SENQU LED STRATEGY

2018-2038

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CHAPTER 1: LED PLANNING FRAMEWORK

1. Introduction

What is local economic development? The South African Department of Co-operative Governance and Traditional Affairs (COGTA) defines it as "an approach towards economic development which allows and encourages local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents in a local municipal area (COGTA, May 27, 2016)".

GIZ has through its LOCATI programme established the following principles in underpinning LED. These are as follows:

- **Create favourable locational factors**, i.e. qualities which make your place a good place to do business.

- **Promoting business**. Businesses can be enticed to come to the area through reduced tariffs etc but not by creating unfair competition for existing businesses.
- **Make local markets work better** by "creating places and opportunities to match supply and demand, as well as to discover, propagate and promote new business opportunities."

Principles are proposed to ensure that an LED Strategy has the outcome which it seeks by:
- **Establishing the difference between LED and community development**. "LED is about creating functioning markets that encourage competitive businesses. Community development is about solving social problems (health, housing, education, neighbourhood), and it involves principles such as solidarity and support for the weak and marginalised."
- **Introducing "clear market and business focus in LED**. Conceptualise black empowerment and the promotion of emerging entrepreneurs from this perspective. Addressing market failure is the appropriate way to stimulate business opportunities, not by subsidising potential entrepreneurs or entertaining them with shallow training courses."
- **Realising the opportunities involved in the better utilisation of local resources**. Use the business skills of experienced businesspersons to strengthen the capabilities of emerging entrepreneurs?
- **"Instead of encouraging the creation of ineffective LED Fora, persuade local stakeholders to look for specific project ideas that are quickly implementable and will make a difference for local businesses**. Encourage local stakeholders to establish a governance structure only when there is something to be governed, i.e. when some practical projects are under way."
- **"Involving both the public and the private sector in LED."** It must be a partnership (JGDM LED Strategy, 2014: 4-8)".

2. Internal Perspective

a. Sustainable Development Goals

These goals have an impact on the local implementation of LED and are as follows:

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
3. Ensure healthy lives and promote well-being for all at all ages
4. Ensure inclusive and equitable quality education and promote life-long learning opportunities for all

5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable, and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17 Strengthen the means of implementation and revitalize the global partnership for sustainable development.

3. National Policy Framework

The **Constitution Act 108 (1996)** recognises the importance of local government in economic development in the statement: S**152** (1) The objects of local government are—
(c) to promote social and economic development;

The **White Paper on Local Government (1998),** introduces the concept of "developmental local government", defined as: "*Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives.*"

The **Municipal Systems Act 32** (**2000),** which made integrated development planning compulsory, and legislated a number of key LED functions, roles and responsibilities. The aim of the Act is : *"To provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities."* (JGDM LED Strategy, 2014:12)

The **Integrated Sustainable Rural Development Strategy** (ISRDS) of the DPLG now COGTA, which seeks to *"attain socially cohesive and stable communities with viable institutions, sustainable economies and universal access to social amenities, able to attract skilled and knowledgeable people, equipped to contribute to their own and the nation's growth and development." The main focus was on rural development.*

The **Accelerated and Shared Growth Initiative for South Africa** (AsgiSA). The overarching objectives are to:

- o *Reduce the unemployment rate from 30% to 15% by 2014;*
- o *Reduce poverty from one-third to one-sixth of the population by 2014; and*
- o *Increase the annual GDP growth rate from the then average of 3% to 4,5% per year for the period 2005 to 2009 and to 6% for the period 2010 to 2014. This target should create a sustainable annual growth rate of 6%. (JGDM 2014:13). This is done by focussing on:*
  - o *Macro-economic issues*
  - o *Infrastructure*
  - o *Education and skills*
  - o *Sector development strategies*
  - o *Second Economy, and small, medium and micro enterprise (SMME) development governance and public administration.*

The **Joint Initiative on Priority Skills Acquisition Mandate** (JIPSA) was launched in 2006, in support of AsgiSA, to *identify solutions to the major skills shortages*.

The **Strategic Plan for the Department of Agriculture, Forestry and Fisheries** (2013/14 to 2017/18) has the following goals:

- o *SG 1 Increased profitable production of food, fibre and timber products by all categories of producers*
- o *SG 2: Sustained management of natural resources*
- o *SG 3: Effective national regulatory services and risk management systems*
- o *SG 4: A transformed and united sector*
- o *SG 5: Increased contribution of the sector to economic growth and development*
- o *SG 6: Effective and efficient governance (JGDM 2014:14-15)*

The following sectors are highlighted as key – which are also critical elements of the JGDM agricultural sector:

- o Food security
- o Cooperatives and smallholder farmers
- o Agro-processing
- o Forestry
- o Fisheries (JGDM LED Strategy, 2014:14-15)

The **New Growth Path** is the South African Government's job creation and economic development strategy adopted in April 2011. It aims to grow employment by 5 million jobs by 2020, with most of these jobs coming from the private sector. The two key variables which will affect the target are the rate of economic growth which should be between 4% and 7% and the employment intensity of that growth.

The initial job drivers which have been identified are as follows:
1. Public investment in infrastructure,
2. Targeting more labour-absorbing activities across the main economic sectors, agriculture and mining value chains, manufacturing and services,
3. Opportunities in the knowledge and green economies,
4. Leveraging social capital in the social economy and the public services, and
5. Fostering rural development and regional integration. Spatial development.

An overview of these job drivers and specific support measures is provided in the table below:

Table 1: New Growth Path Job Drivers and Support Measures

#	Job Driver	Activities and [Jobs]	Support Measure	Jobs
1	Infrastructure:-	▪ Energy, transport, water & communications; ▪ Construction of infrastructure, operation, maintenance & manufacture.	▪ Public investment ▪ Skills development ▪ Prevent non-competitive pricing ▪ Procure local inputs ▪ Renewable energy ▪ Labour based production	250,000
2	Main Economic Sectors:-	▪ Agricultural smallholder schemes [300,000] ▪ Agro-processing [145,000] ▪ Farming upgrades [660,000] ▪ Mining [140,000] ▪ Manufacturing [350,000] ▪ Tourism services [250,000] ▪ Cultural industries	▪ Restructuring land reform ▪ Review mineral rights regime, lower input costs ▪ Refocus beneficiation strategy ▪ Manufacturing support (IPAP 2) ▪ Tourism marketing, training ▪ Cultural industry support	1,845,000
3	Knowledge & Green Economy:-	▪ Green economy manufacturing [80,000] ▪ Green construct, operation, maintenance [220,000] ▪ Environmental protection and biofuels ▪ Knowledge intensive sector, ICT, education, healthcare, mining, pharmaceuticals, biotechnology [100,000]	▪ Integrated Resource Plan for electricity (IRP2) ▪ Appropriate RE pricing policies ▪ Recycling schemes ▪ New technology to SME ▪ Support R&D and tertiary education ▪ Improve broadband access & cost	400,000
4	Social capital and public services:-	▪ Promote not-for-profit activity, co-ops, NGO's etc [260,000] ▪ Improve public service health, education, policing [100,000] ▪ Increased state procurement from social bus	▪ Address HIV/AIDS challenge ▪ Promote co-operatives ▪ Develop social economy linkages and support	360,000
5	Spatial & rural development	▪ Rural development programmes [500,000 HH's] ▪ Support small scale agriculture ▪ Increased exports to SADC [150,000] ▪ Improved regional logistics with "Smart Ports" and road & rail integrated		650,000
	Total Jobs created by 2020			**3,505,000**

The microeconomic package involves targeted measures to control inflationary pressures and support competitiveness and increased equity, which in turn makes the macroeconomic strategy sustainable and viable. It includes reforms in policies on skills, competition, industry, small business, the labour market, rural development, African integration and trade policy. It consists of ten programmes to control inflationary pressures and inefficiencies combined with more pro-active strategies to support an inclusive economy, social equity and regional development. The 10-point microeconomic package prioritizes the development and implementation of:

❑ Active industrial policy

❑ Rural development policy

❑ Competition policy

❑ Stepping up education and skill development

❑ Enterprise development: promoting small business and entrepreneurship; eliminating unnecessary red tape

❏ Broad-based Black Economic Empowerment (BBBEE)

  ❏ Labour policies

  ❏ Technology policy

  ❏ Developmental trade policies

  ❏ Policies for African development

The NGP recognises the role of an effective, developmental state in achieving broad-based employment growth and raise the issues of what the role of the state should be, the market and key market players outside of the state, and social mobilisation and dialogue.

National Development Plan (Vision 2030) is a detailed blueprint for how the country can eliminate poverty and reduce inequality by the year 2030 by attaining a decent standard of living such as Housing, water, electricity and sanitation; Safe and reliable public transport; Quality education and skills development; Safety and security; Quality health care; Social protection; Employment; Recreation and leisure; Clean environment and Adequate nutrition. (Ecsecc 2017:4)

The broad objectives are:

i   Providing overarching goals for what we want to achieve by 2030.

ii Building consensus on the key obstacles to us achieving these goals and what needs to be done to overcome those obstacles.

iii Providing a shared long-term strategic framework within which more detailed planning can take place in order to advance the long-term goals set out in the NDP.

iv Creating a basis for making choices about how best to use limited resources.

The main priorities are as follows:

- Uniting all South Africans around a common programme to achieve prosperity and equity
- Promoting active citizenry to strengthen development, democracy and accountability
- Bringing about faster economic growth, higher investment and greater labour absorption
- Focusing on key capabilities of people and the state
- Building a capable and developmental state
- Encouraging strong leadership throughout society to work together to solve problems

The **National Spatial Development Perspective (NSDP)** primary emphasis is to reconfigure spatial relations and implement spatial priorities that meet the Constitutional directives of providing basic services and alleviating poverty and inequality. The Joe Gqabi District is generally characterised by medium environmental resource sensitivity and by low human need and economic activity. As outlined in the District LED Strategy (UKDM 2009), the District and local municipalities (LMs) should focus on encouraging the expansion of smaller rural nodes to create a critical mass for development, which should in turn focus on specialising in key services unique to the area. Social investment, including social transfers and skills development, together with basic infrastructural services, are recommended – a coordinated development response, notably to human need, may be evidenced in the **Integrated Sustainable Rural Development Programme (ISRDP).**

The **National Framework for LED in South Africa identifies** LED as a Key Performance Area (KPA) for local government and sets out the roles and responsibilities of government in terms of LED. Framework strategies include:

- *Improve good governance*, service delivery, public and market confidence in municipalities through an alignment of national, provincial and local programmes;

- *Identify and exploit competitive advantage* – more balanced development informed by a better understanding of local economic opportunities and constraints, achieved through spatial development planning and exploiting district (and metro) comparative and competitive advantages;

- *Intensify enterprise support* – SEDA should be the key vehicle for localised enterprise support;

- *Sustainable Developmental Community Investment Programming*, including building community and strong use of local procurement.

Local government is responsible for direct policy making (i.e. by-laws, proper rezoning of land, administering policy programmes and projects, initiating economic development programmes). In promoting LED the primary focus of local government is to: provide infrastructure and quality services; manage spatial policies; ensure land use regulation and the administration of development applications; manage service tariff policies; market the area; and manage a progressive property tax system.

Broad-Based Black Economic Empowerment Act (No. 53 of 2003) aims to substantially increase the number of black (African, Coloured, Indian) people who have ownership and control of new and existing enterprises, and the number of black people in executive and senior management positions. Among the B-BBEE socio-economic strategies, the following are particularly relevant to this Plan: Preferential procurement; and investment in black owned or managed enterprises.

National Small Business Act (No. 12 of 1996) provides a classification for SMMEs. The definition of a small business, according to Act, provides for micro, very small, small and medium enterprises, by major economic classes, according to employment, turnover and gross asset value.

Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (2007) targets support to priority areas and sectors as well as broadens support programmes and streamlining of support institutions. National policies identified as relevant to entrepreneurship and small business development include the **National Industrial Policy Framework,** which supports ASGISA and provides strategic direction for industrial development (intensification and diversification into value-adding, labour-absorbing, knowledge economy) together with key public sector principles with respect to the design and implementation of industrial and sector policies. Other supportive national policies include: ASGISA; B-BBEE; the Micro-economic reform strategy; the Draft Regional Industrial Development Strategy; National strategy for the development and promotion of franchising in SA; Strategic framework on gender and women's economic empowerment; National youth enterprise strategy; Co-operatives policy and development draft strategy; and the Draft strategy framework for forestry enterprise development.

South African Co-operatives Act (No. 14 of 2005) sets out legislation supporting co-operatives' development in South Africa.

4. Provincial Policy Framework

The **Eastern Cape Vision 2030** is intended to mobilise all citizens and sectors of the Eastern Cape around a common vision. It sets the development agenda and priorities for the next 15 years (2015-2030), building on the Provincial Growth and Development Plan (PGDP) of 2004-2014.

The plan addresses the following priorities:

i   Redistributive, inclusive and spatially equitable economic development and growth
ii   Quality Health
iii Education, Training & Innovation
iv   Institutional Capabilities

This set of priorities gives rise to the following five goals of the Vision 2030 PDP:

Goal 1: A growing, inclusive and equitable economy which seeks to ensure a larger and more efficient provincial economy; more employment; and reduced inequalities of income and wealth.

Goal 2: A healthy population through an improved health care system for the Eastern Cape.
Goal 3: An educated, innovative citizenry.

Goal 4: Vibrant communities who make their own decisions unreliant on government.

Goal 5: Capable, conscientious and accountable institutions. This goal seeks to build capable, resilient and accountable institutions to enable and champion rapid inclusive development.

The provincial priorities for 2017/18 have been pronounced as follows by the Premier of the Eastern Cape:

- Development and implementation of a Provincial Spatial Development Framework, including
    - Small town revitalization

    - Local economic development
    - Integrated Human Settlements and
    - Improved roads network infrastructure
- Improved integration of government programmes and functional local government.
- Transforming agriculture (including aquaculture, fisheries and forestry)
- Improving the effectiveness of provincial institutions (departments and entities)
- Drive the seven-point education plan.
- Improving provincial infrastructure through the Rapid Response Team and the implementation of the 2030 Infrastructure Plan.
- ICT in province, including: Bhisho campus network; broadband and use of transversal contracts.
- Improve health profile of province (ECSECC,2017:6)

These priorities were all restated in the 2018 State of the Province address with an emphasis on improving infrastructure particularly roads and infrastructure provision and delivery, improving skills levels, improvement of the economy through various iniatives in the automobile, tourism and agricultural sector, integrated planning between all spheres of government and stakeholders, promotion of food security and lastly ensuring the safety and security of citizens (SOPA Feb 2018)

Spatial Development Plan (SDP) sets out broad framework for the investment of public funding and management of development in the Eastern Province. The following principles are therefore adopted:

- o *A focus on developing nodes and areas where economic opportunities and resources exist, or where such opportunities can be stimulated*
- o *Investment should be targeted into areas where the economic opportunities and returns are greatest*
- o *Inter-departmental investment linkages should be identified in order to maximize benefits and achieve a coordinated effort*
- o *Social expenditure on basic infrastructure for basic needs should be specified as spin-offs from economic development investments, wherever possible.*

The Eastern Cape Industrial Strategy focus is on key economic sectors, namely:

- o *Agro-processing (especially biofuels)*
- o *Forestry and timber industries,*
- o *Tourism and cultural industries*
- o *Business process outsourcing (BPO)*
- o *Construction*
- o *Chemicals*
- o *Metals processing*
- o *Auto sector*
- o *Clothing and textiles*

Eastern Cape Rural Development Strategy asserts that "rural development must be a process where people are involved in creating a different society, an inclusive process of animating self organisation. Rural Development must thus be premised on mobilisation and organisation of people within communities. Government systems and structures must support such forms of organisation, and create an environment where people's own development and organisation can thrive." (Draft Eastern Cape Rural Development Strategy: pp 9).

The pillars of the Rural Development Strategy are:

- · Land reform,
- · Agrarian transformation and food security,
- · Non-farm rural economy,
- · Infrastructure,
- · Social and human development
- · Enabling environment

With particular reference to the development of the local economy in Joe Gqabi DM, the Strategy seeks to:

- · Reduce the barriers to economic development due to land tenure –
  - o Facilitate the acceleration of land redistribution for sustainable rural development;
  - o Facilitate access to tenure security that creates socio-economic opportunities for people living and working on farms and in communal areas;
  - o Facilitate access to rights in land, including land ownership and sustainable development;
- · Provide an environment which is pro-poor and LED-enabling:
  - o Provide efficient state land management that supports social and economic development;
  - o Accelerate participation, equity and productivity in agricultural development
  - o Facilitate and support access to markets and distribution channels for rural farmers
  - o Provide water and sanitation infrastructure to rural areas

- o Facilitate accelerated access to energy
- o Co-ordinate and ensure access to quality services
- · Create economic opportunities for sustainable livelihoods through non-farm activities, including:
  - o Agro-processing
  - o Forestry
  - o Marine and in-land fisheries
  - o Tourism
  - o Other LED and small-scale initiatives
  - o Improve rural roads, transport and logistics network

The **Eastern Cape Provincial Industrial Development Strategy (PIDS)** has 3 strategic imperatives:

- · **Economic Growth**: Increasing economic growth through strengthening of existing sectors and investment into new high potential industrial sectors, coupled with state investment in infrastructure.
- · **Labour Absorption**: Improved labour absorption through skills development, especially for the youth, and through spatial spread of sectors, especially manufacturing industry.
- · **Job Retention**: The net retention of existing jobs through the development of sectoral industrial policies and strategies and through the utilization of bridging and retraining strategies in declining industries.

Six priority sectors have been identified:

- · Ago-processing
- · Petro-chemicals
- · Automotive
- · Tourism
- · Capital goods
- · Green industries – renewable energies

Within JGDM, the agro-processing, tourism, capital goods and green energies sectors are likely to be the most relevant.

Eastern Cape Jobs Strategy has 5 pillars, namely:

- · Retain existing jobs
- · Stimulate new jobs in priority sectors
- · Build our social economy
- · Increase the pace of Provincial economic infrastructure investments in critical areas
- · Radically improve our skills development processes.

Similar to other strategies, the Jobs Strategy highlights the following areas of comparative advantage for the Eastern Cape, and indeed the JGDM:

- · Agriculture and animal husbandry
- · Fishing and aquaculture
- · Minerals
- · Energy
- · Forestry
- · Tourism

The JGDM is immediately positioned to take advantage of 3 out of 6 of these priority areas. Agriculture, forestry and tourism have already been identified as potentially catalytic sectors on which to focus. In

addition, there is scope to consider the development of aquaculture – especially trout – in the District (JGDM LED Strategy, 2014:18)

The **Eastern Cape Tourism Master Plan2009-2014** highlights 8 areas of intervention which are critical when seeking to grow the tourism sector in the Eastern Cape, namely:

- · Tourism product development
- · Tourism marketing
- · Human resource development
- · The development of tourism relevant infrastructure
- · Transformation of the tourism sector
- · Tourism research and information
- · Tourist safety and security
- · Management of the tourism sector

LED Implementation at a Provincial Level

At a provincial level, the primary drivers of LED are the Departments of Economic Affairs, Environment and Tourism (DEAET) and Agriculture. The Eastern Cape Development Corporation (ECDC) is also a strategic partner herein (JGDM LED Strategy,2014:19-20).

5. District Policy Framework

The **JGDM LED Strategy 2014 has the following goals**:

- ❑ *Goal 1:* Grow priority sectors namely agriculture (including Forestry), agro-processing, trade and tourism (Maintain current agricultural employment levels; Grow employment in trade)
- ❑ *Goal 2:* Improve government capacity (Allow for only 12% vacancy rate in all government institutions situated in JGDM)
- ❑ *Goal 3:* Stimulate economic growth through government and private sector investment (Maintain current levels of government investment in JGDM to 2012, increasing to 2% annually between 2012 and 2014; Match provincial economic growth rate ultimately reaching a 4-5% growth rate)
- ❑ *Goal 4:* Environmental sustainability (Ensure that at least 10% of critically endangered, endangered and vulnerable vegetation is formally conserved)

These goals and objectives are aligned into five strategic pillars, with associated programmes and projects, as follows: Infrastructure Investment; Institutional Development; Investment Promotion; Sector Development; and Environmental Management. Further, the LED Strategy argues that, in order to realise the District vision and objectives, it is essential that an environment conducive to growth be created which involves activities that both tackle constraints boost economic activity.

The 2007 **District GDS Summit** was convened following the National GDS, in June 2003, and the Eastern Cape Job Summit, in February 2006, resulting in the GDS agreement, signed by key stakeholders, in line with the national framework, notably ASGISA. The GDS Agreement is based on eight key anchor projects, or priority programmes, which are in turn informed by, and related back to, the District IDP, targeted at

driving growth and development in the District over the next five to ten years. The eight anchor programmes are:

- ❑ The timber cluster development programme
- ❑ Maximizing tourism potentials in the District area
- ❑ Development programme for maximizing agricultural potentials
- ❑ Eradication of backlogs in water and sanitation
- ❑ Service upgrading in primary and secondary towns, key rural nodes and mobility corridors
- ❑ Improvement of access and linkages to basic services to support the economy
- ❑ Creation of a secure social safety net
- ❑ Governance and administration development programme

The **District IDP** is directed towards the JGDM's vision of "An improved quality of life for all residents" and its mission to "Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality and capacitating government and communities within a sustainable environment." The IDP aims to change the economic direction of the District, to bring in more investment to the area, thereby impacting on poverty through job retention as well as job creation. The IDP looks at the District economy as a whole and aims for a collective effort across sectors, departments and spheres. An integral component of the IDP is the **District SDF**. Both the IDP and SDF are very closely aligned to the PGDP, as well as being informed by the District GDS and the Rural Development Strategy.

The 2009 **District Tourism Marketing and Development Plan** is directed towards the vision "To develop the district to become a leading tourist destination where all tourists can experience its unique natural and cultural heritage in a secure and unspoiled environment, and where the tourism sector operates in a coordinated, integrated and all inclusive manner for the benefit of all citizens." Accordingly, the Plan's tourism mission is to:

- o Provide an enabling environment in which the District tourism industry can thrive and as a result benefit all citizens within the District.
- o Facilitate and coordinate the management and development of the tourism sector in the District in conjunctions with all key tourism stakeholders.
- o Source appropriate funding for desired tourism development projects.
- o Ensure institutional alignment of tourism plan with other programme and policy documents.
- o Strategically invest in the sector in order to enhance the value of tourist attractions within the District, by providing adequate infrastructure and promoting the District as a tourism destination.

To achieve this vision and mission, the Plan focuses on five areas, with associated objectives, of: Tourism product development; Marketing and branding; Infrastructure development; Human resource development; and the Creation of an enabling environment.

The overarching goal of the **Southern Drakensberg Development Strategy** is to improve the quality of life of individuals in the eastern portion of the District, while the Strategy's primary objective is to investigate the opportunity to sustainably unlock the region's economic potential while further aiming to strengthen the environmental sustainability of IDPs and SDFs and addressing key structural and systems issues inhibiting the economic potential of the area (JGDM LED Strategy2014: 23- 24).

CHAPTER 2: SENQU CONTEXTUAL ANALYSIS

1.Introduction

Senqu Municipality (EC 142) is a landlocked, mountainous to undulating area adjoined, to the west and east respectively, by the JGDM municipalities of Walter Sisulu and Elundini. It shares its northern border with Lesotho and the Free State Province, while the Chris Hani Municipalities of Sakhisizwe and Emalahleni lie to the south.

Map 1 Senqu Municipality Locality Map
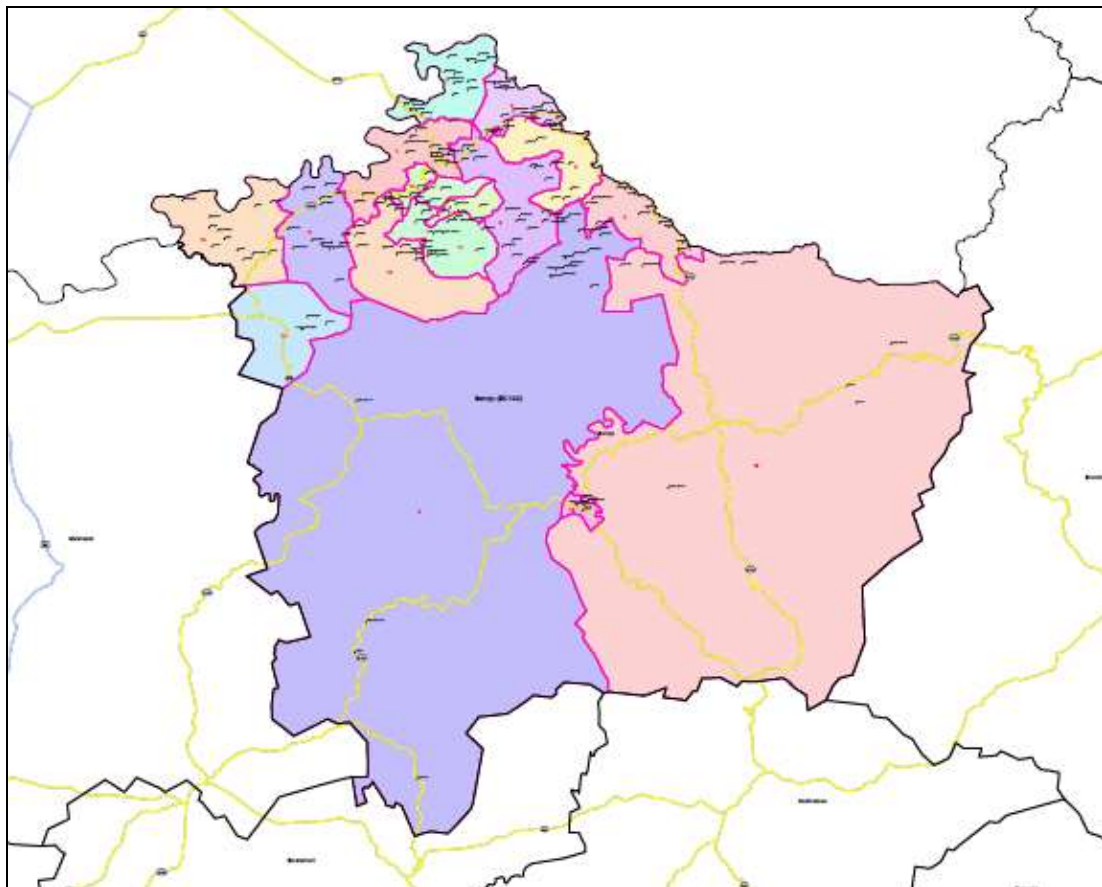
Source: Demarcation Board 2017

Senqu extends over 7329.5km^2, making it the second largest municipal area in the District. The Senqu Local Municipality is comprised of a portion of the former Cape Border region as well as the former Transkei Sterkspruit/Herschel magisterial district which is now designated as traditional authority land, accounting for almost one quarter of municipal land, and is home to the majority of the local population. Senqu is essentially rural in nature – developed urban land accounts for little over one percent of municipal land – and claims no major urban economy, although it is home to the administrative seat of the JGDM, being the town of Barkly East (including Nkululeko, Fairview, Lulama Hlanjwa). Other towns include Sterkspruit, the major urban node of the area, and Lady Grey (including Transwilger, Kwezi Naledi). Senqu's major rural hamlets are Rhodes (incorporating Zakhele) and Herschel, together with and 85 remote rural villages situated in the foothills of the Maluti Mountains and Southern Drakensberg range including Rossouw. (Senqu IDP 2011).

1. Socio-Economic Indicators

2.1 Population Dynamics

Senqu Municipality has a population of 134 150 which has grown to 140,720 (Statsaa, 2016). This makes it the most populous municipality in the Joe Gqabi district. This slight increase in population is due to births but it is not a significant increase. It is only a 1 % increase. The Eastern Cape in total in 2015 only has a population of 6 916 200 which makes up 12,6% of the national total (Statsaa~~Statssa~~ 2016). Provincially, for the period 2011–2016 it is estimated that approximately 243 118 people will migrate from the Eastern Cape (Statsaa 2016).

Household numbers are increasing from 33 904 (2001) to 38 046 (2011) with a slight drop to 35 597 in 2016 (Statssa,2016). This is due to the effects of urbanisation and participation in a world economy which means that the cost of large families and households are prohibitive. This is shown in the statistics which show that the average household size has dropped from 4 in 2001 to 3.5 in 2011 and 4 in 2016 (Statssa,2016).

Table 2: Average Household Size

Municipality	Total population			No of H/holds			Average h/hold size		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
Joe Gqabi	324118	336413	337853	71162	84835	97775	4.6	4	3.5
Elundini	134077	135389	131656	29549	33209	37854	4.5	4.1	3.5
Senqu	129673	134326	131981	28056	33904	38046	4	4	3.5
Walter Sisulu	60369	66698	74216	15557	17722	21875	4.5	3.8	3.4
EC Total	6036337	6163009	6246143	1303287	1481640	1687385	4.6	4.2	3.7

Source: Statsaa~~Statssa~~ Census 2011

"Between 2006 and 2016 the population growth averaged 0.33% per annum which is significant lower than the growth rate of South Africa as a whole (1.54%). Compared to Joe Gqabi's DM average annual growth rate (0.65%), the growth rate in Senqu's population at 0.33% was about half than that of the district municipality (SERO,2017:10)"

"Senqu's population is projected to grow at an average annual rate of 0.9% from 142 000 in 2016 to 148 000 in 2021 (SERO,2017:11)." The population projection shows an estimated average annual growth rate of 0.9% between 2016 and 2021 against the "average annual growth for Joe Gqabi District Municipality, Eastern Cape Province and South Africa at 1.1%, 1.0% and 1.4% respectively (SERO,2017:12)".

2.2 Human Settlements

Senqu is a predominantly rural area, characterised by small settlements, limited urbanisation and subsistence agriculture. The majority (85.74%, 2001 Census) of households are rural in nature, including rural villages and farm households and the overwhelming majority (93.27%) of the local population live in

the Sterkspruit sub-region. This dynamic is shifting with urban in-migration where "people are moving to live in villages which are expanding towards the urban centre of Sterkspruit. The concept of a rural countryside with scattered homesteads is disappearing." (Senqu IDP 2011).

2.3 Gender and Age

Table 3: Population by gender.

	Male	Female	Total
Senqu	66,400	75,400	142,000
Elundini	70,300	74,700	145,000
Walter Sisulu	41,800	44,200	86,000
Joe Gqabi	**178,000**	**194,000**	**373,000**

Source: IHS Markit Regional eXplorer version 1156

The male/female split in population was 88.1 males per 100 females in 2016. The Municipality has more females (53.17%) than males due to high out migration of males looking for work due to historical factors. In total there were 75 400 (53.17%) females and 66 400 (46.83%) males which differs to the district average of females being 52.12% (Ecsecc,2017:13).

Chart 1. Population Pyramid 2016 vs 2021
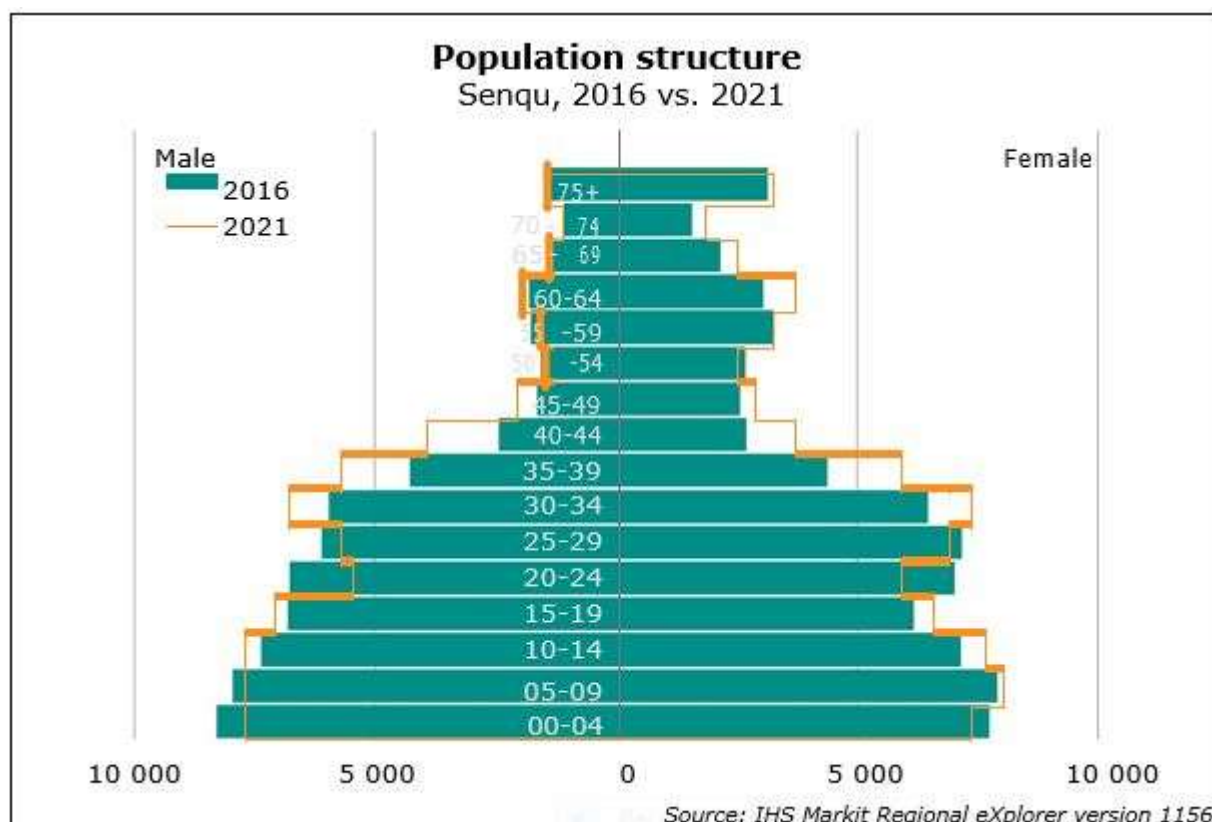
The population pyramid shows that in the future there is a decrease of young potential work force aged between 20 to 34 from 27.9 % to 25.7 % as well as a decrease of young children aged between 0 to 14 years from 32.7 % to 31.4%. However, the fertility rate is expected to increase. (Ecsecc, 2017:13).

The largest population group is between 0-14 years of age who make up 32.7 % of the population followed by age 22 to 44 at 27.9 % and then youth (15-24). This share of population is within the babies and kids (0-14 years) age category with a total number of 46 400 or 32.7% of the total population. The age category with the second largest number of people is the young working age (25-44 years) age category with a total share of 27.9%, followed by the teenagers and youth (15-24 years) age category with 26 800 people (Ecsecc,2017:14). This indicates a very youthful population that the LED Strategy needs to find employment opportunities for in the future.

A comparison between the Senqu population pyramids of 2006 and 2016 indicate that persons aged 20-34 increased from 24.8 % in 2006 to 27.9 % in 2016 whilst persons aged 0-14 decreased from 2006 to 2016 from 34.2 % to 32.7 %. The difference between male and female populations was small at 12.5 % for females and 12.3 % for males in 2016 unlike in 2006 where males formed 13.3 % of the population with females 14.6 % (Ecsecc,2017:15). If the population of 2016 is compared with that of South Africa as a whole it shows that there is a higher fertility rate in the municipality and that the number of children aged 0-14 years is larger at 32.7 % as opposed to 29.2 % (Ecsecc,2017:15).

2.4 Population by population group, gender, age and households

In 2016, the Senqu Local Municipality comprised of 40 500 households which is an average annual growth rate of 1.15% in the number of households from 2006 to 2016. The average household size in the Senqu Local Municipality is decreasing from approximately 3.8 individuals per household to 3.5 persons per household in 2016 (Ecsecc,2017:17).

The composition of the households by population group shows that Africans are the largest group of 97.3% followed by whites at 1.2% and then Coloureds at 0.9%. The smallest population group by households is the Asian population group with only 0.6% in 2016 (Ecsecc,2017:17).

Table 4. Population by population group, gender and age.

	African		White		Coloured	
	Female	Male	Female	Male	Female	Male
00-04	7,620	8,140	31	29	94	89
05-09	7,800	7,820	41	41	76	59
10-14	7,030	7,240	48	33	81	69
15-19	6,070	6,660	25	29	89	91
20-24	6,940	6,610	25	30	60	94
25-29	7,060	5,940	45	59	71	51
30-34	6,370	5,780	36	34	67	67
35-39	4,260	4,130	64	46	50	53
40-44	2,600	2,310	44	50	62	45
45-49	2,470	1,510	57	65	51	48
50-54	2,590	1,460	65	49	40	50
55-59	3,220	1,650	52	71	7	34
60-64	3,020	1,730	33	56	16	0
65-69	2,120	1,340	52	30	6	14
70-74	1,540	1,040	35	23	17	18
75+	3,060	1,290	76	35	9	17
Total	**73,800**	**64,700**	**728**	**683**	**795**	**799**

Source: IHS Markit Regional eXplorer version 1156

2.5   HIV and AIDS Estimates

In 2016, 17 500 people in the Senqu Local Municipality were infected with HIV which reflected "an increase at an average annual rate of 2.43% since 2006, and in 2016 represented 12.36% of the local municipality's total population. Joe Gqabi District Municipality had an average annual growth rate of 2.77% from 2006 to 2016 in the number of people infected with HIV, which is higher than that of the Senqu Local Municipality. The number of infections in Eastern Cape Province increased from 622,000 in 2006 to 786,000 in 2016. When looking at South Africa as a whole it can be seen that the number of people that are infected increased from 2006 to 2016 with an average annual growth rate of 1.67% (Ecsecc, 2017:19).

Table 5. Number of HIV positive People, 2006-2016

	Senqu	Joe Gqabi	Eastern	National	Senqu as % of JGDM	Senqu as % of Province	Senqu as % of National
2006	13,800	34,100	622,000	5,320,000	40.4%	2.2%	0.26%
2011	14,700	37,300	676,000	5,680,000	39.5%	2.2%	0.26%
2016	17,500	44,800	786,000	6,280,000	39.1%	2.2%	0.28%
Average Annual growth							
2006-2016	*2.43*%	*2.77*%	*2.37*%	*1.67*%			

2.6   Population Density

Senqu Municipality in 2016 has a higher population density than Joe Gqabi district at 19.3 people per square kilometre compared to 14.5 people per square kilometre. This is an increase from 2006 of 18.71 which is an annual growth rate of 0.33%. This was the lowest average annual growth rate in the District Municipality. This average is however less than the Eastern Cape Province of 41.5 per square kilometre (Ecsecc,2017:70-71).

2.7 Development Indicators

"Indicators of development, are used to estimate the level of development of a given region in South Africa relative to the rest of the country. Another indicator that is widely used is the number (or percentage) of people living in poverty. Poverty is defined as the deprivation of those things that determine the quality of life, including food, clothing, shelter and safe drinking water (Ecsecc,2017:56)".

HUMAN DEVELOPMENT INDEX (HDI)

In 2016 Senqu Local Municipality had an HDI of 0.545 compared to the Joe Gqabi with a HDI of 0.564, 0.596 of Eastern Cape and 0.653 of National Total as a whole. This means that Senqu Municipality has a lower HDI than the Eastern Cape. However South Africa's HDI increased at an average annual growth rate of 1.79% which was lower than the Senqu rate of 2.96% (Ecsecc,2017:56). This indicates that improvements are been made.

Table 6: HDI

Human Development Index (HDI)
Senqu, Joe Gqabi, Eastern Cape and National Total, 2006, 2011, 2016

Source: IHS Markit Regional eXplorer version 1156
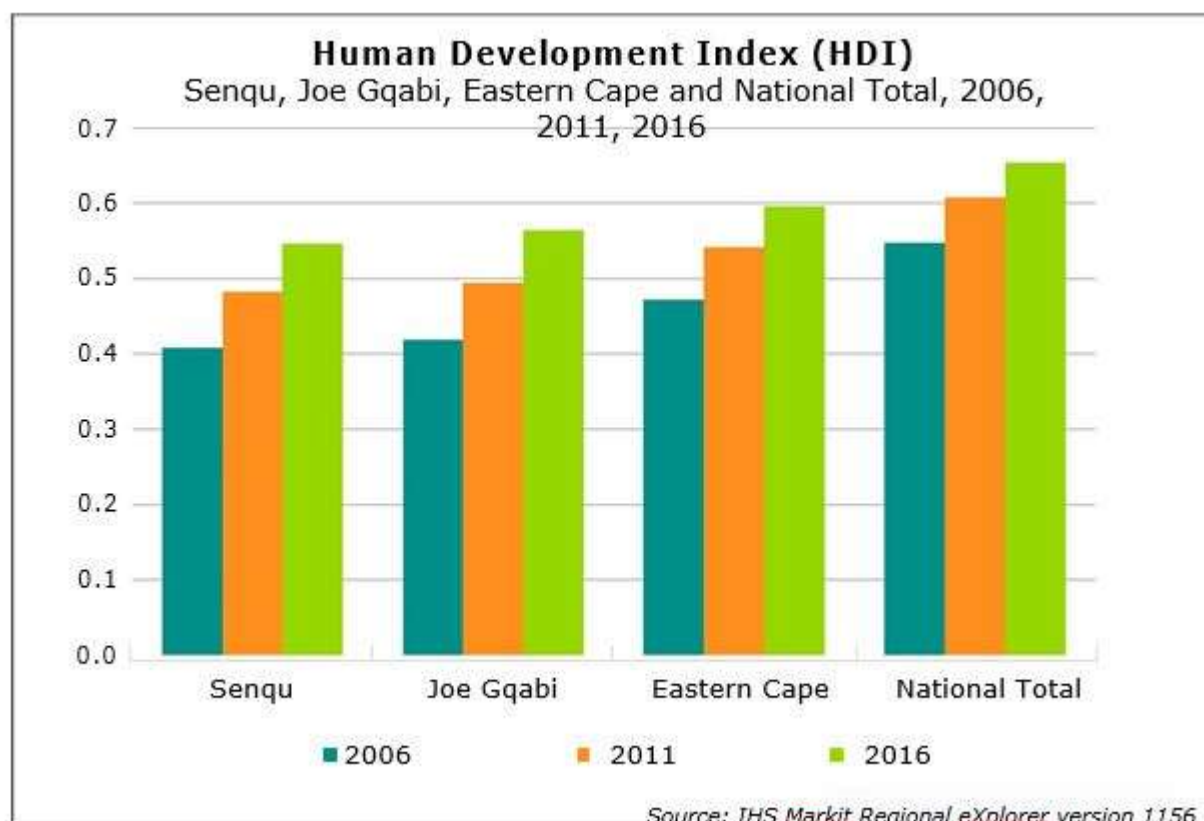
GINI COEFFICIENT

"The Gini coefficient is a summary statistic of income inequality. It varies from 0 to 1. If the Gini coefficient is equal to zero, income is distributed in a perfectly equal manner, in other words there is no variance between the high and low income earners within the population (Ecsecc, 2017:57)". "In 2016, the Gini coefficient in Senqu Local Municipality was at 0.564, which reflects a marginal decrease in the number over the ten-year period from 2006 to 2016. The Joe Gqabi District Municipality and the Eastern Cape Province, both had a more unequal spread of income amongst their residents (at 0.587 and 0.617 respectively) when compared to Senqu Local Municipality (Ecsecc,2017:58)".

Table 7. Gini coefficient 2006-2016
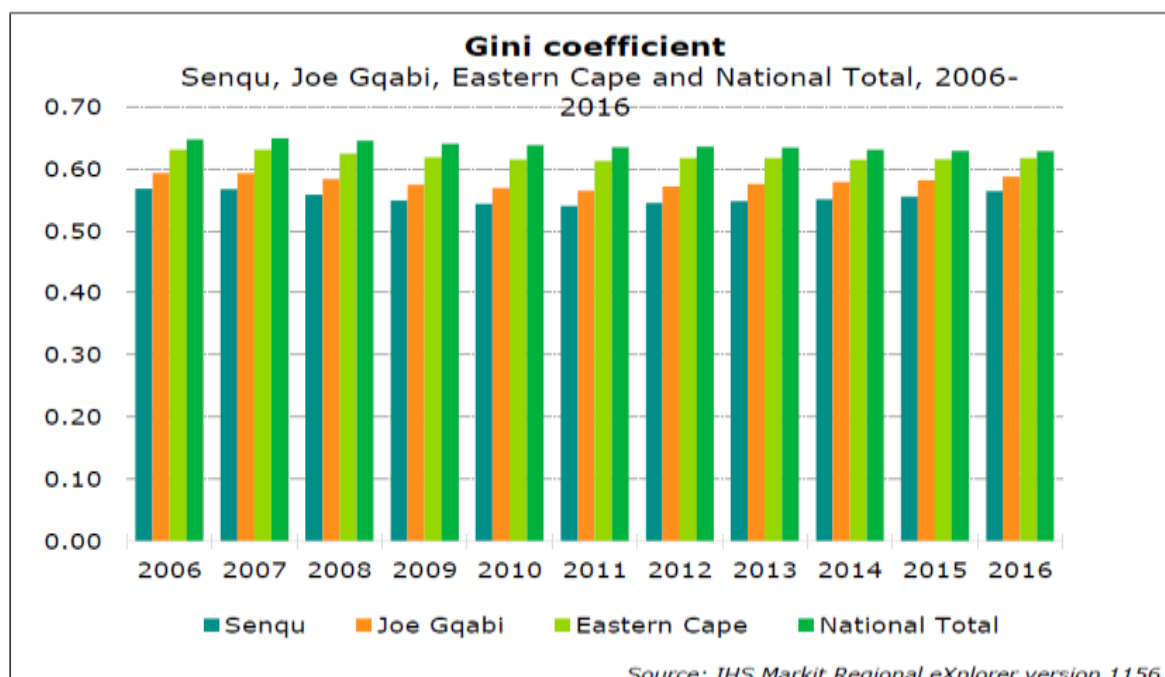
POVERTY & THE POVERTY GAP

"In 2016, there were 94 100 people living in poverty, using the upper poverty line definition, across Senqu Local Municipality - this is 8.22% lower than the 103 000 in 2006. The percentage of people living in poverty has decreased from 74.79% in 2006 to 66.40% in 2016, which indicates a decrease of 8.39 percentage points. In 2016, the population group with the highest percentage of people living in poverty was the White population group with a total of 0.6% people living in poverty, using the upper poverty line definition. The proportion of the White population group, living in poverty, decreased by -0.411 percentage points, as can be seen by the change from 0.64% in 2006 to 1.05% in 2016. In 2016 67.44% of the African population group lived in poverty, as compared to the 76.11% in 2006 (Ecsecc,2017:61)".

Table 8. Percentage of people living in poverty by population group 2006-2016

	African	White	Coloured
2006	76.1%	0.6%	54.9%
2007	74.8%	1.0%	50.8%
2008	76.0%	1.6%	50.8%
2009	75.5%	1.7%	49.1%
2010	73.4%	1.2%	48.8%
2011	72.2%	0.8%	49.8%
2012	70.9%	0.8%	49.0%
2013	69.6%	0.8%	47.7%
2014	69.4%	0.8%	47.4%
2015	68.2%	0.9%	46.0%
2016	67.4%	1.0%	45.7%

District wide, Elundini local municipality has the highest percentage of people living in poverty, with a total of 69.5% whilst the lowest percentage of people living in poverty can be observed in the Walter Sisulu local municipality with a total of 51.2% (Ecsecc,2017:62).

The poverty gap measures the depth of poverty by measuring the average distance of the population from the poverty line and is expressed as a percentage of the upper bound poverty line, as defined by StatsSA. "It is estimated that the poverty gap rate in Senqu Local Municipality amounted to 30.0% in 2016 - the rate needed to bring all poor households up to the poverty line and out of poverty. In 2016, the poverty gap rate was 30.0% and in 2006 the poverty gap rate was 32.5%, it can be seen that the poverty gap rate decreased from 2006 to 2016, which means that there were improvements in terms of the depth of the poverty within Senqu Local Municipality (Ecsecc,2017:63)".

"In terms of the poverty gap rate for each of the regions within the Joe Gqabi District Municipality, Elundini local municipality had the highest poverty gap rate, with a rand value of 30.6%. The lowest poverty gap rate can be observed in the Walter Sisulu local municipality with a total of 28.4% (Ecsecc,2017:63)".

Chart 2: Poverty Gap Rate
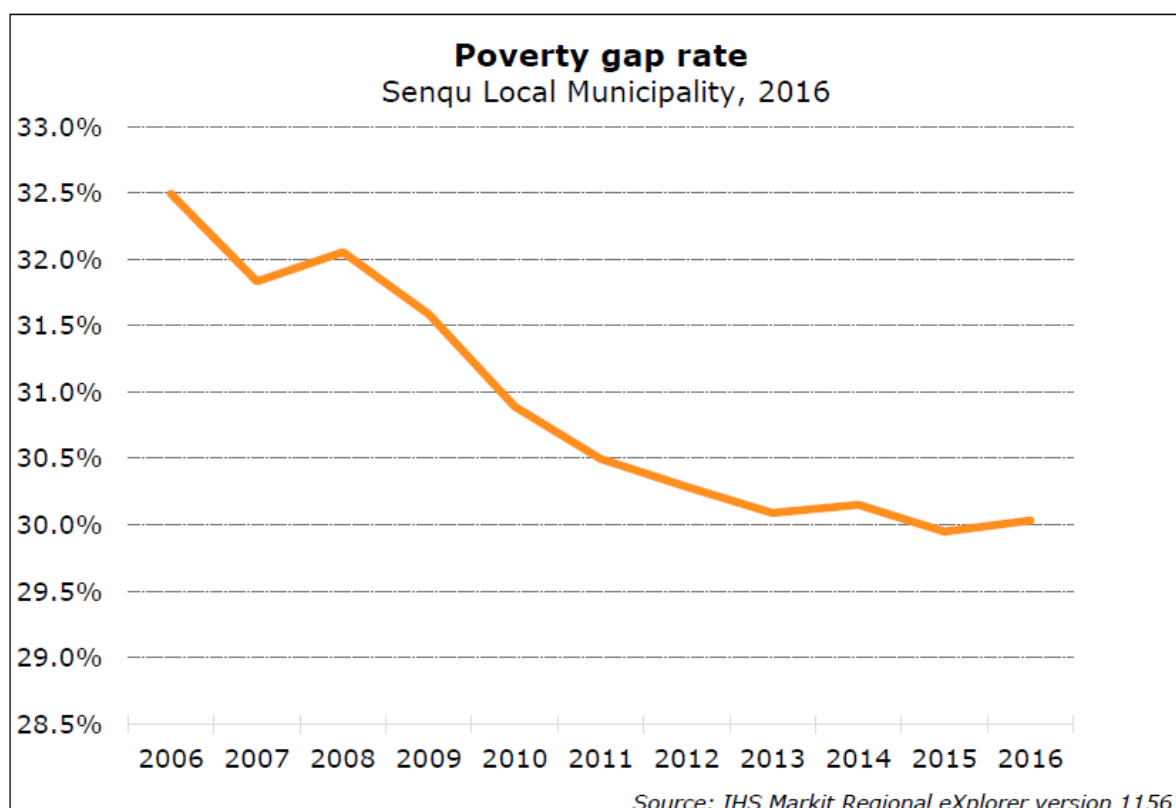
EDUCATION, LITERACY AND SKILLS LEVEL

The level of education and skills levels in Senqu Municipality is low even though the number of people without any schooling did "decrease from 2006 to 2016 with an average annual rate of -4.14%, while the

number of people within the 'matric only' category, increased from 7,120 to 12,000. The number of people with 'matric and a certificate/diploma' increased with an average annual rate of 2.45%, with the number of people with a 'matric and a Bachelor's' degree increasing with an average annual rate of 2.88%. Overall improvement in the level of education is visible with an increase in the number of people with 'matric' or higher education (Ecsecc,2017:65)".

Table 9. Highest level of education 15+ 2006-2016.

	Senqu	Joe Gqabi	Eastern Cape	National Total	Senqu as % of district municipality	Senqu as % of province	Senqu as % of national
No schooling	8,920	20,600	328,000	2,380,000	43.3%	2.7%	0.38%
Grade 0-2	3,930	9,720	123,000	712,000	40.5%	3.2%	0.55%
Grade 3-6	14,900	39,200	561,000	3,180,000	37.9%	2.7%	0.47%
Grade 7-9	20,000	55,500	934,000	6,030,000	36.0%	2.1%	0.33%
Grade 10-11	18,100	45,200	958,000	8,140,000	40.1%	1.9%	0.22%
Certificate / diploma without matric	180	581	14,500	176,000	30.9%	1.2%	0.10%
Matric only	11,900	33,400	841,000	10,100,000	35.8%	1.4%	0.12%
Matric certificate / diploma	2,710	7,660	184,000	1,960,000	35.3%	1.5%	0.14%
Matric Bachelors degree	1,230	4,130	137,000	1,600,000	29.8%	0.9%	0.08%
Matric Postgrad degree	506	1,760	50,700	693,000	28.7%	1.0%	0.07%

Source: IHS Markit Regional eXplorer version 1156

"A total of 66 100 individuals in Senqu Local Municipality were considered functionally literate in 2016, while 29 200 people were considered to be illiterate. Expressed as a rate, this amounts to 69.33% of the population, which is an increase of 0.11 percentage points since 2006 (58.30%). The number of illiterate individuals decreased on average by -2.49% annually from 2006 to 2016, with the number of functional literate people increasing at 2.31% annually Ecsecc,2017:68)". This is a very low rate when in order to participate in the world economy high literacy and skills rates are required.

CRIME

Crime is high in the municipality especially with stocktheft. Cross border stocktheft is a big problem as is violent crime and assaults on women. Overall crime increased from 2006 to 2016 at an average annual rate of 0.06%. Violent crime has decreased by 0.00% since 2005/2006, while property crimes increased by 0.62% between the 2005/2006 and 2015/2016 financial years (Ecsecc, 2017:72-73). This statistic does not show the true rates as many rural people live far from police stations and do not always report crime. Senqu Municipality has the second highest overall crime index at 89.7 of all JGDM Municipalities (Ecsecc, 2017:72-73).

LABOUR

"The labour force of a country consists of everyone of working age (above a certain age and below retirement) that are participating as workers, i.e. people who are actively employed or seeking employment. This is also called the economically active population (EAP). People not included are students, retired people, stay-at-home parents, people in prisons or similar institutions, people employed in jobs or professions with unreported income, as well as discouraged workers who cannot find work (Ecsecc,2017:37)".

Table 10: Working age population in Senqu, JGDM, EC & National 2006 -2016

	Senqu		Joe Gqabi		Eastern Cape		National Total	
	2006	2016	2006	2016	2006	2016	2006	2016
15-19	18,400	13,000	45,900	33,200	803,000	634,000	5,290,000	4,550,000
20-24	16,900	13,800	38,400	36,500	701,000	694,000	5,260,000	5,000,000
25-29	10,500	13,300	26,400	35,900	530,000	684,000	4,550,000	5,620,000
30-34	6,620	12,400	17,100	31,800	355,000	589,000	3,570,000	5,300,000
35-39	5,090	8,660	13,500	23,200	288,000	438,000	2,930,000	4,240,000
40-44	4,930	5,130	13,200	14,000	286,000	298,000	2,610,000	3,120,000
45-49	5,040	4,220	13,900	11,600	286,000	247,000	2,290,000	2,530,000
50-54	4,680	4,250	12,400	11,700	241,000	249,000	1,880,000	2,260,000
55-59	4,220	5,030	11,600	13,200	205,000	249,000	1,520,000	1,990,000
60-64	3,280	4,860	8,760	12,400	171,000	207,000	1,170,000	1,610,000
Total	**79,669**	**84,619**	**201,290**	**223,427**	**3,866,790**	**4,289,261**	**31,071,485**	**36,220,290**

Source: IHS Markit Regional eXplorer version 1156

The working age population in Senqu in 2016 was 84 600, increasing at an average annual rate of 0.60% since 2006. For the same period the working age population for Joe Gqabi District Municipality increased at 1.05% annually, while that of Eastern Cape Province increased at 1.04% annually. South Africa's working age population has increased annually by 1.55% from 31.1 million in 2006 to 36.2 million in 2016 (Ecsecc, 2017:37)". Whilst in theory, a higher or increasing population dividend is supposed to provide additional stimulus to economic growth as more people have money to consume goods, the current climate in South Africa is that there has been a decrease in jobs and an increase in social dependency.

The economically active population (EAP) is defined as the number of people (between the age of 15 and 65) who are able and willing to work, and who are actively looking for work. It includes both employed and unemployed people.

Table 11: Economically Active Population (EAP) – Senqu, JGDM, EC & National 2006-2016.

	Senqu	Joe Gqabi	Eastern Cape	National Total	Senqu as % of district municipality	Senqu as % of province	Senqu as % of national
2006	30,300	86,900	1,840,000	17,500,000	34.9%	1.65%	0.17%
2007	30,600	87,700	1,850,000	18,000,000	34.9%	1.66%	0.17%
2008	30,700	87,300	1,840,000	18,400,000	35.2%	1.67%	0.17%
2009	30,100	85,200	1,790,000	18,300,000	35.3%	1.68%	0.16%
2010	29,200	82,500	1,730,000	18,100,000	35.4%	1.68%	0.16%
2011	29,600	82,900	1,740,000	18,300,000	35.7%	1.70%	0.16%
2012	30,000	84,300	1,770,000	18,700,000	35.6%	1.70%	0.16%
2013	31,600	88,900	1,840,000	19,300,000	35.6%	1.72%	0.16%
2014	33,900	95,200	1,940,000	20,100,000	35.6%	1.75%	0.17%
2015	35,700	100,000	2,000,000	20,800,000	35.7%	1.78%	0.17%
2016	36,900	103,000	2,060,000	21,300,000	35.7%	1.80%	0.17%
Average Annual growth							
2006-2016	*2.00*%	*1.75*%	*1.12*%	*1.97*%			

"Senqu Local Municipality's EAP was 36 900 in 2016, which is 26.06% of its total population of 142 000, and roughly 35.73% of the total EAP of the Joe Gqabi District Municipality. From 2006 to 2016, the average annual increase in the EAP in the Senqu Local Municipality was 2.00%, which is 0.251 percentage points higher than the growth in the EAP of Joe Gqabi's for the same period (Ecsecc,2017:38)".

In 2006, 22.1% of the total population in Senqu Local Municipality were classified as economically active which increased to 26.1% in 2016. Compared to the other regions in Joe Gqabi District Municipality, Walter Sisulu local municipality had the highest EAP as a percentage of the total population within its own region relative to the other regions. On the other hand, Elundini local municipality had the lowest EAP with 22.6% people classified as economically active population in 2016 (Ecsecc,2017:38)".

LABOUR FORCE PARTICIPATION & UNEMPLOYMENT RATE

The labour force participation rate (LFPR) is the Economically Active Population (EAP) expressed as a percentage of the total working age population.

Table 12: The Labour Force Participation Rate - 2006-2016

	Senqu	Joe Gqabi	Eastern Cape	National Total
2006	38.0%	43.2%	47.6%	56.4%
2007	38.2%	43.2%	47.3%	57.0%
2008	38.3%	42.7%	46.5%	57.4%
2009	37.4%	41.2%	44.9%	56.2%
2010	36.1%	39.5%	42.9%	54.5%
2011	36.4%	39.3%	42.6%	54.3%
2012	36.8%	39.7%	43.1%	54.7%
2013	38.5%	41.3%	44.4%	55.7%
2014	40.9%	43.8%	46.2%	57.1%
2015	42.6%	45.4%	47.3%	58.1%
2016	43.7%	46.3%	47.9%	58.8%

Source: IHS Markit Regional eXplorer version 1156

"Senqu Local Municipality's labour force participation rate increased from 38.03% to 43.66% which is an increase of 5.6 percentage points. The Joe Gqabi District Municipality increased from 43.17% to 46.28%, Eastern Cape Province increased from 47.58% to 47.93% and South Africa increased from 56.37% to 58.77% from 2006 to 2016.The Senqu Local Municipality labour force participation rate exhibited a higher percentage point change compared to the Eastern Cape Province from 2006 to 2016. The Senqu Local Municipality had a lower labour force participation rate when compared to South Africa in 2016 (Ecsecc,2017:39)".

The unemployment rate is an efficient indicator that measures the success rate of the labour force relative to employment. In 2006, the unemployment rate for Senqu was 28.3% and decreased overtime to 27.1% in 2016. The gap between the labour force participation rate and the unemployment rate decreased which indicates a negative outlook for the employment within Senqu Local Municipality (Ecsecc,20018"40)".

HOUSEHOLD INFRASTRUCTURE
It is important to assess household infrastructure in order to undertake proper planning and also evaluate the level of social development. This is done by measuring access to dwelling units, proper sanitation, running water, refuse removal and electricity.

Table 13: Household by dwelling type

	Very Formal	Formal	Informal	Traditional	Other dwelling type	Total
Senqu	2,260	28,300	2,100	8,310	185	41,100
Elundini	3,890	12,400	360	23,000	250	39,900
Walter Sisulu	11,400	11,100	2,610	92	128	25,400
Total **Joe Gqabi**	**17,536**	**51,768**	**5,077**	**31,452**	**563**	**106,396**

Senqu Municipality has a high rate of formal dwellings with a low number of informal dwellings (Ecsecc, 2017:75). Households not living in formal dwellings have decreased from 2006 to 2016 "annually at - 0.57% to 10 600 in 2016 (Ecsecc,2017:76)" "The region within the Joe Gqabi District Municipality with the highest number of very formal dwelling units is Walter Sisulu local municipality with 11 400 or a share of 64.95% of the total very formal dwelling units within Joe Gqabi. The region with the lowest number of very formal dwelling units is Senqu local municipality with a total of 2 260 or a share of 12.88% of the total very formal dwelling units within Joe Gqabi (Ecsecc, 2017:76)". "When looking at the formal dwelling unit backlog, it can be seen that in 2006 the number of households not living in a formal dwelling were 11 200 within Senqu Local Municipality. From 2006 this number decreased annually at - 0.57% to 10 600 in 2016 (Ecsecc, 2017:76)".

Table14: Household by Sanitation

	Flush toilet	Ventilation Improved Pit (VIP)	Pit toilet	Bucket system	No toilet	Total
Senqu	8,620	15,300	9,520	2,030	3,410	38,900
Elundini	9,860	15,700	8,240	176	4,670	38,600
Walter Sisulu	22,800	602	238	542	1,240	25,400
Total **Joe Gqabi**	**41,253**	**31,568**	**18,004**	**2,744**	**9,323**	**102,891**

Senqu due to its rural nature relies primarily on VIP's. Although there is still a sanitation backlog the number has decreased from 23 600 in 2006 to 15000 in 2016 which was an annual decrease of -4.44 % (Ecsecc, 2017:77-78). Senqu local municipality does have the lowest number of flush toilets with a total of 8 620 or a share of 20.90% of the total flush toilets within JGDM (Ecsecc,2017:78)

Table 15: Household by water

	Piped water inside dwelling	Piped water in yard	Communal piped water: less than 200m from dwelling (At RDP-level)	Communal piped water: more than 200m from dwelling (Below RDP)	No formal piped water	Total
Senqu	5,640	10,800	7,990	4,680	11,400	40,600
Elundini	5,610	7,580	4,610	2,310	22,800	42,900
Walter Sisulu	11,100	5,990	1,560	1,020	1,210	20,900
Total Joe Gqabi	**22,370**	**24,421**	**14,156**	**8,009**	**35,418**	**104,374**

Source: IHS Markit Regional eXplorer version 1156

Senqu Local Municipality had a total number of 5 640 (or 13.91%) households with piped water inside the dwelling, a total of 10 800 (26.75%) households had piped water inside the yard and a total number of 11 400 (28.09%) households had no formal piped water (Ecsecc, 2017:80). District wide, Senqu comes second after Walter Sisulu local municipality which has 11 100 or a share of 49.71% of the households with piped water inside the dwelling (Ecsecc, 2017:80). The water backlog has decreased annually from 19 900 in 2006 at -2.12 % pa to 16 100 in 2016 (Ecsecc, 2017:80).

Table 16: Households with access to electricity

	Electricity for lighting Only	Electricity for lighting and other purposes	Not using electricity	Total
Senqu	4,000	33,800	4,360	42,200
Elundini	4,910	19,400	14,400	38,700
Walter Sisulu	977	22,300	2,630	25,900
Total Joe Gqabi	**9,890**	**75,479**	**21,423**	**106,792**

Senqu has a low electricity backlog of 4 360 or 10.33 % of households (Ecsecc,2017:82). These are mainly new extensions which have not been connected. However, in some very mountainous areas such as Dangershoek electricity connections have been delayed and they are reliant on solar power. From 2006 the households without an electrical connection in Senqu Local Municipality have decreased from 10 100 to 4 360 in 2016 (Ecsecc,2017:82). Senqu has the highest amount of electrification within JGDM at 44.84 % or 33 800 people (Ecsecc,2017:82).

Table 17: Households by Refuse disposal 2016

	Removed weekly by authority	Removed less often than weekly by authority	Removed by community members	Personal removal (own dump)	No refuse removal	Total
Senqu	5,710	318	922	27,300	3,270	37,500
Elundini	7,630	478	572	23,900	4,880	37,400
Walter Sisulu	22,500	548	197	2,480	550	26,300
Total	**35,835**	**1,343**	**1,691**	**53,642**	**8,699**	**101,211**
Joe Gqabi						

Senqu Municipality is struggling to service rural households with refuse removal and has the lowest removal in the district. This can be seen by the fact that from 2006 to 2016 the decrease was only from 32 600 to 31 500 (Ecsecc,2017:86). An annual decrease of -0.36 % (Ecsecc,2017:86). Only 5 710 (15.23%) households have their refuse removed weekly by the authority, 318 (0.85%) households had their refuse removed less often than weekly and 27 300 (72.74%) households had to remove their refuse personally (own dump) (Ecsecc,2017:84).

3.Economy

3.1 Global, RSA and Eastern Cape Economies

The major world economies experienced an economic depression in 2007 from which they are slowly starting to emerge. A recent IMF report states that "world economic growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018". However, "while growth is still expected to pick up notably for the emerging market and developing economies group, weaker than-expected activity in some large countries has led to small downward revisions to the group's growth prospects for 2017 (Ecsecc,2017:4). South Africa is one of these countries which is expected to show a slow growth. "According to the IMF, South Africa's economic growth is projected to increase to 1 percent in 2017. This is a 0.2 of a percentage point more than an earlier projection of 0.8 percent. However, South Africa's National Treasury expects growth of 1.3 percent in 2017 (Ecsecc,2017:4). This is not a reasonable assumption as the South African Economy has experienced 3 recessions from 1997 to present due to the secondary and tertiary sectors recorded negative growth rates. In 2017, the "trade and manufacturing industries were the major heavyweights that stifled production, with trade falling by 5,9% and manufacturing by 3,7%. On the positive side, agriculture and mining industry contributed positively to growth, but not enough to avoid the recession. Trade experienced production falls across the board, particularly in catering and accommodation, and wholesale trade. Manufacturing found itself hamstrung by lower production levels primarily in food and beverages and petroleum and chemical products (Ecsecc, 2017:4)".

"The Eastern Cape contributed 7.5% to national GDP in 2015 and 9.1% to total South African employment in the third quarter of 2016. Despite possessing a significant share of the country's manufacturing sector, estimated at approximately 7.5%, primarily centred on the automotive industry in the two metros, the regional economy continues to be dominated by the non-tradable sectors (trade, finance and general government services) (SERO,2017:XV11-XV111).

Table 18: EC Macro-economic Indicators and Projections 2014-2018

	2014	2015	2016	2017	2018
GDP at current prices (R billion)	228.9	230.3	231.3	233.6	237.3
Real GDP growth (%)	1.0	0.6	0.4	1.0	1.6

Source: Urban-Econ calculations based on StatsSA, 2016b

"The GDP growth rate of the Eastern Cape economy has declined sharply over the last decade from a high of 5.3% per annum in 2007 to 0.6% in 2015. This decline in the province's GDP growth rate however, is in line with the national trend. The two largest economies in the Eastern Cape, Nelson Mandela Bay and Buffalo City, experienced low GVA-R growth rates in 2015 of 0.9% year-on-year. Alfred Nzo exhibited the highest growth in the province at 2.9%, but it should be noted that this growth is occurring off a low base and is more difficult to estimate given the relatively small size of the district's population (SERO,2017:XV11-XIX)".

Table 19: EC DM (GVA-R)

	GVA-R (R billions), 2015	GVA-R Growth Rate (%), 2015
Sarah Baartman	18.8	1.6
Amathole	14.5	1.6
Chris Hani	16.3	1.9
Joe Gqabi	7.2	2.3
O.R. Tambo	20.9	2.0
Alfred Nzo	9.8	2.9
Nelson Mandela Bay	81.2	0.9
Buffalo City	41.2	0.9

Source: Urban-Econ calculations based on Quantec, 2017b

"The Eastern Cape contributed 4.5% of the total South African exports and 5.2% of the country's total imported merchandise in 2015. Between 2014 and 2015, total mechanise imports grew by 18.4% compared to 12.4% for exported merchandise. This high growth rate resulted in the Eastern Cape's import and export growth rates outperforming the national averages of 0.5% and 4.2% respectively. Despite this strong performance, the Eastern Cape's trade balance deteriorated in 2015, increasing by R3.7 billion to R11.0 billion. This deterioration was driven by higher imports relative to exports (SERO,2017:XIX)".

The economic state of Senqu Local Municipality is put in perspective by comparing it on a spatial level with its neighbouring locals, Joe Gqabi District Municipality, Eastern Cape Province and South Africa as it does not function in isolation from them.

3.2. Gross Domestic Product by Region (GDP-R)

The Gross Domestic Product by Region (GDP-R) represents the value of all goods and services produced within a region, over a period of one year, plus taxes and minus subsidies and can be measured either by using current or constant prices, where the current prices measures the economy in actual Rand, and constant prices measures the economy by removing the effect of inflation, and therefore captures the real growth in volumes, as if prices were fixed in a given base year.

Table 20: GDP -R -Senqu. JGDM, EC & National 20016-2016 [R Billions, Current Prices]

	Senqu	Joe Gqabi	Eastern Cape	National Total	Senqu as % of district municipality	Senqu as % of province	Senqu as % of national
2006	1.2	3.9	142.2	1,839.4	30.0%	0.82%	0.06%
2007	1.4	4.8	168.2	2,109.5	30.0%	0.85%	0.07%
2008	1.5	5.0	174.1	2,369.1	30.3%	0.88%	0.06%
2009	1.7	5.7	191.2	2,507.7	30.3%	0.91%	0.07%
2010	1.9	6.4	211.6	2,748.0	30.5%	0.92%	0.07%
2011	2.1	6.9	226.1	3,023.7	30.4%	0.93%	0.07%
2012	2.3	7.7	252.2	3,253.9	30.1%	0.92%	0.07%
2013	2.5	8.4	273.2	3,539.8	29.8%	0.91%	0.07%
2014	2.7	9.0	293.9	3,807.7	29.5%	0.90%	0.07%
2015	2.9	9.7	315.6	4,049.8	29.4%	0.90%	0.07%
2016	3.1	10.4	337.8	4,338.9	29.4%	0.91%	0.07%

Source: IHS Markit Regional eXplorer version 1156

"With a GDP of R 3.07 billion in 2016 (up from R 1.16 billion in 2006), the Senqu Local Municipality contributed 29.42% to the Joe Gqabi District Municipality GDP of R 10.4 billion in 2016 increasing in the share of the Joe Gqabi from 29.97% in 2006. The Senqu Local Municipality contributes 0.91% to the GDP of Eastern Cape Province and 0.07% the GDP of South Africa which had a total GDP of R 4.34 trillion in 2016 (as measured in nominal or current prices).It's contribution to the national economy stayed similar in importance from 2006 when it contributed 0.06% to South Africa, but it is lower than the peak of 0.07% in 2012 (Ecsecc, 2017:22)".

Table 21: GDP 2006-2016 [Annual % Change, Constant 2010 Prices]

	Senqu	Joe Gqabi	Eastern Cape	National Total
2006	6.7%	5.5%	5.3%	5.3%
2007	9.4%	8.8%	5.3%	5.4%
2008	5.8%	5.8%	3.2%	3.2%
2009	2.4%	2.5%	-1.0%	-1.5%
2010	2.5%	2.2%	2.4%	3.0%
2011	3.9%	4.4%	3.7%	3.3%
2012	0.9%	1.6%	2.0%	2.2%
2013	-0.4%	0.9%	1.4%	2.5%
2014	0.3%	1.2%	1.1%	1.7%
2015	1.1%	1.1%	0.7%	1.3%
2016	0.7%	0.1%	0.2%	0.3%
Average Annual growth				
	2.61%	*2.85*%	*1.89*%	*2.12*%
2006-2016+				

Source: IHS Markit Regional eXplorer version 1156

"In 2016, the Senqu Local Municipality achieved an annual growth rate of 0.65% which is a slightly higher GDP growth than the Eastern Cape Province's 0.25%, but is higher than that of South Africa, where the 2016 GDP growth rate was 0.28%. Similar to the short-term growth rate of 2016, the longer-term average growth rate for Senqu (2.61%) is also slightly higher than that of South Africa (2.12%). The economic growth in Senqu peaked in 2007 at 9.42%. (Ecsecc, 2017:22)"

"The Senqu Local Municipality had a total GDP of R 3.07 billion and in terms of total contribution towards Joe Gqabi District Municipality the Senqu Local Municipality ranked second relative to all the regional economies to total Joe Gqabi District Municipality GDP. This ranking in terms of size compared to other regions of Senqu remained the same since 2006. In terms of its share, it was in 2016 (29.4%) slightly smaller compared to what it was in 2006 (30.0%). For the period 2006 to 2016, the average annual growth rate of 2.6% of Senqu was the second relative to its peers in terms of growth in constant 2010 prices (Ecsecc, 2017:23)".

Table 22: GDP JGDM Region 2006-2016 share and growth

Municipality	2016 (Current prices)	Share of local municipality	2006 constant prices	2016 constant prices	Average annual growth
Senqu	3.07	*29.42%*	1.61	2.09	***2.61*%**
Elundini	2.10	*20.10%*	1.22	1.43	***1.60*%**
Walter Sisulu	5.27	*50.48%*	2.50	3.54	***3.55*%**

Source: IHS Markit Regional eXplorer version 1156

"Walter Sisulu had the highest average annual economic growth, averaging 3.55% between 2006 and 2016, when compared to the rest of the regions within Joe Gqabi District Municipality. The Senqu local municipality had the second highest average annual growth rate of 2.61%. Elundini local municipality had the lowest average annual growth rate of 1.60% between 2006 and 2016 (Ecsecc,2017:24)". This is primarily due to the fact that Walter Sisulu actually has some industries operating in its region and has larger urban areas.

3.3. Economic Growth Forecast

"It is expected that Senqu Local Municipality will grow at an average annual rate of 2.13% from 2016 to 2021. The average annual growth rate in the GDP of Joe Gqabi District Municipality and Eastern Cape Province is expected to be 1.84% and 1.62% respectively. South Africa is forecasted to grow at an average annual growth rate of 1.61%, which is lower than that of the Senqu Local Municipality (Ecsecc,2017:25)".

Chart 3: GDP 2006-2021 (Average Annual growth rate, Constant 2010 prices)
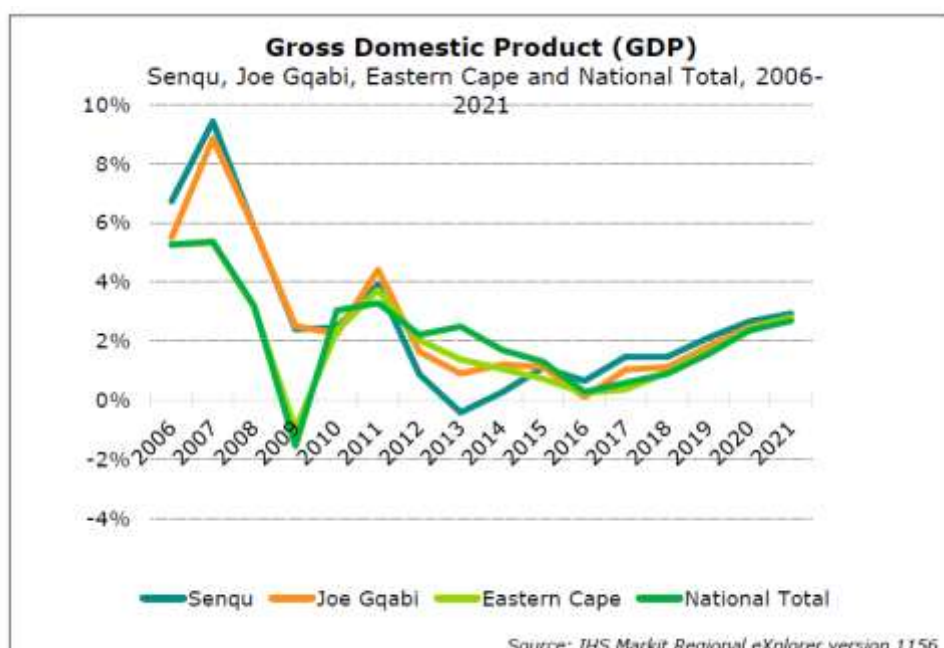
"In 2021, Senqu's forecasted GDP will be an estimated R 2.32 billion (constant 2010 prices) or 30.0% of the total GDP of Joe Gqabi District Municipality. The ranking in terms of size of the Senqu Local Municipality will remain the same between 2016 and 2021, with a contribution to the Joe Gqabi District Municipality GDP of 30.0% in 2021 compared to the 29.6% in 2016. At a 2.13% average annual GDP growth rate between 2016 and 2021, Senqu ranked the highest compared to the other regional economies (Ecsecc,2017:25).

Table 23: GDP JGDM, 2006 TO 2021, SHARE AND GROWTH

Municipality	2021 current prices	Share of DM	2006 Constant prices	2021 Constant prices	Av Annual Growth
Senqu	4.42	57.21%	1.61	2.32	**2.45**%
Elundini	2.89	37.42%	1.22	1.52	**1.50**%
Walter Sisulu	7.46	96.47%	2.50	3.89	**2.99**%

Source: IHS Markit Regional eXplorer version 1156

3.4. Gross Value Added by Region (GVA-R)

The Senqu Local Municipality's economy is made up of various industries. The GVA-R variable provides a sector breakdown, where each sector is measured in terms of its *value added* produced in the local economy. Gross Value Added (GVA) is a measure of output (total production) of a region in terms of the value that was created within that region.

Table 24: GVA by Broad economic sector – Senqu 2016 [R BILLIONS, CURRENT PRICES]

	Senqu	Joe Gqabi	Eastern Cape	National Total	Senqu as % of district municipality	Senqu as % of province	Senqu as % of national
Agriculture	0.1	0.5	5.9	94.4	24.9%	2.2%	0.14%
Mining	0.0	0.0	0.5	306.2	46.4%	1.6%	0.00%
Manufacturing	0.1	0.7	36.3	517.4	14.4%	0.3%	0.02%
Electricity	0.0	0.1	6.2	144.1	38.1%	0.6%	0.03%
Construction	0.2	0.4	13.2	154.3	38.0%	1.3%	0.11%
Trade	0.5	1.9	61.5	589.7	27.7%	0.9%	0.09%
Transport	0.2	0.8	27.5	389.2	27.6%	0.8%	0.06%
Finance	0.3	1.2	60.5	781.7	28.0%	0.6%	0.04%
Community services	1.2	3.6	89.7	894.1	34.1%	1.4%	0.14%
Total Industries	**2.8**	**9.4**	**301.2**	**3,871.2**	**29.6**%	**0.9**%	**0.07**%

Source: IHS Markit Regional eXplorer version 1156

In 2016, the community services sector is the largest within Senqu Local Municipality accounting for 1.23 billion or 44.2% of the total GVA in the local municipality's economy. The sector that contributes the second most to the GVA of the Senqu Local Municipality is the trade sector at 19.4%, followed by the finance sector with 12.4%. The sector that contributes the least to the economy of Senqu Local Municipality is the mining sector with a contribution of R 7.08 million or 0.25% of the total GVA (Ecsecc, 2017:26)"

The community sector, which includes the government services, is generally a large contributor towards GVA. This is due to historical factors such as most government offices being based in Aliwal North. "Walter Sisulu contributes the most community services towards its own GVA, with 42.90%, relative to the other regions within Joe Gqabi District Municipality. The Walter Sisulu contributed R 4.71 billion or 50.24% to the GVA of Joe Gqabi District Municipality. The region within Joe Gqabi District Municipality that contributes the most to the GVA of the Joe Gqabi District Municipality was the Senqu with a total of R 2.78 billion or 29.63% (Ecsecc, 2017:27)".

HISTORICAL ECONOMIC GROWTH

"For the period 2016 and 2006, the GVA in the construction sector had the highest average annual growth rate in Senqu at 4.83%. The industry with the second highest average annual growth rate is the finance sector averaging at 4.52% per year. The electricity sector had an average annual growth rate of -1.71%, while the mining sector had the lowest average annual growth of -2.60%. Overall a positive growth existed for all the industries in 2016 with an annual growth rate of 0.74% since 2015 (Ecsecc,2017:28)".

"The tertiary sector contributes the most to the Gross Value Added within the Senqu Local Municipality at 83.9%. This is significantly higher than the national economy (68.6%). The secondary sector contributed a total of 11.1% (ranking second), while the primary sector contributed the least at 4.9% (Ecsecc,2017:28)".

Table 25: GVA by Broad economic sector 2006-2016 (R millions 2010 constant prices)

	2006	2011	2016	Average Annual growth
Agriculture	49.7	70.4	68.1	3.20%
Mining	10.8	9.4	8.3	-2.60%
Manufacturing	66.4	75.2	77.3	1.53%
Electricity	19.2	23.0	16.1	-1.71%
Construction	65.3	93.4	104.6	4.83%
Trade	269.2	331.7	372.4	3.30%
Transport	111.4	132.1	144.1	2.60%
Finance	156.4	212.4	243.2	4.52%
Community services	730.5	919.0	878.8	1.87%
Total Industries	**1,478.8**	**1,866.6**	**1,912.9**	**2.61%**

Source: IHS Markit Regional eXplorer version 1156

Chart 4: GVA by Aggregate Sector 2016

Gross Value Added (GVA) by aggregate sector
Senqu Local Municipality, 2016

Source: IHS Markit Regional eXplorer version 1156
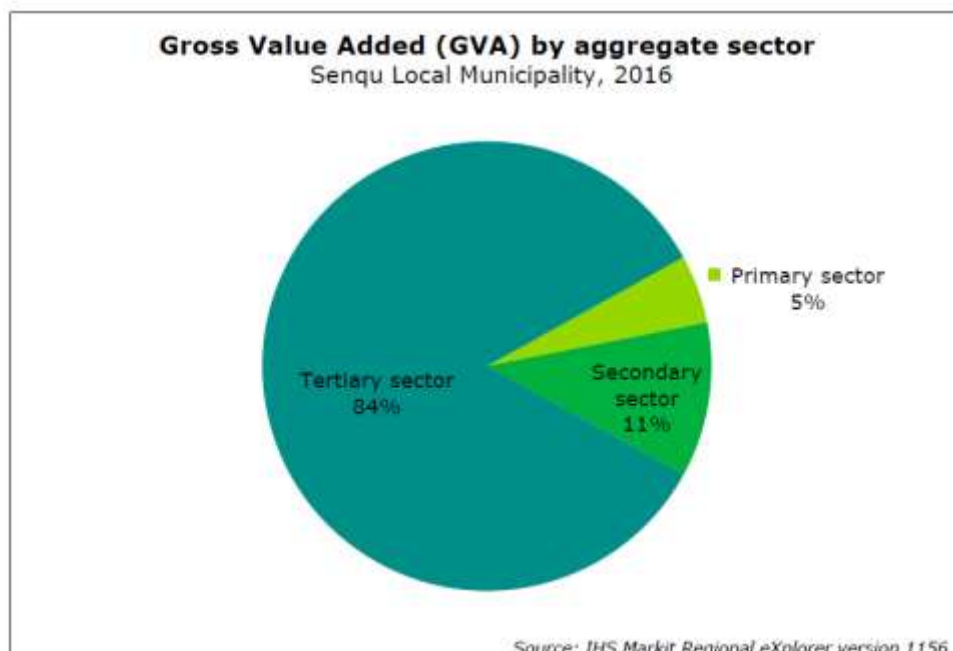
Primary Sector

The primary sector consists of two broad economic sectors namely the mining and the agricultural sector. It constitutes only 5 % of GVA which is alarming as it is a sector that is being touted as a future growth

Gross value added (GVA) by primary sector
Senqu, 2006-2016

Source: IHS Markit Regional eXplorer version 1156
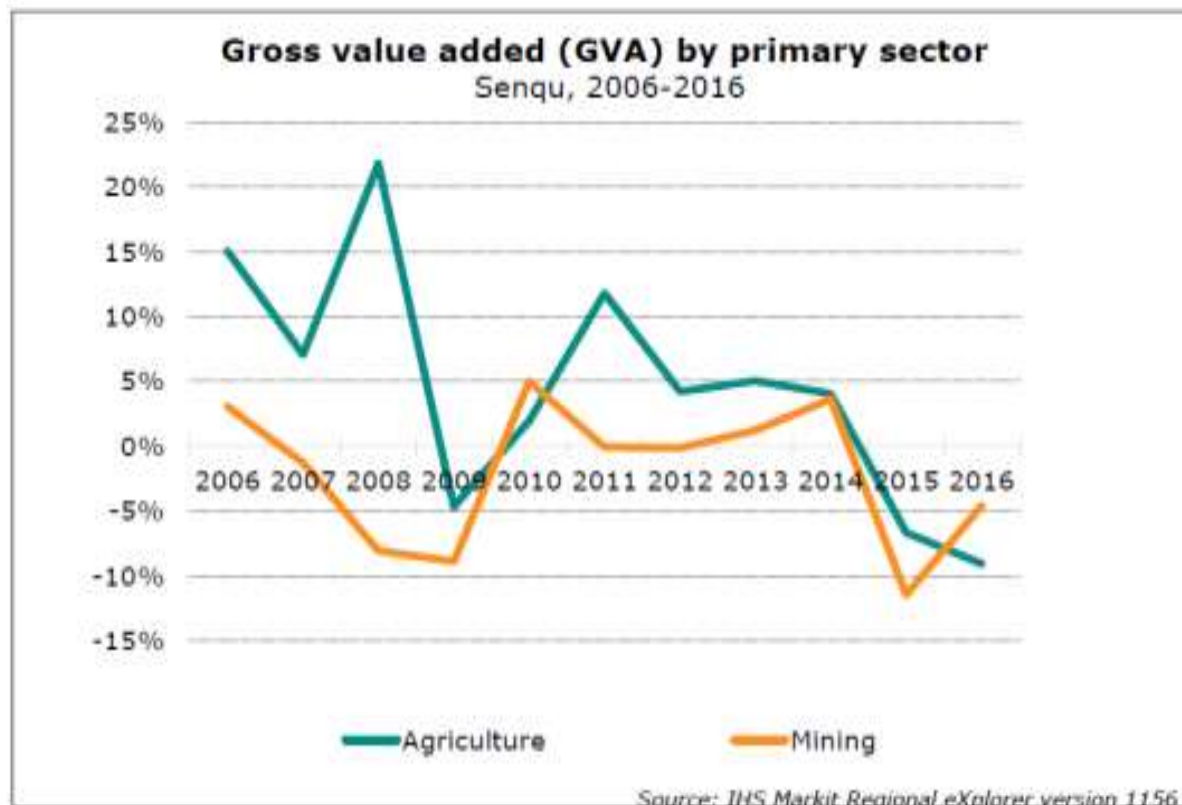
"Between 2006 and 2016, the agriculture sector experienced the highest positive growth in 2008 with an average growth rate of 21.8%. The mining sector reached its highest point of growth of 5.0% in 2010. The agricultural sector experienced the lowest growth for the period during 2016 at -9.1%, while the mining

sector reaching its lowest point of growth in 2015 at -11.5%. Both the agriculture and mining sectors are generally characterised by volatility in growth over the period (Ecsecc,2017:29)".

Secondary Sector

The secondary sector consists of three broad economic sectors namely the manufacturing, electricity and the construction sector. "Between 2006 and 2016, the manufacturing sector experienced the highest positive growth in 2007 with a growth rate of 10.3%. It is evident for the construction sector that the highest positive growth rate also existed in 2007 and it experienced a growth rate of 16.8% which is higher than that of the manufacturing sector. The manufacturing sector experienced its lowest growth in 2010 of -5.5%, while construction sector reached its lowest point of growth in 2010 an with -1.5% growth rate. The electricity sector experienced the highest growth in 2007 at 12.7%, while it recorded the lowest growth of -13.6% in 2014 (Ecsecc,2017:30)".

Chart 6: GVA by Secondary sector 2006-2016
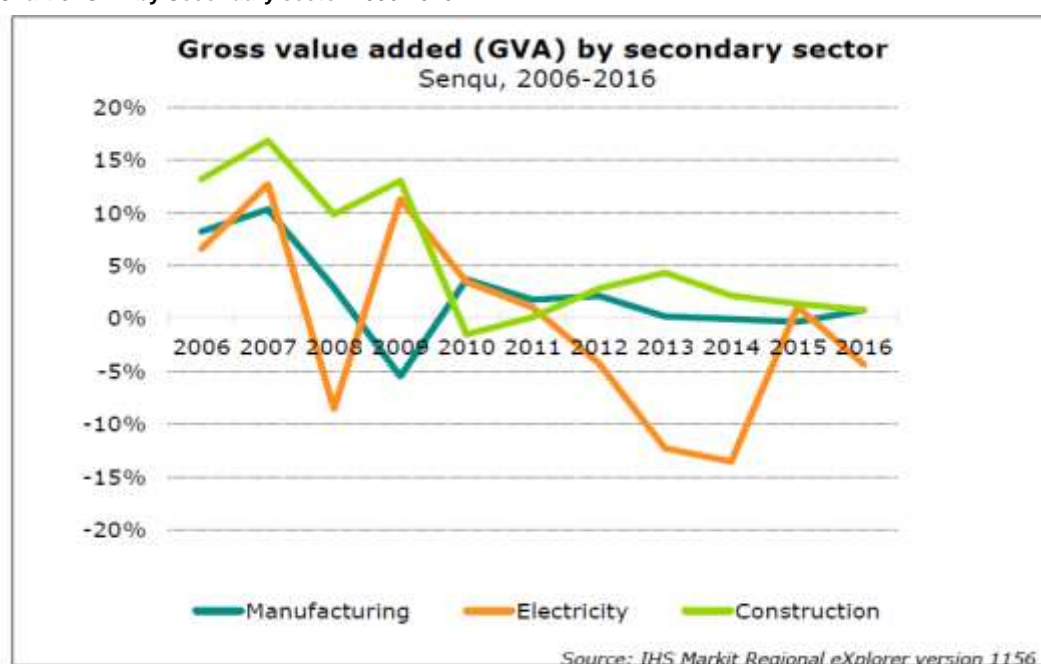
Tertiary Sector

The tertiary sector consists of four broad economic sectors namely the trade, transport, finance and the community services sector.

Chart 7: GVA by tertiary sector 20016-2016

Gross value added (GVA) by tertiary sector
Senqu, 2006-2016

Source: IHS Markit Regional eXplorer version 1156
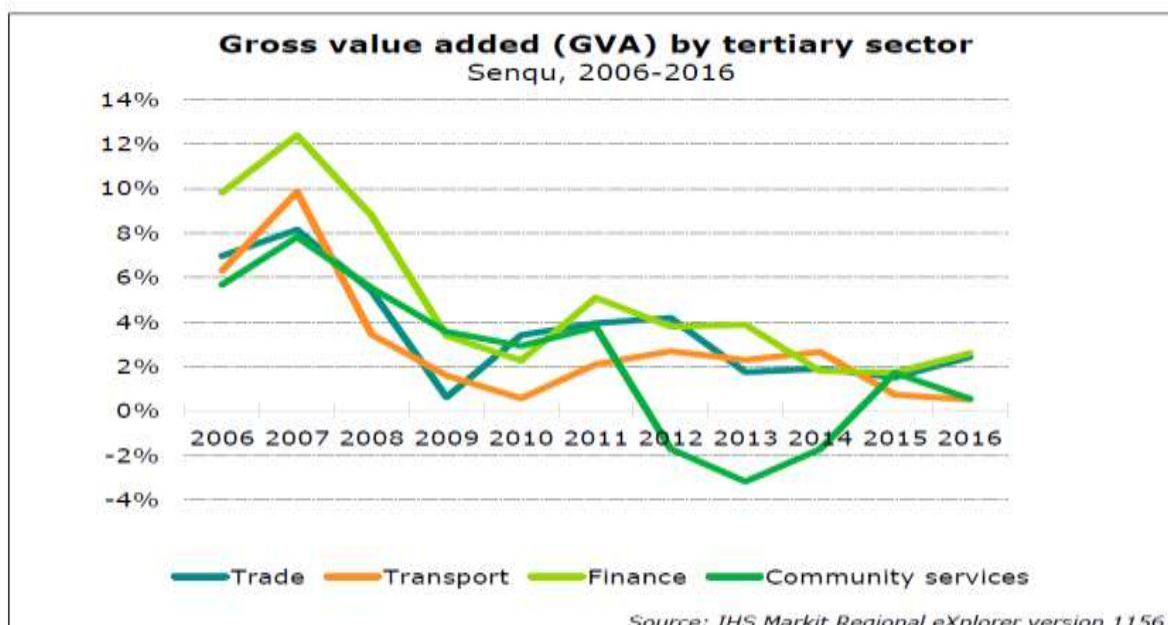
It can be seen that the Finance sector has declined in prominence from 2006 to 2016 and this can be seen by the decline in the number of banks in the towns. "The trade sector experienced the highest positive growth in 2007 with a growth rate of 8.1%. It is evident for the transport sector that the highest positive growth rate also existed in 2007 at 9.8% which is higher than that of the manufacturing sector. The finance sector experienced the highest growth rate in 2007 when it grew by 12.4% and recorded the lowest growth rate in 2015 at 1.7%. The Trade sector had the lowest growth rate in 2009 at 0.6%. The community services sector, which largely consists of government, experienced its highest positive growth in 2007 with 7.8% and the lowest growth rate in 2013 with -3.2% (Ecsecc,2017:31)".

SECTOR GROWTH FORECAST

"The GVA forecasts are partly based on the notion that regions that have performed well in the recent past are likely to continue performing well (and vice versa) and partly on the notion that those regions that have prominent sectors that are forecast to grow rapidly in the national economy (e.g. finance and telecommunications) are likely to perform well (and vice versa) (Ecsecc,2017:32)". The agriculture sector is expected to grow fastest at an average of 4.12% annually from R 68.1 million in Senqu Local Municipality to R 83.3 million in 2021. The community services sector is estimated to be the largest sector within the Senqu Local Municipality in 2021, with a total share of 44.4% of the total GVA (as measured in current prices), growing at an average annual rate of 1.4%. The sector that is estimated to grow the slowest is the mining sector with an average annual growth rate of 1.04% (Ecsecc,2017:33)". The Primary sector is expected to grow at an average annual rate of 3.80% between 2016 and 2021, with the Secondary sector growing at 2.49% on average annually. The Tertiary sector is expected to grow at an average annual rate of 2.00% for the same period (Ecsecc,2017:33)".

Table 26: GVA Added by broad economic sector 2016-2021 (R Millions, constant 2010 prices)

	2016	2017	2018	2019	2020	2021	Average Annual growth
Agriculture	68.1	74.0	76.0	78.3	80.9	83.3	4.12%
Mining	8.3	8.5	8.5	8.6	8.7	8.8	1.04%
Manufacturing	77.3	77.3	78.8	80.3	82.8	85.7	2.10%
Electricity	16.1	16.0	16.0	16.3	16.8	17.3	1.45%
Construction	104.6	106.6	109.3	112.1	115.7	120.8	2.92%
Trade	372.4	377.4	385.6	395.8	409.8	424.8	2.67%
Transport	144.1	146.3	149.5	152.8	157.7	163.1	2.51%
Finance	243.2	246.5	252.8	260.3	268.8	277.9	2.70%
Community services	878.8	895.0	897.6	909.6	924.4	943.5	1.43%
Total Industries	**1,912.9**	**1,947.6**	**1,974.1**	**2,013.9**	**2,065.7**	**2,125.3**	**2.13%**

Source: IHS Markit Regional eXplorer version 1156

3.5. Tress Index

"The Tress index measures the degree of concentration of an area's economy on a sector basis. A Tress index value of 0 means that all economic sectors in the region contribute equally to GVA, whereas a Tress index of 100 means that only one economic sector makes up the whole GVA of th e region. In 2016, Senqu's Tress Index was estimated at 62.6 which are higher than the 58 of the district municipality and higher than the 58 of the province. This implies that - on average - Senqu Local Municipality is less diversified in terms of its economic activity spread than the province's economy as a whole (Ecsecc,2017:34)". A more diversified economy means that an economy is better able to withstand economic pressure like recessions.

Chart 8. Tress Index 2006-2016

Source: IHS Markit Regional eXplorer version 1156
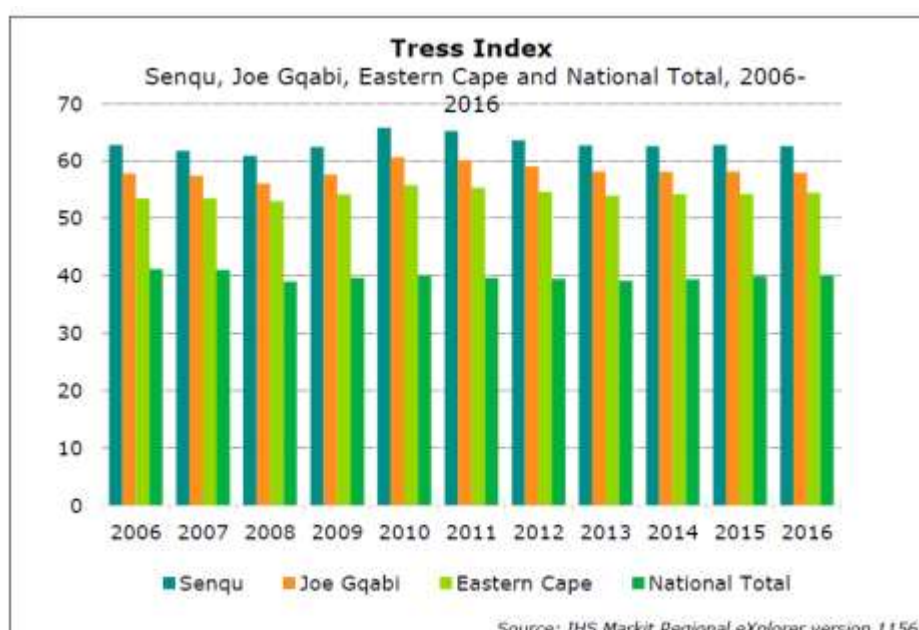
3.6 Location Quotient

"The location quotient measures comparative advantage of economic sectors. If the location quotient is larger than one for a specified sector within a region, then that region has a comparative advantage in that sector. This is because the share of that sector of the specified regional economy is greater than the same sector in the national economy (Ecsecc,2017:35)". "For 2016 Senqu Local Municipality has a very large comparative advantage in the agriculture sector. The community services sector also has a very large comparative advantage. The construction also has a comparative advantage when comparing it to the South Africa economy as a whole, although less prominent. The Senqu Local Municipality has a comparative disadvantage when it comes to the mining and manufacturing sector which has a very large comparative disadvantage. In general mining is a very concentrated economic sector. Unfortunately the Senqu Local Municipality area currently does not have a lot of mining activity, with an LQ of only 0.0322 (Ecsecc,2017:36)".

Chart 9: Location quotient Senqu vs national 2016
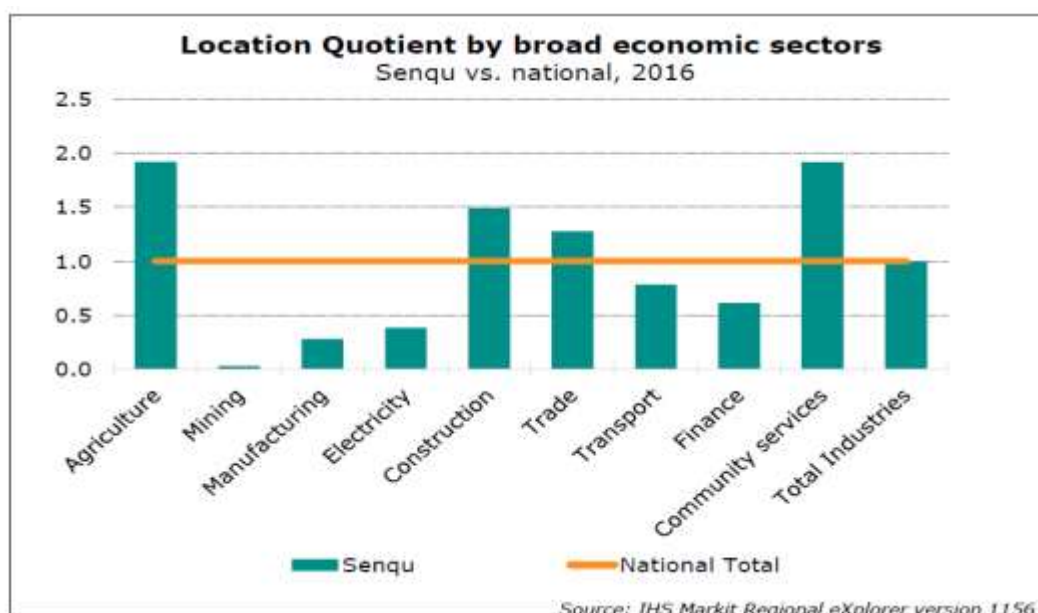
3.7 Tourism

Tourism is one of the growth sectors of the economy. It can be defined in many ways. One of these is via trips.

Table 27: No of trips by purpose of trips 2006-2016

	Leisure / Holiday	Business	Visits to friends and relatives	Other (Medical, Religious, etc)	Total
2006	3,420	1,770	43,200	3,900	52,300
2007	3,670	1,780	48,200	4,320	58,000
2008	3,680	1,830	50,300	5,070	60,900
2009	3,470	1,810	51,700	5,090	62,000
2010	3,530	1,900	52,900	5,040	63,400
2011	3,230	1,910	51,900	4,680	61,800
2012	3,010	1,950	50,400	4,500	59,900
2013	2,990	1,920	51,700	4,400	61,000
2014	2,830	1,790	46,800	3,880	55,200
2015	2,620	1,680	43,500	3,480	51,300
2016	2,660	1,650	40,000	3,200	47,500
Average Annual growth					
2006-2016	**-2.47**%	**-0.70**%	**-0.77**%	**-1.94**%	**-0.95**%

Source: IHS Markit Regional eXplorer version 1156

Visits to friends and relatives recorded the highest number of visits in 2016 at 40 000, with an average annual growth rate of -0.77%. The tourism type that recorded the lowest growth was Leisure / Holiday tourism with an average annual growth rate of -2.47% from 2006 (3 420) to 2016 (2 660) (Ecsecc,2017:86)". The tourism sector is the area that Senqu tourism wishes to grow. "Visits to friends and relatives at 84.19% has largest share the total tourism within Senqu Local Municipality. Other (Medical, Religious, etc) tourism had the second highest share at 6.74%, followed by Leisure / Holiday tourism at 5.60% and the Business tourism with the smallest share of 3.47% of the total tourism within Senqu Local Municipality (Ecsecc,2017:87)".

ORIGIN OF TOURISTS

"The number of trips by tourists visiting Senqu Local Municipality from other regions in South Africa has decreased at an average annual rate of -1.87% from 2006 (47 900) to 2016 (39 600). The tourists visiting from other countries decreased at a relatively high average annual growth rate of 5.97% (from 4 430 in 2006 to 7 910). International tourists constitute 16.64% of the total number of trips, with domestic tourism representing the balance of 83.36% (Ecsecc, 2017:87)".

Table 28: Origin of tourists

	Domestic tourists	International tourists	Total tourists
2006	47,900	4,430	52,300
2007	53,300	4,650	58,000
2008	56,200	4,710	60,900
2009	57,300	4,690	62,000
2010	58,200	5,180	63,400
2011	56,600	5,150	61,800
2012	54,300	5,580	59,900
2013	54,900	6,110	61,000
2014	48,400	6,850	55,200
2015	44,600	6,670	51,300
2016	39,600	7,910	47,500
Average Annual growth			
2006-2016	*-1.87*%	*5.97*%	*-0.95*%

BEDNIGHTS BY ORIGIN OF TOURIST

This is the measurement of one night away from home on a single person trip. "From 2006 to 2016, the number of bed nights spent by domestic tourists has decreased at an average annual rate of -5.05%, while in the same period the international tourists had an average annual increase of 6.46%. The total number of bed nights spent by tourists decreased at an average annual growth rate of -2.54% from 356

000 in 2006 to 275 000 in 2016 (Ecsecc,2017:89)". The emphasis should be on increasing the amount of bed nights by domestic tourists as internal tourism is a volatile industry and prone to fluctuations.

Table 29: Bednights by origin of tourist 2006-2016

	Domestic tourists	International tourists	Total tourists
2006	306,000	49,600	355,000
2007	346,000	54,200	400,000
2008	364,000	58,400	423,000
2009	366,000	60,700	426,000
2010	360,000	69,800	430,000
2011	328,000	70,800	399,000
2012	291,000	75,700	367,000
2013	255,000	81,900	337,000
2014	226,000	88,700	315,000
2015	198,000	84,400	282,000
2016	182,000	92,800	275,000
Average Annual growth			
2006-2016	*-5.05%*	*6.46%*	*-2.54%*

Source: IHS Markit Regional eXplorer version 1156

TOURISM SPENDING

Tourism spending is seen as all expenditure by visitors for their trip to the particular region. It is important to note that this type of spending differs from the concept of contribution to GDP. Tourism spending merely represents a nominal spend of trips made to each region. "Senqu Local Municipality had a total tourism spending of R 140 million in 2016 with an average annual growth rate of 3.1% since 2006 (R 103 million). Joe Gqabi District Municipality had a total tourism spending of R 384 million in 2016 and an average annual growth rate of 4.3% over the period. Total spending in Eastern Cape Province increased from R 9.3 billion in 2006 to R 12 billion in 2016 at an average annual rate of 2.6%. South Africa as whole had an average annual rate of 7.7% and increased from R 127 billion in 2006 to R 267 billion in 2016 (Ecsecc,2017:90)".

Table 30: Total Tourism spending 2006-2016 (R Billions Current Prices)

	Senqu	Joe Gqabi	Eastern Cape	National Total
2006	0.1	0.3	9.3	126.9
2007	0.1	0.3	9.9	138.7
2008	0.1	0.3	10.9	152.5
2009	0.1	0.3	10.8	153.4
2010	0.1	0.3	11.5	167.2
2011	0.1	0.3	11.4	174.6
2012	0.1	0.4	12.1	199.9
2013	0.1	0.4	12.4	218.3
2014	0.1	0.4	12.6	238.7
2015	0.1	0.4	12.0	238.1
2016	0.1	0.4	12.0	266.9
Average Annual growth				
2006-2016	**3.13%**	**4.27%**	**2.62%**	**7.72%**

Source: IHS Markit Regional eXplorer version 1156

TOURISM SPEND PER RESIDENT CAPITA

"This is the total amount of tourism spending in the region is divided by the number of residents living within that region. This gives a relative indication of how important tourism is for a particular area. In 2016, Senqu Local Municipality had a tourism spend per capita of R 986 and an average annual growth rate of 2.79%, Senqu Local Municipality ranked second amongst all the regions within Joe Gqabi in terms of tourism spend per capita. The region within Joe Gqabi District Municipality that ranked first in terms of tourism spend per capita is Walter Sisulu local municipality with a total per capita spending of R 1,500 which reflects an average annual increase of 3.30% from 2006. The local municipality that ranked lowest in terms of tourism spend per capita is Elundini with a total of R 793 which reflects an increase at an average annual rate of 4.69% from 2006 (Ecsecc,2017:91)".

Chart 10: Tourism spend per resident capita

Source: IHS Markit Regional eXplorer version 1156
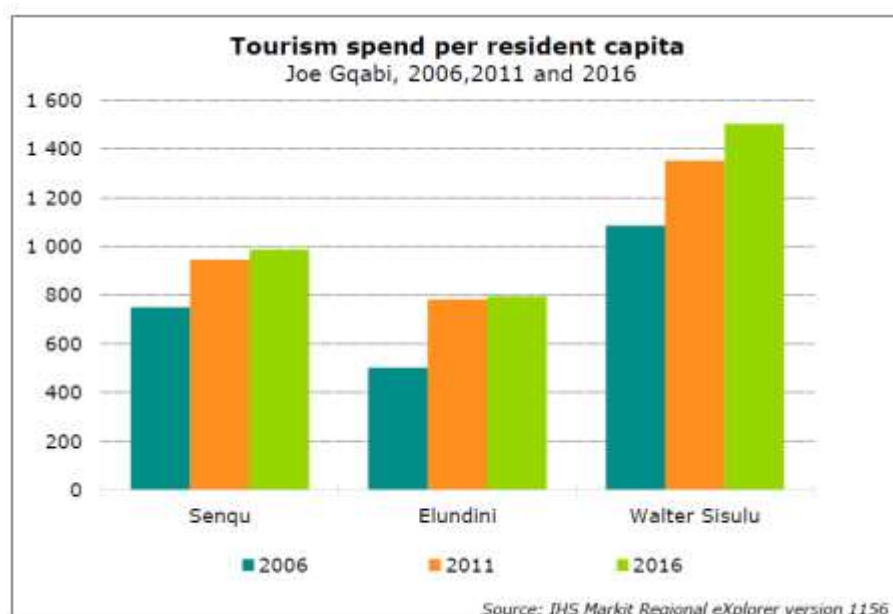
TOURISM SPEND AS A SHARE OF GDP

This indicates tourism spending as a percentage of the GDP of a region. It provides a gauge of how important tourism is to the local economy. "In Senqu Local Municipality the tourism spending as a percentage of GDP in 2016 was 4.55%. Tourism spending as a percentage of GDP for 2016 was 3.68% in Joe Gqabi District Municipality, 3.56% in Eastern Cape Province. Looking at South Africa as a whole, it can be seen that total tourism spending had a total percentage share of GDP of 6.15% (Ecsecc,2017:92).

Table 31 Tourism spend as a share of the GDP 2006-2016

	Senqu	Joe Gqabi	Eastern Cape	National Total
2006	8.9%	6.5%	6.5%	6.9%
2007	8.1%	5.9%	5.9%	6.6%
2008	8.4%	6.3%	6.2%	6.4%
2009	7.4%	5.6%	5.6%	6.1%
2010	7.0%	5.4%	5.4%	6.1%
2011	6.1%	5.0%	5.0%	5.8%
2012	5.6%	4.7%	4.8%	6.1%
2013	5.4%	4.5%	4.5%	6.2%
2014	5.3%	4.3%	4.3%	6.3%
2015	4.7%	3.9%	3.8%	5.9%
2016	4.6%	3.7%	3.6%	6.2%

Source: IHS Markit Regional eXplorer version 1156

3.8. International Trade

"The merchandise export from Senqu Local Municipality amounts to R 1.62 million and as a percentage of total national exports constitutes about 0.00%. The exports from Senqu Local Municipality constitute 0.05% of total Senqu Local Municipality's GDP. Merchandise imports of R 2.55 million constitute about 0.00% of the national imports. Total trade within Senqu is about 0.00% of total national trade. Senqu Local Municipality had a negative trade balance in 2016 to the value of R 926,000. Analysing the trade movements over time, total trade increased from 2006 to 2016 at an average annual growth rate of 30.14%. Merchandise exports decreased at an average annual rate of 0.00%, with the highest level of exports of R 4.21 million experienced in 2014. Merchandise imports increased at an average annual growth rate of 23.88% between 2006 and 2016, with the lowest level of imports experienced in 2013 (Ecesecc,2017:94-95)".

Table 32: Merchandise exports and imports 2016 (R 1000 Current Prices)

	Senqu	Joe Gqabi	Eastern Cape	National Total
Exports (R 1000)	1,620	11,809	56,187,528	1,107,472,999
Imports (R 1000)	2,547	56,678	55,585,538	1,089,677,002
Total Trade (R 1000)	4,167	68,487	111,773,066	2,197,150,001
Trade Balance (R 1000)	-926	-44,869	601,990	17,795,997
Exports as % of GDP	0.1%	0.1%	16.6%	25.5%
Total trade as % of GDP	0.1%	0.7%	33.1%	50.6%
Regional share - Exports	0.0%	0.0%	5.1%	100.0%
Regional share - Imports	0.0%	0.0%	5.1%	100.0%
Regional share - Total Trade	**0.0%**	**0.0%**	**5.1%**	**100.0%**

Source: IHS Markit Regional eXplorer version 1156
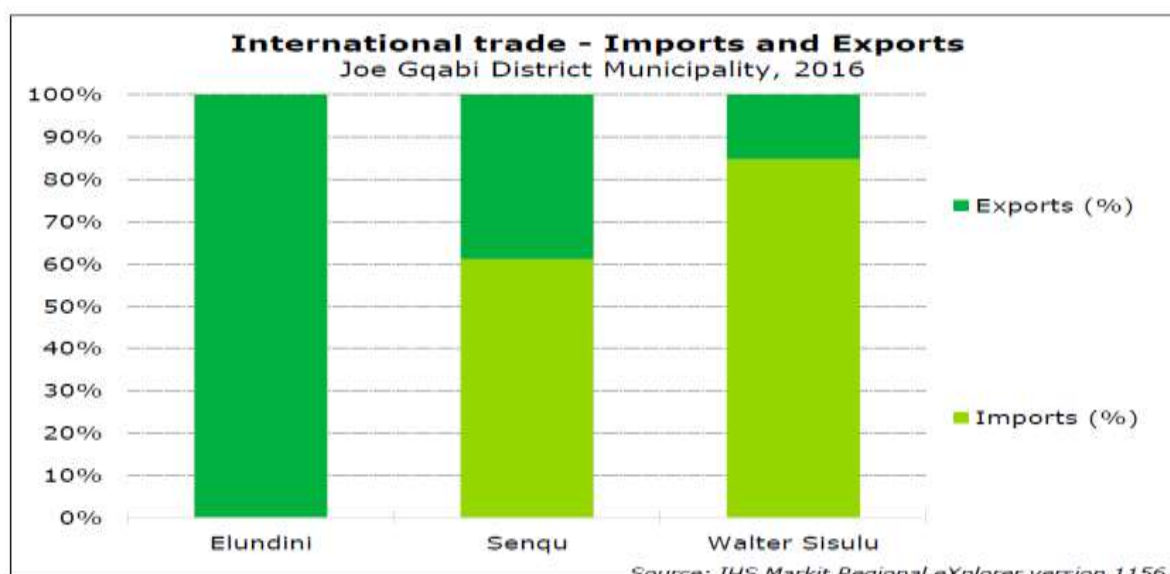
When comparing the Senqu Local Municipality with the other regions in the Joe Gqabi District Municipality, Walter Sisulu has the biggest amount of international trade (when aggregating imports and exports, in absolute terms) with a total of R 63.9 million. This is also true for exports - with a total of R 9.77 million in 2016. Elundini had the lowest total trade figure at R 421,000. The Elundini also had the lowest exports in terms of currency value with a total of R 421,000 exports (Ecsecc,2018:94)".

3.9 Total Employment

Employment data is a key element in the estimation of unemployment. In addition, trends in employment within different sectors and industries normally indicate significant structural changes in the economy. Employment data is also used in the calculation of productivity, earnings per worker, and other economic indicators. Total employment consists of two parts: employment in the formal sector, and employment in the informal sector (Ecsecc,2017:41)"

"In 2016, Senqu employed 24 400 people which is 32.18% of the total employment in Joe Gqabi District Municipality (75 700), 1.67% of total employment in Eastern Cape Province (1.46 million), and 0.16% of the total employment of 15.7 million in South Africa. Employment within Senqu increased annually at an average rate of 2.10% from 2006 to 2016. The Senqu Local Municipality average annual employment growth rate of 2.10% exceeds the average annual labour force growth rate of 2.00% resulting in unemployment decreasing from 28.35% in 2006 to 27.05% in 2016 in the local municipality (ecsec,2017:41-42)"

Table 33: Total employment per broad economic sector JGDM 2016

	Senqu	Elundini	Walter Sisulu	Total Joe Gqabi
Agriculture	2,720	2,120	3,120	7,963
Mining	27	23	24	75
Manufacturing	1,050	1,060	1,500	3,622
Electricity	45	92	100	237
Construction	3,190	4,140	3,020	10,358
Trade	5,520	4,860	5,420	15,802
Transport	808	1,040	973	2,823
Finance	1,480	1,680	2,410	5,566
Community services	6,680	6,150	8,050	20,874
Households	2,830	1,680	3,860	8,366
Total	**24,400**	**22,900**	**28,500**	**75,686**

Source: IHS Markit Regional eXplorer version 1156

"Senqu Local Municipality employs a total number of 24 400 people within its local municipality. The local municipality that employs the highest number of people relative to the other regions within Joe Gqabi District Municipality is Walter Sisulu local municipality with a total number of 28 500. The local municipality that employs the lowest number of people relative to the other regions within Joe Gqabi District Municipality is Elundini local municipality with a total number of 22 800 employed people. In Senqu Local Municipality the economic sectors that recorded the largest number of employment in 2016 were the community services sector with a total of 6 680 employed people or 27.4% of total employment in the local municipality. The trade sector with a total of 5 520 (22.7%) employs the second highest number of people relative to the rest of the sectors. The mining sector with 27.3 (0.1%) is the sector that employs the least number of people in Senqu Local Municipality, followed by the electricity sector with 45.1 (0.2%) people employed (Ecsecc,2017:41-42)".

FORMAL AND INFORMAL EMPLOYMENT

"Formal employment is much more stable than informal employment. Informal employment is much harder to measure and manage, simply because it cannot be tracked through the formal business side of the economy. Informal employment is however a reality in South Africa and cannot be ignored. The number of formally employed people in Senqu Local Municipality counted 16 400 in 2016, which is about 67.33% of total employment, while the number of people employed in the informal sector counted 7 960 or 32.67% of the total employment. Informal employment in Senqu increased from 6 590 in 2006 to an estimated 7 960 in 2016. *Some of the economic sectors have little or no informal employment: Mining industry, due to well-regulated mining safety policies, and the strict registration of a mine, has little or no informal employment. The Electricity sector is also well regulated, making it difficult to get information on informal employment. Domestic Workers and employment in the Agriculture sector is typically counted under a separate heading (Ecsecc,2017:43)".*

In 2016 the Trade sector recorded the highest number of informally employed, with a total of 3 480

employees or 43.75% of the total informal employment. This can be expected as the barriers to enter the Trade sector in terms of capital and skills required is less than with most of the other sectors. The Finance sector has the lowest informal employment with 394 and only contributes 4.95% to total informal employment (Ecsecc,2017:43)".

Table 34: Formal and informal employment by broad economic sector 2016

	Formal employment	Informal employment
Agriculture	2,720	N/A
Mining	27	N/A
Manufacturing	629	425
Electricity	45	N/A
Construction	1,770	1,430
Trade	2,040	3,480
Transport	167	641
Finance	1,080	393
Community services	5,090	1,590
Households	2,830	N/A

Source: IHS Markit Regional eXplorer version 1156

The informal sector is vital for the areas with very high unemployment and very low labour participation rates. Unemployed people see participating in the informal sector as a survival strategy. The most desirable situation would be to get a stable formal job. But because the formal economy is not growing fast enough to generate adequate jobs, the informal sector is used as a survival mechanism (Ecsecc,2017:44)".

UNEMPLOYMENT

This includes all persons between 15 and 65 who are currently not working, but who are actively looking for work. In 2016, there were a total number of 9 990 people unemployed in Senqu, which is an increase of 1 410 from 8 590 in 2006. The total number of unemployed people within Senqu constitutes 35.76% of the total number of unemployed people in Joe Gqabi District Municipality. The Senqu Local Municipality experienced an average annual increase of 1.53% in the number of unemployed people, which is better than that of the Joe Gqabi District Municipality which had an average annual increase in unemployment of 1.77%.

Table 35: Unemployment official definition 2006-2016

	Senqu	Joe Gqabi	Eastern Cape	National Total	Senqu as % of district municipality	Senqu as % of province	Senqu as % of national
2006	8,590	23,400	512,000	4,510,000	36.6%	1.68%	0.19%
2007	8,430	23,100	503,000	4,460,000	36.5%	1.68%	0.19%
2008	8,130	22,400	488,000	4,350,000	36.3%	1.66%	0.19%
2009	7,950	22,000	483,000	4,370,000	36.1%	1.65%	0.18%
2010	7,840	21,800	480,000	4,490,000	36.0%	1.63%	0.17%
2011	7,860	21,900	485,000	4,570,000	35.9%	1.62%	0.17%
2012	8,440	23,500	508,000	4,690,000	35.9%	1.66%	0.18%
2013	9,070	25,300	542,000	4,850,000	35.9%	1.67%	0.19%
2014	9,540	26,500	569,000	5,060,000	36.0%	1.68%	0.19%
2015	9,720	27,000	583,000	5,290,000	36.0%	1.67%	0.18%
2016	9,990	27,900	603,000	5,600,000	35.8%	1.66%	0.18%
Average Annual growth							
2006-2016	**1.53%**	**1.77%**	**1.65%**	**2.19%**			

Source: IHS Markit Regional eXplorer version 1156

Table 36: Unemployment rate 2006-2016

	Senqu	Joe Gqabi	Eastern Cape	National Total
2006	28.3%	27.0%	27.8%	25.8%
2007	27.5%	26.4%	27.2%	24.8%
2008	26.5%	25.6%	26.6%	23.6%
2009	26.4%	25.8%	26.9%	23.8%
2010	26.8%	26.5%	27.7%	24.8%
2011	26.6%	26.4%	27.9%	24.9%
2012	28.1%	27.9%	28.7%	25.0%
2013	28.7%	28.5%	29.4%	25.1%
2014	28.1%	27.8%	29.4%	25.1%
2015	27.3%	27.0%	29.1%	25.5%
2016	27.1%	27.0%	29.3%	26.3%

Source: IHS Markit Regional eXplorer version 1156

 In 2016, the unemployment rate in Senqu Local Municipality (based on the official definition of unemployment) was 27.05%, which is a decrease of -1.29 percentage points. The unemployment rate in Senqu Local Municipality is higher than that of Joe Gqabi. Comparing to the Eastern Cape Province it can be seen that the unemployment rate for Senqu Local Municipality was lower than that of Eastern Cape which was 29.34%. The unemployment rate for South Africa was 26.33% in 2016, which is an increase of -0.563 percentage points from 25.77% in 2006 (Ecsecc,2016:46)". When comparing unemployment rates among regions within Joe Gqabi District Municipality, Elundini local municipality has indicated the highest unemployment rate of 36.0%, which has increased from 32.5% in 2006. It can be seen that the Walter Sisulu local municipality had the lowest unemployment rate of 18.3% in 2016, this decreased from 19.8% in 2006 (Ecsecc,2017:47)".

3.10. Income and Expenditure

In a growing economy among which production factors are increasing, most of the household incomes are spent on purchasing goods and services. Therefore, the measuring of the income and expenditure of households is a major indicator of a number of economic trends. It is also a good marker of growth as well as consumer tendencies.

NUMBER OF HOUSEHOLDS BY INCOME CATEGORY

"It was estimated that in 2016 21.81% of all the households in the Senqu Local Municipality, were living on R30,000 or less per annum. In comparison with 2006's 59.71%, the number is about half. The 30000-42000 income category has the highest number of households with a total number of 6 100, followed by the 18000-30000 income category with 5 740 households. Only 5.5 households fall within the 0-2400 income category (Ecsecc,2017:49)".

Table 37: Households by income category 2016

	Senqu	Joe Gqabi	Eastern Cape	National Total	Senqu as % of district municipality	Senqu as % of province	Senqu as % of national
0-2400	6	14	206	1,880	38.4%	2.7%	0.30%
2400-6000	95	246	3,800	33,300	38.8%	2.5%	0.29%
6000-12000	1,010	2,470	38,400	314,000	40.9%	2.6%	0.32%
12000-18000	1,980	4,820	76,400	624,000	41.1%	2.6%	0.32%
18000-30000	5,740	14,000	220,000	1,720,000	41.0%	2.6%	0.33%
30000-42000	6,100	15,000	231,000	1,730,000	40.6%	2.6%	0.35%
42000-54000	5,280	13,100	204,000	1,520,000	40.3%	2.6%	0.35%
54000-72000	5,490	13,800	217,000	1,630,000	39.9%	2.5%	0.34%
72000-96000	4,480	11,500	185,000	1,490,000	39.1%	2.4%	0.30%
96000-132000	3,470	9,160	156,000	1,390,000	37.9%	2.2%	0.25%
132000-192000	2,610	7,270	133,000	1,320,000	35.9%	2.0%	0.20%
192000-360000	2,320	7,010	150,000	1,690,000	33.1%	1.5%	0.14%
360000-600000	1,090	3,630	88,200	1,090,000	29.9%	1.2%	0.10%
600000-1200000	635	2,220	59,000	785,000	28.6%	1.1%	0.08%
1200000-2400000	173	634	17,600	238,000	27.2%	1.0%	0.07%
2400000+	21	84	2,670	39,100	25.3%	0.8%	0.05%
Total	**40,500**	**105,000**	**1,780,000**	**15,600,000**	**38.6%**	**2.3%**	**0.26%**

Source: IHS Markit Regional eXplorer version 1156

"For the period 2006 to 2016 the number of households earning more than R30,000 per annum has increased from 40.29% to 78.19%. It can be seen that the number of households with income equal to or lower than R6,000 per year has decreased by a significant amount (Ecsecc,2018:50)".

ANNUAL TOTAL PERSONAL INCOME

"Annual total personal income is the sum of the total personal income for all households in a specific region. Senqu Local Municipality recorded an average annual growth rate of 9.92% (from R 1.62 billion to R 4.18 billion) from 2006 to 2016, which is less than Joe Gqabi's (10.69%), but more than Eastern Cape Province's (9.52%) average annual growth rates. South Africa had an average annual growth rate of 9.05% (from R 1.26 trillion to R 3 trillion) which is less than the growth rate in Senqu Local Municipality. The total personal income of Senqu Local Municipality amounted to approximately R 4.18 billion in 2016. The African population group earned R 3.82 billion, or 91.26% of total personal income, while the White population group earned R 264 million, or 6.30% of the total personal income. The Coloured and the Asian population groups only had a share of 1.63% and 0.81% of total personal income respectively. When looking at the annual total personal income for the regions within Joe Gqabi District Municipality it can be seen that the Walter Sisulu local municipality had the highest total personal income with R 4.68 billion which increased from R 1.54 billion recorded in 2006. It can be seen that the Elundini local municipality had the lowest total personal income of R 3.85 billion in 2016, this increased from R 1.44 billion in 2006 (Ecsecc,2017:50-51)".

Table 38: Annual total personal income 2006-2016

	Senqu	Joe Gqabi	Eastern Cape	National Total
2006	1.6	4.6	106.6	1,259.4
2007	1.8	5.2	121.0	1,432.2
2008	2.0	5.8	134.0	1,587.9
2009	2.2	6.2	143.3	1,695.1
2010	2.3	6.7	154.3	1,843.3
2011	2.5	7.3	168.2	2,033.0
2012	2.8	8.2	187.5	2,226.5
2013	3.1	9.1	204.6	2,414.5
2014	3.4	10.0	220.0	2,596.7
2015	3.7	11.0	239.4	2,783.4
2016	4.2	12.7	264.5	2,995.4
Average Annual growth				
2006-2016	**9.92**%	**10.69**%	**9.52**%	**9.05**%

Source: IHS Markit Regional eXplorer version 1156

ANNUAL PER CAPITA INCOME

"This takes the total personal income per annum and divides it equally among the population and is often used as a measure of wealth particularly when comparing economies or population groups. The per capita income in Senqu Local Municipality is R 29,500 and is lower than both the Eastern Cape (R 37,800) and of the Joe Gqabi District Municipality (R 34,100) per capita income. The per capita income for Senqu Local Municipality (R 29,500) is lower than that of the South Africa as a whole which is R 53,800 (Ecsecc,2017:52-53)".

Table 39: per capita income by population group 2016 (R current prices).

	African	White	Coloured
Senqu	27,600	187,000	42,700
Elundini	25,300	N/A	44,000
Walter Sisulu	39,900	244,000	47,900

Source: IHS Markit Regional eXplorer version 1156

"Walter Sisulu local municipality has the highest per capita income with a total of R 54,400. Senqu local municipality had the second highest per capita income at R 29,500, whereas Elundini local municipality had the lowest per capita income at R 26,600. In Senqu Local Municipality, the White population group has the highest per capita income, with R 187,000, relative to the other population groups. The population group with the second highest per capita income within Senqu Local Municipality is the Coloured population group (R 42,700). Some of the population groups - where there are less than 1,000 people living in the area were excluded from the analysis (Ecsecc,2017:52-53)".

SENQU LED STRATEGY REVISED 2018-2038

INDEX OF BUYING POWER

"The Index of Buying Power (IBP) is a measure of a region's overall capacity to absorb products and/or services. The index is useful when comparing two regions in terms of their capacity to buy products. Values range from 0 to 1 (where the national index equals 1), and can be interpreted as the percentage of national buying power attributable to the specific region. Regions' buying power usually depends on three factors: the size of the population; the ability of the population to spend (measured by total income); and the willingness of the population to spend (measured by total retail sales) (Ecsecc,2017:54)".
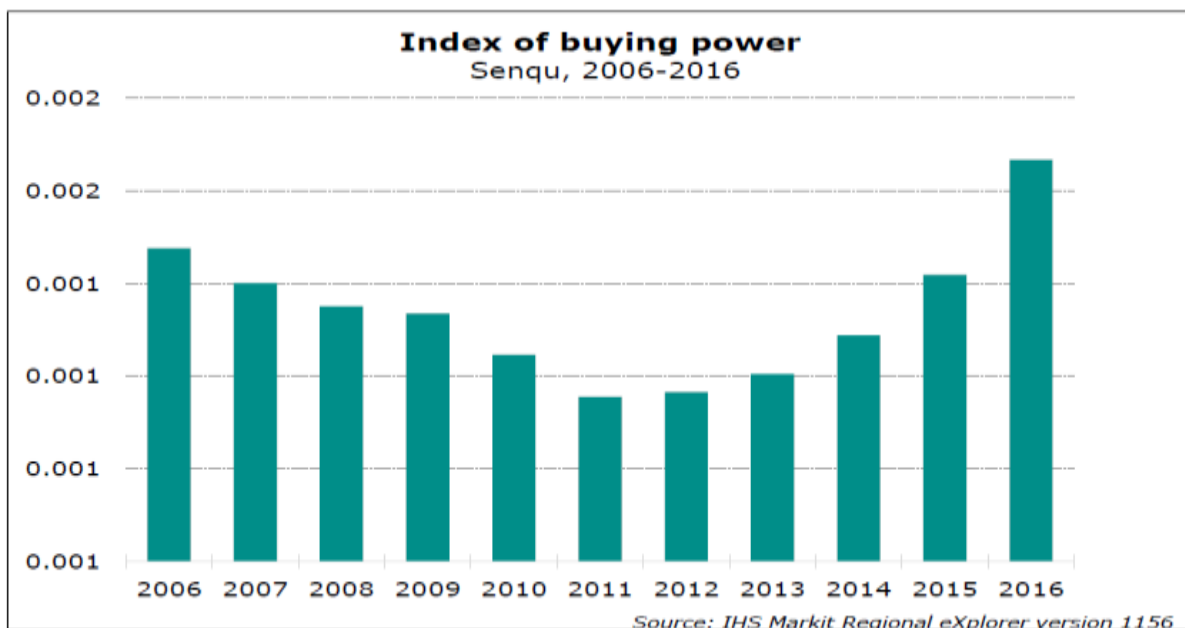
Table 40: Index of buying power

	Senqu	Joe Gqabi	Eastern Cape	National Total
Population	141,751	372,742	7,006,876	55,724,934
Population - share of national total	0.3%	0.7%	12.6%	100.0%
Income	4,184	12,716	264,506	2,995,448
Income - share of national total	0.1%	0.4%	8.8%	100.0%
Retail	1,310,827	4,031,982	79,545,670	926,561,000
Retail - share of national total	0.1%	0.4%	8.6%	100.0%
Index	0.00	0.00	0.09	1.00

Source: IHS Markit Regional eXplorer version 1156

"Senqu Local Municipality has a 0.3% share of the national population, 0.1% share of the total national income and a 0.1% share in the total national retail, this all equates to an IBP index value of 0.0015 relative to South Africa as a whole. Joe Gqabi has an IBP of 0.0045, were Eastern Cape Province has and IBP index value of 0.091 and South Africa a value of 1 relative to South Africa as a whole. The considerable low index of buying power of the Senqu Local Municipality suggests that the local municipality has access to only a small percentage of the goods and services available in all of the Joe Gqabi District Municipality. Its residents are most likely spending some of their income in neighbouring areas.

Between 2006 and 2016, the index of buying power within Senqu Local Municipality increased to its highest level in 2016 (0.001517) from its lowest in 2011 (0.001389). Although the buying power within Senqu Local Municipality is relatively small compared to other regions, the IBP increased at an average annual growth rate of 0.32% (Ecsecc,2017:55)".

3.11. Land

The Senqu Municipality has communal land in the former Transkei situated around Herschel and Sterkspruit, bordering on Lesotho. The land tenure in this area is a mixture of freehold, quit rent and PTO. Land tenure and rights in this area have traditionally been vested in traditional authorities with the Department of Agriculture distributing PTOs. The rest of the area is either freehold tenure in the former RSA towns or commercially owned farmland (Senqu SDF 2009).

The majority of the municipal land is unimproved grassland (75.6%), with only 6.6% of the area used for cultivation purposes. Approximately 13% of the surface area is classified as degraded: that is, it has previously been subjected to poor land use and management practices (e.g. overgrazing or inappropriate cultivation methods). Only 1.1% of the surface area is developed as built areas, including the urban areas of Sterkspruit, Lady Grey and Barkly East, as well as the rural settlements. Senqu has major challenges relating to land invasions of municipal owned or state land. This is due to lack of land being offered for sale and people being unable to afford land but wishing to be closer to prospective employment and urban amenities in the urban areas of Barkly East and Lady Grey. In the smaller rural hamlets of Rhodes, Rossouw and Herschel people are invading land and building informal settlements in order to move closer to urban amenities or receive housing with freehold tenure especially farm workers. There is also the land redistribution challenge that Senqu must meet. For example, to be able to meet the 30%

redistribution target by 2014, 166 000 ha will need to be redistributed at 33 000 per annum at a total cost of R 83 million if the price remains at around R 2500 per hectare (JGDM ABP 2010).

4. LED Support System

The Senqu Municipality has a dedicated LED Unit located within its planning department. The Unit is responsible for coordination and facilitation of LED processes in Senqu as well as advise Council on LED matters. Over the 2008/9 period the LED Unit had an approved budget of R6.39 million and adjusted budget of R8.37 million – mainly funded through external donor and government contributions. The LED Unit is not fully-staffed and its capacity needs to be severely increased.

Senqu is one of the key partners of the Joe Gqabi Economic Development Agency (JoGEDA) which is tasked to drive special economic development projects on behalf of the district municipality and the four local municipalities in Joe Gqabi. With respect to Senqu, the Agency has prioritised commercial property development and plastic manufacturing as its immediate flagship projects. Its other partners are the local tourism organization (Senqu Tourism Association) and the Small Enterprise Development Agency (SEDA) which provide support services to tourism enterprises and other small businesses in the area. The capacity and programmes of both organizations need up-scaling through the provision of additional human and financial resources to read across the municipal area.

Other partners include the JGDM, ECDC, DLGTA, DEDEAD and the Department of Agriculture.

CHAPTER 3: STRATEGIC SYNTHESIS

1.   Introduction

The strategic assessment of the social, economic and physical environment of the Senqu Municipality highlights a number of strategic issues and opportunities that the Senqu Local Economic Development Strategy (2018) should respond to.

2.   Key Problem Statements

Geographic Challenge

The majority (86%) of the Senqu population lives in predominantly rural areas consisting of rural villages and farm households. Senqu Municipality in 2016 has a higher population density than Joe Gqabi district at 19.3 people per square kilometre compared to 14.5 people per square kilometre. This average is less than the Eastern Cape Province of 41.5 per square kilometre (Ecsecc,2017:70-71). The population density of 19.3 persons per square kilometre - indicates that people are scarcely located, making it extremely costly and difficult to provide the prerequisite services and conditions to address unemployment and poverty.

Dependency and Poverty Challenge

The dependency ratio is an age-population ratio of those typically not in the labour force (the dependent part ages 0 to 14 and 65+) and those typically in the labour force (the productive part ages 15 to 64). In theory the dependency ratio is relatively low at 1:1.52 but this is misleading as it assumes that all persons above age 15 to 65 are employed. This is not correct as the Municipality has a high unemployment rate. It was 27.1% in 2016.

The percentage of people living in poverty decreased from 74.79% in 2006 to 66.40% in 2016 (Ecsecc,2017:61). In spite of the decrease, the poverty rate is high which means that more focus needs to be placed on the co-ordination of poverty alleviation programmes amongst all spheres of government in order to ensure that socio-economic conditions improve for all its residents.

Employment, youth employment and income challenge

Senqu Local Municipality's had an economically active population of 36 900 in 2016, which is 26.06% of its total population of 142 000, and roughly 35.73% of the total EAP of the Joe Gqabi District Municipality (Ecsecc, 2017:38). However, this does not mean that all are employed. The unemployment rate is a more efficient indicator that measures the success rate of the labour force relative to employment. In 2006, the unemployment rate was 28.3% which decreased to 27.1% in 2016. "The gap between the labour force participation rate and the unemployment rate decreased which indicates a negative outlook for the employment within Senqu Local Municipality (Ecsecc,2017:41)". The Municipality has a very youthful population with a high unemployment rate. There needs to be an increased focus on assisting them with acquiring the

right skills such as agriculture, artisan and computer skills and finance to operate in todays economy.

Income levels per households reflect this with 21.81% of all the households in 2016 in the Senqu area living on R30,000 or less per annum. This has decreased from 2006 when over 59.71% households fell in this income bracket. The R 30 000 – 42 000 income category has the highest number of households with a total number of 6 100 which is 15 % of the total population (Ecsecc, 2017:49-50).

Literacy and Skills Challenge

69.33% of the population in 2016 was functionally literate, which is an increase of 0.11 percentage points since 2006 (58.30%). The number of illiterate individuals decreased on average by -2.49% annually from 2006 to 2016, with the number of functional literate people increased at 2.31% annually. The percentage is still lower than the Eastern cape and National literacy rate. Considering that the majority of people are living in poverty, the relatively low literacy levels make it difficult to find better livelihood options.

Skills levels are low in the Municipality with it accounting for 43.34% of the number of people without schooling in the district municipality, 2.72% of the province and 0.38% of the national. Although this level has decreased from 2006 it is still high. It is encouraging to note that the number of people with 'matric and a certificate/diploma' increased with an average annual rate of 2.45%, with the number of people with a 'matric and a Bachelor's' degree increasing with an average annual rate of 2.88% (Ecsecc,2017:65). The reasons for this lack of tertiary education is mainly financial in origin in that many people are unable to afford tertiary education as it is not available in the area apart from 1 FET College Ikhala in Sterkspruit. The lack of appropriate skills together with the choice of school subjects affects the performance of the economy, as much as it affects the delivery of basic services.

Infrastructure and Land Challenge

Whilst Senqu performs above district average in respect to all basic services with the exception of refuse removal, infrastructure backlogs remain an area of constraint that must be addressed to unlock better growth and new investments into the area. For example:-

❑   Extension of electrification to certain rural areas and plugging of high leakages caused by poor maintenance and aging infrastructure;

- ❑ Surfacing the 562Km gravel road backlog and improving maintenance on existing access roads and bridges;
- ❑ Improvement of waste management (backlog of 31 155 households) to address infrastructural shortages and environmental issues;
- ❑ Housing provision (backlog of 30 000 RDP houses);
- ❑ Land tenure issues, claims, rights, invasions and limited business, limited to non existent residential and recreational sites in urban areas due to lack of bulk services and land
- ❑ Congested town centres
- ❑ Limited network capability of television, radio, cellphone and data receiving and sending results in the isolation of rural areas
- ❑ Provision of bulk services by JGDM
- ❑ Poorly maintained veld and stock rates which leads to high erosion rates and the decrease of topsoil in al communal grazing areas
- ❑ Poorly maintained agricultural infrastructure in communal areas
- ❑ Lack of monitoring and implementation of municipal bylaws

The effect of migration into urban areas such as Sterkspruit is also putting major strain on existing infrastructure in these areas. A more integrated approach addressing social, economic and infrastructural issues is critical.

Growth Challenge

"In 2016, the Senqu Local Municipality achieved an annual growth rate of 0.65% which is a slightly higher GDP growth than the Eastern Cape Province's 0.25%, but is higher than that of South Africa, where the 2016 GDP growth rate was 0.28%. Similar to the short-term growth rate of 2016, the longer-term average growth rate for Senqu (2.61%) is also slightly higher than that of South Africa (2.12%). The economic growth in Senqu peaked in 2007 at 9.42% (Ecsecc,2017:23)".

The reason for limited growth can be attributed to:

a. Over-dependency of the economy on the services sector;
b. Significant spending outside the Senqu area;
c. Poor performance of agriculture, trade and manufacturing sectors;
d. Low income levels that are not attractive for investors;
e. Decaying and outdated infrastructure especially rural roads
f. Distance from markets
g. Lack of innovative value add approach to the economy;
h. Effects of recession and globalization.
i. No functioning industries in the area
j. Limited entrepreneurial skills

Institutional Challenge

Senqu lacks appropriate institutional networks and systems to support LED and improve stakeholder participation in LED processes such as local business forums. The participation of the business sector in LED processes, especially the more established industry leaders in Senqu has always been minimal. Co-operation between the various sectors of government needs to be improved so that better monitoring and focus on certain projects can be achieved.

3. Comparative and Competitive advantages

The following provides a summary of Senqu's comparative and competitive advantages.

Competitive:

o **Large producer of wool** – In 2016/17 The Senqu region produced 10,08 % of the Eastern Capes wool clip of 8,517,088 kg. This makes Senqu one of the larger producers of wool in the Eastern Cape. Its climate and topography makes it well suited to expand this type of farming.

o Senqu's mountains give it spectacular scenery combined with the highest mountain pass in South Africa at Ben Macdhui. It is also renowned for its other 8 high mountain passes which are amongst the highest in the country.

o There are a large number of freshwater rivers and streams in Senqu which are home to a diverse range of trout. **Trout fishing** is a unique tourist attraction especially due to being able to fish in high mountain streams as opposed to dams. However, this is under threat due to new proposed environmental laws.

o **Bottling of fresh spring** water which is amongst the purest in the country is a potential niche. Senqu has pure, clear water that is already being bottled on a small scale. Potential may exist for further expansion;

o Tiffendell Ski Resort is the only ski resort in South Africa and is uniquely positioned to capture the local skiing market. Tiffendell is already a venue for the SA Junior Ski championship as well as the SA ski championships. Utilisation of the resort is hampered by poor maintenance of roads leading to the resort.

o **Strategic location and proximity to** Lesotho provides development opportunities near the Telle Bridge border post as well as for the revitalisation and upgrade of Sterkspruit. These provide major tourism development opportunities for both Senqu and Lesotho.

o Utilisation of the **historic railway line** between Aliwal North and Barkly East passing through Lady Grey for alternative means of transport such as bicycles is a unique development option.

o Development plans around the **Jozana Dam**, especially around agricultural irrigation are a major opportunity.

o Relatively well maintained infrastructure such as tarred road network and electricity network.

o Stable political leadership which enables long term planning to occur

o Low levels of crime especially business break ins and robberies

o Established annual festivals such as the Stoepsit fees and Passion Play

o Major and unique adventure Races such as the Skyrun, Wartrail tri-challenge, Croc rock race and Rhodes Marathon

o Wild flowers. The area has a unique alpine floral kingdom

Comparative advantage

▪ Growing of **lucerne and maize production** utilising the Orange River for irrigation

▪ Good quality sand for brickmaking and building. The appropriate environmental concerns must be addressed to protect these precious community resources from exploitation.

▪ Good quality sandstone for mining. DRE need to assist communities obtain the relevant mining permits.

▪ Good road linkages to the N6 give easy access to markets in the Free State, Eastern Cape and Gauteng.

▪ Skilled crafters produce a range of cultural and other hand made goods like leather bags etc.

▪ Huge tracts of underutilised land for crop production. However, measures to reduce erosion and overgrazing must be applied.

CHAPTER 4: LED FRAMEWORK

1.   Introduction

This LED Strategic Framework (2018) provides a shared strategic insight and approach to address the inherent socio-economic issues facing the Senqu Municipality and its stakeholders.

2. Economic Vision

The purpose of a shared economic vision is to unify local stakeholders towards a shared economic outcome for the Senqu Municipality. This vision should contribute to the following over-arching vision (IDP) of the Municipality:

"A unified, people-centred, developmental and vibrant municipality"

The revised economic vision for Senqu is outlined below:

> *"Senqu Municipality is a prosperous destination to visit, do business, live and work"*

The Senqu economic vision and strategy is based on the need to impact:

- *The business sector* by improving profitability and sustainability of local enterprises through the creation of an enabling environment;
- *Community sector* by creating new economic and livelihood opportunities while securing and maintaining existing jobs and empowerment opportunities;
- *Government sector* by improving tax revenue and contributing towards improved social cohesion and stability.

a.   Guiding Principles

The Senqu LED Strategy (2018) espouses the principles of the National LED Framework of South Africa, Eastern Cape Provincial Growth Plan, New Growth Path and South Africa 2030 as described below:

- Through a developmental approach, Government has a decisive and unapologetic role to play in shaping the economic destiny of our country.
- Local Economic Development is an outcome of actions and interventions resulting from local good governance and the constant improvement and integration of national priorities and programs in local spaces.

- Promoting robust and inclusive local economies requires the concerted, coordinated action of all spheres and sectors of government centred on the application and localisation of the principles espoused in the National Spatial Development Perspective (NSDP).
- Private companies, including social enterprises and cooperatives, form the heart of the economy and have a crucial role to play as partnerships with public and community role players that will ultimately stimulate robust and inclusive local economies.
- People are the single greatest resource and including all citizens in development and increasing their skills leads to increased opportunities for stimulating local economies.
- Private companies, including social enterprises and cooperatives, form the heart of the economy and have a crucial role to play as partnerships with public and community role players that will ultimately stimulate robust and inclusive local economies.
- Local initiative, energy, creativity, assertive leadership and skills will ultimately unlock the latent potential in local economies and will shape local spaces.
- Five goals of the Vision 2030 PDP:

  Goal 1: A growing, inclusive and equitable economy which seeks to ensure a larger and more efficient provincial economy; more employment; and reduced inequalities of income and wealth.

  Goal 2: A healthy population through an improved health care system for the Eastern Cape.
  Goal 3: An educated, innovative citizenry.

  Goal 4: Vibrant communities who make their own decisions unreliant on government.

  Goal 5: Capable, conscientious and accountable institutions. This goal seeks to build capable, resilient and accountable institutions to enable and champion rapid inclusive development.

3. LED Strategy Objectives

This 20-year Senqu LED Strategy aims to achieve the following economic outcomes:

    i. Improving urban infrastructure to attract investment.
    ii. Development of partnerships between public sector and the private sector to encourage investment and skills development in the area

    iii. Improve youth entrepeneurship and participation in the mainstream economy.

    iv. To build strong and sustainable LED institutions and resources.

    v. 30 % of all infrastructure projects to benefit SMME's

    vi. To alleviate unemployment by utilising labour intensive programmes and projects such as CWP & EPWP.

4. LED Strategy Development Thrusts

The Senqu LED Strategy (2018) has 5 integrated LED development thrusts and priorities:

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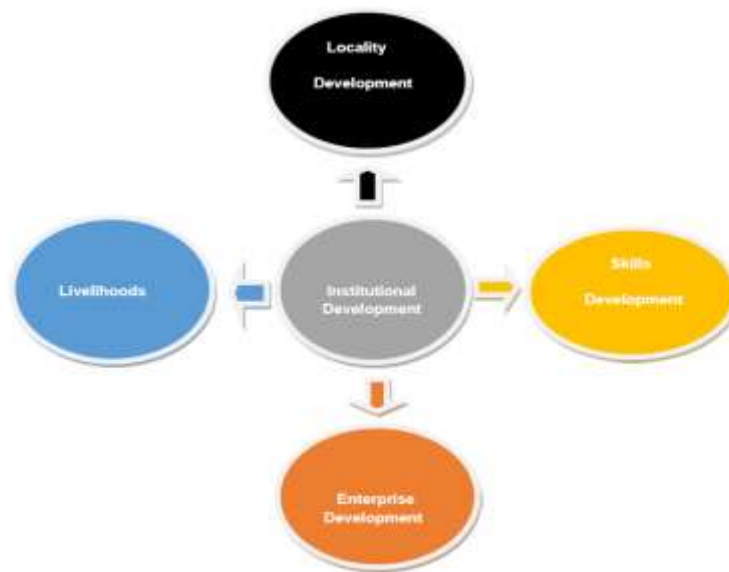
Development Thrust 1: Locality Development

The Locality Development Programme will be premised on achieving the following outcomes:

❑ Making the municipal area more attractive to investors, tourists and individuals;

❑ Improving the physical and environmental appeal of the area by enforcing bylaws, reducing red tape and revitalising the small towns

Development Thrust 2: Enterprise Development

The purpose of Enterprise Development Programme is to:

❑ Create a conducive environment for existing, new and start-up businesses;

❑ Improve profitability, competitiveness and sustainability of locally-based enterprises;

❑ Prioritise development of key growth and employment sectors eg Agriculture, Tourism and Green Economy.

Development Thrust 3: Livelihoods

The purpose of the livelihoods programme is to:

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□   Facilitate labour intensive projects that create employment opportunities.

Development Thrust 4: Skills Development

The purpose of the skills development priority is to:

□   Facilitate the building of the necessary skills base for economic growth and development;

□   Improve employability and active economic participation;

□   Support key growth and employment sectors.

Development Thrust 5: Institutional Development

LED institutional development in Senqu is designed to:

□   Foster sustainable partnerships with key and relevant stakeholders

□   Improve monitoring and evaluation of LED projects and initiatives.

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CHAPTER 5: LED PROGRAMMES & PROJECTS

1.Introduction

This Chapter presents an integrated LED Strategic Programme that will be implemented over a 20-year period to underpin the Senqu LED Strategy.

2   Locality Development

2.1   Small town revitalisation – Barkly East, Sterkspruit & Lady Grey

Project Description	This project is intended to revitalise and renew the economies of the towns of Sterkspruit, Barkly East and Lady Grey. The plan is to kindle a renewed sense of appeal to retain and attract investors into the area through: ❑ Improved town planning; ❑ Improved bulk infrastructure provision esp water provision; ❑ Packaged land development options; ❑ Improved human settlements; ❑ Improved accessibility and transportation; ❑ Improved business infrastructure and services; ❑ Improved trading and business conditions ❑ Implementation of by laws ❑ De congestion of town centres ❑ Improved traffic flow
Key Milestones	❑ Development Master Plan (Lady Grey) ❑ Memorandums of Understandings (Capitalization) ❑ Special Investment Incentives Programme
Estimated Budget	R100 million
Project Driver	Senqu Municipality
Potential Partners	DBSA, IDC, ECDC, DLGTA, DoRPW, JGDM etc
Implementation Period	2018 – 2028

1.2. Recycling Programme

Project Description	A recycling programme will be developed to stimulate a "new economic sector" that will create additional employment and entrepreneurial opportunities while also addressing the primary issue of the short life cycle of land fill sites in Senqu and rubbish in the streets.
Key Milestones	❑ Terms of Reference ❑ Recycling plan
Estimated Budget	R300 000-00
Project Driver	Senqu Municipality (Community Services)
Potential Partners	IDC, DBSA, DLGTA, JGDM, DEDEAD
Implementation Period	2018 – 2028

1.3. Renewable Energy Programme

Project Description	A renewable energy programme will be developed to stimulate a "new economic sector" that will create additional employment and entrepreneurial opportunities while also addressing the primary issue of alternative energy in Senqu. This programme will also help address current and future energy needs of the Senqu Municipality.
Key Milestones	❑ Terms of Reference ❑ Renewable Energy Strategy and Plan
Estimated Budget	R300 000-00
Project Driver	Senqu Municipality (Technical Services)
Potential Partners	IDC, DBSA, DLGTA, JGDM, DEDEAD
Implementation Period	2018 – 2028

3 Enterprise Development

3.1 Business Development Support

Project Description	This will improve the provision and access to non-financial support services for start-up, new and existing formal and informal businesses in Barkly East, Lady Grey and Sterkspruit as focal service points. In partnership with the JGDM, state-owned agencies will be lobbied to increase their presence and operations in Senqu. The local SEDA satellite branch will be up-scaled to provide a comprehensive service in Sterkspruit, Lady Grey and Barkly East.
Key Milestones	❑ Partnership Proposals ❑ Memorandum of Agreements ❑ A van to provide mobile services to outlying communities
Estimated Budget	R1 800 000-00
Project Driver	Senqu Municipality & JGDM
Potential Partners	SEDA, JGDM, ECDC, DBSA, IDC, DEDEAT, SEFA
Implementation Period	2020 – 2022

3.2 Local Impact Procurement Programme (LIPP)

Project Description	This programme is aimed at improving the participation of locally-based SMMEs in the local municipal procurement and supply chain processes. Specifically it will: ❑ Maximize and direct Senqu municipal spend to impact more meaningfully on local SMMEs and the poor and ensure that 30 % of all capital procurement is on SMME's.
Key Milestones	❑ Supply Chain Management Policy Review ❑ SMME Policy ❑ Monitoring and annual reporting
Estimated Budget	R50 000-00
Project Drivers	Senqu Municipality
Potential Partners	JGDM, ECDC
Implementation Period	2018 – 2019

3.3 Investor package

Project Description	This will assist Senqu Municipality to retain and attract new investors with its trade and investment policy. The policy will also outline the municipal approach to investment incentives and support.

Key Milestones	❑ Trade and Investment Policy implementation
Estimated Budget	R250 000-00
Project Driver	Senqu Municipality
Potential Partners	JGDM, DBSA, IDC, DLGTA, ECDC, DEDEAD, DTI
Implementation Period	2020 – 2025

3.4 Tourism Programme Implementation

Project Description	This will be directed towards securing the necessary financial and technical resources to implement the Senqu Tourism Plan (2018).
Key Milestones	❑ Tourism Programme Implementation Plan ❑ Funding Agreements and Partnerships
Estimated Budget	R8 000 000-00
Project Driver	Senqu Municipality & JGDM
Potential Partners	DEDEAD, ECTB, ECDC, DLGTA, IDC, DBSA, DTI
Implementation Period	2018 – 2028

3.5 Agriculture Development Programme

Project Description	Development and implementation of an integrated Agriculture Development Policy and programme to improve growth and employment performance of the Agriculture sector including the concept of Agri Parks.
Key Milestones	❑ Terms of Reference ❑ Agriculture Development Plan
Estimated Budget	R2 000 000-00
Project Driver	DRDAR & Senqu Municipality
Potential Partners	Dept of Agriculture, Agriculture Farmers Union, ECDC, JGDM
Implementation Period	2018 – 2038

4   Livelihoods Programme

4.1   Framework for labour intensive programmes

Project Description	Strategic infrastructure programmes will be earmarked, designed and implemented in a manner that creates immediate employment opportunities for the poor e.g. housing, road and basic infrastructure delivery. These will be implemented in an integrated manner and with the cooperation between the LED Unit and relevant technical departments.
Key Milestones	❑ CWP & EPWP implementation plans ❑ Housing Job Creation Programme i.e Household Contractors
Estimated Budget	R200 000-00
Project Driver	Senqu Municipality
Potential Partner	Dept of Roads and Public Works, IDT
Implementation Period	2018 – 2038

5   Skills Development Programme

5.1   Necessary Priority Skills Development Plan

Project Description	A strategic human resource plan will be developed to improve the quality of labour and entrepreneurial capacity necessary to ensure higher levels of growth and development as well as look at the issue of tertiary institutions and courses offered in the area by SITA's for example. This will be critical to support the implementation of the LED Strategy focussing particularly on youth involvement in the economy and entrepeneurship.
Key Milestones	❑ Terms of Reference ❑ Priority Skills Development Plan
Estimated Budget	R300 000-00
Project Driver	Department of Education, Senqu Municipality
Potential Partners	ECDC, Business, JGDM
Implementation Period	2020 – 2025

6   Institutional Development Programme

6.1   Local Action Team

Project Description	Local Action Teams will be established and empowered to formalize local business participation and sector involvement in Senqu LED processes. Each LAT will run a programme and source and provide support for the implementation of strategic LED initiatives.
Key Milestones	❑ Terms of Reference ❑ Work Plan
Estimated Budget	R250 000-00
Project Driver	Senqu Municipality
Potential Partners	Sector Departments, Business
Implementation Period	2018 – 2038

CHAPTER 6: LED INSTITUTIONAL FRAMEWORK

1   Introduction

The Senqu LED Institutional Framework outlines the prerequisite institutional system needed to drive and effectively manage the implementation of LED in Senqu.

2   Key LED Institutional Platforms
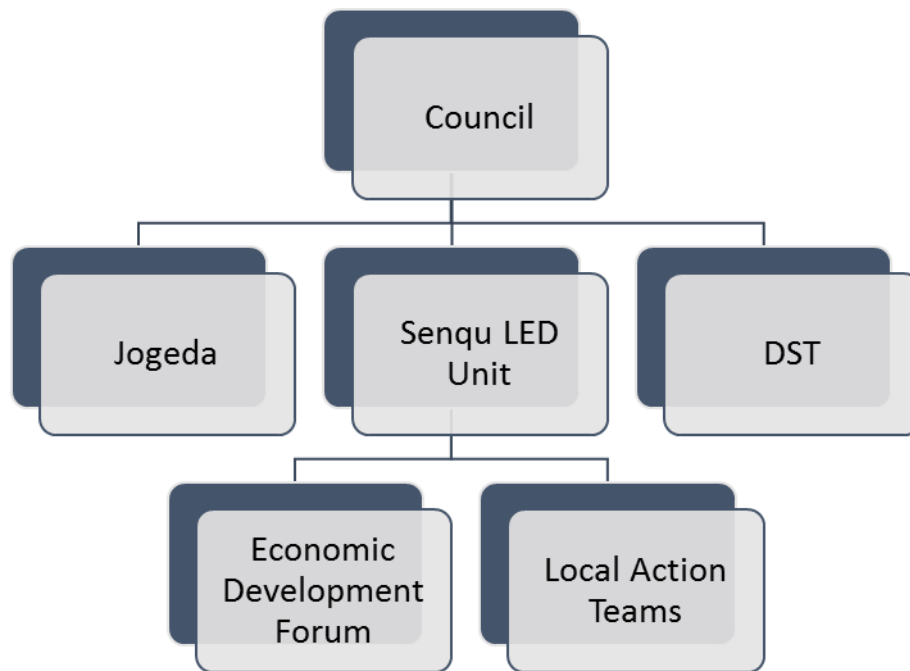
2.1   Senqu LED Unit

The role of the Senqu LED Unit is mainly to:

- Facilitate, coordinate and manage LED processes in the municipal area;

- Drive LED policy planning necessary for creating an enabling LED environment;

- Stimulate, coordinate and manage broader stakeholder participation in LED;

- Setup, coordinate and provide secretariat support to the Local Action Group and LED fora;

- Lobby and source funding and technical resources to implement LED;

- Support and manage performance agreements with JoGEDA and other partners;

- Report to Council on LED projects, processes and programmes

2.2   JoGEDA

The Joe Gqabi Economic Development Agency is a Special Purpose Vehicle (SPV) tasked to implement specific high-impact flagship projects on behalf of the Senqu Municipality. These include those already identified in this LED Strategy and any other tasks that shall be subject current and future Service Level Agreements entered into between Senqu and JoGEDA.

Specific to the implementation of the LED Strategy, JoGEDA's role is:

- Drive the planning and implementation of earmarked development projects as per Section 4 of this LED Strategy;

- Source funding and appoint project teams and consultants to implement earmarked development projects;

- Report to the Senqu Municipality on progress pertaining to their agreed mandate in Senqu.

2.3   DST

The DST has been established to drive cooperation between Senqu, District Municipality, surrounding Municipalities and key LED stakeholders in government and business sectors. Its main task is to:

- Identify and champion strategic growth and employment initiatives in line with this LED strategy;

- Source funding, skills, infrastructural and other related support necessary to implement flagship growth and employment initiatives;

- Coordinate stakeholder contribution and support for LED;

2.4   Economic Development Forum (EDF)

The EDF is a broader stakeholder platform for LED participation in Senqu. The purpose of the EDF is to:

- Create a platform to share LED information and experiences

- Enabling report on LED progress and implementation in Senqu

- Empower all stakeholders to track and monitor LED impact in Senqu

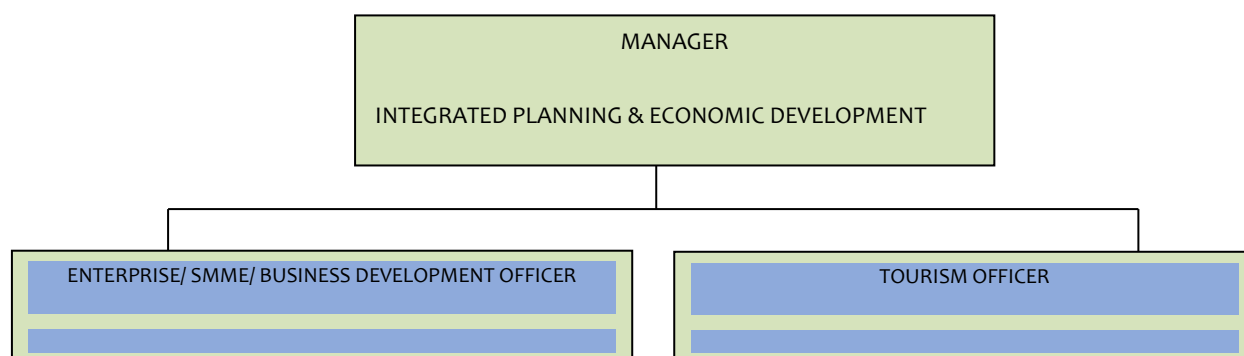- Provide all stakeholders an opportunity to contribute to LED planning and execution

The EDF is comprised of all stakeholders – including internal and external, business and communities, as well as donor and NGOs.

2.5 Local Action Teams (LAT)

The purpose of the LAT is to form a small group of individuals that have a clear project focus. The Municipality is unable to implement projects without financial support and technical expertise form sector departments and private enterprise. These teams will focus on specific projects and pool their resources to drive them.

3.   LED Unit Human Resource Plan

The LED Unit is understaffed but due to current financial constraints it is impossible to increase the size of the Unit. However, in order to overcome this difficulty use will be made of interns where possible to bulk up resources. The role of the Agricultural Officer on agricultural policy coordination and implementation support has to be fulfilled in part by the Integrated Environmental Development Co-ordinator and the District Agricultural Officer. Poverty alleviation is another role which can't be fulfilled by the unit and has to fall under SPU.

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The table below clarifies the roles and responsibilities:

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Position	Main Responsibility
IPED Manager	LED policy, programme and systems management
Enterprise/SMME/Business Development Officer	SMME, business and cooperatives policy coordination and implementation support
Tourism Officer	Tourism policy coordination and implementation support

CHAPTER 7: IMPLEMENTATION AND MONITORING

1.   Introduction

This section outlines how this Strategy will be implemented and its impact evaluated and monitored in line with the set goals and objectives.

2.   Implementation Approach

To ensure the effective implementation of this strategy, it is proposed that the following incremental approach be adopted:

2.1   Setup Phase (Year 0 – Year 1)

The purpose of this phase is to prepare for the implementation of the strategy by ensuring that fundamental or pre-conditional factors are addressed to support the successful execution of the strategy. The setup phase will focus on:

- o   Incorporating flagship programmes and projects in the municipal IDP and SDBIP
- o   Securing the necessary budgets to support annual programmes
- o   Establishing the Senqu Local Action Group
- o   Negotiating key level agreements with sponsors and funders

2.2. Planning Phase (Year 1 – Year 2)

This will focus on the planning of the priority initiatives identified in this strategy. In particular, this phase will involve:

- o   Appointment of project champions and teams
- o   Development of project plans

It is important to ensure that this process is driven and overseen jointly by the LED Unit and stakeholders constituting the Senqu Local Action Group.

2.3 Implementation phase (Year 3-18)

This will focus on the actual implementation of the priority initiatives identified in this strategy. In particular, this phase will involve:

- o   Execution of project plans
- o   Project management
- o   Progress reporting (Council, Local Action Group and LED Forum)

It is important to ensure that this process is driven and overseen jointly by the LED Unit and stakeholders constituting the Senqu Local Action Group.

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2.4 Monitoring, Feedback and Learning Phase (Year 19-20)

This phase represents the last stage in the implementation of this Strategy. It is fundamentally focused on:

- o Monitoring and evaluating outcomes and impact of executed projects
- o Providing continuous feedback to stakeholders on strategy projects
- o Documenting lessons to improve learning
- o Identifying future improvement areas

3   Monitoring & Evaluation Guidelines

Monitoring and evaluating the actual outcomes and benefits resulting from the implementation of this strategy shall be done as a commitment to continuous stakeholder feedback, learning and improvement.

To ensure that the results of the strategy are effectively monitored and evaluated, it is recommended that:

∇   The impact of the strategy be measured at the following levels:

- o On *primary beneficiaries* i.e. businesses;
- o On the *secondary beneficiaries* i.e. support-organizations;
- o On the *broader community* i.e. jobs, income levels etc
- o On the *revenue base of the municipality*

∇   The set measurable objectives of the strategy shall be measured on the third (Mid-Review) and sixth years (Final Review) of implementing this LED Strategy.

∇   All initiatives implemented as part of this strategy shall be subject to a standard evaluation mechanism at the completion of such intervention;

∇   All project progress reports be shared openly with the Senqu Local Action Group and LED Forum to enable them to play an effective role as watchdogs and monitors;

∇   Evaluation of projects and initiatives be conducted by independent evaluators that will provide an unbiased and objective assessment of impact at the relevant levels

The ability of the LED Unit to effectively coordinate the monitoring and evaluation processes and stakeholder feedback through the Local Action Group and LED Forum is a major success factor to be ensured by the Senqu Municipality.

APPENDIX I – ACRONOMYS

ANC	African National Congress
ARC	Agricultural Research Council
BEE	Black Economic Empowerment
CBD	Central Business District
CBO	Community Based Organisation
DBSA	Development Bank of Southern Africa
DEDEAT	Department of Economic Development (EC)
DM	District Municipality
DRDAR	Department of Agriculture
DoRA	Division of Revenue Act
DPLG	Department of Provincial and Local Government now COGTA
DTI	Department of Trade and Industry
COGTA	Department of Cooperative Government and Traditional Affairs
DWA	Department of Water Affairs
EAP	economically active population
EC	Eastern Cape
ECCACI	Eastern Cape Competitive Advantage Composite Index
ECCAT	Eastern Cape Competitive Advantage Assessment and Training
ECDC	Eastern Cape Development Corporation
ECSECC	Eastern Cape Socio Economic Consultative Council
FBS	Free Basic Services
GDP	Gross Domestic Product
GGP	Gross Geographic Product
GIS	Geographic Information System
GPI	Growth Performance Index
GVA	Gross Geographic Value Added
HDI	Human Development Index
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IPMU	Interim Programme Management Unit
ISRDP	Integrated Sustainable Rural Development Programme
JOGEDA	Joe Gqabi Economic Development Agency
KPA	Key Performance Area
KPI	Key Performance Indicator
LBSC	Local Business Support Centre
LED	Local Economic Development
LFTEA	Less Formal Townships Establishment Act (Act 113/1991)
LG	Local Government
LM	Local Municipality
MD	Magisterial District
MIG	Municipal Infrastructure Grant
MPCC	Multi-Purpose Community Centre
MSP	Municipal Service partnership
NGO	Non-Governmental Organisation
NSDF	National Spatial Development Framework
NSDP	National Spatial Development Perspective
PGDP	Provincial Growth and Development Plan

PGDS	Provincial Growth and Development Strategy
PMS	Performance Management System
PCU	Programme Coordination Unit
PPP	Public Private Partnership
RLCC	Regional Land Claims Commission
SALGA	South African Local Government Association
SAQA	South African Qualifications Agency
SBP	Small Business Project
SDF	Spatial Development Plan
SDI	Spatial Development Initiative
SDP	Skills Development Plan
SETA	Sectoral Education and Training Authority
SFGD	Strategy Framework for Growth and Development 2004–2014
SMME	Small, Medium and Micro Enterprise
SWOT	Strengths, Weaknesses, Opportunities and Threats Analysis
TI	Tress Index
UNDP	United Nations Development Fund

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