

**The Amathole Growth and
Development Summit (GDS) process
Jul-Mar 2007**

SUMMIT PROCESS REPORT

“KHUL’ AMATHOLE”

**A shared vision for the accelerated growth and
development of the Amathole District to ensure a
better life for all**

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Glossary

ADM – Amathole District Municipality

AHI – Afrikaans Handels Instituut

ASGISA – Accelerated and Shared Growth Initiative for South Africa

ASP – Agency Support Programme of the IDC

BBBEE – Broad Based Black Economic Empowerment

BDS – Business Development Services

BKCB – Border Kei Chamber of Business

COSATU – Congress of South African Trade Unions

CSIR – Council for Scientific and Industrial Research

DBSA – Development Banks of South Africa

DEAT – Department of Environment and Tourism

DEAET – Department of Economic Affairs, Environment and Tourism, Eastern Cape

DGDS – District Growth and Development Summit

DHLGTA – Department of Housing, Local Government and Traditional Leaders

DM – District Municipality

DoA – Department of Agriculture

DoE – Department of Education

DoH – Department of Health

Dti – Department of Trade and Industry

DWAF – Department of Water Affairs and Forestry

ECDC – Eastern Cape development Corporation

ECSECC – Eastern Cape Socio-Economic Consultative Council

ELIDZ – East London Industrial Development Zone

EPWP – Expanded Public Works Programme

DPLG – Department of Provincial and Local Government

ECNGOC – Eastern Cape Non-Government Organisation Coalition

FABCOS – Federated African Chamber of commerce of South Africa

FET – Further Education and Training

GC – Growth Coalitions

GDS – Growth and Development Summit

HDI – Historically Disadvantaged Individuals

HEI – Higher Education Institutions

IDP – Integrated Development Plan

IGR – Intergovernmental Relations

LGSETA – Local Government Sector Education Authority

LM – Local Municipality

MTEF – Medium Term Expenditure Framework

NAFCOC – National African Chamber of Business

NGDS – National Growth and Development Summits

NSDP – National Spatial Development Perspective

OTP – Office of the Premier

OEP – Office of the Executive President

PPP – Private Public Partnerships

PGDP – Provincial Growth and Development Perspective

PYDP – Provincial Youth Development Plan

RDP – Reconstruction and Development Programme

RIDS – Regional Industrial Development Strategy

RSS – Rapid Services Survey (Fort Hare Institute for Socio-economic research)

SALGA – South African Local Government Association

SEDA – Small Enterprise Development Agency

UFH – University of Fort Hare

UN – United Nations

WSU – Walter Sisulu University

Executive Summary

The report summarises the Amathole Growth and Development Summit process that commenced in September 2006. It is structured to reflect the process as it unfolded after commencing with the message from the political head of the district Executive Mayor Councilor Sakkie Somyo at the opening ceremony of the Summit.

The Mayor's address at the beginning of the Summit set the tone and outlined the imperatives and strategic thrust of the Summit.

This is followed by the background and introduction sections on the GDS processes which sketch government policy developed to guide the parties for growth and development.

The Framework and guidelines on the role of municipalities in LED and the imperative of building robust and inclusive local economies are mentioned as they are central to Government's economic growth and development strategy. The origin and purpose of the Growth and Development Summits is related to the PGDP, the Job Summit and national processes convened to address the socio-economic challenges in SA.

The Summit process developments are reported according to the phases followed -pre Summit, including a pre-Summit workshop then preparatory meetings of the various social partners and stakeholders, the Summit itself and finally the post Summit requirements, framework and implications. Important features are identified in summary form to illustrate their significance and encourage strategic reflection.

The Genesis and Compass processes run in the District at the same time by the District Municipality and the Amathole Economic Development Agency (AEDA) to develop the Amathole Regional Economic Development Strategy (AREDS) after the Summit is summarized illustrating its purpose, the process followed and its relationship to the Summit and the integrated development plans (IDPs).

The section dealing with lessons identifies some considerations of note from the Summit process which was in many respects a "learning-by-doing" process. The lessons should encourage creative engagement and reflection with a view to generating ideas on improving process design, strengthening efficient and effective intergovernmental relations, galvanizing reliable implementation modalities that interest role players, stakeholders and social partners, and encourage municipal officials to remain in government rather than leave.

Background

Provincial context

The Provincial Growth and Development Plan (PGDP), Provincial Government's umbrella for growth and development, was developed in consultation with social partners and stakeholders to guide the development of the Province over the decade (2004 to 2014). It constitutes the backdrop to the Growth and Development Summit (GDS)

process held in the Amathole District hosted by the Amathole District Municipality (ADM).

The PGDP sets out the provincial vision, targets and programmes aimed at economic growth, employment creation, poverty eradication and income redistribution which must ultimately improve the quality of life of the majority of its citizens. The PGDP follows a phased approach entailing developing and refining a strategy framework for development in the province for the next ten years and developing sectoral strategies and intervention programmes to achieve the objectives in the plan over the ten years.

National context¹

In sketching the background it is mentioned that, following the National Growth and Development Summit (NGDS) held in 2003, Government proposed that all District and Metropolitan Municipalities hold growth and development summits in their areas of jurisdiction.

These district growth and development summits were to provide opportunities for building consensus, encourage the formation of partnerships amongst and between social partners and stakeholders by bringing together representatives from the broad sections and constituencies in society. Parties included labour, business, the community sector, education, youth, disabled and the three spheres of government in a focus on growth and development within the respective District and/or Metro spatial economies.

The Eastern Cape held its Provincial Jobs Summit in February 2006. The Provincial Agreement endorsed the PGDP targets and explicitly declared the need to build on the National Jobs Summit (1998). In the Agreement's sub section 4.2.5 "Economic Governance"² it sets out that growth and development summits will be hosted in each district and the metro and growth and development strategies for each district and the metro will be formulated. Effectively the Job Summit endorsed Government's proposal that growth and development summits be held in all Districts and the Metros.

The Department of Provincial and Local Government (DPLG), which has executive responsibility for determining the role of Government in local economic development, issued Guidelines to municipalities regarding their roles and responsibilities in enabling LED through their Framework for the Development of Robust and Inclusive Local Economies in SA and GDS guidelines³. These constitute an important landscape in which engagements in the growth and development summit play out particularly with regard to the roles and responsibilities they spell out for municipalities to enable LED.

In light of the above imperatives the Amathole District Municipality commenced preparations in earnest for the District Growth and Development Summit from October

¹ A government-wide approach to developing and supporting robust and inclusive municipal economies is required and should be facilitated through active and dynamic alignment of the National Spatial Development Perspective, the PGDP and the District Integrated Development Plan (DPLG 2005)

² The Eastern Cape Job Summit Agreement 16 February 2006 is annexed to this report.

³ The Office of the President also issued growth and development summit guidelines

2006 with due regard to the commitments in the Agreements and Guidelines mentioned above. The process followed was championed by the municipality in carrying out its responsibility as host.

Introduction

The Amathole Growth and Development Summit (AGDS) was convened by the Amathole District Municipality (ADM) over the period 2007 at Mpekweni Sun, near the Great Fish River. The Summit was held in response to the resolution of the National Growth and Development Summit held in June 2003. That Summit mandated Districts and Metropolitan Municipalities to host district Growth and Development Summits.

The Summit Concept

The GDS concept was developed nationally and outlined in national guidelines. The Guidelines for Growth and Development Summits from the Office of the President and those issued by the Minister of Provincial and Local Government⁴ encouraged transversal consistency however there was inevitably a learning-by-doing expectation in all Districts. The purpose and aims and objectives of these were:

Purpose of the Summit

The guidelines stated that Summits should be understood and approached as:

- Follow-up mechanisms to the outcomes of the 2003 national GDS;
- Consultative processes that should contribute to the IDP beyond simply endorsing the IDP;
- An interface between the PGDP and the IDP;
- Processes to funnel and channel interventions and investments from all spherical directions into a particular region;
- As a means to build on partnerships with labour, business and the community sector;
- Processes to promote layered thinking towards the nature and, redistribution, growth and sustenance of economic potential of the region;
- Processes to deepen District and Local Municipal alignment towards a regional growth path.

The Aims and Objectives of the Summits were suggested as:

- Identifying the challenges and means to harness sub-regional growth potential;
- To address human needs through applying principles of equity, empowerment, environmental integrity, pro-growth and sustainable spatial planning and development and economic growth;
- To identify constraints, actions required by government and each partner to unblock the pipeline to pro-growth development;

⁴ The Guidelines issued by the Office of the President and those from the DPLG are attached in the annexures

- To guide social and economic infrastructure programmes to promote and improve investment and provide basic services to the community at large;
- To reach broad agreement on a development path and programme for the District and what each social partner (government, business, labour and community sector) should contribute to the implementation of the programme;
- To establish partnerships and/or regional growth coalitions to act as a mechanism for cooperative action at all levels and a robust framework for monitoring, evaluation and adjustment of progress.

Principles

The Summits were to be informed by the following principles:

- Accelerating growth, reduction of unemployment and poverty that is tied to the growth potential of regions and localities;
- District Municipalities and Metropolitan Municipalities are sites on which to build common understanding of the nature and redistribution of regional economic potential across the country
- Strengthen and deepen DM and LM alignment with regard to regional economic growth planning and implementation;
- Collaborative processes between government and its social partners to forge common vision to promote increasing levels of growth, investment, job creation and people-centred development.

The guidelines were developed in response to the reality that hosting district and Metropolitan “Growth and Development Summits” was unique and unprecedented. There was no established practice or tradition the Districts and Metropolitan municipalities could draw on to plan and implement growth and development summits.

The focus on the Summit in the District opened up significant opportunity for the District Municipality to engage as host, improve the level of social trust and build consensus amongst the stakeholders. This role was a remarkable challenge to the district’s political and administrative leadership and the engagements tested the commitment of social partners, stakeholders and role players’ to engage and partner for economic development.

. The Amathole district was no exception; there was significant and valuable learning through and during the hosting experience – implementing the Agreement will realize further significant lessons for the signatories as their commitment is tested in delivery.

The Eastern Cape Socio-Economic Consultative Council⁵ was invited to facilitate the stakeholder consultation by the District Municipality. ECSECC agreed to provide this service and facilitated the stakeholder's internal preparations for the Summit as well as the deliberations of the negotiating representatives to finalise the draft Summit agreement up to shortly before the signing ceremony during the Summit proceedings.

Pre-summit consultation Workshop

The Amathole Growth and Development Summit (AGDS) commenced in earnest during September 2006 with strategic facilitated interactions between social partners, stakeholders and the municipalities convened by the District Municipality. The pre-Summit consultations were held at Mpekweni Sun during a 2 day workshop attended by a variety of influential representatives of district and local municipalities, the social partners and key stakeholders and role players invited to attend by the District Municipality.

At the Workshop the constituencies in attendance were familiarized in detail regarding the planned Summit's purpose, process, time table and related considerations including ensuring all relevant representatives of stakeholders and role players were included in the process in order to guarantee its legitimacy

The Amathole District Socio-Economic Profile

A draft District Socio-Economic Profile⁶, previously circulated to social partners and stakeholders was presented to the plenary by ECSECC's economist. Participants were invited to comment on its content to contribute to improving it through inputs during the session or subsequently by written submissions.

It was agreed that further refinement of the profile would be needed post the pre-summit workshop leading up to the Summit and that this would be achieved during the stakeholder consultation processes that followed.

Sector Commissions

During the workshop participants gathered in one of 5 Sector⁷ Commissions with specific focuses.

The sectors were:

1. Manufacturing,
2. Tourism, Sports and Leisure,

⁵ In terms of the Job Summit Agreement sub section 5.1 ECSECC was expected to promote stakeholder participation in socio-economic policy processes – hence ECSECC's role in developing the District Socio-economic profiles and their facilitation of social partner preparation for the Summit.

⁶ Eastern Cape Socio-Economic Consultative Council (ECSECC) assisted by Amathole Economic Development Agency (AEDA) worked together to produce the Profile for the Amathole District

⁷ The sectors identified for the District derived from the priorities in the PGDP. The PGDP priority sectors include agrarian reform (agriculture), manufacturing, tourism, infrastructure and public services (social needs)

3. Agriculture, Forestry and fishing,
4. Infrastructure and
5. Social Needs.

Participants were allocated according to their declared interest, specialization and/or expertise. Commissions were supplied with a dedicated facilitator and resource persons with had special knowledge of the sector who were able to provide expert input on the sector to lubricate deliberations.

The Commissions focused on the sector, examined the economic status quo, identified stakeholders, defined their relationships, proposed champions to drive processes post-Summit and endeavoured to agree on priorities and economic potentials for/of the sector.

The results of the Commission deliberations⁸ were captured and reported back in plenary to allow clarification, discussion, embellishment, correction and refinement. In the exercise the understanding of the participants of the characteristics of key sectors, including recognition of sub sector features as well as the limits and possibilities within and between the sectors was improved. Apart from sketching the limitations the possibilities and priorities were highlighted in the context of comparative and competitive advantage. It was agreed the LED Directorate of the ADM should ensure that stakeholders from sub-sectors not represented in the Commissions like, for example fishing and forestry, should be mobilized to meet and prepare inputs for the Summit agreement.



Pre-Summit preparatory meetings of the Social Partners and Stakeholders

The social partners, labour, business and government⁹ held separate meetings of their respective constituent parts to prepare for the Summit according to the timetable developed by the District Municipality. These meetings were hosted by the District Municipality on behalf of Government and facilitated by ECSECC.

ECSECC also facilitated separate Summit preparation meetings of civil society organisations and the Higher and Further Education sector (HEI and FETs).

All these meetings were carefully structured and sensitively facilitated to encourage the respective constituencies to freely reflect on the context and landscape of growth and development in the District and determine their priorities, commitments and roles and responsibilities.

These preparations for the Summit consisted of:

-  Familiarizing their constituencies with the Summit's origin, purpose and process;
-  Encouraging attendees to reflect on the draft district socio-economic profile;

⁸ The Commissions results are contained in the pre-Summit workshop report which is attached in the annexures under the title pre-Summit workshop, Fish River Sun 2006

⁹ The South African Local Government Association, SALGA participated as the collective representative of the District and Local Municipalities

- ✚ Define their roles, responsibilities and rights in district growth and development especially with regard to partnerships;
- ✚ Decide the priorities for growth and development;
- ✚ Determine what they will commit to and declare in the Agreement;
- ✚ Note and understand what the other social partners and stakeholders demand expect and/or are prepared to commit to in the Summit Agreement.

Developing the Amathole Regional Economic Development Strategy (AREDS)

The Amathole Economic Development Agency¹⁰, in partnership with the Amathole District Municipality, ran an innovative extraordinarily participatory process of key activities divided into 4 phases in the run up to the summit. The process continued after the Summit Agreement was finalized and signed. The process followed is designed to culminate in the development of the AREDS with targets and a means to monitor and evaluate operationalisation of the strategy.

The key activities in developing the AREDS which took place in the pre-Summit period and that will take place after it are divided into main 4 phases. The purpose and sequence of the phases and a summary of the activities in each phase is summarized below:

1. Environmental scan – the activities in this phase entailed participatory engagement with private and public stakeholders in designated priority sectors to contextualize their circumstances, position, potential and readiness within the LED environment and to inform the Integrated Development Plan and the Growth and Development Summit process and event.

2. Strategic Intent –activities in this phase involved using the Genesis Programme at the level of the District in order to frame the medium to long-term regional “strategic intent” and determine and agree the game plan and institutional arrangements that, when implemented, would ensure the best opportunity for regional LED success.

Regional scenarios were developed through participatory workshop exercises involving the key stakeholders in three sectors – agriculture, manufacturing and tourism. A preferred scenario was developed from the three sector scenarios. This “ideal” scenario was designed to trigger, inspire and initiate regional transformation, economic vision and strategic intent.

3. Strategy Formulation – stakeholders were re-engaged in participatory workshops in localities according to spatial economic contexts. There were 4 key transport routes¹¹ through the District. The specific intentions of these workshops were to determine the areas of highest “sunrise” opportunity; identify the interventions needed by the district Municipality for them to be successful and to filter the options within the framework of the regional “game plan”. The objective in this phase was to endeavour to identify how to

¹⁰ German Technical Cooperation (GTZ) assisted AEDA. They funded the availability of Colin Mitchell, a South African expert in LED as well as part funded PEARS Trust EC, a local development consultancy, to assist AEDA roll out the Genesis and Compass exercises in the District

¹¹ The routes included the N[^], N2 Kei corridor, R63 and the R72. These routes were chosen as they are where the predominant economic activity flows in the District.

build distinctive competency in areas of competitive advantage. The route selection allowed for innovation in that key value chains were able to be evaluated and small towns were able to engage directly in the process.

4. Targets and Monitoring, Evaluation and Adjustment – the leadership of the AEDA and ADM will contribute to the development of a Compass for the LED operational component of the District and other committed stakeholders that will set cross cutting objectives as well as agree targets for achievement and indicators to measure progress.

The Compass of Local Competitiveness is a tool developed to monitor and assess progress with LED initiatives. It is based on the Balanced Score Card (BSC) method¹². The Compass is designed to cater for the needs of territorial development initiatives.

The high level of communication, consultation and extensive participation by stakeholders under the aegis of the Amathole District Municipality was generally acknowledged by all role players to have been outstanding and worth emulating for further processes.

The Amathole District Growth and Development Summit [DGDS] 08/09 March 2007

The Summit was held at Mpekweni Sun and lasted 2 days.

Presentations

Opening

The Executive Mayor opened proceedings. He pointed out that the ADM's key strategic focus areas for the period 2006 to 2011 would be:

- Reducing poverty by 50%;
- Eradicating poverty;
- Investing in sustainable infrastructure;
- Enhancing the district economy; and
- Reducing the impact of HIV and AIDS.

He declared there is a need to:

- Develop the rural economy to ensure adequate infrastructure, resources, amenities, support mechanisms and facilities are available; and
- Link the rural economy to the urban economy;
- Strengthen the spatial economy through developing the economies of rural towns and their hinterland;
- Expand the agricultural sector by resolving land issues, bringing land into production and adding value to agricultural produce;

¹² The Balanced Scorecard has been designed for use in Companies and other organizations to provide a basis for performance management.

- Provide transport and telecommunications to small rural towns and strengthen the major economic corridors along 4 routes in the District (R72, R63, N6 and N2);
- Ensure sustainable development of the beautiful and unspoiled district environment;

He indicated that the GDS resolutions would be fed into the Amathole Regional Economic Development Strategy (AREDS) and thus would be included in the District's IDP for the next 5 years and beyond. He concluded by encouraging delegates to participate, share knowledge and skills so that there is a shared common vision on the way forward. He urged representatives of constituencies to commit to playing an active role in meeting the District's objectives.

The Socio-Economic profile of the Amathole District

All delegates were supplied a copy of the Profile of the District in their Summit packs. In the Foreword to it the Executive Mayor stated that the summit provides opportunities for building partnerships with social partners by bringing together representatives from the broadest sections of society. He highlighted Government has identified district and metropolitan areas as pivotal sites on which to build an understanding of the nature and distribution of regional economic potential across the country.

He identified 9 specific questions and issues that the Summit should address. These included:

1. The District's economic potential and which sectors should be promoted;
2. Commitments from government, business, labour and the community sector to ensure investment in these sectors;
3. The actions required by government and each partner to deal with constraints to investment;
4. The social and economic infrastructure programmes required to improve investments and provide basic services to communities;
5. The contribution by each partner to the construction of such infrastructure;
6. The second economy interventions – EPWP, and the role of each sector in these interventions;
7. Interventions to promoting local procurement;
8. Improving the capacity of local government and determining the contribution of the other social partners;
9. Establishing regional growth coalitions to act a mechanism for cooperative action and monitoring and evaluation.

Presentation by the Municipal Manager

The Municipal Manager pointed out that the district has six key challenges that need to be addressed, they are:

- The requirement to deliver basic services;
- The need to improve public services;
- The need to create jobs and livelihood opportunities;
- The requirement to build and maintain infrastructure;
- Fight poverty;
- Work towards an integrated growth and development strategy.

Furthermore, he summarised the **economic trends and drivers** in the three **sectors** – Agriculture, Manufacturing and Tourism to locate Summit deliberations on how to enable economic development.

The sector features presented can be summarized as follows:

Agriculture

The Agricultural sector drivers in the district were identified as competitiveness, land, natural environment, HIV and AIDS, the resource base, debt and high start-up costs and a decline in the appeal of farming life. Trends in the sector included a 28% decline in the number of commercial farming units with a 27% decline in agricultural employment.

Manufacturing

The sector drivers included non-tariff trade barriers, lack of skills, centrally determined wages, and lack of competitiveness, distance from the markets, poor transport linkages and high capital costs. Trends identified were a decline in the number of manufacturers, declines in the key sectors of textiles and furniture. A decline of 30% of manufacturing jobs and 42% of small and 26% of very large companies are considering relocating.

Tourism

The drivers in this sector included infrastructure (especially roads), environmental management, experiences (like historical, liberation struggle), skills, packaging products that appeal and finally safety and security.

In order to build Municipal capacity and cooperation, the Municipal Manager identified that there needs to be IDP alignment, co-operation with Business, Provincial Departments, their agencies and national Departments and their agencies.

Speech by MEC for the Department of Housing, Local Government and Traditional Affairs

Mr. S. Kwelita, MEC for the Department of Housing, Local Government and Traditional Affairs introduced his speech by stressing that the Summit presented a strategic opportunity for the government, business, labour and other stakeholders to chart a development path for the District, align projects and priorities, ensure the IDP is strategic, credible and representative of the needs and interests of all stakeholders and is better aligned to the PGDP, MTEF and ASGISA.

He identified six outcomes for the Summit:

- To improve the understanding of the district's economic potential, constraints, what interventions are needed to realize potential to grow sectors, create jobs and provide economic opportunities for historically disadvantaged individuals.
- To improve the understanding of what each constituency represented at the Summit can do to increase investment, outputs and jobs in the target sectors.
- To spell out how the social partners and government will deal with the constraints to investment, bureaucratic delays, EIA processes and land-use management.
- To clarify the priority economic infrastructure and how different partners, especially state-owned entities like Transnet can fast-track delivery of the infrastructure.
- How to build bridges between the two economies; use local procurement, access to micro-credit, co-operatives and land reform to provide economic opportunities for the poor.
- Agreement of the social partners and stakeholders on how to build a developmental state in the District, where local government is capable, accountable, focused on service delivery and sustains enduring partnerships, namely growth coalitions that create jobs and fight poverty.

The MEC then pointed out that the district's socio-economic profile revealed the existence of entrenched poverty and unemployment, huge socio-economic disparities, dramatic backlogs in water and sanitation provision, grant dependent rural area, rampant unemployment and a static economy.

He emphasized that although the district has significant development challenges there is notable growth and development potential. These include growing the IDZ, developing an auto-processing hub, expanding the EL port, upgrading the rail link to Gauteng, growing tourism in small towns, producing bio-fuels, increasing mariculture, forestry and timber processing, creative industries, business process outsourcing and job creation in agriculture and agro-processing, especially in the Kat River and Keiskammahoek areas.

The MEC stated that any developments in the sectors must reduce poverty, inequality and restore dignity and a sense of self-worth among all citizens. He pointed out that the Regional Industrial Development Strategy (RIDS) is to play an active role in economic transformation and he encouraged the district to leverage from its customized support packages developed to promote growth by aligning its LED strategy.

The MEC reflected that after 3 years of implementing the PGDP it has been recognized that there is an over-reliance on the automotive sector. New prioritization has therefore been given by Province to agrarian transformation, tourism development and agro-manufacturing complexes in order to address unemployment and underdevelopment the rural economy. He emphasized that strong transport and logistics linkages between the rural areas and the IDZ are needed to ensure market access and optimize value chain linkages to the industries in the IDZ.

The MEC concluded optimistically – he welcomed the timing of the Summit and pointed out it will start articulating an economic roadmap that identifies priority projects around which the three spheres of Government and other role-players need to converge and which will be factored into the district IDP.

The Minister of Trade and Industry

The Minister Mr. M. Mphahlwa, presented his speech from the vantage point of the national Ministry where he is responsible to provide guidance and give direction on the whole economy of South Africa on behalf of Cabinet.

The Minister commenced by pointing out that successful and economically vibrant communities depend on being able to **adapt** to fast changing national and international market forces and that these forces have dramatically altered the relative place of municipalities in the global economy. He indicated SA is an era of conflict between economic approaches namely protectionism versus trade liberalization. The country needs to carefully consider the pro and cons of each approach in determining the appropriate balance to enable the best economic development for the country.

He explained that significant structural changes in production technologies, transportation and communication have radically altered the economic space where economic activity is conducted. Gigantic factories in one place have been replaced by new approaches to production like mini, small, niche production and global sourcing.

He stated that the convenience and cheap cost of transporting goods and people has diminished distance as a factor in deciding where to put up and operate a factory. Reinforcing this, improvements in technology have made long distance monitoring and remote control of production activities possible.

According to the Minister these developments have diluted national government's capacity to intervene directly in the economy. National government still plays a role in upgrading industry capacity however the reality is that concentration of industries and

economic clusters in municipal areas have really strengthened municipal influence in economic development.

The Minister advised that the country's industrial strategy must recognize local features which he described as "geographical structures of production". Municipalities, key to the locality, have to take responsibility for mobilizing local talents, energies and supporting institutions. This responsibility includes strategic and infrastructure planning, support of a wide variety of economic factors including education, supporting new firm formation, the health of small and medium firms and creating effective technology linkages among higher and further education institutions, companies and research centres.

He elaborated that one of the key challenges facing municipalities is red tape which inhibits the ability of businesses to respond to new market opportunities. On top of this many small businesses have limited business planning and management skills, poor access to markets and market knowledge and almost no investment capital. He stated individuals often lack experience in taking personal initiative and they neither see nor know how to seize opportunity.

The Minister pointed out that Cabinet tasked the Dti¹³ with several responsibilities to support LED. One responsibility was to analyse the economies of all the District and Metropolitan municipalities including identifying comparative and competitive advantage and incorporating these into credible LED strategies and programmes. The programme was to be implemented through appropriately constituted LED capacity in municipalities through partnerships with the other spheres of government, state-owned enterprises, organized business, labour and the community sector.

He announced that the dti has gathered data¹⁴ on the District that confirms it lies at the heart of the Province, with 1.7 citizens, it has an economy strategically dominated by Buffalo City. Government is by far the largest employer in the District. The District economy has not grown at the national average and the manufacturing and agriculture sectors have shed substantial jobs.

The Minister stated there is an urgent need to optimise the impact of local government, improve and strengthen intergovernmental co-ordination to delivery in key areas and economic development with key partners.

He confirmed the dti will carry on supporting the local municipalities of Mbashe (Dutywa), Mquma (Butterworth), Great Kei (KOMGA), Amahlati (Stutterheim), Ngqushwa (Peddie), Nkonkobe (Alice, Fort Beaufort), and Nxuba (Adelaide, Bedford) build capacity to formulate credible LED strategies.

¹³ In 2006 Cabinet adopted the 5-year Local Government Strategic Agenda Implementation Plan and dti was tasked with several responsibilities to support LED

¹⁴ Dti has developed a Geo-economic Mapping and Analytical System, in partnership with the CSIR. It has yielded data that dti want to make available to the municipalities in the District.

The dti will place specialist economists and development economists in selected municipalities assist facilitate stakeholder engagement after the Summit to form regional growth coalitions, foster partnerships among the stakeholders and establish a mechanism for multi-level co-operative actions. The economic and development experts will facilitate the formulation of District Industrial Strategies and Indicative Business Plans that the dti and the IDC will use to formulate support measures necessary to implement the indicative business plans.

He encouraged AEDA to work with the dti in planning implementation of the District Summit resolutions. He confirmed the IDC's Agency Support Programme will make resources available for the formulation of comprehensive business plans and feasibility studies on projects from all local municipalities where capacity is required.

The Minister explained that the dti's Development Preparedness Analysis of the district recommended a 2 pronged strategy for the district.

The first economy

In East London (Buffalo City) the current **regional strengths and lead sectors of the economy need to be enhanced**. There is a need to promote sustainable economic growth and employment, build regional competitive capabilities and provide firm level support measures that enhance regional performance to attract foreign direct investment. There must be increased production, improved competitiveness and diversification of regional markets in agro-industrial, manufacturing and the services sector with potential for export and employment creation. Further the port needs expansion, partnerships need promotion around iconic property development and the attraction of new manufacturing investment to the IDZ.

The Minister stated that given the potential in the District the Tourism clusters need promotion and the dti's Regional Industrial Development Strategy (RIDS) must align with the Provincial Industrial Strategy (PIS) so there is a basis for joint action in the Tourism, Forestry sectors and the promotion of local beneficiation strategies. In low base areas like Dutywa, Nkonkobe, Amahlati, Ngqushwa, Nxuba Mnquma and Komga the stakeholders need to work together to pursue opportunities in ASGISA initiatives in biofuels, forestry and call centres given their promise for local municipalities.

The second economy

He stressed that the dual nature of the district economy necessitates a focused strategy for the second economy. He directed that local municipalities need to migrate LED priorities into budget priorities. The economic isolation and disconnected local communities with poor economic infrastructure like roads must be eliminated. The Minister insisted that transportation and logistical systems are the major challenge for the District – he pointed out all stakeholders need to formulate an integrated investment strategy to address the problem.

He listed 6 key problems that must be addressed so the growth strategy bears fruit. They include fixing the roads especially in rural areas and in townships,

Stray animals on the roads, poor infrastructure planning in municipalities, inadequate public transport facilities especially for the disabled, lack of co-operation between public transport operators and municipal authorities, lack of municipal capacity to manage transport planning and the lack of municipal capacity to formulate small business support.

The Minister alerted the Summit to his view that the district urgently needs to develop a **comprehensive community-based local economic development plan** focusing on facilitating household diversification of economic activity to improve livelihoods, reduce poverty and vulnerability. This implies that the district and local municipalities must scale-up support for survivalist or home-based informal enterprises or initiatives that surround business or enterprise development.

The Minister further illustrated that dti analysis showed that the economy of the poor local municipalities and communities within rural areas depend on state financial grants, subsistence agriculture and informal trade. In the circumstances the Minister expressed the view that the way forward is that the three spheres of government¹⁵ need to cooperate to **package a suite of initiatives to target support of individual enterprises or sectors of the local economy**. He further intimated that local economic development strategies should be developed to encourage agri-processing, enabling adventure tourism and developing forestry and co-operative enterprise development in forestry and wood processing. He expressed his hope that when the dti establishes local Seda Offices they will focus on supporting small enterprises and build on the need for collective support of co-operatives.

The Minister also stressed that there is a need for an urgent strategy focused on the wood and co-operative wood processing sector and community-based tourism initiatives. He reiterated that government must review the overall planning and management of economic and physical development and the relevant economic and social capital that must fit the strategy. On behalf of government he confirmed the principle that the private sector drives investment but that in some situations and regions the public sector could and should take the lead. He exhorted all stakeholders to work together deliberately to stimulate and support dynamic industrial development.

In concluding, the Minister reminded the assembled they should appreciate that the greatest asset the poor have is their capacity to labour. He therefore reminded municipalities that they are responsible to take deliberate action to create employment to alleviate poverty. He stressed that employment generation as the means to alleviate urban poverty historically has been one of the major strategies for alleviating poverty in the rural communities.

¹⁵ The Minister pronounced that he is “of the opinion that ...we need to develop a comprehensive community-based local economic development plan..” . Later on he states “**We** urgently need to package a suite of initiatives that would directly target support at either individual enterprises or sectors of the local economy” pp 9 Min dti 2007 speech. In the absence of the Minister specifying who “**we**” is, this report interprets he refers to the three spheres of government viz local, provincial and national and its respective relevant public entities, soe’s and any others that have responsibility to use public funds sensibly, efficiently and effectively to promote economic development.

Finally he stated that he expected the district to provide a comprehensive list of interventions to facilitate job creation and assistance to poor communities. On the one hand the interventions should attract new investment, retain existing informal enterprises and support the expansion of formal enterprises. On the other hand municipalities must intervene with pro-poor economic policies that expand employment opportunities or increase incomes for poorer groups through the community-based public works programme.

The Summit Agreement

The agreement signed by the parties at the Summit was developed by the District Municipality through extensive, facilitated, deliberate and careful consultations and negotiations amongst and between key players, stakeholders and role players representative of the citizens in the District.

The Agreement envisions a district where poverty is alleviated, human development is holistic and sustainable through stimulation of the economy so that quality, sustainable jobs are retained and created while the capacity of municipalities and their partners is enhanced to ensure improved services are delivered and sustained in the District.

In order to achieve the vision the signatories committed themselves to programmes and activities to realize the growth and development vision, developing working partnerships amongst themselves to implement the agreement and strengthen and utilize the IDP as a socio-economic planning tool for the district.

Lessons

Sufficient time for the Summit process

Generally insufficient time was budgeted for Summit preparations. The secretariat that planned the pre-Summit activities appear to have assumed stakeholder preparation would be relatively fast and consultations and negotiations to finalise a draft Summit Agreement would be relatively straightforward and quick.

Running more than one strategic participatory processes simultaneously

Conducting the *Summit preparation and the Summit event* as well as the *Genesis and Compass processes* made mobilization and engagement of the same constituencies for both processes extremely complicated.

Running the processes simultaneously without a specific strategic co-ordination plan crowded the landscape, stretched key individual availability thresholds and confused some stakeholders.

As a result of the experience, Municipalities and social partners developed a measure of workshop burn-out, non-attendance arose from clashing commitments and some stakeholders felt uncertainty and/or concerned about possible duplication of processes which consumed valuable time on the part of the secretariat to ameliorate the concerns and/or confusion.

District Growth and Development Summits – a new initiative

Significant learning opportunities about how to build, establish and maintain social trust¹⁶ for, inter alia, growth and development in the District exist through examining the Summit processes, including all the elements and considerations involved in preparing, then holding the summit and subsequently implementing the agreement.

It is important therefore to look at the features of the process from inception to finalization, examine the record of the experience, particularly what worked and what did not work in relation to the targets and deliberate on good practice and improvements with an eye on implementing the terms of the Agreement and feeding into the process to finalise the AREDS.

Stakeholders and role players have different interests and conceptions of District “Growth and Development”. In the beginning of the process growth and development was strongly contested by labour and business due to the inherent contradiction between their respective positions on development that turn around tensions between social development and economic development.¹⁷ The other players in the process namely government, civil society organizations and traditional leaders were also fairly divided between these two perspectives. During Summit preparations interactions between the stakeholders included debating these perspectives in the search for a compromise to secure terms for agreement on District Growth and Development.

It is important to identify the rules of the game and the respective duties, roles and responsibilities of the host and the stakeholders and precognise the main players regarding their significance and secure their compliance to improve the consultation process.

Post-Summit process – The Way Forward

Implementing the Agreement is the real measure of its success. A significant post Summit activity required is the **development of an action plan** under the aegis of the District Municipality. The Agreement makes provision for a structured implementation process involving authorized stakeholder representatives.

¹⁶ The President identified that “growth coalitions” need to be put in place to enable local economic development. A key ingredient of growth coalitions, i.e. the coming together of social forces in a locality with concern for growth and development, is the development of deeper levels and forms of social accord amongst the social partners, stakeholders and role players around growth and development goals, priorities, their respective roles, responsibilities and rights, commitments, resources, coordination and all other related aspects.

¹⁷ Social development and economic development have substantially different policy frameworks. Social development policy is concerned with caring for the vulnerable, solidarity with and working collectively in the common good, subsidizing the poor, alleviating suffering and caring for the disadvantaged and disabled. Economic development policy focuses on competitiveness, survival of the fittest, opportunism, profit and entrepreneurship. The policies come into conflict in development situations and need to be properly understood and building thereon carefully managed to ameliorate the meltdown of social relations.

The Framework for Implementation

The District Municipality is recognized by all signatories as the champion or driver of implementation. It therefore needs to take the lead immediately by inter alia:

- Designing and Setting up an Agreement Implementation Structure (AIS) supported by a competent and appropriately resourced secretariat, whose authority to operate is recognized by the signatories;
- Securing buy-in for the AIS from the signatories and popularize it amongst citizens of the District as the pre-eminent implementation structure for District growth and development;
- Ensuring the AIS is fully resourced, sensibly located, the secretariat appointed, trained, inducted and starts to operate expeditiously;
- A utilization-focused monitoring, evaluation and adjustment (mea) system has to be designed, operationalised and interfaced with existing systems of government and the stakeholders. The interface must allow the information it generates to be managed systematically to permit efficient reporting, sound decision-making and strategic adjustment to plans and implementation operations in process rather than afterwards in the form of a post mortem or forensic audit searching for why implementation failed and who is responsible¹⁸.
- A work calendar needs to be published following a thorough activity planning process with the signatories. The calendar must take into account all stakeholders' activities to ensure no overlaps, double booking and/or repetition.
- The AIS must examine all the other DGDS Agreements and identify all inter-District interaction, coordination, cooperation and related interaction and related implications and factor these into its activity planning.

Structures and functions - implementation

The District Municipality has three structures that will play an important role in ensuring implementation of the Agreement. Below each structure is named, its terms of reference and/or its functions and how regularly it meets are spelled out.

The details illustrate how the Municipality has responded to the Summit process and agreement by providing institutional mechanisms to implement the Growth and Development Summit Agreement.

¹⁸ "Closing the gate after the horse has bolted" summarises the commonly recognized understanding amongst monitoring, evaluation and adjustment practitioners that not taking immediate, expeditious adjustment action to deal with problems picked up by monitoring and evaluation during implementation is foolhardy. Hence it is advocated that the District Municipality commission a utility-focused mea system be immediately designed, established and put into operation. The system needs to be developed by either its own mea line function specialists or specialists in consultation with the implementers to ensure the Agreement is implemented with an eagle eye on the process and a fine tuning hand to intervene and adjust if and when required.

Growth and Development Monitoring and Evaluation Committee (GDMEC)

Purpose

This committee is responsible for **ensuring the outcomes of the post summit process**. It is the committee with hands-on implementation responsibility and configures closely with the AIS mentioned above in the framework for giving effect to the Summit Agreement.

Terms of reference

Its terms of reference help understanding of its implementation functions and responsibilities. The terms are as follows:

Chairperson and Secretariat of the Committee

The Committee shall be chaired by the Portfolio Head: Economic Development of the ADM. The ADM will provide secretariat services to the committee.

Role and function of the GDMEC

It will receive and consider action/implementation plans on commitments by stakeholders;

It will receive and consider progress reports from stakeholders;

It will encourage institutions and agencies to co-operate and work together;

It will promote and facilitate partnerships at district level between the private, public sectors and civil society.

Composition of GDMEAC

It will have representatives from ADM, Local Municipalities, provincial and national government departments, provincial and national parastatals, NGOs, organized business, organized labour, gender and youth organizations, other civil society organizations, traditional leaders and institutions of higher learning.

Meetings

The GDMEAC will meet quarterly.

Sub-committees

The GDMEAC shall set up sub-committees to perform tasks.

Integrated Development Plan Steering Committee

Purpose

This is a steering committee of the District Municipality responsible for the IDP which meets quarterly. The Summit agreement implementation process will be reported there, modalities discussed and regard given to integrating the process into the plans of the Municipality.

Composition

It is composed of the District Municipal Councilors, Managers and officials as well as stakeholders representing the citizens of the District across all sectors including but not limited to youth and disabled constituencies.

District Mayor's Forum

Purpose

This Committee brings all the district's municipalities together quarterly in order to **exercise oversight** over local governance of the District. It provides the mechanism to **integrate** district municipalities' activities, address intergovernmental issues with respect to other districts, provincial and national government departments that are present, involved, and active or may even be interested service delivery in the Amathole district.

Composition

The forum is composed of the Amathole District Municipality Mayors and Managers.

Conclusion

The Municipalities are not alone in their concern to enable local economic development. Two examples of the serious commitment to growth and development that illustrate this is a busy terrain now are firstly, the commitments made by the Minister of Trade and Industry at the Summit and secondly, by the recent position of SALGA's Economic Growth and Development Commission on the strategic levers municipalities must use to enable LED.

The Minister of Trade and Industry advised the signatories at the Summit that the dti, through IDC, will work with the District Municipality's Economic Development Agency (AEDA) to **plan implementation** of the Agreement and assist the District Municipality facilitate the **establishment of growth coalitions, foster partnerships among stakeholders and establish a mechanism for cooperative action at all levels** in key areas in the District.

SALGA declared at its April 2007 Conference on **"Defining Development"** that the problems confronting local government are the same as those facing the whole state system. They relate to 5 issues/areas as follows:

- Poverty alleviation;
- Employment creation;
- Empowerment;
- Social cohesion;
- Instigation of an economic growth model that is underpinned by equity.

SALGA identified six (6) strategic levers in the hands of state organs that need to be creatively used to trigger, stimulate and drive growth and development at local level. These strategic levers include:

Local Economic Development – local political leaders need to be directly and passionately involved in the conceptualization, context and content of LED strategies.

The essentially political character of growth and development must be acknowledged. There needs to be support and encouragement of cooperatives and stokvels and we need sustainable strategies to attract investment from the private and public sector.

Expanded Public Works Programme (EPWP) – this programme is government’s response to poverty and unemployment in the country. It is compulsory for municipalities to implement the EPWP in their localities at every opportunity.

Broad Based Black Economic Empowerment (BBBEE) – government is expected to procure preferentially to foster social cohesion, empower HDIs and stimulate new demand in local economies.

Land Restitution and Redistribution – Municipalities have a role inland reform as follows:

- Ensuring sustainable land reform and development as part of LED;
- Ensuring security of land rights on private and/or municipal land acquired through land reform;
- Provide and manage municipal land for growth and development.

IDP/PGDP/NSDP¹⁹ Interface – District Growth and Development Summits were required by DPLG and the Presidency in order to help the players align these three but in particular to give the PGDPs local content so they were less academic, more real. Municipal leadership are required to sequence and order the wish lists into comprehensive and implementable sets of programmes and are responsible and accountable for the quality and rigour of the IDPs.

ASGISA and JIPSA – These are designed to unlock economic and growth potential of local economies. Municipalities can grasp these initiatives with energy and participate meaningfully to garner significant advantages for the local economy.

With due regard to the above features the District appears well positioned and poised to grow and develop positively – the future of local economic development looks interesting and rich in potential. Implementation of the Amathole Growth and Development Summit agreement is centred on changing the world!

“The end of all action, individual or collective is the greatest happiness of the greatest number. There is no difference of kind between the good of one and the good of many or all. It is natural to regard the state as a community that exists for the sake of a good life for all. It is in the state that common seeking after the good, which is the profoundest truth about men and nature, becomes explicit and knows itself.” Aristotle

¹⁹ The National Spatial Development Perspective (NSDP) is a spatial, land use and planning instrument developed by and through the Office of the President of South Africa. According to SALGA it should be noted that SA does not have a national development plan/strategy like the Asian tigers which have 20 to 30 year plans. Neither the PGDP nor the NSDP can replace a national development plan/strategy.