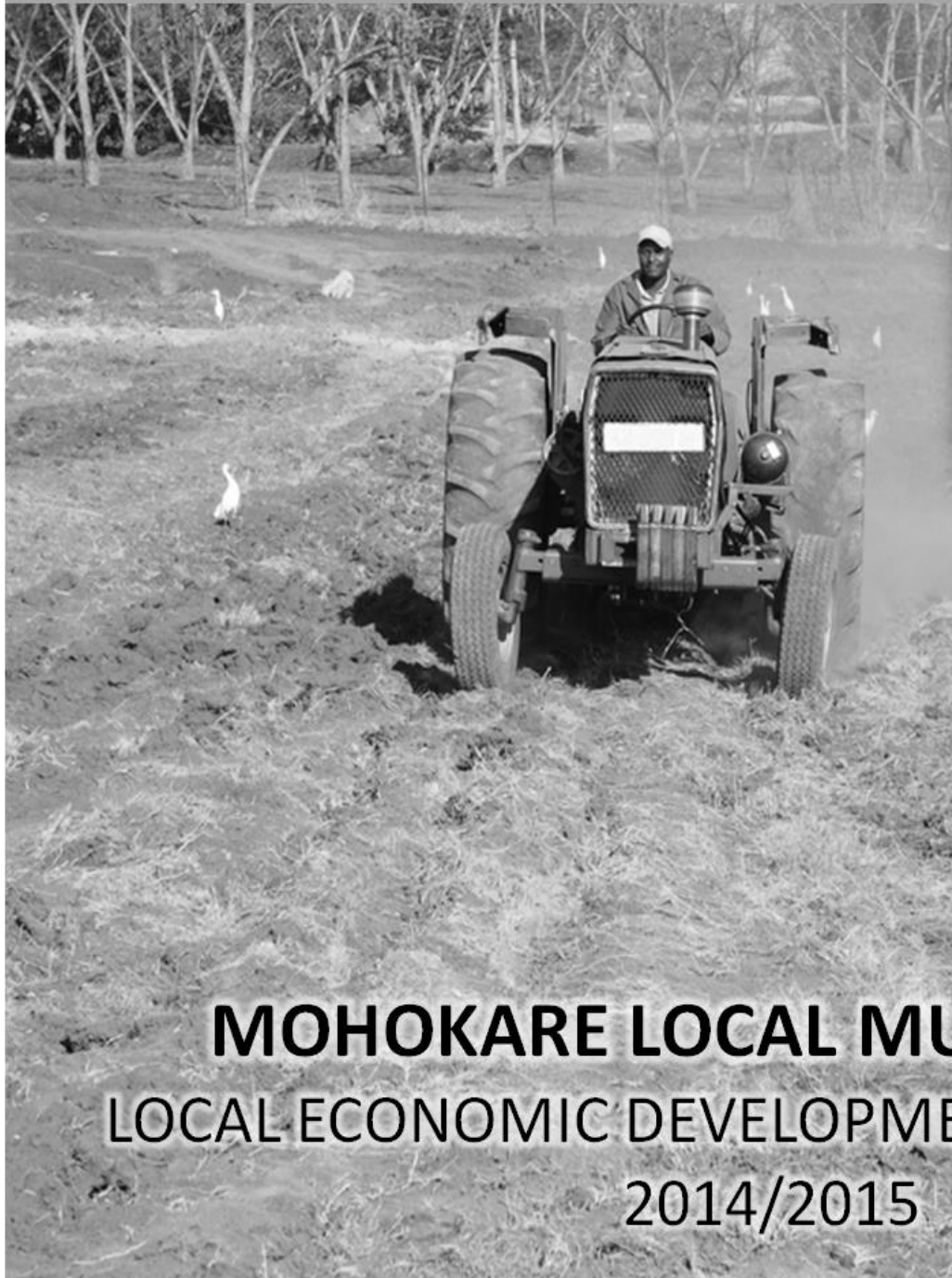




MOHOKARE
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MOHOKARE LOCAL MUNICIPALITY

LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

2014/2015

www.mohokare.gov.za



Vision
"We shall be a consistent municipality, with a natu base, offering the highest quality of life for all"

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municipality with the review of the document. During December 2013 draft terms of reference were agreed to by both parties, SALGA and the LED Unit.

1. Purpose of Study

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. This project serves as the municipality’s response to this responsibility.

Local Economic Development (LED) seeks to consolidate and add value to existing strategies and programmes, to facilitate and guide economic development and investments in the municipal area. LED seeks to provide a vision, strategy, goals, and targets around which the municipalities LED directorate can work towards. It is envisioned that the recommendations emanating from this strategy will stimulate, promote and facilitate LED in the municipalities through the creation of an enabling environment.

Specific targets of LED include:

- Create employment
- Develop local markets
- Promote and support SMME’s
- Decrease poverty and hardship
- Ensure community empowerment

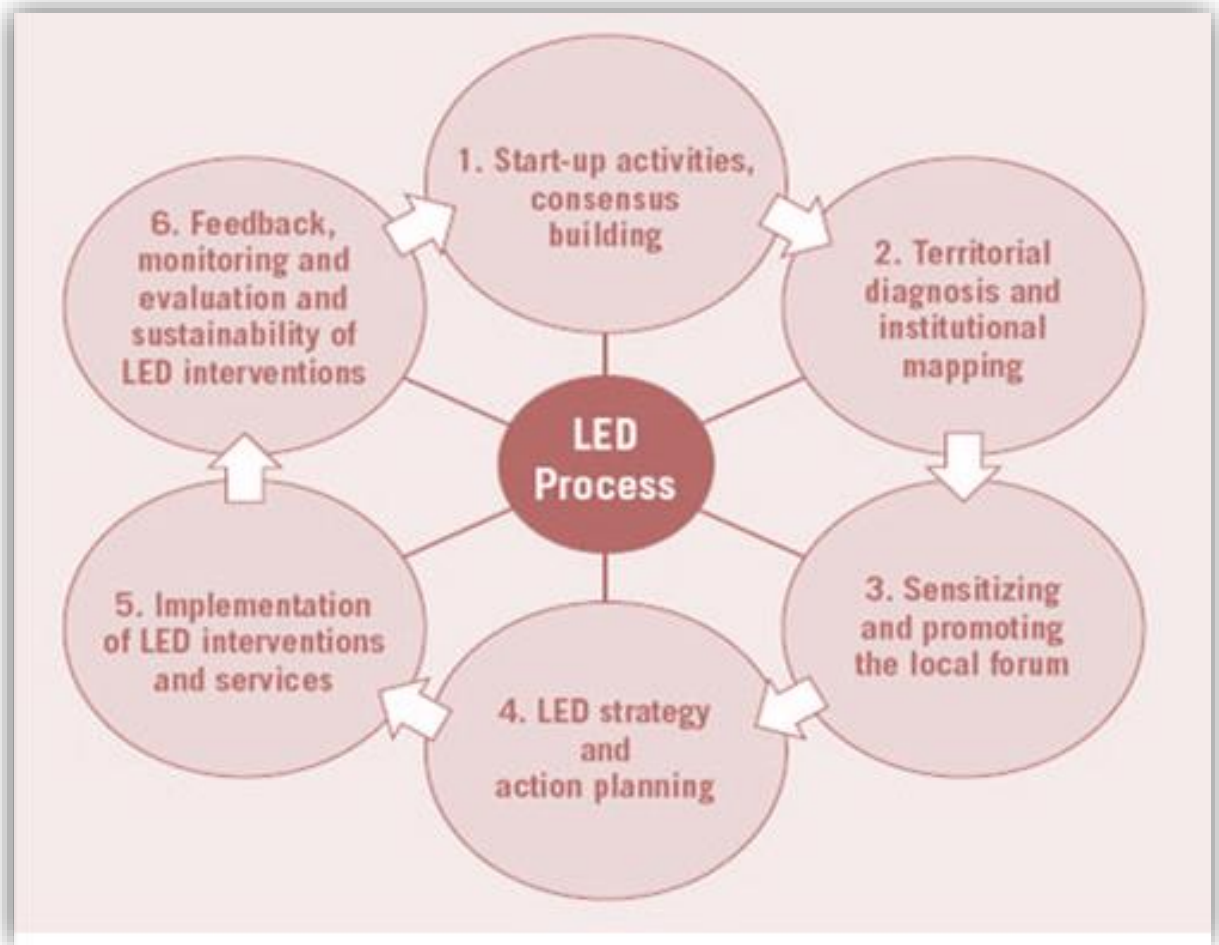
2. Defining Local Economic Development

Local Economic Development (LED) is an outcome based on local initiatives and driven by local stakeholders. It is a result of joint planning by a municipality, business sectors and the community. It involves identifying and using local resources, ideas and skills to stimulate economic growth and development. The purpose of LED is to create employment opportunities for local residents, alleviate poverty and to redistribute resources to benefit locals of an area.

LED is intrinsically opportunistic. This implies that economic development is dependent on entrepreneurial initiative to turn an opportunity into a lasting business. And neither opportunities nor entrepreneurial initiative and creativity can be planned. Some economic opportunities may be based on a locational comparative advantage that somebody turns into a competitive advantage, such as natural resources, the availability of specific skills, or the historic development of certain industries or agricultural activities. These cases are more easily foreseeable and incentive schemes, skills development programmes and support schemes can promote these opportunities.

There is no single approach to LED, which will work in every local area. This means that all economic forces in the local situation have to be brought on board to identify resources, understand needs and work out plans to find the best ways of making the local economy fully functional, investor friendly and competitively productive. Each local area has a unique set of opportunities and problems, and must develop an LED strategy (or combinations of strategies) that is specific to the local context.

Typical LED Roadmap



3. Methodology

This study has two major methodological components; a rigorous technical socio-economic analysis and an inclusive local consultative process. These components are utilized in the three phase approach set out below

Phase One: District Level Focus

a) Orientation

- Collect all existing documentation and previous studies done in the area and with respect to the existing and planned initiatives of the municipality e.g. the various IDP's, LED's, etc.
- Assess documents to establish their main findings and recommendations.
- Identify specific gaps and shortcomings in the data available.

- Establish the detail institutional arrangements and responsibilities for the execution and final deliverables of the study.

Identify important role players and stakeholders in the district and local economies to be involved in the project

Phase Two: Local Municipality LED Focus

b) Developing a Local Economic Profile Analysis

- Undertake a focused economic and socio-economic evaluation of the municipalities using secondary data sources, based on Census 2001 and Household Surveys 2004 data.
- Determine the economic status quo of the study area with emphasis on historical growth, growth potential, composition (economic sectors), comparative and competitive advantages, population size, distribution and growth patterns, Income and expenditure levels (disposable income and affordability levels). The main sectors to be focused on are agriculture, tourism, business and industry (including agri-business) but not to the exclusion of other sectors such as public and private services, transport, construction and housing.
- Conduct a trend analysis to project population growth and economic development potential.
- Determine future resource demand for the area and guidelines towards future development requirements and land-use patterns.
- Use economic techniques e.g. SWOT-analysis, location quotients and economic scenario modelling in order to determine the growth possibilities of the various economic sectors of the economy.
- Consultative workshops will be held to obtain specialist inputs on needs, opportunities and current support mechanisms. Sectorial work sessions will be held with key role-players and stakeholders inclusive of individual interviews as and when necessary. A detailed record of all meetings and workshops needs to be kept.

c) Consultations with the LED Forum

- Consultations will be made through the LED Forums at district and local level to allow a coordinated approach through the interaction of the local and district municipalities.

d) Designing Holistic Sector Integration

- Integrate the information generated during the previous two steps and identify sectors potentials, key issues and development opportunities, by means of a focused sectoral analysis and verified by a prioritization workshop. Particular emphasis will be placed on unlocking economic development potential in a rural context.
- The economic analysis will utilize techniques such as:
 - the growth performance indicator
 - comparative advantages indicator
 - agglomeration effects
 - impact assessments

- Based on the labour and skills requirements identified via the analysis indicated above, specific human resource development and skills development options will be formulated to facilitate and enhance the lead sectors and business opportunities.

e) Development Framework Design

- Formulate a strategy framework with key programmes based on the lead sectors and opportunities identified in the preceding steps.
- Focus on the geographical orientation of programmes and projects with appropriate referencing.
- Interpret the sectoral programmes in terms of strategic targets focused on unlocking the inherent development potential, exploiting comparative and competitive advantages as well as intensifying sub regional specialization.
- Undertake a systematic prioritization process of the recorded projects based on a generic classification framework

f) Creating Institutional and Marketing Options

- Develop an appropriate institutional and marketing framework focused on capacity building and development facilitation (including marketing).
- Conduct an analysis of the institutional framework appropriate for effective LED facilitation.
- Specification will be given to the assessment of the institutional capacity for Marketing and options how to best incorporate and facilitate this as an integral function of the unit.

g) Anchor Project Identification and Packaging

- Package selected anchor projects as business plans and evaluating potential funding sources.
- Identify potential funding sources that can be targeted for project funding. Important in this regard, is the institution of joint ventures to share responsibility, funding and ownership.

h) Designing an Implementation Strategy

- Integrate the different projects into a coherent LED strategy consisting of functional programmes.
- A project implementation plan structured according to functional programmes will be formulated.
- A municipal financial plan that relates to the IDP budgets to focus project phasing in terms of financial requirements in accordance with a phasing schedule. Specific attention will be given to budgeting specifications to ensure integrated and strategic management of institutional resources.
- A purpose-directed management plan, which relates and integrates the programmes and projects in terms of the spatial and non-spatial visions. This plan will also address the need for an appropriate institutional structure that can facilitate the development process. The guidelines will take on the form of a mini-business plan, specifying who (human resources) and how (financial resources and institutional instruments).
- Institutional Framework: Guidelines will be provided for the establishment and operation of an economic development promotion body as part of the local municipality to take responsibility for the implementation of the economic strategy.
- Marketing Plan: An important aspect of an economic development is to facilitate investment.

- This can be attained by appropriate marketing of the local comparative advantages of the study area.
- Innovative Funding Sources: Potential funding sources will be identified, and innovative funding options will be reviewed to propose implementation alternatives for the projects.
- Risk Assessments: The implementation capacity and probability of the programmes will be evaluated in terms of a set of criteria.
- Performance Management Framework: Strategic development planning and the linking of such planning results to be budgetary process are dynamic processes, implying that it should be monitored, evaluated and revised on an ongoing basis. To ensure that the necessary monitoring and evaluation actions do take place, an appropriate monitoring and evaluation mechanism should be devised. This mechanism will be based on focus areas, which have been interpreted in terms of key performance indicators (KPI). The main objectives of this mechanism should be to monitor progress with the implementation of programmes and projects and to evaluate the KPI against the baseline data and originally projected development impacts.
- Capacity building and training: capacity building and training programmes for LED staff and councilors.

i) Feedback Workshop/Forum for Local Municipalities

Consultations will be made with individual local municipalities and stakeholders, after which a workshop will be held to ensure that the district strategy is aligned and integrated with those of the local municipalities.

Phase Three: District Level Municipality LED Focus

j) Designing Holistic Sector Integration

- Integrate the information generated during the previous two steps and identify sectors potentials, key issues and development opportunities, by means of a focused sectoral analysis and verified by a prioritization workshop. Particular emphasis will be placed on unlocking economic development potential in a rural context.
- The economic analysis will utilize techniques such as:
 - the growth performance indicator
 - comparative advantages
 - impact assessments
- Based on the labor and skills requirements identified via the analysis indicated above, specific human resource development and skills development options will be formulated to facilitate and enhance the lead sectors and business opportunities.

k) Development Framework Design

- Formulate a strategy framework with key programmes based on the lead sectors and opportunities identified in the preceding steps.
- Focus on the geographical orientation of programmes and projects with appropriate referencing.

- Interpret the sectoral programmes in terms of strategic targets focused on unlocking the inherent development potential, exploiting comparative and competitive advantages as well as intensifying sub regional specialization.
- Undertake a systematic prioritization process of the recorded projects based on a generic classification framework

l) Creating Institutional and Marketing Options

- Develop an appropriate institutional and marketing framework focused on capacity building and development facilitation (including marketing).
- Conduct an analysis of the institutional framework appropriate for effective LED facilitation.
- Specification will be given to the assessment of the institutional capacity for Marketing and options how to best incorporate and facilitate this as an integral function of the unit.

m) Anchor Project Identification and Packaging

- Package selected anchor projects as business plans and evaluating potential funding sources.
- Identify potential funding sources that can be targeted for project funding. Important in this regard, is the institution of joint ventures to share responsibility, funding and ownership.

n) Designing an Implementation Strategy

- Integrate the different projects into a coherent LED strategy consisting of functional programmes.
- A project implementation plan structured according to functional programmes will be formulated.
- A spatial representation of the proposed development vision and projects in terms of economic activities and supporting infrastructure will be provided that is aligned to the IDP and LUMS.
- A municipal financial plan that relates to the IDP budgets to focus project phasing in terms of financial requirements in accordance with a phasing schedule. Specific attention will be given to budgeting specifications to ensure integrated and strategic management of institutional resources.
- A purpose-directed management plan, which relates and integrates the programmes and projects in terms of the spatial and non-spatial visions. This plan will also address the need for an appropriate institutional structure that can facilitate the development process. The guidelines will take on the form of a mini-business plan, specifying who (human resources) and how (financial resources and institutional instruments).
- Institutional Framework: Guidelines will be provided for the establishment and operation of an economic development promotion body as part of the local municipality to take responsibility for the implementation of the economic strategy.
- Marketing Plan: An important aspect of an economic development is to facilitate investment.
- This can be attained by appropriate marketing of the local comparative advantages of the study area.
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- Risk Assessments: The implementation capacity and probability of the programmes will be evaluated in terms of a set of criteria.
- Performance Management Framework: Strategic development planning and the linking of such planning results to be budgetary process are dynamic processes, implying that it should be monitored, evaluated and revised on an ongoing basis. To ensure that the necessary monitoring

and evaluation actions do take place, an appropriate monitoring and evaluation mechanism should be devised. This mechanism will be based on focus areas, which have been interpreted in terms of key performance indicators (KPI). The main objectives of this mechanism should be to monitor progress with the implementation of programmes and projects and to evaluate the KPI against the baseline data and originally projected development impacts.

- Capacity building and training: capacity building and training programmes for LED staff and councilors.

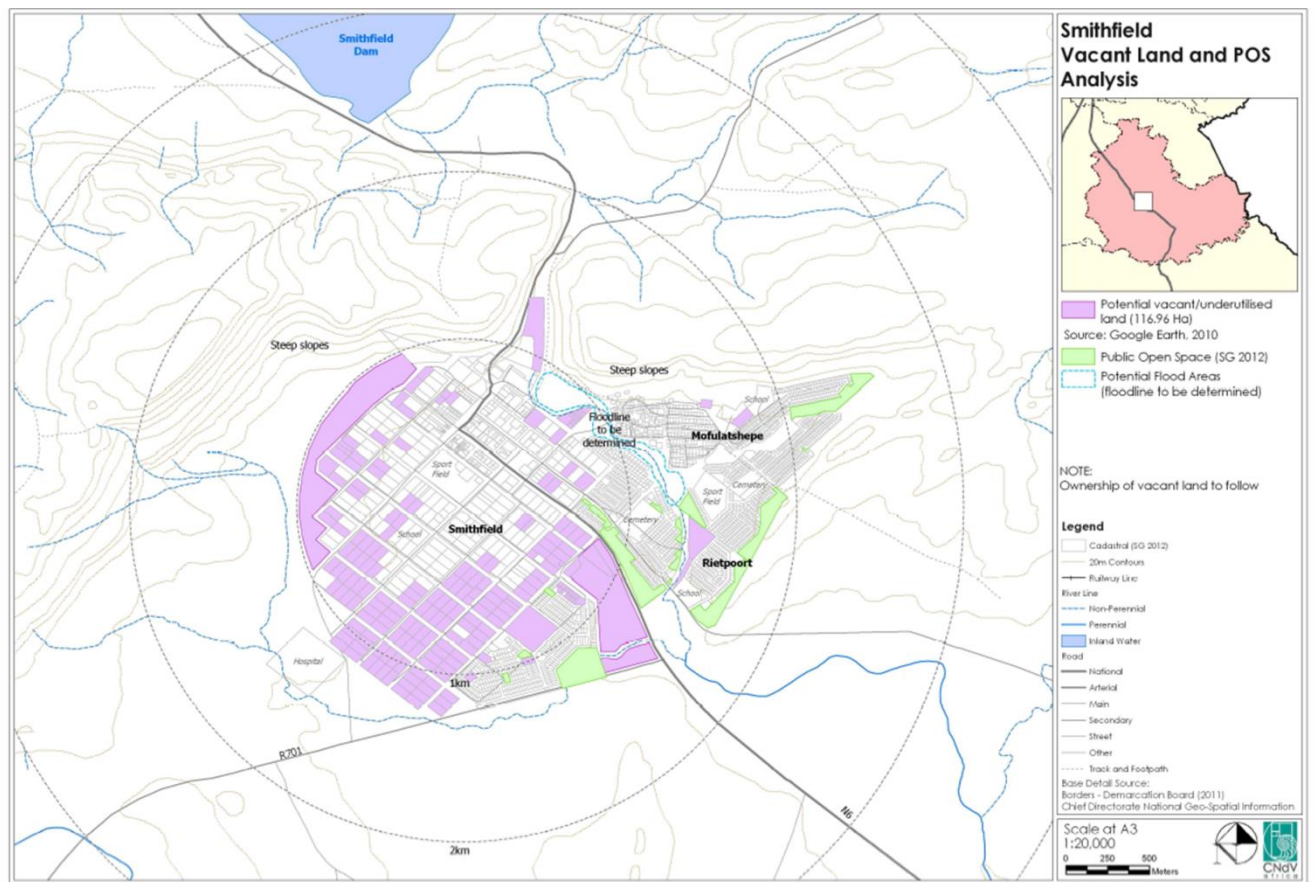
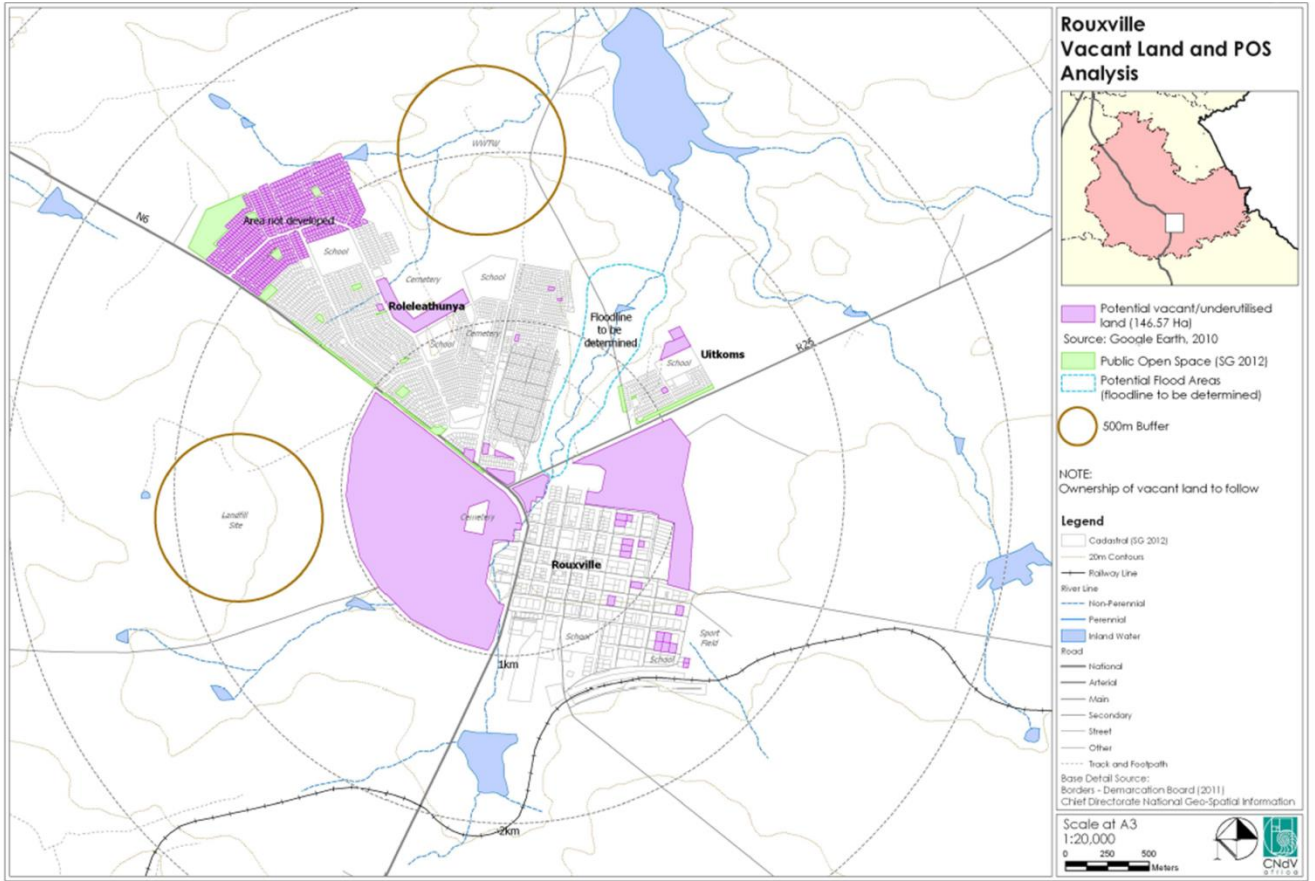
o) Feedback Consultation – LED Forum

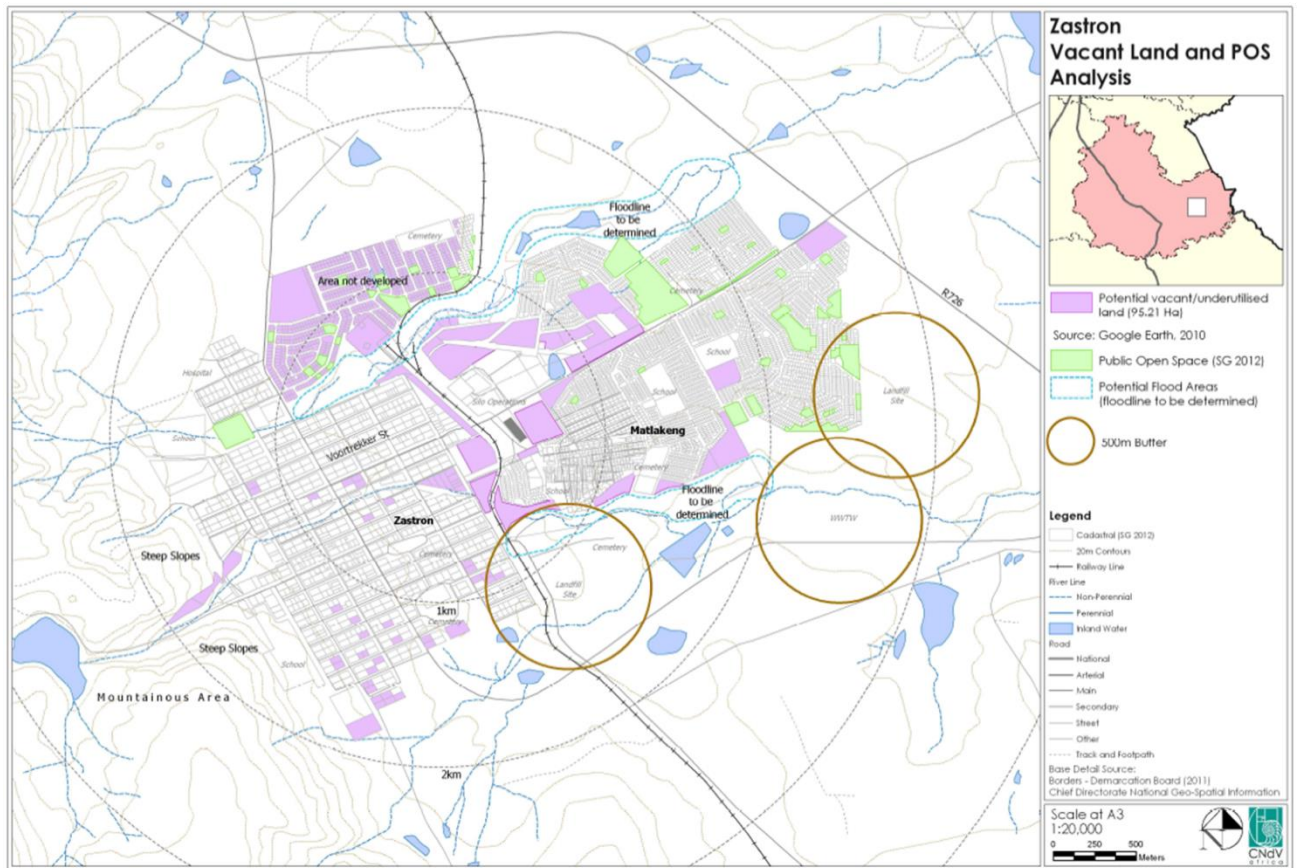
Consultations will be made through the LED Forum to allow a coordinated approach through the Interactions of the local and district municipalities.

4. Contextual Background

Key Statistics 2011 - Mohokare	
Total population	34,146
Young (0-14)	32,2%
Working Age (15-64)	61,4%
Elderly (65+)	6,4%
Dependency ratio	62,9%
Sex ratio	91,5
Growth rate	-0,62% (2001-2011)
Population density	4 persons/km2
Unemployment rate	31,4%
Youth unemployment rate	40%
No schooling aged 20+	11%
Higher education aged 20+	6,1%
Matric aged 20+	17,9%
Number of households	10,793
Average household size	3,1
Female headed households	41,9%
Formal dwellings	86,6%
Housing owned/paying off	44,3%
Flush toilet connected to sewerage	70,5%
Weekly refuse removal	63%
Piped water inside dwelling	37,2%
Electricity for lighting	89,7%

Key Statistics for Mohokare Local Municipality





c) Access to Services

The Figure below shows the Access to basic Services in the Mohokare Local Municipality. This data only provides an overview on the Existing Status Quo. Many Bulk Infrastructure Projects are underway to improve the access to Services towards all the Towns in the Municipality. The IDP 2013/2014 noted the following service delivery issues per respective town:

Zastron / Matlakeng:

- The bucket system is still in use by some of the households (152 households);
- Households in the Phomolong location collect water to flush their toilets (no access to piped water);
- Sewer mains overflow and cause blockages in Ezibeleni;
- The Ward 1 office does not have access to sanitation services;
- There is a need for health and hygiene programmes for households after upgrading to water bourn flushing systems;
- Sewer main in Refenggotso is constantly blocked and overflows;
- Sewer main in George Street is constantly blocked and overflows; and,
- The sewer "bucket cleaning" area at Matlakeng location near the old cemetery is unhygienic.

Rouxville / Roleleathunya:

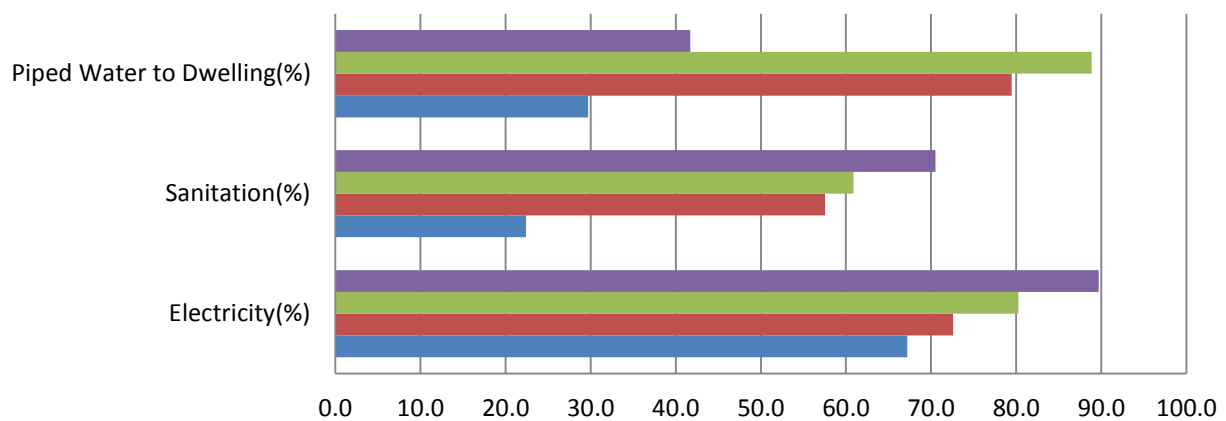
The bucket system is still in use in Uitskoms (Ward 4) and in Ward 2.

Smithfield / Mofulatsepe

52 bucket system toilets are still in use.

Figure Basic Services Comparison of Mohokare Local Municipality

MOHOKARE LOCAL MUNICIPALITY BASIC SERVICES COMPARISON (1996 - 2011)



	Electricity(%)	Sanitation(%)	Piped Water to Dwelling(%)
Basic Services - 2011	89.7	70.5	41.7
Basic Services - 2007	80.2	60.9	88.8
Basic Services - 2001	72.6	57.5	79.5
Basic Services - 1996	67.2	22.4	29.7

d) Socio - Economic analysis

Table 1.1: Distribution of population of Mohokare by age and sex, 1996, 2001 – 2011

Mohokare	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 - 4	1697	1791	3488	1703	1693	3396	2000	1926	3926
5 - 9	2245	2192	4438	1810	1853	3663	1857	1954	3811
10 -14	2433	2242	4675	2233	2230	4463	1677	1576	3253
15 - 19	1934	1940	3873	2105	2144	4249	1613	1635	3248
20 - 24	1712	1658	3371	1710	1499	3209	1722	1645	3367

Mohokare	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
25 - 29	1692	1321	3014	1807	1318	3125	1429	1538	2967
30 - 34	1467	1121	2588	1616	1232	2848	1138	1146	2284
35 - 39	1136	953	2089	1285	1037	2322	942	1133	2075
40 - 44	915	877	1792	1009	930	1939	832	971	1803
45 - 49	732	749	1482	867	814	1681	720	885	1605
50 - 54	596	532	1128	689	690	1379	596	755	1351
55 - 59	469	525	994	519	486	1005	543	703	1245
60 - 64	393	612	1005	472	504	976	435	581	1016
65 - 69	289	418	708	290	501	791	296	374	670
70 - 74	178	291	469	198	310	508	277	402	679
75 - 79	132	259	391	128	211	339	117	307	424
80 - 84	76	132	208	86	161	247	78	167	245
85+	66	128	194	57	123	180	42	135	177
	18162	17741	35907	18584	17736	36320	16314	17833	34146

Source: Stats SA, 2012

The total population of Mohokare Local Municipality has decreased from 35,907 people in 1996 to 34,146 people in 2011. In 1996 there were more males in Mohokare than was the case in 2011. In many countries, especially the poorest ones, population growth rate is increasing rapidly, however, in Mohokare population growth rate is declining. One of the views that make females to be more than males is the fact that generally females live longer than males. The below 30 years age group constitute more than 50% of the population. The majority of this below age 30 are between and 24 years of age. The majority of the below 24 years of age are the dependent groups of the population, as a result they put more pressure on the resources of the municipality than any other age group.

Table1.2: Population growth rate of Xhariep municipalities and the Free State, 1996 – 2001 & 2011.

F.S Municipalities	Total population		Growth rate (1996 – 2001)	Total population 2011	Growth rate (2001 - 2011)
	1996	2001			
Xhariep	146616	162727	2.1	146259	-1.1

Letsemeng	35449	42847	3.8	38628	-1
Kopanong	50017	56079	2.3	49171	-1.3
Mohokare	36238	36321	0	34146	-0.6
Naledi	24912	27479	2	24314	-1.2
Free State	2633504	2706775	0.5	2745590	0.1

Source: Stats SA, 2012

According to table 1.2 the population of the Free State has been growing at a very slow rate, and some of its municipalities had been growing at a negative rate. Since 2001, the growth rate of Mohokare Local Municipality already had a negative growth rate as compared to its neighbors. From census 2011 results all the Xhariep municipalities had fallen into negative growth rate, meaning that the population was definitely declining. There are various reasons why the population of the Xhariep district municipality is declining, and among them is the movement of people outside the municipality in search of employment opportunities elsewhere in the province and the country. This is a reflection of the young, sexually active population who are leaving the district to areas of high economic activities.

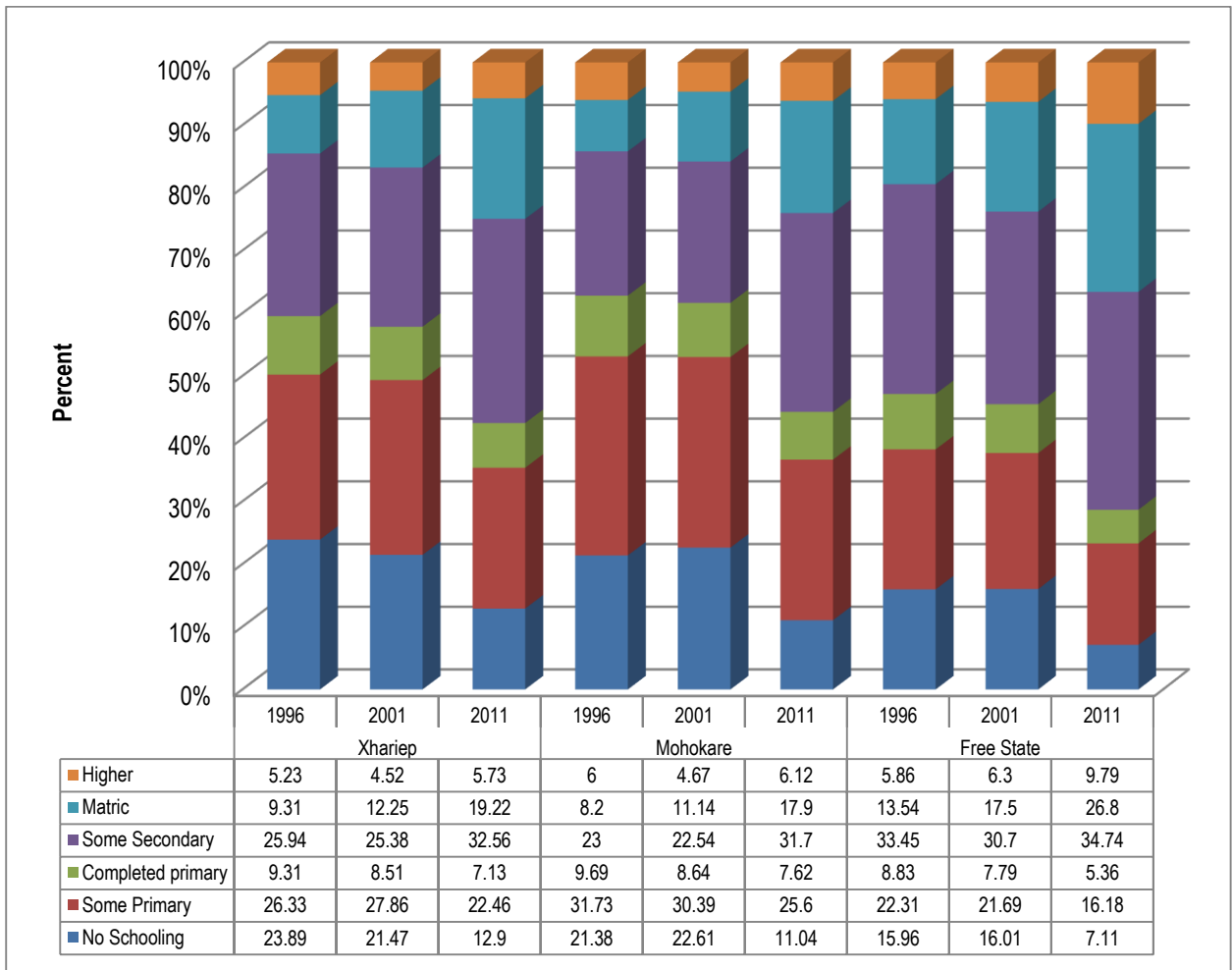
Table 1.3: Distribution of the population aged 5 – 24 years by school attendance, 1996 – 2001 & 2011.

		1996	2001	2011
Free State	Attending	789642	827408	736002
	Not attending	275917	311266	270629
Xhariep	Attending	42107	46472	38528
	Not attending	19257	22866	15817
Mohokare	Attending	10911	10555	9646
	Not attending	4664	5030	3679

Source: Stats SA, 2012

The number of persons attending an educational institution follows that of the growth rate of the population. Between 1996 and 2001 the population growth rate was positive and therefore there was an increase in the number of persons attending an educational institution. However all the growth rate figures of Xhariep in 2011 were negative hence the number of persons attending an educational institution has declined from 10555 to 9646 in Mohokare, and there was also a decline in the number of persons not attending an educational institution, pointing to a population decline in the municipality and the District municipality.

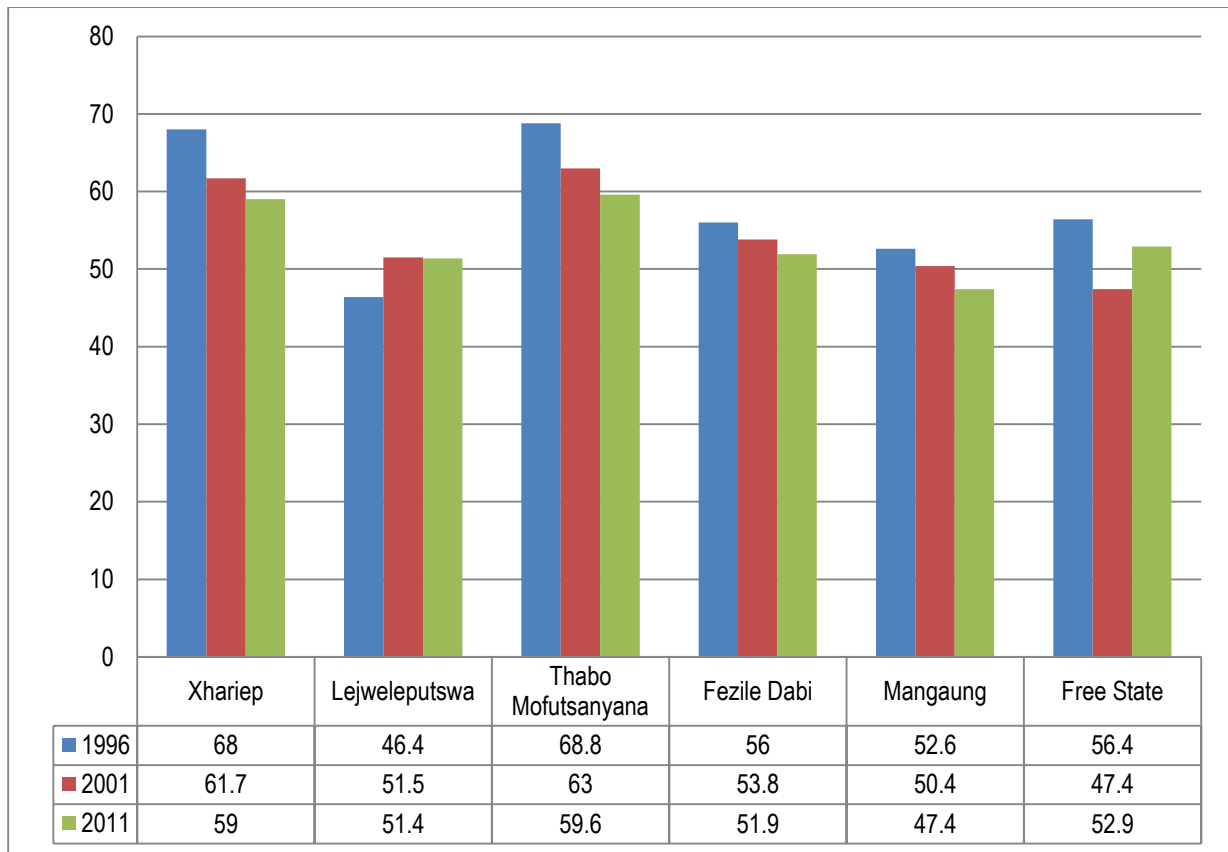
Figure 1.1: Distribution of the population aged 20+ years by level of education, 1996 – 2001 & 2011.



Source: Stats SA, 2012

Figure 1.1 above reveals that in 1996 and 2001 there were more than 50 percent of persons who have completed their primary education and less in all the above observations. By 2011 more persons in all the observed areas (32.56: Xhariep, 31.7: Mohokare and 34.74: Free State) have some secondary education in the three observed data sources. Even though the picture of people with primary education and less is improving, those persons with high school completion or matric are still not in the majority. The ideal situation is to have more persons passing matric in order to have more persons with skills, or those eligible for training. Mohokare is lagging the Free State in all the levels of education identified and that is a worrying effect to have some sustainable economic growth in the municipality.

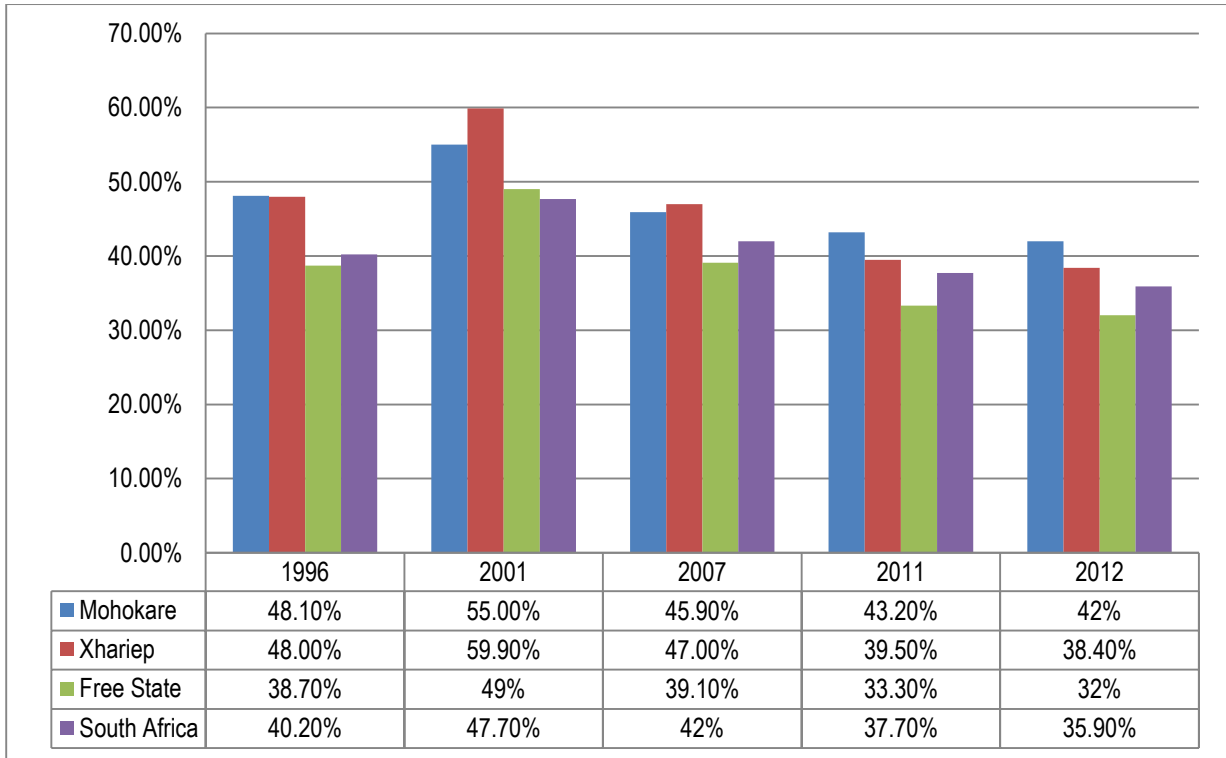
Figure 1.2: Dependency ratios by district municipalities, 1996, 2001 – 2011



Source: Stats SA, 2012

According to the above figure, Xhariep which host Mohokare is the most dependent district municipality together with Thabo Mofutsanyane. The dependency ratio measures the burden of those on the productive part of the populate population to maintain the upbringing and the pensions of the economically dependent. A high dependency ratio can cause serious problems for the country because a large portion of government expenditure is on health, social security and education, which are used mostly by the youngest and the oldest members of the population. In the Xhariep district and Mohokare in particular the under 24 years of age cohort are in the majority of the population.

Figure 1.4: Percentage of people living in poverty, 1996 2001, 2007, 2011 and 2012.

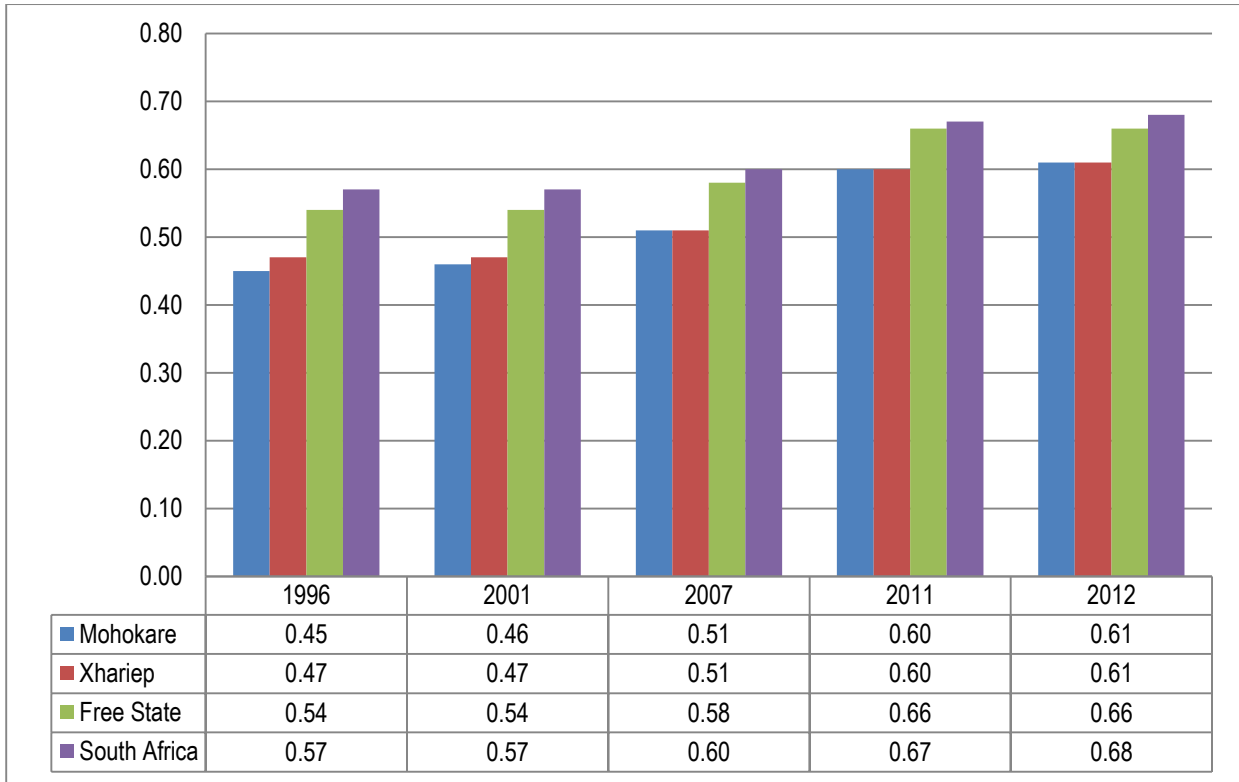


Source: IHS Global Insight, Regional explorer, 2013

According to the above figure, the percentages of people living in poverty were at their highest in South Africa in 2001 with 47.7%. Mohokare and Xhariep also experiences highest poverty percentage in 2001 with 55% and 59.9% respectively. However the percentage of people living in poverty had declined to 42% and 38.4% in Mohokare and Xhariep respectively. What is not included in the graph, but which can be referred to is the number of black population in poverty, the percentage is always higher than that of whites who are better off as compared to the black population. The reason why the majority of the black population is living under poverty is the past policies of skewed distribution of income and opportunities in favor of a particular race. Therefore eradicating poverty in South Africa in general has been a mammoth task; it is the highest priority of the government.

Human development index is one of the measures of the quality of life that we will look at. It is calculated as the average of indices of life expectancy at birth, adult literacy and per capita income. Human development index is a proxy of the quality of life, participation in the community and having sufficient resources to obtain a decent living. It can assume a maximum level of 1, indicating a high level of human development, and a minimum value of 0, indicating a lowest level of development.

Figure 1.5: Human Development index, 1996, 2001, 2007, 2011 and 2012.

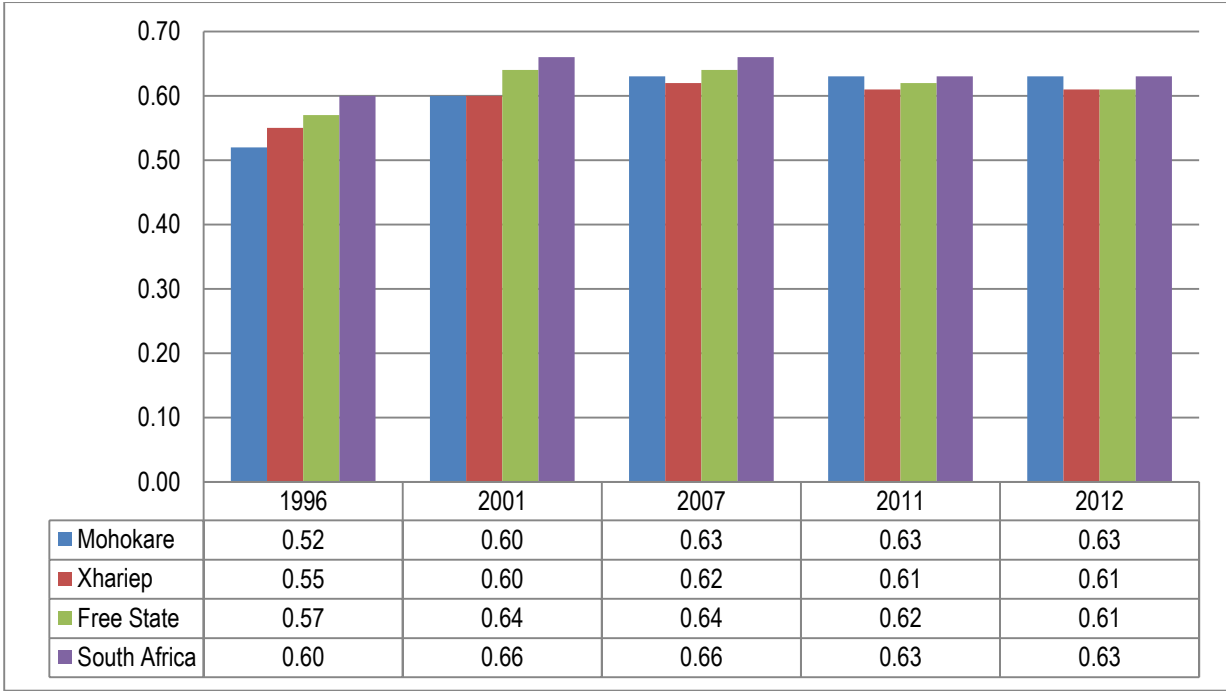


Source: IHS Global Insight, Regional explorer, 2013

The HDI for Free State, Xhariep and Mohokare shows a steady increase from, Mohokare increased from 0.45 in 1996 to 0.61 in 2012 which is a promising sign of development. However if we compare Mohokare and the rest of the country, it is lower than the average for Free State at 0.66 in 2012, and 0.68 of the rest of South Africa. In the Free State Xhariep and its municipalities appears to be the lowest in terms of development which is a worrying factor to the province.

The HDI as a quality of life indicator is also critical in terms of assisting to identify the population under stress. This refers to the sections of the population that are more vulnerable to shocks than the rest. The HDI together with dependency ratio indicator are generally accepted as indicators of vulnerability.

Figure 1.6: The Gini co-efficient, 1996, 2001, 2007, 2012.



Source: IHS Global Insight, Regional eXplorer, 2013

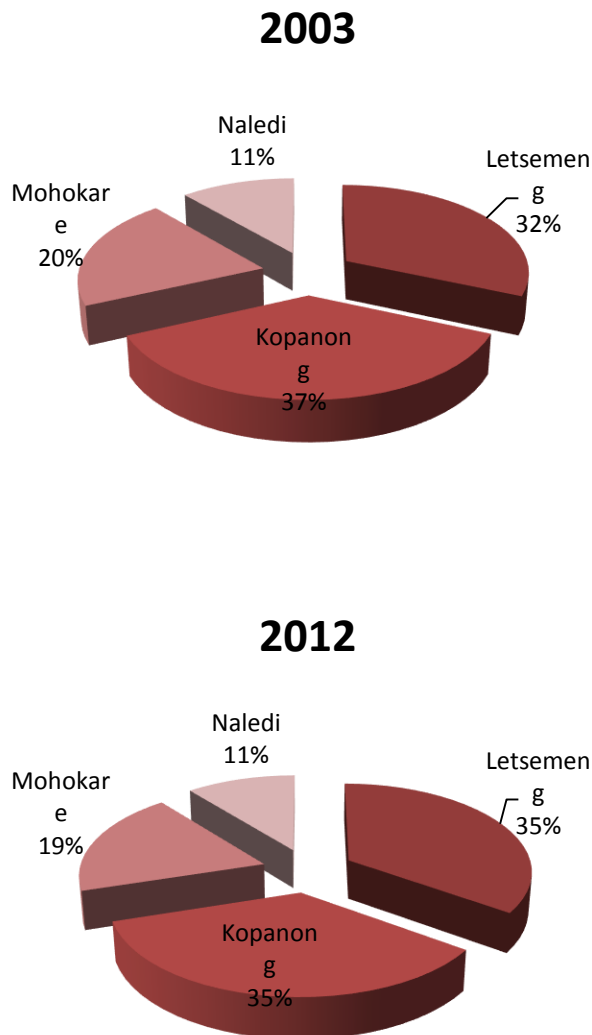
Another measure of welfare of a population is the Gini co-efficient, it is a summary of statistic of income inequality, which varies from 0 to 1. With 0 being the case of a perfect equality of income, where all the households earn equal income and 1 being the opposite where one household earns the all the income and the other households earn absolutely nothing. It is clear from the above figure that there is an unequal distribution of income in Mohokare and the rest of South Africa. In 1996 income inequality as measured by the Gini Coefficient was the lowest in Mohokare as compared to the rest of the province and the country, However it is hovering around 0.63 in Mohokare and slightly lower on average in the Free State. It is even worse if we take the different population groups, because like in any other indicator of welfare, the black population is the worst off in terms of income inequality.

e) Economic Sector

The Xhariep DM, which houses the Mohokare Local Municipality, has the smallest economy in the Free State Province with a share of around 3%. The size of Xhariep DM, relative to other District Municipalities, has remained fairly constant since the year 1996. The biggest local municipalities within the Xhariep DM in 2012 were Letsemeng and Kopanong, each contributing around 35% to the District’s economic output. Mohokare Local Municipality’s share was estimated at 19%, whilst Naledi contributed a mere 11%.

The GDP share of Mohokare Local Municipality in the District economy has decreased by 1 percentage point from 20% in 2003. Letsemeng’s share has increased by 3 percentage points, mostly at the expense of Kopanong whose share decreased by 2 percentage points. The share of Naledi has remained the same at 11% during the period under review (see figure 2.1 below).

Figure 2.1: GDP share of local municipalities within the Xhariep DM



Source: IHS Global Insight, Regional explorer, 2013

As illustrated in table 2.1 below, the tertiary industries are the primary drivers of Mohokare Local Municipality’s economy and their dominance is on the increase; from an already domineering share of 68.6% in 2003 to 76.4% in 2012. The share of the primary industries has decreased from 20.6% in 2003 to 16.4% in 2012 as the fortunes of the agricultural sector continue to diminish. The share of the secondary industries has also been on a decline though not on the same magnitude as the primary industries.

The most significant decline is evident in the agricultural sector, which is a major concern considering the sector is the second largest after the community services. The other sector of concern is the manufacturing sector, where a decline of 4.4 percentage points was recorded; indicative of the poor performance of the sector relative to other sectors in the region. The dominance of the community services sector in the region is overwhelming; the sector contributes close to 50% to the local municipality's output. This means that the local municipality is for the most part dependent on the government sector for growth and therefore development. The other significant contributors to the region's economy are finance (12.7%) and trade (10.0%), while mining is practically non-existent and the electricity sector contributes a measly 0.1%.

Table 2.1: GDP contribution by sector

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	20.6%	16.4%	12.8%	15.9%	16.2%	19.7%	18.8%	15.9%	15.6%	16.4%
Mining	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Primary Industries	20.6%	16.4%	12.8%	15.9%	16.2%	19.7%	18.8%	15.9%	15.6%	16.4%
Manufacturing	8.5%	7.8%	7.2%	6.9%	6.0%	5.3%	4.9%	4.5%	4.1%	4.1%
Electricity	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Construction	2.2%	2.2%	2.6%	2.4%	2.6%	2.9%	3.4%	3.2%	3.2%	3.1%
Secondary Industries	10.7%	10.1%	9.9%	9.4%	8.7%	8.4%	8.3%	7.8%	7.4%	7.2%
Trade	6.9%	7.6%	7.7%	7.8%	7.7%	7.5%	7.9%	9.1%	9.5%	10.0%
Transport	5.1%	5.2%	5.6%	5.1%	4.9%	4.5%	4.1%	4.1%	4.3%	4.0%
Finance	13.6%	14.5%	15.4%	15.5%	15.9%	14.9%	13.1%	12.8%	13.0%	12.7%
Community services	43.0%	46.1%	48.6%	46.3%	46.7%	44.9%	47.7%	50.4%	50.2%	49.7%
Tertiary Industries	68.6%	73.5%	77.3%	74.7%	75.1%	71.9%	72.8%	76.4%	77.0%	76.4%

Source: IHS Global Insight, Regional eXplorer, 2013

Table 2.2 below tracks the performance of Mohokare Local Municipality's economy measured by GDP. During the period under review (i.e. 2003 to 2012) the fastest growing sectors, on average, were construction (4.4%), finance (4.3%) and trade (4.0%). On the other hand, the worst performers were manufacturing (-4.7%), electricity (-2.4%) and agriculture (1.3%). The biggest sector, community services, recorded a respectable but yet insufficient average growth of 3.0%. All in all, sectors in the local municipality recorded a 2.4% average growth.

Looking at the year 2012 in isolation, the trade sector was the best performing sector in the region with a growth rate of 8.4%, followed by agriculture (3.2%) and community services (2.5%). Three sectors recorded negative growth rates, namely manufacturing (-5.1%), electricity (-2.5%) and finance (-1.1%).

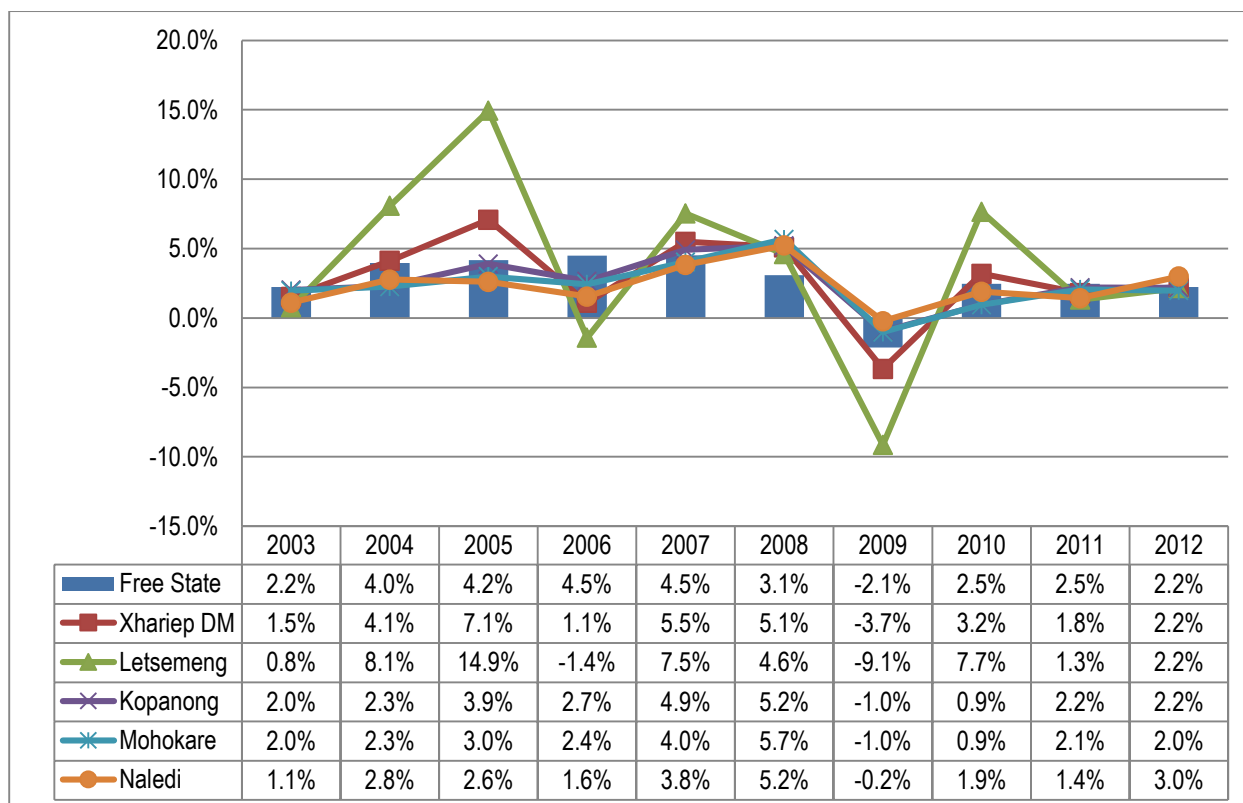
Table 2.2: Gross Value Added (GVA) by sector

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture	-7.3%	0.5%	5.1%	-9.9%	1.5%	22.0%	-3.6%	1.1%	0.6%	3.2%
Mining	-	-	-	-	-	-	-	-	-	-
Manufacturing	-2.5%	-4.1%	-7.0%	-3.9%	-3.1%	1.2%	12.9%	0.1%	-9.5%	-5.1%
Electricity	-2.1%	-0.3%	-4.7%	-3.2%	-0.3%	-4.8%	-9.2%	0.5%	-7.5%	-2.5%
Construction	8.2%	5.9%	3.2%	4.3%	14.2%	5.0%	8.8%	-7.3%	-0.1%	2.2%
Trade	7.5%	6.9%	2.9%	5.5%	3.9%	-0.6%	-2.6%	3.6%	4.9%	8.4%
Transport	3.4%	1.8%	4.2%	6.2%	6.2%	5.3%	0.4%	1.8%	2.5%	2.2%
Finance	4.6%	6.1%	1.8%	13.5%	7.6%	8.7%	-5.0%	0.0%	6.7%	-1.1%
Community services	3.5%	1.6%	5.0%	2.7%	5.4%	3.1%	2.3%	1.1%	2.6%	2.5%
Total Industries	2.0%	2.1%	3.3%	2.7%	4.9%	5.9%	-1.0%	0.8%	2.5%	2.0%

Source: IHS Global Insight, Regional eXplorer, 2013

During the period 2003 to 2012, the economy of Xhariep DM (2.9%) has grown at an average rate faster than the provincial rate (2.8%). The economy of Mohokare Local Municipality, during the period under review, averaged 2.4%, making it the slowest growing local municipality in Xhariep. The fastest growing local municipality in the Xhariep DM was Letsemeng Local Municipality with an average growth rate of 4.0%. Looking at a longer period, i.e. 1996 to 2012, reveals a similar trend where Letsemeng (2.9%) is the fastest growing and Mohokare (1.7%), together with Naledi (1.3%), is the slowest growing economy. In 2012, Mohokare Local Municipality had the lowest economic growth rate out of the four local municipalities within the Xhariep DM at 2.0% (also lower than the district and provincial growth rates), while Naledi had the highest growth rate at 3.0%.

Figure 2.2: Regional GDP growth rates



Source: IHS Global Insight, Regional explorer, 2013

The tertiary industries are the biggest employers in the Mohokare Local Municipality with a domineering share of 63.9% in 2012 compared to 16.4% for the primary industries and 7.2% for secondary industries. The share of the tertiary industries has increased drastically from 52.4% in 1996 (11.5 percentage points increase) mostly at the expense of the primary industries which decreased by 9.7 percentage points from 37.9%. The share of the secondary industries decreased from 9.7% in 1996 to 7.9% in 2012; representing a decrease of 1.8 percentage points.

The community services have overtaken the agriculture sector as the largest employer in the region; its share increased from 37.3% in 1996 to 44.4% in 2012, which is also aligned to its GDP contribution. The community services sector is, therefore, the biggest sector in the Mohokare Local Municipality measured both by employment and GDP share. Agriculture is the second largest employer (28.1%) and GDP (16.4%) contributor. It is important to note that finance, even though it is the third largest contributor to the region's GDP, only contributes around 1.1% to employment in the region; indicative of the sector capital intensiveness. The construction sector, on the other hand, contributes more to employment (16.0%) than it does to GDP (10.0%) which could be an indication of the relative labor intensiveness of the sector (see table 2.3 below).

Table 2.3: Employment and GDP share by sector

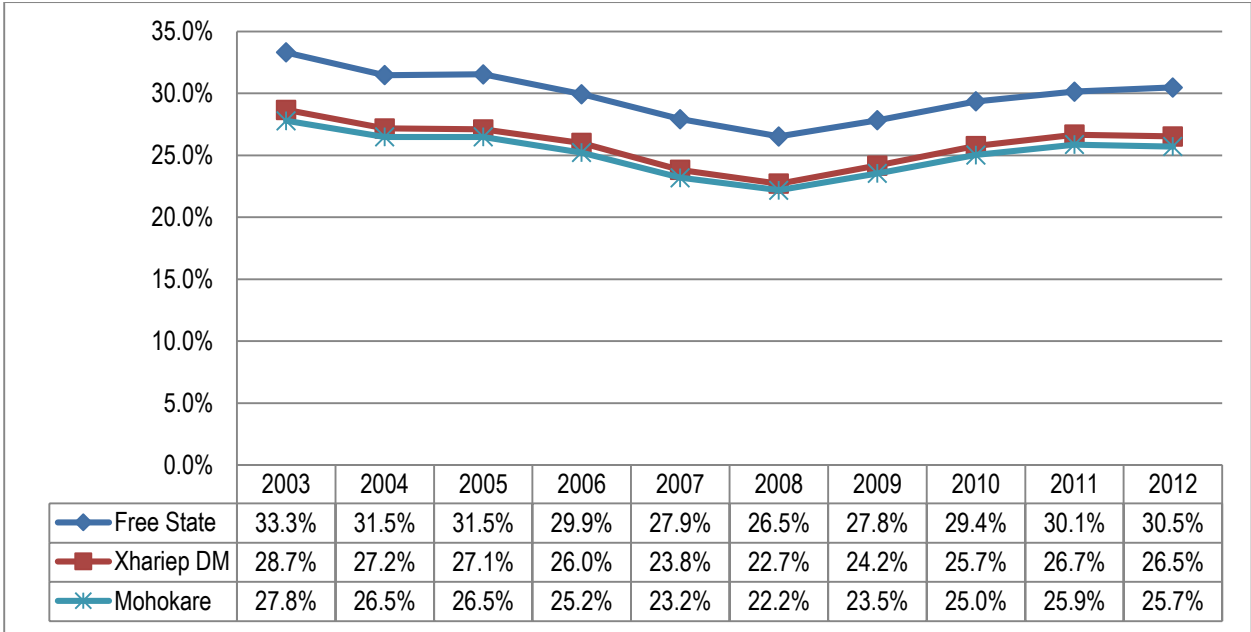
	1996		2004		2012	
	Employment	GDP	Employment	GDP	Employment	GDP

Agriculture	37.6%	24.0%	31.6%	16.4%	28.1%	16.4%
Mining	0.2%	0.0%	0.2%	0.0%	0.1%	0.0%
Primary Industries	37.9%	24.0%	31.8%	16.4%	28.2%	16.4%
Manufacturing	2.7%	9.7%	1.9%	7.8%	1.4%	4.1%
Electricity	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Construction	6.9%	3.6%	7.5%	2.2%	6.4%	3.1%
Secondary Industries	9.7%	13.5%	9.5%	10.1%	7.9%	7.2%
Trade	10.3%	7.6%	15.5%	7.6%	16.0%	10.0%
Transport	3.5%	5.0%	2.4%	5.2%	2.3%	4.0%
Finance	1.4%	10.6%	1.2%	14.5%	1.1%	12.7%
Community services	37.3%	39.3%	39.6%	46.1%	44.4%	49.7%
Tertiary Industries	52.4%	62.5%	58.8%	73.5%	63.9%	76.4%

Source: IHS Global Insight, Regional eXplorer, 2013

Unemployment occurs when people are without work and are actively seeking work. The unemployment rate is a measure of the prevalence of unemployment and it is calculated as a percentage by dividing the number of unemployed individuals by all individuals currently in the labour force. It is widely recognized as a key indicator of labour market performance. During periods of recession, an economy usually experiences a relatively high unemployment rate. According to figure 2.3 below, prior to the economic recession of 2009, the Mohokare Local Municipality was experiencing a declining unemployment trend reaching a low of 22.2% in 2008. However, since the recession the unemployment rate in the region has been on an increase peaking at 25.9% in 2011 before declining slightly to 25.7% in 2012. The Free State Province has the highest unemployment levels in the country at over 30% in the past two years and averaging 29.8% in the past ten years, whereas the Xhariep DM has averaged 25.9%. The unemployment rate in Mohokare has averaged 25.2% over the past ten years, which is lower than both the provincial and district unemployment rates.

Figure 2.3: Unemployment rates



Source: IHS Global Insight, Regional eXplorer, 2013

The Statistics South Africa Community Survey (2007) highlighted that the following sectors made the largest contribution to employment:

- Manufacturing (25,24%);
- Wholesale and Retail Trade (20,85%); and,
- Community, Social and Personal Services (20,02%).

It is noted that 78,29% of survey respondents were either not adequately defined, undetermined or unspecified (Statistics, South Africa, 2007). A need for extreme caution when considering the breakdown of employment per sector is required due to the stated limitations.

Note: The Community Survey 2007 provides the following cautionary note to users of the survey:

- Unemployment in the Community Survey is higher and less reliable (because of questions that were asked differently) (Socio-Economic Profile 2007).

f) Mohokare and Lesotho Relationship

Mohokare and Lesotho share borders with one of the South African border posts into Lesotho, i.e. The Makhalengbrug Border Control Post. This means that there is significant movement between the two countries, more specifically Mohokare Municipality and Lesotho.

In a recent study entitled “Migration, Remittances and ‘Development’ in Lesotho” (Crush, 2010) the following migration pattern is recorded:

Lesotho makes up between 20% and 29% of the migration from Africa into South Africa; Although the reasons for migration from Lesotho to South Africa has changed, e.g. from high numbers of migrant mineworker men and low levels of young females to less migrant worker men and higher

levels of female migration, the number of people moving has increased. This increase was reflected in the following numbers passing through the border posts, namely:

- 240000 persons in 1990 to about 2,2m persons in 2008 (Crush, 2010); and,
- A 1990 sample survey showed the reasons for people crossing from

Lesotho into South Africa as follows:

- 34% to visit family and friends;
- 19% to shop;
- 17% to work;
- 8% to look for work;
- 6% for medical treatment;
- 3% for trading;
- 2% for tourism;
- 25 for business; and,
- 1% to study.

This report concluded that “migration needs to be re-conceptualised in public policy not as a threat to the interests of South Africa but as something that is (and could be even more) mutually beneficial to both countries.” (Crush, 2010) The only real way to achieve this, the report argues, is to open the border to free travel in both directions. This would mean owning land, jobs and access to infrastructure and services would be available to citizens on both sides of the border.

In the study entitled, “The Level of Access to Public Services in the Free State by Non-South African/ Non- Free State Residents” (Ntema, 2012) the authors report that there is a 25,1% growth in the annual arrival of citizens from Lesotho (i.e. by road) into South Africa in 2010.

The above report further showed the reasons for these visits as surveyed in 2011 are as follows (Ntema, 2012):

- 49,4% to work;
- 2,7% looking for work;
- 45,2% to study; and
- 1,0% for trading purposes.
- This has shown a significant change since 1990.

The study further showed that (Ntema, 2012):

- A large number of the people had dual citizenship;
- One third of the respondents had bank accounts in South Africa;
- 24,9% had access to bank accounts in both countries; and,
- 18% of the respondents had someone in their household that had a South African ID.

Ntema (2012) reports that a great number of those that access South Africa from Lesotho with or without IDs use the schools, clinic, social grants, etc. in South Africa.

It is reported that 20% of those who visit clinics in the Free State are non- South Africans and that a clinic visit costs about R102. There are between 600 000 and 1,84m clinic visits in the Free State (pa) (Ntema, 2012). This amounts to about R37, 5m pa for non-South Africans using clinics in the Free State. If Lesotho citizens are responsible for about 29% of this, then it amounts to about R10, 9m.

19, 2% Lesotho citizens and 6, 3% of the persons in the households access schools in South Africa. (Ntema, 2012).

g) Implication for LED

Each of these socio-economic factors plays a significant role in the formulation of potential LED strategies for Mohokare. The role of education and HIV impacts on the skill level and availability of labor in the district; provision of basic services relates to both health and available time resources for economic activities. Unpacking the relevant strengths and weaknesses of existing economic sectors aids in directing new efforts for growth and development. Importantly, LED is an inclusive process that each local municipality must participate and own in order to align their specialized strategies into a district wide integrated LED strategy that will benefit Mohokare

B. LEGAL FRAMEWORK

1. The Constitution

The overarching piece of legislation is the Constitution of the Republic of South Africa (Act 108 of 1996). Section 152 of the Constitution outlines the objectives of local government. These objectives are:

- To provide the democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment;
- To encourage the involvement of communities and community organisations in the matters of local government.

The objectives listed above can be associated with Local Economic Development. Local authorities have legal mandate to promote social and economic upliftment within their areas of jurisdiction. These objectives form part of an integral set of principles from which LED strategies are formulated and implemented.

Municipalities are also required, in terms of section 153 of the Constitution, to structure and manage its administration, budgeting and planning processes to give priority to basic needs of the community, and to promote the social and economic development of the community.

IMPLICATIONS:

The Mohokare Local Municipality is legally compelled to promote social and economic development in its area of jurisdiction. This development should be focussed on addressing the basic needs of the population, reflecting the importance of service and infrastructure provision, community services, educational components and business support to all the areas where there is a lack thereof or where improvements are required.

2. White Paper on Local Government

The white paper on local government states that the powers and functions of local government should be exercised in such a way that it has maximum impact on the development of communities, to meet the basic needs of the poor and to grow the local economy.

The white paper recognises that the traditional role of local government exerts a great influence over the economic and social well-being of communities. Due to its influence on local economies local government needs a clear vision for the local economy and needs to work in partnership with local business to maximise job creation and investment.

Local government is not directly responsible for job creation however it is responsible for taking steps to ensure the overall economic and social conditions of the locality are conducive to the creation of employment opportunities. This includes core functions such as the provision of essential reticulated services and promotion of private sector activity.

3. National Spatial Development Perspective

For the government to achieve its broad national developmental targets, interventions undertaken will have to consider spatial differences that could inhibit or promote growth. An appreciation of spatial challenges and how these affect development potential must be recognised if the righting of past wrongs is to be possible. The NSDP provides guiding principles on how to overcome spatial challenges through the application of limited resources in areas with scope for profound impact.

The NSDP recommends that the government:

- ✓ Promote improved service delivery and essential social transfers;
- ✓ Focus public investment on human capital development;
- ✓ Use land and agrarian reform as key thrusts to implement sound rural development policies and programmes ;
- ✓ Establish service node networks designed to facilitate access to vital development services i.e. health, education, welfare, financial and other relevant social services;
- ✓ Work on expanding functional linkages between rural areas and major centres to
- ✓ improve market access, skills availability and financial capital (NSDP, 2006).

IMPLICATIONS:

LED projects must consider spatial relations that meet the imperative of alleviating poverty and inequality

4. Local Government: Municipal Structures Act (No.117 of 1998)

According to the Section 83 (3) of the Municipal Structures Act, a district municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by:

- Ensuring integrated development planning for the district as a whole;
- Promoting bulk infrastructural development and services for the district as a whole;
- Building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking; and
- Promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area

IMPLICATIONS:

Section 26(c) of the Municipal Systems Act further specifies that the Integrated Development Plan of a local municipality must contain its Local Economic Development aims. This gives the municipal LED Strategy legal status as part of the Integrated Development Planning process.

5. Local government: municipal systems act (no. 32 of 2000)

The Municipal Systems Act (No. 32 of 2000) lists the duties of a municipal council, within its financial and administrative capacity, as follows in Section 4(2):

- Exercise the municipality's executive and legislative authority and use the resources of the municipality in the best interests of the local community;
- Provide, without favour or prejudice, democratic and accountable government.
- Encourage the involvement of the local community;
- Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner;
- Consult the local community about:
 - The level, quality, range and impact of the municipal services provided by the municipality, either directly or through another service provider;
 - The available options for service delivery.
- Give members of the local community equitable access to the municipal services to which they are entitled;
- Promote gender equity in the exercise of the municipality's executive and legislative authority;
- Promote a safe and healthy environment in the municipality;
- Contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution.

Local Economic Development is one of the most strategic tools through which local municipalities adhere to its duties, as prescribed by the Municipal Structures Act. Section 26(c) of the Municipal Systems Act further specifies that the Integrated Plan of a local municipality must contain its Local Economic Development aims. This awards the municipal LED strategy legal status as part of the Integrated Development process.

6. Accelerated and Shared Growth Initiative of South Africa (ASGISA)

ASGISA doesn't cover the whole country in a development plan, instead, it is a set of interventions to promote and create conditions for accelerated and shared growth and development. Government should continue to work with all its social partners to address other elements of the comprehensive development plan to improve current programmes.

ASGISA focus areas consist of:

- Building infrastructure to grow the capacity of the economy
- Boosting sectors of the economy with potential for faster growth.
- Addressing inequalities that marginalise the poor in the Second E economy.
- Continuing with the policies that have created a good climate for growth.
- Making government more effective and efficient.

7. National Framework for Local Economic Development In South Africa

The National Framework for LED in SA aims to support the development of “sustainable, robust and inclusive local economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development objectives.” It views LED as the outcome of actions and interventions resulting from local good governance and the improved integration and coordination between national, provincial and local government programmes and projects. Locally owned appropriate solutions and strategies must emerge for local areas to promote sustainable development and sustainable human settlements. Local initiative, energy, creativity, assertive leadership and skills will ultimately unlock the latent potential in local economies. The National Framework for LED in South Africa seeks to mobilise local people and local resources, within the framework of the PGDP and NSDP, to become competitive in the economic marketplace, both domestically and internationally.

IMPLICATIONS:

The framework for local development also sets out three key roles which the MLM can play in the LED process:

- To provide leadership and direction in policy making.
- To administer policy, programmes and projects.
- To be the main initiator of economic development programmes through public spending, regulatory powers and their promotion of industrial, small business development, social enterprises and cooperatives.

8. National Strategy for the Development of Small Businesses in South Africa

The vision of National Government is that of a high and sustainable economic development, which can only be obtained through increased investment, enhanced productivity, expanding employment opportunities and overall increased competitiveness.

The strategy includes programmes and policies, which can contribute to the process of stimulating the small business sector-which is the core of sustainable and equitable growth in South Africa. Different categories of small business can be distinguished, each one with its unique characteristics, obstacles and requirements for support. It may be necessary to refer to each of these categories in order to create a better understanding of the terminology, as well as the support required:

- **Micro-enterprises**

These are very small business, often involving only the owner, some family members and at the most one or two paid employees. They usually lack formality in terms of business licences, value-add tax (VAT) registration, formal business premises, operating permits and accounting procedures. Most of them have a limited capital micro-enterprises advance into viable small businesses. Earning levels of micro-enterprise differ widely, depending on the particular sector, the growth phase of the business and access to relevant support.

- **Small enterprises**

These enterprises constitute a category difficult to demarcate visa-a-vis the “small” and “big” business categories basically owner/ manager-controlled, though the shareholding or community control base could be more complex. The employment of 200 and capital assets (including property) of about R5 million are often seen as the upper limit. Medium-sized enterprises, which face obstacles and constraints, cannot be solved through normal market forces and private action.

The creation of an enabling environment is of crucial importance for SMMEs to play their market, diversification of the economy, enhancing of productivity of our labour corps, stimulation of investment, flourishing of entrepreneurship and penetration of new markets.

9. Integrated Sustainable Rural Development Strategy (ISRDS)

The Integrated Sustainable Rural Development Strategy (2000) aims to transform rural South Africa into an economically viable sector, which can make a significant contribution to the GDP of South Africa. The strategy aims to coordinate existing initiatives and programmes towards the end of achieving greater impacts over the short term. The ISRDS envisions socially cohesive and stable communities with viable institutions and sustainable economies with access to social amenities. Furthermore, communities must be able to attract skilled people who can contribute the country’s growth and development.

This vision contains the following key elements:

- **Rural Development**

Rural Development is a multi-dimensional concept, encompassing improved service provision, better opportunities for income generation, Local Economic Development, improved physical infrastructure, social cohesion and physical security within rural communities. The concept also adheres to democratic principles such as the level of representation of local communities in the political process. The concept places emphasis on facilitating change in rural environments to enable poor people to earn a high level income and to invest in themselves and their communities.

- **Sustainability**

Sustainability in this context refers to the increased participation of local communities in development projects and initiatives to ensure their success at a local level. Initially most of the financing for the strategy will be channelled through line departments and special programmes, but will increasingly depend on the budgets of local authorities over time. Ensuring sustainability will thus include enlargement of the revenue base at the local level over time.

Social sustainability is an important dimension of a successful development strategy. The participation process should be designed to be as transparent and broadly inclusive as possible. A portion of the benefits should be targeted to particular groups that might otherwise be under-recognised, such as women and young people.

- **Integration**

The integration of rural development is a comprehensive task because it involves all of the economic sectors and necessitates effective coordination between the various spheres of government. The primary focus of integration is at municipal level through the Integrated Development Planning (IDP) process.

The ISRDS states that any strategy for development should be based on the socio-economic realities in the province and the country as a whole. This framework recognises the strong link between economic, social and physical factors. Any attempt to implement LED strategies should therefore

IMPLICATIONS:

The LED initiatives for rural communities should grow the rural economy and train community members. There should be incentives to prevent loss of skilled and knowledgeable people from the rural areas.

consider the socio-economic realities of the area and its wider context, to comprehend the impact of these realities on economic growth.

10. Black Economic Empowerment

The Reconstruction and Development Programme (RDP) sets out key development challenges for government, which includes the creation of employment opportunities, human resource development, provision of infrastructure changes in ownership patterns and reduction of inequality in society. The RDP provides a comprehensive framework and recommendations for addressing BEE. These recommendations call for:

- An aggressive land and reform programme with substantial state funding.
- SMME development programmes.
- Reform of the financial sector to increase the amount of capital available for entrepreneurs.

In relation to ownership, the RDP states the following:

The government has implemented various measures in different areas of public policy to advance to the objectives of BEE; however, there is an absence of a coordinated and targeted approach that integrates all these efforts and measures, their impact on advancing the levels of black participation in economic activities. However, South Africa's economy is still characterised by inadequate investment low levels of economic growth, huge development backlogs, vast inequalities in income and rising levels of unemployment and poverty.

The Black Economic Empowerment Commission (BEECom) has encapsulated a broad definition of BEE. It is an integrated and coherent socio-economic process, located in the contested of the country's national transformation programme (i.e. the RDP). It is aimed redressing the imbalances of the past by seeking the sustainable and equitable transfer and confers the ownership, management, and control of South Africa's financial and economic resources to the majority of its citizens. It seeks to ensure broader and meaningful participation in the economy by black people to achieve sustainable development and prosperity.

South Africa's transformation challenges can only be addressed in the context of a growing economy. However, economic growth in the absence of creative social and economic programmes is unlikely to reduce racial income inequalities. Furthermore, prevailing inequality, unemployment, and poverty have a detrimental impact on attracting new investment and economic growth.

BEE is needed to alleviate the vast inequalities that characterise South African society and thereby increase black participation in the mainstream economy. This step is fundamental to the expansion of productivity and improved welfare. BEE is therefore a necessary measure and the responsibility of all stakeholders to implement.

IMPLICATIONS:

LED initiatives that empower the historically disadvantaged individuals should be priority

C. OVERVIEW OF THE LOCAL MUNICIPALITIES LED STRATEGY FRAMEWORK

The key goals and objectives of the Mohokare Local Municipality's LED strategy are summarised in

The table below:

a)Zastron

<i>Goals</i>	<i>Objectives</i>
<ul style="list-style-type: none"> Expand the economic capacity of the Mohokare Local municipality through the agriculture and tourism sectors 	<ul style="list-style-type: none"> Diversify and expand the agricultural sector Beneficiation of primary products Develop opportunities related to tourism
<ul style="list-style-type: none"> Improve the small business environment so that it is supportive and enabling of emerging businesses 	<ul style="list-style-type: none"> Provide business support functions
<ul style="list-style-type: none"> Promote nodal development 	<ul style="list-style-type: none"> Develop rural service centre
<ul style="list-style-type: none"> Improve LED capacity in the Mohokare Local municipality 	<ul style="list-style-type: none"> Develop municipal structures for LED
<ul style="list-style-type: none"> Tourism sector development 	<ul style="list-style-type: none"> Enhance visitor numbers Generate further employment Opportunities Create enabling environment for Tourism Development
<ul style="list-style-type: none"> Growth in SMME development 	<ul style="list-style-type: none"> Focus on empowering co-operatives Develop an innovation centre
<ul style="list-style-type: none"> Skills development and capacity building 	<ul style="list-style-type: none"> Focussed in agriculture, tourism and business sectors Enhance local knowledge base Encourage better natural resources management Enhance general best practices
<ul style="list-style-type: none"> Improve employment opportunities in agriculture by focussing on commercialising and diversifying production and market access 	<ul style="list-style-type: none"> Establish stakeholder partnership with the capacity to facilitate the implementation of agricultural strategy. Negotiate a co-ordinated approach to support and development with all role players including commercial and rural farmers Establish a fresh produce market and collection system Identify, promote and support the production or robust higher value cash crops suitable for small scale farming

Zastron's LED Strategy is focussed on the development of agricultural diversification through the development of co-operatives, accessibility to machinery and equipment as well as the establishment of periodic markets. Focus on beneficiation schemes related to agri-processing like a local abattoir and skills development are also key foci.

b)Rouxville

<i>Goals</i>	<i>Objectives</i>
<ul style="list-style-type: none"> Expand the economic capacity of the Mohokare Local municipality through the agriculture and tourism sectors 	<ul style="list-style-type: none"> Diversify and expand the agricultural sector Beneficiation of primary products Develop opportunities related to tourism
<ul style="list-style-type: none"> Improve the small business environment so that it is supportive and enabling of emerging businesses 	<ul style="list-style-type: none"> Provide business support functions
<ul style="list-style-type: none"> Promote nodal development 	<ul style="list-style-type: none"> Develop rural service centre
<ul style="list-style-type: none"> Improve LED capacity in the Mohokare Local municipality 	<ul style="list-style-type: none"> Develop municipal structures for LED
<ul style="list-style-type: none"> Agricultural sector development and move away from unsustainable short term poverty-alleviation projects 	<ul style="list-style-type: none"> Improve local job opportunities Grow local skills base Discourage financial leakage out of the municipality

Rouxville’s LED Strategy is focussed on the development of agricultural diversification through the development of co-operatives, accessibility to machinery and equipment as well as the establishment of periodic markets. Focus on beneficiation schemes related to agri-processing like a local abattoir and skills development are also key foci.

a) Smithfield

<i>Goals</i>	<i>Objectives</i>
<ul style="list-style-type: none"> Expand the economic capacity of the Mohokare Local municipality through the agriculture and tourism sectors 	<ul style="list-style-type: none"> Diversify and expand the agricultural sector Beneficiation of primary products Develop opportunities related to tourism
<ul style="list-style-type: none"> Improve the small business environment so that it is supportive and enabling of emerging businesses 	<ul style="list-style-type: none"> Provide business support functions
<ul style="list-style-type: none"> Promote nodal development 	<ul style="list-style-type: none"> Develop rural service centre
<ul style="list-style-type: none"> Improve LED capacity in the Mohokare Local municipality 	<ul style="list-style-type: none"> Develop municipal structures for LED
<ul style="list-style-type: none"> Tourism sector development 	<ul style="list-style-type: none"> Enhance visitor numbers Generate further employment Opportunities Create and enabling environment for Tourism Development
<ul style="list-style-type: none"> Focus the tourism sector on craft in order to capture the unique skills present in the municipality 	<ul style="list-style-type: none"> Increase local participation in economic activity related to crafting Incorporate this sector into the overall tourism strategy for the municipality
<ul style="list-style-type: none"> Identification of Capital Investment Projects, New Product Development & Facilitation of Access to Funding for Development 	<ul style="list-style-type: none"> Identify, Package & Motivate New Development Opportunities

Smithfield’s LED Strategy is focussed on the development of agricultural diversification through the development of co-operatives, accessibility to machinery and equipment as well as the establishment of periodic markets. Focus on beneficiation schemes related to agro-processing like a local abattoir and skills development are also key foci.

D. CREATING DISTRICT COHESION

This section builds on the descriptions of the LM’s LED Strategies described above and intended to start identifying gaps and potential areas of synergy that UDM can begin to build upon for the development of a cohesive district LED strategy.

1. LED Good Practices

The World Bank’s LED Primer (Swinburne, Gogh, Murphy: 2006) identifies the following aspects as being critical ‘good practise’ for an LED Strategy:

- The approach must be integrated to incorporate social, environmental and physical as well as economic issues in the area.*

- A carefully considered strategy must be developed utilising local partners working towards a common vision.
- All spheres of economic activity both formal and informal must be taken into account in the development of the strategy.
- A mix of projects, encompassing short term, medium term and long term are necessary in order to grow stakeholder confidence and form lasting partnerships in the area.
- Encouraging effective local leadership and governance is critical to promoting credibility with all stakeholders.
- Capacity building of both management and implementation teams is necessary to ensure best possible project implementation.
- Essential that municipal government be a key driver of LED and that there exists “strong political will”.
- Inter-governmental support in terms of financial, technical and political support made available from other key departments at both a local and national level.
- Projects and actions should only be undertaken if there is clear indication of a local driver committed to the project’s success.

The LED Best Practises table on the following page indicates that the local municipalities have addressed these “good practise” measures in their LEDs and highlights the shortfall in the arena of inter-governmental support, this primarily related to coordination issues with the representatives of the Dept. of Agriculture, Department of Water Affairs and with the SETA’s and FET colleges in the local municipalities.

CAPACITY BUILDING	TOURISM SECTOR DEVELOPMENT	AGRICULTURAL SECTOR DEVELOPMENT	SMME DEVELOPMENT	INFRASTRUCTURE DEVELOPMENT	TRADE AND INDUSTRY DEVELOPMENT
<p>Improve LED capacity within the municipality via the development of municipal structures for LED</p>	<p>Grow employment opportunities in this sector through the development of specialised local strategy</p> <p>Exploit tourism opportunities by providing access to key sites and better coordination with adjacent municipalities</p>	<p>Diversify and grow local crop production and encourage beneficiation of primary products</p> <p>Improve employment opportunities by focussing on commercialisation and diversification of production and market access</p>	<p>Linked into business retention and expansion strategy</p> <p>Facilitate skills development and job creation through the EPWP projects</p> <p>Improve the small business environment so that it is enabling and supportive of emerging businesses</p>	<p>Improve critical infrastructure and services in the municipality, to enhance economic attractiveness</p> <p>Promote nodal development to enhance service access for more rural areas</p> <p>Soft infrastructure – link LED to social programmes</p>	<p>Develop cluster strategies for growth and manufacturing</p> <p>Encouraging business cluster development and the formation of co-operatives</p> <p>Business retention and expansion strategy, linked to improved physical infrastructure provision for economic activities</p>

The question that arises out of this is, what is the role of Xhariep District Municipality in driving LED, is it to plug these gaps or to help enable an environment conducive to LED in each of the local municipalities?

The LED Gap Analysis Matrix above attempts to begin to address this issue. Some measure of district level cohesion is required within all of the categories outlined above, however at varying levels of intervention. Capacity building is defined with slightly different focus in each municipality, and in order to insure that LED is undertaken along similar lines throughout the area it does require district level support in order to insure that there is a set standard of skills being developed across the district.

Despite a district level tourism strategy, there is little cohesion in the LMs approach to this sector; this is primarily due to the high levels of variance, due to the development of local tourist attractions across the district. Xhariep's role in this sector would most likely require a review of the tourism strategy and attempting to align the LM's foci into strategy.

Agriculture is a unifying feature throughout the district, with an emphasis on growing commercial activities, agricultural beneficiation and improved market access. This in turn allows Xhariep DM to be involved in the formation of a more enabling environment for the agricultural sector, possibly through the development of a fresh produce transit network or a series of local markets that encourage the introduction of the cash economy into the sector, as well as discourage the leakage of monies beyond the district boundaries.

SMME development is closely associated with the issues surrounding capacity building. A non-integrated approach could mean that local municipalities not adequately equipped to provide SMMS training and skills development, or manage initiatives to encourage SMME development would be unable to adequately develop this critical sector. SMME development is a critical LED issue that the Xhariep DM should be involved in driving this for the district.

Infrastructure development remains a central feature of LED, and this is already a key element that the Xhariep DM involved in, and indeed is the major driver of. Potential further involvement could centre on the much discussed nodal development model. Soft infrastructure that could be focussed upon at a district level include a revamp of the existing LED forum; the already under-way incentive policy as well as the promotion of local services and products in the district to enhance local consumerism.

Trade and industry strategies within the district are primarily aimed at business retention and expansion as well as at opportunities surrounding the formation of business clustering to better capture local skills and capacity and provide better service to the sector. The focus of the Xhariep DM in this regard could be on the examination of business clustering *throughout the district*.

The evaluation of the economic situation in the district provides the starting point from which the development of an integrated LED strategy can begin. The identification and reiteration of the seriousness of the demographic issues surrounding education, HIV and quality of life in the region must be taken into consideration alongside the economic analysis. The differing skills and income levels across the district provide direction for positive intervention strategies to be developed.

As the local municipalities' LED foci indicate Mohokare is a diverse region with a myriad of economic opportunities and strengths. Throughout the district there is concern about municipal LED institutional capacity and creating an enabling environment in both hard and soft infrastructural terms. The more rural municipalities are focussing on their strengths in agriculture and adopting new ways of looking at the economic opportunities available – choosing high value and high demand crops, pursuing agro processing strategies and sharing skills through the development of co-operatives.

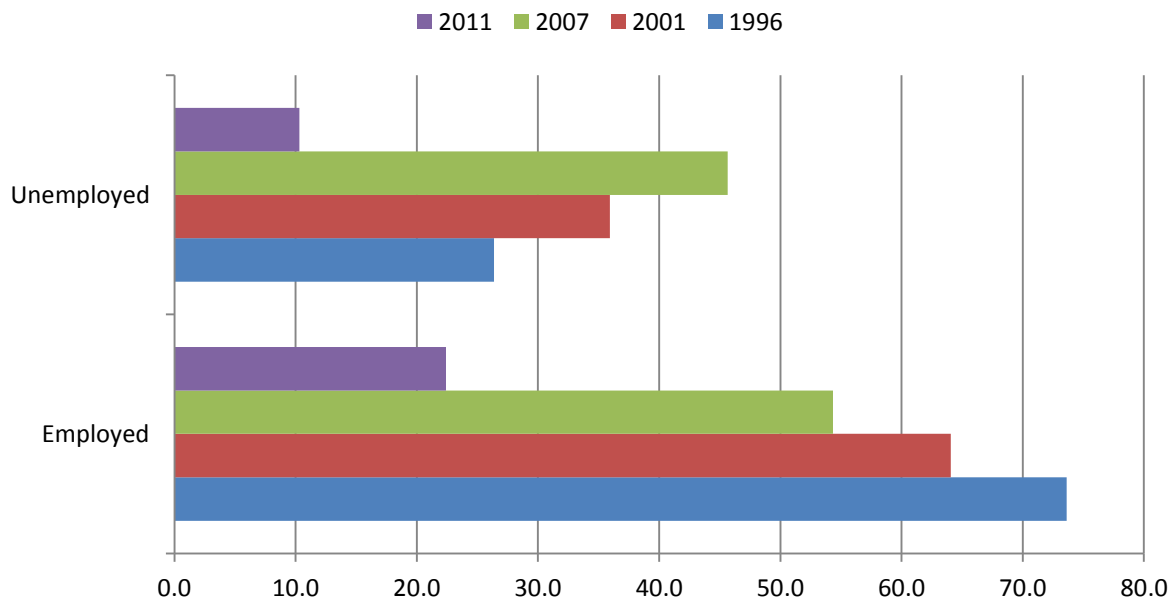
E. IN DEPTH SECTOR ANALYSIS

Mohokare Local Municipality is an area of remarkable economic diversity. Both rural and urban settings contain a myriad of economic undertakings, from tourism through to agriculture, business services and manufacturing as well as transport and community services are all present in varying intensities across the Municipality. This section is designed to highlight the three major sectors present in the district: Agriculture, Tourism and Transport, so as to best indicate areas where the greatest opportunities for further LED are possible. Agriculture is a significant sector in the local economy – and presided over by a handful of key specialised companies - and, the opportunities for LED within the sector are constrained by the high barriers to entry so does not enter into the fray.

Before discussing of the key sectors follows below it is useful starting point to examine the existing employment patterns in the Municipality.

1. Employment Rate

MOHOKARE LOCAL MUNICIPALITY EMPLOYMENT RATES



2. Soft Infrastructure

At first glance the soft infrastructure of the District is impressive, there is well organized local government and business interest groups, as well as farming interest groups – grower associations and farmers groups. The level of soft infrastructure is not constant across the district, and many of these support structures have limited reach into the deep rural areas, particularly agricultural and business support extension services

3. Physical Infrastructure and Services

There are backlogs in service delivery, with the majority of these linked to lack of facilities provided in rural areas. These backlogs are being addressed

4. Agriculture

The limited opportunities for trade in agricultural goods within the rural areas means that despite production being based locally, very little of the benefits or value adding activities result in remuneration locally. Added to these ‘market constraints’ the legacy of limited support to emerging farmers continues to exacerbate these conditions. Agriculture is of course highly reliant on the environment in which it occurs, and climatic variability and pests as well as international market trends and a lack of local policy integration have all contributed to the slow development of this critical sector.

Commercial agriculture has been promoted by capital-intensive mechanisms, focussed on improving skills and technology to grow yields. These activities however have not been implemented across smaller scale rural and deep-rural farmers in what were the former homeland areas, limiting these farmers’ ability to interact meaningfully within an economic context and hindering the market forces.

The effective exclusion of black farmers from land tenure, financial backing, support services and market share under the Apartheid era governments stunted the development of the entire rural economy. Employment opportunities in rural areas remain predominantly for unskilled farm labourer with low income earning potential, with the majority of employment opportunities remaining seasonal.

Limited growth in agricultural beneficiation processes due to insufficient emerging industry support and protection resulted in South Africa remaining an exporter of raw agricultural goods rather than higher valued, employment generating processed items.

a) Need for Agricultural Policy

There is no existing agricultural policy towards commercial farmers’ protection and emerging farmers’ promotion. This dualism should help to foster an integrated policy environment. Current policy processes are attempting to level the playing fields. Major issues to be included are:

- Regulations for the marketing of agricultural products;
- Tax incentives aimed solely at large scale producers;
- Lowering of direct government spending in the sector;
- Better Coordinated and Integrated Land reform processes;
- Liberalisation of agricultural products trade;
- Promotion of institutional reform in the sector;

Mohokare Local Municipality

The Municipality comprises three towns: Zastron, Rouxville and Smithfield.

Towns Settlement

In Mohokare the centers are Zastron (including Matlakeng), Rouxville (including Role-le-ya-Thuna and Uitkoms) and Smithfield (including Mofulatshepe).

Demographics

According to the 2010/2011 IDP for the Municipality the population was approximately 34 146 in 2011 (data from Stats SA).

Table 1.1.1 Population and growth scenarios in: Mohokare Local Municipality.

Local Municipality	Town with links townships	Census 2001	Census 2011	2007	2025	
					Low growth	High growth
Mohokare	Zastron		15 607	13 726	10 658	11 492
	Rouxville		7 310	8 357	8 854	9 551
	Smithfield		4 779	5 935	5 807	6 257
	Other		6 450	Na	Na	Na
	Total	36321	34 146	28 018	25 319	27 300

Climate

The Municipality is situated in semi-arid climate, the arid south-western. The median annual rainfall varies from less than 350mm in the south-west to 700 to the east of Zastron. Summer temperature is warm to hot and the average daily maximum temperature for January (as indicator) may vary between 27-29C. Regular frost may be expected from the last week of April to the last week of September in the east.

Topography

Lowlands with hills (50-80% slopes below 5%); irregular undulating lowlands with hills (50-80% slopes below 5%); slightly irregular undulating plains and occasional hills (>80% slopes below 5%).

Vegetation

The veld type as defined by Acocks (1952) and vegetation units as defined by Mucina & Rutherford (2006, further referred to as Veg map) are listed below. While the ageing Acocks Veld type map gave structure to the natural veld resource in an excellent way, the compilation edited by Mucina and Rutherford makes use of the large body of data that was since collected.

In the Mohokare municipal area the western plains consist of Acocks Veld Type 36 False Upper Karoo; Veld Type 50 Dry Cymbopogon-Themedra Veld is a component in the central areas. The Zastron area consists of Veld Type 48 Cymbopogon-Themedra Veld. More or less corresponding Veg map units are:

Veld Type 36 – Gh2 Aliwal North Dry Grassland. Veld Type 50 – Gh6 Free State Grassland and Veld Type 50 – Dry Cymbopogon-Themedra Veld.

Soils

Soil types

The following information derives from National Land Type Data: Mohokare is occupied by claypa soils and lithosols with grey, hydromorphic loams or sands in places.

Soil depth classes

The soil is mostly of shallow effective depth (below 300 mm) with shallow to moderately deep soils (300-600 mm) towards Zastron and Smithfield.

Topsoil texture classes

Mohokare sandy loams to sandy clay loam texture (16-25% clay) are dominant, with heavy sandier soil (7-15% clay) towards Zastron.

Land use

Rain fed arable land use

According to Free State Land cover 2009 data (DETEA-GTI, 2009) 85 048 ha (9.7%) is used for rain fed cropping.

Irrigated agriculture

According to Free State Land cover 2009 data the areas irrigated are as follows: In Mohokare the corresponding figures are 3 076 ha (0.4%).

Mohokare-Upstream of Gariep and Egmond Dam

The registration of water use was initiated in 2001 and is on-going. According to the report drawn from the WARMS database (DW760, supplied by P. Norton, DWS, personal communication) the situation as on 6 October 2014 with respect to water use registration in Mohokare is shown on Table below:

Local Municipality	Registration Division	Agriculture irrigation	Water Source					Water Livestock
			River/Stream	Spring/eye	Dam	boreholes	Scheme	
Mohokare	Rouxville	23 041 066	20 430 340	23 354	2 479 122	108 250	0	0
	Smithfield	10 663 757	8 049 450	799 088	1 066 649	748 570	0	0
	Zastron	1 553 610	299 560	0	1 118 800	135 250	0	2 000
Total		35 258 433	28 779 350	822 442	4 664 571	992 070	0	2 000

The water volumes allocated to users within Water Users Association (WUAs) and Government Control Area is couple to hectares, as the users receive an allocation per hectare. In non-controlled areas the volume is determined by the crop, irrigation system and the quaternary drainage catchment which also plays a role in determining the volume per hectare (C. Schrader, DWS, personal communication). Table 3 shows the water allocations for registered users in controlled areas, and subtraction those for users in non-controlled areas. For calculating the latter, area-appropriate high and low water application scenarios were used. Some of the water quantities and hectares shown are approximate (e.g for Modder River) due to cross-district data, based on the former magisterial district that had to be divided between Xhariep and Lejweleputswa.

Approximate areas that can be irrigated with the current licenced water at the application rates indicated in Table 3.4.8b amount to between 26 518 and 23 448 ha. This is between 52 and 59% of the total irrigated areas as indicated by land cover data. The difference is probably due to (a) the “stretching” of irrigation water (lower application rates), (b) unlicensed water use and (c) possible error in the land cover data.

Table 3.4.8b: Approximate areas that can be irrigated by registered water users in Xhariep

Local municipality	Controlled areas				Uncontrolled				
	WUA or Government control area	Registered water use (m ³ per annum)	Application per ha per annum (m ³)	Potential areas irrigated (ha)	Approximate water availability (m ³ per annum)	Low application (m ³ per ha per annum)	Potential areas irrigated (ha)	High application (m ³ per ha per annum)	Potential area irrigated (ha)
Mohokare	Wuitiespruit/EgmondDam	5 460 552	6 100	895	29 797 881	5 500	5 418	8 000	3 725
Total		5 460 552	6 100	895	29 797 881	5 500	5 418	8 000	3 725

No recent data appears to be available on the crops currently irrigated. Results of the 2007 Agricultural census (stats SA 2007) are shown in table 3.4.8c

Table 3.4.8c: Some of the crops grown under irrigated in Xhariep

Local Municipality	Selected crops						Lucerne	Total
	Maize	Wheat	Sunflower	Soya beans	Groundnuts	Sorghum		
Mohakre	116	36	450	0	0	30	348	980

Besides the popular field crop, a relatively wide range of mostly high value crops are more or less adapted (although mostly sub-optimally) to the temperature regimes and soils of parts of the District. These include: Almonds, cherries, canola, cantaloupe, cotton, figs, Hazelnut, Kiwi fruit, Lucerne, olives, peach (in the east), pecan, persimmon, pistachio, pomegranate (in the west), potato, raspberry, blackberry (Zastron areas), squash and pumpkin, wine grapes, vegetables and garlic, walnut and watermelon.

Veld utilisation

According to the census of Commercial Agriculture for the Free State (Stats SA, 2007) there were 117 402 heads of cattle, 84 1670 sheep and 15 145 game present at the time in the old magisterial district corresponding to the Xhariep District Municipality.

The official grazing potential map for the provinces shows the potential of veld in good condition as spatially varying between 4 ha per LSU in the east and 16 in the west with values of 7-8 common in the central areas.

Water availability

Spatially the District largely coincides with two subareas of the Upper Orange Water Management Area, namely the Vanderkloof sub-area (Orange River catchment between the Caledon confluence and the Vaal River confluence) and the Riet/Modder sub-areas (Catchment of the Riet River together with Modder tributary).

Within these water management areas 558 million m³ water is annually required for irrigation. About half of this applies to the Xhariep District, 152 million m³ for urban use and 15 million m³ for rural use. According to the Free State Province Water Master Plan of 2010 these water requirements will be met at least until 2025. Major dams in the supply system situated in the District are the Gariep and Vanderkloof dams in the Orange River (holding 5 340 600 Mℓ and 3 171 300 Mℓ respectively), the kalkfontein dam in the upper Riet River (holding 325 100 Mℓ) and the Krugersdrif dam in the Modder River (holding 66 000 ℓ).

In the long term water availability within the District may be affected by (a) demands on water transferred out (3 584 million m³ by 2025), (b) increases water use in the Mangaung metro areas and (c) demands on the water from Lesotho Highlands Phase 2 by developments in Gauteng and Mpumalanga.

As a result of increasing competition for water, irrigated agriculture in the district could increasingly face the following: strict compliance with registered water use rights; temporary nature of water use rights; the need and policies for equity and reform in water use (National Water Resource Strategy of 2013); water conservation and demand management and the dangers that may hold for salinization if leaching of salts inadequate, and lastly deterioration of water quality.

Water quality

In the natural state the quality of the surface water is good, particularly that of the Orange River. However, irrigation return flows have a major impact on salinity in the lower Riet River and water is transferred to the Riet River from Vanderkloof Dam, partly for blending and water quality management purposes. A natural pan below Krugersdrift Dam adds salinity to the Modder River.

Groundwater (derived from intergranular and fracture aquifers in the Ecca, Volksrust, Adelaide, Tarkastad and Molteno sedimentary formations with dolerite intrusions) is mostly good to fair with EC valued around 100-120 mS m⁻¹. Borehole yields vary from 0.5 to 2ℓ s⁻¹

Summary tables per local municipality: Mohokare Local Municipality

A summary table shown below for facilitating rapid reconnaissance

ATTRIBUTE		INFORMATION/REMARKS
General	Area	87 633
	Towns	Smithfield, Rouxville, Zastron

	Topography	Lowlands with hills(50-80% slopes below 5%); irregular undulating lowlands with hills(50-80% slopes below 5%); slightly irregular undulating plains and occasional hills(>80% slopes below 5%)			
Climate	Rainfall, Media annul(mm)	450 in the west to 700 east of Zastron			
	Frost period(5 in10 years)	From 21 April to 1-20 September			
	Summer Temperature (°c; Tmax Jan as indicator)	Cool	Intermediate	Hot	
			27-28(high lying areas)	29-30	
Soils	Types	Claypan soils and lithosols; in addition ,grey,hydromorphic soils in places			
	Depth class(mm)	Less than 300;300-600 around Zastron and Smithfield			
	Top clay % class	16-25;7-15 around zastron			
Arable land use	Rain fed(ha)	85 048(9.7%)			
	Irrigated(ha)	3 076(0.4%)			
Vegetation	Acocks veld types	49 Transitional Cymbopogon –Themeda veld,50, Dry Cymbopogon-Themeda veld 36, False Upper Karoo in West; 48, Cymbopogon-Themeda veld east			
	Grazing capacity (ha/LSU)	From 5 around Zastron to 15 in the west			
Crop Suitability	Field crops, rain fed		High	Moderate	Low/marginal
		Maize			x
		Sunflower			x
		Grain sorghum			x
		Wheat, barley			x
	Field crops irrigated	potatoes			x
		Canola			x
		Potato			x
	Pasture crops irrigated	Vegetables, garlic		x	x
		Lucerne		x	x
	Pasture crops rain fed	Digit aria eriantha		x	x
		Forage sorghums	x	x	
	Permanent crops, irrigated	Almonds		x	x
		Cherries		x	x
		Peaches		x	x
		Kiwi fruit			x
		Hazelnut		x	x
		Pecan nut		xx	
		Walnut		x	x
	persimmon		x	x	
Permanent crops rain fed	Cactus pear(fruit)		x		
Industrial crops rain fed	Hemp (Cannabis sativa) for fibre production			x	
Crop rotations indicated	none				

Agricultural Sector Development

- Diversify and grow local crop production and encourage beneficiation of primary products.
- Improve employment opportunity by focusing on commercialisation on and diversification of production and market access.

Agriculture is a unifying feature throughout the district, with an emphasis on growing commercial activities, agricultural beneficiation and improved market access. This in turn allows

Xhariep DM to be involved in the formation of a more enabling environment for the agricultural sector, possibly through the development of a fresh produce transit network or series of local markets that encourage the introduction of the cash economy into the sector, as well as discourage the leakage of monies beyond the district boundaries.

The limited opportunities for trade in agricultural goods within the rural areas means that despite production being based local, very little of the benefits or value adding activities result in remuneration locally. Added to these market constraints' the legacy of limited support to emerging farmer continues to exacerbate these conditions. Agriculture is of course highly reliant on the environment in which it occurs, and climatic variability and pests as well as international market trends and lack of local policy integration have all contributed to slow development of this critical sector.

There is no existing agricultural policy towards commercial farmer's protection and emerging farmers' promotion. This dualism should help to foster an integrated policy environment. Current policy processes are attempting to level the playing fields. Major issues to be included are:

- Regulations for the marketing of agricultural products;
- Tax incentives aimed solely at large scale producers;
- Lowering of direct government spending in the sector;
- Better coordinated and integrated land reform processes;
- Liberation of agricultural products trade;
- Promotion of institutional reform in the sector;

Broad-Base Economic Development

- Business support centre
- Buy local campaigns
- Rural service centre Nodal development plan
- Development of agro-processing initiatives
- Bio diesel Agricultural waste management schemes
- Additional investment in urban transport
- Introduction of Agri-parks
- Widening of economic activities within the district

Supporting Agricultural Development

- Expand market access for emerging growers
- Diversification of crop production
- Increased value adding activities in the sector
- Increased supportive service
- Grow female participation

<i>Goal</i>	<i>Objectives</i>	<i>Programmes</i>	<i>Activities</i>
Support Agricultural Development	<ul style="list-style-type: none"> Expand market access for emerging growers Diversification of crop production Increased value adding activities in the sector Increased support services Grow female participation 	<ul style="list-style-type: none"> Develop regional emerging growers Market Organic vegetables Meat Processing Export driven commodities Biodiesel production Agro-processing District coordinated training for extension officers District coordinated interaction programme with commercial farmers Identify and encouragement of women growers 	<ul style="list-style-type: none"> Undertake a feasibility study Identify growing areas Identify potential crops Identify communities and wards to act as pilot projects Identify potential buyers Undertake feasibility study identifying growing areas and plant costs Coordinate efforts with SASEX and farmers associations Undertake a joint training program with the DOA Incorporate commercial farmers into the LED structures of the LMs and the district Investigate potential training activities for women farmers with both DOA and the FETs Offer learnerships for candidates

STRATEGIC OBJECTIVES

<i>Project Name</i>	<i>Priority Nr</i>	<i>Estimated Budget</i>
Giving and seeking support for emerging farmers to assist them to go commercial		
Lobby the department of Agriculture to put appropriate infrastructure on commonages		
LED Unit to forge close relations between emerging farmers and commercial farmers for purpose of sharing skills and experience		
<ul style="list-style-type: none"> Department of Rural Development and Land Reform to assist to secure farms for Mohokare emerging farmers 		
Establishment of Agro processing factories		

SMALL HOLDERS/COMMONAGE STATUS

Towns	Small Holders	Number		
		Sheep	Goat	Cattle
Zastron	98	377	445	1 134
Rouxville	90	516	161	1 747

ZASTRON

The table above indicates that Zastron has 98 commonage farmers who own 1 134 head of cattle combined. According to statistics available at the extension office of the department of Agriculture, Zastron has 2 300 hectares of grazing land which is far small compared to the number of cattle it supposed to cater for. According to acceptable agricultural norms and standards, one cow supposed to graze on six hectares of land per annum. The situation as it stands in Zastron indicates that the grazing fields available can only cater for 383 head of cattle as opposed to 1 134 that is catered for currently. This simply implies that the Zastron commonage grazing fields are overgrazed by 751 head of cattle excluding goat, sheep and wild game. This situation is worrying and warrants immediate attention. The department of Agriculture and Land Reform must develop a program to secure more land for small holders farmers or the farmers must consider selling portion of their animals in order to address the overgrazing challenge.

ROUXVILLE

Rouxville has the same overgrazing challenges as Zastron and its situation warrants the same intervention; either the department procures more land or the commonage farmers sell a portion of their animals.

SMITHFIELD

The Smithfield statistics were not yet available at the time of compiling this Strategy but shall be captured as and when it is available.

CONCLUSION

This Strategy seeks to bring forth the state of agriculture in Mohokare and Xhariep district with specific reference to the challenges and opportunities that are there and what needs to be done to turn the situation around. Once adopted by council the document shall be subjected to review on annual basis in line with developments in Mohokare agricultural environment.

Mohakare Local municipality

AGRICULTURE SWOT ANALYSIS

Strengths

- Xhariep district- Oranje river, water to be put into good use, especially for the production of lucerne (either utilise through own livestock or market as baled hay)
- A Rural Development Agency (exists within DARD on provincial level?) to ensure land allocation to small scale farmers
- Commonage manager (a post which is in process to be filled at municipal level) who should be knowledgeable about diseases and animal health, as well as the rotation of animals through a camping system
- DARD - provided tractors, implements, etc. to farmers at very low hiring costs (3 tractors available in the area --- one at Rouxville emerging farmer: Mr Buckland)
- Game farmers association exists, forming study groups (prepare to learn from other farmers and investigate various aspects of game farming)
- Cattle is strong and game is processing
- Active dedicated farmers (42 farmers)

Weaknesses and Problems

- Parts, like Smithfield cannot irrigate, no water
- Not enough land, that is why commonage are over stocked
- Animals from Lesotho in Commonage
- Not enough rainfall, loss of animals
- Poor extension services, few officers to assist farmers, there must be more officers that are trained
- Extension officers are not distributed over the whole region, they do not have transport and communication availability
- Lack of control by extension officers in Commonages for instance
- No officers to give attention to all the legs of Agriculture
- Poor marketing of products
- Projects not fully capacitated enough tractors, planter, and water to proceed with animals. Tools.
- People not working together (not good unity)
- Shallow soil
- Small yield possibility
- Climate not suitable for piggeries
- Bad condition of roads make transportation difficult
- Crop farming is small
- Steep embankments and rocky environment in vicinity of river make pumping of water very difficult

Opportunities

- Availability of water from Oranje river for efficient application purposes
- Deliberations with European Union implicating animal product export from the area (could become part of planning to solve problem of excessive animals in Commonages)
- Producing chickens can be considered because of huge through flow of live chickens towards the coast (Mr Buckland)
- Utilize land to irrigate more in the district
- Policies on the tables of communities must be implemented (Development Commonage Plan)- Department of Agriculture
- Implementation Development Policy
- Learn from other provinces how to manage Commonages ie. The Eastern Cape
- Work plan for extension officers, expansion of services
- Agricultural processing can improve in district, i.e. game products for export and tourist trade
- Teaching of Agriculture at Motheo College
- Mentorship to help emerging farmers (VKB in Frankfort)
- Bridge the gap between groups (emerging, extension officer, municipality etc.)

Threats

- Baboons and animals that destroy the vegetables
- Commonage animals contaminate water
- Grazing capacity is destroyed by the animals on Commonage
- Making commonages desert
- Animals from Lesotho in Commonage that is also using the field
- Not enough rainfall, loss of animals
- No water in Commonage, cattle drinking sewerage water
- No municipal control in Commonage
- Water rights can be decreased by water affairs

5. Tourism

A national tourism growth strategy was formulated in 2002 that is continuously updated, revised and refined. Tourism is recognized in the strategy as one of the important future growth sectors of the country and the Departments of Trade and Industry and (KZN) Finance and Economic development further enhances that view by the inclusion of tourism into their sector strategies.

6. Transport

There is one border post into Lesotho, namely the Makhalengbrug border control post via the S2. The Sephapo Border Control post can be accessed via the S4. This border post is located in the abutting of Naledi Municipality.

The main routes through the municipality are the:

- R26 that links Zastron, Rouxville and Wepener to the north located in the neighboring Naledi Municipality;
- N6 that links Smithfield and Rouxville. The N6 further connects to Aliwal North in the south in the Eastern Cape Province and to Reddersburg in the north in the neighboring Kopanong Municipality;
- R701 that connects to Wepener via the R26; and,
- R726 that links Zastron with Sterkspruit to the south east in the Eastern Cape Province.

The IDP 2013/2014 noted the following roads and storm water service delivery issues per respective town:

Zastron / Matlakeng:

- Poor condition of the access roads in Phomolong, New Rest and Matlakeng.

Rouxville / Roleleathunya:

- Poor condition of the access road in Roleleathunya from the R26/R27;
- Broken bridge on the new road that links Bushbuck and the old township;
- Poor storm water channels in Ward 4;
- Lack of storm water infrastructure in Phosholi Road;
- Incomplete road surface (paving) in Roleleathunya.

Smithfield / Mofulatsepe

- Internal roads in Tlali village are in a poor condition;
- There are no access roads in the existing new settlements;
- Poor storm water channels in Makeneng and Smithfield.
- Insufficient provision for storm water drainage exists along many of the roads in the municipality. This is mainly due to many of the roads being gravel or graded and no storm water channels being provided.

Approximately 56 km (located within the Mohokare Municipality) of the R26 is considered to be in a very poor condition. The Free State Province is served by an extensive rail network for long-distance passenger services and freight transport (FS PSDF, 2013). This extensive rail network traverses the municipality replicating a similar pattern to the main transport routes. However, no commuter rail services are operational in the municipality (FS PSDF, 2013).

This silo is the grain silos were generally closed, it was reported by the officials, because the grain cannot be transported due to the bad quality of the roads. It is important that the R26 be kept in a good condition to facilitate the movement to and from this silo as it contributes to the economy of the municipality.

F. DEVELOPMENT FRAMEWORK

1. Introduction

The previous sections provided an assessment of the internal structure and the potential of both the district's and Mohokare's economy. Based on this assessment, it is now possible to identify the strategic framework to address the need for further, and inclusive local economic development. This development framework has to be set in context of the long term vision for the local economy. The purpose of this section is to delineate a LED vision, goals, objectives for the area and how it can be implemented in terms of strategic initiatives (broad economic opportunities).

In order to present a development framework, a brief review of the Local's multi-varied economic strengths and weaknesses has been detailed utilising the tool of Porter's diamond.

This brief review of the local economic and development status quo within the district indicate that there is considerable scope for LED to act as a coordinating function for sustainable economic growth within Mohokare. Key concerns surrounding skills shortages, HIV/Aids and international commodity prices all intertwine and indicate that there are some very real structural shifts within the local economy that are needed to insure that uThungulu experiences job creation and economic prosperity.

2. Porters' Diamond

The constraints and opportunities facing the district were further unpacked using the model of Porter's Diamond. This model allows for the competitiveness of Mohokare's economy to be evaluated, to glean a better understanding about why one sector may be a better choice for future investment than another. While the model is usually used to explain competitiveness on a national level, it can be used to breakdown the impact of key sectors on a much more localised level. There are four key elements to Porter's model:

Factor conditions: refers to Mohokare's position with regards to the availability of the factors of production necessary to establish competitive industries – distinction can be made between basic production factors (natural resources, climate etc.) and advanced production factors that include labour force, knowledge, skills and available capital resources.

Demand conditions (markets): specifically the nature of the local demand for the specific products and services, this includes composition of demand, size and growth of demand.

Related and supporting industries: examines the presence of absence of local suppliers that are internationally competitive, this speaks in essence to the issue of clustering.

Structure of firms and rivalry: indicates the way in which businesses are created, organised and managed. This provides an overview of internal rivalry.

Government: this element is usually viewed as an external impact upon the competitiveness of an area.

a) Factor Conditions

Infrastructure

Established industrial areas (+ or -): Mohokare Local municipality should established industrial development areas currently accommodating a broad range of industries. More can be done to Attract Industrial Development Opportunities.

Areas with no infrastructure for industrial development (-): Smithfield / Rouxville have no developed industrial areas and can therefore not draw significant investment in the industrial sector.

Quality of service delivery (-): Unreliable electricity, limited telecommunications infrastructure and water supplies constraints beyond major nodes undermine business productivity. This is viewed as a major constraint attracting industry used to operating in a global environment is dependent on reliable services.

Good logistics infrastructure (+ or -): Most of the industrial areas are located in close proximity to the N6 which makes it ideal for the effective movement of goods. The rail link is used exclusively for national transport, which represent a key part of the logistics infrastructure platform.

Goods transport is road based (+ or -): The fact that goods transport is road based is seen as an advantage due to the time transits to major centres within FS and SA., however, there is very poor linking road network onto this national grid.

Low skilled labour force (-): Generally the skills levels of the labour forces are low. The availability of skilled labour is impacted on by the limited take up of training at FET colleges, and lack of industry specific training facilities, the impact of HIV/AIDS and the lack of a critical mass of industry ensuring a constant supply of skilled labour. Migration to major centres within the district means that some smaller centres are experiencing severe shortage of skills.

Negative impact of HIV/AIDS on the workforce (-): HIV/AIDS has a major impact on operations due to the loss of skilled and semi-skilled labour, as well as related costs to company.

Natural Resources

Diversified agricultural sector (+): The District has a diversified agricultural sector which currently generates substantial agribusiness activity. Current and future agricultural activity adds numerous opportunities for agro-industry development.

Strong natural resource base (+): The District has a strong natural resource base including nature areas, water. This could provide opportunities for further industrial development, but also contribute to the creation of a pleasant living environment.

Sufficient land available for further industrial development (+ or -): Although there are some restrictions for extending existing industrial areas, there appears to be substantial areas of land within the towns suitable for future industrial development. However, a significant amount of this land is used for Commonage.

Living Environment

Exceptional climate (+ or -): The area has an moderate year round climate that makes the half year round enjoyment of natural resources such the rivers and dams.

Medium quality living environment (+ or -): Three major urban areas, Zastron, Rouxville and Smithfield are moderately developed and generally all amenities are in or in close proximity to residential areas. This is viewed as an incentive for attracting investors, managerial staff and workers to the area.

Synopsis – Factor Conditions: Strong factor conditions for the development of the industrial sector exist in the Mohokare Municipality. A major concern relates to the availability of developed land in appropriate locations for the establishment of modern industries aligning to global standards and requirements. Other negatives relate to issues common in most areas of South Africa. It will be extremely important that these

issues, such as the low level of skills, the impact of HIV/AIDS and the quality of service delivery, should be addressed as priorities.

b) Firm Structure and Strategy

Large scale labour intensive industries located in the area (-): There is a lack of large scale skill intensive industries located in Mohokare. Agricultural Industries needs to be further developed, especially through Agro Processing.

National / International corporates located in the District (-): The District is not integrated into the national and global economy; National Companies should be attracted to unlock Industrial and Agricultural Potential.

Synopsis – Firm Structure and Strategy: Firm structure and strategy impacts negatively on the overall competitiveness of the Xhariep District in terms of industrial development.

c) Markets

Large local markets (+ or -): Due to the limited available spaces to trade, much commerce is conducted away from the smaller nodes and is instead concentrated in the larger centres which remove the economic opportunity for many local traders.

Strong competition in local markets (-): The retail centres of Bloemfontein and Aliwal North are strong competition for small scale producers.

Low local income levels (-): Income and employment levels in the Xhariep District Municipality are low with this impacting directly on the extent of diverse markets for locally produced goods.

Strong and growing tourism industry (+ or -): The tourism market is diversified and presents a range of opportunities for manufactured goods. This includes basic household goods such as food, clothing and furniture, but also opportunities relating to arts and crafts, niche market foods, building material and many others.

Regional markets (+): Would allow for local goods to be made available to a larger regional buyers group.

Access to export markets (+): The proximity to the N6 ensures access to internationally significant export facilities.

New local markets are emerging (+): Agro Processing opportunities are due to become a reality especially the Abattoir Project proposed in Zastron to serve the whole District.

Synopsis – Markets: As a result of local conditions, the regional development dynamics and existing regional infrastructure as well as the close proximity of good access to local, regional, national and international markets exist for Mohokare products.

d) Related And Supporting Services/Businesses

Business / manufacturing support services (+/-): Basic business / manufacturing support services exist within the Municipality. There is currently no full scale skills development programme present in the

Municipality. There is highly limited agri-business support available due to the poor integration within the district.

Access to finance (+/-): A range of financial support mechanisms (including incentives, grants and loans) are available for the establishment of industries and specifically SMMEs. A concern relating to this is, however, the difficulties small businesses experience in accessing the funding.

Formal business associations (-): A formal business association is established and operating in the Mohokare Municipality, however difficulties are experienced. Farmers' and growers associations are present too, however are predominantly small scale and geographically located. No district wide business organisation focused on either the industrial or agricultural sector has been established as yet.

Limited skills development capacity and focus (-): The shortage of integrated skills development facilities in the District have been identified as a severe constraint to LED growth.

Lack of strong inter-firm linkages (-): There is limited clustering evident within the district and this too requires more detailed investigation and consideration.

Support services concentrated in major nodes (+ / -): Although industries are located throughout the Municipality the only area really offering a comprehensive range of supporting services for industry is in the major nodes of Bloemfontein. This could impede the growth of more rural areas within the district.

Synopsis – Relating And Supporting Industries: The District has no real competitive advantage in terms of related and supporting industries. This is discussed within the development framework in terms of clustering studies.

e) Government

Substantial planning for expansion of industrial sector (-): An Industrial Policy, Regulations and guidelines are lacking and needs to be developed and implemented.

Strong support for growth of manufacturing sector (-): An incentive policy for the district is required.

Strong government support for SMME development (+/-): There is strong support from provincial government for the establishment of SMMEs, adequate support mechanisms still need to be effectively undertaken by the district.

Local government focus on tourism and agriculture (+): The assessment of current municipal strategic planning has clearly shown the bias towards tourism and agricultural development. This is necessary as these sectors have traditionally not been given as much support as 'big industry'

Government support programmes available into. New Regional Industrial Development Strategy (-): From initial assessments it would appear as government will make substantial resources available to support industrial development in terms of the new Regional Industrial Development Strategy.

Appropriate planning to access this support must be undertaken by the District and Local Municipalities, and this is something to be taken into consideration.

Government red-tape to access finance and support services (-): The red-tape involved in accessing government support is a well-known factor negatively impacting on the ability of small businesses benefit from this support and uThungulu is faced with these constraints.

Synopsis – Government: The assessment of government (all spheres) policies, strategies and plans provide mixed messages for industrial development in Mohokare and the District. Strong support for industrial development is reflected in national and provincial government strategies; however, this is not

acknowledged and confirmed in local government planning. Good diverse support across all sectors is evident. Accessing funding for SMMEs remains difficult, this is by and large attributed to red-tape, including complicated application forms and processes, limited feed-back on the processing of applications etc. Local government planning shows commitment to the development of the manufacturing sector, tourism sector and agricultural sector and this provides an excellent starting point for LED.

3. SWOT Analysis

<i>Positives</i>	<i>Negatives</i>
Geographic Location	unemployment
Proximity to Lesotho and the Eastern Cape	Lack of centres for skills development
N6 and Maloti tourism route	Poor water supply and scarcity of bulk water supply
Strong agriculture and tourism area	Poor roads, streets and storm water infrastructure
Natural attraction and heritage	Lack of structured way to address SMME development
Plenty of land along the N6 in Rouxville and Smithfield	Poor maintenance of sports facilities
Natural resources including Caledon river	High level of indigent households
Letsatsi game lodge in Smithfield	Lack of skilled labour force
B & B accommodation for tourists	
The truck stop in Smithfield	
Kloof and Montagu dam resorts in Zastron	
Well maintained golf courses in Zastron and Smithfield	
Great history and local museum add to the marketability of Smithfield	
Zastron mountains add to this area's tourism edge	
N6 road infrastructure upgrading in Smithfield	
Outdoor activity centre(Buitelug) in Zastron	
Motheo FET college branch in Zastron	
Mountain hike and 4 X 4 trails	
Relatively low crime rate	

4. LED Vision

A vision is a point of reference to keep the community focused on the important issues and heading the right direction. A vision provides an opportunity for the community and relevant stakeholders to think in a broad and general terms about the future.

The World Bank defines these LED elements as follows:

- Vision: The vision describes the stakeholders (community, private sector, municipality, nongovernmental organizations) agreement on the preferred economic future of the economy
- Strategies: Strategies are based on the overall vision and specify desired outcomes of the economic planning process
- Objectives: Objectives set performance standards and target activities for development. They are time bound and measurable.
- Programmes: Programmes are set out approaches to achieving realistic economic development goals. They are time bound and measurable.
- Projects and Action Plans: Projects implement specific programs components. They must be prioritized and all costs must be established. They are time bound and measurable.

5. Mohokare LED Vision

The vision is a key element of the LED study and one of the first steps to strategy implementation. From the assessment of the local economy and the sector analysis of the LED, it is clear that there are real challenges and constraints facing the district due to a combination of the existing high levels of poverty, lack of basic services, low levels of formal employment opportunities and severe skill shortages. However, the district also plays host to a wealth of opportunities across a variety of sectors, from good potential for agricultural diversification through to the opportunities in the services and manufacturing sectors clearly apparent.

LED Vision:

To be an economically sustainable municipality committed to creating enabling environment for economic growth and sustainable development for the local communities.

6. LED Strategy

The strategies have been derived from the analysis of the local municipalities LED strategies and stakeholder meetings. The role of the district in the management of LED was one topic that was reviewed constantly by role-players, and some consensus was reached about district versus local support mechanisms for LED functions, the district was viewed as providing a more supportive role to the local LED offices based in each municipality – providing training support and an interactive forums well as some strategic intervention in key sectors – notably in agriculture and SMME development, that will aid localised economic growth. These interventionist strategies are described in greater detail below in the matrix and then unpacked further in the text that follows.

What is critical to understand is the methodology by which the local's development framework was derived. Essentially what was undertaken was a broad analysis of the LED strategies selected, based upon the World Bank's LED Principles (as set out in the LED Primer, 2006) to identify the areas wherein the Local's focus for LED lies. These in turn were then melded into a modified Porter's diamond to unpack the existing competitive advantages of the Municipality. These were then utilized in the formation of the framework that forms the closing part of this chapter.

The critical components of each LED strategy plan were examined within the following criteria: the **emphasis on skill transfer; retention of existing economic activity; broad-based focus of the plan; institutional development strategies; understanding and mitigation of HIV impact** and finally the **role of SMME development** and overarching BEE principles. This is examined overleaf in a matrix format.

What emerged out of these processes was an LED strategy the Municipality that is focussed on fostering an enabling environment for sectoral growth that results in additional employment opportunities in the district being developed. Key focus areas for the district are agriculture, tourism and transport.

SKILLS TRANSFER MECHANISMS	RETENTION OF EXISTING ECONOMIC ACTIVITY	BROAD-BASED ECONOMIC DEVELOPMENT	INSTITUTIONAL DEVELOPMENT	SMME AND BEE FOCUS
<p>Focus on literacy development</p> <p>SMME entrepreneurial skills enhancement</p> <p>Better usage of existing FET college structures</p> <p>Develop a knowledge network</p> <p>Revive skills forum</p> <p>Establish a technical training centre</p>	<p>Develop a database of existing firms and service providers</p> <p>Co-operative development focus</p> <p>Develop clustering model for the manufacturing sector</p> <p>Strengthen participatory process of local stake in commerce</p> <p>Agricultural machinery and equipment share depots</p> <p>Crafting schemes to be integrated into district plan</p> <p>Agricultural cooperatives to be Encouraged</p> <p>Incentive roll out</p> <p>Informal sector management</p> <p>Infrastructure audit</p>	<p>Integrated transport plan</p> <p>Business support centre</p> <p>Buy local campaigns</p> <p>Rural services centre</p> <p>Nodal development Plan</p> <p>Development of agro-processing initiatives</p> <p>Bio diesel</p> <p>Agricultural waste management schemes</p> <p>Additional investment in urban transport</p> <p>Multi-purpose community centre</p> <p>Widening of economic activities within the district</p>	<p>Additional support to be developed surrounding access to financial resources for emerging business</p> <p>Creation of markets for agricultural goods</p> <p>Co-ordinate agricultural related infrastructural development with Agro-SA</p> <p>Develop a LED Forum comprising of local business, municipal representatives and community members</p> <p>Buy back and recycling scheme</p> <p>Buy local campaign to bolster local suppliers stake in commerce</p> <p>Tourism database</p> <p>LED Officers Program</p>	<p>Create opportunities for farmers to enter cash economy</p> <p>Support services centre for SMME</p> <p>Adopt a BEE charter within the Tourism Strategy</p> <p>Mentoring and support programme</p> <p>Registration of service providers on municipal data base</p>

7. Development Framework

This analysis of the municipality’s strategies allows for critical areas of additional support to be identified and incorporated into the overarching strategy for the municipality. Skills development, and essentially LED skills and capacity development is a critical aspect of each local municipality’s LED strategy and some level of coordination is required at a district level to insure that a similar standard is maintained across the board as well as help assist in accessing training for local municipalities which are facing capacity constraints.

The focus on tourism bodes well for the LED as a district strategy is already in place, what appears to be a concern throughout the district is the merging of a localized strategy with the district vision and implementation plan.

Manufacturing (Transport) and agriculture are key areas of focus for Mohokare’s LED, with focus once more placed on creating an enabling environment for further development and growth within the sectors.

While HIV/Aids and BEE do not appear as direct strategies within the development framework neither are ignored nor set aside. Throughout the LED strategy cognisance must be made of the impact of the HIV/Aids pandemic on the Municipality and training and support mechanisms need to be put in place to help all economic actors to understand the impact on their activities, similarly BEE forms part of the strategies surrounding economic development of the key sectors identified below.

The LED strategy calls upon Mohokare to act as both a facilitator and operational role. The facilitation aspect relates to creating an enabling environment for LED to occur within the district by interacting with all the local municipalities and undertaking a coordination role. However, there is also scope for the district to tackle specific district wide projects for which only Xhariep District has the available capacity to implement.

These issues are described in some detail in the development framework matrix below. It is however useful to first examine the goals and objectives of the strategy before examining the programmes and expected activities in detail.

8. Goals and Objectives

As the matrix below indicates, each economic development goal is broken up into a series of objectives. These objectives were devised as a supportive objective for the municipality, and many mirror the objectives of the other local municipalities.

Goals	Objectives
Grow Tourism	Establishment of tourism forums and strengthening of working relations where they exist. Identification and profiling of tourism and heritage sites Erection of tourism signage in all the three towns Establishment of a tourism centre Exhibition and marketing all Mohokare tourism destinations. Identification and training of tour guides

Goals	Objectives
	Promotion of domestic tourism Grow cultural tourism in the district Aid SMME development in the sector Grow adventure tourism Capture Share of Maloti Tourism Route Clustering Support
Grow Manufacturing Sector	Encouraging purchase of locally produced goods SMME development Increases in foreign direct investment Growth in employment Increased BEE participation Development of ICT sub-sector
Support Agricultural Development	Expand market access for emerging growers Diversification of crop production Increased value adding activities in the sector Increased support services Grow female participation
Enhance ICT Sector	Rural communication network Broadband access ICT Incubators and Industry Support Strategy Grow BEE in the sector
Improve LED Support Mechanisms	Improve institutional support within the local municipalities and between the district and local municipalities Improved training and capacity in LED for both officials and councillors

The LED Support Mechanism goal is split into two key objectives, improving inter municipality support institutional support as well as intra-local municipality support systems and enhanced training and capacity building in LED for officials and councillors. Each of the objectives indicated above are then further split into a series of specific programmes and arising actions. These are discussed briefly below, with a detailed synopsis of each programme following on from this in the next chapter of this report.

Strategy: Improve local employment opportunities; foster an enabling environment for the sectoral growth. Key focus areas for the district are agriculture, tourism and manufacturing.

<i>Goals</i>	<i>Objectives</i>	<i>Programmes</i>	<i>Activities</i>
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<i>Goals</i>	<i>Objectives</i>	<i>Programmes</i>	<i>Activities</i>
Grow Tourism	<p>Grow cultural tourism in the district</p> <p>Aid SMME development in the sector</p> <p>Grow adventure tourism</p> <p>Capture Share of Maloti Tourism Route</p> <p>Clustering Support</p>	<ul style="list-style-type: none"> • Incorporate cultural sites into local tourism focus • Identifying supplier opportunities • Training and development initiatives • Identifying activity based opportunities for quad bikes, 4 x 4 trails and micro lights, horse trails, hiking, mountain biking • Tourism transport system • Promotion of BEE development 	<ul style="list-style-type: none"> • Link into the Tourism Association's strategy in the District, alignment to occur through the identification of stakeholders and the coordination of a series of workshops • Identify small operators in the district • Develop a database of operators identifying services, location and costing with a formal web interface • Promote ICT training to smaller operators in the district • Establishment of learnerships for PDI candidates at local FET Colleges • Encourage participation at local trade shows and at regional events
Grow Manufacturing Sector	<p>SMME development</p> <p>Increases in foreign direct investment</p> <p>Growth in employment</p> <p>Increased BEE participation</p> <p>Development of ICT sub-sector</p>	<ul style="list-style-type: none"> • Create an ICT Strategy • Focussed incentives for employment rich industries • Finalise the Mohokare Incentive Policy and Investment Strategy • Develop a formal SMME strategy • Develop SMME incubator • Integrate SMMEs into the districts procurement policies • Develop a clustering strategy for the district 	<ul style="list-style-type: none"> • Identify potential spatial and non-spatial clusters in leading sectors • Conduct a feasibility study detailing alternative mechanisms for clustering in the district • Undertake research on SMME's in the district • Undertake a feasibility study for an SMME incubator in the district • Develop a database of SMME service providers • Provide HIV/Aids support services for SMME's • Identify potential industries • Identify relevant skills and requisite training needed • School leavers focussed employment drives • Employ local campaigns • Employee health and HIV campaigns • Undertake research on ICT in the district • Undertake a feasibility study for an ICT incubator in the district

<i>Goals</i>	<i>Objectives</i>	<i>Programmes</i>	<i>Activities</i>
Support Agricultural Development	<p>Expand market access for emerging growers</p> <p>Diversification of crop production</p> <p>Increased value adding activities in the sector</p> <p>Increased support services</p> <p>Grow female participation</p>	<ul style="list-style-type: none"> • Develop regional emerging growers • Market • Organic vegetables • Meat Processing • Export driven commodities • Biodiesel production • Agro-processing • District coordinated training for extension officers • District coordinated interaction programme with commercial farmers • Identify and encouragement of women growers and encourage 	<ul style="list-style-type: none"> • Undertake a feasibility study • Identify growing areas • Identify potential crops • Identify communities and wards to act as pilot projects • Identify potential buyers • Undertake feasibility study identifying growing areas and plant costs • Coordinate efforts with SASEX and farmers associations • Undertake a joint training program with the DOA • Incorporate commercial farmers into the LED structures of the LMs and the district • Investigate potential training activities for women farmers with both DOA and the FETs • Offer learnerships for candidates
Enhance ICT Sector	<p>Rural communication network</p> <p>Broadband access</p> <p>ICT Incubators and Industry</p> <p>Support Strategy</p> <p>Grow BEE in the sector</p>	<ul style="list-style-type: none"> • Identify solutions for improved rural communication • Generate a communication strategy • Improved accessibility to broadband in the district • Identify solutions for improved rural communication • Generate a communication strategy • Develop a formal ICT strategy • Develop ICT incubator • Promote ICT sector • Develop specialised support services for BEE firms in line within ICT sector 	<ul style="list-style-type: none"> • Engage with the private sector to identify available technology • Undertake a feasibility study • Undertake research on the implications and integration of a communication strategy on LED in the district • Undertake research on the implications and integration of an ICT strategy on LED in the district • Undertake a feasibility study for an ICT incubator in the district • Focus incentives on the ICT sub-sector • Focus on identifying BEE role players • Incorporate into the ICT development strategy

<i>Goals</i>	<i>Objectives</i>	<i>Programmes</i>	<i>Activities</i>
Improve LED Support Mechanisms	<p>Improve institutional support within the local municipalities and between the district and local municipalities</p> <p>Improved training and capacity in LED for both officials and councillors</p>	<ul style="list-style-type: none"> Improved utilisation of the LED Forum Develop a LED newsletter Improved participatory processes in decision making Identify officials and councillors as well as community and business owners to participate in LED training workshops 	<ul style="list-style-type: none"> Repackaging the LED Forum to meet the district's needs. Make newsletter available throughout the district Grow the membership to be a more inclusive body Generate suitable programmes Learnerships Hold participatory workshops Monitor results and hold follow up training

These programmes are described in greater detail below and are placed into a five year budget plan at the end of this chapter to help align with the existing IDP processes within the Municipality.

9. Programmes and Project Plans

During its first meeting held on 01 April 2014 the Mohokare Forum resolved to set up dates for stakeholder consultative meetings in all the three Units of the municipality. This resolution was arrived at given non availability of other stakeholders to meetings as well as the fact that time was running against us. Consultative meetings were successfully held on 9, 10, and 11 for Zastron, Rouxville and Smithfield respectively. Sector and Stakeholder Inputs were accordingly per Sector:

- ZASTRON STAKEHOLDER INPUTS**

a) Tourism sector

<i>Project Name</i>	<i>Priority Nr</i>	<i>Estimated Budget</i>
Further development and marketing of Kloof dam and Montagu dam resorts for tourism and accommodation purpose		
Identification and documentation of all our tourism destinations		
Opening a tourism information centre		

Upgrading and populating municipal website with our tourism destinations and opportunities		
Assist local hospitality industry to grade their facilities		
Engage the Department of Police, Roads and Transport for the upgrading of Maloti tourism route		
Marketing our paragliding , 4 X 4 mountain trail, Water sport at Montagu dam, Mountain hiking		
Upgrading of the S2 to easy tourism relations with the Mountain Kingdom of Lesotho		
Upgrading and maintenance of our sports facilities		
Municipality to have partnerships with tourism forums particularly on cleaning campaigns: The “ It’s the responsibility of all of us to make our town clean and attractive” Motto		
Partnering with local tourism forum to market and promote the annual Gat Fees in Zastron		
Up keep of our parks, sports facilities and open spaces		
Promotion of domestic tourism		
Upgrading of our internal streets		
Identification of, and engaging private property owners where heritage sites and tourism destinations are located		
Erection of tourism signage		
Resuscitation of the railway line for tourism by steam train/ locomotive		
Developing a Tourism Sector Plan/Strategy		

b) Investment and Business Growth

<i>Project Name</i>	<i>Priority Nr</i>	<i>Estimated Budget</i>
Upgrading of the S2 gravel road to Makhaleng border post		
Resuscitate discussions around the commercialization of the border post		
Avail the old show grounds for business development		

Identify and putting up for sale all municipal strategic pieces of land		
Showground in Zastron		
Industrial land in Zastron		
Piece of land along R26 and N6 in Rouxville		
Truck Stop in Smithfield		
Develop a piece of land next to the Conner shop into a business hub and relocate both the taxi rank and the hawkers to the said location		

c) SMME Development

<i>Project Name</i>	<i>Priority Nr</i>	<i>Estimated Budget</i>
Encourage the establishment of both agriculture and manufacturing cooperatives		
Partnering with SEDA for SMMEs training		
Capturing all our SMMEs into municipal database		
Municipality to make it easy for local SMMEs to access local natural resources for purpose of business growth and job creation		
Municipality to make it easy for SMMEs to access land for business use		
Outsourcing some of municipal service delivery responsibilities to local cooperatives		
SCM to be always bias towards local SMMEs		
Developing a SMMEs Development Plan/Strategy		

d) Agriculture and Agro Processing

<i>Project Name</i>	<i>Priority Nr</i>	<i>Estimated Budget</i>
Giving and seeking support for emerging farmers to assist them to go commercial		
Lobby the department of Agriculture to put appropriate infrastructure on commonages		

LED Unit to forge close relations between emerging farmers and commercial farmers for purpose of sharing skills and experience		
Department of Rural Development and Land Reform to assist to secure farms for Mohokare emerging farmers		
Establishment of Agro processing factories		

• **ROUXVILLE STAKEHOLDER INPUT**

a) **Tourism sector**

<i>Project Name</i>	<i>Priority Nr</i>	<i>Estimated Budget</i>
Promote Maloti tourism corridor along the R26 route		
Identify and profile some activities to be done along this route		
Profiling of the following tourism sites: <ul style="list-style-type: none"> • Kalkoen and Dog dam for water sports • Hiking and 4X4 routes • JBM Hertzog Bridge to be renamed Albert Nzula Bridge • Ramases historic graves • Great Trek Burger monument • Criterion hotel to be declared heritage building • Polka lien building • Guesthouse which was built in 1929 but still exists to date • Guests farms in Zeekoeigat, Badplaas and Beestekraalnek • History of Beersheba, Thabana tsa bana ba Makhetha, Dipelong and Makhonthulleng 		

Identification of a piece of land to build the Freedom Square in remembrance of Rouxville political activists who were killed by the Apartheid regime		
Opening a tourism information centre		

b) Investment and Business Growth

Project Name	Priority Nr	Estimated Budget
Open communication channels with government entities like FDC, IDC, SEDA, DBSA, SANRAL as well as sector departments		
Give all necessary support to SMMEs		
Municipality to fast track the completion of Caledon Bulk Water project		
Open communication channels with local farmers and encourage them to process their produce locally		
Engage the DoA to give support to emerging farmers		
Municipality to avail land for use by emerging farmers		
Forge Partnership with Goedemoed Prison to share agriculture skills with farming cooperatives		
Explore the possibility of starting a wool processing factory in Rouxville		
Engage EDU MED with the possibility of opening a manufacturing plant for mobile clinics in Rouxville		
Goedemoed Supply Chain to benefit local SMMEs		
Prison to give priority to local citizens when employing staff		
Engage SANRAL for the upgrade of N6 in Rouxville		
Upgrade of the road that links Rouxville to Goedemoed as well as Sterkspruit		

Municipality to avail land along the N6, R26 and R27 for development purpose		
Resuscitation of the golf course in Rouxville		
Outsourcing some of municipal services to SMMEs		
In the medium term attract investment in a form of: Shop-Rite, Pick n Pay		
Municipality to avail land for construction of a shopping complex		
Engage SANRAL about the possibility of establishing a truck weight stop in Rouxville		
Engage SANRAL to build a pedestrian path along the N6		
Construction of a taxi rank that will cater for both short and long distance trips		
Engage Transnet about the resuscitation of the railway and revamp of the housing infrastructure that use to belong to them		
Open discussions with Motheo FET college to open a satellite technical college in Rouxville		
Municipality to start identifying land for the technical college		
Open bi-laterals with Koega development Agency in PE and find out which of their economic development activities can benefit Rouxville		
Engage COGTA to avail funding for putting up infrastructure on sites identified for human settlement		
Explore the possibility of coal mining at Stonskraal farm		

- **SMITHFILED STAKEHOLDER INPUTS:**

a) Tourism sector

<i>Project Name</i>	<i>Priority Nr</i>	<i>Estimated Budget</i>
Market Smithfield as the second oldest town in Free State (founded in 1848) and was named after Sir Harry Smith		
Market its Old Cape cottage-style homes and buildings		
Once again open a tourism information centre		
Identify and train tour guides		
Has excellent mountain bike trails through the surrounding hills and Kloofs		
Identification of areas where king Moshoeshoe and the English held their meetings in the mid 1800		
Preservation of the grave sites where some of the Anglo-Boer war victims were buried		
Research and profile some of the noteworthy tourism attractions such as: <ul style="list-style-type: none"> • Basotho War Memorial • The Robertson War Memorial • Carmel Missionary Station • Karoo House • Leeukop Farm • Caledon River Farm • The Caledon River Museum • The Beersheba Farm 		
Identification and preservation of Bushman paintings around town		
Municipality to assist to market annual events such as Smithfield “ Bibber” Chill Festival		
Further development of Smithfield museum and its marketing		

b) SMMEs , Investment and Business Growth

<i>Project Name</i>	<i>Priority Nr</i>	<i>Estimated Budget</i>
Truck-Stop be made accessible for SMMEs to start businesses:		

<ul style="list-style-type: none"> • Car wash • Chisa nyama • Restaurant • Rest Rooms 		
Municipality to have bilateral with SANRAL to discuss the future of this strategic commercial land		
Local SMMEs to be given priority in any developmental projects that take place in Smithfield		
Manufacturing cooperatives be supported e.g. Phatsimo Brick making coop for RDP houses		
Establishing Local Economic Development forum that will champion the economic interests of local SMMEs		
Municipality to be engaged around outsourcing some of its services to SMMEs as a form of job creation: <ul style="list-style-type: none"> • Maintenance of parks and cemeteries • Sewerage unblocking • Unblocking of storm water drains 		
Engage municipality to open the recreation centre for use by the following sporting quotes: <ul style="list-style-type: none"> • Table tennis • Basket Ball • Volley Ball 		
Development of a piece of land around to the dam		
Upgrading of the gravel road that links Smithfield to Trompsburg		
Promote establishment of cooperatives		
Identify strategic pieces of land for investment		

G. IMPLEMENTATION

1. Introduction

This section describes the final phase of the LED Study and makes firm recommendations on the implementation of the LED strategy. This would entail the restructuring of institutional arrangements as well as other interventions. The vision as formulated in Section 5, guides the focus of the marketing strategy in terms of the potential development projects. This section provides recommendations on the potential funding sources and a marketing strategy that should initiate the establishment of an investor friendly, vibrant LED and business culture in the Mohokare Local Municipality so as to attract greater economic opportunities and activities to the area.

MOHOKARE LED IMPLIMENTATION PLAN

Strategic objective	KPI	FY	FY	FY
Introduction of	Functioning		2015/2016	

LED projects Implementation Agent	projects implementing Agent			
Establishment of LED Forums in Zastron & Smithfield	Existence of LED forum in both Towns	2015/2016		
Creation of LED web site	Existence of LED web site		2015/2016	
Promotion of tourism	Establishment of tourism forums & strengthening of relations where they exist	2014/2015		
	Identification and profiling of tourism and heritage sites	2014/2015		
	Erection of tourism signage in all the three towns		2015/2016	
	Establishment of a tourism centre			2016/2017
	Exhibition and marketing of Mohokare tourism destinations			
	Compilation of a Tourism Sector Plan		2015/2016	
Job Creation	Sustainability of EPWP project and implementation			
	Sustainability of CWP project and further implementation			
SMMEs support and business development	SMMEs registration on municipal database	2014/2015		
	Road shows on procurement of services and tendering for business: LED Unit and Finance dept	2014/2015		
	SEDA technical training for SMMEs	2014/2015		
	Introducing a locally bias municipal supply chain policy			

Cooperatives support and development program	Existence of registered cooperatives			
	Securing municipal contracts for local cooperatives e.g cleaning of cemeteries, renovation of municipal buildings, unblocking storm water drains and securing municipal property and buildings			
SMMEs development	Technical training by SEDA			
	Business plan processing training			
	Prioritization of local contractors when municipality issues development contracts and services			
	Re-Commercialization of Makhalleng border post			
Job Creation initiatives	Holding a job creation summit	2014/2015		
Development of Tourism Plan/ Strategy	Existence of the Plan	2015/2016		
Development of Agricultural Plan	Existence of the Plan	2015/2016		
Development of SMMEs Development Plan	Existence of the Plan	2015/2016		

2. Institutional Arrangements

The aim of this section is to provide guidance to the district towards managing the LED process. Recommendations are made based on the observed capacity of Mohokare Local Municipality. It remains central that dedicated resources (human and financial) must be applied in the initiation, management, implementation and monitoring phases of the proposed projects.

It is therefore recommended that the Mohokare Local Municipality identify, train and position a dedicated person who will act as “project manager” for LED processes within the Development Planning

function of the Municipality and also have the duty of liaising with all relevant role players throughout other local municipalities. It is envisaged that the person be totally capable and driven to grow economic opportunity in the study area through the vigorous marketing and initiation of LED projects. This recommendation has been identified by each of the local municipalities, who have each cited the lack of capacity as a major constraint to implementation of LED initiatives.

3. Practical Management of the LED Process

When LED projects are to be initiated and implemented on a practical level, five core activities have to be identified. It should be noted that these core activities are inter connected and are not separated from each other.

These are the following:

- Identification- refers to those activities pertaining to the identification of potential projects and opportunities that can be developed in the local economy and is the first step of the LED.
- Defining Approach –refers to the process if specifically defining the project and implies the actual formulation of business plans.
- Marketing – refers to place marketing as well as the marketing of specific products or services produced by the respective projects
- Funding- refers to the acquisition of finances for the implementation and development of projects.
- Implementation- refers to the culmination of the preceding activities resulting in the identified opportunities being put into action.

Each of the aforementioned activities/ phases of practical implementation is made up of its components. These components similar to the activities, are independent and progressive and build up to the implementation and evaluation of projects. It is important to note that the District Municipality should assist the local authority in all of the abovementioned activities of practical implementation depending on the capacity and or assistance required.

4. Potential Funding Sources

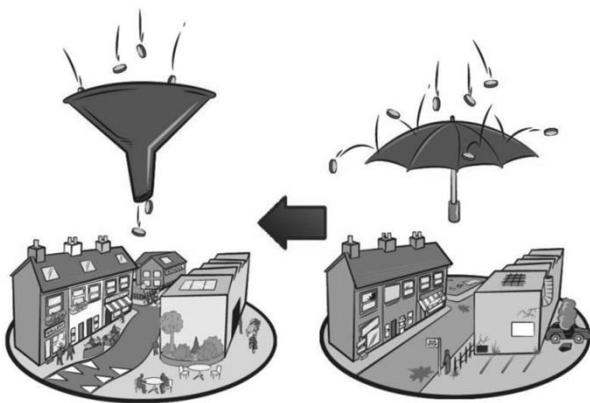
A range of institutions have been identified which could possibly be utilized as potential funding sources. The list of potential funding sources could is illustrated in the table below:

Type of Sector	Potential Funding Source	Comments
Agriculture	<ul style="list-style-type: none"> • Gijima • SEDA • DTI 	The Small Enterprise Development Agency (SEDA) is the Department of Trade and Industry's agency for Supporting small business in South Africa.
Tourism	<ul style="list-style-type: none"> • Gijima • Land Bank • Department of Environmental Affairs and Tourism 	
Business Development	<ul style="list-style-type: none"> • DTI 	

Infrastructure Development	<ul style="list-style-type: none"> • Department of Communications 	
SMME Development	<ul style="list-style-type: none"> • SEDA 	
Institutional LED Development	<ul style="list-style-type: none"> • COGTA 	
Skills Development & Capacity Building	<ul style="list-style-type: none"> • DBSA • MISA 	

It should be noted that the funding institutions included in the above table does not include all the funding options that are available. Therefore, it is recommended that further investigations be done on the possible funding sources still available. It is also important to note that funds are made available to those who only qualify, therefore it is imperative to contact these institutions and find out whether the project complies with the certain requirements that these institutions might have.

5. Comparative Advantages



Marketing is considered critical to the long-term success of the LED initiatives. This is especially true in sectors such as tourism, trade where the growth and success of new ventures are solely dependent on the consumer.

Marketing campaigns should always start out with an assessment of the comparative advantages in the area. These advantages contribute to also most total to the decision of the potential investor to invest in a specific area, region, site or town. It is therefore imperative that these advantages be

aggressively promoted when implementing the marketing strategy.

Comparative Advantages of Mohokare Municipality

- Tourism Destination
- Agriculture
- Linkages
- Transport

6. Implementation Matrix

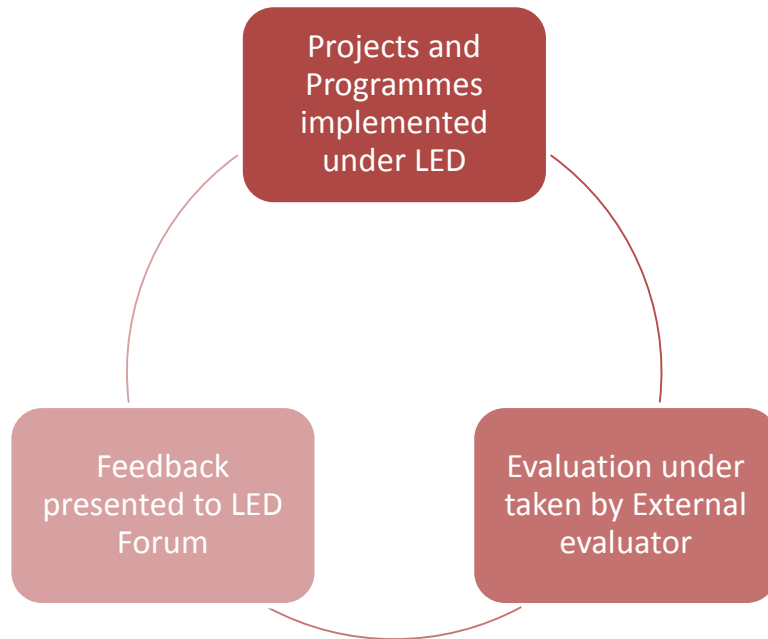
Project	Budget	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Zastron						
Aquaculture	R5000 000	2014/2015	2015/2016	2016/2017		
Piggery	R1000 000		2015/2016			
Large scale vegetable farming	R2000 000	2014/2015	2015/2016	2016/2017		
Charcoal production	R2000 000		2015/2016			
Textile factory	R1000 000		2015/2016	2016/2017		
Sand stone bricks	R 500 000		2015/2016			
Rouxville						
Large scale poultry farming	R2.5 000 000		2015/2016			
Meat processing	R10 000 000		2015/2016	2016/2017	2017/2018	
Solar energy plant	R15 000 000		2015/2016	2016/2017		
Milk processing factory	R2.5 000 000		2015/2016	2016/2017		
Wool processing factory	R5000 000		2015/2016	2016/2017	2017/2018	2018/2019
Smithfield						
Beef farming	R5 000 000		2015/2016	2016/2017		
Bakery	R 500 000	2014/2015				
Truck-stop Refreshment Station	R10 000 000		2015/2016			
Car wash	R 100 000		2015/2016			

7. Monitoring and evaluation

Monitoring and evaluation is a critical function of the LED process. Without proper examination of the work undertaken, programs initiated and projects funded there can be no understanding of what has been successfully implemented. Thus, there is no basis for the allocation of future funding and placement of other scarce resources from the Municipality.

In order to insure that monitoring and evaluation of all aspects of this LED Strategy occurs it is recommended that the District appoint an external evaluator to undertake a yearly review of LED programs and projects within the Municipality. An external evaluator is preferable, as using an official is impractical – they are the implementers of the programs and projects, they are highly constrained and certainly far from impartial. Using Councilors to fulfil the role of evaluator is also problematic, as the nature of representative governance denudes them of the ability to be fully impartial while still representing the interests of their wards.

Evaluation is an essential and critical part of a feedback loop to the decision making body, this is indicated below in the stylized graphic:



By incorporating the evaluation into the cycle, the LED Forum will be able to aid decision making about which programs to continue funding and which to remove the LED Strategy. The DPLG (COGTA) guidelines for LED implementation includes a chapter on monitoring and evaluation (M & E) and points out that M & E is critical for aiding answering the questions of whether or not the LED's objectives have been met; incorporates aspects of good governance with regards to public resources (Budgets and time) as well as help direct project design and implementation.

The guideline goes on to list the following rationale for M & E importance (DPLG, 2006: 116):

- It helps to build trust with businesses, financial institutions and investors by openly sharing results
- The emergence of recorded benefits early on helps reinforce ownership and early warning learning by all regarding emerging problems allows action to be taken before costs rise
- A well designed M&E system allows for mid-course corrections
- A reliable flow of M&E information during implementation enables managers to keep track of progress and to adjust operations to take account of experience
- It allows for the interventions to be adapted to reflect the changing needs of target businesses, sectors and companies
- It provides important information on how to use limited resources more efficiently by directing investments to programmes and activities that have the greatest impact on productivity, job growth or investment
- It allows for the benchmarking of LED interventions against examples of good practice
- It demonstrates the impact of LED interventions in terms of poverty reduction, city GDP growth or employment creation to clients, citizens and potential investors
- It can help to justify budget requests for further LED interventions

In order for the Mohokare Local Municipality to achieve the goals set out in this LED Strategy, monitoring and evaluation need to be given sufficient impetus and the results should be re-applied into the strategy. LED is not a stagnant document; it is a living breathing policy that needs to interact with the local conditions and communities to generate the greatest benefit for the entire Mohokare community.

