numbers, and increases in product and service diversity, which is in line with the recommendations of the **institutional framework**
4. A recognition of the role that physical and social infrastructure plays in supporting tourism in terms of providing accessibility , improving overall attractiveness of the area and raising awareness on the importance of tourism to local communities. This is in line with the **infrastructure development framework**.
5. Inclusion of existing projects from the **tourism investment plans**, long term strategic priorities and short term action plans.

(Responsible Tourism Sector Plan, 2009)

The tourism development program is made up of initiatives that will help maintain tourism sustainability and tap into the significant growth. Its objectives include

- Increased visitors (international and local)
- Revenue maximisation
- Diversification of product and service offering
- Value addition to the tourism experience
- Sustainability and inclusive growth

The strategic initiatives that make up the tourism development programme are presented in Table 2.2 with brief descriptions of each initiative included.

Table 2.6 Tourism development strategic initiatives

Strategic Initiative	Description
Product development, branding and intensified marketing	<p>This is based on the Tourism Development Strategy found in the Makana Responsible Tourism Sector Plan. Product development could entail new events and festivals hosted in the Makana region. Intensified branding and marketing may take the form of promotional literature such as route maps, event calendars and pamphlets. Bundling of products and clustering of experiences could be used to attract more tourists (international and local) and increase their average spending patterns (through increasing their stay periods and expenditure on locally made products).</p> <p>Included as part of this would be efforts to raise the profile of public</p>



	<p>nature conservancies and game reserves such as Thomas Baines. They represent a market segment that could benefit immensely from product development, branding and marketing. Publicly owned nature conservancies may serve as an affordable mass-market locally-targeted tourism option that serves as a gateway to increased tourist visitors and expenditures in the Makana area.</p>
Alicedale Tourism revitalisation	<p>There is potential for various forms of tourism in Alicedale including historical (caves and Bushman paintings), nature-based (Game parks) and cultural (railway enthusiasts). With adequate support these opportunities may be translated into increased tourist arrivals to Alicedale.</p>
Establishing Makana as a conferencing centre	<p>Grahamstown already hosts several academic conferences linked to Rhodes University. Based on the presence of several Government departments in Makana, the area's reputation in terms of competency in hosting various large events such as festivals, and infrastructure such as the Makana resort, opportunities for hosting small conferences within the district must be explored. These could possibly be linked to the various festivals that take place within the LM.</p>
Community based development projects	<p>There are already several community based projects such as the Kwandwe driven PPP at Fort Brown and the assistance that Pumba provides to the local community in Seven fountains with water acquisition. These show how tourism can positively impact on community livelihoods through corporate social responsibility initiatives. The number of such community based development projects in Makana could increase with adequate support and commitment from the private sector.</p>
Festival income retention strategy	<p>There is a significant amount of income leakage that occurs during tourist events such as the National Arts Festival. Investigations into how such incomes may be retained in the Makana economy is a research topic that may help increase the overall contribution of tourism to the local economy.</p>
Cultural Products hub	<p>It is worthwhile to explore commercially feasible opportunities in the arts and craft sector. Existing infrastructure such as that found at DAKAWA, and existing market opportunities such as the National Arts Festival offer firm foundations for the production and sale of cultural products.</p>
Township tourism including Kwame	<p>One way to increase the experiential value of tourism received by international visitors is to offer township tourism. This may take the</p>



Makana	form of township tours (with emphasis on Makana’s historical and cultural traits), accommodation (homestays and BnBs) and entertainment (Shebeens). The Kwam e Makana idea may also be packaged and presented on road-shows as a successful
Packaging of Edu-tourism	Edu-tourism presents a lucrative opportunity for tourism growth in Makana through heritage, educational, cultural and history-based tourism.. Through partnership with Rhodes University and the educational facilities in Makana, exchange students and other forms of Edu-Tourism may experience a growth in demand. This could be linked to historical tourism based on the various forts and battle scenes found in Makana (through re-enactments, guided tours, etc). Makana’s unique characteristics would have to marketed in packaged product offerings that appeal to international tourists. As part of this, for the Edu-tourism endeavour to get off the ground, it requires provision of support functions (technical and financial resources, etc)
Strengthening of institutional arrangements	There is scope for increased cooperation, coordination of activity and cohesion between organisations involved in tourism in Makana (individually and collectively). These include Makana Tourism (the LTO), the Grahamstown Foundation (convenor of several festivals), Indalo (association of Private Game Reserves) , the Grahamstown Hospitality Guild and owners of BnBs in the townships. Strengthened relations between these organisation will allow the intensified marketing and product development identified as a strategic initiative above. Linkages with tourism stakeholders in other Local Municipalities must also be explored, to build on the benefits of product development, branding and intensified marketing.
Improving tourism-specific infrastructure	Tourism requires infrastructure such as good roads, reliable electricity and good quality water. In addition, signage, pavements, bins, ablution facilities and transport infrastructure (taxi ranks and bus stops) also need to be maintained well.
Heritage promotion and branding	As much as the heritage sub-sector of tourism is covered by the other initiatives that make up the tourism development programme, there is still a need for palpable promotion and branding of Makana’s heritage and what it offers to the tourist market.

2.3.6 LEVERAGING OF EDUCATIONAL CAPITAL

The socio-economic profile showed how Makana has a relatively high level of education, with 22.07% of the population having been educated to Matric level or higher. However, despite having a higher level of education that the provincial level, Makana has a high



unemployment level with 32.15 of the population being unemployed and a further 33.7% not being economically active.

Based on the presence of Rhodes University, several highly reputed schools and the overall status of the area as a hub of educational excellence in the Eastern Cape and in the country as a whole, the Makana LED strategy seeks to build upon and maximise this latent potential for development. The leveraging of educational capital involves actions to exploit present and possible economic benefits linked to the educational sector in Makana. This involves the establishment of enterprises (businesses, research institutions, etc.) that derive their principal market from the educational sector. The Makana educational sector represents a key resource and a source of comparative and competitive advantage over other localities. It is thus essential that actions to tap into this latent potential be undertaken.

The leveraging of educational capital is closely linked with the SMME promotion and tourism development programmes. SMMEs are envisaged as grasping onto 'low-hanging fruit', which are the opportunities for economic activity that originate in the presence of the educational sector. Similarly, edu-tourism and other forms of tourism linked to the local education sector will ensure that these two key sectors reach their full potential in Makana. With various strategic partnerships in place to consolidate the links between tourism and the education sectors, role-players in the Makana economy may then fully exploit the potential to be found in the Makana educational sector.

A strong need for skills development and training exists in Makana, as there is currently a mismatch between educational outcomes, and the needs of the local labour market. Labour force support measures will improve the employability of those that are currently unemployed and provide opportunities for the labour surplus that exists in Makana. The labour force support program when paired with the investment promotion and entrepreneurial support program will allow a greater proportion of the Makana economy to become economically active members of the community, and allow a feeling of enfranchisement.

There is a shortage of technical and vocational skills, knowledge and experience used in employment such as such as carpentry, joinery, mechanics, painting, plumbing and electricians. These are critical skills that are underprovided in Makana, which often leads to income and employment leakages to other areas. This sector specific skills-gap mainly afflicts the construction and manufacturing sectors.

Makana also faces a need for integration, re-training and re-orientation of workers that used to be employed in the agricultural sector. Access to skills development programs is crucial in ensuring that their human capital is not wasted, but is utilised in other sectors.

The objectives of this programme are to

- Maximise potential benefits to the local economy that accrue from the presence of high-profile educational institutions with the locality
- Bridge skills gap that undermines local income retention and development of SMMEs



- Link and align training and education within the municipality more closely to the needs of the local labour market

The strategic initiatives in this program will improve labour force quality, which in turn affects worker productivity, and the overall competitiveness of the Makana economy. Increases in worker knowledge, skills and experience, coupled with increases in organisational capacity will boost economic growth and employment. Apart from remedial action to provide support to the Makana workforce, this programme will also focus on capitalising on the benefits accruing to Makana from the presence of several reputable educational institutions. Recommendations on strategic initiatives linked to labour force support are found in Table 2.7 with brief descriptions of each included.

Table 2.7 Leveraging of Education Capital

Strategic initiative	Description
Facilitation of learnerships, apprenticeships and mentorship programs	<p>Commitments from business owners to increase the number of internships, learnerships, apprenticeships and mentorship opportunities they provide to the local youth will serve as an important form of labour force support in Makana. They provide invaluable on-the job experience that may be utilised in the establishment and running of SMMEs by the former apprentices.</p> <p>Apprenticeships have to be fostered by willing employers and those in the educational sector through means such as day-release courses in line with relevant NQF qualifications (Whisson, 2009)</p>
Tourism Awareness	<p>This project would be aimed at making the local population aware of the benefits of tourism for the local community, as well as opportunities for business ventures in the tourism industry (beyond catering enterprise) . It would also focus on creating a ‘tourism-friendly’ area in terms of good communication, willingness to assist tourists, etc</p>
Graduate skills retention strategy	<p>The presence of Rhodes University and several prominent high schools means that a high number of skilled individuals reside within Makana at any given point. However, most of these highly educated individuals leave the locality of the municipality. A skills retention strategy would outline means through which the municipality may retain the skilled professionals that leave the locality. Research into causes of the net skills outflow, and how to make Makana more appealing to these individuals would fall under the scope of this strategy. This would include possible incentives that may be offered to attract and retain skilled individuals to the locality.</p>
Shift in orientation of educational	<p>Development within the Makana area is currently throttled by a binding constraint in the form of skills shortages. This skills shortage</p>



<p>institutions</p>	<p>applies to technical and practical fields such as artisans and blue collar category labour. In order to remedy this situation it is proposed that educational institutions shift their focus toward the provision of syllabi of a nature to bridge this skills gap. It is envisioned that this shift take place from high school level right up to tertiary institutions such as FETs. The Grahamstown campus of the Eastcape Midlands College currently specialises in business studies programs. This focus area is not well aligned with the region's skills shortage in the form of technical and vocation skills. As an accredited provider for learnership and skills courses, the college shift the orientation of its curricula towards more practical and hands-on training in fields such as welding, soldering, artisanship and leatherworking,</p>
<p>Research institute cluster</p>	<p>Makana currently has several research institutions and centres of excellence affiliated to Rhodes university. These include the Telkom Centre for Excellence and the Mintek nanotechnology innovation centre. The establishment of more such professionally oriented knowledge and technology transfer institutions has vast potential for development. This includes consultancies, advisory services, and service contracting that facilitates the production and distribution of intellectual capital. A research corridor would align closely with the university's academic faculties and tap into funding sources such as the NRF and THRIP grants. A benefit of such an initiative would be fostering research in identified niche areas as well as in innovative and entrepreneurial fields (Rhodes 2009)</p>
<p>Makana as centre for educational excellence</p>	<p>Efforts to capitalise on and maximise Makana's standing as a centre of educational excellence must be undertaken by all relevant stakeholders. Education forms a key competence of the locality and acts as a draw card for investment and visitors to the area. Actions to promote this include formalised mentorships in the educational sector where stakeholders such as school representatives and the Rhodes University department of education could share best-practice teaching methods. Similarly the promotion of commercial spinoffs linked to the expansion of the educational sector may see the local arts and craft sector teaming up with various departments at Rhodes university (such as Fine Arts) and other similar endeavour. The reintroduction of learn-as-you-earn programmes may also facilitate skills transference, adding a practical dimension to the education and training that is provided by various institutions in Makana.</p>



2.3.7 AGRICULTURAL SECTORAL SUPPORT

The sector profiles in the situation analysis showed how Agriculture has traditionally been significant in the development of Makana, because of the historic importance of commercial agriculture, and its ability to provide for community livelihoods. Formal agricultural activity within Makana in terms of output and employment has however been declining since 1995. As much as this may represent a structural shift in the focus of Makana’s economic activity. Agriculture still provides various development routes for Makana.

The objectives of this programme include:

- Halting the decline of agriculture in the area through a bottom-up approach
- Exploring opportunities for commercial and emerging farmers

The agricultural sectoral support programme involves rehabilitative measures to halt the demise of the local agricultural sector. The strategic initiatives to be discussed will be supported by measures from other programmes that make up the strategic framework. Strategic partnerships between an array of stakeholders including private game reserves, farmers associations and government department will provide a foundation for agrarian reform and revival. SMME support will also feature prominently as economically feasible and financially viable opportunities are prioritised. Strategic initiatives from the tourism development programme will also be influential as game reserves (and allied activities) are represented under both agriculture and tourism. Finally, as a key determinant of agricultural performance, infrastructure provision and maintenance will also have an impact on fortunes within this sector. Strategic initiatives to promote agricultural development in Makana are discussed in Table 2.8

Table 2.8: Agricultural Sectoral Support

Strategic initiative	Description
Intensive Education and Training of emerging farmers	One of the stumbling blocks in the path to success for emerging farmers is the lack of skills and knowledge on intensive agriculture, and business management skills. Training on elements such as sustainable cropping practices, livestock breeding, pest control, alternate cultivation methods and land capacity would benefit the fortunes of emerging farmers in Makana. Education on business related aspects of agriculture such as marketing, working capital management, VAT registration and input procurement would also have a positive impact on the financial fortunes of farmers. This strategic initiative could be undertaken with assistance from the Department of Agriculture (through its various programs) and the commercial farmers’ associations that operate within Makana.
Intensive cultivation of high value crops	The Makana climate supports cultivation of alternate crops such as kikuyu, lucerne, pecan nuts, stone fruit, pomegranates and aloe plants. These may offer higher returns to farmers than traditional crops such as chicory and maize. Furthermore, these are crops that



	<p>have largely unexplored and underdeveloped value chains. As a national net importer of bees, apiculture (bee-keeping) is another high-value activity that can be explored in the Makana area .Cultivation of such crops would then provide future potential for beneficiation and local value addition through packaging, processing, marketing and distribution. Such niche manufacturing based on agro-processing is prioritised in several provincial and national policies and strategies, which creates scope for sourcing of various forms of support</p>
<p>Small scale community-based agriculture</p>	<p>Various forms of smallholder organisation (backyard vegetable gardens, communes, school livestock projects, cooperatives, out-growers etc.) provide significant potential for agricultural development. These could focus on growing of horticultural products such as green pepper, pepperdew, cabbage and watermelons. Rabbits, chickens, ostriches and pigs make up some of the livestock and poultry options available to farmers in Makana. Even on a small scale, such activities may become self-sufficient and help to supplement meagre household incomes. The success of this initiative may be bolstered by local procurement measures such as fresh produce markets and arrangements with local retail outlets. Benevolent project champions that are motivated committed and influential will be essential for successful governance of such an initiative</p>
<p>Transformation of the local agricultural sector</p>	<p>This involves measures to make the local agriculture sector more demographically representative in terms of participation rates in various activity. Such measures could include accelerated land reform based on the area based plan, partnerships between commercial and emerging farmers (through a unified forum), and mentorship (linked to the education and training initiative).</p>
<p>Agricultural development plan</p>	<p>While large scale crop farming is inhibited by the prevailing soil and climatic conditions in Makana there is still potential to introduce small scale, niche crop farming in certain areas. A sectoral development plan would focus on determining, by means of scoping and feasibility studies, which support measures, would have a catalytic impact on the area’s agricultural fortunes. Key principles underpinning such a plan would be financial viability, economic feasibility and environmental sustainability.</p>



2.4 PRIORITISATION OF STRATEGIC INITIATIVES

The previous section listed and discussed several programmes and strategic initiatives that will promote development of the local economy. The programmes and strategic initiatives all have the potential to catalyse momentum towards achievement of the vision and goals of the LED strategy.

The aim of this section is to present the strategic initiatives whose implementation will be prioritised as part of the Makana LED strategy. Interactive stakeholder consultation at the Makana Economic Indabas provided a platform for prioritisation of initiatives by participants.

At the first economic indaba, the public was given an opportunity to comment on the situation analysis and how that would inform the strategic framework. Recommendations on additions, amendments and alterations to the programmes and initiatives as were made and incorporated into the draft LED strategy. Preliminary prioritisation of programmes and initiatives then took place at the first Indaba.

A second round of program and initiative prioritisation took place at the second Makana Economic Indaba. Stakeholder confirmation surrounding the suitability and appropriateness of the programmes and initiatives was sought at the second Indaba.

Participants were requested to prioritise initiatives that they believed would have a high catalytic impact on the development of the Makana economy, whilst facilitating achievement of the agreed upon vision and goals. .

Stakeholders were asked to select their top ten priority initiatives, prioritising at least one per programme. Once all stakeholders selected their initiatives, all projects were ranked in order of votes received. Table 2.8 presents the initiatives that will be prioritised, for which implementation guidelines will be presented in the next section. It is based on results of the project prioritisation exercises that took place at the first and second indabas.

Table 2.8: Prioritised projects

Strategic initiative	Programme
Increased capacity in Makana technical and infrastructural services directorate	Infrastructure Provision
ICT	Infrastructure Provision
Facilitation of learnerships, apprenticeships and mentorship programmes	Leveraging Of Educational Capital
SMME Access to Finance	SMME Promotion
Product development and intensified marketing	Tourism Development
Alicedale tourism revitalisation	Tourism Development
Partnership between the Makana municipality and the business sector	Strategic Partnerships
Guaranteed electricity supply	Infrastructure Provision



Urban renewal of inner-city and townships	Investment Attraction
SMME development and support plan	SMME Promotion

Based on the contents of the strategic framework and the situation analysis it is recognised that these projects will:

- Translate and transform the area’s latent potential into development that maximises Makana’s comparative and competitive advantage
- Create a foundation for LED spin-offs, if implemented
- Facilitate achievement of the goals and vision of the strategic framework, whilst realising broader programme objectives
- Provide and promote sustainable development
- Mitigate present and future threats, constraints and barriers to development

2.5 SYNTHESIS

This section has presented the strategic framework for the Makana LED strategy. Each of the elements of the strategic framework was motivated and discussed. This strategic framework was formulated in the context of the results of the situation analysis, and refined through various forms of stakeholder engagement.

In order to successfully implement the various strategic initiatives presented in this section, implementation guidelines and plans must be provided. The following section presents the implementation plan for the Makana Local Municipality LED Strategy, with emphasis on institutional arrangements for the implementation of the strategy.



CHAPTER 3: IMPLEMENTATION PLAN

This section of the report will present and explore recommendations surrounding institutional machinery for the implementation of the Makana LED strategy. This section will take present institutional mechanisms into consideration and based on Makana's requirements, in the context of various resource endowments provide proposals on arrangements that will facilitate achievement of the strategic vision and goals.

The implementation plan will consider existing LED institutional arrangements and based on these make strategic recommendations regarding organisational structures and networks. These recommendations will clearly set out key functions, roles and responsibilities of different stakeholders in the implementation of the LED strategy. Implementation action plans for the prioritised projects will then be developed, aligned with and based on the institutional arrangements, roles and responsibilities. These will allow effective and successful coordination, management, implementation and monitoring of the LED strategy.

This chapter will then be discussed under the following subsections:

- Institutional arrangements
- Roles and responsibilities
- Implementation action plans
- Monitoring and evaluation framework

3.1 INSTITUTIONAL ARRANGEMENTS

Implementation requires structured approaches to process planning, resource allocation, responsibility allocation and managed monitoring and evaluation. Various entities within and outside the municipality form the institutional mechanisms that will ensure that the objectives of the strategy are met. The current LED institutional structure in Makana will be profiled below before recommendations on an appropriate LED institutional mechanism for Makana are made

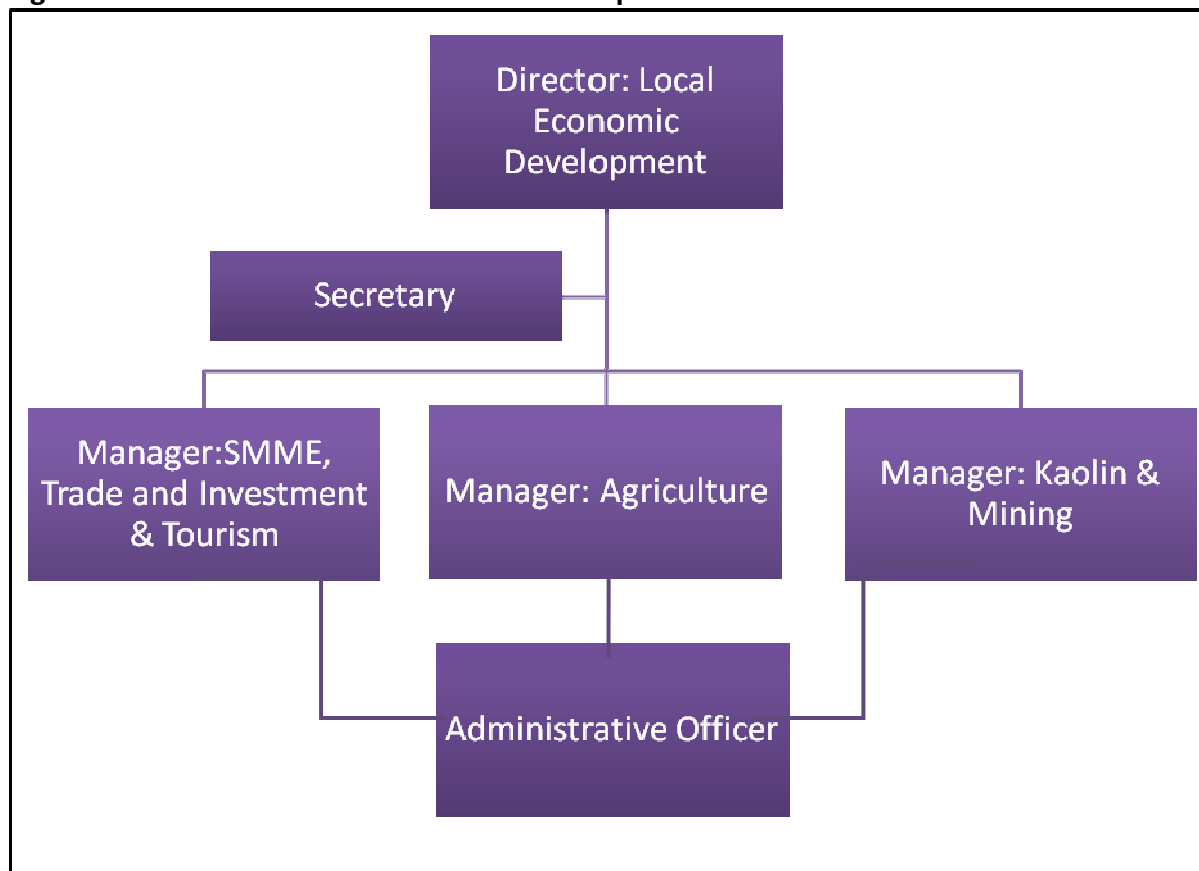
3.1.1 CURRENT INTERNAL INSTITUTIONAL ARRANGEMENTS

As discussed in the institutional profile, the Makana municipality currently has five directorates. Local economic development has its own distinct directorate which operates on the same level of the hierarchy as other directorates and reports to the office of the municipal manager. Figure 3.1 presents the organogram of the Makana LED directorate. All the positions are presently filled. The directorate's organogram is currently geared towards performance of the directorate's stated functions and mandate and pursuant to the stated goals and outcomes of the:

- Makana IDP
- Cacadu GDS agreement
- Makana Business sector conference (2009)
- Makana LEDLEC conference (2009)



Figure 3.1 Present Makana LED directorate departmental structure



The municipality also currently receives assistance from the Cacadu District Municipality, which plays a coordination and facilitation role through its Economic Development directorate. From the political arena of the municipality, the Economic development, tourism and heritage portfolio committee provides council representation and support for LED initiatives.

LED support is also currently provided by the local SEDA (Small Enterprise Development Agency) office. At present there is no functional LED forum or similar institutional structure in Makana. Functions performed by Local Economic Development agencies and other statutory external organisations in other municipalities are vested within the Makana municipality .

3.1.2 RECOMMENDED INSTITUTIONAL ARRANGEMENTS

Based on the outcomes of the situation analysis, the strategic framework presented in chapter 2 of this report, and the current institutional arrangements discussed above, recommendations regarding modifications to current institutional arrangements will now be made.

The recommendations to be made will make provision for the boosting of technical and administrative capacity relating to LED and foster knowledge exchange as integral components of the development planning and implementation process.



3.1.2.1 INTERNAL MUNICIPAL MECHANISMS

The implementation process requires financial and human resources so that the LED programmes and initiatives identified in chapter 2, can be effectively implemented through a structured mechanism. This mechanism may be either *internal* to the municipality, such as an LED department or administrative unit, or *external* to the municipality in the form of a municipal entity (e.g. Economic Development Agency). These institutional arrangements are briefly described below and recommendations are then made on the most appropriate LED institutional mechanism to follow

Internal mechanisms have the advantage of low start-up costs, fewer legal obligations and ease of control. In certain circumstances they also find it easier to access donor funding than external option. Potential drawbacks of internal mechanisms include lengthy decision-making period, municipal inertia and capacity constraints

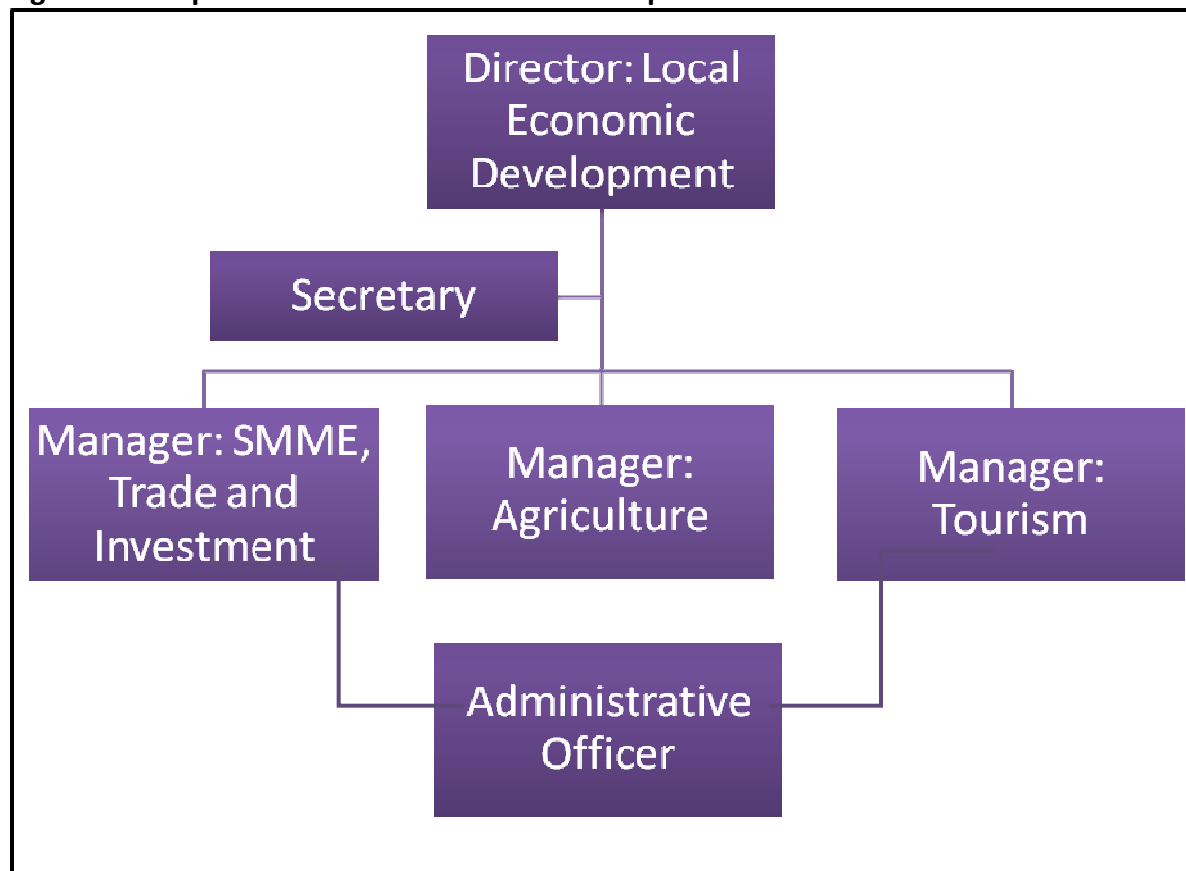
External mechanisms include private companies, service utilities and multi-jurisdictional entities. External mechanisms are favoured when the direct and indirect costs of implementing LED projects and programmes, necessitate provision by an external entity. Other factors to be considered include present availability of municipal capacity, the optimality of the present organisational structure in service delivery and other such dynamics.

The Municipal Systems Act (MSA section 78: 1-3)) has a clear bias towards the use of internal mechanisms, stating that municipalities must consider this option first. Based on the fact that the LED function is currently being successfully undertaken within the municipality as discussed in section 3.1.1, it is proposed that the internal mechanism of LED be maintained in Makana.

The current LED directorate's organisational structure was developed to tap into the key economic drivers identified as growth pillars. Based on the situation analysis and the strategic framework it emerges that Makana has significant growth potential in tertiary and quaternary service sector activity. That vindicates the positions within the organisational structure related to SMME, tourism, agriculture and trade and investment. However, various studies into the feasibility of expanded Kaolin mining and related activities have revealed that opportunities along the value chain are limited. Based on these assertions, it is proposed that the Makana LED directorate assume the form presented in Figure 3.2



Figure 3.2 Proposed Makana LED directorate departmental structure



Under the proposed structure:

I. The Kaolin mining post would be dissolved

Kaolin mining and allied activities (manufacturing of Kaolin-based products) offers limited opportunities for economic development in Makana. There is certainly scope for small-scale targeted manufacture of niche products based on the Kaolin value chain in Makana. However, this scope is limited in terms of large scale employment creation or community-wide income generation given the nature of the opportunity (specialised, small scale vs labour intensive mass production). The role of championing investment in the Kaolin and general mining sector of Makana would subsume to the SMME, Trade and Investment position. The championing of this cause can be performed under this position as they are well aligned (SMMEs would be best positioned to take part, external investment sources would be required, and trade opportunities would be possible once market demand is ascertained)

II. The tourism function would fall under a dedicated post

Under the present organisation structure, tourism is grouped with SMME, trade and investment functions. As much as these are related, dedicated human resource capacity focusing on tourism is needed within the directorate. Tourism development was identified as one of the key programmes of the Makana LED strategic framework in response to the abundant opportunities in that sector. Under the existing structure, capacity constraints mean that the tourism development function is not being fully explored. The creation of this post is motivated by results of various stakeholder



engagements made and will help streamline the ability of the LED directorate to carry out its function.

III. Modified SMME, Trade and Investment position

One of the strategic initiatives from the strategic framework is the creation of a 'one-stop shop for investment'. Details relating to the establishment of this office and related position will be discussed later on in this chapter. However, the "investment officer" that will work from the investment one-stop shop will assume some of the roles and functions presently performed by the Manager of SMME, Trade and Investment. It is envisaged that the SMME, trade and investment manager will delegate responsibility in some activity areas.

IV. Continuous education and training

The ability of the LED directorate to carry out its mandate is highly dependant on the capacity and capability of its human resource complement. Education and training in the following areas is recommended:

- Project management – Coordination, facilitation, implementation and management of various strategic initiatives from the strategic framework will form part of the key performance areas of the LED directorate's staff. For this role to be successfully carried out, project management skills will be a vital requirement. Sufficient project management skills would also free up the director to focus more on high-level strategic issues, rather than operational matters.
- Commercial development – as much as members of the directorate are principally specialists in their various fields skills and competencies related to commercial development are vital to the success of the LED directorate. While the role of the LED directorate is not to run business projects, staff within the LED directorate must have a certain level of business acumen and commercial literacy. This will allow them to perform a facilitative and interface role between the municipality and the business sector. Fruitful interaction and pragmatic engagements between the municipality and the business sector will be promoted by a staff complement that has a commercial orientation and understanding of concepts such as project appraisal, risk management, evaluation techniques and the basics of financial management.
- Partnerships and strategic alliances – these were highlighted as a key programme under the strategic framework. Several possible partnerships were put forward, with the municipality playing leading roles in some, and providing support and facilitative roles in others. In order for the development process to gain maximum benefit from various partnerships, they must be created on solid foundations, managed well, and maintained throughout their useful durations. As the LED directorate will be closely involved in overseeing these partnerships, education and training regarding communication dynamics, governance structure, effective engagement, collaborative action and the forging of joint perspectives for mutual gain, amongst other focus areas will be beneficial.

V. Streamlined departmental performance



It is envisaged that the departmental composition presented in Figure 3.2 will streamline performance and maximise service delivery quality. Given the nature of the directorate's mandate, internal and external collaborative efforts should play a key function. This could possibly take the form of:

- Joint intra-departmental research into topics such as the SMME development and support plan, municipal marketing strategy and investment promotion strategy
- Inter-department cooperation towards achievement of strategic initiatives such as red tape reduction and urban renewal of the inner-city and townships
- Inter-organisational support such as with the LED directorate being the secretariat and administrative support centre for the LED forum, and coordinated efforts with SEDA in the establishment and running of the small business incubator initiative.

The altered roles and responsibilities discussed from point I-V above make up an optimal structure to achieve success.. It is for this reason that the size of the human resource base of the LED directorate is the same between the existing structure and the proposed structure. This is to reduce the bureaucratic inefficiency that typifies large LED departments, and free up scarce financial resource for other purposes. In order to ensure success in achieving its stated goals, the LED directorate must also be characterised by effective action and efficient practices by all its members.

3.1.2.2 LED FORUM

It is proposed that concerted efforts be made towards the creation and continued existence of an LED forum for the Makana area. There have been previous attempts to launch an LED forum in Makana, with the most recent endeavour having taken place in 2008. Despite previous challenges faced, Makana still stands to benefit immensely from an LED forum .

An LED forum is a group with representatives from local stakeholder groups working together to utilise their intimate knowledge of the area in proposing developments. It is involved in the actual development and implementation of LED and liaises with the broader community through various sub-forum clusters

An LED forum provides an external mechanism for the implementation monitoring and evaluation of the Makana LED strategy. A functional LED forum facilitates integrated mobilisation of capacity (skills, time, etc) and resources (human, financial, etc) that may be leveraged in the implementation of the LED strategy. Furthermore, stakeholders that make up the LED forum may perform an oversight function geared toward monitoring and evaluating success in achievement of the goals and vision of the LED strategy. An LED forum thus serves as a useful platform from which the development process may be driven forward through meaningful interaction between relevant stakeholders.

The original 'Terms of Reference of the Makana Local Economic Development (LED) Forum' produced in 2008 are instructive and will form the basis of engagement. As an addendum to the Terms of reference, recommendations on the functions of the Makana LED will be made based on the Makana institutional plan report (2009).



The LED forum must support:

- The retention and growth of existing businesses
- The development of new businesses
- Inflows of investment to the area
- The deployment and management of infrastructure and resources in key economic sectors
- Implementation of LED through the provision of strategic management in line with the ToR.
- The fostering of cooperation and coordination towards the sharing of strategies, priorities, activities and information with various stakeholders (municipal departments, other municipalities, within the forum and with service providers).

Makana institutional plan report (2009).

It is crucial that the LED forum offer fair representation of different stakeholders in the LED process. Its membership must then span the broad spectrum of economic activity so as to make sure it provides balanced representation of the Makana economy and community.

3.1.2.3 MAYORAL BUSINESS FORUM

The idea of a mayoral business forum was raised at the Makana business sector conference. The mayoral business forum would serve as a link between the collective business sector and the municipality. The mayoral business forum would take a form similar to that of the defunct Makana business forum whereby

- Representatives of different economic sectors (agriculture, tourism, education, etc) are present
- Members of the business forum are representative of emerging and established business
- Top level officials represent the public development sphere (Mayor, Municipal Manager, etc)
- Constructive interaction and outcomes-oriented engagement takes place between the municipal machinery and the private and civil sector representatives on matters of mutual interest and concern

Such a forum would afford increased opportunity for direct interaction, beyond typical bodies such as the IDP steering committees and clusters. Furthermore, it will indirectly facilitate the creation of a conducive and enabling environment, in line with the IDP's emphasis on the promotion of the area as an investment destination.

The mayoral business forum would be housed within the structure of the LED forum and be made up of members of the LED forum. It is thus envisaged that the LED forum would select some of its members to become part of the mayoral business forum, representing the various sectors of the economy in which they are based. Where the LED forum is a separate entity from the municipality, the mayoral business forum would allow integrated dialogue between these two organisations.



3.1.2.4 ONE-STOP SHOP FOR INVESTMENT

This was recommended in the strategic framework as a key initiative to expand investment attraction in the Makana area. Drawing its mandate from the marketing and investment promotion strategies, a one-stop shop or investment office or helpdesk would aid in information dissemination as well as carrying out the marketing function to solicit and secure potential investors.

Depending on funding constraints and capacity endowments the investment office could be situated with the municipal organogram or independently, through the auspices of the SEDA support offices in Makana or any other backer. An investment officer would carry out the task of information dissemination and marketing, as well as the following functions:

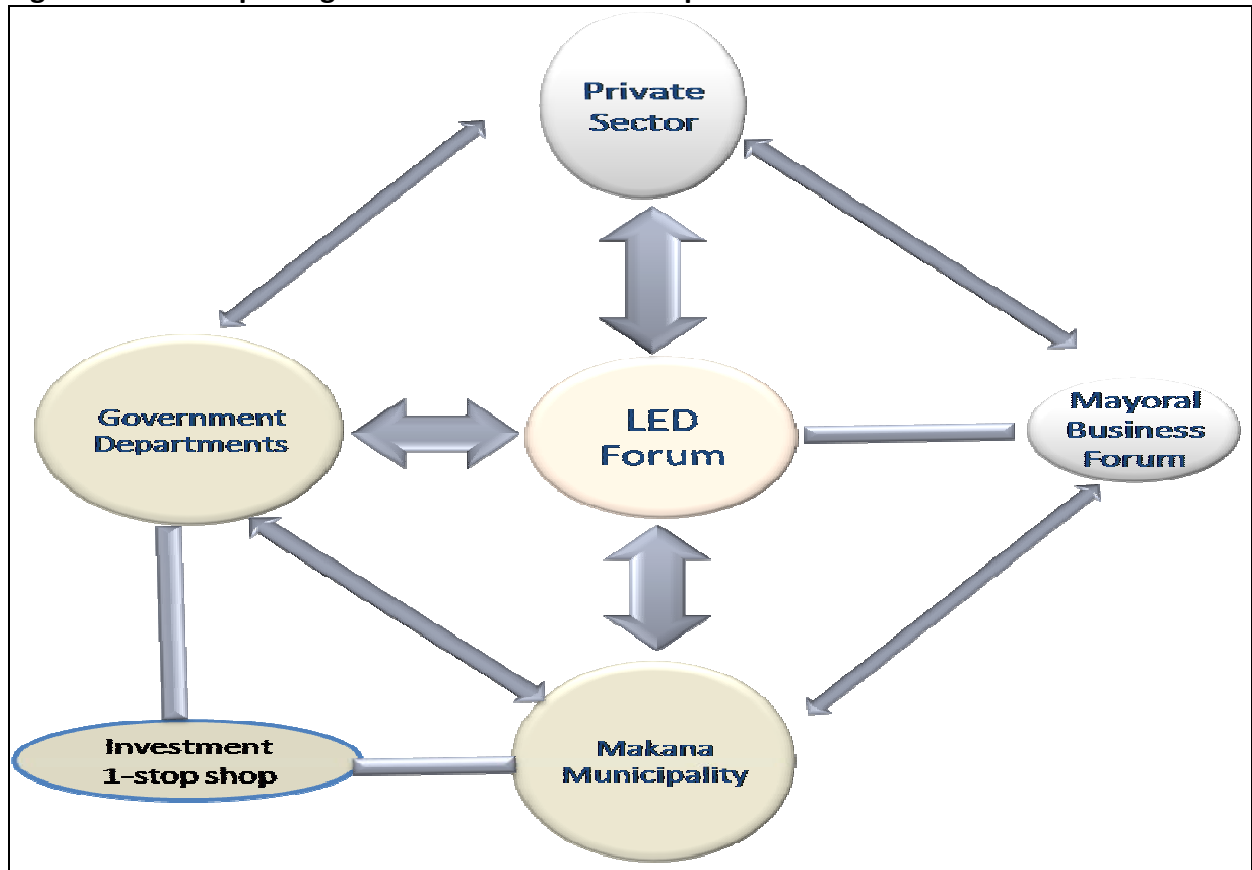
- Developing partnerships with funding organisations such as Khula Enterprise finance Ltd., IDT and the SA Micro-finance Apex fund , so as to help small-scale local potential entrepreneurs with financial support.
- Developing and making publicly available, databases of key contact people and enterprises, as well as potential investment opportunities in the area.
- Tapping into provincial and national funding pools made available by organisations such as IDC, DBSA, ECDC, NDA, etc for larger development projects
- Raising awareness surrounding municipal support to businesses and potential investors e.g.- incentives offered, availability of supporting and enabling infrastructure
- Information dissemination regarding issues such as fast-tracking business registration in Makana and streamlining the application process for various trading licences
- Liaison and coordination of activity with the LED directorate Manager: SMME, Trade and Investment

All the above recommendations for internal and external institutional arrangements are consolidated in Figure 3.3. It shows how

- The mayoral business forum is constituted of members of the private sector and high level municipal officers
- The Mayoral Business Forum is an offshoot from the LED forum and is made up of representatives of the LED forum.
- The LED forum is a centralised idea-sharing platform made up of various stakeholders
- The investment 1-stop shop relies on support from the municipality and government departments such as SEDA and other support agencies



Figure 3.3: LED reporting structures and relationships





3.2 ROLES AND RESPONSIBILITIES

The clear delineation and definition of roles and responsibilities of various LED stakeholders is a vital component of the implementation process. This section will set out the roles and responsibilities of the different actors involved in the implementation of the Makana LED strategy.

3.2.1 MAKANA LOCAL MUNICIPALITY

The role of the municipality is multifaceted, with the LED directorate requiring dynamic leadership and robust adaptability to perform its functions. As a facilitator, motivator, mobiliser, coordinator and enabler, it must play different roles at different times. These must be clearly communicated in all relevant situations, to ensure the municipality is perceived as an agent of development, rather than as an inhibitor to growth.

The local municipality's role falls under two main categories:

- That of the broader Makana municipality in adopting recommendations from the LED strategy
- That of LED directorate in facilitating, driving and lobbying for the implementation of the strategic initiatives set out in the strategy.

These roles have been split in order to provide clarity on what exactly is expected of the municipality (in the entirety of all its directorates and organs) and of the LED directorate (as a specialised unit with a mandate of promoting LED). These roles will now be discussed:

3.2.1.1 ROLE OF THE GREATER MUNICIPALITY

The Makana municipality has three KEY roles to play with regards to the LED Strategy.

I. Create an environment conducive to investment

The Makana municipality is responsible for creating an environment conducive to investment in the local area. This has been identified as a cross cutting issue that is critical for economic growth and development, as expressed through the program for investment attraction contained in the strategic framework. This relates to many things that when combined make up an enabling environment for development, including:

- The provision of hard infrastructure (e.g. good roads, reliable electricity and water supply, etc.) and soft infrastructure (e.g. education, skills and training programmes, crime prevention measures, interface with local government, etc)
- Ensuring timely approval of development proposals, land re-zoning applications and other such measures to cut down on red tape and bureaucratic inefficiencies
- Providing relevant and accurate information to the private sector
- Ensuring efficient service delivery through measures such as performance management measurement.
- Conducting forward planning to account for future development (e.g. support measures for future growth drivers such as Edu-tourism and making considerations of sustainable development programming.
- Providing an aesthetically pleasing environment in which to do business.



II. Allocate resources to Local Economic Development

The municipality must allocate sufficient financial and human resources to implement the strategic initiatives that it is responsible for, in line with the recommendations set out in section 3.1.2 of this report. This would also entail providing adequate support to the LED forum (secretarial, financial, etc)

III. Work effectively with other stakeholders

Stakeholder relationships in the form of strategic partnerships have been identified as a critical success factor for LED in Makana. The relationships between different stakeholders often offer room for strengthening and improvements. Local stakeholders particularly point out the challenges in the relationship between municipality and the private sector.

3.2.1.2 ROLE OF THE LED DIRECTORATE

The Makana LED directorate has four key roles to play with regards to the LED strategy

I. Facilitating implementation

The role of the LED directorate in facilitating, driving, championing and lobbying for implementation of the LED-oriented strategic initiatives identified in the strategic framework will differ from case to case. In some instances the initiatives will be implemented directly by Makana municipality through its various directorates while others will only require a facilitative or supervisory role for the LED. These roles are clarified in Table 3.1.

Table 3.1 Types of strategic initiatives

Type of strategic initiative	Role of the municipality and LED Directorate
Facilitation of initiatives	<p>These initiatives are projects that are not primarily funded or implemented by the Makana municipality. They may be initiatives that are planned, funded, designed, implemented and project managed by other LED partners.</p> <p>The role of the municipality in these initiatives will be to assist in obtaining funding for these projects, illustrate and facilitate the opportunities in the region and assist in removing restrictions, providing infrastructure and facilitating the project as effectively as possible.</p>
Implementation of initiatives	<p>Implementation initiatives are those projects that municipality will initiate, fund (through its own budget or government allocations), design and project manage.</p> <p>The actual implementation of the initiative may be done internally or be outsourced to an external service provider. These initiatives will generally be related to the strategy/policy framework in which LED is implemented, provision of infrastructure or to creating a more conducive environment for investment.</p>
Oversight of	Oversight initiatives are those projects that fall outside the direct



initiatives	<p>mandate of municipality, but will impact on the promotion of LED in Makana.</p> <p>The role of municipality in these projects is related to</p> <ul style="list-style-type: none">• Motivating for funding for the project• Monitoring the project,• Coordinating development thrusts through integration of the project with other ongoing initiatives• Liaising with the relevant departments/organizations implementing the projects to understand potential spin-offs and linkages with other initiatives.
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II. Carrying through recommendations to the IDP

Another role of the LED directorate is that of carrying recommendations from the LED strategy through to the Makana IDP. The Makana LED Strategy is a Sector Plan of the Integrated Development Plan and must be carried into the IDP which is currently under review. Programs and strategic initiatives identified in this strategy should be reflected in the IDP in order to ensure that funding can be obtained and that projects can be implemented.

III. Managing stakeholder relations

This involves two-way communication with all stakeholders so as to:

- Facilitate business and community participation in the development process, engendering a sense of ownership and accountability
- Encourage partnerships and coalitions
- Inform them of relevant developments
- Consult for their opinion and input on matters of mutual interest
- Monitor their actions and advise accordingly

IV. Monitor and evaluate the LED strategy

In order to gauge success and failure, the LED directorate must monitor progress in implementation of the LED strategy. Evaluation of this implementation must also be undertaken so that lessons can be learnt from successes and corrective measures used to confront challenges. The monitoring and evaluation framework discussed later on in this chapter is a useful tool that may be used in this regard.

3.2.2 LED FORUM

The LED forum (including the Mayoral business forum) will be composed of members of the public and private sectors. These two sectors often have different priorities, competencies and fields of contribution. The roles and responsibilities of the public and private sectors will thus be discussed separately and collectively.

The roles of public organisations will include:

- Analysis of the local economy
- Provision of accountable leadership for local economic development
- Administration of economic development projects



- Provision of services and critical infrastructure
- Provision of financing and other incentives to promote LED
- Establishment and maintenance of an enabling environment that stimulates business growth
- Providing a vehicle from which to gather information about what the various stakeholders want to achieve, and what support it would be useful for them to receive from the municipality (Makana institutional plan report, 2009).
- Getting stakeholder ownership and buy-in of LED initiatives

The role of the private sector will include

- Monitoring progress made in implementation of the LED strategy in order to measure how well the vision and goals are being met
- Evaluating progress in terms of critical success factors, challenges and obstacles met as well as other criterion
- Providing input into the decision-making processes of the forum
- Lobbying on the behalf of the private sector, including current and potential investors into the area
- De-politicising matters related to economic development, to ensure prudent resource use through considerations of long-term financial feasibility and market viability .This will improve overall governance matters, and improve community perceptions of the municipality. For this to happen, decision-making powers of the public sector and the private sector will need to be well-conceptualised and fairly distributed.

3.2.3 SUPPORT AGENCIES

This section will briefly list some organisations and agencies that provide financial and technical support geared toward LED initiatives. Though not exhaustive, the agencies listed have an important role to play in stimulating and sustaining economic activity in the Makana area. The profiles and roles of these organisations are expanded upon in Annexure 2: Support Agencies.

It is recognised that the LED directorate and the Makana municipality cannot achieve local success without assistance from other organisations. This is because of limitations that bind the municipality, but may be overcome through coordination, partnership and cooperation with support agencies.

The organisations in this section provide various forms of support including institutional capacity, funding and finance, technical assistance, enterprise development and education and training. Support from these organisations will assist in the achievement of the strategic objectives the Makana LED directorate sets out.

Support at the national and provincial level is provided by the following organisations:



- IDC
- ECDC
- DBSA
- SEDA
- IDT
- Khula Enterprise Finance
- DEDEA
- ECTB
- DLGTA

Their roles, mandates and activities are discussed below, with contact details provided in Annexure 1.

3.2.3.1 IDC

The IDC is a self-financing state owned development finance institution whose primary objectives are to contribute to the generation of balanced sustainable economic growth in Southern Africa and to further the economic empowerment of the South African population, thereby promoting the economic prosperity of all citizens.

Although the IDC reviews each project separately, funding preferences are given to the following:

- Financing fixed assets and the fixed portion of growth in working capital requirements
- Projects/businesses which have a significant developmental impact e.g. rural development
- Empowerment, job creation, township development and value addition

The IDC's primary role is to assist in acquiring finance. In this context, they have developed a wide variety of products, among which are:

- Commercial Loans
- Equity
- Quasi-Equity
- Bridging Finance
- Import Finance
- Shareware housing
- Guarantees
- Wholesale Finance
- Export Finance



3.2.3.2 ECDC

The Eastern Cape Development Corporation (ECDC) is a development agency whose primary objective is to plan, finance, coordinate and facilitate the economic development priorities for the Eastern Cape. Its mission is to positively contribute to government development for the Eastern Cape Province and to overcome the constraints of poverty, unemployment, inequality underdevelopment and the province's apartheid inheritance.

The key roles of the ECDC are to:

- Provision of development finance to SMMEs
- Investment promotion
- Providing enterprise development services such as skills training and development
- Promote trade
- Assist in spatial and rural planning by encouraging investment in the rural area
- Project development
- Providing property management services

3.2.3.3 DBSA

The DBSA is a development finance institution wholly owned by the South African government and whose purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure throughout SADC region including South Africa.

To pursue its objectives the DBSA acts as a:

- **Financer** providing grants for project-level capacity building projects; lending facilities; investment options; and guarantees
- **Partner** through acting as a development catalyst; providing of training through its Vulindlela Academy and assisting in development facilitation
- **Advisor** providing development information; research, analysis and advice; technical assistance
- **Implementer** providing support in terms of the implementation and financing of projects

3.2.3.4 SEDA

SEDA is a government agency and a member of **the dti** group established in 2005. The mandate of SEDA is to implement the national government small business strategy in line with the dti's Integrated Small Enterprise Development Strategy. SEDA also supports, promotes, and grows enterprises with a special focus on co-operative enterprises located in rural areas.

The task of SEDA is as follows:

- Provide information on how to start a business
- Assist with the setting up of a cooperative
- Assist with the compilation of business and marketing plans



- Mentor and coach entrepreneurs
- Build capacity of entrepreneurs through training
- Provide advice on the legal form of businesses, franchising, tendering and how to access finance
- Identify opportunities and business linkages for small enterprises

In general, SEDA aims at providing information to small business and prospective enterprisers that would encourage them to start and build sustainable businesses.

3.2.3.5 IDT

The Independent Development Trust (IDT) is a Schedule 2 public entity established as a means of adding value to the national development agenda of South Africa. The mandate of the IDT is support the South African government in improving economic growth, reducing unemployment and eradicating poverty. Based on the socio-economic profile of South Africa and the unequal delivery of capacity, the IDT concentrates the majority of its resources to rural/non-urban areas.

In achieving its mandate, the IDT has four priority intervention areas. These are:

- Harnessing/leveraging resources by identifying gaps in the development process and accessing **existing** governmental and private sector resources to fill these gaps
- Building delivery capacity by either providing IDT staff to enhance and assist service delivery or by building the capacity of existing community level institutions
- Knowledge management which focuses on obtaining and coordinating information from a number of sources to effectively support development initiatives
- Monitoring and evaluation of government programmers so as to generate credible reports which can add value to policy analysis and review

3.2.3.6 KHULA ENTERPRISE FINANCE

Khula Enterprise Finance is a member of **the dti** group and focuses on providing wholesale finance to SMEs through a number of public and private channels. These channels include commercial banks, retail financial institutions, specialist funds and joint ventures in which Khula it is a participant. Its primary aim is to bridge the funding gap in the SME market not addressed by commercial financial institutions.

Khula has a number of financing options available to SMEs such as:

- **Credit Indemnity Scheme** which provides finance to people who wish to start or expand SME businesses but do not have sufficient collateral / security to support facilities provided by participating banks. The scheme covers facilities from R10 000 to R3 million.
- **Business Partners-Khula Start-up Fund** which is a fund created to enable entrepreneurs to establish new businesses or business expansion
- **Enablis-Khula Loan Fund** which is a partnership between Khula, Enablis and FNB Enterprise Solutions; and is responsible for providing guarantees for loans in the ICT businesses.
- **Khula Emerging Contractors Fund** a joint venture initiative between Khula and the Eastern Cape Department of Public Works responsible for providing bridging finance to



emerging black contractors in Grades 1 to 6 who have been awarded tenders by the Eastern Cape Department of Public Works.

- **Khula SME Fund** which provides early-stage and expansion capital to SMEs to a maximum of R 500,000 or greater amounts provided there is written consent from the trustees and the SME has a proven track record.
- **Khula Mentorship Programme** which provides pre and post loan mentorship to SMEs. The actual provision of mentorship services is done by independent mentors/business advisors that are skilled in their respective areas of specialisation.

3.2.3.7 DEDEA (DEPARTMENT OF ECONOMIC DEVELOPMENT & ENVIRONMENTAL AFFAIRS)

DEDEA fulfills 3 core functions related to Economic Development as mandated by the PGDP, policies and strategies and various legislation, namely:

- Economic growth & development strategy formulation
- Marketing of the province, trade promotion & investment attraction, development finance, IDZ programme support, SMME development & support
- Tourism sector development

The key strategic objectives of DEDEA related to LED is to promote economic growth and development in the Province. DEDEA is not only a source of funding for LED programmes, but facilitates LED in the form of capacity building and technical support

Of the 15 programmes that DEDEA must implement, 3 are related to Local Economic Development:

- Integrated Economic Development Services (IEDS)
- Trade & Industry Development
- Economic Planning, Research & Development

3.2.3.8 EASTERN CAPE TOURISM BOARD (ECTB)

The ECTB was established by the Eastern Cape Tourism Act 8 of 2003. ECTB is responsible for:

- Sustainable tourism revenue
- Licensing of tour operators, tour guides and couriers
- Development and management of the tourism industry in the Province
- Registration of hotels, restaurants, other accommodation establishments, conference centres and tourist amenities
- Promote participation of Small to Medium Size Enterprises (SMME's) in the tourism industry in the Province
- Imposition/collection of levies in respect of hotels and other accommodation establishments, restaurants and designated tourist amenities



The ECTB does not implement LED projects as such, but has identified broad programmes within each of the 8 priority focus areas listed below. The ECTB provides funding, advice, support and guidance to the tourism industry, but is not a LED project implementer.

Focus Areas:

- Tourism product development
- Marketing
- Human Resource Development
- Infrastructure
- Transformation of the tourism sector
- Tourism research and information
- Management of the tourism sector
- Tourist safety and security

3.2.3.9 DEPARTMENT OF LOCAL GOVERNMENT & TRADITIONAL AFFAIRS (DLGTA)

The mission of the DLGTA is to promote the stabilisation, consolidation and development of sustainable municipalities, traditional institutions and integrated human settlements

Key focus areas that are related to LED include:

- Promotion, facilitation, strengthening of municipal LED policies, strategies, programmes and plans
- Facilitation of/support to LED institutions & forums
- Promotion, facilitation of and support to research, database management, monitoring & evaluation
- Promotion, facilitation integration of the local government support programmes to municipalities
- The Urban and Rural Development unit implements the Urban Renewal Programme (URP) & the ISRDP. These two programmes have LED linkages.



3.3 IMPLEMENTATION PLAN

Brief implementation plans for the Makana LED strategy are provided in the section below. The implementation action plans apply for the programmes and strategic initiatives presented under the strategic framework. For alignment and integration with the Makana IDP project presentation, a standardised tabular format is used showing:

- Unique Identifier per initiative, for easy reference
- Initiative name
- Implementing agent
- Source of funding
- Budget amount per year, based on estimates

The initiatives listed are from the strategic framework. Sources of funding relate to whether finance will come from within the municipal budget (internal), outside funding agents (external) or from the private sector. The implementing agent is the dominant party that will be involved in carrying out the tasks of a particular strategic initiative. The identification of an implementing agent does not preclude partnership, but merely distinguishes the primary driver of progress.

The budgeted amounts are estimates based on factors including

- Envisaged project outcomes and approximation on their operational and capital costs
- Historical IDP budget allocations approximations
- Extrapolations based on valuations of similar projects previously undertaken in other areas

Further assessment of the budgeted amounts will be dependent on the final form that the strategic initiatives take and the values provided in this section must be taken as a guide. Budgets will then need to be reassessed in the IDP



TOURISM DEVELOPMENT

INITIATIVE #	INITIATIVE NAME	SOURCE OF FUNDING	IMPLEMENTING AGENT	BUDGET AMOUNT ('000)				
				2010/11	2011/12	2012/13	2013/14	2014/15
LED 11.1.1	Product development, branding and intensified marketing	Internal/ External/ Private sector	All Tourism stakeholders	300	200	100	100	100
LED 11.1.2	Strengthening of institutional arrangements	-	Makana tourism	-	-	-	-	-
LED 11.1.3	Packaging of Edu-tourism	External	Grahamstown Foundation	250	200	180	180	180
LED 11.1.4	Alicedale Tourism revitalisation	Internal/ External/ Private sector	Alicedale Development fund	300	225	60	60	60
LED 11.1.5	Cultural Products hub	External	DSRAC	500	500	500	100	100
LED 11.1.6	Township tourism including Kwam e Makana	Internal/ External	Makana tourism	500	500	250	250	250
LED 11.1.7	Establishing Makana as a conferencing centre	Internal	Makana Municipality/ Rhodes University	250	180	180	180	180
LED 11.1.8	Community based development projects	Private sector/ External	Private Sector/ NGOs & CBOs	-	-	-	-	-
LED 11.1.9	Improving tourism-	MIG	Makana	500	150	60	60	60
LED 11.1.10	Festival income	Internal/ External	Makana	150	100	-	-	-



retention strategy		Municipality						
LED 11.1.11	Heritage promotion	External	Makana Tourism	150	60	60	60	60



STRATEGIC PARTNERSHIPS

INITIATIVE #	INITIATIVE NAME	SOURCE OF FUNDING	IMPLEMENTING AGENT	BUDGET AMOUNT ('000)				
				2010/11	2011/12	2012/13	2013/14	2014/15
LED 11.2.1	LED directorate → other directorates in the Municipality	-	Makana Municipality	-	-	-	-	-
LED 11.2.2	Makana Municipality → Rhodes University	-	Makana Municipality	-	-	-	-	-
LED 11.2.3	Makana Municipality → the business sector	Internal	Mayoral business forum	30	30	30	30	30
LED 11.2.4	Makana Municipality → Private Game Reserves	-	Makana Municipality	-	-	-	-	-
LED 11.2.5	Makana Municipality → CBOs and NGOs	-	Makana Municipality	-	-	-	-	-
LED 11.2.6	Makana Municipality → Development agencies	-	Makana Municipality	-	-	-	-	-
LED 11.2.9	Emerging business → Makana Municipality established businesses	Internal	Makana LED forum	30	30	30	30	30
LED 11.2.10	Local business owners → other regional business chambers	-	Private sector	-	-	-	-	-
LED 11.2.11	Between educational	-	Educational	-	-	-	-	-



	institutions			institutions					
LED 11.2.12	Between agricultural stakeholders	Internal		Makana LED forum	30	30	30	30	30



INFRASTRUCTURE PROVISION AND SERVICES

INITIATIVE #	INITIATIVE NAME	SOURCE OF FUNDING	IMPLEMENTING AGENT	BUDGET AMOUNT ('000)				
				2010/11	2011/12	2012/13	2013/14	2014/15
LED 11.3.1	Increased capacity in the Makana Technical and Infrastructural Services directorate	Internal	Makana Municipality	8 000	8 000	8 000	8 000	8 000
LED 11.3.2	Overhaul of water infrastructure	Internal/ MIG	Department of Human Settlements	2 250	2 250	1 000	1 000	1 000
LED 11.3.3	Water and sanitation service delivery quality	Internal/ MIG	Makana Municipality	3 500	3 500	2 000	2 000	2 000
LED 11.3.4	Eradication of housing backlog	Internal/ MIG	Makana Municipality	4 000	4 000	4 000	4 000	4 000
LED 11.3.5	Environmentally friendly infrastructure	Internal/ MIG	Makana Municipality	400	50	50	50	50
LED 11.3.6	Transport infrastructure maintenance	Internal/ MIG	Makana Municipality	3 500	3 500	3 500	3 500	3 500
LED 11.3.7	ICT	Internal/ MIG	Makana Municipality/ Rhodes university	300	300	-	-	300
LED 11.3.8	Guaranteed Electricity supply	Internal/ MIG	Makana Municipality/ Eskom	2 000	2 000	2 000	2 000	2 000



INVESTMENT ATTRACTION

INITIATIVE #	INITIATIVE NAME	SOURCE OF FUNDING	IMPLEMENTING AGENT	BUDGET AMOUNT ('000)				
				2010/11	2011/12	2012/13	2013/14	2014/15
LED 11.4.1	Development of Marketing strategy for the municipality	Internal/ External	Makana Municipality	150	50	-	-	-
LED 11.4.2	One-stop shop for investment within the municipality	Internal/ External	SEDA	200	100	100	100	100
LED 11.4.3	Red Tape reduction	Internal	Makana Municipality	100	0	0	30	0
LED 11.4.4	Prioritised development and implementation of Investment promotion & incentives strategy	Internal	Centre for Entrepreneurship	200	50	50	50	50
LED 11.4.5	Urban renewal of the inner-city and the townships	Internal/ External	NDPG/Private Sector/ Makana Municipality	1 200	1 200	400	400	400



SMME PROMOTION

INITIATIVE #	INITIATIVE NAME	SOURCE OF FUNDING	IMPLEMENTING AGENT	BUDGET AMOUNT ('000)				
				2010/11	2011/12	2012/13	2013/14	2014/15
LED 11.5.1	SMME development and support plan	Internal/ External	Makana Municipality	150	-	-	-	-
LED 11.5.2	Small business incubator	External	SEDA	300	200	100	100	100
LED 11.5.3	Municipal SMME support	Internal	Makana Municipality	-	50	50	50	50
LED 11.5.4	Feasibility of alternate business opportunities	Private sector	Private Sector	-	-	-	-	-



LEVERAGING OF EDUCATIONAL CAPITAL

INITIATIVE #	INITIATIVE NAME	SOURCE OF FUNDING	IMPLEMENTING AGENT	BUDGET AMOUNT ('000)				
				2010/11	2011/12	2012/13	2013/14	2014/15
LED 11.6.1	Graduate skills retention strategy	Internal/ External	Makana Municipality	150	-	-	-	-
LED 11.6.2	Research institute cluster	External	Educational institutions	-	-	-	-	-
LED 11.6.3	Shift in orientation of educational institutions		Educational institutions	-	-	-	-	-
LED 11.6.4	Facilitation of learnerships, apprenticeships and mentorship programs	Private	Makana municipality/ Private sector	-	-	-	-	-
LED 11.6.5	Tourism Awareness	External	Makana tourism	150	100	100	100	100
LED 11.6.6	Makana as centre for educational excellence	External	Educational stakeholders	300	200	200	200	200



AGRICULTURE SECTORAL SUPPORT

INITIATIVE #	INITIATIVE NAME	SOURCE OF FUNDING	IMPLEMENTING AGENT	BUDGET AMOUNT ('000)				
				2010/11	2011/12	2012/13	2013/14	2014/15
LED 11.7.1	Intensive Education and Training of emerging farmers	Internal/ External	DOA	750	750	200	200	-
LED 11.7.2	Intensive cultivation of high value crops	Internal/ External/ Private sector	Private Sector	-	-	-	-	-
LED 11.7.3	Small scale community-based agriculture	Internal/ External	Makana Municipality	500	500	300	300	200
LED 11.7.4	Transformation of the local agricultural sector	External	DLA	-	-	-	-	-
LED 11.7.5	Agricultural development plan	External	Makana municipality	200	-	-	-	-



3.4 MONITORING AND EVALUATION FRAMEWORK

Annexure 2 provides a template for the monitoring and evaluation framework that should be used to monitor the progress of the implementation of the LED projects on an annual basis.

The monitoring and evaluation framework is based on the SDBIP (Service Delivery and Budget Implementation Plans) used by Makana Local Municipality to track progress made on projects. The monitoring and evaluation framework covers the period 2010/11 to 2014/15 and has been completed for the 2010/2011 year, based on the prioritised projects that were identified by stakeholders through a consultative process. Subsequent years should be planned by the Makana Local Municipality and communicated to stakeholders through the appropriate channels

Implementation of the Makana LED strategy must be evaluated against the benchmarking criteria set out by the Department of Local Government and Traditional Affairs. These criteria used by the Department of Local Government and Traditional Affairs, are based on the national guidelines for LED as well as international LED best practice. The assessment criteria, used to benchmark the LED Plan are found in Annexure 4: Benchmarking against LED best practice. Annexure 3 then proceeds to evaluate the Makana LED strategy against these criteria. This provides a template for future reviews of the 5-year LED strategy, in line with the monitoring and evaluation roles discussed in this chapter.

3.5 SYNTHESIS

This section of the strategy has provided guidelines and recommendations on optimal implementation mechanisms for LED in Makana.

An overview of present institutional arrangements was made. These were evaluated and based on this analysis, a set of recommendations were made. These included the bolstering of efforts to establish and sustain an LED forum for the Makana area. A functional LED forum can serve as a useful vehicle in the driving and managing of LED in Makana.

Clarification on the roles and responsibilities of various stakeholders was also provided. This was undertaken to delineate core functions of parties such as the LED directorate, the Makana municipality, the LED forum and organisations with vested interests in the development process. The clarification of roles and responsibilities also prevents duplication of efforts and ensures each stakeholder has a reference point of engagement within the LED strategy.

Implementation action plans were provided, to indicate potential funding sources, responsible agencies and budgetary estimates for each strategic initiative. Finally, a monitoring and evaluation framework was provided. This will allow monitoring of



progress in achieving that targets of the LED strategy through time. Furthermore, an evaluation tool for the LED strategy as set out in national benchmarks was provided.



ANNEXURE 1: SUPPORT AGENCIES

Contact details for DLGTA

Tel: +27 40 609 5243
Fax: +27 40 635 0439
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Website: www.eclgta.ecprov.gov.za

Contact details for SEDA

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Website: www.seda.org.za

Contact details for Khula

Tel: +27 43 726 0756/3
Fax: +27 43 721 2447
E-mail: helpline@khula.org.za
Website: www.khula.org.za

Contact details for the ECDC

Tel: +27 45 838 1910
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E-mail: info@ecdc.co.za
Website: www.ecdc.co.za

Contact details for ECTB

Tel: +27 43 701 9600
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Website: www.ectourism.co.za

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Contact details for the IDC

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Email: callcentre@idc.co.za
Website: www.idc.co.za

Contact details for the DBSA

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Fax: +27 11 313 3086
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Website: www.idc.co.za

Contact details for the DEDEA

Tel: +27 47 502 5400
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Website: www.idt.org.za

ANNEXURE 2: MONITORING AND EVALUATION FRAMEWORK

LED DIRECTORATE

LOW LEVEL SDBIP 2010/2011

Key performance area	Project name	Activity	Municipal Performance Measure	5 year target	Annual target	Municipality	Ward	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		Progress description
								intended progress	actual progress	intended progress	actual progress	intended progress	actual progress	intended progress	actual progress	
Strategic Partnerships	Makana municipality & the business sector	Meaningful interaction and engagement between the municipality and the business sector	Establishment of mayoral business forum	100%	100%	Makana	All	100%	-	-	-	-	-	-	-	
Tourism Development	Product development, branding and intensified marketing	Branding and marketing of the area's tourism offerings through coordinated efforts by all stakeholders	Increased tourist arrivals to the area Increased product bundling and clustering Increase in average spending by tourists	100%	20%	Makana	All	5%	-	5%	-	5%	-	5%	-	
Leveraging of Educational Capital	Facilitation of apprenticeships and mentorship programmes	Commitments from business owners to increase education and training opportunities	Placement of 50 local youths in learnerships, apprenticeships and mentorship programmes	100%	40%	Makana	All			20%				20%		
Infrastructure provision	Increased capacity in Technical and Infrastructural Services Directorate	Increasing the human resources capacity of the directorate to improve service delivery	Reduction of vacancies to <10%	100%	30%	Makana	All	10%		10%		10%				
Investment Attraction	Urban renewal of inner-city and townships	Making these areas more aesthetically pleasing and user-friendly to increase investment	Neighbourhood development program Church square rejuvenation Township greening	100%	20%	Makana	All			5%		15%				
Tourism Development	Alicedale tourism revitalisation	Historical (caves and Bushman paintings), nature-based (Game parks) and cultural (railway enthusiasts) tourism	Establishment of sustainable business that taps into and exploits local potential	100%	40%	Makana	3	-	-	-	-	-	-	40%	-	
Infrastructure provision	Guaranteed Electricity supply	Maintenance and Provision of Infrastructure to ensure reliable electricity supplies	Constant maintenance and overhaul of infrastructure	100%	20%	Makana	All	-	-	-	-	-	-	20%	-	
Infrastructure provision	ICT infrastructure	Establishment of information-technology intensive enterprises	Research into possible linkages that may exist Establishment of ICT-intensive enterprise Sustainable business spin-offs related to knowledge economy	100%	30%	Makana	All	-	-	-	-	-	-	30%		
SMME promotion	SMME development and support plan	Conceptualisation and implementation of a policy for SMME development	SMME development plan	100%	50%	Makana	All	-	-	-	-	-	-	50%	-	
SMME promotion	SMME Access to finance	Exploration of funding options for SMMEs through business incubator and	Strategic partnership between municipality and development agencies One-stop shop for investment Business incubator	100%	30%	Makana	All							30%		

ANNEXURE 2: MONITORING AND EVALUATION FRAMEWORK

LED DIRECTORATE

LOW LEVEL SDBIP 2011/2012

Key performance area	Project name	Activity	Municipal Performance Measure	5 year target	Annual target	Municipality	Ward	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		Progress description
								intended progress	actual progress	intended progress	actual progress	intended progress	actual progress	intended progress	actual progress	
Strategic Partnerships	Makana municipality & the business sector	Meaningful interaction and engagement between the municipality and the business sector	Establishment of mayoral business forum	Completed-	-	Makana	All	-	-	-	-	-	-	-	-	
Tourism Development	Product development, branding and intensified marketing	Branding and marketing of the area's tourism offerings through coordinated efforts by all stakeholders	Increased tourist arrivals to the area Increased product bundling and clustering Increase in average spending by tourists	100%	20%	Makana	All	5%	-	5%	-	5%	-	5%	-	
Leveraging of Educational Capital	Facilitation of apprenticeships and mentorship programmes	Commitments from business owners to increase education and training opportunities	Placement of 50 local youths in learnerships, apprenticeships and mentorship programmes	100%	20%	Makana	All	-	-	-	-	-	-	20%	-	
Infrastructure provision	Increased capacity in Technical and Infrastructural Services Directorate	Increasing the human resources capacity of the directorate to improve service delivery	Reduction of vacancies to <10%	100%	20%	Makana	All	-	-	10%	-	10%	-	-	-	
Investment Attraction	Urban renewal of inner-city and townships	Making these areas more aesthetically pleasing and user-friendly to increase investment	Neighbourhood development program Church square rejuvenation Township greening	100%	20%	Makana	All	-	-	5%	-	15%	-	-	-	
Tourism Development	Alicedale tourism revitalisation	Historical (caves and Bushman paintings), nature-based (Game parks) and cultural (railway enthusiasts) tourism	Establishment of sustainable business that taps into and exploits local potential	100%	30%	Makana	3	-	-	10%	-	10%	-	10%	-	
Infrastructure provision	Guaranteed Electricity supply	Maintenance and Provision of Infrastructure to ensure reliable electricity supplies	Constant maintenance and overhaul of infrastructure	100%	20%	Makana	All	-	-	-	-	-	-	20%	-	
Infrastructure provision	ICT infrastructure	Establishment of information-technology intensive enterprises	Research into possible linkages that may exist Establishment of ICT-intensive enterprise Sustainable business spin-offs related to knowledge economy	100%	30%	Makana	All	15%	-	-	-	15%	-	-	-	
SMME promotion	SMME development and support plan	Conceptualisation and implementation of a policy for SMME development	SMME development plan	100%	40%	Makana	All	-	-	-	-	-	-	40%	-	
SMME promotion	SMME Access to finance	Exploration of funding options for SMMEs through business incubator and	Strategic partnership between municipality and development agencies One-stop shop for investment Business incubator	100%	25%	Makana	All	-	-	15%	-	-	-	10%	-	

ANNEXURE 2: MONITORING AND EVALUATION FRAMEWORK

LED DIRECTORATE

LOW LEVEL SDBIP 2012/2013

Key performance area	Project name	Activity	Municipal Performance Measure	5 year target	Annual target	Municipality	Ward	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		Progress description
								intended progress	actual progress	intended progress	actual progress	intended progress	actual progress	intended progress	actual progress	
Strategic Partnerships	Makana municipality & the business sector	Meaningful interaction and engagement between the municipality and the business sector	Establishment of mayoral business forum	Completed-	-	Makana	All	-	-	-	-	-	-	-	-	
Tourism Development	Product development, branding and intensified marketing	Branding and marketing of the area's tourism offerings through coordinated efforts by all stakeholders	Increased tourist arrivals to the area Increased product bundling and clustering Increase in average spending by tourists	100%	20%	Makana	All	5%	-	5%	-	5%	-	5%	-	
Leveraging of Educational Capital	Facilitation of apprenticeships and mentorship programmes	Commitments from business owners to increase education and training opportunities	Placement of 50 local youths in learnerships, apprenticeships and mentorship programmes	100%	20%	Makana	All	-	-	-	-	-	-	20%	-	
Infrastructure provision	Increased capacity in Technical and Infrastructural Services Directorate	Increasing the human resources capacity of the directorate to improve service delivery	Reduction of vacancies to <10%	100%	20%	Makana	All	-	-	10%	-	10%	-	-	-	
Investment Attraction	Urban renewal of inner-city and townships	Making these areas more aesthetically pleasing and user-friendly to increase investment	Neighbourhood development program Church square rejuvenation Township greening	100%	20%	Makana	All	-	-	5%	-	15%	-	-	-	
Tourism Development	Alicedale tourism revitalisation	Historical (caves and Bushman paintings), nature-based (Game parks) and cultural (railway enthusiasts) tourism	Establishment of sustainable business that taps into and exploits local potential	100%	20%	Makana	3	-	-	10%	-	-	-	10%	-	
Infrastructure provision	Guaranteed Electricity supply	Maintenance and Provision of Infrastructure to ensure reliable electricity supplies	Constant maintenance and overhaul of infrastructure	100%	20%	Makana	All	-	-	-	-	-	-	20%	-	
Infrastructure provision	ICT infrastructure	Establishment of information-technology intensive enterprises	Research into possible linkages that may exist Establishment of ICT-intensive enterprise Sustainable business spin-offs related to knowledge economy	100%	30%	Makana	All	15%	-	-	-	15%	-	5%	-	
SMME promotion	SMME development and support plan	Conceptualisation and implementation of a policy for SMME development	SMME development plan	100%	10%	Makana	All	-	-	-	-	10%	-	-	-	
SMME promotion	SMME Access to finance	Exploration of funding options for SMMEs through business incubator and	Strategic partnership between municipality and development agencies One-stop shop for investment Business incubator	100%	15%	Makana	All	-	-	10%	-	-	-	5%	-	

ANNEXURE 2: MONITORING AND EVALUATION FRAMEWORK

LED DIRECTORATE

LOW LEVEL SDBIP 2013/2014

Key performance area	Project name	Activity	Municipal Performance Measure	5 year target	Annual target	Municipality	Ward	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		Progress description
								intended progress	actual progress	intended progress	actual progress	intended progress	actual progress	intended progress	actual progress	
Strategic Partnerships	Makana municipality & the business sector	Meaningful interaction and engagement between the municipality and the business sector	Establishment of mayoral business forum	Completed	-	Makana	All	-	-	-	-	-	-	-	-	
Tourism Development	Product development, branding and intensified marketing	Branding and marketing of the area's tourism offerings through coordinated efforts by all stakeholders	Increased tourist arrivals to the area Increased product bundling and clustering Increase in average spending by tourists	100%	20%	Makana	All	5%	-	5%	-	5%	-	5%	-	
Leveraging of Educational Capital	Facilitation of apprenticeships and mentorship programmes	Commitments from business owners to increase education and training opportunities	Placement of 50 local youths in learnerships, apprenticeships and mentorship programmes	100%	20%	Makana	All	-	-	-	-	-	-	20%	-	
Infrastructure provision	Increased capacity in Technical and Infrastructural Services Directorate	Increasing the human resources capacity of the directorate to improve service delivery	Reduction of vacancies to <10%	100%	15%	Makana	All	-	-	-	-	-	-	15%	-	
Investment Attraction	Urban renewal of inner-city and townships	Making these areas more aesthetically pleasing and user-friendly to increase investment	Neighbourhood development program Church square rejuvenation Township greening	100%	20%	Makana	All	10%	-	-	-	10%	-	-	-	
Tourism Development	Alicedale tourism revitalisation	Historical (caves and Bushman paintings), nature-based (Game parks) and cultural (railway enthusiasts) tourism	Establishment of sustainable business that taps into and exploits local potential	100%	10%	Makana	3	-	-	-	-	-	-	10%	-	
Infrastructure provision	Guaranteed Electricity supply	Maintenance and Provision of Infrastructure to ensure reliable electricity supplies	Constant maintenance and overhaul of infrastructure	100%	20%	Makana	All	-	-	-	-	-	-	20%	-	
Infrastructure provision	ICT infrastructure	Establishment of information-technology intensive enterprises	Research into possible linkages that may exist Establishment of ICT-intensive enterprise Sustainable business spin-offs related to knowledge economy	100%	10%	Makana	All	-	-	-	-	-	-	10%	-	
SMME promotion	SMME development and support plan	Conceptualisation and implementation of a policy for SMME development	SMME development plan	Completed	-	Makana	All	-	-	-	-	-	-	-	-	
SMME promotion	SMME Access to finance	Exploration of funding options for SMMEs through business incubator and	Strategic partnership between municipality and development agencies One-stop shop for investment Business incubator	100%	15%	Makana	All	-	-	-	-	-	-	15%	-	

ANNEXURE 2: MONITORING AND EVALUATION FRAMEWORK

LED DIRECTORATE

LOW LEVEL SDBIP 2014/2015

Key performance area	Project name	Activity	Municipal Performance Measure	5 year target	Annual target	Municipality	Ward	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		Progress description
								intended progress	actual progress	intended progress	actual progress	intended progress	actual progress	intended progress	actual progress	
Strategic Partnerships	Makana municipality & the business sector	Meaningful interaction and engagement between the municipality and the business sector	Establishment of mayoral business forum	Completed	-	Makana	All	-	-	-	-	-	-	-	-	
Tourism Development	Product development, branding and intensified marketing	Branding and marketing of the area's tourism offerings through coordinated efforts by all stakeholders	Increased tourist arrivals to the area Increased product bundling and clustering Increase in average spending by tourists	100%	20%	Makana	All	5%	-	5%	-	5%	-	5%	-	
Leveraging of Educational Capital	Facilitation of apprenticeships and mentorship programmes	Commitments from business owners to increase education and training opportunities	Placement of 50 local youths in learnerships, apprenticeships and mentorship programmes	Completed	-	Makana	All	-	-	-	-	-	-	-	-	
Infrastructure provision	Increased capacity in Technical and Infrastructural Services Directorate	Increasing the human resources capacity of the directorate to improve service delivery	Reduction of vacancies to <10%	100%	15%	Makana	All	-	-	-	-	-	-	15%	-	
Investment Attraction	Urban renewal of inner-city and townships	Making these areas more aesthetically pleasing and user-friendly to increase investment	Neighbourhood development program Church square rejuvenation Township greening	100%	20%	Makana	All	10%	-	-	-	10%	-	-	-	
Tourism Development	Alicedale tourism revitalisation	Historical (caves and Bushman paintings), nature-based (Game parks) and cultural (railway enthusiasts) tourism	Establishment of sustainable business that taps into and exploits local potential	Completed	-	Makana	3	-	-	-	-	-	-	-	-	
Infrastructure provision	Guaranteed Electricity supply	Maintenance and Provision of Infrastructure to ensure reliable electricity supplies	Constant maintenance and overhaul of infrastructure	100%	20%	Makana	All	-	-	-	-	-	-	20%	-	
Infrastructure provision	ICT infrastructure	Establishment of information-technology intensive enterprises	Research into possible linkages that may exist Establishment of ICT-intensive enterprise Sustainable business spin-offs related to knowledge economy	Completed	-	Makana	All	-	-	-	-	-	-	-	-	
SMME promotion	SMME development and support plan	Conceptualisation and implementation of a policy for SMME development	SMME development plan	Completed	-	Makana	All	-	-	-	-	-	-	-	-	
SMME promotion	SMME Access to finance	Exploration of funding options for SMMEs through business incubator and	Strategic partnership between municipality and development agencies One-stop shop for investment Business incubator	100%	15%	Makana	All	-	-	-	-	-	-	15%	-	



ASSESSMENT REPORT FOR MAKANA LED STRATEGY

Issue	Elements	Yes/no	Purpose	Comments	Improvement measure	Scoring
1. Time horizon for the LED Strategy	Is there an indicative time frame for the strategy?	Yes	Provides duration of the strategy for the purposes of monitoring and evaluation/ review and its relevance	2014 is identified as the delivery target for the strategy.		
2. Socio-economic overview	Is there socio-economic overview?	Yes	A credible strategy can only be built on a thorough understanding and analysis of the socio-economic environment of the local economy	The strategy details critical information on the socio-economic situation in Makana as well as the local economic performance and challenges.		
	Is there information on the demographics of the economic area?	Yes		The strategy details key demographic information such as population size, level of education, household income etc.		
	Is there analysis of present economic drivers in the area?	Yes		Priority economic sectors i.e. government and community services, and service sectors are identified as well as key		



Issue	Elements	Yes/no	Purpose	Comments	Improvement measure	Scoring
				drivers of the economy are detailed in the economic profile of the LED strategy.		
	Is there information on sector analysis?	Yes		The LED Strategy details each of the 9 key sector identified by the SIC classification. It also provides an overview of the tourism industry in the area.		
	Is there information on business activities?	Yes		The strategy provides information on business sector specific analysis		
	Is there understanding of comparative and competitive advantage in the strategy?	Yes	Value has to be added to comparative advantages to give the local economy a competitive advantage.	The advantages and disadvantages of the Makana economy are described. The presentation of advantages and disadvantages are clearly translated into evidence-based comparative/competitive advantages in the main strategy. These comparative and competitive advantages feed into the various opportunities		



Issue	Elements	Yes/no	Purpose	Comments	Improvement measure	Scoring
				identified within the Situation Analysis.		
3. Vision	Is there a vision articulated in the strategy?	Yes	The vision sets the direction of focus for the practice of LED.	In chapter 2 of the Strategic development Framework the LED Strategy's vision is articulated.		
4. Priorities, rational and Strategic goals	Are the development priorities informed by socio-economic analysis?	Yes	It is from the socio-economic analysis that development gaps can be identified which in turn informs the choice of priorities.	The strategic programmes (priorities) identified are based on the opportunities in the economic potential section of the Situation Analysis Report.		
	Is there an indication of the rationale around the choices of priorities?	Yes	There needs to be concrete rationale for the choice of development priorities. These rationales must be informed by the development gaps identified in the local economy.	The Strategic Framework provides a discussion and overview of the various strategic pillars (priorities) as well as a description of how they align with other key policy documents.		



Issue	Elements	Yes/no	Purpose	Comments	Improvement measure	Scoring
	Do the strategic goals relate to the specified vision?	No	If the strategic goals do not emanate from the vision, the subsequent development path will deviate from the focus of LED interventions	It was felt that the specified objectives are in essence strategic goals for the LED Strategy.		
5. Objectives of the LED Strategy	Are objectives specified?	Yes	There is the need to specify clear objectives of the strategy against particular goals, noting specific areas of focus	Six goals are identified in the LED Strategy.		
	Do the objectives relate to the strategic goals?	No	The objectives will not lead to the desired impacts if they are not unpinned by the strategic goals.	It was felt that the specified objectives are in essence strategic goals for the LED Strategy.		
	Are the objectives SMART?	Yes	Attainable goals and objectives	The 6 objectives are specific, measurable, appropriate, realistic and time based and therefore satisfy the SMART		



Issue	Elements	Yes/no	Purpose	Comments	Improvement measure	Scoring
				principle; however it may be difficult for the Makana Local Municipality to track these objectives progress without reliable statistics from either StatsSA, Quantec or Global Insight data		
6. Strategies	Are there well articulated strategies for achieving the specified objectives?	Yes	Note specific areas of focus	All the specified objectives are either crosscutting or relate to specific sectors. By conducting the various projects under the respective strategic programmes the specified objectives can be attained.		
	Are the strategies realistic?	Yes	To sense the feasibility of the actions	The identified strategies are realistic provided that funds are made available for their implementation.		
	Are there strategies in place to exploit the competitive advantages of the area?	Yes	Assist to focus on add value on the existing potentials	All strategic programmes and initiatives are related to competitive advantages identified in the Situation Analysis Report.		
7. Implementat	Are there action plans	Yes	Sets outline detail of	Action plans were not part of		



Issue	Elements	Yes/no	Purpose	Comments	Improvement measure	Scoring
ion plan	against objectives and goals?		implementation action plan	the project brief.		
	Are outcomes specified and are they related to objectives?	No	To set outcomes against objectives	Specific outcomes in terms of institutional arrangements and implementation mechanism are developed. By adhering to these recommendations the listed objectives can be attained.		
	Are there set out indicators and milestones along with implementation time line?	Yes:	Sets out milestones along implementation timelines	The monitoring and evaluation framework sets out annual milestones for each of the prioritised projects in the Strategic Framework Report.		
	Are roles and responsibilities clearly assigned?	Yes	Outline roles and responsibilities during the implementation of the plan	Roles and responsibilities for both the Makana Local Municipality and other stakeholders are detailed in the implementation plan.		
	Are there indicative budgets and their sources	No	Set out funds to realise the	The implantation action plan details project budgets as		



Issue	Elements	Yes/no	Purpose	Comments	Improvement measure	Scoring
	for programmes and projects?		implementation of the plan	well as potential sources of funds for all identified projects.		
8. Institutional arrangements	Are there management and leadership structures in place for the implementation of the strategy?	Yes	Sets out accountability, leadership and managerial arrangements			
	Are there structures in place for monitoring and evaluating the implementing of the strategy?	Yes/No	Ensuring feed and strategic interventions	It is proposed that once established, the Makana LED forum be used as a means of monitoring the implementation of the LED Strategy.		
	Is the LED unit strategically placed?	No	Ensuring the influence of LED as the cross cutting issue			
9. Support for investment and job creation	Have new sources of economic activity been identified?	Yes	To identify and expand business activities			
	Are there any plans to improve the investment	Yes		There are several initiatives e.g. red tape reduction,		



Issue	Elements	Yes/no	Purpose	Comments	Improvement measure	Scoring
	climate? E.g. disaster management strategies, reducing business registration red tapes, land acquisition procedures, etc. To attract investors			municipal marketing strategy and investment promotion and incentives strategy.		
13.Support for small enterprises	Are there specific strategies/plans to encourage new enterprises development? To intensify enterprise support	Yes		As a key strategic programme of the LED Strategy there are several specific initiatives designed to encourage new enterprise development.		
	Are there strategies/plans in place to retain existing enterprises?	Yes	To ensure that the municipality has support programme for the SMME			
	Are there plans to establish Business Development Services?	Yes	To ensure that the municipality has support programme for the SMME	The Implementation Plan proposes the establishment of an investment one-stop shop and an SMME incubator.		
14.Intervention	Are there arrangements	Yes	To ensure that the	A wide range of initiatives		



Issue	Elements	Yes/no	Purpose	Comments	Improvement measure	Scoring
in the second economy	for micro-finance?		municipality has support programme for the informal businesses	have been identify under the SMME promotion programme that focus on providing support to the 2 nd economy and informal sector.		
	Is there preferential procurement policy in place?	Yes:	Ensure procurement policies biased towards SMM's			
	Are there any LED related EPWP projects proposed?	Yes	Encourages partnerships	These may take the form of infrastructural initiatives.		
	Are there any arrangements for partnerships for major investments?	Yes	Encourages partnerships	The Strategic Partnerships programme focuses on promoting partnerships between the LM, other government departments and the private sector to encourage major investment.		
	Are there any plans for skills development and training programmes specified?	Yes	To ensure that there are training g plans	The leveraging of educational capital programme in the LED Strategy encourages training and skills transferring.		
	Are there any indications	Yes	Ensures the support	The Implementation Plan		



Issue	Elements	Yes/no	Purpose	Comments	Improvement measure	Scoring
	of the facilitation of market information/access for local producers?		provided marketing produce for local	proposes the establishment of an investment one-stop shop		
15. Monitoring and evaluation	Are there strategies and mechanisms in place to monitor and evaluate the effectiveness of the LED strategy?	Yes	Ensures feedback and strategic interventions	A monitoring and evaluation framework for priority projects for a five year period is included in the LED Strategy		
16. LED Policy/principles	Is there an indication of LED policy/principles?	Yes	Policies / principles underpinning the LED strategy	The Situation Analysis broadly discusses what a municipalities LED policy should include and what principles should underline it.		



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