

1. INTRODUCTION

The national Department of Provincial and Local Government describes the objectives of the local Economic Development Fund as to -

- (a) Support municipalities in facilitating job creation and job retention within localities.
- (b) Support the creation of sustainable local economies through proactively addressing issues of economic decline and dependency on single sectors, and taking advantage of economic opportunities.
- (c) Ensure that local economic growth and activity benefits the poor and disadvantaged.
- (d) Support rural development, particularly in areas that are affected by backward migration from urban areas.
- (e) Support both projects targeting sectors or geographic spaces addressing urban renewal.
- (f) Ensure women participate at all levels of project planning and implementation and benefit from directly and indirectly from projects.
- (g) Build institutions and delivery mechanisms that promote and enhance co-operative governance.

The Department of Provincial and Local Government identified twenty Local Economic Development projects for evaluation in the Western Cape during February – March 2002. A profile summary of the projects is herewith attached as Annexure A.

Chart 1 shows the three-year Local Economic Development funding overview from 1999/2000 to 2001/2002, Chart 2 illustrates the funding overview for 2002/2003 – 2003/2004 and Chart 3 provides an overview of the grand total for Local Economic Development funding from 1999/2000 – 2003/2004.

In addition to money from the Local Economic Development Fund, five municipalities had additional municipal investment¹ for their projects. Four had additional private investment² and seven additional other government investment³ (other than Local Economic Development funds). Furthermore, one municipality also had other funds of investment⁴. Chart 4 to Chart 8 provides the illustrations.

[INSERT CHART 4 – 8]

1.1 Project description (in a nutshell)

For the sake of comprehensiveness a short description provides the background to the projects.

The **Bird Island Project (Cederberg Municipality)** is located in Lamberts Bay and is in operation, although certain developments on the island still need to take place. The island is linked to the mainland and is readily accessible for tourists. A penny ferry is planned as an alternative to row tourists across to the island. The project aimed to use the island's many sea birds as a tourist attraction. Apart from a bird hide for bird watching, there is also a restaurant, a curio shop and small indigenous aquarium. The official launch of the island is planned to take place shortly.

The **Griqua Ratelgat Development Project (West Coast District Municipality)** located on a farm, Ratelgat, some 40 km north of Vanrhynsdorp is still in a construction and development phase. One of the three nodes for development, the open-air amphitheatre has

¹ Additional funds invested in the project by the municipality (Municipalities of: Bergrivier, Cederberg, City of Cape Town, Matzikama and Saldanha).

² Funds invested in the project from the private sector (Municipalities: Cederberg, George, Oudtshoorn and West Coast District).

³ Other funds received from government sources e.g. CMIP, poverty alleviation, Public Works etc. (Municipalities: Cederberg, City of Cape Town, George, Oudtshoorn, Plettenberg Bay, Saldanha Bay and West Coast District).

⁴ Other funds received for the project, e.g. provincially, nationally or internationally (West Coast District).

just about been completed. It's already being used during traditional Griqua celebrations and festivals. The other two nodes, a tourist centre close to the road and tourist accommodation still has to be completed. The farm has been returned to the Griqua people as part of the land restitution process and has a rich history, symbolism and spirituality dating back to Le Fleur I, one of the first Griqua leaders. The Griqua Ratelgat Development Trust is part of the Griqua National Conference of South Africa. Sheep farming and small-scale agricultural farming are being reintroduced on the farm. The project has great eco-cultural tourism potential, as the farm will form part of the envisaged Knersvlakte Biosphere.

The **Khayelitsha Local Business Service Centre Project (City of Cape Town)** is located in old administration buildings dated back to pre-1994. The original idea was to house some of the trade's people of Khayelitsha in one building. The Local Economic Development Fund allocation was used to refurbish 11 of the 22 hives, to construct the business support office, the resource centre and the display area. Currently ± 39 tenants make use of the facility. Additional funding is needed for the refurbishment of the other 11 hives as well as some landscaping.

The **Khayelitsha Lookout Hill Tourism Facility (City of Cape Town)** is very much still in a construction phase. The first phase of the project, the boardwalk and lookout point, has been completed although final touch up work still needs to be done. The second phase will commence during April 2002. The complete facility will inter alia house a restaurant, space for various curio shops and an indigenous garden. The project aims to capture the annual foreign tourist market of ± 12 000 people to Khayelitsha. They already have the support of Kirstenbosch National Botanical Gardens, the Table Mountain National Park and the Waterfront. They will aim to target an additional 5% of the tourism market of the bigger Cape Town area.

The **Khulani Women's Project (George Municipality)** in George is operational, although some infrastructure still needs to be completed. The project is aimed at the overseas tourism market and marketing is a priority. Various handicrafts are produced as well as the performance of an original "Xhosa experience" of traditional dancing and singing.

The **Liquorice Processing Plant Project (Oudtshoorn Municipality)** is located in Dysselsdorp and is another example of a viable, sustainable commercially operational project. The project is managed as a business and could be used as a best practice project.

The **Oudtshoorn Composting Enterprise (Oudtshoorn Municipality)** in Oudtshoorn is aimed at the manufacturing of agricultural compost by using municipal waste. The project is experiencing problems with inadequate machinery and is pretty much still in the process of trying out different techniques to manufacture the best compost in the shortest period of time. (They are in contact with other municipal compost enterprises in Stellenbosch and Riversdale.) One of the challenges for the project is that currently it creates very limited job opportunities and there is no real community involvement or spin-offs for the community. A question that needs to be raised is where the profits from the selling of the compost is going too. If the money is going into the pocket of the municipality, it is very problematic as it means that the municipality then used the funding from the Local Economic Development Fund for creating an income for themselves.

The **Paternoster Community Tourism Development Project (Saldanha Bay Municipality)** is located in Paternoster and entails the rehabilitation of an area on the beachfront to accommodate small-scale fishermen. The idea is to create the infrastructure for local fishermen to sell their fresh fish and crayfish to the public from this spot. Completed infrastructure includes ablution facilities, a parking area, a shaded area where the fish will be cleaned and prepared and a white "ringmuur" around the facility. It is envisaged that the facility will become a tourist attraction and small stalls selling other local products will be operational during the tourist season. It will also link up with a "heritage walking route" planned as a further phase of the project. Such a facility has already been identified as a

community need in 1986, and has been reiterated by the West Coast Investment Initiative. Initially the municipality had problems purchasing the ground from the fish factory, the previous owners. If everything goes according to plan, the facility will officially be opened on Heritage Day (24 September) this year.

The **Rooibaai Fishing Jetty Project (Bergrivier Municipality)** is located in Velddrif and is for the most part in operation. The jetty has been completed and is in use by the local fishermen. A parking area has also been completed. Some delays are being experienced with the construction of ablution facilities due to resistance from a nearby residential area. The project aims to provide a jetty and mooring area for local fishermen who need facilities for private fishing. It is also a quaint tourist attraction and was done in an environmentally friendly and unobtrusive way. Apart from fresh fish being sold to the public, many fishermen also provide fish for the local “bokkom” industry.

The **Swellendam Alive Project (Swellendam Municipality)** situated in Swellendam is definitely an example of a well-managed, viable and sustainable, successful project. The philosophy of the project is to provide people with *entrepreneurial opportunities* not paid jobs. The workshop part of the project is housed in a historical building called “Morgenson” where various groups of trade’s people manufacture their products. The products are sold in their shop in town. Their biggest challenges are life skills training and marketing.

The **Wetlands Development Project (Matzikama Municipality)** is in Vredendal. The project is still in a construction phase although part of the facilities have already been completed, i.e. the parking area, entrance and ablution facilities, fencing etc. The project is aimed at tourism, especially during the flower season in Namakwaland.

The **Women on the Move (Micro Manufacturing) Project (Plettenberg Bay Municipality)** situated in Plettenberg Bay has a lot a potential. The construction of a dedicated facility for the project is under way. Although the manufactured products are still in a

developing phase and quality needs to be improved, the enthusiasm of the women is overwhelming. It is a good example of a grass roots need identified by a desperately poor community and being channelled into a project by the municipality that has the potential to be viable and sustainable given adequate support.

The **Zoar Dried Fruit Project (Kannaland Municipality)** situated in Zoar is commercially operating since October 2000 and is in all regards a successful project. In addition to the existing dried fruit new products are also being developed (e.g. sun dried tomatoes). Plans are in the pipeline to renovate an existing building into a road stall. The project could be used as a best practice project.

The majority of projects are in the tourism sector and consequently the majority of projects are tourism related projects. This includes: environmental tourism, cultural and eco-tourism, small-scale manufacturing for the tourism market and tourism facilities. Chart 9 and Chart 10 provide graphic illustrations.

[INSERT CHART 9 - 10]

1.2 Project Location Analysis

Table 1 summarises the geographic location of the projects as well as the reason(s) for the specific choice of location.

Table 1: Local Economic Development Project Location

Project	Geographic location	Reason for choice of location
Aqua Farming Project	The project is located in Ceres (± 45 km	The project plans to use existing water

(Witzenberg Municipality)	north west of Worcester) as part of the municipal caravan and camping site.	works facilities that lend itself to aqua farming of trout.
Bird Island Project (Cederberg Municipality)	The project is located in Lambertsbaai on the West Coast.	It is situated on a small island linked to the mainland via a jetty. Various seabirds use it as a breeding area and it forms a natural tourist attraction, now further developed by the project.
Catfish Farm/Potato Processing Plant Project (Cederberg Municipality)	The project is planned to be located in Graafwater, situated between Clanwilliam and Lamberts Bay on the West Coast.	The area of Graafwater is in dire need of economic stimulation. It is a town with a very high rate of unemployment, and its survival is dependent on some kind of economic development initiative that will direct people (tourists) from the R364 into town.

Project	Geographic location	Reason for choice of location
Griqua Ratelgat Development Project (West Coast District Municipality)	The project is located on the farm “Ratelgat” situated ± 40 km north of Vanrhynsdorp on the N7 (West Coast road).	“Ratelgat” was returned to the Griqua people as part of the land restitution process. It has significant cultural and spiritual meaning for the Griqua people, and as such predetermined the location of the project.
IT & Technical Skills Centre project (Stellenbosch Municipality)	The project is located in Franschhoek.	The project was the initiative of the previous Franschhoek Municipality in partnership with the Franschhoek Belgium Development Trust.
Khayelitsha Local Business Service Centre Project (City of Cape Town)	The project is located in Khayelitsha (Cape Town) on the corner of Spine Road and Bonga Road.	The project restored and refurbished old council buildings that were in disuse. This predetermined the location of the project.
Khayelitsha Lookout Hill Tourism Facility (City of Cape Town)	The project is located in Khayelitsha (Cape Town) on the corner of Spine Road and Mew Way.	The facilities are being constructed on the highest point in Khayelitsha. This predetermined the location of the project.
Khulani Women’s Project (George Municipality)	The project is located on the grounds of Transnet, behind the train museum. (The museum is frequented by large numbers of visitors with a spill over effect to the project.)	It was felt that their previous location in Thembaletu was less accessible.
Liquorice Processing Plant (Oudtshoorn Municipality)	The project is located in Dysselsdorp, ± 22 km east of Oudtshoorn.	The Dysselsdorp Transitional Council initiated the project during the previous local government dispensation for the economic development of Dysselsdorp.
Multi Purpose Youth Centre (Stellenbosch Municipality)	The project is still in the process of being finalised. It is planned to be located in Pniel, ± 15 km outside Stellenbosch on the way to Franschhoek.	

Project	Geographic location	Reason for choice of location
Nature Reserve Regeneration Project (Breede Valley Municipality)	The project is planned to take place on (farm) land owned by the municipality, situated ± 15 km west from Touws River on the R46.	The land borders on the property (also farm land) of “Aquila Private Game Reserve and Safaris”, with whom the municipality envisages a public/private partnership.
Oudtshoorn Composting Enterprise (Oudtshoorn Municipality)	The project is located on the outskirts of town on the municipal dumping site.	As it is a composting project making use of municipal waste, this is the logical location for the project.
Paternoster Community Tourism Development Project (Saldanha Bay Municipality)	The project is located in the small West Coast town of Paternoster, ± 16 km northwest from Vredenburg.	The nature of the project determined the location as the project evolves around the fishing community of Paternoster. The facilities provided are right on the beachfront.
Rooibaai Fishing Jetty Project (Bergrivier Municipality)	The project is located on the West Coast in Velddrif on the R399, ± 12 km from Vredenburg.	The aim of the project was to construct a fishing jetty for the local fishermen. It is adjacent to the fish factory and is the logical location for the jetty.
Swellendam Alive (Swellendam Municipality)	The project’s production area is located in a restored farm homestead, Morgenzon, in town. The project’s shop is located in the tourist centre of the town.	The project’s shop forms part of a restored building used to house various other tourist attractions e.g. a restaurant, gallery, open space area etc. It is also one of the venues used during the annual Swellendam Festival.
Tornado Disaster Fund (City of Cape Town)	The work undertaken by the Fund is located on the “Cape Flats” on the outskirts of the Cape Town metropolitan area.	The areas that were hit by the tornado determined the location.

Project	Geographic location	Reason for choice of location
Tourism Training Project (Stellenbosch Municipality)	The project is located in Franschoek.	The project was the initiative of the previous Franschoek Municipality in partnership with the Franschoek Belgium Development Trust.
Wetlands Development Project (Matzikama Municipality)	The project is located in Vredendal on the West Coast.	The wetlands area is located in Vredendal North, between the municipal dumping ground and a residential area and therefore predetermined the project location.
Women on the Move (Plettenberg Bay Municipality)	The project is located \pm 30 km east of Plettenberg Bay (on the N2 on the way to Nature's Valley) in an informal settlement area called Kurland.	The premises of the project are literally across the road from Kurland. The women therefore don't have to travel far. The project has been initiated by the women in Kurland as a response to the abject poverty in which they live.
Zoar Dried Fruit Project (Oudtshoorn Municipality)	The project is located in the small settlement of Zoar, \pm 20 km east of Ladysmith on the R62. (Zoar was amalgamated into the bigger Kannaland Municipality.)	The project was the initiative of the Zoar Transitional Council, and is as such situated in Zoar.

2. METHODOLOGY

The evaluation of the Local Economic Development projects in the Western Cape was undertaken by using a two-pronged approach. Based on the pro-forma evaluation outline provided by the Department of Provincial and Local Government a more detailed questionnaire was designed. The **structured questionnaire**, herewith attached as Annexure B, was faxed and/or e-mailed to all the relevant municipalities prior to meeting with them. In an accompanying covering letter to all the relevant municipalities it was explained how to complete the questionnaire and what was to be expected of the scheduled meetings (herewith attached as Annexure C). During the meetings an additional **open-ended structured questionnaire**, herewith attached as Annexure D, was used to guide the discussions and to make sure that all relevant issues were addressed. A project interview list is herewith attached as Annexure E.

Following most of the meetings, a **site visit** took place. (Herewith attached as Annexure F.) With three of the projects, site visits were not necessary as the projects are still in a process of being finalised and nothing concrete could be evaluated. These projects were:

- ⇒ The Aqua Farming Project in Ceres of Witzenberg Municipality
- ⇒ The Catfish Farm/Potato Processing Plant Project of Cederberg Municipality and
- ⇒ The Multi Purpose Youth Centre Project of Stellenbosch Municipality

Furthermore, with two other projects it was also not possible to do site visits due to time constraints for the municipality involved. These projects were:

- ⇒ The Khayelitsha Local Business Service Centre Project of the City of Cape Town
- ⇒ The Khayelitsha Lookout Hill Tourism Facility Project of the City of Cape Town

In addition, some projects made extra information available that assisted with providing context information for the projects. The statistical data received from the questionnaires was transferred to an Excel spreadsheet (herewith attached) to enable

analysis. Additional follow up was done as some information was unclear or further information was needed.

3. **LOCAL ECONOMIC DEVELOPMENT PROJECT EVALUATION**

The evaluation used the following prescribed key performance indicators:

1. Project selection
2. Project analysis
3. SMME development
4. Locational analysis
5. Marketing analysis
6. Employment creation and training
7. Assets
8. Gender
9. Institutional analysis
10. Service providers
11. Financial management
12. Progress analysis

The data of three projects are not included in the evaluation, as their municipalities were unable to respond timely, *despite all efforts made to include them.* (For detailed background information, please refer to Annexure G.) These projects are:

- (a) The IT and Technical Skills Centre Project of Stellenbosch Municipality
- (b) The Tourism Training Project of Stellenbosch Municipality
- (c) The Tornado Disaster Fund Project of the City of Cape Town

The data of another four projects were not available and is not included in the evaluation, due to the fact that for differing reasons the projects are not yet finalised and are not in operation. These projects are:

- (a) The Aqua Farming Project of Witzenberg Municipality
- (b) The Catfish Farm/Potato Processing Plant Project of Cederberg Municipality
- (c) The Multi Purpose Youth Centre Project of Stellenbosch Municipality

(d) The Nature Reserve Regeneration Project of Breede Valley Municipality

These projects are discussed in short.

(a) The Aqua Farming Project of Witzenberg Municipality

This project received a once-off allocation of R410 000 in 2001/2002. Initially the project was identified after a Social Development Fund study was undertaken. The Aqua Farming Project was one of five projects identified. (The other four projects have all obtained funding from elsewhere and are up and running.) Originally the provincial Department of Economic Affairs, Agriculture and Tourism indicated that they were interested in funding such a kind of undertaking, and undertook to fund the first two phases of the project. Based on this undertaking, the municipality applied for Local Economic Development funding for phase 3.

Unfortunately, the funding from the Department of Economic Affairs, Agriculture and Tourism did not materialise (due to a lack of continuity after the official that the municipality had been dealing with resigned) and the municipality is now stuck with funding for phase 3, but no funding for the first two phases. According to Keith Stuurman responsible for the project, numerous correspondence have been forwarded to the national Department of Provincial and Local Government, explaining the situation and asking for permission to use the Local Economic Development funding allocated for phase three to get the project started (i.e. implement the first two phases).

However, no official correspondence has been forthcoming from the national department and consequently the municipality has been unable to start with the implementation of the project.

(b) The Catfish Farm/Potato Processing Plant Project of Cederberg Municipality

The Cederberg Municipality originally received R1 500 000 for the Catfish Farm project in 1999/2000. However, due to problems with the project (familiar to both the

national and provincial departments) a million Rand was retracted from the project, leaving them with R500 000. Shortly thereafter the municipality let go of the idea of a catfish farm in Graafwater. Recently the municipality thought of developing a potato processing plant as Local Economic Development project, and initial investigations showed that it could be a viable undertaking. However, the idea was “stolen” from them and is currently being privately developed by someone in the Moorreesburg area. Consequently the municipality is currently again without a feasible project.

(c) The Multi Purpose Youth Centre Project of Stellenbosch Municipality

The previous Pniel Transitional Council put the Multi Purpose Youth Centre forward as a project. R500 000 was allocated to the project for 2000/2001 and a further R300 000 was indicated for 2002/2003 and R200 000 for 2003/2004. With the recent local government transformation process, Pniel was incorporated into Stellenbosch Municipality. Currently the project is unable to get underway due to strongly opposing views in the community of Pniel about the project. Under the new dispensation the communities of Johannesdal and Kylemore will also have to participate in and benefit from the project. However, there is a strong feeling in Pniel that the project is a “Pniel project” and the municipality is faced with the challenge to come up with a workable solution – something that is still in process.

(d) The Nature Reserve Regeneration Project of Breede Valley Municipality

The Breede Valley Municipality inherited the project from the former Touws River Municipality. At the time of the amalgamation of the municipalities, the plan was to use the R890 000 allocation for 2001/2002 (and the subsequent indicated allocations of R400 000 for 2002/2003 and R200 000 for R2003/2004) to establish a nature reserve on the existing farmland owned by the municipality. The money would have been used to construct overnight facilities and provide the necessary infrastructure.

However, recently a private initiative, “Aquila Private Game Reserve and Safaris”, who owns adjacent farmland to the municipal farmland, approached the municipality with the offer to form a public/private partnership. The proposal is to join the two

farms (to be managed and marketed by “Aquila Private Game Reserve and Safaris”) and to develop tourism facilities on the municipal farmland, aimed at the domestic tourist market. Currently the tourism facilities of “Aquila Private Game Reserve and Safaris” are definitely aimed at the overseas tourism market – at ± R1 800 per person per night they realised that it is not readily accessible for the domestic market.

The attraction for the municipality is that ± 211 permanent job opportunities will be created for the residents of Touws River where there is almost 70% unemployment. In addition, “Aquila Private Game Reserve and Safaris” will undertake all marketing.

On the surface it looks like an excellent opportunity for the municipality but the possible success of the undertaking depends on one huge assumption – the promise by “Aquila Private Game Reserve and Safaris” to introduce the “big five”⁵ to the reserve. Their entire marketing operation and future job creation projections depend on this. This may be problematic as the municipality is on the brink of investing R1 490 000 *without any guaranteed indication* that the “big five” are going to adapt to an environment that is not their natural habitat. (Currently, the giraffe on the reserve are being fed, as this is also not their natural habitat.) In addition, the “big five” are not even on the reserve yet. The proposal raises several other questions: to what extent is the Western Cape Nature Conservation Board supportive of the project, has the current infrastructure development of “Aquila Private Game Reserve and Safaris” been officially approved by the necessary authorities, including the municipality and what are the advantages of the partnership for “Aquila Private Game Reserve and Safaris”, apart from enlarging their reserve?

There seems to be more questions than answers, and it is uncertain if the project is either viable or sustainable. At the very least, further pre-approval investigation by qualified experts is needed to ensure that Local Economic Development funding is not to be wasted.

3.1 Project selection

⁵ The “big five” are elephant, rhino, lion, leopard and buffalo.

Although municipalities used a range of criteria to select their Local Economic Development projects, and to determine the choice of sector(s) of the projects, three overall criteria stand out: tourism, environmental concerns and manufacturing. Table 2 summarises the criteria used.

Table 2: Criteria used to select Local Economic Development projects and to determine the choice of sector(s) of the projects.

Project	Criteria used
Bird Island Project (Cederberg Municipality)	The project had to fit the focus of the district council with regard to the sectors prioritised for the region, e.g. tourism.
Griqua Ratelgat Development Project (West Coast District Municipality)	The criteria used to select the project were tourism, environmental concerns, cultural heritage and agriculture. It is one of nine national Griqua projects of the Griqua National Conference of South Africa, the national Griqua body.
Khayelitsha Local Business Service Centre Project (City of Cape Town)	The main criterion used was infrastructure development, as the project aimed to refurbish old existing buildings to be used as a Business Support Centre for local business entrepreneurs.
Khayelitsha Lookout Hill Tourism Facility Project (City of Cape Town)	The main criterion used was in terms of the metro council's stated objectives of creating jobs and opportunities for all people. "Job creation through tourism" – one of four citywide priorities.
Khulani Women's Project (George Municipality)	The municipality (and Council) did not use any specific criteria to select the project. Proposals for LED-projects were received from a number of charitable organisations. These were all accepted by Council and forwarded to the Department of Provincial and Local Government. The selection process was left to the Department and their provincial counterpart, the Department of Planning, Local Government and Housing.
Liquorice Processing Plant (Oudtshoorn Municipality)	Four criteria were taken into account: long-term sustainability, income generation potential and reinvestment in the community, job creation and the project's positioning within the agro-processing sector.
Oudtshoorn Composting Enterprise (Oudtshoorn Municipality)	The main criteria of the project are manufacturing, agriculture and touching on environmental issues (extending the lifespan of the existing dumping site).
Paternoster Community Tourism Development Project (Saldanha Bay Municipality)	The project was identified as part of the interim IDP process. The LED Forum identified five economic development strategies: general economic strategies, industrial strategies, tourism strategies, fishing strategies and agricultural strategies. The project matched the closest to most of the identified strategies and was chosen as an LED-project.

Project	Criteria used
Rooibaai Fishing Jetty Project (Bergrivier Municipality)	The criteria used were environmental concerns, tourism and the development of the fishing industry.
Swellendam Alive Project (Swellendam Municipality)	The project emerged directly as a need from the local community. Swellendam's economy is mainly dependent on agriculture and the tourism industry. The project combines both these sectors.
Wetlands Development Project (Matzikama Municipality)	The primary criteria are the IDP, community participation (community needs) and nature conservation.
Women on the Move (Plettenberg Bay Municipality)	The project came about as a priority for Kurland, one of the most marginalized and impoverished communities of the municipality.
Zoar Dried Fruit Project (Oudtshoorn Municipality)	The primary project criteria are agriculture and manufacturing.

For most municipalities, the aforementioned criteria and subsequent projects are indirectly or directly linked to their (interim) Integrated Development Plans. Table 3 provides a summary.

Table 3: Linkages between project criteria and Integrated Development Plans

Project	Reflected in Integrated Development Plan		Comments
	Yes	No	
Bird Island Project (Cederberg Municipality)		X	Project initiated prior to IDP.
Griqua Ratelgat Development Project (West Coast District Municipality)	✓		Linked to the region's tourism strategy.
Khayelitsha Local Business Service Centre Project (City of Cape Town)		X	Not specifically linked. Project in existence prior to inception of IDP process.
Khayelitsha Lookout Hill Tourism Facility Project (City of Cape Town)	✓		Indirectly reflected as part of tourism.
Khulani Women's Project (George Municipality)		X	
Liquorice Processing Plant (Oudtshoorn Municipality)	Information not available.		
Oudtshoorn Composting Enterprise (Oudtshoorn Municipality)	✓		Indirectly via job creation.
Paternoster Community Tourism Development Project (Saldanha Bay Municipality)	✓		
Rooibaai Fishing Jetty Project (Bergrivier Municipality)	✓		Linked with reference to tourism.
Swellendam Alive Project (Swellendam Municipality)	✓		
Wetlands Development Project (Matzikama Municipality)	✓		Part of tourism.

Project	Reflected in Integrated Development Plan		Comments
Women on the Move (Plettenberg Bay Municipality)	✓		Indirectly via job creation.
Zoar Dried Fruit Project (Oudtshoorn Municipality)		✗	Project initiated prior to IDP.

3.2 Marketing analysis

Municipalities were asked to comment on a number of marketing related issues:

- The size of the relevant markets of products delivered by the projects.
- The methods used to market the products and/or projects.
- The type of market demand.

The **Bird Island Project (Cederberg Municipality)** does not produce any products. Prof Linda De Vries from the University of the Western Cape and Steve Flandorp (the project consultant) are currently working on a marketing strategy. Previously some marketing has been undertaken through attending exhibitions and using brochures. The marketing demand for the project is bound to pick up as the project matures. Currently they are busy with preparations for the official launch of the project within the next couple of weeks.

Marketing of either products and/or the project is not at the moment really applicable to the **Griqua Ratelgat Development Project (West Coast District Municipality)**. The project does not produce any products as such (apart from sheep that are commercially sold from time to time) and the project is not completely ready for marketing. Two of the planned development nodes of the project, the tourism centre and the overnight accommodation still have to be completed. Until such time marketing will not be an absolute priority. The prime users of the farm are the Grique people to whom it is known (i.e. little marketing is needed) and who already use the first node of development (the amphitheatre complex) for cultural celebrations.

Marketing and market size for the **Khayelitsha Local Business Service Centre Project (City of Cape Town)** largely depend on the profile of the tenants using the facility. They strive to attain wider markets than the current citywide (bigger Cape Town area) market that they have. A displaying area has been established where products are displayed and a lot of interest is generated as a spin-off from the adjacent restaurant. Future plans include that the Centre will link up with the Khayelitsha Lookout Hill Tourism Facility. Products from the Centre will be sold at the Lookout Hill Facility, while people will be encouraged to visit the Centre to experience the production process first hand. Currently the bulk of all products are delivered to the broader Cape Town market, but more and more foreign tourists are also buying products.

Marketing is currently not applicable to the **Khayelitsha Lookout Hill Tourism Facility (City of Cape Town)** as the facility is still in its construction phase.

Markets for the **Khulani Women's Project (George Municipality)** are growing and the primary market is no longer the local market. Many foreign visitors are received and a lot of emphasis is placed on marketing. Twelve percent of the project budget is spent on marketing through a local company called "Dream Catcher" (acting as an agent), as well as their local Tourism Bureau and the Western Cape Tourism Board. Interest in the project is also generated due to its location behind the train museum in George, which has a spill over effect.

The **Liquorice Processing Plant (Oudtshoorn Municipality)** has an almost guaranteed market for the liquorice that they produce. Their entire production is delivered to British American Tobacco for use in the process of cigarette production. Marketing is therefore not a critical need for them.

The **Oudtshoorn Composting Enterprise Project (Oudtshoorn Municipality)** is now getting into production and stock has to be built up before marketing can commence. The precise size of the market still has to be determined, although there is an existing market in the form of agricultural use. There is apparently already great interest from local farmers.

The **Paternoster Community Tourism Development Project (Saldanha Bay Municipality)** also does not produce any products as such. The facilities provided i.e. the fishing jetty and facilities to clean, prepare and sell fish and crayfish enable fishermen to sell their fish and crayfish in a more organised fashion to the public. It also created a space for tourists to be able to see the preparation of fish and crayfish.

Marketing of the project has not yet been undertaken in all earnest, as the project is still relatively new and the infrastructure phase has not yet been completed. As a result, there is not really anything visible to be marketed. Despite this, a number of newspaper articles about the project have appeared in local and regional newspapers. An information board will be erected on the building site during April 2002, explaining (marketing) the project and its anticipated spin offs. During March 2002 the managing consultant for the project undertook a number of awareness raising talks at the local school to explain the project and to get their support. (It was necessitated due to a couple of instances of vandalism that undermined the project.) Marketing will soon receive serious attention as it is aimed to officially launch the fishing market site in September 2002.

The **Rooibaai Fishing Jetty Project (Bergrivier Municipality)** has a predominantly local and regional market for their fresh fish and bakkoms. Velddrif, where the jetty is located, is one of the only places along the coast that still produces bakkoms commercially. The market size varies according to demand from a mainly existing client base. People from as far a field as Cape Town go to Velddrif to buy fresh fish and bakkoms. No real emphasis is placed on marketing, as the quantity of fish is not enough to justify money spent on marketing.

The markets for the products produced through the **Swellendam Alive Project (Swellendam Municipality)** are rapidly growing. Products are aimed at the tourist market, especially overseas tourists passing through Swellendam. No specific marketing strategy exists currently, but products are marketed at any available opportunity. The people involved in the project are constantly looking for new opportunities. They are, for example, marketing the products at the North Sea Jazz Festival in Cape Town this year and they are busy investigating overseas marketing opportunities in England. The project is at present receiving much interest from the

Cape Craft and Design Institute (part of the Cape Technikon) and they are short listed for possible financial support from the Institute.

The **Wetlands Development Project (Matzikama Municipality)** does not produce any products. Currently, there is no marketing of the project as the project is still in its first phase of construction and infrastructure. Marketing will become a priority once the facility becomes operational.

With the **Women on the Move Project (Plettenberg Bay Municipality)**, products are made to order and marketing needs serious attention. Products are primarily marketed and sold locally in and around Plettenberg Bay. There is no one who can specifically focus on marketing for the project. It is envisaged that a post for a Manager be created, who will also be responsible for marketing.

The **Zoar Dried Fruit Project (Kannaland Municipality)** sells 90% of the dried fruit directly to SA Dried Fruits. The project has been in production since October 2000. Since 2001 new products are developed e.g. sun dried tomatoes and dried prunes. There is a huge local market with products also being sold next to the road on the R62 – a very popular tourist route in the Klein Karoo. There are plans for renovating an old building at the turn off to Zoar, to use it as a farm stall.

3.3 Product brand names

Two of the projects have brand names under which products are marketed. “*Swellendam Alive*” brand all the products of the Swellendam Alive Project (Swellendam Municipality) and “*Seweweekspoort Products*” brand the dried fruit products of the Zoar Dried Fruit Project (Kannaland Municipality).

Table 4 provides a summary of what projects spent on marketing, the items produced and the average price paid for individual products.

Table 4: Percentage spent on marketing, items produced and average price for products.

Project	% Of project budget spent on marketing	Items produced	Average price paid for individual products
Bird Island Project (Cederberg Municipality)	2%	The 2% is spent on the <i>marketing of the project</i> as a tourist attraction, and not the marketing of individual products.	
Griqua Ratelgat Development Project (West Coast District Municipality)	0%	Sheep	R300
Khayelitsha Local Business Service Centre Project (City of Cape Town)	Detail information not available.		
Khayelitsha Lookout Hill Tourism Facility (City of Cape Town)	Currently not applicable.		
Khulani Women's Project (George Municipality)	12%	Xhosa experience (traditional performance) Various hand crafts	R40 per guest R5 – R350
Liquorice Processing Plant (Oudtshoorn Municipality)	1%	Liquorice concentrate, root fibres and powder.	Varied.
Oudtshoorn Composting Enterprise (Oudtshoorn Municipality)	1%	Compost	R50 per cubic meter
Paternoster Community Tourism Development Project (Saldanha Bay Municipality)	6%	The 6% is spent on the <i>marketing of the project</i> as a tourist attraction, and not the marketing of individual products.	
Rooibaai Fishing Jetty Project (Bergvriervier Municipality)	Currently not applicable.		
Swellendam Alive (Swellendam Municipality)	15% ⁶	Screen printed textiles, wood products (alien vegetation), beaded products, paper products and vegetables.	R10 – R180

⁶ For 2002/2003.

Project	% Of project budget spent on marketing	Items produced	Average price paid for individual products
Wetlands Development Project (Matzikama Municipality)		Currently not applicable.	
Women on the Move (Micro Manufacturing) (Plettenberg Bay Municipality)	0%	Wattle products Mosaic work Weaving Fabric printing CMT (Cut Make Trim) Baking Bead work	R15 R50 R45 R35 R35 R15 R15
Zoar Dried Fruit Project (Kannaland Municipality)	1%	Dried fruit	R15 per kg

Although there are growing regional and provincial markets, and 13% of projects have international markets, the majority of projects (27%) have local markets for their products, or market their projects locally. Only two projects use an agent for marketing. Chart 11 and Chart 12 illustrates it clearly.

[INSERT CHART 11 - 12]

3.4 Assets

Table 5 provides a summary of the type and approximate quantity of assets, the ownership of the assets and the estimated value of the assets.

Table 5: Type, quantity, ownership and value of assets.

Project	Type and quantity of assets	Ownership	Approximate Value (Total expenditure)
Bird Island Project (Cederberg Municipality)	Water pipes, water pumps, water dams, 2 sanitation facilities, 3 buildings and land.	Everything, except for the land, is owned in public/private partnership by the project. The land is the property of the Provincial Government.	R1 020 000 (excluding the land – value uncertain)
Griqua Ratelgat Development Project (West Coast District Municipality)	Equipment & tools, vehicles, water boreholes, water pipes, water pumps, water drinking troughs, water storage tanks, fences, sanitation and buildings.	Griqua Ratelgat Development Trust	± R1 057 781
Khayelitsha Local Business Service Centre Project (City of Cape Town)	Land, buildings and sanitation.	City of Cape Town	
Khayelitsha Lookout Hill Tourism Facility (City of Cape Town)	Land, buildings and sanitation.	City of Cape Town	± R11 530 866

Project	Type and quantity of assets	Ownership	Approximate Value (Total expenditure)
Khulani Women's Project (George Municipality)	Structures (2 rondavels + a boma), office equipment, production equipment, market equipment.	Project (Section 21 Company)	± R200 540
Liquorice Processing Plant (Oudtshoorn Municipality)	Equipment, tools and a vehicle.	Project (Section 21 Company)	± R500 000
Oudtshoorn Composting Enterprise (Oudtshoorn Municipality)	Composting equipment/tools (2), water pipes (2) and 1 building.	Municipality	± R125 000
Paternoster Community Tourism Development Project (Saldanha Bay Municipality)	Land and a building (ablution block).	Municipality	
Rooibaai Fishing Jetty Project (Bergrivier Municipality)	Jetty	West Coast Net Fishing Society (Weskus Netvisservereniging)	± R690 000
Swellendam Alive (Swellendam Municipality)	Various pieces of equipment and tools and a building.	Equipment & tools: Project Building: Municipality	± R116 860
Wetlands Development Project (Matzikama Municipality)	Infrastructure (equipment & tools, roads, water taps, water pipes, sanitation, buildings and land)	Municipality	± R300 000
Women on the Move (Plettenberg Bay Municipality)	A piece of land and three weaving looms	Weaving looms: Project Land: Municipality	Weaving looms were donated by Cape Mowhair.
Zoar Dried Fruit Project (Kannaland Municipality)	4 Buildings and 2 535 pieces of equipment	Seweweekspoort Product Company	± R330 000

3.5 Gender

Municipalities were asked to comment on the nature of the role of women at all levels of the projects, as well as the income earned by women in comparison to that earned by men.

The **Bird Island Project (Cederberg Municipality)** has helped in the establishment and/or growth of seven women dominated SMMEs involved in the running of the restaurant and the curio shop on the island. About ten women also manage the penny ferry that is envisaged for the nearby future to take visitors from the mainland to the island. In addition, small stalls selling locally manufactured goods are also women owned/managed. Income levels for these women are market determined.

Apart from the female town engineer from the municipality involved in the project, the **Griqua Ratelgat Development Project (West Coast District Municipality)** does not lend itself to a specific focus on women. Currently limited permanent job positions are available and the nature of the infrastructure work on the project largely excludes the use of female labour. Opportunities for women may very well be created in the future after the development of the accommodation facilities and the tourism/curio centre.

The majority of tenants at the **Khayelitsha Local Business Service Centre Project (City of Cape Town)** are women. Their income is market related depending on the products manufactured.

Due to the fact that the **Khayelitsha Lookout Hill Tourism Facility Project (City of Cape Town)** is still in a construction phase, opportunities for women are limited. Once the facility becomes operational, many opportunities for women will be created.

The **Khulani Women's Project (George Municipality)** is completely women dominated. This includes the positions of two project directors and the position of office/shop manager. Income for the women is market related depending on the products that they manufacture.

The **Oudtshoorn Composting Enterprise Project (Oudtshoorn Municipality)** currently does not provide any specific opportunities for women. When the project starts selling the compost (due very soon), there may be limited employment opportunities for about five women to assist with the packaging of the compost.

With the **Paternoster Community Tourism Development Project (Saldanha Bay Municipality)**, the municipality appointed a female Project Consultant, Ms Glenda Appies and two women were nominated onto the Community Project Committee, one of whom is the Mayor, Mrs Stoffel, a very active member of the Committee. The Project Consultant and the female members of the Committee play a managing and advisory role. It is expected that in the nearby future (with the launch in September 2002) as many as 20 women may become directly active in the project in the form of curio and handwork stalls.

Women's involvement in the **Rooibaai Fishing Jetty Project (Bergrivier Municipality)** is determined by the number of women who may obtain fishing permits in any given season. The only other opportunity may be when women are specifically employed to clean and prepare the fish to be sold. At the moment, women's participation is limited.

With the **Swellendam Alive Project (Swellendam Municipality)**, women and men are paid equally depending on the type of products produced. A large number of women are involved in the project.

Women play a marginal role in the **Wetlands Development Project (Matzikama Municipality)**. Sometimes they are used as part of the quarterly clean up teams used to clean the demarcated area of rubbish blown by the wind from the adjacent municipal dumping site.

The **Women on the Move (Micro Manufacturing) Project (Plettenberg Bay Municipality)** is entirely women dominated. Income is market related depending on the products manufactured.

3.6 Employment and job creation⁷

Approximately 174 more days of short-term jobs⁸ were created for women in comparison to men, and 1 280 more long-term jobs⁹ were created for women in comparison to men. The majority of both genders worked as labourers. What becomes apparent from Chart 13 to Chart 20 is that the Local Economic Development projects are most certainly favourable to women and young women (female youth under the age of 25).

3.7 SMMEs¹⁰

Some 38 new SMMEs were created due to the Local Economic Development Projects with ± 263 jobs created during the SMME development. The majority of new SMMEs are in the construction/building sector. Chart 21 to Chart 23 provides graphic illustrations.

[INSERT CHART 21 - 23]

3.8 Training¹¹

Some 1 155 days of accredited training and 2 121 days of not accredited training was provided over the three-year period. Chart 24 provides a visual illustration.

[INSERT CHART 24]

⁷ Due to the large number of data variables that could be considered when analysing employment and job creation, it is not possible to provide here more than a summarised overview. The raw data is therefore included as an Excel attachment to the report for further detailed analysis as and when required.

⁸ Short-term jobs = person days

⁹ Long-term jobs = number of people

¹⁰ Relatively limited detail information was received from the municipalities regarding SMME development. This seems to be primarily due to the fact that they are separate businesses and the municipalities do not have free access to their detailed information.

¹¹ As with employment and job creation, the data on training and the recipients of the training also offer various variables that may be explored in more detail as and when required.

3.9 Institutional analysis

A number of key concerns were discussed with municipalities regarding the institutional capacity of all concerned to manage the projects effectively. These included –

- The effectiveness of the institutions set up to manage the projects.
- The reasons why the municipality decided on this specific institutional type.
- The relationship between the project and the municipality.
- The capacity of the municipality to manage the projects.
- The location of responsibility within the municipality for the projects.
- The ideal institutional structure needed to give effect to the projects.

The majority of projects use a Project Steering Committee and some projects use a combination of institutional mechanisms to manage the projects. A small majority of municipalities locate the projects in their Administrative Departments, but in actual fact the Local Economic Development Fund projects are located in *seven different divisions* within the applicable municipalities. Chart 25 and Chart 26 illustrate this clearly.

[INSERT CHART 25 - 26]

The **Bird Island Project (Cederberg Municipality)** until very recently used the Bird Island Steering Committee to manage the project. The management of the project was meant to become the responsibility of the Lamberts Bay Bird Island Trust from April 2002. The Trust brings together the municipality, the Western Cape Nature Conservation Board, organised labour and the local business chamber. The Steering Committee has been functioning very well and it is clear that the municipality provides the necessary support for the project. The Municipality has limited capacity to deal with the Local Economic Development Fund and its projects. The responsibility for Local Economic Development projects fairly recently moved from the Director: Administration to the Finance Division. In neither of the two cases is it the only responsibility of the specific official. The Director: Administration agreed that Local Economic Development projects justified a dedicated, specific post within the municipality, but that it was currently not possible to create such a post.

According to him, ideally the Local Economic Development projects should be placed under the IDP division.

The **Griqua Ratelgat Development Project (West Coast District Municipality)** is managed via the Griqua Ratelgat Development Trust in conjunction with Kwezi V3 Engineers who acts as implementing managers for the project. The Trust, consisting of 85 members, is a member of the Griqua National Conference of South Africa. The day-to-day management of the project is the combined responsibility of the Implementing Manager (a consultant of Kwezi V3 Engineers) and the Trust Manager. The chosen institutions function very effectively. The municipality provides administrative support if and when necessary and acts as the go-between the Local Economic Development Fund and the project. It seemed as if the municipality has the capacity to deal with the project, although the Local Economic Development projects are not the only responsibility of the municipal official involved. Currently the Local Economic Development projects fall within the Engineering Division and ideally there should be a dedicated post for it.

The **Khayelitsha Local Business Service Centre Project (City of Cape Town)** is managed through the Business Support Unit within the Department of Economic Development of the City of Cape Town: Tygerberg Administration. Local Economic Development is the overall responsibility of the Department of Economic Development. In addition, the Department of Corporate Services is responsible for the up keeping of the building housing the Centre. The day-to-day management of the Centre is the responsibility of the Business Support Officer. The approval of tenants and negotiating of lease agreements is the responsibility of the Selection Committee consisting of the Department of Corporate Services, the Business Support Officer and the Khayelitsha Development Forum.

The **Khayelitsha Lookout Hill Tourism Facility Project (City of Cape Town)** falls under the Investment and Trade Promotion Unit within the Department of Economic Development of the City of Cape Town: Tygerberg Administration.

Although the **City of Cape Town** has more capacity than other municipalities as far as management of the Local Economic Development projects are concerned, it still

does not have a dedicated post for such projects. It is envisaged that from January 2003 there will be a specific Local Economic Development Unit.

With reference to the **Khulani Women's Project (George Municipality)**, the project is managed as a Section 21 company and the municipality does not attempt to provide any assistance with management or support functions. The day-to-day management is the responsibility of the two directors and the office/shop manager. Dealings with the Local Economic Development Fund are the ad-on responsibility of the Administrative Division within the municipality. There is very clearly a complete lack of capacity and interest from the side of the municipality to deal with any Local Economic Development projects. In an apparent attempt to rid the municipality of this responsibility it has succeeded in obtaining funding for a year from the provincial Department of Social Services for someone to take responsibility for Local Economic Development and other development issues. The arrangement is currently being finalised.

A Section 21 Company manages the **Liquorice Processing Plant Project (Oudtshoorn Municipality)** and the Municipal Manager is directly responsible for the project.

The long-term view for the **Oudtshoorn Composting Enterprise Project (Oudtshoorn Municipality)** is that the local community should become involved to a larger extent. It is also envisaged that eventually a Section 21 Company be formed. In the nearby future, the Services Department is going to be responsible for dealing with the Local Economic Development projects. The municipality has very limited capacity to deal with Local Economic Development projects and currently there is not very much of an institutional type that deals with the projects. The day-to-day site management is the responsibility of the Compost Manager in conjunction with the Engineering Division.

Due to a lack of staff capacity in the municipality, the day-to-day management of the **Paternoster Community Tourism Development Project (Saldanha Bay Municipality)** takes place primarily through the Project Consultant who has been appointed by the municipality. In addition a Section 21 Company consisting of

community members is currently (March 2002) being registered. According to the Project Consultant and the Chief Town Planner (the responsible municipal official) the Committee (now in the process of registering as a Section 21 Company) functions very well. The Committee consists of 14 community members and 3 representatives of the municipality and council. Based on the guidelines of the National Department of Provincial and Local Government, it was decided to go for the option of a Section 21 Company. The municipal council is the owner of all property and the land. There is a good working relationship and ongoing interaction between the municipality, the Committee and the community at large. The capacity of the Saldanha Bay Municipality to manage the project is limited. Currently it is an additional responsibility of the Chief Town Planner. It is envisaged that in the nearby future a dedicated post (e.g. an economic development officer) will be formed to take responsibility for the Local Economic Development project and the overall economic development plans of the municipality. It was strongly expressed that a dedicated post should be created to take full responsibility for the Paternoster Community Tourism Development Project. A post in the form of someone like an “economic development officer” is envisaged. Ideally, it should be a senior post and it should perhaps be the responsibility of someone from the private sector that could have the lead responsibility for overall economic development.

The management of the **Rooibaaai Fishing Jetty Project (Bergrivier Municipality)** is the responsibility of the West Coast Net Fishermen Society (Weskus Netvisservereniging), the body also in charge of all fishing licences. The up keeping of the infrastructure rests with the municipality, and the project falls under the Engineering Division. According to the Chief: Technical Services, Local Economic Development projects does not currently require a dedicated post, as the municipality is too small. The structures in place function well and seem to be effective.

Currently a Project Steering Committee of 12 members exists for the **Swellendam Alive Project (Swellendam Municipality)**. The Committee is representative of the municipality and community representatives. The project is in the process of registering a Section 21 company, although after its formation the Committee will continue to function as an advisory forum. The institutions function very effectively. The municipality is directly involved in the project through the personal interest and

support of the Mayor and the Municipal Manager. Due to the direct interest and involvement of the Mayor and the Municipal Manager the municipality ensures that the Swellendam Alive Project has the necessary support and attention. This is achieved despite the fact that the municipality, like most other municipalities, does not have a dedicated person responsible for Local Economic Development projects. Currently, the Town Secretary is from the municipality's side responsible for the management of the project. In addition, the person acting as Project Manager has been doing it in his private capacity since 1996. Ideally the responsibility for the project should form part of a Department of Community Services and is something that will be investigated in the nearby future.

The **Wetlands Development Project (Matzikama Municipality)** is managed by the municipality, in conjunction with the Wetlands Co-ordinating Committee, consisting of the municipality, the local tourism sector, local schools, the local ward councillor and the Western Cape Nature Conservation Board. The Committee is functioning well and there is a supportive working relationship between the Committee and the municipality. The capacity of the municipality is being stretched in order to do justice to the project. Although there are three municipal officials involved with the project, it is still an add-on to their job descriptions. The Local Economic Development project is not a sole responsibility of one person. Currently it forms part of the responsibilities of the Director: Administration, with additional support by the Director: Health Services and the Tourism Officer. It is envisaged that in the future a dedicated person should be appointed, with strong links to the Municipal Manager and the Integrated Development Plan.

The **Women on the Move Project (Plettenberg Bay Municipality)** is currently managed by a Management Committee consisting of representatives from the municipality and representatives from the women involved in the project. The municipality has limited capacity to manage the project, although the current acting Municipal Manager is directly involved in and supportive of the project. It is envisaged that a LED coordinator or officer be appointed in the nearby future. She/he will rapport directly to the Municipal Manager and will also be responsible for coordinating the Integrated Development Plan process.

A Section 21 company, Seweweekspoort Product Company, manages the **Zoar Dried Fruit Project (Oudtshoorn Municipality)** with 7 directors. The project functions very effectively and completely independent from the municipality.

3.10 Liaison with national and provincial departments

Municipalities were asked to comment on their working relationship with the National Department of Provincial and Local Government as well as the Provincial Department of Planning, Local Government and Housing, as it relates to assistance with the effective implementation of the projects. Table 6 provides a summary.

Table 6: Perceptions of municipalities of their working relationship with their national and provincial counterparts.

Project	No specific comments or problems	Communication from National is weak	Need greater clarity re LED <i>guidelines</i>	Gets little contact and support from National	Working relationship is good	Satisfied with interaction	Need support re capacity building	Need more regular one on one contact
Bird Island Project (Cederberg Municipality)					✓			
Griqua Ratelgat Development Project (West Coast District Municipality)	✓							
Khayelitsha Local Business Service Centre Project (City of Cape Town)	✓							
Khayelitsha Lookout Hill Tourism Facility (City of Cape Town)	✓							
Khulani Women's Project (George Municipality)				✓			✓	

Project	No specific comments	Communication from National is weak	Need greater clarity re LED guidelines	Gets little contact and support from National	Working relationship is good	Satisfied with interaction	Need support re capacity building	Need more regular one on one contact
Liquorice Processing Plant (Oudtshoorn Municipality)			✓					
Oudtshoorn Composting Enterprise (Oudtshoorn Municipality)			✓					
Paternoster Community Tourism Development Project (Saldanha Bay Municipality)							✓	✓
Rooibaai Fishing Jetty Project (Bergrivier Municipality)	✓							
Swellendam Alive (Swellendam Municipality)					✓			
Wetlands Development Project (Matzikama Municipality)	✓				✓			
Women on the Move (Plettenberg Bay Municipality)				✓				
Zoar Dried Fruit Project (Kannaland Municipality)	✓							

3.11 Service Providers

Municipalities were asked to comment on their use of consultants on the projects by focussing on:

- Contractual agreements between the consultant and the municipality.
- The effectiveness of consultants used in comparison to their professional fees and the deliverables achieved.

The use of consultants has become more common over the three-year period and has increased from 2 out of 13 projects in 1999/2000 to 9 out of 13 projects in 2001/2002. Table 7 provides a summary.

Table 7: Municipalities' use of consultants.

Project	Use of consultants		Comments
	Yes	No	
Bird Island Project (Cederberg Municipality)	✓		The consultant acts as the Project Manger and plays an integral part in the success of the project.
Griqua Ratelgat Development Project (West Coast District Municipality)	✓		Kwezi V3 Engineers is doing consultancy work for the project and has co-responsibility for the management of the project. The consultant is integral to the success of the project.
Khayelitsha Local Business Service Centre Project (City of Cape Town)		✗	
Khayelitsha Lookout Hill Tourism Facility (City of Cape Town)		✗	

Project	Use of consultants		Comments
	Yes	No	
Khulani Women's Project (George Municipality)		✗	
Liquorice Processing Plant (Oudtshoorn Municipality)	✓		The project made use of consultants in the form of expert input from inter alia the CSRI Food Science and Technology and ESKOM (Agrilek).
Oudtshoorn Composting Enterprise (Oudtshoorn Municipality)	✓		The consultant for the project definitely contributes greatly to the project. Unfortunately, there is clearly a lack of communication from the municipality to the consultant. He is not always consulted prior to decisions about the project and he is not informed of provincial Local Economic Development project meetings. There seems to be disagreement between the long-term views of the consultant and that of the municipal officials involved in the project.
Paternoster Community Tourism Development Project (Saldanha Bay Municipality)	✓		There is a very good working relationship between the consultant and the municipality and she is definitely contributing to the success of the project, especially as far as working with the small community of Paternoster is concerned.
Rooibaai Fishing Jetty Project (Bergvliet Municipality)	✓		A consultant was only used for the initial design of the jetty and completion of the Environmental Impact Assessment.
Swellendam Alive (Swellendam Municipality)	✓		Consultancy for the project is done by the Project Manager in his individual capacity and out of interest for the socio-economic development of Swellendam. <i>He is not being paid for his services.</i>
Wetlands Development Project (Matzikama Municipality)		✗	
Women on the Move (Plettenberg Bay Municipality)	✓		The project only made use of a consultant for the Environmental Impact Assessment for the planned construction of the building.
Zoar Dried Fruit Project (Kannaland Municipality)	✓		The consultant acts as the Project Manager and plays a direct role in the success of the project.

3.12 Financial Management

Municipalities were asked to comment on the financial management of the projects by indicating who and how the funds are managed and if the funds are reflected in the municipal budget. Table 8 provides a summary.

Table 8: Projects' financial management.

Project	Project finances managed through existing treasury division of municipality?		Project finances managed separately through separate bank account?		Project funds reflected in the municipal budget?	
	Yes	No	Yes	No	Yes	No
Bird Island Project (Cederberg Municipality)	✓		✓			✗
Griqua Ratelgat Development Project (West Coast District Municipality)	✓			✗	Uncertain	
Khayelitsha Local Business Service Centre Project (City of Cape Town)	✓		✓			✗
Khayelitsha Lookout Hill Tourism Facility (City of Cape Town)	✓		✓			✗
Khulani Women's Project (George Municipality)	✓			✗		✗
Liquorice Processing Plant (Oudtshoorn Municipality)	Information not available.					
Oudtshoorn Composting Enterprise (Oudtshoorn Municipality)	✓			✗		✗
Paternoster Community Tourism Development Project (Saldanha Bay Municipality)	✓			✗	✓	
Rooibaai Fishing Jetty Project (Bergrivier Municipality)	✓			✗	✓	
Swellendam Alive (Swellendam Municipality)	✓		✓		✓	
Wetlands Development Project (Matzikama Municipality)	✓			✗		✗
Women on the Move (Plettenberg Bay Municipality)	✓			✗	✓	

Project	Project finances managed through existing treasury division of municipality?		Project finances managed separately through separate bank account?		Project funds reflected in the municipal budget?	
	Yes	No	Yes	No	Yes	No
Zoar Dried Fruit Project (Kannaland Municipality)		✗	✓			✗

3.13 Implementation stages

Project implementation and progress have been varied. Most of the projects under evaluation had not started with implementation in 1999/2000, with attention going to planning and designing. For the most part, projects were in a training stage during 2000/2001 and most attention was with construction in 2001/2002. Chart 27 – Chart 29 illustrates the project progress analyses for the three-year period.

[INSERT CHART 27 - 29]

4. PROVINCIAL DEPARTMENT OF PLANNING, LOCAL GOVERNMENT AND HOUSING

Within the Western Cape, the management of the Local Economic Development Fund is located within the Sub-directorate: Research of the Directorate: Local Government Development of the Chief Directorate: Local Government within the Department of Planning, Local Government and Housing. The Sub-directorate: Research currently has one Deputy Director and three vacant posts for Planners.

Practically, it means the management of the Local Economic Development Fund in the Western Cape is part of the responsibilities of the Deputy Director: Research. This is in addition to her main task, which includes intra and inter-departmental and municipal enquiries relating to local government, research, co-ordination between the Local Economic Development Fund, the Integrated Development Planning division

and the Continued Municipal Infrastructure Programme, and the identification of training programmes for municipal officials involved with Integrated Development Planning and Local Economic Development.

The provincial roles and responsibilities relating to the Local Economic Development Fund are three fold:

1. **Support** for the *municipalities* to enable them to give effect to the Local Economic Development projects. Support is not provided directly to the projects. That is the responsibility of the municipality, the appropriate project manager and other line-function departments that interact directly with projects. The provincial department does not become directly involve in implementation.
2. **Monitoring.**
3. **Liaison** with other departments to support the objectives of the Local Economic Development Fund.

The Provincial Co-ordinating Committee was established as a mechanism to enhance the provincial co-ordination of the Local Economic Development Fund. The Committee includes all the municipalities with Local Economic Development projects, provincial departments involved with the projects or interested in project support, the national Department of Provincial and Local Government and the provincial counterpart.

The objectives of the Committee are:

1. Receiving report back from the projects.
2. Providing report back from the Department of Provincial and Local Government and the provincial counterpart department.
3. Establishing networking opportunities between the projects and municipalities.
4. Undertaking site visits to projects.

The provincial approval process, taking its lead from the national Department of Provincial and Local Government is as follows.

Step 1: The provincial department gets notified by the Department of Provincial and Local Government of the next round of funding that is available.

Step 2: The provincial department forward a notification and information to all the Western Cape municipalities.

Step 3: The municipalities forward their applications directly to the Department of Provincial and Local Government.

Step 4: The provincial department forward a notification and information to the members of the Inter-departmental Evaluation Committee for the Local Economic Development Fund, notifying them of the planned project application evaluation process.

Step 5: The national Department of Provincial and Local Government forward all the Western Cape applications to the provincial counterpart department.

Step 6: The Inter-departmental Evaluation Committee for the Local Economic Development Fund meet and evaluate the project applications based on:

- The distribution of existing Local Economic Development projects.
- The urban/rural divide of the funding applied for.
- The identified development nodes for the province.
- The criteria of the Local Economic Development Fund.
- The identified poverty pockets in the province.

The members of the Committee include the Directorate: Poverty Relief, the Department of Economic Affairs, Agriculture and Tourism, the Department of Community Safety, the Department of Environmental and Cultural Affairs, the Department of Social Services, the Integrated Development Planning unit, the Western Cape Nature Conservation Board and the Provincial Development Council.

Step 7: A recommendation of the identified projects is forwarded to the national Department of Provincial and Local Government.

Step 8: The national Department of Provincial and Local Government makes a final decision.

Step 9: Approval letters are forwarded from the national Department of Provincial and Local Government to all the successful municipalities and municipalities return written acceptance letters.

Step 10: The funds are forwarded to the municipalities in three annual payments.

Adequate provincial monitoring is a challenge, taken into account the existing capacity problems of the provincial department. The monthly reports are studied, the meetings of the Provincial Co-ordinating Committee try to achieve as much as possible and site projects visits are coincided with the three annual meetings.

The provincial department raised the following problems with the national Department of Provincial and Local Government's way of managing the Local Economic Development Fund.

- (a) Timing. Inadequate and unrealistic time schedules, especially when it comes to dealing with the provincial evaluation process of new applications.
- (b) The national information system for the Fund is not up to date and information is not available to the province.
- (c) The inability of the Fund to establish internal co-ordination and an internal working relationship with the IDP division and the CMIP programme.
- (d) There is no provincial budget for the management of the Fund. The province is expected to foot the bills for the provincial management of the Fund. The national Department of Provincial and Local Government should financially enable and capacitate the province to give effect to their mandate on a provincial level.
- (e) The Department of Provincial and Local Government is rigid about the management of the Fund and does not allow adequate input or initiative from the province.

5. CONCLUSION

During the evaluation process it became obvious that certain critical success factors for projects can be identified. One of the most important factors is *leadership*.¹² The extent, to which municipal leadership in the form of the municipal manager and mayor is involved with the project, is decisive for the success of the project. Hand in hand with municipal leadership is the involvement and support of *private individuals*,¹³ people who are interested in the developmental issues of their communities and who make them available to assist with the development and management of the projects. The *attitude of the municipality towards development and transformation* is also of utmost importance. What became very clear during the evaluation are the differing degrees to which municipalities are embracing their relatively new role of developmental local government, and specifically the Local Economic Development projects. It is especially evident in municipalities where the Municipal Manager and the Mayor are directly involved with and supportive of the projects.¹⁴

What is worrisome is the extreme opposite of these municipalities where the municipality has very limited, if any, interest in its developmental role and therefore does the bare minimum in order to obtain funding from the Local Economic Development Fund.¹⁵

It is worth commenting on the project approach or philosophy of one specific project that challenges the existing status quo for project implementation.¹⁶ Whereas all the other projects' point of departure is job creation and paying people for being in the specific job¹⁷, here the attitude is that *entrepreneurial opportunities* are created and

¹² Illustrated by for example the Swellendam Alive Project (Swellendam Municipality) and the Women on the Move (Micro Manufacturing) Project (Plettenberg Bay Municipality).

¹³ Illustrated by for example the Swellendam Alive Project (Swellendam Municipality) and the Women on the Move (Micro Manufacturing) Project (Plettenberg Bay Municipality).

¹⁴ For example: Plettenberg Bay Municipality (Women on the Move (Micro Manufacturing) Project), Saldanha Bay Municipality (Paternoster Community Tourism Development Project) and Swellendam Municipality (Swellendam Alive Project).

¹⁵ For example: George Municipality (Khulani Women's Project)

¹⁶ The Swellendam Alive Project (Swellendam Municipality)

¹⁷ With the possible exception of maybe the Women on the Move (Micro Manufacturing) Project (Plettenberg Bay Municipality) and the Khulani Women's Project (George Municipality).

that the project provides the training, support and advice that is necessary to create an enabling environment for upcoming entrepreneurs. This is a fresh approach to developmental needs and prevents unrealistic expectations of jobs and salaries. It is a fundamental paradigm shift that is worth exploring further to the benefit of some of the other projects.

It seems as if the past three-year cycle of Local Economic Development Fund projects have underlined the necessity for an appropriate post within municipalities to take the responsibility for the projects. A number of municipalities indicated that such a dedicated post is required and that future plans include the creation of such posts.¹⁸

For the most part, the one dire need of projects is support with and capacity for marketing, whether it is marketing of the project as such (as in the case of tourism based projects¹⁹) or marketing of manufactured products.²⁰

Some of the most successful projects are those where strong Section 21 companies are responsible for the management of the projects (with little direct participation of the municipality) and where there are fixed, expanding markets for the products.²¹ The positive role of consultants in the success of projects cannot be denied, especially where there is obvious capacity problems with municipalities.²²

The influence of the local government transformation process on progress with projects is something that should be taken note of and appropriately addressed. Some municipalities “inherited” projects and now have to catch up with the projects’ reality. These municipalities may need additional support and capacity.²³

¹⁸ For example: City of Cape Town, Saldanha Bay Municipality, Matzikama Municipality and Plettenberg Bay Municipality.

¹⁹ For example: the Bird Island Project (Cederberg Municipality) and the Paternoster Community Tourism Development Project (Saldanha Bay Municipality).

²⁰ Especially projects such as: Khulani Women’s Project (George Municipality), Swellendam Alive (Swellendam Municipality) and Women on the Move (Micro Manufacturing) Project (Plettenberg Bay Municipality).

²¹ For example: Liquorice Processing Plant (Oudtshoorn Municipality) and Zoar Dried Fruit Project (Kannaland Municipality).

²² For example: Oudtshoorn Composting Enterprise (Oudtshoorn Municipality) and Zoar Dried Fruit Project (Kannaland Municipality).

²³ For example: Multi Purpose Youth Centre Project (Stellenbosch Municipality) and Nature Reserve Regeneration Project (Breede Valley Municipality).

An important aspect that needs to be addressed is the question of possible duplication or overlapping between projects, something that was also raised during the last provincial Local Economic Development Fund meeting in Lamberts Bay on 19 March 2002.

Some municipalities raised the concern that the different financial year cycles for the Provincial Administration and the local authorities create considerable problems. Although it is doubtful that this can be changed in either way, attention should be paid to it and appropriate practical arrangements made to be more lenient towards municipalities and financial deadlines given to them.

As far as the actual evaluation process and questionnaire²⁴ is concerned, it may be worthwhile to give more attention (and therefore provide more time) to undertake qualitative rather than quantitative evaluation. The true nature of and motivation for projects are far more accurately determined during one on one discussion, than by analysing data obtained through a questionnaire. Innovative evaluation by using extensive site visits, interview discussions and even video may be a more meaningful way to get to grips with project implementation and progress measurement.

It would have been helpful had clear definitions been provided for all the key performance indicators,²⁵ for example “average cost of job”, the measurement of short term jobs as *person hours* and long-term jobs as *number of jobs created* that caused considerable confusion, “temporary workers”, “permanent jobs” etc. This would have assisted with uniform interpretation of questions and consequently more reliable data. It should be noted that some of the key performance indicators were of such a nature that municipalities could not always provide sufficient data, because it is not the kind of information that they have freely access to, for example about SMME development.

²⁴ Based on the key performance indicators provided by the Department of Provincial and Local Government.

²⁵ As provided by the Department of Provincial and Local Government.

6. **RECOMMENDATIONS**

Based on the analysis of the data as well as information obtained during the open discussions with the municipalities and the consultants involved with the projects, the following recommendations are made.

1. **A multi disciplinary Task Team should be formed to assist the Provincial Local Economic Development Fund Co-ordinator with her enormous task.**

Such a Task Team should appropriately be mandated and should ideally include representatives from –

- Municipalities who have Local Economic Development projects
- The Chief Directorate: Local Government (Department of Planning, Local Government and Housing)
- The Department of Provincial and Local Government
- The provincial Department of Economic Affairs, Agriculture and Tourism
- The Chief Directorate: Planning (division responsible for Integrated Development Planning)
- The Provincial Development Council
- The consultants who work on the project
- An economic expert, a tourism expert and a marketing expert

The aim of the Task Team should be to assist the Provincial Local Economic Development Fund Co-ordinator with the management of the Local Economic Development Fund. This would include the project selection process, pre-approval feasibility analysis of new projects, monitoring and evaluation of projects (including site visits), advice and support to projects and municipalities etc.

2. **Pre-approval feasibility analysis of new projects should be initiated.**

During the evaluation of the projects it became clear that certain projects do not seem to have the potential to be either viable or sustainable. This means that municipalities spent project funding on projects that are not contributing to the

objectives of the Local Economic Development Fund. Municipalities are under pressure to come up with projects that they can put forward for funding, without undertaking the necessary feasibility studies. This means that large amounts of project money is spent on acquiring land, equipment or infrastructure for projects that have limited job creation potential.

3. Appropriate measurement tools and methodology should be developed for the monitoring and evaluation of projects.

In order to achieve the objectives of the Local Economic Development Fund, regular vigorous monitoring and evaluation are critical. In the absence of suitable measurement tools and methodology, this cannot take place.

4. The format and duration of Provincial Local Economic Development Fund meetings should be reviewed.

Instead of keeping the current format of the meetings, more attention and time should be given to *detailed* project report back, comment and input. A workshop/meeting format over two days may be more desirable. This may also leave time for capacity building and networking amongst project representatives.

5. Formal working relationships should be established with the Department of Labour Western Cape and the provincial Department of Economic Affairs, Agriculture and Tourism.

It is clear that a much stronger and formalised working relationship with the two aforementioned departments is necessary. Both can contribute meaningful support to the projects and the possibilities for cooperation should be fully explored.
