

**Amajuba District Municipality**  
**LED Strategy Plan 2025**  
**(Reviewed)**

**Submitted to:**



**Amajuba District Municipality**

**Prepared by:**



## Table of Contents

1. INTRODUCTION .....	4
1.1 Background.....	4
2. SITUATIONAL ANALYSIS .....	4
2.1 The Location of the District.....	4
2.2 Demographics .....	5
2.2.1 Population Size by Area, Gender and Age.....	5
2.2.2 Racial Distribution .....	7
2.3 Education Levels .....	8
2.4 Income Profile and Dependency Levels .....	8
3. STATUS QUO.....	10
3.1 LED and Tourism Literature Review.....	10
3.2 Local Area Economic Profile .....	11
3.2.1 Agricultural Sector.....	14
3.2.2 Mining and Quarrying Sector.....	15
3.2.3 Manufacturing Sector .....	16
3.2.4 Tourism.....	17
3.2.5 Tertiary Services (including Government Services).....	19
3.2.6 Informal Trade .....	19
3.3 Assessment Analysis.....	19
3.3.1 Business and Local Resident Attitude Survey and Perceived Problems and Opportunities .....	20
3.3.2 Competition and Collaboration Analysis .....	20
3.3.3 Economic Leakage, Markets and Supply Chain Analysis .....	21
3.3.4 Gender Analysis .....	21
3.4 SWOT Analysis .....	28
4. DEVELOPMENT OF THE VISION .....	29
4.1 Outputs.....	30
4.1.1 LED and Tourism Vision and Objectives .....	30
4.1.2 Stakeholder Engagement Report.....	30
5. STRATEGIC FRAMEWORK .....	43
5.1 Identifying and evaluating strategy options .....	43
5.1.1 Generate Actions for Pursuing Priority Objectives .....	43
5.1.2 Key Strategic Areas for Intervention .....	44
5.2 Strategic Thrusts & Action Plans.....	45
5.2.1 Strategic Thrust 1: Tourism, Arts, Culture & Sports Development .....	45
5.2.2 Strategic Thrust 2: Skills Development .....	46
5.2.3 Strategic Thrust 3: Informal Economy Support .....	46

5.2.4	Strategic Thrust 4: Retail and Wholesale Support .....	47
5.2.5	Strategic Thrust 5: Green Economy Development.....	48
5.2.6	Strategic Thrust 6: ICT Development .....	49
5.2.7	Strategic Thrust 7: Agriculture Development.....	50
5.2.8	Strategic Thrust 8: Mining and Manufacturing Jumpstart .....	52
6.	IMPLEMENTATION PLAN – INSTITUTIONAL FRAMEWORK FOR LED .....	60
7.	MONITORING AND EVALUATION .....	63
8.	FUNDING THE STRATEGY .....	74
9.	RISK MANAGEMENT.....	77
10.	CONCLUSION.....	78

### List of Figures

Figure 1: District Population Size by LM - 2018 .....	6
Figure 2: Population by Age and Gender- 2018 .....	6
Figure 3: Population Density per Square Kilometre- 2018 .....	7
Figure 4: Population by Race in 2008 and 2018 .....	8
Figure 5: Annual Household Income by Local Municipality - 2017.....	9
Figure 6: The Dependency Rates for Amajuba District 2011 & 2016.....	9
Figure 7: Population Projections per 5 years Interval for 20 Years .....	10
Figure 8: Day Trips Expenditure, Jan - June 2019 .....	10
Figure 9: Contribution to KZN Provincial GDP by Districts - 2018 .....	12
Figure 10: Contribution to Amajuba District GDP by LM - 2018 .....	13
Figure 11: Amajuba District Sector Performance Analysis - 2009 to 2018.....	13
Figure 12 Total Tourism Spend as a Percentage to GDP 2008 - 2018: .....	18
Figure 13: Amajuba District Gender Analysis 2011 - 2016.....	22
Figure 14: Total Number of People Employed in KZN and Amajuba 1998 - 2018.....	23
Figure 15: Employment by Industries for KZN and Amajuba 2018.....	23
Figure 16 : <i>Employment by Sector - 2018</i> .....	24
Figure 17: Distribution of Households by Dwelling and Municipality .....	25
Figure 18: Access to Drinking Water .....	25
Figure 19: Amajuba District Access to Household Goods.....	26
Figure 20: Amajuba District Access to Energy Sources – 2017 .....	26
Figure 21: Education Attainment Levels in KZN and Amajuba, 1998 -2018.....	27
Figure 22: Stakeholder Consultation Feedback .....	34
Figure 23 Projects per Programme.....	55

## 1. INTRODUCTION

### 1.1 Background

The Amajuba District Municipality collaborated with University of KwaZulu-Natal to undertake the development of the Local Economic Development Strategy for the District. The strategy itself was compiled by Econologics Africa Consulting. The last LED Strategy was developed in 2011 and never reviewed until now. In order to keep up with the latest economic trends in the province, the country and the world and to assess the impact of the previous LED strategy, it is imperative that a review is conducted.

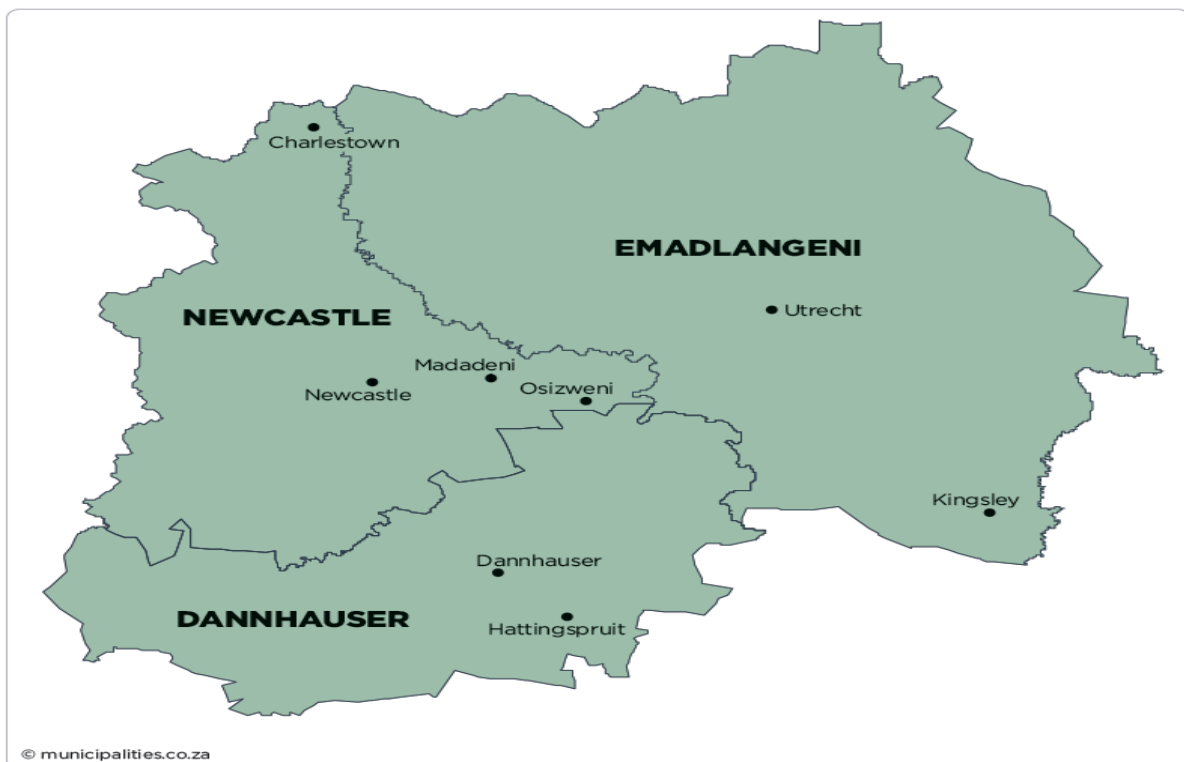
## 2. SITUATIONAL ANALYSIS

### 2.1 The Location of the District

The Amajuba District Municipality is one of ten (10) District municipalities within KwaZulu-Natal, located within the north-western corner of the province. The Amajuba District Municipality is constituted of the following three local municipalities:

- Newcastle (KZ252);
- Emadlangeni (KZ253); and
- Dannhauser (KZ254).

The map below displays the location of the District and its local municipalities:



Source: Amajuba District Municipality Website

The Amajuba District Municipality is approximately 6 910 km<sup>2</sup> in size with Emadlangeni occupying the largest area of 3 539 km<sup>2</sup>, Dannhauser some 1 516 km<sup>2</sup>, and Newcastle approximately 1 855 km<sup>2</sup>. Although the District is peripherally located when viewed at a national and provincial scale, it is well connected and enjoys a relatively high level of accessibility within its spatial and economic functional region. N11, which is a national trade and movement route linking KwaZulu-Natal with the Mpumalanga and Gauteng provinces, runs through the western part of the District while regional connector distributor routes such as P483, R34 and others, traverse the District in an east-west direction ensuring functional linkages with the surrounding towns such as Ladysmith, Dundee and Vryheid.

The District is predominantly rural and dominated by extensive commercial farmlands. Newcastle is the main urban centre and economic hub. Newcastle's economy is dominated by heavy industry and houses the Natal Portland Cement Company, the LANXESS Chrome Chemical Plant and Arcelor Mittal (formerly ISCOR). It is also dominated by the clothing and textile industry. Towns such as Dannhauser and Utrecht serve as secondary service centres with limited thresholds. A continuum of settlements ranging from urban and high-density areas of Osizweni and Madadeni Townships through informal settlements in Johnston, Blaawbosch and Cavan (JBC) to rural settlements forming part of Buhlebomzinyathi occur mainly along the Buffalo River.

## **2.2 Demographics**

### **2.2.1 Population Size by Area, Gender and Age**

In terms of the Stats SA and IHS Markit 2019, 11 million people (19.7 per cent of the national population) reside in KwaZulu-Natal, of which 547 630 (4.8 per cent) live in Amajuba District. The District experienced an increase in its total population figures from 499 839 in 2011 to 547 630 in 2018 (1.2% growth rate). Newcastle accounts for 73.5% of the District population (402 295 people), followed by Dannhauser with 107 845 people (19.7%). Emadlangeni has the lowest population size (37 490) which accounts for 6.9% of the District population. It is interesting to note that Dannhauser has experienced a decline in its population figures between 2001 and 2011 (-0.1 growth rate) and an increase of only 0.6% in 2018. This could be attributed to a mixture of socio-economic factors which can be an indication of improving health care services, reduction in mortality rates, improving economic conditions which create employment opportunities amongst others. See Figure 1 below:

**Figure 1: District Population Size by LM - 2018**

Area	Population Size	% Share of KZN Population	% Share of Amajuba Population
KZN	11384772	100	
Amajuba	547630	4,8	100
Newcastle	402295	3,5	73,5
eMadlangeni	37490	0,3	6,8
Dannhauser	107845	0,9	19,7

Source: Stats SA & IHS Markit, 2019

With regards to population distribution by race and gender, Figure 2 below indicates the percentage females at 286 521 (52%) outnumber males by 4 percentage points (263 480 or 48 % males). According to the South African's National Youth Act of 1996, it defines youth as those within the range of 14 and 35. The table below indicates that the majority of the District 's population is children (age 00 to 13) with an average of 38% while those that are regarded as youth (age 14 -36) are on average 42%. Combined, the percentage of males and females below the age of 40 is 75% and it consists of 411, 446 people in the District. According to the Q2 Socio Economic Profile 2019, the District has witnessed a sharp decline between the 35-64 age cohorts in respect of males, while females showed a decrease between the age cohorts 35-49. This may be attributed to out-migration for job opportunities in other districts or provinces.

**Figure 2: Population by Age and Gender- 2018**

Age Range (years)	Number of people			Percentage of Ages by Gender	
	Female	Male	Total	Female	Male
00-04	28 981	28 923	57 904	50%	50%
05-09	32 382	33 633	66 015	49%	51%
10-14	28 728	29 734	58 462	49%	51%
15-19	24 327	25 850	50 177	48%	52%
20-24	23 311	24 840	48 151	48%	52%
25-29	23 919	23 467	47 387	50%	50%
30-34	23 499	22 824	46 323	51%	49%
35-39	19 088	17 939	37 027	52%	48%
40-44	14 669	12 864	27 533	53%	47%
45-49	12 208	9 660	21 868	56%	44%
50-54	12 831	8 858	21 689	59%	41%
55-59	12 415	7 652	20 067	62%	38%
60-64	9 953	5 535	15 488	64%	36%
65-69	7 993	5 055	13 048	61%	39%
70-74	5 880	3 715	9 595	61%	39%
75+	6 338	2 931	9 269	68%	32%
<b>TOTAL</b>	<b>286 521</b>	<b>263 480</b>	<b>550 002</b>	<b>52%</b>	<b>48%</b>

Source: Stats SA & IHS Markit, 2019

Stats SA has provided projections on population growth of the District; it is estimated that the population of Amajuba DM will be 578 521 with 276 202 males and 302 319 females by 2023.

In respect of population density, Newcastle is the highest, at 216.8 persons per square kilometre, followed by Dannhauser at 63.2 persons per square kilometre; and Emadlangeni is the lowest at 10.6 persons per square kilometre. Emadlangeni is characterized of the largest size of the land area (3 539 km<sup>2</sup>), but consists of the least number of residents (37 490 persons). This is due primarily to the fact that this municipality is predominantly rural and only an estimated 10 per cent of the population lives in urban areas

These demographics are tabulated in Figure 3 below:

**Figure 3: Population Density per Square Kilometre- 2018**

Area	Population Size	Area in Square km	% Share of KZN Area	% Share of Amajuba Area	Population Density
KZN	11384772	94361	100		120,7
Amajuba	547630	7102	7,5	100	19,1
Newcastle	402295	1856	2,0	26,1	216,8
eMadlangeni	37490	3539	3,8	49,8	10,6
Dannhauser	107845	1707	1,8	24	63,2

Source: Stats SA & IHS Markit, 2019

### 2.2.2 Racial Distribution

The total population of South Africa is divided into four different racial groups. In this regard it is important to provide a comprehensive analysis reflecting the distribution of the population according to racial groups within the province, the district and its local municipalities. Figure 4 below provides an analysis of the distribution by race in KZN, Amajuba and its three local municipalities in the years 2008 and 2018.

The African population constitutes the largest race group in KZN at 85.9% and 87.8% in 2008 and 2018, respectively. A similar trend is realised in Amajuba where the African population far outweighs that of the other racial groups at 92.7% and 93.5%. This trend continues into all of the district's local municipalities which is widely skewed towards Africans.

**Figure 4: Population by Race in 2008 and 2018**

Area	2008					2018				
	Total Population	African	White	Coloured	Asian	Total Population	African	White	Coloured	Asian
KZN	10036341	89,9	4,8	1,4	7,9	11384772	87,8	4,0	1,4	6,9
Amajuba	490 258	92,7	4,0	0,7	2,6	547630	93,5	3,1	0,7	2,7
Newcastle	354 275	91,5	4,6	0,7	3,2	402295	92,4	3,5	0,8	3,3
eMadlangeni	34 747	91,6	6,7	1,5	0,2	37490	93,6	5,3	1,0	0,1
Dannhauser	101 236	97,3	0,9	0,2	0	107845	97,6	0,8	0,3	1,3

Source: Stats SA & IHS Markit, 2019

The highlights in Figure 4 above are that the White population has decreased in all municipalities while Coloured population has increased in Newcastle and in Emadlangeni. There is a sharp increase of the Asian population in Dannhauser, which has jumped from zero in 2008 to 1.3% in 2018.

### 2.3 Education Levels

Overall, the literacy rate in Amajuba District has increased. Education levels in perspective, only Newcastle, of the three LM's, has a larger percentage of people with higher levels of education. Emadlangeni and Dannhauser have significantly lower percentages of people with higher levels of education which may correlate with the closure of the mines, although these figures have improved. The ADM also represents one of the Districts with the lowest percentage of the adult population without any form of schooling (i.e. completely illiterate). This figure has improved significantly since it jumped from 7.8% of persons without any formal schooling in 1998 to 3.1% in 2018. (National Treasury, 2019).

### 2.4 Income Profile and Dependency Levels

The figure 5 below reflects annual household income figures for the Amajuba District and its constituent local municipalities. The figures indicate low annual household income figures for the District in 2017, with about 70% of the population earning below R38 200 per annum (approximately R3 200 per month). In Dannhauser and Newcastle, the majority of their local households earn below R19, 600 per annum (i.e. R1 600 per month). For Emadlangeni, the majority of the population (25%) earn up to R38 200 per annum.

**Figure5: Annual Household Income by Local Municipality - 2017**

Income Bracket	Amajuba DM	Newcastle	Emadlangeni	Dannhauser
0 -2400	0,0%	0,0%	0,0%	0,0%
2400 – 6000	0,2%	0,2%	0,1%	0,2%
6000 - 12000	2,4%	2,4%	1,5%	2,5%
12000 – 18000	4,7%	4,7%	3,0%	5,0%
18000 – 30000	13,1%	12,8%	10,9%	15,1%
30000 - 42000	12,9%	12,5%	11,3%	14,7%
42000 - 54000	10,8%	10,3%	11,4%	12,8%
54000 -72000	11,5%	11,0%	12,6%	13,6%
72000 - 96000	9,9%	9,6%	11,3%	10,8%
96000 – 132000	8,7%	8,5%	10,2%	9,0%
132000 - 192000	7,7%	8,0%	8,3%	6,3%
192000 - 360000	8,9%	9,6%	9,4%	5,9%
360000 – 600000	5,1%	5,6%	5,3%	2,6%
600000 – 1200000	3,1%	3,6%	3,3%	1,2%
1200000 – 2400000	0,9%	1,0%	1,0%	0,3%
2400000+	0,1%	0,1%	0,1%	0,0%

Source: KZN Provincial Treasury: Global Insight (Regional Explorer) 2017

The dependency ratio measures the proportion of the population outside of the labour force (i.e. proportion of the population between the ages 0-14 years and over 65 years) that is dependent on the economic activity of those working (i.e. population between the ages 15-64 years). The dependency ratio can be interpreted as a crude measure of poverty – insofar as it reflects the number of people in the labour force sustaining dependents i.e. the young and old population. The figure 6 below highlights the dependency rates for the District for 2011 and 2016.

**Figure6: The Dependency Rates for Amajuba District 2011 & 2016**

	2011	2016
Population 0 – 14 years	168 374	188 258
Population 65 years +	23 271	19 755
Dependent Population	191 645	208 013
Population 15 -64years	308 194	323 312
Dependency Ratio	62,2%	64,3%

Source: Statistics SA, Census 2011 and Community Survey 2016

The District has seen an increase of 2.1% in the dependency rate from 62.2% in 2011 to 64.3% in 2016. However, when interpreted in conjunction with the low-income levels of households/people employed, the figures reflect that the high proportion of the population below the age of 14 years and above 65 years, place an additional burden on the economically active population within the District.

Utilising the growth rates derived from the three sources of data available from Statistics SA, the Amajuba District Municipality has produced population projections per a 5 year interval for the 20 years, for the period starting in the year 2016 and ending in the year 2041. The figure 7 below indicates the results derived:

**Figure7: Population Projections per 5 years Interval for 20 Years**

Year	Population Projections for 20 years using Growth Rate 10 Years( 2001-2011 ) 0,67%	Population Projections for 20 years Using Growth Rate 5 Years (2011 – 2016) 1.25%
2016	516 809	531 327
2021	534 355	565 375
2026	552 497	601 605
2031	571 255	640 157
2036	590 650	681 179
2041	610 703	724 830

Source: Spatial Development Framework 2019/2020

### 3. STATUS QUO

#### 3.1 LED and Tourism Literature Review

In 2017, Stats SA indicated that despite concerns of job losses in major industries, the tourism sector in South Africa had shown some resilience by creating more jobs in recent times. The sector created 31 752 new jobs in 2017 alone, after having experienced a net loss of 12 262 jobs in 2015. More than 50% of these jobs were created in road transport alone. In the same year, tourism created more jobs than manufacturing and tourism sectors (Tourism Satellite Account for South Africa, 2017).

In figure 8 below, it highlights the day trips expenditure patterns by travellers for the quarter 1 and quarter 2 of 2019. The total spend by day travellers was R19.4 Billion in quarter 1 and R19.7 Billion in quarter 2 of 2019. The highlight is that most of their money is spent on shopping followed by expenditure on domestic transport, then food and beverages.

**Figure8: Day Trips Expenditure, Jan - June 2019**

Expenditure	Day Trips	
	Quarter 1	Quarter 2
	R'000	
Food & Beverages	3 168 852	3 091 084
Domestic Transport	4 897 240	5 266 071
Recreation & Culture	255 205	311 820
Shopping	10 684 443	10 343 918
Other <sup>1</sup>	419 705	779 057
Total	19 423 445	19 791 951

Source: Stats SA, 2019

With the challenges brought about by COVID 19, all these gains are more likely to change. As more countries are fighting the disease, borders closed, people locked in their houses; it will take time for people to resume travelling again; that is applicable to both domestic and international travellers.

Despite the COVID 19 challenges, there is no reason why Amajuba District could not follow the same trends as that of the country with regards to job creation and expenditure by tourists once the economy picks up. International tourists are likely to visit more since the South African rand currency is much weaker than the US dollar relative to a couple of years ago. It will become cheaper for those using US dollars to visit South Africa.

Tourism has since become one of the main focus areas of growth and development in Amajuba District and South Africa as a whole. It is imperative that the LED Unit and Tourism Sector in the District work together in putting its attractions and entertainment out there for domestic and international markets to see. Currently, with the exception of the year 2010, the tourism spend as a percentage of GDP in Amajuba has shown a gradual decline from 3.9% in 2009 to 3% in 2018.

Amajuba is commonly known for the following tourist attraction activities:

- Eco-tourism, including the Amajuba Birding meander as well as other birding, hiking, canoeing and nature based activities.
- Cultural and Historical, including the Mangosuthu Arts and Craft centre and the battlefields where the Boer, British and Zulu battles took place.
- Events, such as the Newcastle Winter festival and sporting competitions.
- Adventure – 4x4 trails, white water rafting and kayaking, abseiling, gliding and micro-lighting, quad bikes and equestrian.
- Hunting and fishing

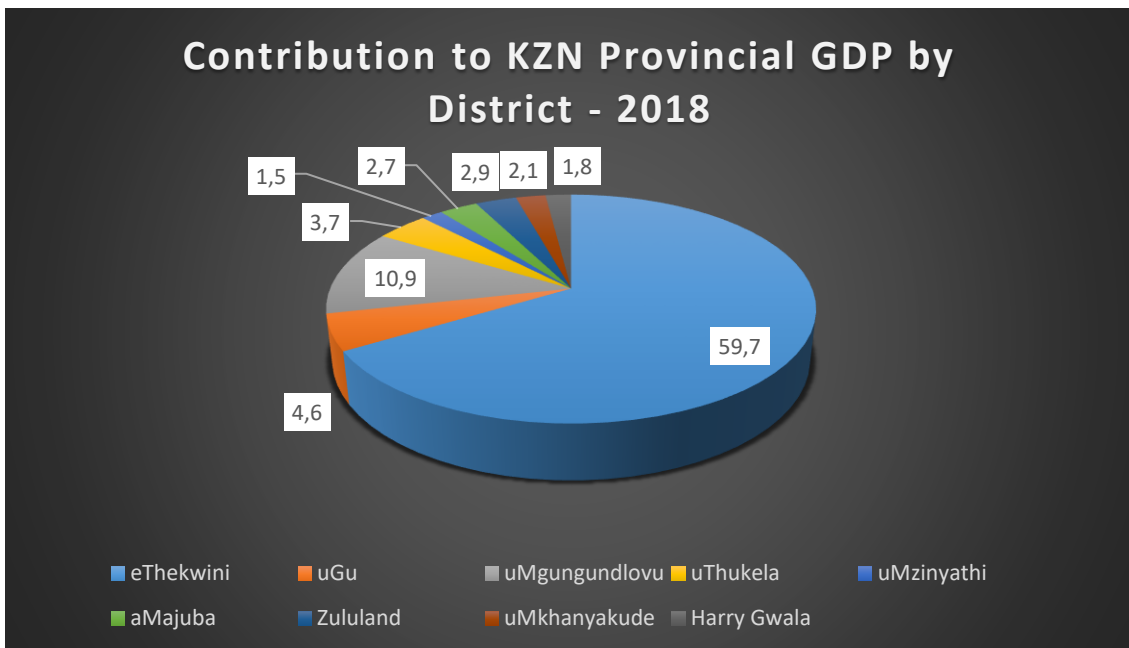
### **3.2 Local Area Economic Profile**

Figure 9 below shows the contribution to KZN's provincial GDP by its respective 10 municipalities and one Metro in 2018. The total provincial output is concentrated mainly in the eThekweni Metro at 59.7%; making it the economic hub of the province. This substantial contribution is driven by various economic activities that include motor vehicle manufacturing, ship building, oil refining and chemical plants, international trade, tourism, and property development. The Metro is also host to the port of Durban, acknowledged to be the county's primary entrepôt. In this capacity the region hosts a plethora of logistical support services.

UMgungundlovu District is the second largest contributor to provincial GDP at 10.9%. This district is dominated by provincial government offices including its local municipality offices. Its primary economic activities include agricultural support services, aluminium production, footwear, government logistic support, general manufacturing and tourism. UMgungundlovu is followed by King Cetshwayo at 7.1%.

The Amajuba district contributes 2.7% of KZN's GDP making it the seventh largest provincial contributor out of the 11 districts.

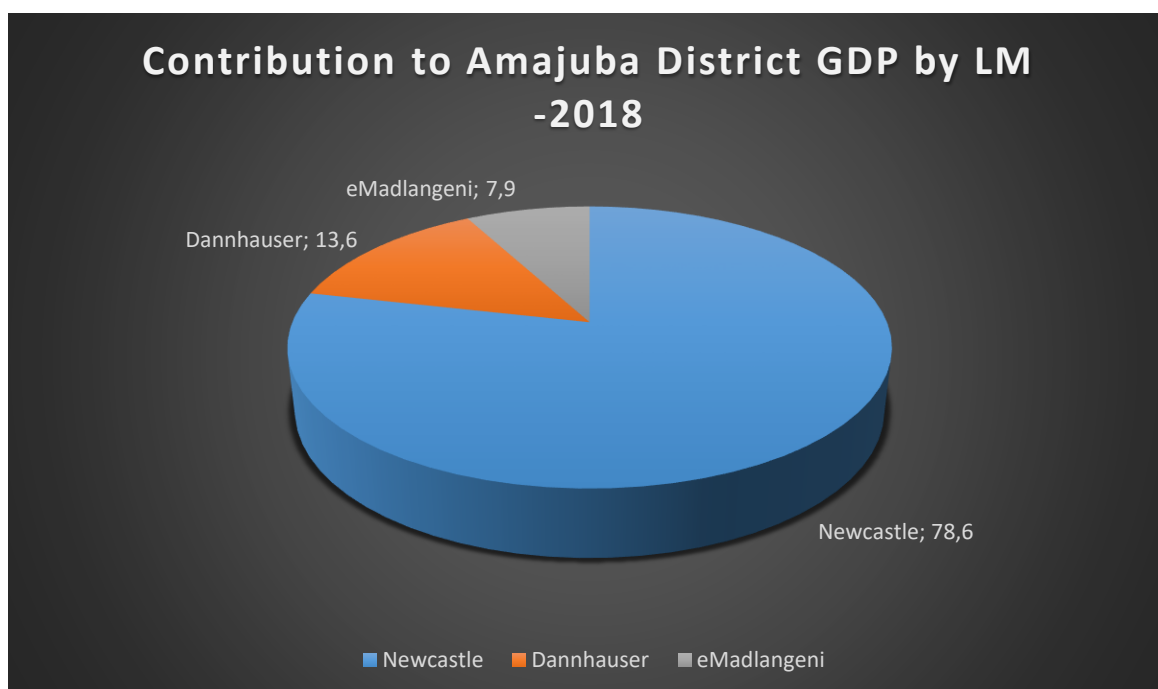
Figure 9: Contribution to KZN Provincial GDP by Districts - 2018



Source: IHS Markit, 2019

The largest contributor to Amajuba's GDP is Newcastle at 78.6%, followed by Dannhauser at 13.6%, and then by Emadlangeni at 7.9%. As stated previously, The Town of Newcastle is the economic hub of the region and is based in the local municipality of Newcastle. In contrast, Emadlangeni is mainly a rural district, hence it contributes the lowest portion of GDP to the Amajuba District. See Figure 10 below:

Figure 10: Contribution to Amajuba District GDP by LM - 2018



Source: IHS Markit, 2019

In terms of sector performance within the District, the structure of an economy is inherently divided into three sectors, these being the primary, secondary and tertiary sectors. Ideal economic performance should be driven mainly by the primary and the secondary sectors as these are the main catalysts for export and employment opportunities. However, the country, the province, and the economy of the District is driven to a large extent by the services sector. In Amajuba, the tertiary sector in 2018 constituted 58.2% of the total district GDP-R in real terms. The least performing sector in 2018 was primary sector with 17.1% down from 17.4% in 2017. Figure 11 below provides a sector performance analysis for Amajuba over the period 2009 through 2018.

Figure 11: Amajuba District Sector Performance Analysis - 2009 to 2018

Sector	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Primary Sector</b>	<b>17,70</b>	<b>18,7</b>	<b>18,6</b>	<b>18,7</b>	<b>19,3</b>	<b>19,6</b>	<b>16,8</b>	<b>16,9</b>	<b>17,4</b>	<b>17,1</b>
Agriculture	4,5	3,9	3,8	3,6	3,6	3,6	3,6	3,8	4	3,7
Mining	13,2	14,8	14,8	15,1	15,7	16	13,2	13,1	13,4	13,4
<b>Secondary Sector</b>	<b>24,5</b>	<b>23,1</b>	<b>21,2</b>	<b>20,5</b>	<b>20,3</b>	<b>20,7</b>	<b>21,3</b>	<b>21,1</b>	<b>20,4</b>	<b>20,3</b>
Manufacturing	20,7	19,5	17,4	17,1	16,8	17,1	17,6	17,7	17,1	17
Construction	3,8	3,6	3,8	3,4	3,5	3,6	3,7	3,4	3,3	3,3
<b>Tertiary Sector</b>	<b>55,4</b>	<b>55,4</b>	<b>56,5</b>	<b>56,7</b>	<b>56,4</b>	<b>65,9</b>	<b>57,9</b>	<b>57,9</b>	<b>58</b>	<b>58,2</b>
Trade	11	11	11,6	11,4	11	10,6	11,1	11,1	11,1	11
Transport	8,6	8,3	8,6	9	9,5	9,5	9,5	9,2	9	8,9
Finance	14,9	14,4	14,3	14,6	14,3	14,1	14,7	14,7	14,9	14,8
Community Services	20,9	21,7	22	21,7	21,6	21,7	22,6	22,9	23	23,5

Source: IHS Markit, 2019

In respect of the Amajuba District, the Tertiary Sector, which constitutes Trade, Transport, Finance and Community services, is the primary driver of growth. During the period 2009 through 2018 this Sectors' contribution to the GDP-R recorded an average of 51.1 %. The major contributors to the GDP-R within this sector in 2018 were, Community services at 23.5%, followed by Finance at 14.8%, Transport at 8.9%, and Trade at 11%.

Averaging 21.3% over the period 2009 to 2018, the Secondary Sector, constituting Manufacturing and Construction was the second largest contributor to the GDP-R of the region. This Sector showed a decrease of 4.2% over the 10 year period from 24.5% in 2009 to 20.3% in 2018. When evaluated singularly, Manufacturing far outweighs Construction, the reason being that the district is a "textile" and clothing industry hub as well as the fact that it houses the Natal Portland Cement Company, the LANXESS Chrome Chemical Plant and Arcelor Mittal.

Over a ten year period, the average annual contribution to the GDP-R from the Primary sector, comprising of Agriculture and Mining, equated to an averaged 18.1%. The Mining industry in Amajuba is the main sector within this category and averaged 14.27% to Amajuba's GDP. Agriculture comprised 3.7% of the districts GDP in 2018, with cattle and sheep farming being two of the main types of agronomy.

### **3.2.1 Agricultural Sector**

The Amajuba District Municipality is one of the most fertile regions within KwaZulu-Natal, and therefore has a comparative advantage in terms of agriculture. Stats SA indicates that in 2019 the agricultural sector accounted for approximately 3.7% of total sector share in the Amajuba District. Emadlangeni is the largest contributor to the sector in the region with 15.8%, while Dannhauser is the least contributor with only 2.3%. Even though Emadlangeni has the largest agricultural share, it contributes less (5.7%) than Dannhauser (6.0%) to formal employment. In values terms, Newcastle has contributed more than R423 Million, eMadlangeni R250 Million and Dannhauser over R71Million.

Although the sector only contributes a small proportion to the total output in the District, the importance of agricultural development and sustainability in the province has been prioritized recently in many of the provincial and national policies and strategies.

In light of the slight improvement in real terms, the sector is still declining in the region and this can be attributed to a number of factors as explained in the DGDP 2035:

- Uncertainty about the large number of pending land claims;
- Lack of support for small-scale and informal farming operations;
- Lack of relevant skills and training programmes;
- Access to markets;
- Access to funding for investment into new machinery and equipment;
- Increasing input costs and competition;

- Poor institutional support and assistance in the region.

As indicated in the latest District's Agricultural Plan, the main commercial crops that are produced in Amajuba are Maize, soybeans, peanuts, wheat, dry beans, potatoes, cabbage and barley. The agricultural activities occurring within the District are crop farming (varied vegetables and seedling production), dairy production, aquaculture, poultry and livestock.

Large areas of the region have comparatively low agricultural potential, as they are included within the relatively unproductive Bioresource group TUC122. This is evident in terms of the land resource potential of the District, 11.2% (77 514ha) is considered to be high potential, whilst 4.1% (28 333ha) is categorized as good potential land. The majority of the District (40.6% or 280 490ha) is regarded as moderate potential land. (Amajuba Agricultural Plan)

Therefore, the conclusion is that good potential agricultural land needs to be kept productive and lower potential land will have to be well managed (i.e. not overstocked) to conserve the limited production potential that does exist.

### **3.2.2 Mining and Quarrying Sector**

According to Stats SA, Mining and Quarrying has contributed 12.8% to total GVA in the District in 2019, which is lower 0.6% lower than in 2018. The current GVA for Newcastle, Emadlangeni, and Dannhauser is 5.1%, 23.1% and 46.3%, respectively. Dannhauser has contributed the most to the sector with more than R803 Million, followed by Newcastle with R563 Million. In terms of employment, this sector accounts for approximately 0, 6% of total employment in the District in 2018, a substantial long-term decline from 7% contribution in 1996. Stats SA 2018 indicates the number of people totally employed (formal and informal) within the District is 10 822.

The area has experienced a significant decline in formal commercial mines over the past 5-10 years (largely due to the down-scaling of coal mining in Dannhauser), with small-scale mining accounting for more recent growth. The only substantial product that is still mined within the District is coal.

An alarming issue is the large number of coal mines that have been abandoned within the Newcastle and Emadlangeni municipalities, with only 1 significant commercial coal mine remaining in Newcastle. As mentioned above, the mining industry has however experienced positive growth off a small base within the District due to an increase in small-scale coal operations.

In his thesis (Ngobese, 2015), indicated that Dannhauser and Emadlangeni municipalities have the highest number of mining operations in the District, yet they are the most impoverished municipalities not only within the District but nationally. He concluded that these mines have a potential to commit to the implementation of social plans. Its successful implementation would depend on close evaluation, monitoring and having the municipalities to plan mining initiatives in collaboration with

the mines and community. For example, a new Ikhwezi mining's New Project in Dannhauser has recently been issued a license on the 26<sup>th</sup> of April 2019. According to Groundworks (one of the mining community rights organisations), as recently as 2018, people's homes and graves were destroyed in preparation for the mine. The jobs promised to be created have yet to materialise. (Miningreview.com)

### **3.2.3 Manufacturing Sector**

Manufacturing contributes 17.5% to the total District GVA, making it the second largest contributor to the District economy, after Community Services with 23.5% (Stats SA, 2019). The sector has undergone changes over the past 30 years. During the apartheid era Newcastle was established as an industrial de-concentration point primarily for the processing of iron and steel products at ISKOR. While government subsidies and policies remained in place, the iron and steel industry continued to operate in this area. During the 1970s and 1980s, the production of textiles and clothing entered into the area as an additional manufacturing sub-sector along with chemicals and associated steel processing plants (e.g. galvanizing, fabrication etc.). Over the last 10-15 years the economy has undergone a further change, with the decline of the textile industry in Newcastle, the decline of the iron and steel industry and the emergence of large-scale retailing. To date, the sector accounts for 13.3% of formal employment to the District.

Over this period there has been a shift from large scale plants to a variety of smaller scale manufacturing and processing units. A large number of the manufacturing companies in the greater Newcastle area produce for national and international markets (mainly Gauteng at national level, (DGDP 2035)

Most large firms in the industry are located within Newcastle, which accounts for over 19.5% of total GVA in the Amajuba manufacturing industry, followed by Dannhauser with 11.3% and Emadlangeni with 6.0% of GVA. Newcastle has a strong base of existing infrastructure geared towards manufacturing, and is considered an important node within the wider provincial manufacturing sector. The sector consists of strong clusters of manufacturing industries and has historically attracted a large number of foreign (mainly Chinese and Taiwanese) manufacturers due to incentives offered.

The sector is however dominated by a few large firms, which presents the opportunity to diversify the manufacturing base to promote the growth of SMME's within the sector. The dominant sub-sectors within the District's manufacturing sector include:

- Metals, metal products, machinery and equipment - contributes almost 45% to total GVA, and 30% to total employment within the industry. This is largely due to the presence of two major producers of primary metal within the Amajuba, both located in Newcastle.
- Petroleum products, chemicals, rubber and plastic – this sub-sector contributes about 15.4% to total GVA, but only contributes 6.7% to total employment in the

District, indicating the capital-intensiveness of the industry. The industry has experienced a decline since 2005 (-1.7%).

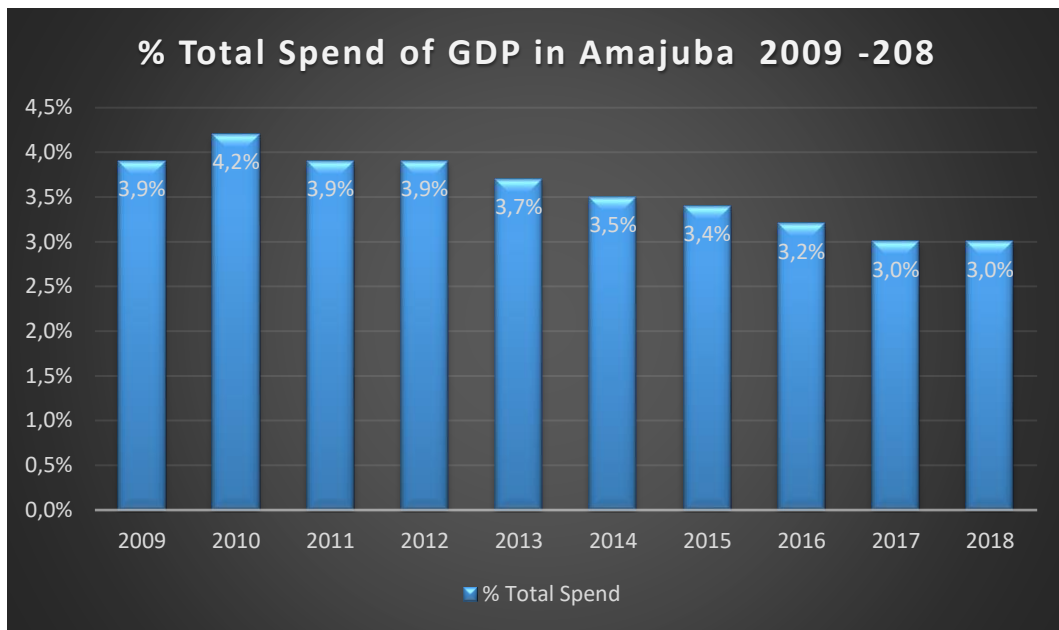
- Clothing, textiles and leather goods - accounts for approximately 12.5% of GVA and over 36% to total employment in the sector. Newcastle accounts for approximately 86% of all textile and footwear manufacturing operations in the District. However, due to noncompliance with labour regulations, many of the Chinese and Taiwanese manufacturers in the area have been shut down. This has damaged the textile industry substantially, with thousands of jobs being shed in the industry.
- Furniture manufacturing - this industry contributes 8.9% to GVA in the manufacturing sector within Amajuba. The industry has experienced a -3.7% average annual decline between 2005 and 2009. Approximately 1267 people are employed in this industry (8.8% of total manufacturing employment) which is in line with the province (8.2% of employed in manufacturing).
- Food, beverages, tobacco contributes 8.2% to GVA in Amajuba. The industry has experienced growth, with an average annual growth rate of 1.6% in Amajuba. The industry accounts for 6.6% of total employment in manufacturing.

### **3.2.4 Tourism**

It is difficult to measure the contribution of tourism to the District economy, since GVA from the tourism industry is spread across a number of other sectors. However, the total spend as a percentage to GDP in the District over the period of 2009 to 2018 has shown a decline from 3.9% to 3% in 2018. The contribution of this sector to total employment is 1.5%. The Amajuba District is not considered to be a major tourism destination within KZN due to its historical association with industrial and mining activities. However, it is a key sector that presents opportunities for economic development within the region. Tourism within the town has grown over the past years, which is justified by the growing number of accommodation facilities and activities offered within the region.

In line with the promotion of tourism, Amajuba hosts a number of tourist destinations, including, the Utrecht Balele Game Park, the Isandlwana battlefields, the Talana Museum, adventure trails, among others. Figure 12 shows the total tourism spend as a percentage of GDP in Amajuba over the period 2009 to 2018.

**Figure 12 Total Tourism Spend as a Percentage to GDP 2008 - 2018:**



Source: IHS Markit, 2019

The spending on tourism in Amajuba showed a decreasing trend from 2009 to 2018. In 2012 and 2013 for example, the total tourism spend as a percentage of GDP in Amajuba stood at 3.9% to 3% of GDP in 2018. The reason for the decline is that GDP is increasing at a much faster pace than the corresponding increase in tourism.

Major tourist attractions in Amajuba include avi-tourism/birding tourism; nature and game reserves; adventure and sports tourism; and natural, cultural and historical attractions (e.g. Battlefields). These attractions present a clear opportunity for the District to position itself to take advantage of this sector.

The District has a large number of accommodation facilities, which range from lodges, to B&B's, to self-catering facilities and hotels. However, most of these facilities are located within Newcastle, with only a limited number of facilities within the Emadlangeni and Dannhauser Municipalities. Some of the challenges faced by the sector include:

- The District has no tourism strategy;
- Fewer visitors as a result of lockdown due to Covid 19
- Historical association of the District as a mining and industrial centre;
- Lack of coordinated promotion of the region and attractions offered;
- Run-down and lack of tourism facilities;
- No specific draw-card attraction to make the District a priority for tourists;
- Lack of sufficient signage along the N3 and also within the District to promote tourism facilities and attractions; and
- Loss of tourists to larger tourist attractions such as the Durban beachfront, Drakensberg Mountains, and the north and south coast.

### **3.2.5 Tertiary Services (including Government Services)**

The tertiary services sector includes communications, finance and insurance, business services, community and social services, and general government. In 2019, the sector's share contribution to the District's GDP was 11.1% in trade, 8.9% transport, 14.9% finance and 23,7% in community services. These sectors contribute over 54% to total GVA in Amajuba District.

In terms of employment, Stats SA 2018 indicates that over 63 537 people are employed both formally and informally within these sectors. Newcastle has the highest number of people employed (49 619) while Emadlangeni accounts for only 6 635 of people employed in the tertiary sector.

### **3.2.6 Informal Trade**

Within the Amajuba District Municipality, informal trade accounts for over 40% of total employment within the region. Over 31% of informal trade in the District occurs within the Newcastle Local Municipality, with only 5.9% in Emadlangeni, and 5.8.6% in Dannhauser. Informal trade is predominately clustered around public transport facilities and along main transport corridors, although there are a number of activities that occur in backyards and on the periphery of each of the towns.

Informal traders face a number of constraints which make it difficult for them to successfully operate, expand their business, or formally register. These are factors such as:

- Located in areas with less foot traffic
- Lack of financial and business skills
- Lack of access to funding
- Lack of access/finance for trading premises;
- Low turnovers;
- Harsh trading conditions and crime.

It is important that the above issues be addressed in order to create a more conducive environment for small informal business within the District to function, expand and thrive.

## **3.3 Assessment Analysis**

Amajuba District Municipality embarked on a process to develop a Participatory Appraisal of Competitive Advantage (PACA) based LED Strategy that would be informed by the role-players in the LED space as well as the comparative and competitive advantages of the District. PACA is a method that is used to conduct a quick, action-oriented appraisal of a local economic opportunities, challenges, implementation and action learning. The whole idea of using PACA was to have all local stakeholders work together, build trust and strive towards implementation of LED activities.

### **3.3.1 Business and Local Resident Attitude Survey and Perceived Problems and Opportunities**

All the stakeholders from various economic sectors and local residents were consulted and responded by not only highlighting the challenges facing the District and its respective municipalities, they also proposed programmes and projects as solutions to the identified challenges. The summary of stakeholder consultation feedback is summarised in 4.1.2 below.

Further research and analysis is needed on the poverty, hunger and inequality trends within the District and this needs to inform the priority interventions identified in the forward planning interventions. It is noted that there is misalignment of statistics used for forward planning by the three spheres of government within the District and that there is a need to use agreed-upon data sources for all planning and future projections. Migration and settlement patterns within the District need to be more effectively tracked.

In terms of misalignment in investments/ projects, those identified in existing plans are not always in areas where it will have the most impact. State investments are also not unlocking private sector investment to its full potential. It is apparent that most plans are largely working without the participation of private sector and there is a need to find out the reasons for their non-responsiveness to the plans of the District as envisaged.

Fragmented settlement structures are resulting in high cost of providing services. Under current funding models, Municipalities cannot afford to supply services to the outer-lying areas. Maintenance of existing infrastructure is also not adequately planned or budgeted for. It is also noted that Municipal technical service departments are poorly resourced and in many instances have demotivated staff.

Long term planning and infrastructure projects are poorly linked. As a result, long-term projected demands are not sufficiently addressed in designs. Bulk services that are put on the ground are too small to cater for future demands. Water storage planning requires attention and new storage dams need to be planned for, funded and developed. Current investment amounts for Provincial Departments were obtained from the Treasury IRM but it is noted that individual provincial department confirmations per District would be far more beneficial and accurate. No National Department confirmations were received, nor were investment amounts from the local municipalities of Dannhauser or eMadlangeni.

### **3.3.2 Competition and Collaboration Analysis**

The importance of competition and collaboration in an economy cannot be underestimated. In order for an economy to grow, there is a need for competition.

At this point in time, the big businesses and the municipality source service providers from outside the area, which results in a limited use of the existing service providers in the area. There is a need for a number of providers of the same or similar product and services to provide consumers with options and variety. There is also a need for businesses to collaborate with smaller suppliers to further develop the economy. Smaller businesses can also pool together their skills to provide a better service, thereby improving the economic activity in the area. This gives the opportunity for smaller businesses to grow and for the establishment of new businesses.

### **3.3.3 Economic Leakage, Markets and Supply Chain Analysis**

Economic leakage is a major problem to smaller towns, and the Amajuba Municipality is in the same position. The limited markets within the area together with the limited skills set in the area results in a twofold problem. Firstly, companies and services are contracted from outside the area, oftentimes overlooking the services that are available in the locality. Secondly, the limited markets (retail and services) result in the economic leakage of spending. People choose larger economic centres to spend their money, where there is a greater variety of options for shopping and services.

This highlights the need to encourage business creation, attraction of new businesses and thereby building vibrant markets and economies. Building competition in the economy will stimulate the local economy.

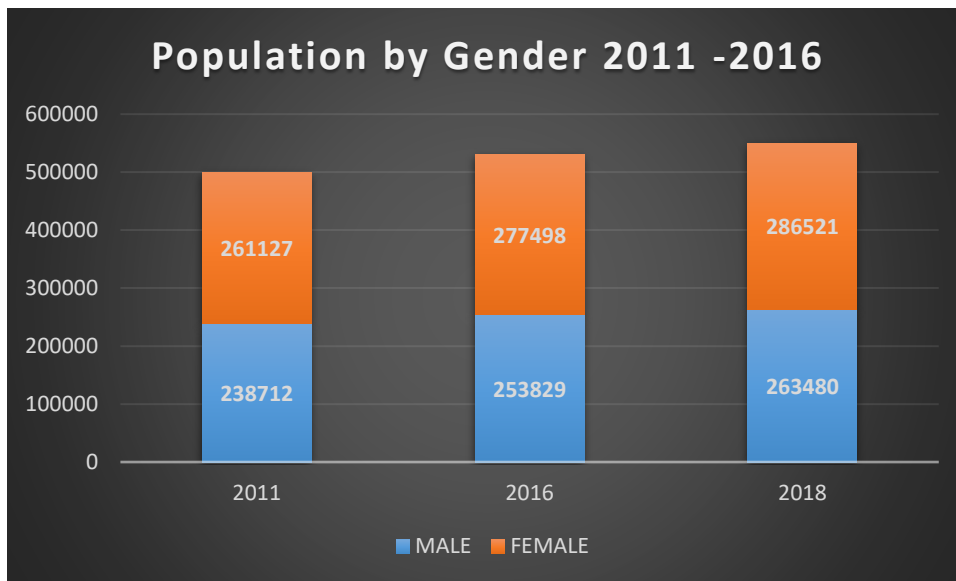
Assessing the supply chain of products and services of the larger businesses and developments in the area and finding the gaps and opportunities in this space, will open up the area for business development and new economic opportunities resulting in a more vibrant economy. It is when this happens that localities can become sustainable economies, which will not be reliant on outside services and products.

### **3.3.4 Gender Analysis**

According to Statistics SA, females were more than males in 2011 by a difference of 22 415. This trend continued in 2016 and 2018 when the number of females increased by 9 023 and 16371 respectively. (See Figure 13 below). The number of females from age zero to 34 within the District is 65% while that of females aged 35 and above is only 35%. Females are projected to increase by 15 798 to reach a total of 302 319 by 2023. The percentage share of adults older the age of 50, especially among women has increased relative to previous years. This could be attributed to improved access to health care and women tend to be less involved in bad habits such as smoking and doing crime.

The rate of unemployment of females within the District is 45%, with African females being the most affected at 31%. The rate of unemployment is much higher for both African males and females in Dannhauser with 43% and 41.3% respectively.

**Figure 13: Amajuba District Gender Analysis 2011 - 2016**



Source: IHS Markit, 2019

With regards to the distribution of households by sex in the Amajuba District, the trend indicates that there is a higher number of male-headed households compared to that of females, both in 2011 and 2016. This mirrors the distribution of the KZN Province which is also dominated by male-headed households.

### **Employment and Unemployment**

Figure 14 below illustrates the employment trends in KZN and Amajuba for the years, 1998, 2008 and 2018. Amajuba witnessed an improvement in the number of people employed over the period 1998 to 2018, from 80 630 in the 1998 to 113 762 in 2018. The number of people employed within Amajuba as a percentage of KZN's total employment stood at 4.3%, this is down by 0.1% from 1998, but on par with that of 2008. The figure shows that significant improvement in terms of employment has been made within KZN over the past two decades. The provincial work force consists predominantly of formally employed people rather than those that are informally employed.

At a local municipality level, both Newcastle and Dannhauser saw an increase in the number of people employed over the three years 1998, 2008 and 2018. Newcastle witnessed an increase in the number of people employed from 61 342 in 2008 to 91 054 in 2018, this is possibly due to the fact that the City of Newcastle is the third largest city in the province, housing many large corporations and textile industries, which by virtue of their magnitude and requirements create job opportunities. In respect of Dannhauser, this local municipality has seen a slight growth in the total number of people employed from 14 777 in 2008 to 14 872 in 2018. In contradiction to the positive

employment growth in the Newcastle and Dannhauser, Emadlangeni showed a decline of 1 108 between 2008 and 2018. This can mainly be ascribed to out-migration by people to bigger cities or towns.

**Figure 14: Total Number of People Employed in KZN and Amajuba 1998 - 2018**

	Total No. of People Employed			% Share of KZN Employment			% Share of Amajuba Employment		
	1998	2008	2018	1998	2008	2018	1998	2008	2018
KZN	1840575	2519695	2636523	100	100	100			
Amajuba	80630	108020	113762	4,4	4,3	4,3	100	100	100
Newcastle	61342	84298	91054	3,3	3,3	3,5	76,1	78	80
Emadlangeni	7242	8944	7836	0,4	0,4	0,3	9	8,3	6,9
Dannhauser	12047	14777	14872	0,7	0,6	0,6	14,9	13,7	13,1

Source: IHS Markit, 2019

### Employment by Industries

Figure 15 shows employment by industries in 2018 at a provincial district and local level. Employment in the province was concentrated primarily in the Community services sector at 23% in 2018. This was closely followed by Trade and Finance at 21% and 14.4%, respectively. Hence, the tertiary sector is the largest employer in the province with approximately 74.2% of jobs emanating from the sector as a whole. This trend is undesirable in a developing country like South Africa which strives to create jobs for the growing labour force. Rather, the secondary sector should be the largest employer as it involves more labour intensive industries such as manufacturing and construction.

**Figure 15: Employment by Industries for KZN and Amajuba 2018**

Employment by Industries for KZN and Amajuba 2018					
Sector	KZN	Amajuba	Newcastle	Emadlangeni	Dannhauser
<b>Primary</b>	5,3%	3,8%	4,0%	3,4%	3,1%
Agriculture	5,0%	3,7%	3,9%	3,0%	2,7%
Mining	0,4%	0,2%	0,1%	0,4%	0,3%
<b>Secondary</b>	<b>20,5%</b>	<b>20,5%</b>	<b>20,9%</b>	<b>18,7%</b>	<b>18,8%</b>
Manufacturing	12,4%	13,7%	14,0%	12,4%	12,1%
Electricity	0,3%	0,3%	0,3%	0,2%	0,4%
Construction	7,8%	6,5%	6,6%	6,1%	6,4%
<b>Tertiary</b>	<b>74,2%</b>	<b>75,7%</b>	<b>75,1%</b>	<b>77,9%</b>	<b>78,1%</b>
Trade	21,0%	24,4%	23,9%	27,6%	26,0%
Transport	6,2%	7,0%	6,9%	7,5%	7,0%
Finance	14,4%	15,3%	15,2%	15,0%	15,8%
Community Services	23,7%	21,6%	21,8%	20,7%	21,1%
Households	8,8%	7,4%	7,3%	7,1%	8,2%

Source: IHS Markit, 2019

The figure below summarises the total number of people employed per sector within the Amajuba District in 2018:

**Figure 16 : Employment by Sector - 2018**

SECTOR	No. of People Employed
Agriculture	4 217
Mining	442
Manufacturing	11 622
Electricity	312
Construction	6 662
Trade	22 098
Transport	6 085
Finance	13 794
Community Service	21 559
Household	7 087

Source: Provincial Treasury 2019 (Global Insight Regional Explorer)

The total number of the unemployed in Amajuba has increased exponentially from the period of 1998 to 2018. According to Stats SA, in 1998 there was a total of 31 162 people who were unemployed in the District; the number increased to 40 899 in 2008 and 50 263 in 2018. In terms of the percentage share of unemployment rate in 2018 in each municipality, Newcastle has 77.1% while Emadlangeni and Dannhauser has 5.7% and 17.1% respectively. There is an urgent need for job creation for the whole District. Within the District, 35% of the working-age population fall under expanded definition, meaning that they have given up looking for work while 30% is continuing to look for work without success. Dannhauser Municipality is leading with 45% of the people who fall under expanded definition, which should be as a result of lack of job opportunities in the area.

#### **Distribution of Households by type of Main Dwelling and Municipality**

According to the Community Survey of 2016, the KZN province is dominated by formal dwellings which constitute 72, 5% of all dwellings. The Amajuba District follows the same trend as it is also dominated by formal dwellings with Newcastle having the most formal dwellings. Dannhauser has more traditional dwellings (5 936) while Newcastle is dominated by informal dwellings (5 803). See Figure 17 below:

**Figure 17: Distribution of Households by Dwelling and Municipality**

Municipality	Formal Dwelling	Traditional Dwelling	Informal Dwelling	Other	Total
Newcastle	80 473	2 816	5 803	1 255	90 347
Emadlangeni	4 494	2 077	89	8	6 667
Dannhauser	14 020	5 936	261	25	20 242
<b>Amajuba</b>	<b>98 987</b>	<b>10 828</b>	<b>6 153</b>	<b>1 288</b>	<b>117 256</b>

Source: Provincial Profile: KZN –Community Survey 2016

### Access to Safe Drinking Water

KwaZulu Natal enjoys an overall access of 81% to safe drinking water. In terms of the Community Survey of 2016, Amajuba was rated as having the highest proportion of those with access to drinking water. Dannhauser and Newcastle were specifically mentioned in the report as the municipalities with biggest proportion access to piped water. Figure 18 below indicates that Newcastle is leading the District with 90.4% having access to drinking water, followed by Dannhauser with 79%. Emadlangeni has the highest percentage (32.3%) of those that have no access to drinking water, while Dannhauser and Newcastle have 20.8% and 9.6%, respectively.

**Figure 18: Access to Drinking Water**

Municipality	Access to Drinking Water		No Access to Drinking Water		Totals
	Number	%	Number	%	
Newcastle	81 504	90.4%	8 637	9.6%	90 142
Emadlangeni	4 493	67%	2 143	32,3%	6 636
Dannhauser	15 670	79.2%	4 111	20.8%	19 781

Source: Provincial Profile KZN (Community Survey 2016)

### Access to Internet Services and Sex of Household Head

The overwhelming majority of households have access to cellphones with Newcastle leading with 90.8%, Dannhauser 87.6% and Emadlangeni following closely with 85.9%. Landline telephones are clearly being replaced by cellphone use. The table 15 below shows that there is poor access to computers in the whole District as Dannhauser, Emadlangeni and Newcastle indicate 93,6%, 88,8% and 83,2% respectively. This can be interpreted as the households having poor access to the internet.

## Access to Household Goods

Figure 19: Amajuba District Access to Household Goods

HOUSEHOLD GOODS Item	DANNHAUSER		NEWCASTLE		EMADLANGENI	
	Yes	No	Yes	No	Yes	No
Cellphone	87,6%	12,4%	90,8%	9,2%	85,9%	14,1%
Computer	6,4%	93,6%	16,8%	83,2%	11,2%	88,8%
Television	69,7%	30,3%	77,4%	22,6%	52,7%	47,3%
Satellite Television	8,2%	91,8%	23,3%	76,7%	13,0%	87,0%
Radio	72,1%	27,9%	72,3%	27,7%	74,7%	25,3%
Landline / Telephone	4,6%	95,4%	13,6%	86,4%	7,3%	92,7%
Motor Car	17,1%	82,9%	26,7%	73,3%	27,3%	72,7%
Refrigerator	61,9%	38,1%	73,1%	26,9%	39,5%	60,5%
Electric / Gas-Stove	62,9%	37,1%	79,3%	20,7%	43,7%	56,3%

Source: Statistics SA – C0mmunity Survey 2016

## Access to Energy Sources

Electricity is provided to the District population by way of connections to the Eskom grid or by way of non-grid electricity. Census data for the years 2001 and 2011 indicate a significant increase in the usage of electricity for lighting, cooking and heating purposes across the District. The District has maintained its good performance of providing sources of energy to its people in 2016 as well.

Figure 20: Amajuba District Access to Energy Sources – 2017

Municipality	COOKING				HEATING			
	Electricity	Other Source	None	Total	Electricity	Other Source	None	Total
Newcastle	82537	7394	416	90347	85633	4591	91	90315
eMadlangeni	3475	3144	48	6667	3816	2839	13	6668
Dannhauser	14793	5258	191	20242	18467	1718	41	20226
<b>Amajuba</b>	<b>100805</b>	<b>15796</b>	<b>655</b>	<b>117256</b>	<b>107916</b>	<b>9148</b>	<b>145</b>	<b>117209</b>

Source: Statistics SA – Community Survey 2016

The highest proportion of households with access to electricity are located in the Newcastle Local Municipality while eMadlangeni has the lowest access to electricity with only 3 475 and 3 816 for cooking and heating, respectively.

## Access to Education

The province has made considerable improvement in reducing illiteracy in the past two decades. This can be observed from Figure 21, which illustrates the education achievements in the province, and the Amajuba district over the periods 1998, 2008 and 2018. The number of people with no education in KZN decreased from 10.6% in 1998 to 4.5% in 2018, indicating that the province has managed to reduce the proportion of people without an education by half. This has contributed to an increasing number of persons with grade 10 -11 and matric. The basic education level has thus improved significantly in the province with a large portion of people achieving matric.

Although significant improvement has been made in the attainment of basic education in the province, considerable work still needs to be done in ensuring an increasing number of people holding higher education qualifications. In terms of higher education qualifications attainment, the share of people with a matric and diploma in KZN rose from 2% per cent in 1998 to 2.8% in 2008, growing by a minimal 0.1% points to 2.9% in 2018. This notwithstanding, the number of matric and bachelors degree's held increased from 0.7% in 1998 to 2.3% in 2018.

**Figure 21: Education Attainment Levels in KZN and Amajuba, 1998 -2018**

Education Attainment Levels in 1998, 2008 and 2018						
	KZN			AMAJUBA DISTRICT		
	1998	2008	2018	1998	2008	2018
No School	10,6	7,0	4,5	7,8	5,0	3,1
Gr 0 - 2	0,9	1,6	1,4	1	1,8	1,6
Gr 3 - 6	8,2	7	5,5	8,4	7,2	5,4
Gr 7 - 9	10	9,9	8,6	10,5	10,1	8,3
Gr 10 - 11	8,2	11,1	14,4	9,2	11,4	14,9
Certificate /Diploma without matric	0,8	0,4	0,2	0,8	0,4	0,2
Matric Only	9,0	14,7	19	9,2	14,3	17,7
Matric & Certificate / Diploma	2,0	2,8	2,9	2,1	3,2	3,1
Matric & Bachelor's Degree	0,7	1,5	2,3	0,5	1,1	1,9
Matric & Post Grad Degree	0,3	0,6	1,0	0,1	0,4	0,7

Source: IHS Markit, 2019

The Amajuba district witnessed a substantial decrease in the proportion of people with no schooling from 1998 to 2018. In 1998 the district had 7.8% of people with no schooling, this dropped to 3.1% in 2018. In addition, there was an increase in the number of people with a grade 10-11, growing from 9.2% in 1998 to 14.9% in 2018. Also, in 1998, 9.2% of the populous within Amajuba received a Matric, this has increased to 17.7% in 2018. Although it is evident that a great deal has been accomplished by government in order to assist learners to achieve these milestones, the share of people

with diplomas, bachelor's degrees and post-graduate degrees remained low in 2018 at 3.1, 1.9 and 0.7%, respectively.

### 3.4 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Political Stability and efficient functioning of the Council</li> <li>• Existing infrastructure for service delivery</li> <li>• Effective disaster management relief</li> <li>• Requisite capacity and experienced staff</li> <li>• Sufficient human capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Incomplete capital projects</li> <li>• Allocation of business opportunities to same businesses</li> <li>• Ineffective applications of the by-laws</li> <li>• Lack of participation by private sector to planning LED activities</li> <li>• Lack of budget and poor coordinated planning of infrastructure and projects</li> <li>• Investment projects implemented in areas where there will be minimal impact</li> <li>• Misaligned statistics used for forward planning, e.g. poor tracking of migration within the District</li> <li>• Poorly organised informal business hence difficulty to address their challenges as a unit</li> <li>• No green economic policies in place</li> <li>• Slow response to climate change by government</li> <li>• Poor implementation and monitoring of mining social sector plans</li> <li>• Lack of support for small scale and subsistence farmers</li> <li>• Poor access to internet by the community</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Potential growth to rural and township economies, especially tourism and small businesses</li> <li>• More than 60% of the population is of working age</li> <li>• The District is a fertile ground for mining and beneficiation activities</li> <li>• Tourism is one of the fastest growing sector in the District</li> </ul>	<ul style="list-style-type: none"> <li>• High unemployment rate, especially for the youth</li> <li>• Delay in settling land claims</li> <li>• Increased input costs in agricultural sector</li> <li>• High rates and taxes for business and households</li> <li>• Declining manufacturing sector</li> </ul>

<ul style="list-style-type: none"> <li>• Agricultural sector has a potential for growth and job creation, including in rural areas</li> <li>• Involvement of SMEs in various industries 'value chain may create job opportunities, skills and economic growth</li> <li>• Re-skilling of graduates in vocational skills may create job opportunities and self-employment / small business opportunities</li> <li>• Growing and creating value chain opportunities for hemp and cannabis oil</li> </ul>	<ul style="list-style-type: none"> <li>• Poor tourism infrastructure and poor packaging of tourism offers</li> <li>• Local Brain drain migration of the needed skills to bigger cities</li> <li>• Poor regulation of informal businesses</li> <li>• International and /or illegal trade is hindering local economy</li> <li>• Poor relations with traditional leaders</li> <li>• COVID-19 impact on the economy and the implementation of the plan.</li> </ul>
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#### 4. DEVELOPMENT OF THE VISION

It is imperative that the LED unit subscribe and be guided by the overall vision of the Amajuba District Municipality. The **vision** for the District is

***Amajuba will be a leading and pioneering District characterised by sustainable development and quality service (DGDP 2035)***

The **mission** of the District which has direct relevance to local economic development (LED) includes

- **Effective public participation** – this came out a lot during stakeholder consultation
- **Vibrant local economic development** – integrated service delivery
- **Intergovernmental relations** – this is in line with the District Coordination Model whose main focus is to unlock bottlenecks in order to fast track service delivery

The vision and mission of **the LED Unit** is as follows:

**To contribute to the annual growth of the economy of Amajuba District through job creation, public-private partnership initiatives and creating an environment that is conducive to doing business**

The Amajuba District Municipality will, through good governance and management, strive to achieve its vision, within the legal framework by:

- Developing knowledge base in order to enhance knowledge economy
- Creating employment through unleashing of agriculture and tourism

- Enhancing industrial development through investing in key sectors of manufacturing, tourism, transport and logistics
- Establishing and grow green economy
- Promoting SMME and entrepreneurial development
- Development of ICT infrastructure
- Increase productive use of available land
- Establish and grow the cannabis and hemp plants and agri-processing

## **4.1 Outputs**

### **4.1.1 LED and Tourism Vision and Objectives**

The following objectives have been set by the LED unit for the next five years:

- 1) Tourism, Arts, Culture and Sports Development
- 2) Skills Development
- 3) Informal Economy Support
- 4) Wholesale and Retail Support
- 5) Green Economy Development
- 6) Clothing Textile Development
- 7) Mining Beneficiation
- 8) Agricultural Development
- 9) Information, Communications and Technology Development
- 10) Agricultural Hemp and Cannabis Oil Development

### **4.1.2 Stakeholder Engagement Report**

As a result of the stakeholder consultation, the following challenges and proposed programmes and projects were highlighted in line with the strategic thrusts:

#### **i) Tourism, Arts, Culture and Sports Development Stakeholders**

The stakeholders identified poor coordination of tourism activities including marketing, insufficient leisure activities to attract and/or retain tourists, lack of infrastructure for events, poor packaging of tours and poor signage as some of the challenges that are facing the sector. There is an urgent need for a tourism strategy development to include programmes and projects.

#### **ii) Skills Development Stakeholders**

There is an increase in unemployment as a result of the closing down of major companies; qualifications and skills currently provided by educational institutions are misaligned to the needs of the economy and possibly the 4<sup>th</sup> industrial revolution; as a result people are highly qualified but unemployable. On the other hand there is a serious lack of entrepreneurial skills for SMEs and not sufficient leadership and management skills for the District and its respective municipalities. The proposed solutions include going back to education that put more emphasis on occupational and practical skills such as artisans, the involvement of businesses in providing

practical experience and to engage in programmes such as capacity building, mentorship, agri-business, incubation programmes, entrepreneurial training programmes and the like.

### **iii) Informal Economy Stakeholders**

The informal sector stakeholders are of the view that local informal economy of ADM is strangled by foreign illegal businesses whose main strengths are working together through bulk buying and trading amongst each other. Although there is a huge potential of economic growth in the townships, poor infrastructure and lack of trading spaces are hindering investment and trade by informal sector. In addition, there seems to be poor regulation of informal business and lack of support by government.

There is poor implementation of land-use by-laws by the respective municipalities. Even though the Spatial and Land Use Management Act (SPLUMA) has a potential of redressing some of the socio-economic imbalances created by apartheid laws, for its successful implementation it needs the cooperation and collaboration with traditional leaders who are the custodians of tribal land. Currently, the informal traders cannot invest more in their businesses as they do not own their business areas and that contributes to instability and lack of growth of their respective businesses. There is a sense that Tribal Authorities may not be aware of the crucial role they can play in the effective implementation of SPLUMA, to the advantage of informal traders; they need to be sensitised through workshops on land-use management issues.

As a result of government sector departments and the respective municipalities working in silos, inter-governmental relations (IGR) are negatively affected; the programmes and policies that are established for informal sector tend to confuse the sector as they are developed at different worldview points; and finally the informal stakeholder group are of the view that there is poor regulation of informal trading in general and lack of support by government.

Some of the challenges facing SMEs and Cooperatives were identified as lack of understanding the importance of circulation of money amongst the SMEs and within the District; the weakness of engaging in similar and oversaturated business activities by SMEs and Cooperatives; perceived lack of basic support by government; and poor implementation of cooperatives.

### **iv) Wholesale and Retail Stakeholders**

The wholesale and retail stakeholders identified a risk of the downscaling of large enterprises due to international competition; the steel sector was used as one of the sectors adversely impacted by international trade. Other challenges include municipalities procuring services from companies outside the District while overlooking local companies; rates and taxes are extremely high and are crippling the sector;

intermittent water and electricity supply affect production; and lack of information sharing and reporting by the District.

The proposed solutions included preferential procurement practices for local businesses by the District, establishment of business forums to develop projects, speedy processing of land development approvals and the use of ICT tools in reporting real-time data on District's performance, to name a few.

#### **v) Green Economy**

Feedback from Green Economy stakeholders highlighted that there are no policies in place in support of green economy and that municipalities need to rigorously pursue renewable and energy efficient projects. The responsibilities for the implementation of green economy must be decentralised such that the private sector, civil society and the government are able to work together. The proposed solutions include the implementation of the integrated resource plan, embark on green building and green environment programmes, sustainable transport and infrastructure, clean energy and energy efficiency, sustainable waste management practices and water management.

#### **vi) Clothing Textile**

Despite the KZN Clothing and Textile Cluster (KZCTC) having reported that the sector has been experiencing sales growth since 2012, the stakeholders in the ADM are of the view that textile industry is in decline. In their opinion, there is an urgent need to revitalise the textile industry and to enhance the manufacturing sector, in general. Other proposed solutions are to promote the acquisition of locally produced goods, government to stop illegal imports and for the District to embark on the Clothing and Textile Competitive Improvement Programme.

#### **vii) Mining Beneficiation**

Before concentrating on mining beneficiation, there is a need to resuscitate mining activities in the District as they are on the decline, says the mining and beneficiation stakeholders. They are recommending the mining rehabilitation strategy of all the mines listed under 8.1 in the summary table 18 below. In addition, there is a need to revitalise the mining towns while including local SMEs in the value chain of mining companies.

#### **viii) Agricultural Development**

The agriculture stakeholder group identified a number of challenges that are hindering their businesses from positively contributing to the GDP of the District. These challenges include: limiting water regulations and poor infrastructure, lack of access to markets, lack of funding and capacity building, land claims uncertainty, increased input costs, and slow response to climate change policies by government, political

interference and lack of communication between the District and the sector. Some of the proposed solutions include skills development, establishment of a database of farmers according to their respective commodities, re-establishment of the Amajuba District Agricultural Forum and embarking on Agri-parks and Agri-villagers programme.

Figure22: Stakeholder Consultation Feedback

No.	Key Challenges Identified	Strategic Thrust		Programme	Suggested Projects
<b>A. TOURISM, ARTS, CULTURE &amp; SPORTS DEVELOPMENT</b>					
1.	Coordination of Tourism Development and Marketing	Tourism, Arts, Culture Sport Development	1.1	Revive Tourism Structures with Political by in and Private Sector participation	Use of technology in marketing and putting Amajuba tourism on the map
	Insufficient leisure activities to Keep tourists for longer		1.2	LM's to establish/review by laws  Create a database of local entertainers and link it to coordinates  Highlight tourism attractions  Development of rural and Township tourism strategy	"People's Park" concept "Maboneng" concept Jumpcity Stekinekor/Nu Metro Cinemas Gaming Arcades at Malls Spas'  Develop Amajuba route and highlight top ten icon attractions in the District  Develop cultural village and Curoshops  Host Art exhibitions to showcase Artists
	Lack of good standard facilities to host events and celebrate local sports/music legends		1.3	Revive tourism structures and stakeholder participation	Newcastle Pool Upgrade Phelandaba Sports Complex Amcor Dam upgrade Balele Game Park upgrade  Promote the use of Osizweni Art

					Centre for locals and tourists entertainment
	Lack of directional signage for Tourism products		1.4	LM's to avail advertising policy By laws to accommodate tourism Products	Tourism Products signage
	No packaged Tours		1.5	Direct selling of tourism products through web engines. TKZN to include Amajuba Routes Offerings on National & International platforms.	Packaging of experience and pricing by tour operators for guided tours
<b>B. SKILLS DEVELOPMENT</b>					
2.	Major companies close down Unemployment and re- skilling	Skills Development	2.1	Promote creation of small businesses and self-employment	Entrepreneurial Development programmes
	Misalignment in the economy		2.2	Implement Occupational Qualifications which requires Theory, practical & workplace Experience	Offer workplace readiness programmes Occupational Certificates
	People qualified but not employable		2.3	Ongoing monitoring & Evaluation on the relevance of the set of training being provided, those found to be losing relevance are phased-out and replaced  Report 191 programmes (Engineering & Business)  Encourage self-employment	New Venture Creation Programmes Entrepreneurship & Business Skills Programmes Provide workplace skills that ensure that student become more employable Engineering theory & practical training

			<p>Identifying skills required for the Twenty –first century addressing Skills gap</p> <p>e.g., identifying immediate areas which skills can be developed, a mix of unit standard based qualifications broken into smaller sub-programmes, like Agri-Busi, General farming practices</p>	<p>MOU's with industry to accept learners/ students to gain workplace experience</p> <p>Short courses and workshop to address gaps resulting from new approaches, technologies, or operating principles</p> <p>Develop programmes that focus on particular skill or set if skill-unique to particular job or process, e.g., work with local employers and identify work-place skills Programmes and practical work experience opportunities</p>
	Lack of funding for SMME's		2.4	<p>MOU with the Financial Institution To limit the red tape</p> <p>New loan repayment schemes should be available to those enrolling for skills programmes but who are not employed</p>
	Lack of Enterprise and entrepreneurship Skills programme		2.5	<p>Community Outreach programmes provided by TVET College</p> <p>Encourage self-employment</p> <p>MOU with SEDA</p> <p>Programme that provide the type of skill that reflect the current state of the economy and the trend employment</p> <p>Seta approved National Certificate programmes in Agriculture, Butchery and Early childhood Development</p>

				Entrepreneurial support programmes  Leadership and Management skills Programmes.
	Developing Leadership and Management skills, e.g. huge gap in both the accessing and affordability of leadership and management development programmes for SMME's owners to this far.		2.6	Several programmes have been created that aim through interactive participation to equip the entrepreneur.  Creating Leadership forums.  More focus on identifying and nurturing leadership.  Connecting existing and new leaders in meaningful engagement, Mentoring Business, Budgeting and Financial Management, Market analyses, Human Resource Management, Time Management, Networking Social Media.
	Skills Development –a catalytic role for municipalities: The municipalities are not in support of both public and private training providers. There are is no regular exchange of information nor is there much championing of the municipalities to bring training funds into the District and then to guide their use and assess the quality of delivery.		2.7	Support to be given to the Private Education and Training providers Enterprises from municipal LED activities and action.  Provide greater access especially to isolated and rural communities.  Develop champions of LED among all sectors and create platforms for them to function.

<b>C INFORMAL ECONOMY SUPPORT</b>					
3.	Registration of permits and licencing	Informal Economy Support	3.1	Local municipality bylaws update and approval	Reviving of local and District informal Committees
	Zoning and rentals		3.2	Amajuba District Integrated Compliance & Regulatory Forum (DICOREF).	Town planners and Municipal Health Inspectors must allocate suitable work spaces and enforce the by-laws
	Demand factors		3.3	Building of new shopping canter in townships.	Allocation of stalls for informal traders
	Enforcement		3.4	Amajuba District Integrated Compliance & Regulatory Forum (DICOREF).	Quarterly meetings and inspections
	Allocation of sites		3.5		
<b>D WHOLESALE AND RETAIL SUPPORT</b>					
4.	Parking:	Wholesale and Retail Support	4.1	Newly established pay car parking System has seen considerably decrease in revenue of business in the CBD.	Parking management system in place to be reviewed
	Safety:		4.2	Current- Community Policing Forum.	More visible policing required
	Rates and taxes		4.3	Current tariffs or calculation methods to be reviewed	Establishment of special economic zones with tax rebates
	Services		4.4	Adequate services to be provided all the times e.g. refuse Removal, litter picking, street Sweeping.	

				<p>Maintenance of drainage System within CBD to avoid flooding During rainy season.</p> <p>Challenge of informal traders Setting up stalls on the pavement In front of formal businesses.</p> <p>Clear regulation of informal Traders and allocation of their Trading spaces required.</p> <p>General maintenance of roads And parking spaces.</p>	
	Downscaling of large enterprises due to international competition		4.5	Preferential procurement Practices	Buy local campaigns Streamlining land development approvals, rejections and outstanding
	Rationalisation of economic Strength from Newcastle to other Parts of the District		4.6	<p>Establishment of economic forums / Committees for centric economic decisions</p> <p>Use the bottom up approach to making economic decisions for The District</p>	<p>Mapping of economic regions and business clustering</p> <p>District / municipal leadership to visit businesses to record actual performance</p>
	Intermittent water and electricity Supply		4.7	Measuring the time it takes to fix Interruptions and taking corrective action	
	Lack of impact assessment and		4.8	Use of ICT tools to report on real-	Reports on demographics,

	Reporting			Time progress	Unemployment, infrastructure, Budget and actual expenditure, Local businesses and / or services Employed by the District / municipalities
<b>E. GREEN ECONOMY</b>					
5	No strategy in place	Green Economy Development	5.1	Green Economy Strategy Development to encompass 5.2 to 5.5 below:	Greening Private and Public Buildings
	No green economy activity in the District		5.2	Green Buildings and Built Environment	Solar; Wind Energy programmes
	No energy alternatives		5.3	Clean Energy & Efficiency	Explore Off-grid Options (Solar & Wind ) Embedded Power Generation
	No Waste Beneficiation Programmes		5.4	Waste beneficiation	Recycling (Plastic, electronic, etc.) Biomass Industrial Symbiosis (by- products Turned into raw materials)
			5.5	Water Management	Water conservation
<b>F. ICT DEVELOPMENT</b>					
6.	Lack of affordable connectivity	ICT Development	6.1	Wireless Mesh Networking	Provide unused bandwidth from Municipalities to community for free
	Poor enforcement of regulation		6.2	Mega Hotspot	Establish a forum to discuss enforcement
	Lack of capacity by municipalities		6.3	Strengthen IT Capacity Mapping of local innovation Systems  Formation of linkages tertiary Institutions and Science Council	Provide ICT skills programme  Manage high points for ISPs

	Lack of skills by techno-Entrepreneurs		6.4	Empowerment of local Techno-entrepreneurs	Establishment of workspaces for Techno-entrepreneurs
<b>G. CLOTHING TEXTILE</b>					
7.	Decline in textile industry	Transforming the Clothing & Textile	7.1	Revitalise and enhance textile Industry	Implementation of the latest clothing and textile masterplan
			7.2	Revisit import /export policies by National government	Eradication of illegal imports Acquisition of locally produced goods by retail and consumers
			7.3	Support SMEs with machinery	Provide financial support for machinery  Clothing and Textile Hub to be pursued
<b>H. MINING BENEFICIATION</b>					
8.	Decline in mining activities	Explore Mining Beneficiation	8.1	Develop mining rehabilitation Strategy	Rehabilitation of abandoned Mine: Macalman Walmsley; Tendeka North Opencast (Osizweni area); Ballengeich/ Natal Cambrian; Colliery, Kilbarchan Colliery; Horn River Colliery – Gardinia; and Witklip Colliery near
			8.2	New mining opportunities	Opening of new mines
			8.3	Beneficiation	Smelting; Craft Jewellery; Ceramic pottery, etc.
			8.4	SMME Development	Engage local SMEs into value chain of mining companies

<b>I. AGRICULTURE DEVELOPMENT</b>					
9	Agricultural coordination and Facilitation	Agriculture Development	9.1	Agricultural Support Unit	Amajuba District Agricultural Forum Land Reform Farmers database
	Infrastructures that support Agri-business (water, transport)		9.2	Infrastructural Development	Agri-Park  Agri-Villagers  Hemp and Cannabis as a potential project
	Agri-business skill shortages		9.3	Skills Development	Mentorship programmes Incubation programmes Entrepreneurship (Agric.) Innovative farming system (SMART farming, Green farming) Independent Power Distributors
	Shortage of market and facilitation of agro-processing activities		9.4	Market Development	RASET Agri-Park Food Security

## 5. STRATEGIC FRAMEWORK

This section of the LED Plan sets out the LED strategy. It serves to set out a rationale for the strategic thrusts that are considered as the most significant and impactful areas for intervention to stimulate and grow the Amajuba District economy. It highlights the number of programmes to be implemented together with the projects that need to be undertaken.

### 5.1 Identifying and evaluating strategy options

In analysis of the situational analysis, the status quo and the feedback from the key stakeholders; the key issues and areas for intervention start emerging. It is through a system of assessment/evaluation that the key strategy options become clear for development.

#### 5.1.1 Generate Actions for Pursuing Priority Objectives

PRIORITY OBJECTIVES	SUGGESTED ACTIONS
Tourism, Arts, Culture & Sports Development	<ul style="list-style-type: none"> <li>Revive tourism structures with political buy-in and private participation</li> <li>Building on retail &amp; entertainment facilities</li> <li>Anchor developments for tourism &amp; sport</li> <li>Promote cultural product sales</li> <li>Improve signage</li> <li>Social Media Marketing</li> </ul>
Skills Development	<ul style="list-style-type: none"> <li>Skills database development</li> <li>Education programmes</li> <li>Meeting the gaps in the economy</li> <li>Promote SMME development</li> </ul>
Informal Economy Support	<ul style="list-style-type: none"> <li>Permits and registration</li> <li>MoU with financial institutions</li> <li>Allocation of sites</li> <li>Working with retailers to create harmonious working conditions</li> </ul>
Wholesale & Retail Support	<ul style="list-style-type: none"> <li>Improve access to funding for SMMEs</li> <li>Parking management system</li> <li>Working with informal traders to create harmonious working conditions</li> <li>Building retail and entertainment facilities</li> <li>Improved services in the CBD to create better conditions for business</li> </ul>
Green Economy Development	<ul style="list-style-type: none"> <li>Green Economy Strategy Development</li> <li>Explore options for energy</li> <li>Recycling</li> </ul>

PRIORITY OBJECTIVES	SUGGESTED ACTIONS
	<ul style="list-style-type: none"> <li>• Greening of buildings and spaces</li> </ul>
Clothing & Textile Development	<ul style="list-style-type: none"> <li>• Explore opportunities for SMME development</li> <li>• Training and certification</li> <li>• Funding for new businesses.</li> <li>• Input into the supply chain.</li> </ul>
Mining Beneficiation	<ul style="list-style-type: none"> <li>• Look into new mining opportunities</li> <li>• Utilisation of old mines for agricultural activities</li> <li>• Supply chain SMME development</li> </ul>
Agricultural Development	<ul style="list-style-type: none"> <li>• Develop an agri-park</li> <li>• Agri-business development</li> <li>• Explore new high value crops e.g. cannabis and hemp</li> </ul>
Information, Communications & Technology Development	<ul style="list-style-type: none"> <li>• Improved connectivity</li> <li>• Improved access to information</li> <li>• Fibre connectivity</li> <li>• Spaces for community access</li> </ul>
Agricultural Hemp and Cannabis Oil Development	<ul style="list-style-type: none"> <li>• Explore the opportunity for these products</li> <li>• Development plants for the cannabis oil</li> <li>• Agri-business development</li> </ul>
Investment Promotion, Red-tape Reduction	Implementation of the Investment Promotion & Facilitation Strategy

As seen from the above list, many of the actions are repeated across the objectives and this indicates the need for refinement of the objectives into strategic areas for intervention. It must also be noted that this list of suggested actions is not a comprehensive list but a list of the most important areas for intervention.

### 5.1.2 Key Strategic Areas for Intervention

The key areas for intervention in the Amajuba District Municipality area:

- Tourism, Arts, Culture & Sports Development;
- Skills Development;
- Informal Economy support;
- Wholesale & Retail Support;
- Green Economy Development;
- ICT Development;
- Agriculture Development; and
- Mining & Manufacturing Jumpstart.
- Investment Promotion & Red-tape Reduction

## **5.2 Strategic Thrusts & Action Plans**

The strategic thrusts and programmes that are presented below stem from an understanding of the key challenges that face the Amajuba District economy. It is envisaged that the implementation of these programmes will assist in minimizing or even overcoming these challenges. This section of the plan sets out each strategic thrust and the related programmes that should be implemented in order to achieve the strategy. Each programme will have a series of projects/actions that need to take place. These projects/actions will be detailed below in a tabular format.

An element that needs to be highlighted is the importance of building the District as a destination for attraction and growth of business in all areas of the economy. This should be in line with the stipulations within the Investment Promotion Strategy. Building a place where people want to invest, build a well-rounded social and community life to ensure that people (and their families) moving to the area will settle in the area and not commute weekly and/or monthly; and those living in the District will also enjoy a more fulfilled life with access to greater number of facilities. This will serve to curb the economic leakage in the area and further grow the economies local spend.

### **5.2.1 Strategic Thrust 1: Tourism, Arts, Culture & Sports Development**

Tourism has been an area of the local economy that has been uncoordinated and left without a clear direction for marketing the area. One of the key factors is that the area is not known for any specific tourist attraction, around which to structure tourism. The area presents insufficient tourism activities to keep tourists in the area for a longer time. This is further exacerbated by the limited facilities of a good standard for hosting events, the lack of signage and no packaged tours in the area. The sectors of arts, culture and sports, which is linked to tourism and community development is also limited.

#### ***Programme 1: Revive Tourism Structure***

It is key for a structure to be established and formalised, which shall be focussed on all areas of tourism in the District. It is imperative that this structure is comprised of both public and private members. Representatives from the LED Committee should also serve on this structure to ensure the streamlining of tourism and LED initiatives. The role of this structure would be to grow the tourism industry in the District and to assist the tourism service providers in varying ways depending on their needs.

#### ***Programme 2: Conduct Feasibility Studies***

Each of the LMs need to review their by-laws and conduct feasibility studies for improving facilities and creating attractions for both tourism and community development. These refer to sporting facilities, entertainment areas, and tourism attractions.

### ***Programme 3: Tourism Marketing***

Marketing of the area as a tourism destination needs to be handled by the tourism agency and this needs to be done for the tourism facilities and products including the arts and cultural products. The impact of social media should not be underestimated in the marketing of the area. Social media platforms such as Facebook, Instagram and Twitter should be utilized to the maximum to create wider awareness and attraction to the area. Cultural products can be sold online from the area, thereby allowing the local producers of arts and cultural products to be sold more widely. One of the key areas that need to be considered is working with tour companies to market the District and to create a regular tour of visitors to the area and create a steady stream of tourists thereby assisting the tourism industry in the Amajuba District.

#### **5.2.2 Strategic Thrust 2: Skills Development**

The Amajuba District is experiencing misalignment in the local economy regarding the skills required by business and the skills available in the area. This is in part due to the fact that many large companies (mining and manufacturing) have closed down leaving many unemployed and in need of re-skilling. It is also to be noted that training institutions need to be providing relevant courses and qualifications, which must be in line with what is needed by the businesses in the area. The need here is to bridge the gap between the need and what is available. This will create employment and limit economic leakage.

#### ***Programme 1: Develop a Skills Database***

It is imperative that the local municipalities conduct and create skills databases in a twofold manner. A database of the skills required by existing and new businesses is captured together with a database of the skills available in the area so businesses and individuals can be matched and the gaps can be identified.

#### ***Programme 2: Tailor Qualifications to the Skills Needed***

As the databases are populated, it will highlight the areas of skills needed. The educational institutions in the area can then take the lead to tailor courses to skill people with that which is needed and create an employable population.

#### ***Programme 3: Create a Memorandum of Understanding with Businesses***

While the skills set is created and the gaps can be filled, there is a need for business in the area, both existing and new, to provide a commitment to the people of the area that they will employ local people to fill positions as far as is possible.

#### **5.2.3 Strategic Thrust 3: Informal Economy Support**

The informal economy is a feature in the South African economic system that needs to be recognised and regulated to allow both the formal and informal economy to

operate harmoniously in the same environment. The Amajuba District is no different to this reality. The operators in the informal economy are currently experiencing a number of challenges and there are tensions between the formal businesses and informal operators. Some of the issues pertain to the registration of permits and licensing; zoning and rentals; enforcement; and the allocation of sites.

#### ***Programme 1: Establish the Amajuba District Integrated Compliance & Regulatory Forum***

This forum needs to be set up to follow up and be the body to check up on the informal sector to ensure that the regulation and informal policy is followed. Informal traders should make application to this forum to be handled thereafter by the municipality to assess whether the activity should be permitted. This is a manner of limiting the number of similar activities to one another and to the formal businesses. Systems for the registration of businesses and rental arrangements also need to be put into place.

#### ***Programme 2: Site Identification for Informal businesses***

Appropriate sites for informal businesses and trading must be identified to regulate the informal sector and allow them to operate in a harmonious manner and in line with zoning and will make for ease of enforcement of regulation.

### **5.2.4 Strategic Thrust 4: Retail and Wholesale Support**

The Amajuba District has a limited number of retail and wholesale facilities, which is a reason for the economic leakage from the area. People who work and live in the area have limited opportunities for shopping and therefore travel to urban centres outside the area to access those goods. This further puts pressure on the local businesses which do not perform at their fullest potential. This limitation is also a factor for people employed in the area not living there on a permanent basis. There is a need for these services to be enhanced to create a more vibrant economy.

#### ***Programme 1: Business Retention & Expansion***

The businesses in the area (retail and wholesale) need to be maximised and incentives need to be put in place for them to remain and expand where possible. SMME development needs to be encouraged to get newer businesses to add to the competition and create a robust retail sector.

#### ***Programme 2: Attraction of New Business***

Activities and new shopping experiences need to be attracted to the area to entice families to utilise local facilities to a greater extent. Investment policy incentives should be applied to attract these new businesses e.g. movies, arcades and shops to provide greater shopping and entertainment experiences in the area.

### ***Programme 3: Marketing of facilities for further investment***

The creation of an economy that is vibrant, robust and provides a holistic lifestyle for families is a key drawcard for future investment. This can be used as a marketing point in investment promotion proposals for the area.

### ***Programme 4: Banks to relax red tape for funding SMMEs***

The challenges faced by SMMEs to receive start-up funding or funding for expansion from financial institutions is a reason that many potential businesses are never started up. The Municipality should work with banks and other funding agencies to get them to make it easier/reduce the red tape for SMMEs to access loans to set up their businesses. Finalize Memorandum of Agreements with the banks to relax red tape for businesses.

#### **5.2.5 Strategic Thrust 5: Green Economy Development**

The green economy refers to two interlinked developmental outcomes viz:

- Growing circular economic activity, which leads to investment, jobs and competitiveness in the green industry sector; and
- A shift in the economy towards cleaner industries and sectors with a low environmental impact compared to its socio-economic impact.

The municipality has a responsibility in terms of the legislation to pursue both renewable energy and energy efficiency projects within its jurisdiction. It is recognised that there are many cross-cutting roles and responsibilities regarding the green economy, therefore decentralisation of this function is best suited. It needs to include the private sector, civil society and all levels of government. Given the current challenges with ESKOM as an energy service provider, it is imperative that the municipality starts to look at alternative energy sources. This is particularly important for an area that has a large manufacturing and mining base, which requires a constant supply of energy.

### ***Programme 1: Formulation of Green Economy Plan***

The Amajuba District needs to appoint a consultant to prepare a holistic green economy plan, which must be streamlined with the Integrated Development Plan, to explore all the options of greening the municipality.

### ***Programme 2: Promotion of Solar and Wind Energy***

This option must be considered when projects are being proposed in the area. This could be understood to be solar energy generation plants and looking to the

manufacture of the components for solar energy thereby creating new and numerous green employment opportunities in the area.

### ***Programme 3: Promotion of Recycling***

Further education and facilities for recycling needs to be provided particularly around plastic and electronic waste.

### ***Programme 4: Explore possible greening options***

There are a number of additional options that need to be considered and explored. Those that are considered most suitable for the local context should be further investigated. These include Waste to Energy (W2E), Embedded Generation, Industrial Symbiosis and Bioenergy. These should be further investigated and unpacked in the Green Economy Plan.

## **5.2.6 Strategic Thrust 6: ICT Development**

The Amajuba area, like the rest of the world has a heavy reliance on Information, Computers and Technology in daily life. Businesses and individuals alike depend on this technology being available for daily functioning. Being located a fair distance away from major centres, makes the need for ICT to be available at reasonable costs all the more important. However, the area battles with the lack of affordable Internet connectivity and the poor enforcement of regulations around this issue. Local people are also limited in their skills in using ICT, which has a direct effect on employability. There is also a limited spaces where the youth can access the ICT facilities.

### ***Programme 1: Improve ICT infrastructure***

There is an identified need to improve on the current internet connectivity, which is deemed to be of poor standard. In addition, facilities in remote sites have limited security resulting in them being damaged. With the increased need for ICT in daily life, the infrastructure needs to be improved in order to increase competitiveness and make the area attractive to business.

### ***Programme 2: Improve ICT Skills***

As computer skills is the way of the world, it is important to ensure that the population is empowered with the computer skills and this is especially important for women and the youth.

### ***Programme 3: Support for innovative infrastructure***

In order for the area to remain relevant and attractive to new businesses, the municipality needs to work with leaders in the field to ensure they are aware of new and innovative infrastructure available to business.

### **5.2.7 Strategic Thrust 7: Agriculture Development**

Agriculture is one of the main economic sectors in the Amajuba District and there are a number of areas of strengths and challenges in this sector. There is also significant room for growth and expansion of the sector. There are opportunities for new high value products that can be produced in the area together with the movement of processing the agricultural produce to higher value products. There is a need for this sector of the economy to be given an injection of attention and investment to allow it to function at its full potential. Some of the issues that affect the sector's performance is the operations of all agricultural stakeholders taking place independently of each other, thereby limiting the impact of the sector.

The sector suffers from negative perceptions and this deters young people from getting involved in agriculture. The new and modern knowledge pertaining to agriculture and agribusiness and agro-processing is not known widely to the youth. Issues around climate change and its impact on agriculture also needs to be understood and planned around.

#### ***Programme 1: Establish an Agricultural Support Unit***

The issue of the various players viz emerging and commercial farmers, government associations, agencies and private sectors in the agricultural sector operating in silos is problematic. There is a need for a platform on either District or local level where agricultural stakeholders can centralise and coordinate agricultural activities and to improve communication amongst sector role players.

#### ***Programme 2: Link to Regional Economic Development***

The duplication of services that exists increases the competition amongst farmers within the region thereby reducing local markets and prices that consumers are willing to buy farmers products. It would be beneficial to understand who grows what product and in what geographical area and to try and promote different crops in specific areas to widen the products available. It is also beneficial to establish and update the Bioresource Unit (BRU) data for the area and use this to motivate the expansion and diversification of the crops that are grown in the area. Agri-parks become important in this expansion process.

#### ***Programme 3: Advancing primary, secondary and tertiary sectors***

Agribusiness and agro-industry in South Africa is constrained by human and institutional capacity deficits. This is no different in the Amajuba District. The negative

perception around agriculture is a further burden that the sector faces. The general perceptions are associated with hard physical labour, low wages, 'dirtiness' and uncertainty. As a result young people rarely choose this as a career. Promoting knowledge around modern enhancements in the sector and the business of agriculture is important to ensure the continuity of the sector. The community needs to also be educated around the opportunities in the secondary and tertiary sectors through agriculture.

#### ***Programme 4: Exploiting STI to advance sustainability, competitiveness and productivity***

Climate change is affecting the agricultural production the world over. This fact cannot be ignored and there is a need for the municipality to plan around this together with the farmers and stakeholders. Together with climate change comes the need for the preservation of natural resources, which needs to be enforced through the appropriate laws and regulations. The youth confront specific issues in entering the sector including access to assets such as land, credit, water, equipment and services. This limits their ability to enter the sector. Land traditionally would belong to adults and without the land on their name, it is difficult to apply for credit without collateral. There is a need for the youth to receive support from local leaders and financial institutions to assist them to starting up agriculture businesses and to attract investors into the area. The issue of land claims needs to be resolved as speedily as possible to open up the area to investment as this uncertainty over land ownership deters businesses from entering the area.

#### ***Programme 5: Linking LED to Corridor Development & Sub-National Cross-Border Programme***

The challenge that Amajuba farmers experience are the demarcation of borders between provinces and regions disable business from taking place. This includes markets, services, and capacity building. There is a need to facilitate and coordinate an understanding between provincial authorities to relax legislation that prevent exchange of information, services and access to markets between provinces.

#### ***Programme 6: Promoting New High Value Crops***

In aid to promoting the agricultural sector in the Amajuba District, it is important to look at new, high value crops. Of specific interest is the growing of hemp and cannabis and the production of cannabis oil. Hemp is grown for its various uses including hemp flour, hemp oil and fibres for clothing and industrial textiles. It is also used in animal feed and for medicinal purposes such as CBD oil and in industrial applications including building materials and paints. The trade of hemp is controlled by the Medicines Act in South Africa which has impacted on the cultivation of hemp as a viable resource that could substantially grow South Africa's economy, and provide sustainable jobs reducing unemployment rates in the country. Cannabis oil is extracted from hemp and cannabis and is used mainly as the main ingredient in many

consumable and topical products. These products are in high demand across the country and it should be looked into in greater detail to initiate production.

### **5.2.8 Strategic Thrust 8: Mining and Manufacturing Jumpstart**

The mining and manufacturing sectors of the Amajuba economy has been severely impacted by the closure and downscaling a number of companies. While there has been growth in small scale mining they are not able to contribute significantly to the employment in the area. The large number of abandoned mines present a challenge to the area as these are left untended. The closure of manufacturing concerns that relied on coal is a further challenge to the mining industry as is the old and aging mines that are reaching their limits for extraction. The closing of the Chinese and Taiwanese manufacturing concerns have not only affected employment in the area but has also had an impact on the clothing and textile industry. As the situation presents itself, there is a limited opportunity for job creation. The pressures from electricity provision, the impact of HIV/AIDS, water supply challenges make growing the industry challenging. This however presents opportunities for the manufacturing and mining sectors to explore new ways of operating and to look into beneficiation of products and to also explore the supply chain of products required in the area and develop these sectors accordingly.

#### ***Programme 1: Rehabilitation of Abandoned Mines***

Old and abandoned mines present opportunities for new economic opportunities in the District. Mining companies to fill and cover the sites with fertile soil and to promote agricultural activities in the area. Further, they could utilise the sites as small scale mining training facilities. These options need to be explored further through dedicated research teams that are specialists in the mining industry.

#### ***Programme 2: New Mining Opportunities***

The Amajuba District needs to be assessed for potential new mining opportunities, especially to provide small-scale mining companies opportunities to grow.

#### ***Programme 3: Mining Beneficiation***

One of the key issues that faced the mining industry is the decrease in demand for export anthracite from KZN. Higher value products were sort after. Therefore the opportunity presents itself for the beneficiation of mining products. Beneficiation improves the economic value of the ore by removing the gangue minerals, which results in a higher grade product and a waste stream. As such the products being mined need to be assessed for mining beneficiation process.

#### ***Programme 4: SMME Development***

The downscaling and closing of large companies in the mining and manufacturing sector has left many people unemployed. Many have skills and some others are being skilled at the educational facilities in the area. This is the prime setting for the promotion of entrepreneurship and SMMEs in these sectors. The supply chain analysis of the sectors will bring to light a number of business opportunities that can be taken up and create a robust manufacturing and mining sector. These can include transport, catering, supply and delivery, manufacture of components for industries in the area and repair services.

### 5.2.9 Investment Promotion & Facilitation

No.	Theme	No.	Programme	No.	Projects
1	Infrastructure development, land access and spatial planning	1.1	Support the strategic release of land	1.1.1	Conduct a land for investment audit in Amajuba District to identify key parcels of land within primary, secondary and tertiary nodes (as per the Amajuba SDF) and represent spatially
				1.1.2	Develop a spatial representation of the land available for investment within Amajuba
		1.2	Address infrastructure and service needs	1.2.1	Engage with existing Amajuba infrastructure and spatial planning committee to ensure that the infrastructure planning throughout the district will promote investment
				1.2.2	The identification of critical infrastructure blockages that require immediate attention and the development of a strategy to unblock these including funding applications to potential funding sources
2	Strategic sectoral development	2.1	Encourage expansion and diversification of the agricultural sector	2.1.1	Package opportunities for expansion of tilapia breeding, vegetable, grain crop, livestock, herbs and medicinal plants production through industry experts in order to attract new investment into these agricultural sub-sectors
				2.1.2	Engage with industry experts to identify agro-processing opportunities within the agricultural sector within Amajuba
		2.2	Ensure expansion of and investment into the manufacturing sector	2.2.1	Undertake a feasibility study to identify and package linkages and downstream beneficiation opportunities within the chemical, mineral and metals industries in partnership with industry experts
				2.2.2	Investigate, identify and package potential investment opportunities within the clothing and textiles manufacturing industry
				2.2.3	Undertake a feasibility study for the establishment of Industrial Hubs in Amajuba to focus on the clothing and textiles manufacturing industry and the chemical, mineral and metals manufacturing industry
		2.3	Encourage expansion and diversification of the mining and energy sectors	2.3.1	Investigate, identify and package potential investment opportunities within the coal mining industry in partnership with industry experts
				2.3.2	Identify potential green economy and alternative energy investment opportunities such as a bio-diesel plant together with industry experts

No.	Theme	No.	Programme	No.	Projects
		2.4	Encourage expansion of the tourism sector	2.3.3	Conduct a feasibility study to investigate the revival of the old coal power station outside of Newcastle in partnership with Eskom
				2.4.1	Conduct an Amajuba tourism opportunities and investment potential study to identify, package and promote tourism in the district in partnership with TIKZN and Tourism KZN
				2.4.2	Develop a market feasibility assessment to investigate the possibility of providing accommodation at the Zaihoek Dam
3	Investment promotion & marketing	3.1	Undertake marketing and image building in the Amajuba district	3.1.1	Continuously develop investment promotion packages that show all available investment opportunities within Amajuba
				3.1.2	Development and implementation of a marketing media strategy/plan in collaboration with TIKZN
				3.1.3	Develop a trade mission plan together with TIKZN, identify the preferred target markets for marketing the District and ensure that the District is represented in the relevant trade missions, campaigns, road shows, exhibitions, market brochures
		3.2	Develop a package of investment incentives	3.2.1	Develop an Amajuba District Municipal Incentive Policy in partnership with Local Municipalities to ensure that the district has a uniform package of incentives
4	Business development, retention and expansion programme	4.1	Identify constraints through business engagement	4.1.1	Host an annual stakeholder seminar and establish an investor help desk and business hotline in addition to the regular engagement with stakeholders via the existing AFLED
		4.2	Encourage entrepreneur development and innovation	4.2.1	Develop an investment facilitation plan to support entrepreneur development and incubation via the forthcoming Innovation Hub being driven by KZN Treasury
		4.3	Facilitate development and expansion of SMMEs	4.3.1	Plan, launch and host an SMME awareness campaign to inform SMMEs about SEDA, Business Chamber, DEDT and other SMME Support Services available in Amajuba
		4.4	Facilitate access to funding	4.4.1	Engage with DFI's to review their funding policies as well as create a funding mechanism such as a pre-feasibility grant fund in Amajuba District that is tailored for Amajuba's needs
				4.4.2	Review and update existing databases of available funding institutions and promote through various channels such as SEDA, Business Chambers, DEDT and other SMME support agencies/forums
		5	Knowledge management	5.1	Drive knowledge development in the district
5.2	Ensure investment monitoring and information sharing			5.2.1	The development of an investment monitor for the Amajuba District in partnership with TIKZN in order to continually collate all information relating to

No.	Theme	No.	Programme	No.	Projects
					investment within the region (including type and value of new investment – FDI, domestic and public; location of investment; building plans submitted; passed and completed; major constraints raised)
				5.2.2	Develop a coordinated information and data system to capture all information, data and research relevant to investment promotion and facilitation in Amajuba which can be accessed by stakeholders and investors alike
6	Institutional capacity development and co-ordination	6.1	Co-ordinate investment promotion and facilitation activities in the district	6.1.1	Implementation support plan to COGTA in the establishment of a District Development Agency to coordinate stakeholders and to promote and facilitate investment
				6.1.2	Formulate a Memorandum of Understanding between DEDT, the district and all local municipalities to ensure buy-in and ensure that these parties work in close coordination to ensure effective implementation of the Strategy
		6.2	Ensure skills development	6.2.1	The provision of bi-annual IP&F skills training and feedback sessions to local government officials in Amajuba District and family of locals in line with TIKZN processes (training to include environmental awareness and sustainable development)
				6.2.2	Undertake a skills audit and develop a scarce skills profile and skills retention strategy for Amajuba district in collaboration with the FET college and key businesses in the region
		6.3	Ensure improvement of the regulatory environment	6.3.1	Develop a shared services strategy to establish a consolidated district-wide administrative process to streamline and reduce red-tape taking in consideration with the requirements of the PFMA and MFMA

**Figure 23 Projects per Programme**

Strategic Thrust	Programme	Projects
<b>Tourism, Arts, Culture &amp; Sport Development</b>	Revive Tourism Structure	Establish Tourism Agency
	Conduct Feasibility Studies	People's Park Concept
		Maboneng Concept
		Jumpcity
		Sterkinekor/Nu Metro Cinemas
		Gaming arcades at malls
		Spas
		Newcastle pool upgrade
		Phelandaba Sports Complex
		Amcor Dam Upgrade
		Balele Game Park Upgrade

	Tourism Marketing	Create a marketing agency
		Engage with social media marketing
		Establish online stores
		Set up contracts with tour groups to include the District in tours
		Improve signage in the area.
<b>Skills Development</b>	Develop a Skills Database	Establish a skills agency in the municipality
		Appoint local interns to conduct the surveys with the communities
		Appoint local interns to conduct the surveys with local businesses
		Create and maintain a live database
	Tailor Qualifications to Skills Needed	Offer work readiness programmes
		Implement occupational qualifications which requires theory, practical and workplace experience.
		Monitor and evaluate the relevance of the training provided.
		Encourage self-employment
		Short courses and workshop to address the gaps
	Create a Memorandum of Understanding with Business	Meetings with industry to accept learners to gain workplace experience
Finalise MOUs to accept learners and qualified graduates from the local institutions		
<b>Informal Sector Support</b>	Establish the Amajuba District Integrated Compliance & Regulatory Forum	Appoint members of the local municipalities and members of the informal sector to the forum.
		Establish a informal economy policy for the Amajuba District municipality

		Assess applications for informal trading.
		The forum is also to regulate the registration and rental of informal businesses.
	Site Identification for Informal business	The local municipalities to identify appropriate sites for the informal traders.
		Site identification for informal businesses including manufacturing e.g. manufacturing hubs
<b>Retail and Wholesale Support</b>	Business Retention and Expansion	Explore the options to give businesses rental discounts or utilities discounts to keep them operating or expanding
	Attraction of New Businesses	Establish incentive schemes to attract new businesses
		Hold meetings with targeted businesses that would bolster the lifestyle and the economy of the District
	Market these facilities for investment	Utilise the investment plan and incentive schemes in the marketing of the area to potential businesses.
	Banks to relax red tape for funding SMMEs	Meetings to be held with banks and lending institutions.
		Formalise agreements and MoUs with banks to assist SMMEs in accessing funding.
<b>Green Economy Development</b>	Amajuba Green Economy Plan Formulation	Prepare Terms of Reference for the Green Economy Plan
		Appoint a consultant to undertake the project
		Adopt the Green Economy Plan
	Promotion of Solar and Wind Energy	Conduct a land audit
		Call for expression of interest from developers
		Market the area to solar and wind component

		manufacturing companies
	Promotion of Recycling	Co-ordinate with other municipalities to participate in activities
		Conduct educational programmes at schools
		Explore options regarding the electronic waste
	Explore Possible Greening Options	Explore new and innovation greening options through research and the formulation of the Green economy plan.
<b>ICT Development</b>	Improve ICT Infrastructure	Conduct Feasibility Studies on Wireless mesh networking (Imvula)
		Provide unused bandwidth from the municipality to communities for free
		Provide a forum for ISPs to discuss issues such as compliance, coverage etc.
	Improve ICT Skills	Training Programmes
		Facilities for Internet access
		Mega hotspot
	Support for Innovation Instructure	Work with leaders in the ICT field to access innovative infrastructure for the area.
<b>Agriculture Development</b>	Establish an agricultural support unit	Rebirth of agricultural forums
		Agri-parks programme
		Agri-villages programme
	Link to Regional Economic Development	Establish a live database of farmers geographical position and products being produced
		Cross-border alignment programme
		Agri-parks programme
		Generate and update Bioresource Unit data (BRU) reports
	Skill Development Units	

	Advancing primary, secondary and tertiary sectors	Youth Incubation Programme
		Agri-parks programme
		Agri-villages programme
		Mentoring Programme
		SMART Farming (Simplified Management in Agriculture by using Research and Technology)
	Exploiting STI to advance sustainability, competitiveness and productivity	Green Economy IPPs
		SMART Farming
		Government Regulations relaxation
	Linking LED to Corridor Development & Sub-National Cross-Border Programme	Land Reform
Agri-parks programme		
Production of new high value products	Cross-border alignment programme	
	Appoint an Agriculture expert to assess the viability of growing hemp and cannabis in the area	
	Undertake feasibility studies for the growing of the products and for the extraction of the cannabis oil	
	Establish agri-businesses to initiate this new opportunity.	
<b>Mining and Manufacturing Jumpstart</b>	Rehabilitation of Abandoned Mines	Repurposing mines for agriculture
		Utilise old mines as training grounds for small-scale mining
	New Mining Opportunities	Feasibility studies on opening new mining sites
	Mining Beneficiation	Investigate the opportunities for beneficiation
		Feasibility studies
	SMME Development	Supply chain analysis
		Assist SMMEs with accessing finance
		Promote SMME development through the supply chain

## 6. IMPLEMENTATION PLAN – INSTITUTIONAL FRAMEWORK FOR LED

This section of the report serves to discuss how the plan (strategies, programmes and projects) are to be implemented in the Amajuba District Municipality. The balancing act of stakeholders, community and business can only happen appropriately if undertaken within clearly defined structures. Many Local municipalities attempt to implement LED programmes in an uncoordinated way, which eventually leads to ineffective efforts at worst, and limited effectiveness is achieved at best.

At present, the Amajuba District Municipality does not have a formalised Local Economic Development Structure to guide the implementation of LED. In the 2011 Review of the LED, there were recommendations for the establishment of the Amajuba Board of Leaders and the Programme Management Unit. Each of these bodies were tasked with specific responsibilities in ensuring the co-ordinated implementation of LED. However, these structures never came to fruition.

The current forum that exists in the Amajuba District is the Amajuba Forum for LED (AFLED). This forum is relatively effective given that there is inclusion of professionals from both the private and the public sectors. Constituting and integrating the programme management unit into AFLED is an additional proposal to make the forum more effective. Currently, the functional sector committees in AFLED are tourism, agriculture and, commerce and industry. It is important to further compose a mining sector committee, given the strategic role of the mining sector in the District.

It is for the purpose of this plan that the recommendations stated with the LED Review (2011) is refreshed and the structures are created. As such, the specific details of the structures are presented below verbatim from the 2011 LED Review.

“The proposed board of business leaders would constitute of key business leaders (not their representatives). The Amajuba board of business leaders would be chaired by the Mayor, while the MEC would interact with them periodically. Regarding meetings, the board would meet roughly on a quarterly basis. The function of this body would be to retain and expand local investment. The Mayor would be the representative of the board of business leaders in AFLED. Specific responsibilities of the board of business leaders would be:

- To develop or find a common economic vision
- To serve as an economic advisory body to both public and private sector investments
- To assist in leveraging of resources
- To keep government informed on levels of existing business confidence

- To create business opportunities
- To mentor emerging SMME's within the District

The Programme Management Unit (PMU) would constitute of technocrats, drawn from various government functions such as Tourism, SEDA, Business finance departments, etc. The function of the programme management unit is to implement LED projects. The logic behind the formation of a unit made of technocrats is that

- (a) While they are based in their respective offices, they also have a contractual mandate to facilitate (and in some cases guide) development.
- (b) Currently, while government sectors still exist, they are poorly coordinated and therefore less effective in achieving common objective in a disjointed manner.

The PMU would be accountable to the AFLED and would thus report progress of programme implementation process to the forum.

In summary, the PMU sets up, runs, and supports an endogenous network able to catalyse development through:

- Facilitating development to enable sustainable job creation
- Promoting and support small and medium-sized businesses in the various branches of production
- Improving the economic context and opportunity of the territory
- Providing tools for economic development which accounts for the vulnerable
- Facilitating and Co-ordinates businesses to play an active role in addressing poverty
- Developing relationships of collaboration and cooperation across sectors
- Allowing the local government to be the direct actor"

The 2011 LED Plan further suggests "work groups that are essentially sector committees except that the proposed model recommends that their terms of reference be amended to include planning and implementing projects. The work groups are accountable to the AFLED. The proposal further suggests composition of an investment group (as part of the work group). Consisting of members of the sector committees, this body would be responsible for marketing and attraction of investment."

It is this sound rationale that the LED Plan would strongly encourage for the Municipality to adopt in order to effectively and efficiently boost the economy of Amajuba, especially given the time we are in currently when the South African economy is in a dire state.

## **ESTABLISHMENT OF AMAJUBA DISTRICT DEVELOPMENT AGENCY**

In addition to the proposed institutional structures identified to drive local economic development in Amajuba District, the current leadership of the municipality is exploring the idea of establishing a District Development Agency (DDA).

The purpose of District Development Agencies is to create an enabling environment in which local people, institutions and businesses can take realistic and practical decisions to strengthen the local economy, create more jobs at local level, promote new enterprises in municipalities and improve the quality and prospects of life for all. Within this context, the priority is to utilise the DDAs to enhance socio-economic development and to create wide-ranging opportunities for sustainable and inclusive employment and increased economic activity within Amajuba District.

Given that the current political leadership was in not office when the 2012 Cabinet Lekgotla took a resolution that all districts should establish the DDAs, they have resolved that a feasibility study be conducted for them to get a clearer understanding on whether it is a viable option or not.

Amajuba DM has since hired the services of Sikhunyana Consulting to conduct the feasibility study for Amajuba District Municipality. The findings of the feasibility study will determine if Amajuba District Municipality is able to establish the external entity.

The feasibility study should be completed by the end of July 2023. It is only then that the municipality can determine whether to establish a DDA.

## **AMAJUBA FORUM FOR LOCAL ECONOMIC DEVELOPMENT**

On the 18<sup>th</sup> and the 19<sup>th</sup> of May 2023, Amajuba District Municipality held a Local Economic Development Summit/DDM workshop at the Pines Wedding & Conference Centre.

One of the resolutions that came out clear was the revival of Amajuba Forum for Local Economic Development (AFLED). There was a clear need for a platform wherein all the district economic development stakeholders and role-players would convene to discuss programmes, challenges and adopt a single view approach towards developing Amajuba district.

A budget to assist this process has been set aside by the department of Planning & Development Services. This is to ensure that all the necessary logistics associated with reviving this forum are put in place.

It is envisaged that AFLED should be up and running by the end of December 2023.

## 7. MONITORING AND EVALUATION

STRATEGIC THRUST	PROGRAMME	PROJECTS	LEAD RESPONSIBILITY	PARTNERS	TIME FRAME	INDICATORS
Tourism Arts, Culture & Sport Development	Revive Tourism Structure	Establish Tourism Agency	ADM	LMs, Government & private sector	S	Established Tourism Agency
	Conduct Feasibility Studies	People's Park Concept	ADM	LMs	S – M	Feasibility Study and Plan
		Maboneng Concept	ADM	LMs & Private sector	S – M	Feasibility Study & Business Plan
		Jumpcity	ADM	LMs & Private sector	S – M	Feasibility Study & Business Plan
		Sterkinekor/Nu Metro Cinemas	ADM	LMs & Private sector	S – M	Contracts with Cinema companies
		Gaming Arcades at Malls	ADM	LMs & Private sector	S – M	Contract with Gaming Company
		Spas	ADM	LMs & Private sector	S – M	Finalised contracts with spa owners
		Newcastle pool upgrade	ADM	LMs	S	Feasibility study and plans
		Phelandana Sports Complex	ADM	LMs & Private sector	S – M	Feasibility study and plans
		Amcor Dam Upgrade	ADM	LMs & Private sector	S – M	Feasibility Study and plans
Balele Game Park Upgrade	ADM	LMs & Private sector	S-M	Feasibility Study		

STRATEGIC THRUST	PROGRAMME	PROJECTS	LEAD RESPONSIBILITY	PARTNERS	TIME FRAME	INDICATORS
	<b>Tourism Marketing</b>	Create a marketing agency	ADM	LMs, Government & private sector	S	Established Marketing Agency
		Engage with social media marketing	ADM	LMs, marketing agency & private sector	S	Active Social Media presence
		Establish online stores	ADM	LMs	S	Online Stores
		Set up contracts with tour groups to include the District in tours	Tourism Agency	LMs & Tourism businesses	S-M	Established tours
		Improve signage in the area.	ADM, Tourism Agency	Tourism businesses	S-M	Improved signage
<b>Skills Development</b>	<b>Develop a Skills Database</b>	Establish a skills agency in the municipality	ADM	LMs & Businesses	S	Skills agency
		Appoint local interns to conduct the surveys with the communities	ADM	LMs	S	Appointed Interns
		Appoint local interns to conduct the surveys with local businesses	ADM	Local Business	S	Appointed Interns
		Create and maintain a live database	ADM	LMs	S - M	Live skills database
	<b>Tailor Qualifications to Skills Needed</b>	Offer work readiness programmes	ADM	Educational Facilities	S -M	Relevant programmes
		Implement occupational qualifications which requires theory, practical and workplace experience.	Tertiary educational facilities	ADM , LMs & Businesses	S – M	Relevant qualification courses

STRATEGIC THRUST	PROGRAMME	PROJECTS	LEAD RESPONSIBILITY	PARTNERS	TIME FRAME	INDICATORS
		Monitor and evaluate the relevance of the training provided.	ADM	LMs, Businesses & Tertiary Educational Facilities	S – M	Annual Monitoring & Evaluation Reports
		Encourage self-employment	ADM	LMs, SEDA	S – M	Number of new businesses opened
		Short courses and workshop to address the gaps	ADM	LMs, Tertiary Educational Facilities & Local Businesses	S – M	Short Courses & Workshops conducted
	<b>Create a MOU with business</b>	Meetings with industry to accept learners to gain workplace experience	ADM	LMs, Tertiary educational facilities & Business	S – M	Minutes of Meetings Conducted
		Finalise MOUs to accept learners and qualified graduates from the local institutions	ADM	LMs, Tertiary educational facilities & business	S – M	Signed MOUs
	<b>Informal Sector Support</b>	<b>Establish the Amajuba District Integrated Compliance &amp; Regulatory Forum</b>	Appoint members of the local municipalities and members of the informal sector to the forum.	ADM	LMs, Informal Business	S
Establish an informal economy policy for the Amajuba District municipality			ADM	LMs, Informal business	S	Informal Economy Policy
Assess applications for informal trading.			LMs	Integrated Compliance & Regulatory Forum	S – M	Number of applications received, assessed & approved

STRATEGIC THRUST	PROGRAMME	PROJECTS	LEAD RESPONSIBILITY	PARTNERS	TIME FRAME	INDICATORS
		The forum is also to regulate the registration and rental of informal businesses.	LMs	Integrated Compliance & Regulatory Forum	S – M	Number of licences registered and rental collected
	<b>Site Identification for informal business</b>	The local municipalities to identify appropriate sites for the informal traders.	LMs	ADM & Integrated Compliance & Regulatory Forum	S	Sites identified
		Site identification for informal businesses including manufacturing e.g. manufacturing hubs	LMs	ADM & Integrated Compliance & Regulatory Forum	S	Sites Identified
<b>Retail and Wholesale Support</b>	<b>Business Retention &amp; Expansion</b>	Explore the options to give businesses rental discounts or utilities discounts to keep them operating or expanding	ADM	LMs, ESKOM, Government Departments	S	Existing business Incentives report
	<b>Attraction of new business</b>	Establish incentives schemes to attract new businesses	ADM	LMs, Water Department, ESKOM, Rates	S	Incentive Schemes for attracting new businesses
		Hold meetings with targeted businesses that would bolster the lifestyle and the economy of the District	ADM	LMs, Potential new Businesses, Banks	S - M	Minutes of Meetings held

STRATEGIC THRUST	PROGRAMME	PROJECTS	LEAD RESPONSIBILITY	PARTNERS	TIME FRAME	INDICATORS
	<b>Marketing facilities for investment</b>	Utilise the investment planned incentive schemes in marketing the area to potential businesses	ADM	LMs	S	Minutes of meetings and contracts where any agreement is finalized
	<b>Banks to relax red tape for SMMEs</b>	Meetings to be held with the banks and lending institutions	ADM	LMs, All major banks & other lending agencies	S	Minutes of meetings held
		Formalize agreements to assist SMMEs in accessing funding	ADM	LMs Banks & other lending agencies	S	Signed Agreements
<b>Green Economy Development</b>	<b>Amajuba Green Economy Plan Formulation</b>	Prepare Terms of Reference for the Green Economy Plan	ADM	LMs, EDTA, ESKOM, Department of Public Works	S	Terms of Reference
		Appoint a consultant to undertake the project	ADM	LMs, EDTA, ESKOM, Department of Public Works	S	Appointed Consultant
		Adopt the Green Economy Plan	ADM	LMs	S-M	Adopted Green Economy
	<b>Promotion of Solar and Wind Energy</b>	Conduct a land audit	ADM	LMs, Land Affairs, EDTA	S -M	Completed Land Audit
		Call for expression of interest from developers	ADM	LMs, EDTA, Department of Public Works	S – M	Completed advertisements and private invites

STRATEGIC THRUST	PROGRAMME	PROJECTS	LEAD RESPONSIBILITY	PARTNERS	TIME FRAME	INDICATORS
		Market the area to solar and wind component manufacturing companies	ADM	LMs, Manufacturing Businesses	M	Marketing materials sent to companies and confirmed meetings
	<b>Promotion of Recycling</b>	Co-ordinate with other municipalities to participate in activities	ADM	LMs	S	A calendar of activities
		Conduct educational programmes at schools	ADM	LMs, local schools	S - M	A programme developed for education at schools
		Explore options regarding the electronic waste	ADM	LMs, electronic waste managing companies	S - M	A schedule of options for the municipality and local businesses, schools and individuals
	<b>Explore Possible Greening Options</b>	Explore new and innovation greening options through research and the formulation of the Green economy plan.	ADM	LMs	S - M	A Green Economy Plan
<b>ICT Development</b>	<b>Improve ICT Infrastructure</b>	Conduct Feasibility Studies on Wireless Mesh networking	ADM	LMs, Imvula Technologies	S - M - L	Completed feasibility studies
		Provide unused bandwidth form the municipality to communities for free	ADM	LMs, Imvula Technologies	S - M	Unused bandwidth provided to communities without charge
		Provide a forum for ISPs to discuss issues such as compliance, coverage etc.	ADM	LMs, Service providers	S - M	A report with clarity on issues regarding compliance and coverage issues
	<b>Improve ICT Skills</b>	Training programmes	ADM	LMs, schools, tertiary	S - M	Formalised training programmes available

STRATEGIC THRUST	PROGRAMME	PROJECTS	LEAD RESPONSIBILITY	PARTNERS	TIME FRAME	INDICATORS
				educational institutions		Number of people trained Number of women trained
		Facilities for Internet access	ADM	LMs, local businesses	S	Internet centres set up throughout the District in accessible locations
		Mega Hotspot	ADM	LMs, local businesses, service providers	S – M	Mega Hotspot Created in the District
	<b>Support for Innovation Infrastructure</b>	Work with leaders in the ICT field to access innovative infrastructure for the area	ADM	LM, Service providers	S – M – L	New innovative infrastructure developed in the area
<b>Agriculture Development</b>	<b>Establish an agricultural support unit</b>	Rebirth of agricultural forums	ADM	LMs, DARD, DRDLR (ALRRD)	S	Draft Terms of Reference in Place
		Agri-parks programme	ADM	LMs, DARD, DRDLR	M	Business Plan
		Agri-villages programme	ADM	LMs, DARD, DRDLR	M	Business Plan
	<b>Link to regional economic development</b>	Establish a live database of farmers geographical position and products being produced	ADM	LMs, DARD, DRDLR	S - M	Live Database
		Cross-border alignment programme	ADM	DRDRL	L	Business Plan in Place
		Agri-parks programme	ADM	DRDLR	M	Business Plan in Place
		Generate and update Bioresource Unit data (BRU) reports	ADM	DARD	S	Updated BRU reports

STRATEGIC THRUST	PROGRAMME	PROJECTS	LEAD RESPONSIBILITY	PARTNERS	TIME FRAME	INDICATORS
	<b>Advancing primary, secondary &amp; tertiary sectors</b>	Skill Development Units	ADM	Amajuba TVET College	S	Programmes available
		Youth Incubation Programme	ADM	LMs, EDTEA	S	Business Plan in place
		Agri-parks programme	ADM	LMs, DRDLF	M – L	Business Plan in place
		Agri-villages programme	ADM	LMs, DRDLR	M – L	Business Plan in Place
		Mentoring Programme	ADM	LMs, DRDLR	S	Business Plan in Place and programmes available
		SMART Farming (Simplified Management in Agriculture by using Research and Technology)	ADM	LMs, DRDLF, DARD	S	Business plan available
	<b>Exploiting STI to advance sustainability, competitiveness and productivity</b>	Green Economy IPPs	ADM	LMs , ED	S	Climate Change Response Report
		SMART Farming	ADM	EDTEA	S	Climate Change Response Report
		Government Regulations relaxation	ADM	LMs, TVETs, DARD	S	Climate Change Response Report
		Land Reform	ADM	DRDLR	S	Climate Change Response Report
	<b>Linking LED Corridor Development &amp; Sub-National Cross-Border Programme</b>	Agri-parks programme	ADM	DRDLR	M	Business Plan in Place
		Cross-border alignment programme	ADM	DRDLR	M	Business Plan in Place
	<b>Production of new high value products</b>	Appoint an Agriculture expert to assess the viability of growing hemp and cannabis in the area	ADM	LMs, DEA, DARD, DRDLR	S	Feasibility Study in Place

STRATEGIC THRUST	PROGRAMME	PROJECTS	LEAD RESPONSIBILITY	PARTNERS	TIME FRAME	INDICATORS
		Undertake feasibility studies for the growing of the products and for the extraction of the cannabis oil	ADM	LMs, DEA, DRDLR, DARD	S – M	Feasibility studies and business plans in place
		Establish agri-businesses to initiate this new opportunity.	ADM	LMs, DEA, DARD, DRDLR	M – L	Agri-business for cannabis oil in place
<b>Mining and Manufacturing Jumpstart</b>	<b>Rehabilitation of Abandoned Mines</b>	Repurposing mines for agriculture	ADM	LMs, Mining companies, DRDLR, DEA	S – M	MOUs regarding the changing of use of mine to agriculture
		Utilize old mines as training grounds for small-scale mining	ADM	LMs, mines, colleges	M – L	Training courses for mining
	<b>New Mining Opportunities</b>	Feasibility studies on opening of new mines	ADM	LMs, mining companies, DRDLR, DEA,	M – L	Feasibility studies in place
	<b>Mining Beneficiation</b>	Investigate the opportunities for beneficiation	ADM	LMs, Mining Companies,	S – M	Beneficiation report
		Feasibility studies and business plans	ADM	LMs, Mining companies	M	Feasibility studies and business plans for beneficiation opportunities
	<b>SMME Development</b>	Supply chain analysis	ADM	LMs, manufacturing businesses	S – M	Supply chain report for SMME development
		Assist SMMEs with accessing finance	ADM	LMs, Banks, other lending agencies, SEDA	S – M – L	A quick and simple guideline for the application for and accessing finance.

STRATEGIC THRUST	PROGRAMME	PROJECTS	LEAD RESPONSIBILITY	PARTNERS	TIME FRAME	INDICATORS
		Promote SMME development through the supply chain	ADM	LMs, business sector, banks	S – M – L	Number of businesses established

The monitoring and evaluation framework for the LED strategy will be based on the government's outcome approach. In this regard, planning will also be based on the outcome approach, to ensure that the programmes and projects planned have the desired impact in the lives of the community or project beneficiaries. The template below, should be adopted to record the evaluation of the projects.

### Monitoring template

Project	Inputs	Activities	Output	Target	Outcome

The Municipality, through the LED department will be responsible for monitoring the implementation of the projects, through the LED forum.

### Indicators for Monitoring and Evaluation

The following are examples of outcome indicators to be considered and expanded on by the stakeholders:

- Inclusive and diverse economic growth;
- Improving Business Competitiveness and Diversity;
- Investing in Sustainable Development and Infrastructure; and
- Improved quality of life through sustainable jobs.

### Reporting

Reporting is an integral part of monitoring and evaluation as it will maintain accountability to stakeholders and oversight by the authorities over the project. Reporting will be done through the existing municipal reporting mechanism and the following reports will be produced:

- Quarterly Report;
- Mid-term Report; and
- Annual Report.

Reports will be submitted to the portfolio committee before they are submitted to council and the LED forum and finally published for the general public.

## 8. FUNDING THE STRATEGY

Sourcing and making funds available is key to the successful implementation of the LED strategy. It is the responsibility of the Amajuba District Municipality and its Local Municipalities where applicable to identify the funding needs, develop the funding strategies, identify the appropriate funding sources and access these funds for the projects in this LED Strategy and the IDP.

The table below provides a suggestion of sources of funding that can be tapped into for the funding of the projects. It must be highlighted that the strategy comprises of a number of hard and soft projects. This means that there are a number of projects that are activities that need to be undertaken and those do not require any funding. The hard/physical projects may require funding to be sourced. This list is by no means prescriptive of comprehensive and serves as a guide to the possible funding agents that can be approached for funding.

### 8.1 Funding Categories

There are primarily five categories of funding sources that can be approached for financial assistance and support in the implementation of the projects.

Category	Description
Government	The South African government is the primary funder of projects in Local Government. Municipalities receive funding through the equitable share from national government and is allocated to projects through different functions in the form of municipal budget.
Development Finance Institutions	Development Finance institutions include the DBSA, Land Bank NEF, and IDC, which will be backed by government to fund infrastructure and other developmental programmes in the public sector.
Private Sector Investors	These will invest in viable and feasible economic projects which are likely to offer a return on investment. Long term profitability of a business venture is critical in the investment decision. Venture capital funds normally provide not only loan finance but also take equity in the investment and take more

	active participation in running of a business venture.
Commercial Financial Institutions	This category include commercial banks, which often provide funding in the form of loans to the public sector.
Donors	<p>Donors, especially from foreign countries make funding available for infrastructure and socio-economic programmes in municipalities and the public sector in general. Some of the more well-known donors in South Africa are:</p> <ul style="list-style-type: none"> <li>• USAID</li> <li>• Agence Francaise de Developpement</li> <li>• GIZ-SAGEN – South African – German Energy Programme</li> <li>• KFW Development Bank</li> </ul>

The above sources indicate that there are a number of entities that can be approached for funding of projects. The municipality is required to undertake thorough preparation to source and Secure the funding. The municipality must prepared well researched well written Business plan as the basis for engaging with potential funders. The wall satisfy the funder knowing that the municipality is aware of the situation, what is required and is able to implement the project.

All identified LED projects must be captured within the IDP reviews to ensure that these projects are in line for funding as many government agencies refused to fund projects that do not appear in the IDP. The small also promote integrated to planning and ensure that the LED is part of the IDP.

The list below indicates the funding sources available for the municipality and businesses.

<b>Fund/Programme</b>	<b>Funder</b>	<b>Areas Funded</b>
Secondary Cities Support Programme	CoGTA in collaboration with the World Bank	Provide infrastructure funding for sustainable urban development.
Energy Efficient Demand Side Management Grant (EEDSM)	Department of Energy	Energy Efficiency Programmes
Municipal Infrastructure Grant (MIG)	Department of Cooperative Governance and Traditional Affairs (CoGTA)	Municipal infrastructure projects
Infrastructure Finance Corporation Limited	INCA portfolio Managers (Pty) Ltd Private Sector	Provides finance and expertise to public sector entities, to assist them in executing their socio-economic infrastructure
Infrastructure Investment Programme for South Africa (IIPSA)	Government of South Africa and the European Union	Large infrastructure projects
DBSA Infrastructure Finance in South Africa	DBSA	Infrastructure projects including sectors such as water, energy, transport and ICT.
Green Fund	Managed by DBSA on behalf of SA Government	Provides catalytic finance to facilitate investment in green initiatives.
Small Enterprise Finance Agency (SEFA)	IDC and Government	Funding for small business.
Department of Trade and Industry (DTI)	SA Government	Funding for qualifying businesses.
National Empowerment Fund (NEF)	SA Government	It offers a funding for start-ups and expansion as a loan, equity funding.
National Youth Development Agency (NYDA)	SA Government	Funds for young entrepreneurs aged between 18 and 35 years old.
Technology Innovation Agency (TIA)	SA Government	Invest in developing and exploiting technological innovations
Land Bank	SA Government	Provides loans for all financial needs for buying land, equipment, working capital and buildings.
Industrial Development Corporation (IDC)	SA Government	Offers financial support to start up businesses needing capital for equipment, working capital and buildings.
Isivande Fund	SA Government	Provides financial support to African people in business with education and training.

## 9. RISK MANAGEMENT

Risk management has as much to do with the identification of opportunities as it does with identifying, mitigating and avoiding losses and failure of projects/the plan. It is a logical and systematic process of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process, in a way that enables an organisation to minimise losses and maximise opportunities.

The planning and implementation process of local economic development as one of the municipal functions is also affected by risks and as such in developing a local economic development strategy, one needs to identify and contextualise the risks. Some of the risks that can exist include:

- Access to finance;/capital;
- Lack of coordination
- Lack of infrastructure;
- Limited production/service delivery;
- Poor access to support services;
- Aging infrastructure;
- Lack of/limited skills; and
- Access to markets.

### 9.1 Critical Success Factors

It is suggested that the following key considerations should be taken into consideration as key to the implementation of the strategy:

- 1) An integrated approach should be adopted with regard to LED, so that LED is not treated as a mere line-function, and is supported by all municipal departments;
- 2) The municipal IDP need to be practical with LED featuring prominently;
- 3) More funds should be allocated to LED projects from the municipal budget so that LED can make the required impact in the local economy;
- 4) The development of municipal infrastructure will go a long way in promoting investment and growth in the municipal area;
- 5) A close working relationship between the municipality and the formal and informal business sectors should be established, to place the municipality at the forefront of development;
- 6) Sector departments should involve the municipality at the conceptual stage of all projects that are earmarked for the ADM and its local municipalities;
- 7) Local leadership is critical and essential for LED success;
- 8) The municipality must encourage the use of local labour and effective local procurement as far as possible;
- 9) All efforts must be employed to continuously seek funding for all identified projects;

10) The monitoring and evaluation framework must be utilised to identify successes and blockages.

## **10. CONCLUSION**

It must be reiterated that this plan has been formulated during the COVID-19 pandemic that has at this point in time has the country in a lockdown and as a result a closure of the economy (except essential services). These are uncertain times on every level and faces every business. This is not unique to South Africa but the entire world. The world economy is in a repressed state and the duality in the South African economy has become all the more clearer due to this pandemic.

The country has borrowed large sums of money for the work into fighting the COVID-19 pandemic and therefore it reasons that budgets in the future years might be fairly constrained. As such, it is difficult to try to say with much conviction which sources of funding would be available for the Municipality to access funding for the projects. However, the Municipality is encouraged to tap into all possible sources of funding and to be creative in the attraction of investment into the area.

In the same vein, the plan has allocated timeframes to specific projects in terms of whether they should be undertaken in the short, medium or long term. Unfortunately, again with the uncertainty in the economy it is not feasible to put a more specific timeframe in place. The use of the short, medium or long term timeframe allows the Municipality to be in a better position to assess how urgent a project is and also look at what can be achieved as quickly as possible without outside input.

Given the nature of the projects being put forward in this plan, many of which are soft projects, it is not possible to depict and allocate them to a local municipality and a specific area. It is only when feasibility studies, meetings etc are held and finalised will specific locations be identified. The Amajuba District Municipality is encouraged to engage and collaborate with the local municipalities to ensure that the LED Plan is implemented for the highest good of the district.



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