MANDENI MUNICIPALITY LOCAL ECONOMIC DEVELOPMENT
DRAFT STRATEGY
A SECTOR PLAN OF THE INTEGRATED DEVELOPMENT PLAN
MARCH 24, 2017
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>BBBEE</td>
<td>Broad Based Black Economic Empowerment</td>
</tr>
<tr>
<td>CBD</td>
<td>Central Business District</td>
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<tr>
<td>COGTA</td>
<td>Cooperative Government and Traditional Affairs</td>
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<td>DM</td>
<td>District Municipality</td>
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<td>DOA</td>
<td>Department of Agriculture</td>
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<td>DTI</td>
<td>Department of Trade and Industry</td>
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<td>DTP</td>
<td>Dube Trade Port</td>
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<td>EDTEA</td>
<td>Economic Development Tourism and Environmental Affairs</td>
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<td>EXCO</td>
<td>Executive Council</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GIS</td>
<td>Geographical Information Systems</td>
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<td>GVA</td>
<td>Gross Value Add</td>
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<td>ICT</td>
<td>Information Communication Technology</td>
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<td>IDP</td>
<td>Integrated Development Plan</td>
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<tr>
<td>ITB</td>
<td>Ingonyama Trust Board</td>
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<tr>
<td>KPA</td>
<td>Key Performance Management</td>
</tr>
<tr>
<td>KSIA</td>
<td>King Shaka International Airport</td>
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<tr>
<td>LED</td>
<td>Local Economic Development</td>
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<td>LM</td>
<td>Local Municipality</td>
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<td>MIG</td>
<td>Municipal Infrastructure Grant</td>
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<td>MLM</td>
<td>Mandeni Local Municipality</td>
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<td>MPRA</td>
<td>Municipal Property Rates Act</td>
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<td>MSA</td>
<td>Municipal Systems Act</td>
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<td>NGP</td>
<td>New Growth Path</td>
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<td>NPO</td>
<td>Non-Profit Organisation</td>
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<td>Acronym</td>
<td>Description</td>
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<td>NTSS</td>
<td>National Tourism Sector Strategy</td>
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<td>PGDS</td>
<td>Provincial Growth and Development Strategy</td>
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<tr>
<td>RBSEZ</td>
<td>Richards Bay Spatial Economic Zone</td>
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<tr>
<td>SCM</td>
<td>Supply Chain Management</td>
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<tr>
<td>SDF</td>
<td>Spatial Development Framework</td>
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<td>SEDA</td>
<td>Small Enterprise Development Agency</td>
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<td>SEZ</td>
<td>Spatial Economic Zone</td>
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<td>SIPs</td>
<td>Strategic Infrastructure Projects</td>
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<td>SMME</td>
<td>Small Medium Micro Enterprise</td>
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<td>TC</td>
<td>Traditional Council</td>
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1 INTRODUCTION

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) mandates local government to promote social and economic development in areas of their jurisdiction. It thus requires the municipality to structure and manage its administration, budgeting and planning processes in a manner that gives priority to the basic needs of the community and promotes the social and economic development of its area. This mandate is outlined further in the White Paper on Local Government (March 1998) which introduces a notion of ‘developmental local government’, and identifies local economic development as one of the critical outcomes and key performance areas for this sphere government. It is executed, among others, in terms of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), which provides for the principles, mechanisms and processes necessary to enable a municipality to fulfil its developmental obligations. Section 25 (1) of the MSA requires a municipality to adopt a single, inclusive and strategic plan for the development of its area of jurisdiction – Integrated Development Plan (IDP).

1.1 INTRODUCTION TO MANDENI LOCAL MUNICIPALITY

Accordingly, Mandeni Local Municipality (MLM) Integrated Development Plan (IDP) identifies local economic development (LED) as one of the key performance areas and a strategic intervention for promoting socio-economic development, alleviating poverty and improving the quality of life within the municipality area of jurisdiction.

The Mandeni Local Municipality is one of the four (4) local municipalities (LM) that make up iLembe District. The other local municipalities are:

- KwaDukuza LM situated towards the south of Mandeni along the coast
- Maphumulo LM situated further inland towards the west of Mandeni LM
- Ndwedwe LM situated inland further south bordering KwaDukuza LM.

The Mandeni Municipality borders onto the uMlalazi Municipality (part of Uthungulu District) to the north. It is situated along the north-coast of KwaZulu-Natal approximately 50km north of eThekwini Metro and south of Umhlathuze Municipality. It borders onto uMlalazi Local Municipality in the north immediately after the Amatigulu River and the Indian Ocean along the coastline to the East. It lies along the N2 national and provincial corridor, as well as the north-south rail link connecting the economic hubs of Durban and
Richards Bay. As such, the municipality is strategically located to provide service and derive economic benefits from these economic hubs.

The Mandeni Municipality has a total population of about 138 080 people or 38 233 households spread unevenly over 17 Electoral Wards. The municipal area covers approximately 545.48km² and is predominantly rural in character. Ingonyama Trust land accounts for the majority of its land mass, and is occupied by the members of the Sikhonyane, Mathonsi and Macambini Traditional Councils (TCs). As such, the majority of the population resides in traditional rural settlements spread unevenly in space within these areas. Agricultural land, the majority of which is under sugar-cane, accounts for at least a third of land mass of the municipality.

Mandeni Town and the associated Sundumbili Township is the only major urban centre in Mandeni Municipality. The town functions as a service centre for the whole of Mandeni Local Municipality and the south-easter part of uMlalazi Municipality. It is approximately 5km away from the N2 and situated along the MR 102 which runs parallel to the N2 forming a secondary corridor in this regard.

1.2 MANDENI MUNICIPALITY AND LED MANDATE

Since establishment, the Mandeni Municipality has been involved in LED, though in a very limited scale. This is partly because of the lack of capacity and LED being a relatively new mandate for local government. This strategy is based on a new approach which requires the municipality not to run LED projects itself, but to facilitate the setting up of institutional arrangements and creation of an enabling environment for business development. This is often referred to as “the new institutionalism”. As such, the role of the Mandeni Municipality in LED includes the following (DPLG, 2006: 7):

- Creating and strengthening multiple social and economic networks that support LED. These may extend to international scale given the strategic location of the municipality adjacent to a world heritage site. This includes partnerships, associational networks, etc.
- Infrastructure development and maintenance as well as the delivery of reliable services.
- Developing and maintaining governance systems that give meaning to the notion of developmental local government. This includes a flexible yet effective land use scheme, enforceable by-laws, etc.
- Marketing and investment promotion working in support of structures responsible for promoting different sectors. This should focus mainly on the comparative and
competitive advantages of the area and could be done via the electronic and print media.

- Managing progressive property tax system. This will assume the form of Property Rates Act (PRA) and the associated systems.

- Promoting environmentally sustainable development. It is not local economic development at all costs.

It is necessary to structure the management and budget system, and re-orientate development agenda towards economic development for Mandeni Municipality to be able to perform these functions effectively. In addition, the LED Plan will integrate the local economy and improve functional linkages with the regional, provincial and national economic development initiatives. A number of trade agreements have been signed with African and other countries, and areas like Mandeni can partake in the implementation of these trade agreements. The MLM adopts a strategic approach to LED and defines this key performance area as follows:

"The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation."

(World Bank)

Local Economic Development Program should have the following attributes:

- LED is a process that leads to a set of predetermined outcomes.
- LED involves mobilisation for self-drive and stimulate local ideas so as to ensure that the local people own and drives the process.
- LED should build on the involvement of a range of local stakeholders including women and the youth.
- LED should prioritise the use of local resources. This includes both natural and human resources.
- LED promotes both economic growth and development in its broad sense.
- LED initiatives should be developed with a full understanding of both the context and the environment. This includes the impact of globalisation, regional development initiatives, etc.
LED cannot succeed in the absence of initiatives to address the basic needs of the affected communities, environmental management and accountable leadership.

Its outcomes should be based on local initiatives and driven by local stakeholders. It must make use of local primary resources, ideas, and skills to stimulate economic growth and development.

Local Economic Development as an approach to development is intended to induce economic development and growth in a locality with the objective of creating jobs and improving the quality of life by realizing a locality's full comparative advantage. It requires collaboration between the municipality and stakeholders to identify resources understand needs and formulate plans to make the district economy fully functional, investor friendly and competitively productive. Thus, LED recognises that people, business and governments at local levels are best able to restructure economic situations that will stimulate growth required to create jobs and to reduce poverty. It combines different approaches to local development into one integrated concept thereby cross-cutting many different portfolios.

The increased focus on LED arises from the globalization of the economy, and the associated liberalization of trade. The significance of national boundaries has decreased and national markets become more and more accessible to foreign competitors. At the same time, the increasingly rapid flow of large quantities of information, the significant decrease of transport costs with distance no longer acting as a barrier to trade, has shifted the focus of global markets from a national perspective to a more differentiated regional and local focus on potentials and competitive advantages of a territory. This development has brought both risks and opportunities to local economies: it increases pressure on local economies to compete internationally and adapt to global economic forces. At the same time, it opens opportunities to attract new markets and investors.

1.3 SCOPE OF THE MANDENI LED PLAN

The LED Plan outlines an LED program, design appropriate institutional arrangements to guide its implementation and provide a framework for budgeting. It presents a shared vision for the future economic development of the area while also serving as a strategic guide for rational decision-making, coordinated budgeting and integrated development. This MLM LED agenda focuses mainly on the following as a means to promote local economic development:

- Provision of infrastructure and quality and reliable services;
Facilitating the development of key economic sectors;

Providing support to emerging business;

Coordinating district and regional economic development; and

Promoting and marketing the district for investment.

As a programme, LED is intended to maximize the economic potential of the municipality and, to enhance the resilience of the macro-economic growth through increased local economic growth, employment creation and development initiatives within the context of sustainable development. As such, the need for an LED Plan within a municipality goes beyond meeting the constitutional and legal obligations, and encompasses the practical implementation of programmes designed to create an environment conducive to economic development, economic transformation and social upliftment. However, Mandeni Local Municipality form part of a bigger spatial and economic system in the form of iLembe District. Regional cooperation is one of the key factors for an effective LED programme. This implies a need for Mandeni Municipality to integrate its LED initiatives with projects and programs being implemented within the district and the neighbouring municipalities.
2 POLICY FRAMEWORK

The Mandeni Municipality is subject to the influences of economic development policies and trends that pertain at different levels of government. These include global economic trends, national government policies, provincial development programs and service delivery agenda of iLembe District. MLM also plays a critical role in shaping and implementation of each of these programs.

2.1 NATIONAL POLICY FRAMEWORK

2.1.1 THE NEW GROWTH PATH (NGP)

The New Growth Path introduces a development package and commits the government to a new and dynamic vision for collectively building a democratic, equitable, cohesive, all-inclusive and sustainable economy. It seeks to promote growth and create employment opportunities. It commits the government to create jobs by 2020, through focusing on areas that have potential for creating employment on a large scale, referred to as ‘job drivers’, that is:

- Infrastructure;
- Main economic sectors (agricultural and mining value chains, manufacturing and services);
- New opportunities in the knowledge and green economies;
- Social capital and public service; and
- Spatial development that foster rural development and regional integration.

The NGP identifies strategic intervention areas in various economic sectors such as:

- Agriculture
- Mining
- Green Economy
- Manufacturing
- Tourism

It also provides the Mandeni Local Municipality with a framework to set its own targets in terms of poverty alleviation, inequality and employment creation. As such, the iLembe District should formulate programmes to support key economic sectors and contribute
towards meeting the targets as set in the NGP. These targets will be the beginning of a process toward social and economic development and will make a meaningful contribution to the improvement of the quality of life for the people living in the Mandeni area.

2.1.2 NATIONAL DEVELOPMENT PLAN (NDP)

The focus of the National Development Plan (2011) is the elimination of poverty and the reduction of inequalities in South Africa. It is a development agenda aimed at reshaping South African cities, towns, rural settlements and infrastructure development. The NDP - 'vision 2030' is a strategic plan that guides development at a national level over the short to medium term. It commits the National Government to undertaking development that breaks away from apartheid type of planning and is based upon a detailed diagnosis of issues and challenges that confront the country namely, unemployment, poverty and inequality.

The NDP also outlines a number of strategic interventions to address these issues. Among these are the following:

- Economic development and job creation.
- Expanding infrastructure.
- Transitioning to a low carbon economy.
- Building an inclusive and integrated rural economy.
- Positioning South Africa to seize opportunities of globalisation.
- Improving education, innovation and training.

Each of these is critical for the future development of Mandeni Local Municipality, and should be mainstreamed in the LED Plan for the municipality.

2.1.3 STRATEGIC INFRASTRUCTURE PROGRAMME (SIPS)

Government recently adopted an Infrastructure Plan which is intended to transform the economic landscape of South Africa, create a significant numbers of new jobs, strengthen the delivery of basic services to the people of South Africa and support the integration of African economies. The Presidential Infrastructure Coordinating Commission (PICC) with its supporting management structures has been established to integrate and coordinate the long term infrastructure build.
This infrastructure plan is based on an objective assessment of the infrastructure gaps through spatial mapping which analyses future population growth, projected economic growth and areas of the country which are not serviced with water, electricity, roads, sanitation and communication. Based on this work, seventeen Strategic Integrated Projects (SIPs) have been developed and approved to support economic development and address service delivery in the poorest provinces. Each SIP comprise of a large number of specific infrastructure components and programmes (Mandeni, IDP 2014/15).

2.1.4 INDUSTRIAL POLICY ACTION PLAN (IPAP)

The Industrial Policy Action Plan (IPAP) was introduced as an overarching approach to industrial development, and is essentially a means to:

- Facilitate diversification beyond the current reliance on traditional commodities and non-tradable services;
- Facilitate the long-term intensification of South Africa’s industrialisation process and movement towards a knowledge economy;
- Promote a more labour-absorbing industrialisation path with a particular emphasis on tradable labour-absorbing goods and services and economic linkages that catalyse employment creation;
- Promote a broader-based industrialisation path characterised by the increased participation of historically disadvantaged people and marginalised regions in the mainstream of the industrial economy; and
- Contribute to industrial development on the African continent, with a strong emphasis on building its productive capacity.

The key sectors of this programme are clustered into three (3) areas, with a key action programme developed for each sector. Clusters 1 and 2 are the most relevant for the Mandeni Local Municipality.

- Cluster 1 relates to new areas of focus such as ‘green’ and energy-saving industries, and agro-processing linked to food security.
- Cluster 2 is intended to broaden interventions in existing IPAP sectors such as automotive, pharmaceuticals and chemicals, Clothing and textiles, bio-fuels and forestry, paper, pulp and furniture. It also seeks to strengthen linkages between traditional industries and tourism.
2.1.5 NATIONAL TOURISM SECTOR STRATEGY

The Department of Tourism has recently been established and through this department the national government has formulated the National Tourism Sector Strategy (NTSS). This strategy serves as a blueprint for the tourism sector and forms the foundation on which tourism programmes and projects are formulated. The NTSS builds on the foundation laid and incorporates (where necessary) the principles enshrined in various preceding strategic documents including the following:

- Draft National Tourism Sector Strategy, National Tourism Growth Strategy.

The NTSS acts as the tourism voice that responds directly to the National Growth Plan. It seeks to reposition South Africa to the top 20 tourist destinations in the world by 2020, and it outlines a clear strategic framework for a progressive shift towards this goal. These include the following:

**Figure 1. NTSS Objectives**

- **TOURISM GROWTH AND THE ECONOMY**
  - To grow the tourism sector’s absolute contribution to the economy.
  - To provide excellent people development and decent work within the tourism sector.
  - To increase domestic tourism contribution to the economy.
  - To contribute to regional tourism economy.

- **AN ENHANCED VISITOR EXPERIENCE**
  - To deliver a world class visitor experience.
  - To entrench a tourism culture among the South Africans.
  - To position South Africa as a globally recognised tourism destination brand.

- **SUSTAINABILITY AND GOOD GOVERNANCE**
  - To achieve transformation within the tourism sector.
  - To address the issue of geographic, seasonal and rural spread.
  - To promote responsible tourism practices within the sector.
  - To unlock tourism economic development potential at a local level.

Source: NTSS
Growing the tourism industry and improving its contribution to the national economy.

Enhancing both local and international visitor experience.

Promoting sustainable tourism and good governance across spheres of government.

It seeks to ensure performance on each of these issues through a cluster of measurable objectives and the associated action plans. These include policy formulation and implementation, tourism growth and development (demand and supply), transformation of the sector, and integration with other key sectors.

The role of local government within the tourism sector is acknowledged in the NTSS as it is established in the Constitution of South Africa, 1996' and developed further in the White Paper, 1998'. The NTSS allocates functions to the local government. Functions such as development of tourism attractions, infrastructure in support of tourism and general maintenance of the environment. It also requires local government to facilitate the establishment of duly accredited Local Tourism Boards as stakeholder representative structures.

2.2 PROVINCIAL POLICY FRAMEWORK

2.2.1 PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY

The Provincial Growth and Development Strategy (PGDS), which is aligned to the NGP presents the 2030 development vision and outlines a medium to short term development programme for the KwaZulu-Natal (KZN) province. It identifies seven (7) strategic goals and thirty (30) strategic objectives towards the attainment of the vision. This newly reviewed Mandeni LED strategy has integrated the principles and strategic goals outlined within the PGDS, and customised them to find meaning in the local context, thus making this LED Strategy not just a tool for coordinating development locally, but also a means for the practical implementation of governments economic development programmes.

However, the achievement of these objectives and attainment of the goals hinges on the nature and extent of collaboration and partnership among the various social partners, in particular, business, organized labour, civil society and the different spheres of government and state owned enterprises under the leadership of the KZN Government (PGDS, 2012).

2.2.2 PROVINCIAL GROWTH AND DEVELOPMENT PLAN
The Provincial Growth and Development Plan (PGDP) provides for the implementation of the Provincial Growth and Development Strategy (PDGS). It outlines activities to be undertaken towards the attainment of each of the strategic goals and objectives. Therefore it clearly stipulates indicators and targets, strategic interventions and catalytic projects in support of the interventions. The aim of the PGDP is therefore to translate the strategy into a detailed implementation plan, inclusive of a detailed activity level framework with targets and responsibilities assigned to the appropriate government department.

In addition to the more detailed focus on the interventions identified, the PGDP proposes specific milestones/targets that will have to be achieved in priority sectors. It proposes indicators by which to measure success in achieving the goals and objectives of the PGDP and in doing this, also proposes how the growth trajectory could be shaped with targets to the year 2020 and to 2030.

### 2.2.3 KZN INVESTMENT STRATEGY

The KZN Investment Strategy was developed as a tool all stakeholder to assist in attracting and facilitating foreign and domestic investment in KwaZulu-Natal. The objective of the Strategy is to enable all stakeholders in the province to work together in promoting, attracting and facilitating foreign and domestic investment both of a public and private sector nature into productive industries (income and asset creation) driven by the comparative advantages of the province in order to stimulate job creation and income generation. The key areas of focus of the strategy are:

- Improving structures and systems of investment promotion and facilitation, and working together;
- Attracting investment to meet job targets;
- Channelling resources to where they have the greatest impact (i.e.: foreign countries, geographic areas, economic sectors);
- Ensuring that competitive advantages are utilised to the fullest and building on these;
- Alignment and integration with national, provincial and local policies, strategies and programmes (incl. Richards Bay IDZ, DTP);
- Maximisation of job creation and retention through business retention & expansion;
- Gaining optimal benefit from incentives such as DTI sector-based Incentives and service & utility incentives;
Public sector investment into infrastructure to lead the private sector (incl. rural and small towns).

The LED strategy for the MLM must be developed with these above principles in mind, i.e.: ensuring that the municipality creates a conducive environment to ensure effective promotion and attraction of investment, as well as efficient facilitation of investment. To this end, the LED strategy must:

- Make firm suggestions on improving the business environment in Mandeni
- Seek to improve coordination between key stakeholders who are required to work together to promote and facilitate investment;
- Identify key sectors and focus areas for inward investment (based on comparative advantages); and
- Promote the sharing and development of research and information.

### 2.2.4 KZN EXPORT STRATEGY

A Provincial Export Strategy was undertaken to identify the major challenges facing the province in terms export promotion and present implementable solutions to these challenges. In response to this, the Strategy presents five key programmes:

- Programme No. 1: Enhancing the Export Climate and Competiveness
- Programme No. 2: Improving Market Penetration
- Programme No. 3: Exporter Development
- Programme No. 4: Export Promotion
- Programme No. 5: Export Strategy Performance Measurement, Management & Review

In order to ensure the MLM LED is aligned with the relevant strategic programmes identified in the export strategy, the following key areas are of importance:

- Ensuring the there is a conducive business environment (minimise red-tape);
- Provision of the required bulk infrastructure;
- Efficient road and rail network;
- SMME and business development;
- Skills development and training;
- Promotion and facilitation of local exporters.
2.2.5 KZN SMALL ENTERPRISE DEVELOPMENT STRATEGY

The purpose of the Small Enterprise Development Strategy is to formulate a provincial wide framework that will assist in coordinating, orientating and guiding all small enterprise development programmes and related activities in the province of KwaZulu-Natal. Through this strategy, all stakeholders will be able to align their programmes and actions and therefore support and add value to the development of emerging small enterprises. The key objective of the strategy is the implementation of a comprehensive and integrated programme for the development and growth of small enterprises in the province. This will be achieved by:

- Developing entrepreneurship skills;
- Facilitating easy access to local and international markets;
- Facilitating access to finance;
- Providing relevant and effective training to small enterprise operators, and
- Facilitating a mentoring and incubation programme for all small enterprises in KZN.

In this regard, the MLM LED must ensure a focus on ensuring that entrepreneurial skills are developed, providing assistance and support to SMMEs in terms of access to finance and markets, and training and skills development of small enterprises.

2.3 ILEMBE DISTRICT MUNICIPALITY

2.3.1 REGIONAL SPATIAL ECONOMIC DEVELOPMENT PLAN

The iLembe Spatial Economic Development Strategy commits the iLembe District family of municipalities (4) to developing a sustainable region with the following being the strategic pillars:

- A Diverse & Growing Economy: Sustainable regions are those that are productive, economically diverse and which provides employment for all
- A Liveable Region: The citizens of a region live within environments that provide amenity, convenience and choice to a range of facilities and activities
- Living in Harmony with Nature: Where human settlement co-exists in mutual harmony with the natural resources of a place.
- Promote Social Well-Being: The development of secure, stable and healthy local communities.
Equity of Access: Where citizens of a region have improved access to a range of urban and economic opportunities.

This LED Strategy is aligned to the above strategic pillars on which the iLembe Spatial; Economic Development Plan is based and takes into account objectives set by the District.
2.3.2 THE ILEMBE DISTRICT LOCAL ECONOMIC DEVELOPMENT STRATEGY

The iLembe District LED Strategy was developed in 2008 and reviewed in 2013. The 2013 LED District Strategy tracks the development achieved within the five (5) year period and identified development implementation trajectories for the next five years. The District LED Strategy document contains goals, strategies and projects which should guide LED within iLembe. The goals and strategies are developed from the identified challenges and opportunities. It highlights the following as critical areas of district economic focus:

- Agriculture
- Manufacturing
- Tourism
- Business and Retail Growth
- Institutional Restructuring For Optimal LED
- LED Implementation
- Sustainability of LED Initiative and Projects

Some of the above are important sectors which the Mandeni Local municipality contributes greatly towards and other factors are those that encompass long term LED planning sustainability. Therefore they are taken into account within this LED Strategy and the importance of each will be echoed in this LED Strategy.

2.4 MANDENI LOCAL MUNICIPALITY POLICY CONTEXT

2.4.1 INTEGRATED DEVELOPMENT PLAN

The IDP for the five year cycle 2012-2017 was prepared and tabled before Council for adoption in 2012 in accordance with Chapter 5 of the Municipal systems Act (Act No. 32 of 2000). Although the Mandeni Local Municipality IDP has a five year time horizon, it takes a medium to long-term development perspective with the five year plans and the annual reviews being a mechanism for a progressive and incremental move towards the ideal situation. It provides for the local implementation of the national and provincial development initiatives as outlined in the National Development Plan and the Provincial Growth and Development Strategy. It also presents a short to medium term strategic agenda and a detailed five year programme commencing in 2012/2013 financial year and
ending in 2016/2017 financial year. This period coincides with the term of office of the incumbent council and aligns with the budget cycle.

The IDP identifies LED as one of the 6 key performance areas. It outlines a number of economic development issues and notes the strategic location of the MLM, as well as the associated comparative advantages. It commits the municipality to developing strategies and implementable programmes to facilitate industrial development, regenerate Mandeni town, promote tourism and stimulate rural development. It adopts a strategic approach and emphasises need for a common or shared economic development vision, integrated approach development and sustainability.

In addition, the LED plan should be aligned and take into account the strategies and objectives of the IDP. These include the following:

- Job creation through linkage to policies, implementation of supply chain management, expanded public works programme implementation/labour intensive;
- Local Economic Development through targeted investment programme including policy, diversification of value add products, marketing, support to structures to support SMMEs and co-operatives;
- The implementation of an integrated crime-prevention strategy, to ensure lessening crime;
- Open access to land as a catalyst for BBBEE (Broad Based Black Economic Empowerment);
- Recognizing the role of tourism in the economy through broadening product development and marketing; and
- Recognizing the necessity of infrastructure to support tourism, and the services, which treble during season needs to be accommodated.

2.4.2 SPATIAL DEVELOPMENT FRAMEWORK

The Mandeni Spatial Development Framework (SDF) forms part of the spatial component of the IDP and therefore its preparation is directly aligned to the IDP. It is considered the overarching strategic spatial planning tool that gives guidance towards a desired future spatial state. It is a process through which the municipality prepares a medium to long term strategic spatial development plan for the municipality’s area of jurisdiction. Within the Mandeni SDF (2010) are spatial strategies and objectives that intend to improve the spatial form and quality of the municipal area. This planning instrument informs land use
management and the spatial decision making process within Mandeni. It is fundamentally a spatial representation or spatial expression of the development vision, objectives and strategies outlined within the IDP.

The SDF commits the Mandeni Municipality to ensure that all members of the community are presented the maximum opportunity for growth and development. It further emphasizes effective and efficient management of various resources within the municipal area, which is embedded upon principles of spatial sustainability, spatial efficiency and spatial equity. These aspects of development are those that are taken into consideration within the LED Strategy in pursuit of achieving alignment.
3 SOCIO-ECONOMIC CONTEXT

The improvement of the socio-economic condition of the population of Mandeni is central to the attainment of the economic development goals as outlined in the IDP. The population provides labour and entrepreneurship for production and also consumes the output of production. As such, it is critically important to base the LED plan on a sound understanding of the prevailing socio-economic situation including demographic trends, level of development and access to physical infrastructure as the basis for socio-economic development.

3.1 DEMOGRAPHIC PROFILE

3.1.1 POPULATION SIZE AND STRUCTURE

The Mandeni Municipality has a total population of about 138,080 people or 38,233 households. This marks a growth rate of about 0.81% per annum from 127,327 people or 28,657 households in 2001. In fact, Mandeni LM and KwaDukuza LM are the only municipalities that experienced net population growth within iLembe District during this period. Both Maphumulo and Ndwedwe experienced net population decline. However, both iLembe District and Mandeni Municipality legs behind the country in terms of average population growth rate.

The 2011 census data revealed a significant rural-urban migration throughout the country. This phenomenon is associated with the search for employment opportunities and better living conditions, with areas such as Isithebe industrial area being perceived as employment...
opportunity areas. The municipality is located within a short distance from Durban which is a major industrial and commercial hub within the KwaZulu-Natal Province, and forms an integral part of the North-coast which is one of the prime tourist destinations in the Province. The increase in population implies an increase in the need for jobs, services and other urban opportunities. It represents an increase in labour pool and market threshold, but also exerts pressure on the existing infrastructure.

3.1.2 HOUSEHOLDS DISTRIBUTION BY ELECTORAL WARDS

The Mandeni Municipality population is spread unevenly among the 17 electoral wards with wards 12, 7, and 4 being the most populated wards. However, employment opportunities are concentrated mainly around Mandeni Town with limited opportunities being found in the rural areas. As such, it is critically important to identify LED opportunities through the municipal area and package these into sustainable economic development initiatives. Particular focus should be paid in areas of high population concentration and rural areas.

Figure 2. Population Distribution

Source: Census 2011

3.1.3 POPULATION DISTRIBUTION BY GENDER

As indicated on Table 2 below, females accounts for the 53.4% of the total population in Mandeni Municipality. This emphasizes the need for municipal development programmes,
particularly local economic development to be gender sensitive and facilitate women empowerment

Table 2. Population Distribution by Gender

<table>
<thead>
<tr>
<th>AREA</th>
<th>GENDER</th>
<th>MALES PER 100 FEMALES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2001</td>
</tr>
<tr>
<td>South Africa</td>
<td></td>
<td>91.7</td>
</tr>
<tr>
<td>KwaZulu Natal</td>
<td></td>
<td>87.7</td>
</tr>
<tr>
<td>iLembe</td>
<td></td>
<td>87.1</td>
</tr>
<tr>
<td>Maphumulo</td>
<td></td>
<td>75.3</td>
</tr>
<tr>
<td>Mandeni</td>
<td></td>
<td>87.2</td>
</tr>
<tr>
<td>KwaDukuza</td>
<td></td>
<td>97.5</td>
</tr>
<tr>
<td>Ndwedwe</td>
<td></td>
<td>86.0</td>
</tr>
</tbody>
</table>

Source: StatSA, Census 2011

3.1.4 AGE STRUCTURE

Approximately 62.6% of the population in Mandeni LM is between the ages of 15-64 years falls within the economically active age cohort and includes both the employed and the unemployed. This size of this age group has increased slightly from 61.2% in 2001. It is important to note that the population is generally youthful with the majority being below 30

Figure 3: Age Structure of the Population
years of age. As such, the number of people entering the job market will increase substantially over the next few years. Similarly, need for employment opportunities will also increase.

3.2 SOCIO-ECONOMIC PROFILE

3.2.1 EDUCATION PROFILE

The level of education has generally improved in the municipal area. The number of people with no schooling declined from 19.2% to 10.1% between 2001 and 2011. Metric level increased from 22.3% to 30.6%, whereas, primary educational enrolment in to 90.9% from 89.3% in the same period. However, the number of people with higher education declined from 3.6% to 2%. This decline may be the consequence of the low standards of living which as a result contributes to the inability to afford tuition for higher learning institutes. The continuation this trend results in the accumulation of unskilled labour in the employment environment, which in turn has a negative impact on Mandeni’s economy and GDP. Emphasis must be made on the need to train the unskilled population as well as to promote human resource development in workplaces.

Table 3: Education Profile

<table>
<thead>
<tr>
<th></th>
<th>No Schooling</th>
<th>Higher Education</th>
<th>Metric</th>
<th>Primary Educational Enrolment aged 6-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>iLembe</td>
<td>29.8 15.3</td>
<td>3.7 3.1</td>
<td>17.1 26.6</td>
<td>87.9 91.3</td>
</tr>
<tr>
<td>Maphumulo</td>
<td>49 31.2</td>
<td>2.6 1.7</td>
<td>9.4 21.9</td>
<td>89.3 91.5</td>
</tr>
<tr>
<td>Mandeni</td>
<td>19.2 10.1</td>
<td>3.6 2</td>
<td>22.3 30.6</td>
<td>89.3 90.9</td>
</tr>
<tr>
<td>KwaDukuza</td>
<td>20.6 9.7</td>
<td>5.7 5.1</td>
<td>21.1 28.2</td>
<td>85.2 91.2</td>
</tr>
<tr>
<td>Ndwedwe</td>
<td>39.4 22.2</td>
<td>1.7 1.3</td>
<td>12 22.1</td>
<td>87.8 91.5</td>
</tr>
</tbody>
</table>

Source: StatsSA, Census 2011

3.2.2 EMPLOYMENT STATUS

Unemployment rate in Mandeni declined from 45.1% in 2001 to 28.6% in 2011 reflecting the impact of job creation programmes of the national government, and the benefits of its location in close proximity to KwaDukuza and Ethekwini Metro which have both experienced phenomenal economic growth over the last decade.
High unemployment particularly amongst the youth can lead to social evils such as crime, drug abuse, prostitution, etc. which are detrimental to economic growth and development in the district. Despite lower unemployment rate amongst the youth in the municipal area, the 34.6% of the youth that is unemployed is still substantial and can have a negative impact in the growth and development of Mandeni. This situation warrants the municipality to consider development initiatives that can address this challenge.

Manufacturing is the main contributor of source of employment in Mandeni. The sector employs approximately 26.86% of the available labour force. Wholesale and retail sector is the second largest employer, followed by finance and insurance employing 25.68% and 22.77% of the municipal labour force respectively. Agriculture, transport and construction sectors employ 3.8%, 2.86% and 2.19% respectively.

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>Number (2011)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>27886.78</td>
<td>100</td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>1071.665</td>
<td>3.84</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>301.3812</td>
<td>1.08</td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td>7489.876</td>
<td>26.86</td>
</tr>
<tr>
<td>Electricity, gas and water</td>
<td>8.89915</td>
<td>0.03</td>
</tr>
<tr>
<td>Construction</td>
<td>609.71</td>
<td>2.19</td>
</tr>
<tr>
<td>Wholesale and retail trade, catering and accommodation</td>
<td>7160.496</td>
<td>25.68</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>796.8299</td>
<td>2.86</td>
</tr>
</tbody>
</table>

Source: Census 2011
Approximately 55,740 (40.4%) of the population has no source of income and about 33,612 (24.3%) earn less than R400 per month, indicating that almost 64.7% of the population of Mandeni live below the poverty line. This illustrates that the majority of people in Mandeni are low income earners, which implies possible that the majority are factory workers/labourers. Approximately 516 households earn over R25,600 per month. This is an indication of the limited jobs available for qualified and skilled personal or possibly the lack of skilled and literate personal.

### 3.2.4 HOUSEHOLD EXPENDITURE

<table>
<thead>
<tr>
<th>Unit</th>
<th>R millions</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>Final consumption expenditure by households</td>
<td>2762.57</td>
<td>99%</td>
</tr>
<tr>
<td>Current income</td>
<td>3040.596</td>
<td></td>
</tr>
<tr>
<td>Disposable income (Current income less taxes on income and wealth)</td>
<td>2803.23</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** StatSA, Census 2011
The households of Mandeni spend approximately 99% of their disposable income in goods and services recording a mere 1% savings. This is indicative that majority of the households are poor and their income levels are lower hence experiencing difficulties in making any savings. The following table provides an indication of the levels of income and expenditure in Mandeni.

### Table: Income and Expenditure in Mandeni

<table>
<thead>
<tr>
<th>Unit</th>
<th>R millions</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving by households</td>
<td>40.66039</td>
<td>1%</td>
</tr>
<tr>
<td>Population (Number)</td>
<td>132331.2</td>
<td></td>
</tr>
<tr>
<td>Households (Number)</td>
<td>36666.84</td>
<td></td>
</tr>
</tbody>
</table>

Source: Mandeni IDP 2014/15

#### 3.2.5 HOUSEHOLD GOODS

Out of the 38 233 (2011) households in Mandeni only 5,137 (13%) households own a car, 3,091 (8%) own a computer and 2,580(7%) own a washing machine. However, the majority (33, 781/ 88%) of the households have access to telephones hence can easily communicate to the outside world.

Source: StatSA, Census 2011
3.2.6 DEPENDENCY RATIO

A high dependency ratio is a challenge to guardians who in many instances are unemployed particularly in rural parts of Mandeni. The dependency ratio in Mandeni declined from 63.5% to 59.7% between 2001 and 2011. Dependency ratio is currently lower in Mandeni compared to iLembe District Family of municipalities which is 63.2%, Maphumulo (89.2) and Ndwedwe (75.7). This may imply that the number of dependents has decreased - birth rate has decreased, which impacts greatly on the development.

Table 6. Dependency Ratio per 100 (15-64)

<table>
<thead>
<tr>
<th>AREA</th>
<th>DEPENDENCY RATIO PER 100 (15-64)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001</td>
</tr>
<tr>
<td>South Africa</td>
<td>58.7</td>
</tr>
<tr>
<td>KwaZulu Natal</td>
<td>65.4</td>
</tr>
<tr>
<td>iLembe</td>
<td>71.1</td>
</tr>
<tr>
<td>Maphumulo</td>
<td>101.4</td>
</tr>
<tr>
<td>Mandeni</td>
<td><strong>63.5</strong></td>
</tr>
<tr>
<td>KwaDukuza</td>
<td>52.1</td>
</tr>
<tr>
<td>Ndwedwe</td>
<td>81.8</td>
</tr>
</tbody>
</table>

Source: StatSA, Census 2011

High dependency ratio negates both individual and households disposable income which surges poverty. The high dependency ratio in the municipal area is caused by low performance of the municipal economy that leaves many people in the area unemployed or without any source of income. The high dependency ratio strengthens the need for appropriate interventional measures. Strategic interventions such as the development of Small, Medium and Micro Enterprise (SMME) in suitable sectors as a means of promoting emerging entrepreneurs who will initiate labour intensive job growth could be considered.

3.3 ACCESS TO BASIC SERVICES

3.3.1 ACCESS TO WATER

Dependency ratio defines the number of dependents (i.e. people under the age of 15 and over the age of 65 years) per 100.
Approximately 61% of the population in Mandeni have access to piped water supplied through regional/local water schemes. 25.8% of households in 2011 had water inside dwelling units which was higher than the districts average of 23.7% but lower than the provincial of 40% and national 46.3%.
3.3.2 SANITATION

There has been an increase in the number of households that have had access to sanitation facilities between 2001 and 2011. The majority of households in Mandeni LM have access to flush toilet and Pit latrines. The dispersed and rural settlement within Mandeni LM make use of pit latrines and Chemical Toilet facilities.

3.3.3 ELECTRICITY

Access to electricity, especially in the rural areas is severely lacking. Low density settlement patterns is prevalent in rural areas, undulating terrains and lack of bulk infrastructure pose the biggest challenges in terms of access to electricity and other services. The above figure shows that the majority of households within Mandeni do have access to electricity. However, the backlog is still huge as approximately 6700 households do not have access to electricity or any other reliable source of power.

3.3.4 REFUSE REMOVAL

According to the 2011 census data, 60% of the population in Mandeni does not have access to refuse removal service and therefore have their own traditional refuse dumps. These households are those that are located within predominantly rural areas which often lack infrastructure development and are far from urban centres. Only 27% of households have access to refuse removal services. The Mandeni LM runs a billing system for such services in areas such as Mandeni town, Sundumbili, Tugela Rail, Pardianager, High View Park and Tugela Mouth. In other rural settlements (not all) the municipality has placed communal bins in strategic locations and collects it once a week. Potential linkages between waste recycling and local economic development initiative should be explored.

3.4 SPATIAL STRUCTURE

3.4.1 SETTLEMENT PATTERN

The existing settlement structure is substantially influenced by prevailing topographic conditions, physical access and access to land. Consequently a series of settlement bands parallel to the coast developed. The prevailing settlement structure is also influenced by the existence of major commercial agricultural activities in the east, the existence of a series of east–west linkages and the particular opportunities of the coast.
Areas of urbanization in the Municipality comprise of Mandeni, Sundumbili, Tugela and Tugela Mouth. Land uses within these areas are typically urban mixed uses with acceptable levels of infrastructural and service development and a minimal provision of social facilities and services to support the resident populations.

Industrial development is concentrated in Isithebe and most notably Amatigulu sugar milling operations and the Sappi Paper mills at Mandeni. The Isithebe industrial Park and potential expansion around it, mainly forms the industrial nodes within the municipality. Although the SAPPI plant represents a major industrial area, it is not intended to serve as growing industrial node mainly due to its location proximity to the residential areas.

The Mandeni urban edge borders Isithebe, Sundumbili, Mandeni and it also includes the identified accelerated growth zones as depicted on the local and regional SDF. The Mandeni SDF identified tourism development strip, Tugela mouth and wards 1, 2 and 3 located within Macambini traditional authority area which falls within the peri-urban zone.

Informal settlements with limited to none facilities or infrastructural services occur on the periphery of the developed areas and within the Isithebe Industrial area and Sundumbili Township. This is also evident in the periphery of well-established Sundumbili Township and Mathonsi TC eastwards of the hinterland. Village centres such as Wangu in the west and Nyoni in the north eastern side comprise of commercial and service development in the two tribal authorities Mathonsi & Macambini Tribal Authority.

Settlement pattern in the remaining areas occur in the form of scattered rural settlements spread unevenly in space reflecting the previous neglect of the former KwaZulu Homeland areas from spatial planning and development initiatives. These settlements owe their genesis from the natural environment, particularly grazing and arable land.

3.4.2 LAND USE PATTERN

The current characteristics of Land use within the municipality can be defined as mixed land uses where there is a mix of commercial activities, residential, manufacturing and agricultural activities. The existing infrastructure, service development and a minimal provision of social facilities play a major role to support the resident population. Industrial development is concentrated in Isithebe and most notably Amatigulu sugar milling operations and the Sappi Paper mills at Mandeni.

The agricultural land use is the dominant land use within the municipality and is mainly located within Traditional areas. The main agricultural activity is subsistence farming. The
Mandeni municipality comprises of two types of residential land use i.e. Formal and informal residential land use. The informal residential areas are located on the periphery of the urban edge as well as on Tribal areas. The formal residential areas are situated within the following the following areas, Sundumbili, Mandeni, Tugela and Tugela Mouth.

3.4.3 MOVEMENT PATTERN

The Mandeni municipality consists of an access and movement hierarchy that has been established through the national, provincial and local movement routes, including the National Road (N2) and Provincial Road (R102). The N2 National Road from Durban to the North Coast and beyond runs throughout the length of the Municipality, parallel to the coast and approximately 5km inland. The old North Coast Road, the R102 is located just inland from the N2. Both roads intersect with the main inland roads consisting of the P145 from to Maphumulo and Greytown and the R614 from Uthongathi to Wartburg. A limited number of district and local roads provide access to local areas.

The P451 is identified as the municipal activity corridor, which crosses over the N2 linking the coast and hinterland. It also links the Tugela Mouth service centre and Mandeni/Sundumbili primary node. The North Coast Railway also runs along the length of the Municipality, normally in the proximity of the R102.

3.4.4 LAND OWNERSHIP

The majority of Mandeni Municipality is made up of four Traditional Authority areas which falls under the Ingonyama Trust Land (ITB). These Traditional Council (TC) areas cover approximately 63% of the total area and other remaining land is owned by the State and the Ingonyama Trust. The main dominant activities within Traditional areas are subsistence farming activities rural settlements and the land is also characterized by steep areas which reduce the potential for agriculture.

TC areas are generally characterized by subsistence farming activities, harsh topographical conditions and the worst of agricultural potentials with the exception of the Macambini Council which lies along the coast. Large areas are under-utilized with traditional settlement patterns and low densities which are not conducive to the provision of infrastructural services. Smaller rural nodes, such as, Tribal courts, trading stores or clinics are scattered through the TC. Traditional housing dominates, but there is a range of other formal and informal structures proliferating in these predominantly rural areas.
4 SIZE AND STRUCTURE OF THE LOCAL ECONOMY

4.1 MANDENI LM WITHIN THE PROVINCIAL ECONOMY

As a means to contextualize the role of Mandeni and provide a broader framework for a detailed analysis of the municipality’s economy, it is important to consider the status of Mandeni’s economy within its provincial context and benchmark this against other regional economies in KwaZulu-Natal. It is undeniable that eThekwini is the economic powerhouse of KwaZulu Natal and this is confirmed by figure 7 below:

Figure 7: Provincial GDP Contributions by KZN Districts 2012

![Pie chart showing provincial GDP contributions by KZN districts]

Given the economic activities that take place within eThekwini, it is not surprising that the total provincial output is predominantly concentrated in the metro at 64.9%. This is followed by uMgungundlovu with 8.5%, uThungulu trails closely with 8.4% and iLembe district contributing only 4% towards the provincial real GDP².

² KZN Municipal Finance 4th Quarterly Review Closeout Report 2012/13
4.2 DISTRICT ECONOMY

The manufacturing sector is the largest contributor (60.6%) to the Mandeni GDP. Over the last decade it grew by only 4.2%. Agriculture is the second largest contributor to the GDP, with 8.3%. This shows the stark comparison between the two activities. Wholesale and Retail is the third largest contributor to the GDP of the area at 8%.

Figure 8: GDP by Local Municipality in iLembe District

Mandeni is the second most contributor to the district’s GDP. In 1996 Mandeni contributed approximately R1.7bn to the districts GDP. This increased to R2bn in 2007 and R2.4bn in 2011. It is anticipated that the GDP of Mandeni will be 3bn in 2017. KwaDukuza which is a beehive of economic activities and the economic powerhouse of iLembe also experienced a considerable growth in its GDP. Unlike Mandeni, KwaDukuza recorded a staggering R7.7bn in 2011 and is anticipated to reach 10bn by 2017. Figure below illustrates:
4.3 KEY ECONOMIC SECTORS

Manufacturing and Agriculture are the main economic sectors in the district. They are both the main contributors to the District GDP and source of employment. This is explained below.

4.3.1 LABOUR REMUNERATION

Figure 9: Labour Remuneration - Manufacturing

Source: Calculated based on HIS Global Insight 2012

Figure 10: Labour Remuneration - Agriculture
Manufacturing and agriculture sectors are the main sources of employment in iLembe. Remuneration in Manufacturing was R2.2bn and Agriculture R829mn in 2012. Remuneration in the manufacturing sector was approximately 1.5bn in KwaDukuza followed by Mandeni R490mn in 2012. In the same period (2012) remuneration on agricultrue was R511mn for KwaDukuza and R140mn in Mandeni. Figures 10 and 11 below elaborate.

### 4.4 SIZE AND STRUCTURE OF THE LOCAL ECONOMY

#### 4.4.1 MANDENI MAIN GVA CONTRIBUTORS

Manufacturing sector is the largest contributor to the GVA of Mandeni accounting for 37% of the total GVA, followed by finance, insurance, real estate and business services (29%), wholesale and retail trade, catering and accommodation (19%). Agriculture, general government, transport and construction sectors contribute minimally to the municipal GVA each accounting for 4%, 4%, 5 and 1 respectively. The following diagram summarizes the sectors contribution to the Mandeni’s Gross Value Added (GVA).

*Figure 11: GVA Contribution by Sector*

![GVA Contribution by Sector](image)

*Calculation based on Quantec Data 2013*
4.4.2 AVERAGE HOUSEHOLD INCOME

Figure 12: Average Household Income

Source: StatSA 2011

Figure 13: Employment for those aged 15-64

Source: StatSA 2011
Approximately 13% of the population have no source of income. Majority (26%) of the population earn R9, 601 - R19, 600, 23% earn R19, 601 - R38, 200 and 12% earn R38, 201 - R76, 4000. It can be deduced that approximately 55% of the households in Mandeni earn R1 – R54 per day, which is negligible to sustain a household. Approximately 34% are employed, 14% are unemployed, 8% are discouraged work seeker and 44% are not economically active.

4.5 IMPLICATIONS FOR THE MANDENI LED PLAN

The prior analysis can be summed up as follows:

- Ilembe district is the 4th most contributor to KZN economy contributing only 4% towards the provincial real GDP;
- The manufacturing sector is the largest contributor (60.6%) to the Mandeni GDP and it grew by only 4.2% over the last decade. Agriculture is the second largest contributor to the GDP, with 8.3%;
- Mandeni is the second most contributor to the district’s GDP contribution approximately R1.7bn (1996), R2bn in 2007 and R2.4bn in 2011;
- Manufacturing and agriculture sectors are the main sources of employment in iLembe. Remuneration in Manufacturing was R2.2bn and Agriculture R829mn in 2012;
- Manufacturing sector is the largest contributor to the GVA of Mandeni accounting for 37%;
- Approximately 55% of the households in Mandeni earn R1 – R54 per day, which is negligible to sustain a household;

Undoubtedly manufacturing and agriculture are the key sectors in Mandeni. The district and the provincial government acknowledge the significance and the potential the municipality upholds in these sectors. The municipality should engage its efforts by facilitating appropriate infrastructure and other strategic interventions that will promote growth and prosperity in these sectors. Notwithstanding, other sectors such as commerce, property development and construction should also be considered in the municipal’s planning and development initiatives.
5 ANALYSIS OF KEY ECONOMIC SECTORS

5.1 MANUFACTURING

Manufacturing is the main contributor in the municipal Gross Value Added (GVA) and source of employment. It contributes approximately 37.4% of the municipal GVA and employs approximately 26.86% of the Mandeni labour force. Table 7 and 8 below illustrate.

Table 7: GVA Contribution by Manufacturing Sector

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3336.466</td>
<td>100</td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>126.2756</td>
<td>3.78</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>50.38561</td>
<td>1.51</td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td><strong>1247.823</strong></td>
<td><strong>37.40</strong></td>
</tr>
<tr>
<td>Electricity, gas and water</td>
<td>7.566253</td>
<td>0.23</td>
</tr>
<tr>
<td>Construction [SIC: 5]</td>
<td>31.06001</td>
<td>0.93</td>
</tr>
<tr>
<td>Wholesale and retail trade, catering and accommodation</td>
<td>532.4409</td>
<td>15.96</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>170.4363</td>
<td>5.11</td>
</tr>
<tr>
<td>Finance, insurance, real estate and business services</td>
<td>967.154</td>
<td>28.99</td>
</tr>
<tr>
<td>Community, social and personal services</td>
<td>80.35822</td>
<td>2.41</td>
</tr>
<tr>
<td>General government</td>
<td>122.966</td>
<td>3.69</td>
</tr>
</tbody>
</table>

Source: Calculation based on Quantec data 2013

5.1.1 CONTRIBUTION TO EMPLOYMENT

Table 8: Number of People Employed by the Manufacturing Sector

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>NUMBER</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>27886.78</td>
<td>100</td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>1071.665</td>
<td>3.84</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>301.3812</td>
<td>1.08</td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td><strong>7489.876</strong></td>
<td><strong>26.86</strong></td>
</tr>
<tr>
<td>Electricity, gas and water</td>
<td>8.89915</td>
<td>0.03</td>
</tr>
<tr>
<td>Construction</td>
<td>609.71</td>
<td>2.19</td>
</tr>
<tr>
<td>Wholesale and retail trade, catering and accommodation</td>
<td>7160.496</td>
<td>25.68</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>796.8299</td>
<td>2.86</td>
</tr>
<tr>
<td>Finance, insurance, real estate and business services</td>
<td>6349.034</td>
<td>22.77</td>
</tr>
<tr>
<td>Community, social and personal services</td>
<td>2529.07</td>
<td>9.07</td>
</tr>
</tbody>
</table>
The manufacturing sector in the Mandeni Municipality is based in Isithebe. The Isithebe Industrial Estate is managed by Ithala, and the estate manager states that the estate is almost 100% occupied. There are a wide variety of industries in the estate including textiles, plastics, chemicals, and furniture.

### 5.1.2 RENTAL FOR INDUSTRIAL AND WAREHOUSING STANDS

The iLembe Industrial Development Strategy 2009 provides information on industrial / warehousing in Mandeni. The report indicates that the average rental rate/m² for industrial and warehousing stands in 2008 in iLembe DM was estimated to be R12/m² for micro to very small (250m²) stands, R13/m² for small (500m²) stands, R11/m² for medium industrial stands sized 1000m², R9/m² for medium for industrial stands sized 2500m², and R10/m² for large industrial stands sized 5000m².

---

**Table 1**

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>NUMBER</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>1569.818</td>
<td>5.63</td>
</tr>
</tbody>
</table>

---

**Figure 14: Rental for Industrial & Warehousing Stands – 250m², 1995-2008: Durban, Pietermaritzburg, Richards Bay, and Isithebe**

![Graph](image)

Source: Urban-Econ Calculations, 2009; Rode, 2009

iLembe DM has the lowest rental rates/m² for all sizes of industrial and warehousing stands when compared for surrounding municipalities of eThekwini, Msunduzi and UMhlathuze, as indicated by **Figure 15 to Figure 16**. In addition, iLembe DM has the lowest growth rates for...
all sizes of industrial and warehousing stands when compared for surrounding municipalities.

Figure 15: Rental for Industrial & Warehousing Stands - 500m², 1995 - 2008: Durban, Pietermaritzburg, Richards Bay, and Isithebe

Source: Urban-Econ Calculations, 2009; Rode, 2009

Figure 16: Rental for Industrial & Warehousing Stands - 100m², 1995 - 2008: Durban, Pietermaritzburg, Richards Bay, and Isithebe

Source: Urban-Econ Calculations, 2009; Rode, 2009
Figure 17: Rental for Industrial Stands & Warehouse - 2500m², 1995 - 2008: Durban, Pietermaritzburg, Richards Bay, and Isithebe

Source: Urban-Econ Calculations, 2009; Rode, 2009

Figure 18: Rental for Industrial & Warehousing Stands - 5000m², 1995 - 2008: Durban, Pietermaritzburg, Richards Bay, and Isithebe

Source: Urban-Econ Calculations, 2009; Rode, 2009
Table 9: Rental for Industrial & Warehousing Stands growth rates, 1995-2008: Isithebe along eThekwini, Msunduzi and UMhlathuze

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Isithebe</td>
<td>Micro - Very Small (250m²)</td>
<td>5.2</td>
<td>6.3</td>
<td>7.9</td>
<td>7.9</td>
</tr>
<tr>
<td>Isithebe</td>
<td>Small (500m²)</td>
<td>5.8</td>
<td>7.6</td>
<td>9.8</td>
<td>9.8</td>
</tr>
<tr>
<td>Isithebe</td>
<td>Medium - A (1000m²)</td>
<td>5.2</td>
<td>7.3</td>
<td>9.5</td>
<td>9.5</td>
</tr>
<tr>
<td>Isithebe</td>
<td>Medium - B (2500m²)</td>
<td>4.9</td>
<td>7.6</td>
<td>10.3</td>
<td>10.3</td>
</tr>
<tr>
<td>Isithebe</td>
<td>Large (5000m²)</td>
<td>6.6</td>
<td>9.8</td>
<td>13.3</td>
<td>13.3</td>
</tr>
<tr>
<td>eThekwini</td>
<td>Micro - Very Small (250m²)</td>
<td>9.4</td>
<td>11.6</td>
<td>19.5</td>
<td>17.5</td>
</tr>
<tr>
<td>eThekwini</td>
<td>Small (500m²)</td>
<td>9.9</td>
<td>13.4</td>
<td>20.8</td>
<td>19.8</td>
</tr>
<tr>
<td>eThekwini</td>
<td>Medium - A (1000m²)</td>
<td>10.5</td>
<td>14.3</td>
<td>22.1</td>
<td>20.9</td>
</tr>
<tr>
<td>eThekwini</td>
<td>Medium - B (2500m²)</td>
<td>11.2</td>
<td>15.1</td>
<td>22.3</td>
<td>20.7</td>
</tr>
<tr>
<td>eThekwini</td>
<td>Large (5000m²)</td>
<td>11.2</td>
<td>16.4</td>
<td>22.4</td>
<td>21.4</td>
</tr>
<tr>
<td>Msunduzi</td>
<td>Micro - Very Small (250m²)</td>
<td>8.8</td>
<td>16.2</td>
<td>17.5</td>
<td>5.2</td>
</tr>
<tr>
<td>Msunduzi</td>
<td>Small (500m²)</td>
<td>9.1</td>
<td>13.3</td>
<td>19.3</td>
<td>12.5</td>
</tr>
<tr>
<td>Msunduzi</td>
<td>Medium - A (1000m²)</td>
<td>9.3</td>
<td>12.8</td>
<td>20.1</td>
<td>16.5</td>
</tr>
<tr>
<td>Msunduzi</td>
<td>Medium - B (2500m²)</td>
<td>10.9</td>
<td>14.5</td>
<td>21.9</td>
<td>26.0</td>
</tr>
<tr>
<td>Msunduzi</td>
<td>Large (5000m²)</td>
<td>11.9</td>
<td>15.6</td>
<td>22.6</td>
<td>32.5</td>
</tr>
<tr>
<td>UMhlathuze</td>
<td>Micro - Very Small (250m²)</td>
<td>10.8</td>
<td>24.0</td>
<td>15.4</td>
<td>9.6</td>
</tr>
<tr>
<td>UMhlathuze</td>
<td>Small (500m²)</td>
<td>11.0</td>
<td>22.8</td>
<td>16.5</td>
<td>14.2</td>
</tr>
<tr>
<td>UMhlathuze</td>
<td>Medium - A (1000m²)</td>
<td>10.2</td>
<td>24.2</td>
<td>14.6</td>
<td>14.0</td>
</tr>
<tr>
<td>UMhlathuze</td>
<td>Medium - B (2500m²)</td>
<td>9.2</td>
<td>14.4</td>
<td>14.5</td>
<td>11.4</td>
</tr>
<tr>
<td>UMhlathuze</td>
<td>Large (5000m²)</td>
<td>10.6</td>
<td>23.8</td>
<td>19.6</td>
<td>27.0</td>
</tr>
</tbody>
</table>

Source: Urban-Econ Calculations, 2009; Rode, 2009

5.1.3 MARKET VALUES FOR INDUSTRIAL AND WAREHOUSING STANDS

According to the ILembe Industrial Development Strategy 2009, the average market value for industrial and warehousing stands in 2008 in ILembe DM was estimated to be R223/m² for medium industrial stands sized 1000m², R484/m² for medium industrial stands sized 2000m², R346/m² for large industrial stands sized 5000m², and R322/m² for very large industrial stands sized 10000m². ILembe DM has the lowest market values for medium industrial stands sized 1000m², large industrial stands sized 5000m², and very large industrial stands sized 10000m². The market value for medium industrial and warehousing stands sized 2000m² in ILembe DM is higher than stands in Msunduzi, but lower than the market value for stands in eThekwini, and UMhlathuze.

---

4 ILembe Industrial Development Strategy 2009 – Urban Econ Team – Development Economists
Figure 19: Market Values for Industrial & Warehousing Stands - 1000m², 2000m², 5000m², 10,000m², 2008: Isithebe, Durban, Pietermaritzburg, Richards Bay

Source: Urban-Econ Calculations, 2009; Rode, 2009

5.1.4 DETERMINE THE FUTURE GROWTH POTENTIAL INDUSTRIAL DEMAND

The iLembe Industrial Development Strategy 2009 points out that the economy of iLembe DM reflects a positive growth for Manufacturing and Warehousing GGP. Manufacturing GGP for Mandeni LM and KwaDukuza LM has increased each year between 1995 and 2008 by an average of 2.9% and 1.6% per annum, following growth trends of the economy of iLembe DM and the provincial. The abovementioned trends are illustrated by Figure 14 below:

Figure 20: Manufacturing GGP, 1995-2008: iLembe DM and LM’s

Source: Urban-Econ Calculations, 2009; Rode, 2009
The industrial estate continues to be an effective manufacturing hub, offering cost-effective production space to prospective investors’ midway between the important import and export facilities offered by Durban and Richards Bay.

Isithebe is well-run and provides a solid operating environment. Isithebe is well placed to participate in the momentum around a multi-modal logistics platform for the Durban-Richards Bay corridor. The rail links between the King Shaka Airport and Richards Bay harbour are an important component of this advantage.

The area (Isithebe) has been identified as the likely base for an industrial development zone (IDZ), and planning is under way to actualize it. IDZ’s come with their own concessions and incentives, designed to accelerate industrial investment in the new globalized environment. Likewise, the iLembe Industrial Strategy has also identified Sundumbili and Mandeni Town as the second priority area for investment, giving the municipality a strong backing to attract industrial investment in Mandeni.

However, during the PACA process undertaken with Isithebe stakeholders, a number of themes emerged, which influence the current position of Isithebe in terms of its location and immediate prospects. These are as follows:

- Core infrastructure and service strengths of the location remain relevant;
- Access to labour;
- Impact of HIV/AIDS;
- Weak business-to-business networking;
- Disconnection between Isithebe and surrounding communities (Especially Sundumbili);
- Many firms have not developed significant competitive advantages;
- Isithebe is showing signs of some decline but is by no means in crisis.

If Mandeni is to realize its full potential in the industrial / manufacturing sector, the aforementioned themes need to be considered.

### 5.1.5 PROPOSALS BY ILEMBE INDUSTRIAL STRATEGY ON ISITHEBE

The iLembe Industrial Development Strategy 2009, proposed unlocking 100ha of land possibly the airport which is next to the existing Isithebe Industrial area for industrial development. The report further proposed that land for various sizes and types of industries should be identified in Sundumbili and Mandeni Town to cater for light industry, general
industry, agri-processing, large/heavy industry, special industry (bio-fuel processing plant, wind-turbine and solar generated power plants, noxious industries) development.

5.2 TOURISM

5.2.1 KZN TOURISM MARKET

5.2.1.1 KZN TOURISM CONTRIBUTION

Whereas the world experienced 3.8%, Africa 3.6% and South Africa 10.2% growth in the tourism industry, KZN Province did not benefit from the boom but rather experienced a negative growth of -1.8%. Annually KZN receives ±891 822 foreign visitors, average spend per visitor is ±7 517 per trip per day and the expenditure (total market values) is R6.7bn. The length of stay (nights) for these tourists is 6.9 and the main overseas source markets are UK, USA, Germany, India and Netherlands. Table 10 and 11 below illustrate.

Table 10: KZN - Foreign Tourist Picture 2012

<table>
<thead>
<tr>
<th>KwaZulu Natal – Foreign Tourist Picture 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Visitors Annually</td>
</tr>
<tr>
<td>Average Spend per Visitor</td>
</tr>
<tr>
<td>Spend – Total Market Value</td>
</tr>
<tr>
<td>Length of Stay: Average</td>
</tr>
<tr>
<td>Main Overseas Source Markets</td>
</tr>
</tbody>
</table>

Source: SAT 2013

Table 11: KZN Top 10 Foreign Tourism Source Markets 2012

<table>
<thead>
<tr>
<th>KwaZulu Natal's Top Ten Foreign Tourism Source Markets 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Swaziland</td>
</tr>
<tr>
<td>2. Lesotho</td>
</tr>
<tr>
<td>3. Zimbabwe</td>
</tr>
<tr>
<td>4. UK</td>
</tr>
<tr>
<td>5. USA</td>
</tr>
</tbody>
</table>

Source: SAT 2013

5.2.1.2 DESTINATIONS VISITED IN KZN
Durban is the mostly visited (70.3%) followed by Elephant Coast 22.3%, Drakensberg 15.8%, Zululand 14.5% and Pietermaritzburg 8.4%. Table 11 below illustrates.

Table 12: Destinations visited - Overseas & African Air Departures

<table>
<thead>
<tr>
<th>Destinations Visited in KZN – Overseas and African Air Departures</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durban</td>
<td>70.3%</td>
</tr>
<tr>
<td>Pietermaritzburg</td>
<td>8.4%</td>
</tr>
<tr>
<td>Zululand</td>
<td>14.5%</td>
</tr>
<tr>
<td>Drakensberg</td>
<td>15.8%</td>
</tr>
<tr>
<td>Elephant Coast</td>
<td>22.3%</td>
</tr>
<tr>
<td>North Coast</td>
<td>13.6%</td>
</tr>
<tr>
<td>South Coast</td>
<td>8.1%</td>
</tr>
<tr>
<td>Battlefields</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Source: SAT 2013

Tourism KwaZulu-Natal has demonstrated how significant the tourism sector is to the growth of the provincial economy. The Province has wonderful natural tourism attractions and is thus well positioned to take advantage of the continued growth in world and domestic tourism.

It is hoped that the plans set out in the KZN Strategic Plan receive the support and investment to realize the vision of making KZN Africa’s leading tourism destination. KwaZulu-Natal tourism industry is fundamental tourist attraction for South Africa. It has been estimated that there are approximately 8.4 million domestic tourists from outside and within the province[^1].

### 5.2.2 MANDENI TOURISM PRODUCTS

The primary factor that attracts tourist in the Municipal area is its beaches, estuaries, nature reserves and historical sites, the wild life and Zulu culture. The nature reserves include the Amatigulu Nature Reserve, Ingwenya Nature Reserve, Ndulindle Hills and Ndondaksuka Hill.

The Mandeni Municipal area has a very rich historical past, which presents a huge opportunity for Tourism development. The Tugela (correctly spelt Thukela) River is the

largest river in KwaZulu-Natal, and was the historical border between Zululand and Natal. A number of significant historical events associated with the river have left a rich legacy of major historical and cultural sites on what has now been referred to as the "Thukela Frontier".

Sector plans developed by the municipality have identified a number of key tourism products found within the municipal boundary, their challenges and suggested ways to tap in the opportunities. Some of the key sector plans that have provided insightful information in the tourism sector include the Tourism Strategy, Feasibility Report & Business Plans for Catalytical Projects and the Mandeni Municipality Infrastructure Development Summit Summary Report November 2013. These reports identified some of the potential tourism products in Mandeni.

5.2.2.1 ANGLING TOURISM ALONG THE MANDENI COASTLINE

The Siyaya Coastal Plan targets the development of the coastline for tourism purposes. Principally the document recommends the creation of a blue flag swimming beach somewhere along the municipal coastline. The aim in creating a blue flag beach is to attract beach holiday tourists to Mandeni. However investigation undertaken to this end has led to a reconsideration of the role of the Mandeni’s coastline in terms of developing tourism in the municipality. At this point however, it is suffice to say that there is little possibility that any of Mandeni’s beaches could attain blue flag status. Furthermore, even if a blue flag swimming beach could be created on the Mandeni coastline, it is not certain that this would represent the best use of the coastline in terms of generating tourism income. Beach holiday tourism also has no precedent in the municipality. Angling tourism, however, has a long history at places like Tugela Mouth, Dokodweni and Amatigulu. The Mandeni coastline is considered to be one of the best fishing spots on the whole KwaZulu Natal north coast.

Numerous species of shark are to be found in the waters around the river mouths and in the summer months the rare lobotes can be caught in the Tugela River Mouth. It thus makes sense that angling tourism along the Mandeni coastline be promoted as a priority strategy.

At present, though highly popular at Tugela Mouth, angling in Mandeni Local Municipality has not reached its true potential. Access to fishing spots is largely limited to Tugela Mouth and Amatigulu with the beaches in between virtually inaccessible, particularly with the current 4X4 beach driving ban in place. Increased access to beaches north of Tugela Mouth and at the river mouth itself could encourage angling tourism even further. The tourism
strategy / feasibility study suggested the following with regards to promoting angling in Mandeni:

- Keep rivers, particularly the Tugela, unpolluted;
- Engage with Tongaat Hulett Group with respect to developing the south bank of the Tugela River;
- Open up the beaches between Tugela Mouth and Amatigulu;
- Contact ESA and look to increase the number of fishing events taking place in the country;
- Ensure the safety of fisherman as a top priority;
- Include the local community;
- Provide safe boat launch sites;
- Develop Tugela Mouth Village as a world class fishing destination;

5.2.2.2 TUGELA RIVER

The Tugela River is one of the defining features of Mandeni Local Municipality and is important both from an environmental and historic point of view. The adjective, ‘mighty’ has long preceded the name of the river, and is an image that Mandeni Local Municipality should strive to uphold.

Continuous damming of the river further upstream and effluent discharge in the river around Mandeni town as well as general litter in the river has jeopardized the traditional image of the ‘mighty Tugela’. The Tugela River remains, however, one of Mandeni’s greatest assets and needs to be treated accordingly.

An unpolluted river would encourage water activities ranging from kayaking to rafting to guided boat trips. If Mandeni Local Municipality is to sell a tourism product which majors on nature and adventure activities then it is essential that the river be well looked after. Historically too, it is important to keep the river in good condition as the Tugela acted as the imposing border between Zululand and Colonial Natal. Visitors to historical sites do not want to see the Mighty Tugela, once so formidable, a mere trickle due to excessive damming, nor do they want to see a river whose banks have become rubbish dumps.
The report suggested the following in terms of the Tugela River:

- Put in place an effluent management policy;
- Consistently monitor pollution levels in the river and adopt a set of water quality standards;
- Prevent dumping in or along the river;
- Remove invasive, alien plant species from the river and river banks;
- Engage with Mandeni Catchment Management Agency

5.2.2.3 NATURE RESERVES

Mandeni Local Municipality is fortunate to have three nature reserves in its municipal boundaries. These nature reserves; Ngwenya, Harold Johnson and Amatigulu, are key assets of Mandeni. Nature reserves close to Durban offer tourists the opportunity to escape the city without having to travel far up north to the Zululand game reserves. Harold Johnson and Amatigulu Nature Reserves offer truly unique natural surroundings. Amatigulu Nature Reserve is an indigenous coastal forest, well situated on the impressive Amatigulu estuary. It boasts diverse birdlife as well as nationally rare examples of indigenous dune forestation. Harold Johnson Nature Reserve, similarly, is uniquely positioned high on the banks of the Tugela enjoying wonderful dioramas of the river as it tracks its way down to the sea. The reserve also boasts abundant bird watching opportunities for the nature tourist.

While the Amatigulu Nature Reserve is proving to be reasonably popular, with 6000 visitors a year and enjoying favourable press, Harold Johnson Nature Reserve struggles to attract visitors, with just fewer than 900 reported for 2007. Amatigulu at 2100ha is significantly bigger than Harold Johnson (just over 700ha) but this alone cannot account for the major discrepancy in visitor numbers between the reserves. Rather, such a small number of visitors to Harold Johnson would seem to indicate underperformance on the part of the reserve. This may be due to poor management at Harold Johnson as well as poor promotion of the nature reserve. Far greater potential exists for Harold Johnson Nature Reserve than is currently reflected by 900 visitors a year. Harold Johnson and Amatigulu Nature Reserves have large tourism potential, and efficient management and effective
promotion of the reserves should go toward realizing this potential. Ngwenya Nature Reserve currently is in a poor state, with no access control and poor facilities. However the nature reserve has limited tourism appeal. A management plan has been put together to promote the reserve as a venue for business tourism. In terms of nature reserves, the report suggested the following:

- More effective monitoring of staff at Reserves by Ezemvelo KZN Wildlife;
- Ensuring the quality of facilities at the Reserves and the safety of the animals;
- Outsource management of the nature reserves to suitably qualified candidates in the private sector;
- Extend Harold Johnson Nature Reserve;
- Mutually beneficial interaction between Harold Johnson and Seula Zimbili;
- Addressing the issue of land claims at Amatigulu;
- Follow through on the Ngwenya Nature Reserve Management Plan

The Mandeni Municipality Infrastructure Development Summit Summary Report November 2013 identified the following in terms of the Amatigulu Nature Reserve:

- There is a need to re-establish greater conservation and environmental management in the Amatigulu Nature Reserve as an attraction in Mandeni and ILembe district;
- Explore the possibility of concessions with private developers to construct and operate a hotel and conference facility in this pristine environmental area;
- Develop a tourism information centre linked to all the significant cultural heritage sites throughout the municipality.

5.2.2.4 HISTORICAL SITES

Mandeni Local Municipality has a number of historical sites of high national significance. These include the Ultimatum Tree, Fort Pearson and Fort Tenedos, the battle sites of Ndondakusuka and the Tugela and the John Dunn settlement. Despite their importance the sites have little to attract tourists if they are packaged in isolation. For instance, by itself the Ultimatum Tree is merely an open piece of land next to the river, with no information boards, monuments or tour guides. Yet the Ultimatum Tree is one of the few stops, along with Fort Pearson, with appeal for tour busses in Mandeni. As part of a tour package, an historical site need not have much actual substance as the tour puts the site into its
historical context by emphasizing its relationship with other sites as well as by providing effective historical narration at the site.

The study suggested that the other historical sites in the municipality be linked to a tour operator if tourists are to be attracted to these sites. It notes that while the Ultimatum Tree and Fort Pearson are stops on some tour routes, they are not considered essential historical sites to visit on conventional battlefield tours. These and other historical sites in the municipality must be packaged as essential stops and key components of any Zululand or Anglo Zulu War tours. The tourism strategy/feasibility study recommended the following about the historical sites in Mandeni:

- Package a historical tour specific to Mandeni;
- Make historical sites in Mandeni an essential stop on historical tours;
- Improve Access to the historical sites; and
- Link historical sites to adventure activities.

5.2.2.5 ACCOMMODATION

The Mandeni feasibility/tourism report indicates that accommodation is lacking in Mandeni and this severely hampers the growth potential of tourism in the local economy. At present Tugela Mouth accounts for 70% of the accommodation available in Mandeni. Accommodation outside of Tugela Mouth and excluding Seula Zimbili, as it primarily caters for school groups, accounts for only 12% of the total accommodation available in the Municipality. For instance, there is only one guest house in Mandeni town. The situation presents a gap in business tourism opportunities in Mandeni town for businessmen and women visiting the Sappi factory or the Isithebe Industrial Estate.

Table 13: KZN Foreign Tourist Picture 2012

<table>
<thead>
<tr>
<th>KwaZulu Natal – The Foreign Tourist Picture 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Visitors Annually</td>
</tr>
<tr>
<td>Average Spend per Night</td>
</tr>
</tbody>
</table>
There is also a gap in the tourism market for middle to higher income accommodation within the municipality. The only resort Mandeni Local Municipality can boast is the Tugela Mouth Resort. While this is set to change with the big developments on the northern banks of the Tugela, significant opportunity exists for the development of international standard holiday resorts north of the Amatigulu River estuary as statistics indicates a large proportion of total tourism spend goes toward spending on accommodation. Table 13 and 14 below demonstrate the tourism trend in KwaZulu Natal international and domestic markets.

It is essential to provide enough accommodation to cater for tourism growth in the area. Providing accommodation also means that the municipality can take advantage of tourist attraction outside of the municipal boundary lines, by acting as a base for tourists to the area.

In terms of improving accommodation and attracting foreign direct investments, the tourism strategy / feasibility study suggested the following interventions:

- Increase the supply of accommodation in the municipality;
- Spread accommodation options more widely;
- Provide more varied accommodation;
- Provide accommodation supporting infrastructure

5.2.2.6 TOURISM INFRASTRUCTURE OPPORTUNITIES

Tourism supporting infrastructure such as tourism signage to the tourism facilities, historical sites and other tourism products are not available. It was evident from the tourism and feasibility report that the tourism signage in the municipal is poor. This makes it very
difficult for tourists to find their way to their interested destinations. Generally, poor signage hampers visitor numbers at tourist attractions in the municipality. This is especially true of the historical sites, some of which are very challenging to locate without adequate signage. The report went further and highlighted by map the proposed strategic location of new signage in the Municipality. The following were some of the strategic locations that were considered as highly important for advertising the tourist attractions in the municipal area:

- Sign off N2 for Harold Johnson, Fort Pearson, Ultimatum Tree;
- Sign off N2 for accommodation at Tugela Mouth
- Sign off N2 for Prawn Shack and Dokodweni Beach

The Mandeni Infrastructure Summit Report proposed the following tourism infrastructure development:

- Development of a “Mandeni Gateway” (Info Centre) at the intersection of the N2 and Mandeni off-ramp with appropriate signage from the N2 into the CBD;
- Development opportunities (conference facility);
- Ezemvelo conservation management – concession to a private developer;
- Wangu and Ohwebede/Tugela Mouth – Prioritise in SDF, LAP/Precinct Plans.

The tourism strategy / feasibility report compiled the following set of potential catalytic projects that have been researched and have been adopted or alternatively discarded. The table that follows summarizes those projects:

**Table 15: Potential Catalytic Projects**

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>PROJECT DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>N2 Service Station</td>
<td>Construction of a service station off the N2 in Mandeni</td>
</tr>
<tr>
<td>Blue Flag Beach</td>
<td>Creation of a blue flag swimming beach along Mandeni Coastline</td>
</tr>
<tr>
<td>Nandi Memorial</td>
<td>Construction of a memorial to Queen Nandi, Shaka’s mother in Ndulinde</td>
</tr>
<tr>
<td>Amatigulu Resort</td>
<td>Development of a luxurious resort on the north bank of the Amatigulu River</td>
</tr>
<tr>
<td>More Accommodation at Amatigulu</td>
<td>Extending the Zarangazolo tented camp at Amatigulu Nature Reserve</td>
</tr>
<tr>
<td>Conference Facilities in Ngwenya Nature</td>
<td>Construction of a 150 seater conference facility at Ngwenya Nature Reserve</td>
</tr>
</tbody>
</table>
### Project Name

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve</td>
<td>Development of an Adventure Hub, offering a range of adventure activities alongside the Tugela River</td>
</tr>
<tr>
<td>Development of an Adventure Hub</td>
<td></td>
</tr>
<tr>
<td>Revival of Battle of Ndondakusuka</td>
<td>Re-enactment of Battle of Ndondakusuka, cultural activities and the development of memorial on Ndondakusuka Hill</td>
</tr>
</tbody>
</table>

### 5.3 COMMERCIAL SECTOR

#### 5.3.1 OVERVIEW OF COMMERCE SECTOR

The commercial sector in the Mandeni Municipality is an important sector, since the town of Mandeni is the urban centre where most people in the municipal area do their shopping and seek services. The monopoly is held by the Renckens Superspar, which means that there are no other competing supermarkets in Mandeni. In addition, there are other stores to cover the basic needs of the residents. Also scattered throughout the Municipality are some spaza shops operated by local people. There is a fairly established service sector but there is still opportunity for growth. Some specialised services are however, still obtained from outside the area. Co-operatives have also been set up to provide a wide range of services. However, there are many problems in terms of the recognition that co-operatives receive as a legitimate business. There is also a problem in terms of accessing a market for services.

#### 5.3.2 EMPLOYMENT BY COMMERCE

The commerce industry is not a major contributor to job employment in Mandeni. However, there has been a gradual increase in the number of people employed by this sector. In 1996, the sector was employing only 566 people which gradually increased to 850 in 2008. This then surged to 820 in 2012. The figure below demonstrates these trends.

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6 Mandeni IDP 2012-17
Figure 21: Employment by Commerce Sector

Source: Calculated based on HIS Global Insight 2012

5.3.3 GVA CONTRIBUTION BY THE COMMERCE / TRADE SECTOR

The commerce sector although it employs few people, it is the second most contributor to the municipal GVA contributing approximately 26% after manufacturing 27%. Figure 10 below depicts:
5.3.4 **ANNUAL TOTAL DISPOSABLE INCOME (R MILLION, CONSTANT 2005 PRICES)**

*Figure 23: Annual Total Disposable Income (R million)*

### MANDENI MUNICIPALITY LOCAL ECONOMIC DEVELOPMENT DRAFT STRATEGY

MAY 2015
The Mandeni population has recorded a steady increase in its annual total disposable income since 1996. The disposable income was 1,162m in 1996 and increased to 1,995 in 2012. The increase in the disposable income is an indication that the population has experienced an increase in its purchasing power. However, this does not mean that many people can afford to satisfy their basic needs. A growth in disposable income is a good recipe to growth of the commerce sector since the sector is the one that can benefit a lot given that the sector is a primary provider to the daily needs of the population. Figure 11 below demonstrates.

5.4 AGRICULTURAL SECTOR

5.4.1 GVA CONTRIBUTION BY AGRICULTURE SECTOR

Agriculture sector plays a significant role in the municipal’s economy. The sector contributes a mere 3.7% to the municipal Gross Value Added (GVA) and employs only 3.84% of the available labour force. Table 16 and 17 below demonstrate.

Table 16: GVA Contribution by Agriculture

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>3336.466</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>126.2756</td>
<td>3.78</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>50.38561</td>
<td>1.51</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1247.823</td>
<td>37.40</td>
</tr>
<tr>
<td>Electricity, gas and water</td>
<td>7.566253</td>
<td>0.23</td>
</tr>
<tr>
<td>Construction [SIC: 5]</td>
<td>31.06001</td>
<td>0.93</td>
</tr>
<tr>
<td>Wholesale and retail trade, catering and accommodation</td>
<td>532.4409</td>
<td>15.96</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>170.4363</td>
<td>5.11</td>
</tr>
<tr>
<td>Finance, insurance, real estate and business services</td>
<td>967.154</td>
<td>28.99</td>
</tr>
<tr>
<td>Community, social and personal services</td>
<td>80.35822</td>
<td>2.41</td>
</tr>
<tr>
<td>General government</td>
<td>122.966</td>
<td>3.69</td>
</tr>
</tbody>
</table>

Source: Calculation based on Quantec data 2013

The importance of agriculture as a sector with regard to its contribution to the Gross Geographic Product of KwaZulu-Natal, its downstream activities, employment creation and opportunities and its huge potential should be highlighted. There is however, a need to
adapt traditional farming methods into more commercially viable ones, as well as take heed of the styles of farming that have endured at the homesteads.

5.4.2 EMPLOYMENT BY AGRICULTURE SECTOR

Agriculture sector employed approximately 3,227 people in 1996 which improved to 3,204 in 1997. The employment by this sector then surged and picked up in 2002 where 3,371 were employed by the sector. However the sector experienced a decline and the level of employment decline from 3,371 in 2002 to 2,769 in 2011. This was due to amongst others the world economic slump. The diagram below illustrates.

Sugar cane is the dominant agricultural activity in Mandeni. The large commercial farmers have over the last fifteen years experienced much difficulty and some farmers have experienced bankruptcy. This in turn has influenced employment trends by the sector as illustrated in figure 25 above. Sugar cane is also farmed on a small scale in the rural areas that are under traditional leadership. The sugar cane farms in traditional areas are poorly developed and these farms don’t make money. The main reason for this is the fact that the land is not effectively farmed. Other agricultural opportunities including vegetable farming, cattle farming, niche market products, and mining opportunities can also be looked into further.

Figure 24: Number of People Employed by Agriculture Sector
Source: Calculated based on HIS Global Insight 2012

Agriculture in KwaZulu-Natal is extremely diverse as is reflected in the patterns of its topography. The rainfall which falls mainly in the summer months is relatively reliable and varies from 400mm to over 1000mm. The soils of KwaZulu-Natal are as diverse as the climate and they too influence the patterns of agricultural production such as sugar cane and maize.

Poverty and low levels of economic activity remain a primary concern in the province, and economic opportunities aligned to local community needs are a priority. Degradation of the natural environment remains a concern however, and focuses on sustainable agriculture both from an economic and environmental point of view are needed in the province.

Some of the problems that are experienced in developing this sector of this industry in KwaZulu-Natal include:

- Low yields;
- Access to water for irrigation;
- Lack of training, and loss of traditional knowledge resulting in poor crop;
- Land degradation;
- Limited experience in natural resource management;
- Limited formal land ownership;
- Access to credit;
- Organizing successful agricultural co-operatives;
- Market access

The sugar industry makes an important contribution to the local and national economy, given its industrial and agricultural investment, foreign exchange earnings and high employment linkages with major suppliers, support industries and customers.

The sugar industry makes an important contribution to direct employment in cane production and processing, and provides indirect employment for numerous support industries.

5.5 SMALL MEDIUM ENTERPRISES AND INFORMAL SECTOR
5.5.1 SMME

SMMEs in Mandeni focus their business on the following activities: Tourism, catering & accommodation, retail trade and allied services, construction, manufacturing, restaurant & tavern, dairy farm, general dealer, supermarket, butcher, professional & financial services, bricks/ blocks manufacture, burial services, liquor retail, consumer sales & other services, motor repairs, beauty salon, arts and crafts, bakery, cleaning services, computer repairs, electrical appliance, hardware retail, laundry services, light engineering services, radio & TV repairs, clothing and textile, and security services.

5.5.2 REASONS FOR CHOOSING MANDENI AS A WORKING ENVIRONMENT

The SMME surveys administered by Urban Econ in 2008 indicated the following as key points that attracted them to establish business in Mandeni Municipal area:

- Close-by to home;
- Only available area;
- Industrial area convenient for business growth;
- Land Availability;
- High demand;
- Low competition;
- Potential for business to grow and close to target market;
- Cheaper labour at that time to recruit;
- Government subsidies at that time to those who wanted to open business;
- Land availability;
- Good infrastructure including road, rail, harbour, etc.

However, the overall assessment of the business environment shows that Mandeni is a good area for business growth as per the following table.

Table 17: Description of the Working Area

<table>
<thead>
<tr>
<th>Description of the Business Area</th>
<th>%</th>
<th>Overall assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>An excellent place to work</td>
<td>18.5</td>
<td>Good 83.3 %</td>
</tr>
<tr>
<td>A pleasant place to work</td>
<td>27.8</td>
<td></td>
</tr>
<tr>
<td>An average place to work</td>
<td>37.0</td>
<td></td>
</tr>
<tr>
<td>An unpleasant place to work</td>
<td>13.0</td>
<td>Worse 16.7%</td>
</tr>
<tr>
<td>----------------------------</td>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>A very unpleasant place to work</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Mandeni SMME Strategy 2008
5.5.3 MAIN OBSTACLES TO SMME GROWTH

The survey identified the following as obstacles to SMME growth in Mandeni:

5.5.3.1 INFRASTRUCTURE ISSUES
- Transport infrastructure needs to be improved or developed;
- Current roads and the sewerage system need to be improved;
- Crime too high (overgrown property - bushes are too thick, the criminals are using it as a hiding place);
- Electricity problems;
- Poor service delivery from municipality

5.5.3.2 INSTITUTIONAL ISSUES
- Need for skilled workers;
- Financial problems and limited access to formal finance and banking institutions;
- Poor marketing;
- High competitions as the municipal officials own businesses in the area as well as from the Chinese cheap imports (the competition leads also to no stable labour).

5.5.3.3 ECONOMIC ISSUES
- High inflation;
- Interest hike;
- Absenteeism by staff due to HIV/AIDS and other sickness;
- Regular taxi violence;
- Petrol increase

5.6 INFORMAL TRADING

Major activities characterising the informal economy in Mandeni municipality according to the Mandeni SMME Strategy 2008 include: gardeners, garbage pickers, cardboard collectors, child carers, mielie cookers, newspaper vendors, taxis drivers, car and minibus washers, live chicken sellers, second hand clothes dealers, hairdressers, barbers, fruit sellers, street food vendors, street non-food products vendors, bricklayers and
stonemasons, tavern and shebeen operators, motor vehicle mechanics and fitters, spaza shop owners and workers, tailors, dressmakers and hatters, sewers, embroiderers and related workers, traditional medicine practitioners, muthi traders, Mr phone dealers, shoe makers and polishers, domestic workers and welders.

The surveys noticed that the informal economy in Mandeni is overwhelmingly dominated by the fruit sellers and second hand clothes dealers. Street food products vendors, spaza shop owners, traditional medicine practitioners as well as the street non-food products vendors followed. Surveys also indicated that 56.6% of informal businesses in Mandeni employ 1 person; 37.4% employ 2 to 3 and 3.7% employ 4 to 6 persons.

5.6.1 REASONS FOR BEING IN THE INFORMAL ECONOMY

The survey conducted by Urban Econ in 2008 pointed out the following as the major cause that forced people to work in the informal economy in Mandeni:

- Lack of skills;
- Unemployment;
- Being housewife;
- Being sick, and
- Having business passion & interest,

5.6.2 MAJOR OBSTACLES TO INFORMAL TRADING

The survey also revealed the following as major obstacles to informal economy:

5.6.2.1 INFRASTRUCTURE ISSUES

- Poor infrastructure such as transport, storage facilities, water, electricity;
- Theft and criminal violence;
- Lack of working premises;
- Poorly developed physical markets;
- Police harassment

5.6.2.2 INSTITUTIONAL ISSUES

- No access to formal training and, as a result, lack of skills in particular as regards basic economic skills and managerial expertise;
Lack of formal schooling sometimes even resulting in illiteracy;
Limited access to formal finance and banking institutions;
Reliance on self-supporting and informal institutional arrangements;
Government regulations in areas such as business start-up, in particular as regards cumbersome, time demanding and costly procedures for business registration;
Lack of access to official social security schemes;
Fewer market opportunities due for instance to non-compliance to national and international standards;
High competition.

5.6.2.3 ECONOMIC ISSUES

Excessive registration and transaction costs of starting or operating businesses;
Limited access to technology;
High inflation;
Lack of opportunities for bulk purchase of inputs;
Low incomes or lack of regular income as household consumption competes for the use of business earnings;
Lack of working capital: credit has to be obtained from informal sources such as friends or relatives or non-banking financial agencies with unfavourable terms;
Insufficient funds do not allow for further investments;
Conflict with formal business and Problems with workers (turnover, absenteeism)

5.7 GREEN ECONOMY

The green economy is defined as an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. A green economy approach reflects a shift in thinking from a ‘business as usual’ neo economic approach, which considers the environment as an infinite resource from which to grow the economy, to one that recognises that the environmental system has that the

8 UNEP, 2010
economic sub-system should be embedded within, and shaped by, the environmental assets and services available in a particular region. A shift to the green economy thus involves the restructuring of business, infrastructure and institutions towards more sustainable (green) production, consumption and distribution processes, creating new economic opportunities and green jobs. The Strategy\(^9\) identified the following infrastructure as a way to promote green economy in the KwaZulu Natal Province.

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### 5.7.1 GREEN INFRASTRUCTURE

Green infrastructure is defined as the physical and organisational structures that support green economic activity. It includes the infrastructure of natural ecosystems, such as forests, grasslands, woodlands, rivers and the natural corridors that link these; and built systems, such as energy, sanitation and water infrastructure, buildings, transport networks and green economic parks and green agricultural zones.

### 5.7.2 NATURAL/ECOSYSTEM INFRASTRUCTURE

Natural ecosystem infrastructure (often called bio-infrastructure) includes all natural assets that produce ecosystem services. KwaZulu-Natal’s economy is built on its natural assets and their ability to produce ecosystem services, and thus depends fundamentally on these for its ongoing growth and development. In addition to this, many households in the province, particularly those in low income groups or rural areas, depend on the sustained supply of ecosystem services from this natural infrastructure to meet their basic needs and to participate in the informal economy. While the importance of KwaZulu-Natal’s ecosystems is fundamental to both the wellbeing of its residents and sustained growth of its economy, recognition is needed of the fact that these ecosystem services cannot be supplied at optimum levels unless investment is made into managing and enhancing the natural assets / ecosystem infrastructure that produces them.

### 5.7.3 GREEN BUILT INFRASTRUCTURE

Green built infrastructure helps shift business and daily life toward reduced use of resources such as energy and water, and reduces waste outputs. Green built infrastructure includes improved public transport systems, such as railroads and mass transit systems, telecommunications infrastructure and ICT, efficient energy, water and sanitation systems, green investment parks, green buildings and green agricultural zones. The development of

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sustainable agriculture markets that benefit rural communities can be stimulated by the development of green infrastructure, such as improved transport systems and ICT, in spatially marginalised rural areas.

Mandeni Municipality should incline its infrastructure development towards green infrastructure as outlined in above. The implementation of the green infrastructure will not only be to conform or align to the KZN Green Economy Strategy but also building a foundation to a sustainable way of living for generations to come in Mandeni area.
6 LED INSTITUTIONAL ENVIRONMENT

6.1 GOVERNANCE AND ADMINISTRATION

6.1.1 GOVERNANCE

The responsibility for decision making in respect of LED rests with the full council on recommendation made by the Executive Committee (EXCO). However, the municipality has established the Economic Development, Planning and Human Settlements Portfolio Committee as a sub-committee of council and entrusted it with a responsibility to advice EXCO and council on economic development and development planning issues. The committee acts on the basis of delegated powers, and drives the implementation of the LED programme as outlined in the IDP and the associated LED Plan. Other portfolio committees that deals with issues that have a far reaching implication for LED are:

- Finance and Budget Portfolio Committee;
- Infrastructure Portfolio Committee; and
- Special Programmes Portfolio Committee

Although some of the councillors have previously received training on LED, it critically important to expose all councillors to LED as an approach to development, local government mandate and a key performance area (KPA) for the municipality. This should not be an adhoc activity, but a carefully designed programme which seeks to build capacity and enable councillors to participate actively in economic development planning, project packaging and monitoring of the LED programme.

6.1.2 LED CAPACITY

The LED function falls within the Economic Development and Planning Directorate. While the mandate of this department covers municipal planning generally, LED is a programme within the Department. It falls under the LED Manager, and includes the following:

- Local economic development strategic planning which includes preparation and review of economic development sector plans.
- Packaging and implementation of LED projects.
- Local Economic Development (Tourism, Business Licensing and SMMEs Development, Agriculture, Manufacturing).
Participation in provincial and district LED initiatives.

Developing and maintaining functional relationship with key stakeholders in the LED space.

Despite LED being recognized as an important function, very little resources are allocated to undertake LED effectively within the municipal area. The Department has only 3 staff members including the director. Mandeni Municipality organizational structure is being reviewed as a means to enable the municipality to perform its functions efficiently and effectively.

In addition, the municipality has identified a need for an LED learnership program which seeks to create capacity within the municipal area and facilitate effective implementation of the LED projects. However, LED is a relatively new mandate for the municipality and a continuously evolving practice. As such, it is critically important to expand technical expertise through continuous training, networking and partnership with support organizations.

**6.2 SYSTEMS AND PROCEDURE**

**6.2.1 BY-LAWS**

Both Mandeni and iLembe District implements a suite of by-laws within Mandeni dealing with a range of issues based on the allocated powers and functions. Some of these have a direct impact on LED while others deals with the environment within which economic development and growth occurs, and may therefore have an indirect effect. Critical municipal by-laws with a direct impact on LED include the following:

- By-laws and policies necessary for an effective implementation of the Municipal Property Rates Act (MPRA).
- Informal trading policy and by-laws used to regulate the operation of the informal sector within the municipal area.
- Credit control by-law which may have serious implications for the SMMEs and their ability to pay for services.
- Water and sanitation by-laws administered by the District Municipality and used to regulate the setting of tariffs and general provision of water and sanitation.
In terms of district controls, the environmental health component currently ensures that provisions of the Health Act are implemented and as such have environmental health officers who conduct investigations in terms of conditions which “constitute pollution detrimental to health”. The unit is also responsible for enforcing Government Notice No. R. 918 of 30 July 1999 (Regulations governing General Hygiene Requirements for Food Premises and the Transport of Food). This is applied to formal and informal businesses which are involved in the sale of food items. The key challenge is for Mandeni Municipality is to ensure that all by-laws implemented within its area of jurisdiction are business friendly and promotes local economic development.

6.2.2 LAND USE MANAGEMENT

Until May 2010, land use management within the Mandeni Municipality has been regulated in terms of a plethora of legislation. Most of these have now been repealed, and replaced with the KwaZulu-Natal Planning and Development Act (PDA). The PDA empowers the municipality to introduce systems and procedures for land use management, and take decisions independently. This introduces new challenges for the Mandeni Municipality, and these are:

- Development of a Land Use Management System
- Implementation of a wall-to-wall scheme with uniform land use controls and procedures within five years from May 2010.
- Creating internal capacity to handle an increased volume of applications as the municipality takes responsibility for applications that were previously handles by the provincial government. This is required in order to avoid unnecessary and costly delays.
- Mapping of the process and ensuring that all those involved in the assessment of application and decision making perform their tasks on time, and decisions taken are informed and based on complete information.

The municipality has commenced with the review of the urban scheme to bring it in line with the PDA requirements. Development of a wall-to-wall scheme will serve as the second phase of this process.

6.2.3 SUPPLY CHAIN MANAGEMENT

Mandeni Municipality has developed and is implementing a Supply chain Management system as regulated in terms of the Municipal Finance Management Act, Act No. 56 of 2003.
The system seeks to promote and support local business in respect of the supply of a range of goods and services. It makes provision for SMMEs to register on the municipal database of suppliers. The challenge is to use the SCM system as a means to promote Broad Based Black Economic Empowerment (BBBEE) and SMME development.
6.2.4 MONITORING AND EVALUATION

The municipality has developed and adopted a Performance Management System (PMS) which sets targets and make commitment to achieve predetermined milestones within specified timeframes. However, this does not include tools and systems for monitoring project implementation and evaluating their impact. Some of the critical indicators in this regard will include number of jobs created, number of households pulled-out of poverty, production output and contribution to the overall local economy.

6.2.5 ECONOMIC INTELLIGENCE

The municipality has not developed a system for the collection and maintenance of economic data. As such, it relies heavily on broad economic data such census data, and companies that updates and sell data such as (Quantec, Global Insights, etc. Access to Geographic Information System (GIS) provides an opportunity to develop and maintain LED related database. The iLembe Development Agency may play a major role in coordinating the collection of economic and sectoral data.

6.3 LED SUPPORT AGENCIES

6.3.1 SMALL BUSINESS DEVELOPMENT AGENCY

The National Small Business Amendment Act (Act No. 29 Of 2004) repealed all provisions pertaining to Ntsika Enterprise Promotion Agency and provides for the establishment of the Small Enterprise Development Agency (SEDA). The primary mandate of SEDA is to provide non-financial support services and to coordinate all SMME non-financial support programmes of various government funded agencies at a district municipality level. Its functions are as follows:

- design and implement small enterprise development support in order to facilitate the building of sustainable and competitive enterprises;
- facilitate the promotion of entrepreneurship;
- facilitate the creation of an enabling operating environment for small enterprises;
- facilitate access by small enterprises to non-financial resources; and
- capacity building services products and services.

This is achieved through a national delivery network with regard to enterprise development, and by integrating all government funded small enterprise support agencies across all
spheres of government. The municipality being an organ of state is identified as one of the role-players to participate in an integrated approach to SMME Development and support. Furthermore SEDA will establish Enterprise Information Centres that will focus mainly on information dissemination, referrals and advice.

6.3.2 GOVERNMENT SUPPORT

There are various initiatives implemented by government departments and other agencies which provide LED support to Mandeni Municipality. These include:

- Government departments such as the Department of Economic Development and Tourism (DEDT), Department of Agriculture, Department of Arts and Culture, etc.
- Public entities such as Trade Investment KwaZulu-Natal (TIK), Tourism KwaZulu-Natal, Ithala Bank, etc.
- Small Enterprise Development Agency (SEDA) with the mandate to provide non-financial support services and to coordinate all SMME non-financial support programmes of various government-funded agencies at a district municipality level.
- Youth Development Agency focusing on supporting economic development initiatives targeting the youth.
- Department of Trade and Industry (DTI) and its incentive schemes.
- Development banks such as Ithala Bank, Land Bank and Development bank of Southern Africa.
- iLembe District Municipality and iLembe Enterprise.
- Tourism KwaZulu-Natal.

6.4 KEY INSTITUTIONAL ISSUES

Mandeni Municipality is at the forefront of a national campaign to eradicate poverty and create a vibrant local economy. However, this cannot be achieved while the coordination of economic development initiatives in this area remains unstructured and fragmented. The following is an indication of the local institutional inefficiencies in respect of LED within Mandeni Municipality:

- There is less integration with provincial departments. Different role-players are planning and budgeting in isolation. As a result, there is no strategic linkage between different initiatives. Again this is despite the IDP process.
There is a general lack of business cohesion, and as such business is poorly mobilized, and does not share a common vision for the sectors and the area generally. Small business is organized separately from formal business.

There is no structured mechanism for promoting dialogue among different role-players in LED. This is despite an increasing role and influence of the municipality in local economic development and existence of economic development products of a provincial significance in the area.

Integration within the municipality between technical service delivery and LED is difficult to achieve given the level of backlog in the delivery of service in the area and a need for social development. Linking infrastructure programs to LED is still a major challenge.

The relationship between the local and district municipality is important as joint programmes and funding opportunities are channelled through the District. A closer relationship in key sectors such as agriculture and tourism is important.
## 7 SWOT ANALYSIS

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
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<tbody>
<tr>
<td>Socio-economic</td>
<td>•</td>
<td>• Relatively high rate of poverty, unemployment and functional illiteracy.</td>
<td>• Government grants.</td>
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<td></td>
<td>•</td>
<td>• High representation of households with low disposable income.</td>
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<tr>
<td>Manufacturing/Industry</td>
<td>• Isithebe Industrial Park.</td>
<td>• Poor condition of Isithebe Industrial Area.</td>
<td>• Location in relation to Durban and Richards Bay.</td>
<td>• Industrial development in KwaDukuza Municipality.</td>
</tr>
<tr>
<td></td>
<td>• Availability of land suitable for industrial development.</td>
<td>• High vacancy rate in Isithebe.</td>
<td>• Proximity to Dube Trade Port.</td>
<td>• Economic recession.</td>
</tr>
<tr>
<td></td>
<td>• Main economic activity in Mandeni Municipality.</td>
<td>• Lack of appropriately zoned land within the municipality.</td>
<td>• Location along the Mandeni River.</td>
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<tr>
<td></td>
<td></td>
<td>• Lack of new industrial investment</td>
<td>• Relatively high land prices in KwaDukuza LM.</td>
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<tr>
<td>Commerce</td>
<td>• Mandini Town.</td>
<td>• Layout of Mandini Town.</td>
<td>• Mandini Urban Regeneration.</td>
<td>• Foreign ownership of local convenient shops.</td>
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<td></td>
<td>• Local convenient shops</td>
<td>• Lack of spatial planning</td>
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<th>SECTOR</th>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
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</table>
|        | in rural areas.  
• Emerging rural development nodes.  
• Large number of local small shopping facilities. | in rural development nodes.  
• Relatively low buying power in Mandeni LM.  
• Shortage of land zoned for commercial purposes. | • Location within the Zulu-Heritage Route.  
• Location along the coastline.  
• Provincial tourism marketing.  
• Ezemvelo KZN Wildlife. | • Development of shopping malls. |
| Tourism | • The beach  
• Conservation areas  
  o Harold Johnson  
  o Amatigulu Nature Reserve  
• Rich heritage.  
• Strategically located land for upmarket and holiday resort developments. | • Poorly developed tourism sector. | • Land ownership and availability.  
• Environmentally sensitive areas. | |
| Agriculture | • Sugar-cane plantations.  
• Two sugar-mills.  
• Farmers associations.  
• Relatively good agricultural land along the coast. | • Low potential agricultural land in communal areas.  
• Poor access to farm implements and finance by small scale farmers. | • Land reform programme.  
• Small scale farmer support programmes. | • Land Restitution Claims.  
• Global warming.  
• Poor performance and uncertain future of the sugar industry. |
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<tr>
<th>SECTOR</th>
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<th>WEAKNESSES</th>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
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<tr>
<td>SMMEs</td>
<td>• Informal trading stalls.</td>
<td>• Lack of SMME infrastructure.</td>
<td>• Provincial SMME development programmes.</td>
<td>• Informalisation.</td>
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<td></td>
<td>• Organized informal traders.</td>
<td>• Lack of SMME and informal trading policy and management systems.</td>
<td>• Urban renewal programme.</td>
<td>• Increase in foreign owned small enterprises.</td>
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<tr>
<td>Infrastructure</td>
<td>• National and provincial road network.</td>
<td>• Poor condition of rural roads.</td>
<td>• Regional Bulk Water Schemes.</td>
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<td></td>
<td>• Railway line.</td>
<td>• Privately owned landfill site.</td>
<td>• Electrification Master Plan.</td>
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<td></td>
<td>• Bulk water schemes.</td>
<td>• Electricity infrastructure.</td>
<td>• New landfill sites.</td>
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<td></td>
<td></td>
<td>• Old sewer infrastructure.</td>
<td></td>
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<tr>
<td>LED Institutions</td>
<td>• LED unit within the municipality.</td>
<td>• Inadequate capacity.</td>
<td>• ILembe Economic Development Agency.</td>
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<td></td>
<td></td>
<td>• Lack of funds.</td>
<td>• ILembe District LED Unit.</td>
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<td></td>
<td></td>
<td>• Poor coordination among stakeholders.</td>
<td>• Provincial support.</td>
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8 LOCAL ECONOMIC DEVELOPMENT STRATEGY

The LED strategy for Mandeni Municipality builds on the strengths and seeks to seize the opportunities the environment presents to the area and its people. It reflects learning from other municipalities as a means to avoid common mistakes, and repositions the area on a sustainable economic development path. This includes inspiring confidence to the local economy among the local stakeholders, investors and support agencies.

8.1 LED DRIVERS

8.1.1 THE LOCAL PEOPLE

Active involvement and participation of the local people (Mandeni) in integrated development planning as undertaken by the municipality is a hallmark and a foundation for building a robust sustainable and all-inclusive local economy. The local people have good knowledge of the area, are able to take full advantage of economic opportunities and are innovative. They produce locally made and branded products using local/indigenous knowledge and develop products that celebrate their unique culture and define them as the people of Mandeni. The key challenge is to change the mind set and mobilise communities towards a common vision for developing the local economy.

8.1.2 THE LOCAL ASSETS

Local assets include natural, human and manmade resources which should be harnessed for the purpose of local economic development. Specifically, this includes relatively good production potential soils in selected areas which are suitable for crop production, pristine natural environment with high conservation value, mineral rights which create opportunities for mining and processing of these minerals into various products. The key challenge, is to develop local skills to tap onto these opportunities and exploit them for the benefit of the area.

8.1.3 CANDID STEWARDSHIP

Effective LED requires leaders that inspire confidence and are able to mobilise resources for the advantage of the local communities. This includes sourcing funds for various economic development initiatives, organise training and other technical support for the entrepreneurs and identify opportunities. The municipality, through its LED unit occupies a uniquely strategic position to provide such leadership. In so doing, it needs to ensure that all other
leaders within the area share the same vision and are able to amass their influence, power and authority towards the attainment of the vision.

8.1.4 NETWORKS AND PARTNERSHIPS

In addition to strategic leadership, effective LED implementation in Mandeni requires the establishment of networks across horizontally and vertically. Horizontal networks refers to developing working relations with local business, community based organisations and other local institutions. Vertical networks may transcend even to global partnerships. These networks and partnerships are required to support LED implementation, sharing of ideas and knowledge and to build social cohesion around a common economic development vision.

8.1.5 COOPERATIVE COMPETITION

Cooperative competition is about collaboration and gives further impetus to a need for networking and partnerships. It refers to the cooperation among businesses that are involved in either similar or complementary business activities so as to maximise benefits, manage risks, and reduce unnecessary losses.

8.2 NORMATIVE PRINCIPLES

The success of the Mandeni LED strategy will be measured not simple in terms of the approach adopted, but also its ability to attain the economic development goals with visible outcomes to the target beneficiaries. The different policies and practices have given rise to a set of attributes for an effective LED strategy for the Mandeni Local Municipality. These are summarised as follows:

- The Municipality has a critical role to play in LED
- There is a need a common LED vision
- Local economies are important for regional growth (and regional economies are important for local growth)
- Public and stakeholder participation
- Relevance to the local economic situation
- LED and poverty alleviation programmes
- Micro economic reform at a local level
8.2.1 THE MUNICIPALITY HAS AN IMPORTANT ROLE IN LED

Municipalities stand at the cutting edge of LED in the country. The Mandeni Municipality is no exception to this. It is closer to the interested and affected parties. It is directly exposed to the economic development opportunities and is well positioned to address and respond to the local economic development challenges. It is a key change agent with one of its responsibilities being to give direction and guidance to development. This includes creating a climate conducive to economic development by removing blockages and obstacles, identifying economic development opportunities and providing support to the small and emerging enterprises. Provided there is sufficient communication between the Municipality and the broader community, in particular the business community, then this role will feel onerous and more inclusive.

8.2.2 STAKEHOLDERS SHOULD HAVE A SHARED LED VISION

Different approaches to LED have given rise to different interpretations and varied understanding of LED. For some, SMME development equates to LED while others construe LED to be about infrastructure development or micro-economic reform. In the recent past, LED has been implemented as a series of small isolated income generation projects with minimal (if any) strategic linkages with high impact economic development initiatives. Some have emphasised the role of the market while others have targeted the state and its various organs as the primary drivers for LED. As each of these perspectives developed under unique circumstances and could be applied with varying degrees of success to the Mandeni, it is important for all stakeholders to develop a shared vision and pull the resources towards the attainment of this vision.

8.2.3 VIBRANT LOCAL ECONOMIES ARE CRITICAL FOR REGIONAL GROWTH

Macro-economic growth and development, and hence the improved functioning of the first economy is dependent on the functioning of various local economies. It thus follows that growth of the Mandeni economy depends on the stability of the local economies. The key challenge therefore, is to maximise the potential and effective functioning of all localities within the Mandeni Municipality in a way that deals with the unique competitive advantages of each area in a suitable and realistic manner. The better the functioning of the local economies the better will be the overall performance of the regional economy.
Mandini Town area for example requires planning intervention and infrastructure planning for informal traders. In the same way the district economy, and particularly the north-coast tourism sector, needs to operate as a single destination area in terms of marketing.

### 8.2.4 THE FIRST AND SECOND ECONOMIES ARE INTEGRALLY LINKED

The first decade of democracy in South Africa has been characterised by a major focus on developing social and economic development policies, programmes and implementation systems and procedures. The IDPs at a local level serves as a commitment among the stakeholders to sustain and further grow the established economies while also accelerating development in the second economies with an intention of achieving integration and seamless economic development. A number of programmes and policies have been developed at a national and provincial level to facilitate this form of development. These include policies dealing with infrastructure development, SMMEs, the informal sector, etc. The Mandeni municipal area is characterised by an economically under-developed coastal strip with boundless opportunities for leisure, tourism and upmarket residential development.

### 8.2.5 PUBLIC AND STAKEHOLDER PARTICIPATION

An effective LED programme needs to be developed with full involvement and participation of the target beneficiaries and role players. This is from the strategy development, programme design and the packaging and implementation of development projects. This approach has the following advantages:

- It provides for a people centred development and helps to ensure sustainability.
- It ensures continuous skills transfer, financial accountability and sustainability.
- It ensures clear articulation of community needs and development priorities.
- Greater understanding of projects has potential to lead to ownership of the project and higher level of commitment from the targeted beneficiaries.
- It ensures participatory democracy.

Continuous involvement and participation of the interest groups and other structures in the implementation of the Mandeni LED strategy is critical for effective implementation and sustainability of projects.

### 8.2.6 LED AND POVERTY ALLEVIATION PROGRAMMES
Pro-growth and pro-poor LED approaches are not inherently contradictory. Where successful, they are known as pro-poor growth strategies. However, to be effective they need the contemporary application of redistribution policies. The economic theory states that a higher income for the poor leads to greater demand for goods and therefore increased employment, which in turn leads to reduced poverty. This is therefore the cycle of growth.

8.2.7 COORDINATION AND INTEGRATION

Municipalities have limited resources to address and respond to the myriad of social and economic needs in their areas. The situation is worsened by the lack of integration both horizontally (between local government structures and civil society organisations) and vertically (between the municipalities and provincial or national government structures). An effective LED strategy seeks to leverage, integrate and coordinate resources for maximum impact. This helps to avoid duplication and improves strategic linkages between different programmes.

8.2.8 CONDUCIVE PUBLIC POLICY AND LEGISLATIVE FRAMEWORK

The Municipality is implementing a number of policies, which have a direct impact on the success, or failure of local economic development initiatives. Municipal policies should be developed and implemented with due regard of their potential impact on the local economy and attainment of the local economic development objectives. The following are some of the critical local policies and by-laws:

- Municipal by-laws.
- Land Use management Systems or Land Use Schemes.
- Property rates policies
- Budget
- Integrated Development Planning
- Procurement policies
- Policies dealing with the indigent, youth, women, disabled, etc.

8.3 DEVELOPMENT VISION

Mandeni Municipality development vision does not specifically make mention of economic development. However, it locates the municipality within its provincial and national context
emphasizing the importance of regional economic integration, sustainable economic growth and diversification of the economy. While these represent the intended long-term economic impact, there is recognition that the region should be investor friendly and reposition itself to compete effectively in the global information economy. The key to this is to build synergistic relation and focus on sectors that have potential to generate sustainable positive economic outcomes.
The vision of the Mandeni Municipality as highlighted in the IDP is:

The vision clearly commits the district to collaborating with the business community and civil society to create a climate conducive for economic development, reposition Mandeni to increase its market share of the provincial economy, and promote empowerment of the previously marginalised. This is critical for ensuring that the outcomes of this process are sustainable and contributes making the area economically competitive. It commits the stakeholders to building strategic alliances with key partners in line with new institutionalism approach to local economic development.

8.4 STRATEGIC OBJECTIVES

The Mandeni Municipality Local Economic Development Strategy serves as a refinement of the municipal strategic intent outlined in the IDP and a strategic guide towards the economic development and growth. Economic development is identified in the IDP as one of the key performance areas and a priority area for intervention. As indicated below, the long-term objectives are as follows:
Enhancing the economic competitiveness of the Mandeni Municipality and improving its contribution to the district and provincial economy. Particular focus in this regard will be paid to key economic sectors, these being agriculture, manufacturing, tourism, commerce and property development.

Extending and developing new strategic economic infrastructure. While this includes active participation in the national and provincial infrastructure development programmes, its main focus is on working with the iLembe District, ESKOM and the Department of Transport to bulk infrastructure in respect of water, sanitation (sewer system), electricity and road network.

Marketing the area extensively as both a tourist destination and a prime industrial area taking into account its strategic location along the coast, national development corridor and close proximity to the Dube Trade Port and King Shaka Airport.
Developing and supporting sustainable SMMEs across the economic sectors. SMMEs are regarded as the engine for growth and have a higher labour absorption capacity while they also serve as a means to address poverty and unemployment.

Focusing economic development in strategic areas that serve as catalyst for development throughout the Mandini Municipality area. These include Mandini Town, nodal areas are identified in the Spatial Development Framework and development corridors that runs through the Mandini Municipality.

Developing and maintaining effective and efficient economic governance systems. These include business licencing, town planning processes, governance structures and improving capacity of the municipality to implement the LED programme.

**8.5 ECONOMIC DEVELOPMENT STRATEGIES**

**8.5.1 MANUFACTURING DEVELOPMENT STRATEGY**

Creating a vibrant and diversified manufacturing base will be one of the main focus areas for the manufacturing development strategy. Strong, visionary leadership and cooperation between role-players are needed to link the international and national opportunities, market and technology trends and entrepreneurship to the actual development of the region. A manufacturing cluster has at its core a sector (or material), but what is drawn into the cluster is everything that impacts on the competitiveness of that cluster. The latter refers to the forward, as well as backward linkages to integrate the total value chain. The viability of the formed cluster is dependent on several elements, including the number of linkages, availability of raw materials, marketing and supporting services.

**8.5.1.1 REVITALISATION AND EXPANSION OF ISITHEBE INDUSTRIAL PARK**

The manufacturing sector in Isithebe has been affected by political decision-making throughout its existence from its inception to date. Currently there are many factors that are working against industry in Isithebe such as the distance to markets and the removal of incentives, which were initially a draw card for the area. However, there are still factors that make Isithebe a strong area for manufacturing to grow, including the access to the two ports of the province. With the development of the Dube Trade Port (DTP) and the King Shaka International Airport (KSIA), more demand for space for manufacturing is likely to occur for Isithebe. Warehousing is currently one use for some of the industrial space within the estate. However, this is a non-employment generating activity and other industries should be considered.
The following activities should be undertaken to facilitate the revitalisation and expansion of Isithebe:

- Facilitate the incorporation of Isithebe within the Richards Bay Special Economic Zone (RBSEZ). While the geographic distance between the two areas is acknowledged, costs associated with this are insignificant compared to the benefits which will include integrated supply chain opportunities, downstream and upstream opportunities, a strengthened value proposition, and a focused marketing strategy.

- Upgrading of infrastructure (water, sewer, roads, electricity and storm water) within the industrial estate as a means to improve its appeal to the investors and to recreate an industrial investment friendly environment. This initiative could be facilitate through Ithala Bank with potential funding from the Department of Economic Development, Tourism and Environmental Affairs.

- Upgrading of the aesthetic character of the estate as a means to improve its visual look and appeal to the potential investors and industrialists. This includes the maintenance and condition of the existing industrial buildings. Again, this initiative could be integrated within the RBSEZ initiative.

- Rebranding of Isithebe Industrial Estate to remote the apartheid stigma and project the area as a modern industrial estate.

### 8.5.1.2 STRATEGIC RELEASE OF NEW INDUSTRIAL LAND

One of the biggest weaknesses in the manufacturing sector in Mandeni Municipality is the space available for manufacturing concerns. Presently, the only industrial area is in Mandeni Town only. As such, the municipality is unable to harness the opportunities that the R102 and the N2 corridors, and proximity to the DTP and KIA present to the area. As such, the municipality is losing investors to more attractive destinations such as KwaDukuza.

- There is potential to expand the Isithebe Industrial Estate through the incorporation of approximately 1000ha of land. With the rail link and airstrip and the two ports in close proximity, the area will do well in attracting new business. The area also has a waste disposal site in its vicinity, which is an added bonus for industry.

- Development of new themed industrial parks or industrial clusters at the intersection of the N2 and the road to Mandini Town. This should include light and service industry, innovation hubs and Logistics Park.
Planning for the development nodes as identified in the SDF should also include the identification and packaging of land for light and service industrial development. This will include accommodation for small and emerging manufacturers, service industry such as car and tyre repairs, etc.

8.5.1.3 DIVERSIFICATION OF INDUSTRIAL

It is important that the manufacturing sector is also diverse in nature so as to ensure that if a particular product market collapses, the entire manufacturing sector does not dissolve. As such, it critically important for the municipality to undertake an investigation into the possible industries that may locate in Mandeni Municipality. Particular focus should be paid on industries with forward and backward linkages with establishments that already exists within the Mandeni Municipality area and the neighbouring areas.

8.5.1.4 INDUSTRIAL DEVELOPMENT POLICY AND PLANNING

The manufacturing sector within Mandeni lacks a clear vision and direction. Currently investment into manufacturing occurs on an *ad hoc* basis with little guidance in terms of specific priority industries which will build on comparative advantages, create linkages in the value chain to promote SMMEs, and build on the strengths of the existing manufacturing base. In addition, there is various industrial policies that has been developed at a national and provincial level that seeks to guide the development of the manufacturing sector, and is aligned to national incentives offered to enhance strategic industries, stimulate beneficiation industries, and improve energy efficiency. This programme identifies projects that are aimed at the development of a clear manufacturing vision and expansion plan, and the identification and promotion of specific incentives in order to clearly guide the future direction of manufacturing within Mandeni.

8.5.2 AGRICULTURAL DEVELOPMENT STRATEGY

Presently, agriculture in Mandeni takes place at a commercial and subsistence level. Sugarcane is the mainstay of the sector, with most commercial farmers being involved in this field. Livestock farming is carried out to a small degree and has not been explored to its true potential. The traditional farming areas undertake farming for their livelihood and very little is sold for a profit. The strategy focuses on the expansion of the agricultural activities in the area, especially focusing on niche market products and other crops. The aim is to develop traditional/subsistence farming into commercially based farming to ensure effectiveness of farming practices.
8.5.2.1 LIVESTOCK FARMING

Mandeni Municipality area has a relatively good potential for livestock farming. This includes both browsers and grazers. A large number of households keep cattle and goats for non-commercial purposes. As such, the following initiatives are suggested:

- Identification and fencing of grazing camps in each traditional authority area. Where possible and necessary, this should be accompanied by the development of relevant infrastructure and introduction of veld management system. This could take the form of localized projects established and operated using a cooperative approach.

- Mandeni forms part of an area with a rich Zulu Heritage and a huge potential to link this to eco-tourism. As such, it is suggested that a project focusing on the reproduction of Nguni cattle and linked to tourism be initiated in the area. This initiative should be subjected to a feasibility study and be undertaken with full participation of the Department of Agriculture (DOA).

- Goat farming and commercialization targeting the land local market and surrounding areas. Goats are used for a number of traditional ceremonies and rituals and the demand is very high.

- Establishment and support to a network of community gardens targeting government institutions such as the Hospital and the local market. This project could be established as a cooperative drawing membership from various producers. The project should be undertaken with the involvement and support of the organization representing the merging farmers.

8.5.2.2 SUGAR-CANE OUT-GROWER SCHEME

Development of sustainable sugar cane out-grower schemes is vital for the sustainability of Sugar Mill (located within KwaDukuza Municipality but supplied with cane mainly from Mandeni). As such, it is suggested that a program designed to provide technical and other forms of support to the small scale growers should be initiated as a joint initiative between Mill, Mandeni Municipality, KwaDukuza Municipality, iLembe District Municipality and the Department of Agriculture. The project should be implemented through Enterprise iLembe. The program should focus on the following:

- Identification and packaging of smaller out-grower schemes.

- Mobilization of out-growers and establishment of institutional arrangements for effective implementation of the program. This may take the form of cooperatives.
Mobilization of various government departments and development agencies to provide technical and financial support to the participating small growers.

With specific reference, the sugar industry has been declining as people have been losing interest in the activity. As a result the volume of cane sent through to the mills have been in decline. In order to ensure that the mills do not come under threat, it is imperative that the sugar cane industry is revived, especially in the traditional areas. Methods of effective farming should be shared and people in traditional areas should then develop their sugar cane farms. Their produce will also be able to be supplied to the mills and as a result further income generation and poverty alleviation can be achieved by the local people.

8.5.2.3 DIVERSIFICATION OF THE AGRICULTURAL SECTOR

In order for the agricultural sector to be a strong player in the local economy, without there being dependence on any specific crop, the agricultural sector needs to be diverse and innovative. The crops that are produced must satisfy the market demands and ensure that crops are not being produced simply because it is what people have grown traditionally. The produce must also be varied so as to ensure that there is no overproduction of a single crop, while still maintaining competitiveness. Innovative crops must also be considered and investigated for areas that are deemed suitable.

8.5.2.4 PLANNING FOR AGRICULTURAL DEVELOPMENT

This plan must provide more specific guidelines regarding the manner in which agriculture should be developed in the area and must be reviewed regularly. The plan must identify opportunities (including new and innovative crops) within the agricultural sector that can successfully be pursued in the Mandeni area. The opportunities should be prioritised in terms of when they should be initiated (short-term, medium-term or long-term); and the availability of natural resources and technical assistance etc. The crops and techniques that are important are those that are high value and low mass niche market products such as:

- Medicinal Plants;
- Essential oils;
- Organic vegetables;
- Vegetable gardens with high value crops;
- Aquaculture;
- Aloe growing and processing;
Hydroponics for marginal land;
Flowers for export;
The processing of sugar cane for bio-fuels; and
Honey production.

8.5.2.5 AGRICULTURAL SECTOR AWARENESS

There is a huge recognition within Mandeni of the role that agriculture plays in the economy and towards improving rural food security, income generation and job creation. Local residents are encouraged to embark upon agriculture and agricultural related projects. It is understood that agriculture is a major source of income within the Mandeni Municipal area and will be for some time to come. A significant proportion of the households live in a poverty trap (i.e. not having the resources in terms of time, money and labour to devote to agricultural activity), lack of access to support and the lack of access to markets. There is also a hesitation from the youth to engage in agricultural activity. As such, it is important to advise people (especially the youth) on the significance of this sector and promote peoples’ involvement in this area.

Local residents need to be given much-needed information about environmental and agricultural activities that are taking place in their areas of residence. An agricultural information programme aimed at developing an interest in agriculture (subsistence and commercial), and explaining the need for environmental awareness, is proposed. Such an information programme will be focussed on various levels, viz. the policy/decision-makers (e.g. Councillors, Amakhosi and Senior Officials), a business and commercial level and, most importantly, the grass roots level. Another key area is the awareness and education of communities regarding the effective use of land. This refers to the fact that communities are currently not maximising the potential of their land but request additional land. The problem of lack of finance further exacerbates the problem. The result is a larger tract of land being under-utilised, with a deteriorating condition, and the inability for the farmers to sustain the land. The purpose and approach to communicating on each of the above levels will be as follows:

Policy/decision-makers: The information programme will be aimed primarily at building an appreciation with decision-makers as to the role which agriculture can fulfil in rural development, and how to use the land in general and economic development specifically. This will primarily be achieved through communicating success stories, as
well as factual information relating to rural agriculture, specifically to Council structures (Council, EXCO and Portfolio Committees).

Business and commercial level: The information programme will be aimed at making business decision-makers aware of the opportunities relating to the agricultural sector. Business opportunities relating to key products will also be communicated. This communication will primarily be achieved through Business Chambers as well as through the media.

Grass roots level: At a grass roots level the information programme will be aimed at creating an awareness of the potential opportunities which the agricultural sector presents; how current agricultural activities can be optimised (whether these are subsistence or commercial activities); and the need for long-term environmental sustainability.

Communicating the above to communities will require the development of an information programme making use of a variety of tools, including the media, agricultural shows, workshops, brochures etc. Extension Officers and supporting staff need to possess a good understanding of the issues.

8.5.3 TOURISM DEVELOPMENT STRATEGY

Travel and tourism is an important economic contributor at the national level as well as at local levels in areas in which tourism is effectively promoted. The tourism vision for Mandeni Local Municipality is to transform the municipality from a stop off destination on the way to attractions further up the KwaZulu Natal north coast into a primary destination for tourists to

KwaZulu Natal. Mandeni’s rich array of natural resources and relatively undeveloped land resources, position it in a favourably to appropriate the benefits the tourism industry has to offer provided an optimal strategy is adopted.

8.5.3.1 PRODUCT DEVELOPMENT

Merely developing further the existing tourism attractions in Mandeni is insufficient as a strategy to increase tourist numbers. Primary attractions need to be developed in Mandeni. These are attractions that people will come to the area especially to visit. Clusters of secondary attractions will develop around a primary attraction thereby further increasing the number of tourists to an area and extending their length of stay.
Mandeni’s tourism product (what it offers tourists) must be differentiated from the tourism products offered at surrounding destinations. The tourism product should not simply be grafted onto Mandeni Local Municipality but should arise out of Mandeni’s unique characteristics and should be relevant to Mandeni’s culture, history and natural landscape. The following are some of the tourism products that should be investigated in Mandeni:

 création of a blue flag swimming beach along the municipal coastline should be investigated in more details. The aim in creating a blue flag beach is to attract beach holiday tourists to Mandeni.

 Angling tourism, however, has a long history at places like Tugela Mouth, Dokodweni and Amatigulu. The Mandeni coastline is considered to be one of the best fishing spots on the whole KwaZulu Natal north coast. Numerous species of shark are to be found in the waters around the river mouths and in the summer months the rare lobotes can be caught in the Tugela River Mouth. It thus makes sense that angling tourism along the Mandeni coastline be promoted as a priority strategy.

 Mandeni Local Municipality is fortunate to have three nature reserves in its municipal boundaries. These nature reserves; Ngwenya, Harold Johnson and Amatigulu, are key assets of Mandeni. Nature reserves close to Durban offer tourists the opportunity to escape the city without having to travel far up north to the Zululand game reserves. Harold Johnson and Amatigulu Nature Reserves offer truly unique natural surroundings. Amatigulu Nature Reserve is an indigenous coastal forest, well situated on the impressive Amatigulu estuary. It boasts diverse birdlife as well as nationally rare examples of indigenous dune forestation. Harold Johnson Nature Reserve, similarly, is uniquely positioned high on the banks of the Tugela enjoying wonderful dioramas of the river as it tracks its way down to the sea. The reserve also boasts abundant bird watching opportunities for the nature tourist.

8.5.3.2 HERITAGE BASED TOURISM

Mandeni Local Municipality has a number of historical sites of high national significance. These include the Ultimatum Tree, Fort Pearson and Fort Tenedos, the battle sites of Ndondakusuka and the Tugela and the John Dunn settlement. Despite their importance the sites have little to attract tourists if they are packaged in isolation. For instance, by itself the Ultimatum Tree is merely an open piece of land next to the river, with no information boards, monuments or tour guides. Yet the Ultimatum Tree is one of the few stops, along with Fort Pearson, with appeal for tour busses in Mandeni. As part of a tour package, an
historical site need not have much actual substance as the tour puts the site into its historical context by emphasising its relationship with other sites as well as by providing effective historical narration at the site. It is thus essential that the other historical sites in the municipality be linked to a tour operator if tourists are to be attracted to these sites. While the Ultimatum Tree and Fort Pearson are stops on some tour routes, they are not considered essential historical sites to visit on conventional battlefield tours. This is evident in the fact that the key to Fort Pearson was only obtained 32 times from the office at Harold Johnson Nature Reserve. These and other historical sites in the municipality must be packaged as essential stops and key components of any Zululand or Anglo Zulu War tours.

Links should also be made between historical attractions and other attractions or activities in the area. Activities that take place in unique historic settings tend to prove very popular with European tourists. Examples of these include hiking at Isandlawana and Spioenkop and light air craft tours of various KZN battlefields. Innovative thinking is required to put Mandeni’s historical attractions on the map.

8.5.3.3 TOURISM SIGNAGE

Poor signage hampers visitor numbers at tourist attractions in the municipality. This is especially true of the historical sites, some of which are very challenging to locate without adequate signage. The accompanying map details the proposed strategic location of new signage in the Municipality. Signage serves two purposes, namely; to locate and to advertise sites. The following strategic placements while serving the location purpose would be highly important for advertising the tourist attractions.

- Sign off N2 for Harold Johnson, Fort Pearson, Ultimatum Tree
- Sign off N2 for accommodation at Tugela Mouth
- Sign off N2 for Prawn Shack and Dokodweni Beach

8.5.3.4 MARKET SEGMENTATION

Foreign tourists are the more price inelastic segment of the tourism market and are willing to pay attractive prices for unique cultural or adventure activities. The majority of domestic tourists travel to the province for the purpose of visiting friends and relatives. On average, these tourists have limited spending potential. Certain domestic tourists, however, in particular adventure tourists, are high spending tourists and should therefore also be
Targeting foreign tourists and high spend domestic tourists entails the development of a product and a marketing strategy that appeals to these two groups.

### 8.5.3.5 Tourism Marketing

Tourism entails bringing the market to the product and therefore marketing and promotion is vital to the success of any tourism destination. Effective marketing includes branding of the product and creating a positive image and reputation. Mandeni needs to combat negative perceptions of the area that range from concerns about crime and pollution to a view that Mandeni has nothing to offer in terms of tourism. This must be done by creating a new brand name for Mandeni as a tourist destination as well as assuming an advertising/promotion angle, which would guide the marketing strategy.

### 8.5.4 SMME Support and Development Strategy

Small Medium Micro Enterprises (SMMEs) represent an important component of the local economy and plays a major role in the job creation, economic growth and poverty alleviation. As such, the Mandeni Municipality has identified the need to support the development of the SMMEs across the economic sectors through the creation of opportunities for growth and development. This is partly to be achieved through improved governance, infrastructure development, and improved access to information. The SMME sector is highly diverse, with structures, problems, growth potential and access to support differing widely between segments. These differences relate as much to the economic sectors as they relate to the stages of growth of enterprises, viz. start-up, expanding or stagnating.

*Figure 26: Differentiated Approach to SMME Development*
As indicated on the figure below, the most important distinction is between:

- survivalist activities;
- micro-enterprises;
- small enterprises; and
- medium-sized enterprises.

A few well established enterprises are concerned mainly with issues of business development and expansion. This would include product diversity, improved access to markets (including international where applicable) and access to new technology. On the other hand, support to small and micro enterprises should focus on business consolidation and sustainability. This includes introduction of better management systems, efficiency in production, etc. Equally important is the recognition of the particular problems and needs of enterprises initiated, owned or controlled by those who were disenfranchised and/or otherwise discriminated against in the past. In addition to the racial dimension, this also includes women and all other disadvantaged and marginalised groups, the disabled, elderly people and the youth. Such enterprises are found in all four of the above categories.

8.5.4.1 INFORMAL SECTOR ADVANCEMENT PROGRAMME

8.5.4.1.1 INFORMAL TRADING POLICY

Informal Street Trading has become a common feature of urban environment in most South African cities and towns, and symbolises the changing nature of these areas in both spatial and economic terms. As already indicated, the MLM is no exception to this. Mandeni Municipality acknowledges the relevance and contribution of informal trading to the economic and social life of the town. Informal Trading is a major source of provisioning for poor urban households, and a vital part of the local economy. It provides some income to those who are unemployed as well as providing an alternative to established traditional formal sector retail options.
As such, the municipality aims to develop informal trading and its participants into commercially viable and dynamic economic activity, which contributes to the economic growth of the town and the quality of life of the citizens in a sustainable manner. Appropriate infrastructure support and services, entrepreneurial development and spatial planning will be the cornerstones to achieving such a policy goal. The municipality acknowledges the potentially negative impact of uncontrolled and unplanned growth of informal trading. Also important, if there is little official regulation and control, new sorts of informal control mechanisms may come in to fill the void with their own means of controlling prices and protection rackets. Economic growth in the informal trading sector will be facilitated through:

- linking the development and growth of informal trading areas to commercial zones and activity corridors as a means to generate hubs of business activity that mutually benefit formal and informal businesses;

- providing a range of facilities, capacity building and business support services that cater for the different levels of traders, from the monthly pension day trader and small survivalist trader to larger traders;

- ensuring that the buildings and property owned by the municipality are used for the social and economic development of the community within which they are located; and

- targeting highly accessible and visible locations for the promotion of tourist and/or passing traffic related trading in order to derive and optimize benefits for informal traders.

### 8.5.4.1.2 INFORMAL TRADING MANAGEMENT PROGRAM

The ultimate goal of this Policy and Management Framework is to accommodate informal trading in designated streets, public open spaces and markets. This is necessary in order to enhance the quality of the town, promote economic development and expand employment opportunities. Therefore, the following should form the pillars of the informal sector management policy and program:

- **Spatial planning**: markets and trading opportunities must be properly planned, bearing in mind the economic needs of traders, the need for more vibrant land use and the need for orderly town, spatial and transport planning, as well as health and safety.

- **Registration**: This refers to the registration of all informal traders and the sustained payment of rentals. This action gives permission to operate, and provides access to services and support.
Allocation policy: This is specific to the allocation of trading (bays, markets, permits etc.) which is central to the entire policy for the informal economy as it is the lever through which the municipality can manage and support the informal economy. The criteria for allocations should be negotiated locally with stakeholders and the allocation should be done by officials.

Rental policy: It is important to place value on different informal trading sites. Value is placed on sites through a system of differentiated rentals linked to site size, desirability of location and the level of services provided. In return, the municipality must keep the area clean; provide sanitation and other infrastructure services.

8.5.4.2 SMME INFRASTRUCTURE

SMME’s generally have difficulty in affording market related workspace rentals. They thus opt to work from home or more informal work environments and this impact on their productivity and profitability. The following SMME infrastructure should be developed in strategic areas:

- SMME Trading Centre (incubators): Successful incubators require substantial funding, not so much for the physical infrastructure than for advice, mentoring, and other “soft” support services. Government will continue its support of local industrial parks and small business hives and incubators, ensuring these facilities become self-sustaining in the long-term and giving emphasis to the support of black- and women-owned businesses in these facilities. These initiatives could be linked to sector support programmes (e.g. a clothing export hive) or to particular township development initiatives.

- Market Stalls: Market stall should be developed in all nodal areas along the main roads. This will help improve the working conditions for the informal traders and create functional linkages between the informal and formal sectors. In fact, this should be integrated into a strategy for the management of the second economy and linked to training and capacity building initiatives. It will create a platform for some informal traders to graduate into formal business.

- Market Area: Establishment of a market area which may include facilities for the sale of livestock, fruits and vegetables.

- Upgrading of Mandini Taxi Ranks: This facility requires major upgrade as it serves as a public transport terminus and interchange linking the surrounding villages with the town and other major urban centres such as Durban.
8.5.4.3 BUSINESS SUPPORT PROGRAM

SMME development strategies and programs are well developed in the national policy, and programs implemented by the Small Enterprise Development Agency (SEDA). In the context of MLM, the implementation of these programs should prioritise the following:

- Improving access to information, technical support and referral system.
- Establishment of an automated SMME database and notification system (use of cell phones and SMS facilities).
- Establishment of a business incubation program based on an SMME hub concept in each of the major economic centres.

8.5.4.4 PROCUREMENT OF SERVICES AND GOODS FROM LOCAL SMMES

Local, provincial and national government is increasingly using its participation within the economy to create opportunities for SMME development. SMMEs are used in the delivery of core and non-core government services e.g. cleaning, paper and stationery supply, maintenance of public infrastructure, catering etc. Therefore, a procurement policy framework should be revised to make provision for the targeted procurement of certain goods and services from local SMMEs. This will provide SMMEs and emerging contractors within the area with an opportunities to gain access to the mainstream procurement activities of local government.

8.5.4.5 BUSINESS RETENTION AND EXPANSION PROGRAM

Improving the economic viability of new and existing businesses in MLM is seen as one of the critical drivers of the local economy. A successful business cluster underpins the vital cycle for jobs, tax base, public services and continuing economic prosperity for the region.

A business retention initiative which focuses on the importance of contracting, cultivating and offering assistance to existing companies is necessary. Furthermore, businesses require support from and involvement by government and stakeholders through funding, active participation and information exchange. The single most productive approach for a community to increase its economic base is to expand and retain the businesses it already has. Business development actions focusing on the retention of existing businesses tend to be less costly than the efforts to attract new businesses and often prove to be much more successful. Not only the creation of new businesses will enhance economic regeneration, but the retention of existing businesses will also help to prevent economic decline. Existing businesses contribute more to the local economy than new businesses of equal size.
Existing businesses are already established in the community, and typically most employees live in the local area, and locally owned businesses tend to spend their profits locally. Consequently a focus on retention of existing businesses is required.

As such a business development and retention strategy should be developed. The strategy should focus on optimal business climate, assisting businesses, stimulating business expansion and retention and nurturing innovation and entrepreneurship.

### 8.5.4.6 COOPERATIVES

The MLM recognizes the role and contribution cooperatives can make to achieving the Millennium goals of full and productive employment, eradicating poverty, enhancing social integration and promoting the advancement of women. For the co-operative movement to fulfil this potential, the municipality need to develop and sustain a supportive environment that allows autonomous co-operatives to grow.

The Mandeni Municipality will focus mainly on developing cooperatives that aggregate buying power and generate opportunities for collective marketing.

Cooperatives are enterprises founded by and belong to the members, and therefore cooperatives cannot be imposed, neither directly on communities nor through national government policy onto the other spheres. Practical approaches are required if cooperatives are to be successful.

### 8.5.4.7 CRITICAL SUCCESS FACTORS

In order to be successful co-operatives need the following internal fundamental conditions:

- A group of people must have the desire to solve a common problem
- There must be at least one person with leadership abilities in the group
- The co-operative should produce tangible benefits for the members
- The co-operative should have dynamic managers who can implement business policies. A management structure that reflects the capabilities of the members should be in place
- The advantages of membership must outweigh the cost of duties of membership

### 8.5.5 STRATEGIC INFRASTRUCTURE DEVELOPMENT STRATEGY

Availability and capacity of infrastructure is one of the key factors that influence economic development. It is believed in planning and development circles that actual development always follows lines of infrastructure investment. The same applies in the MLM. The
following is identified as key infrastructure requirements for the promotion of economic development and private sector investment in the area:

- Water and sanitation
- Roads and transportation infrastructure.
- Electricity.

8.5.5.1 RAIL INFRASTRUCTURE

Rail infrastructure within Mandeni has deteriorated to the point that most freight is transported by road. This will require strong commitment from Transnet to ensure that key rail lines are regenerated to support expansion of the sector. Additionally, large increases in electricity tariffs over the past few years have had a significant impact on the cost structure of many energy-intensive industries within Mandeni.
8.5.5.2 ROADS

A detailed analysis of the state and condition of roads within the MLM is currently being undertaken as a separate planning exercise. The assessment will be used to identify critical roads that require upgrading in view of their potential to unlock some economic development opportunities and improve economic linkages and functionality among the existing and recipient economic nodes. Roads that provide access to irrigation, crop production and tourism areas should be prioritised. Particular focus should be paid to outlying areas (rural hinterland) where roads infrastructure is generally poor.

8.5.5.3 WATER AND SANITATION

The iLembe District Municipality is responsible for the planning and provision of bulk infrastructure within its area of jurisdiction. A review of the IDP and the Water Services Development Plan reveals that the bulk of the funds including Municipal Infrastructure Grant (MIG) is used to provide infrastructure to new areas and meeting the basic needs of the local communities. While this is critical, it is equally important to upgrade and maintain, and also use infrastructure development to unlock new economic development opportunities. Areas that require attention are as follows:

- Development of irrigation infrastructure along the irrigation corridors identified in the SDF.
- Development of irrigation infrastructure in settlement areas where there are opportunities for irrigation.
- Upgrading the sewer and water purification works/plant, and reticulation lines to cope with an increase in demand and provide for future expansion and growth.

The next review of the WSDP should take this into account and allocate funding towards the implementation of projects that fall under these categories.

8.5.5.4 ELECTRICITY

Delivery of electricity in the MLM occurs in a vacuum. As such, it is highly recommended that an Electricity Service Delivery Plan be developed in association with ESKOM and other relevant stakeholders. The purpose of the Electricity Service Delivery Plan is to formulate a rational basis upon which the grid and non-grid service supply networks will be extended to the population of MLM within planning horizon. This should be done within the constraints of the National Electrification programme and budget availability. This will give further expression to the White Paper on Energy Policy’s stipulation and the State Presidents
subsequent, State of the Nation Address that confirmed the need to provide a basic electricity supply to all. The provision of free basic electricity and infrastructure creation will also be addressed. The following should also be addressed in the short to medium term:

- Provision of electricity in all development nodes should be upgraded through the development of new sub-stations. Areas that require particular attention includes are the development nodes as identified in the SDF.
- Electricity should be provided in all areas where irrigation is to be promoted. This will enable the use of power to draw water from the boreholes or pump water through the boreholes.

Particular focus should be paid to outlying areas (rural hinterland) where level of backlogs remain very high.

8.5.6 AREA MARKETING STRATEGY

Place or area marketing has become an important way of distinguishing between local areas, and ensuring that companies and individuals are aware of the positive aspects and attributes that a particular locality has to offer. It involves promoting and advertising an area as a desirable place to visit, live in, invest in and work in. Mandeni Municipality can use a range of instruments to market and promote its area of jurisdiction. These include the following:

- Print media
- Website
- Collaboration with relevant government agencies.

8.5.6.1 MUNICIPAL WEBSITE

The municipality has developed a website as required in terms of the Municipal Systems Act. However, at present there is limited information about the development opportunities within the Municipality. As such, it is recommended that the website should be used not just as a tool for communicating municipal affairs with the general public, but also a mechanism to promote investment and development. Its content should be enhanced to provide the following information:

- Economic data indicating current investment trends.
- An indication of investment opportunities in the area based on priorities agreed among the stakeholders.
Tourism trends indicating number of local and international tourists visiting the area.

Tourism products and activities.

Information on the status of various development applications.

Linkages to other economic development websites.

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### 8.5.6.2 MANDENI INVESTMENT PORTFOLIO

An investment portfolio which provides information relating to the municipal area should be compiled. The aim of such portfolio document would be to provide information which investors could utilize in making investment decisions. The information that could be provided includes the following:

- A profile of the municipal area in terms of what are the main focus areas or opportunities one could expect in Mandeni.
- General information in the form of statistics e.g. climate, population, etc.
- Economic profile of the business environment.
- Economic development trends.
- An indication of incentives/rebates which are offered to businesses e.g. rates, water, etc.

The portfolio should be reviewed at least bi-annually to take into account changes in the economic development trends and take advantage of new economic development opportunities.

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### 8.5.6.3 COMPREHENSIVE MARKETING STRATEGY

In order for Mandeni Municipality to compete effectively, a comprehensive marketing strategy should be formulated. Marketing is the wide range of activities which the municipality can utilize to inform individuals, companies, etc. of what is available in its area and how it can meet their needs. These activities include market research to determine the potential customers, their needs, those needs which can be met, etc. Once this has been determined the appropriate marketing channels can be used e.g. emails, internet, etc.

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### 8.5.6.4 COLLABORATION WITH RELEVANT GOVERNMENT STRUCTURES

Although Mandeni is a defined administrative and economic entity, effective area marketing requires collaboration with relevant government agencies involved in promoting different
economic sectors. The following should specifically be targeted for collaborative marking initiatives:

- Neighbouring district municipalities, particularly KwaDukuza in respect of the Zulu-Heritage Route.
- Ezemvelo KZN Wildlife in respect of initiatives located along the Coast.
- Tourism KwaZulu-Natal in respect of tourism marketing and promotion.
- Trade Investment KwaZulu-Natal (TIK).

8.5.7 LED GOVERNANCE AND COORDINATION STRATEGY

8.5.7.1 LOCAL ECONOMIC GOVERNANCE

Improving public and private sector confidence in the ability of the municipality to administer public affairs and govern effectively and efficiently is a critical step in attracting investment and building loyalty to the area. In other words, the way Mandeni Municipality conducts itself is a key determinant of local economic development. As such, the municipality is committed to providing good governance, reliable and effective services and sound administration in line with local government legislation and policy. The Municipality recognises that everything it does will impact directly or indirectly on the local economy, and therefore it is necessary to pay particular attention to the following:

- Establishment of clear and well-supported forward planning development frameworks with particular emphasis on urban development, nodes as identified in the SDF and development corridors.
- Preparation of effective by-laws and other regulations that impacts on business performance. This includes influencing regulations and by-laws that iLembe District implements in the area.
- Preparation and introduction of a consolidated land-use scheme with particular emphasis on effective handling of development applications for business establishment, property development, and township establishment, as well as expedient decision making and pro-active land use management.
- Preparation of settlement plans for the transformation of rural settlements into sustainable human settlements.
- Review of supply chain management systems to provide for the procurement of some goods and services from local SMMEs and other small business.
8.5.7.2 BY-LAWS AND REGULATIONS

By-laws are a set of regulations used by the municipality to give effect to its policies, including economic development policies. Although they are akin to legislation, they cannot be in conflict with provincial and national legislation. The following issues are a priority in developing by-laws for Mandeni Municipality:

- Property rates by-laws dealing with the manner in which the municipality will use its rates policy to promote economic development. The by-law in this regard may suggest favourable rating for SMMEs and rebates in cases where property owners have undertaken building improvement (refurbishment) or redevelopment.

- Trading by-laws for regulating trading activities within the municipal area. This deals mainly with conditions under which trading should occur, storage of goods, etc.

- Informal sector management by-laws which are intended to give effect to the informal sector management policy.

- Credit control and debt management by-laws.

Mandeni will also give input into the formulation of water and sanitation, as well as environmental health by-laws which are developed and implemented by the District Municipality.

8.5.7.3 FORWARD PLANNING

The municipality will develop a suite of spatial planning and management policies clearly articulating the municipal spatial development vision, in respect of economic development initiatives. The following plans will be prioritised:

- Urban development framework Mandeni Town. This includes strategies for the revitalization of the CBDs, preparation of urban design framework and upgrading of infrastructure.

- Coastal Corridor development covering the area between the sea and the N2. Small coastal towns and tourism related activities are the main land use activities in this area. Particular attention should be paid to issues of redevelopment, infrastructure upgrading, traffic management, mixed land use development; etc.

8.5.7.4 LAND USE MANAGEMENT

A consolidated Land Use Scheme (LUS) should be developed on the basis of the SDF. This is also a legal requirement in terms of the Municipal Systems Act and the recently
promulgated KwaZulu-Natal Planning and Development Act. Preparation of the LUS for Mandeni Municipality should focus on the following:

- Consolidation of the existing various town planning schemes into a single land use scheme that provides certainty to the investors in terms of process and decision making.
- Introduction of appropriate development zones that would create a balance between development and public good. The core of the nodal areas should be zoned as high impact mixed land use zones so as to allow for a range of complementary economic development uses.
- Development of appropriate systems and procedures, that is, a package of forms that needs to be completed in order to obtain development approval.
- Building the capacity of staff to deal with applications efficiently and timeously, and advice council appropriately. Similarly, council should be capacitated to make informed decisions on each development applications.

8.5.7.5 RURAL SETTLEMENT PLANS

Settlement plans should be prepared with full involvement of local communities and traditional councils. They should be simple and easy to follow, and should provide guidance to traditional councils for the allocation of land for different uses. In particular, these plans should:

- Identify agricultural land including land suitable for grazing, crop production, and irrigated farming.
- Confirm development nodes and provide guidance for the clustering of public facilities and services in each of these areas. This should also establish service thresholds.
- Identify infrastructure required to unlock development opportunities and potential.
- Provide a framework for housing development and transformation of these areas into sustainable rural human settlements.
- Identify poverty alleviation and rural development projects.

8.5.7.6 SUPPLY CHAIN MANAGEMENT

Mandeni Municipality has developed and is implementing the Supply Chain Management system regulated by the Municipal Finance management Act, Act No. 56 of 2003. The system seeks to promote and support local business in respect of the supply of a range of
goods and services. It makes provision for SMMEs to register on the municipal database of suppliers. The challenge is to use the SCM system as a means to promote Broad Based Black Economic Empowerment (BBBEE) and SMME development.

8.5.7.7 LED MAINSTREAMING AND BUDGETS

The Municipality adopts LED as a program, but also an approach to the delivery of services. As such, it will mainstream LED and implement its programmes from an LED perspective. Priority will be given to job creation and support to SMMEs, emerging contractors and emerging farmers. Budget allocated to LED initiatives will increasing steadily to about 10% of the total capital budget within a period of three years.

8.5.7.8 LED COORDINATING FORUM

The analysis phase discovered that stakeholder activities are not aligned nor do they contribute to the attainment of common goals. Projects, both private sector and public sector, are planned and implemented in isolation.

Government spending represents a major component of total investment in the Mandeni economy and has the potential to contribute directly to economic development. Current government spending in the Mandeni includes:

- the development of government facilities such as schools, clinics, etc.;
- grant funding from the National Treasury, Small Towns Development Programme, Corridor development, etc.
- government grants and subsidies for infrastructure and housing development;
- establishment and maintenance of conservation areas; and
- a range of government programmes promoting rural development, small-scale agriculture, craft sector development etc.

At present public and private sector investment are neither programmatically nor locationally coordinated and therefore the contribution to local economic development is not maximized, i.e. road upgrading is not necessarily considered from the perspective of the economic impact and opening up of opportunities or infrastructure will only be supplied long after facilities have been developed. It is therefore recommended that an LED Coordinating Forum be established as a platform for the following:
Continuous development and review of the LED program to ensure that it remains contextually relevant, positions the area and its people to seize opportunities, and contributes to economic development and poverty alleviation.

Serving as a platform where members of the public and relevant state institutions engage about issues of economic development in a constructive and creative manner.

The forum can also perform a referral function whereby community members would be referred to institutions where they can obtain help and support.

Alignment of budgets and programs among various state institutions and private sector so as to ensure an efficient utilization of scarce resource and optimization of impact.

Clarification of roles and responsibilities, particularly in respect of project after-care, sustainability and technical support. This related mainly to projects funded through government institutions other than the municipalities.

Identification and packaging of catalytic LED projects.

8.5.7.9 PROMOTING BUSINESS UNITY (ONE REGION ONE CHAMBER)

A single municipal wide business chamber should be established to represent business across sectors. This includes the informal sector and farmers. The proposed chamber will be a voluntary association of business enterprises located within the Mandeni Municipality. The chamber should be registered as an association incorporated under section 21 of the Companies Act and should also be a registered Non-Profit Organisation (NPO). It will active within the national ambit of organised business and fully committed to the unity of business at all levels. Its mandate should include the following:

- The promotion and support of local business through the provision of relevant services, guidance and information.
- The development of the region as a prime locality for investment and a destination for tourists.
- The creation of employment opportunities and facilitation of Black Economic Empowerment.
- The promotion of best practice in business.
- The effective representation of the views of business.
- The establishment of a vibrant business network.
- The establishment and maintenance of constructive partnerships.
The preservation and furtherance of the interests of Chamber members.
8.5.7.10 CAPACITY BUILDING

Implementation of the LED strategy requires full participation of the councillors and administration, albeit differences in roles and responsibilities. Councillors are responsible for governance and decision making and should thus be capacitated to undertake this function from an LED perspective. Particular focus on councillor training should cover the following:

- Understanding LED as an approach to governance and service delivery.
- Processes for undertaking area appraisal.
- Information that should be contained in business plans and feasibility studies.
- Assessment of development proposals.
- Project implementation strategies including public private partnerships.

Training and capacitating of the administration, particularly LED staff should be an on-going process linked to career development and undertaken in terms of the Human Resource development strategy of the municipality. The training should meet the requirements of the Local Government SETA.
## 9 IMPLEMENTATION PLAN

### 9.1 STRATEGIC LED PROJECTS

<table>
<thead>
<tr>
<th>DEVELOPMENT PROGRAMME</th>
<th>DEVELOPMENT STRATEGY</th>
<th>PROJECT NAME</th>
<th>PROJECT STAKEHOLDERS</th>
<th>POTENTIAL SOURCES OF FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhancing Sector Competitiveness</td>
<td>Industrial development</td>
<td>Revitalization of Isithebe Industrial Park</td>
<td>Richards Bay SEZ, DTI, COGTA, EDTEA, Ithala Bank, TIK</td>
<td>DTI, EDTEA, MIG</td>
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<td></td>
<td></td>
<td>Expansion of Isithebe Industrial Park</td>
<td>Richards Bay SEZ, DTI, EDTEA, Ithala Bank, COGTA</td>
<td>DTI, MIG, COGTA, EDTEA</td>
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<td>Mandeni Toll Plaza Themed Industrial Park</td>
<td>COGTA, DTI, EDTEA, iLembe Enterprise</td>
<td>COGTA, DTI, EDTEA, iLembe Enterprise</td>
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<td>Industrial Development Strategy</td>
<td>EDTEA, Internal</td>
<td>EDTEA</td>
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<td>Mandeni Block Yard</td>
<td>EDTEA, Internal</td>
<td>EDTEA</td>
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<td>Enhancing Sector Competitiveness</td>
<td>Agricultural Development</td>
<td>Commercialization of Cattle Farming in Communal Areas</td>
<td>Emerging Farmers, Traditional Councils, DARD</td>
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<td>Commercialization of Goat Farming in Communal Areas</td>
<td>Emerging Farmers, Traditional Councils, DARD</td>
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<td>Macambini Sugar-cane Out-grower Scheme</td>
<td>Sugar Millers, Growers Association, SASA, DARD</td>
<td>DARD, SASA</td>
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<td></td>
<td></td>
<td>Networking and Corporatization of</td>
<td>Cooperatives, DARD, iLembe</td>
<td>DARD, iLembe Enterprise</td>
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</table>

MANDENI MUNICIPALITY LOCAL ECONOMIC DEVELOPMENT DRAFT STRATEGY

MAY 2015
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<th>DEVELOPMENT PROGRAMME</th>
<th>DEVELOPMENT STRATEGY</th>
<th>PROJECT NAME</th>
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<td>Community Food and Medicinal Gardens</td>
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<td>Investigation into the Potential for the Production of Niche Agricultural</td>
<td>iLembe Enterprise, EDTEA, DARD, Farmers Associations</td>
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<td>Products in Mandeni</td>
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<td>Investigation into the Feasibility for the Alternative Agricultural/Farming</td>
<td>DARD, Emerging Farmers, EDTEA, iLembe Enterprise</td>
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<td>Agricultural Awareness Programme</td>
<td>DARD, Traditional Councils</td>
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<td>Enhancing Sector</td>
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<td>Informal Sector Advancement Programme</td>
<td>EDTEA, Informal Traders</td>
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<td>Mandeni Town SMME Incubation Centre</td>
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<td>Comprehensive Marketing Strategy</td>
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<td>Review of Economic Development By-Laws and Regulations</td>
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<td>Long-term Spatial Framework for the Mandeni Town</td>
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<td>Mandeni Toll Plaza Precinct Plan</td>
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<td>Dokodweni Precinct Plan</td>
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<td>LED Governance</td>
<td>Institutional Development</td>
<td>Reconstitution of the LED Forum and sub-structures</td>
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<td>Sectoral Champions</td>
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<td>Mandeni Business Forum/Chamber</td>
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<td>LED Mainstreaming</td>
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<td>LED Training – Staff</td>
<td>SETA, EDTEA</td>
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<td>DEVELOPMENT PROGRAMME</td>
<td>DEVELOPMENT STRATEGY</td>
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<td>LED Training - Councilors</td>
<td>SETA, EDTEA</td>
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<td>Systems and Procedures</td>
<td>Review of Informal Trading By-laws</td>
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<td>Review of the Supply Chain</td>
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<td>Management System</td>
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</tbody>
</table>
9.2 ORGANOGRAM

COUNCIL
- Approval of LED Programme and projects
- Allocation of Resources
- Alignment of LED with other Programmes
- Accountability to the public on LED

EXCO
- Decision making between council meetings.
- Advising council on the programmes.
- Strategic leadership.

PORTFOLIO COMMITTEE
- Programme development
- Programme oversight
- Advising EXCO on LED
- Developing LED budget
- Determining LED resource requirements

MUNICIPAL MANAGER
- Accounts on implementation of LED programme.
- Advises council on LED

HEAD OF DEPARTMENT
- Strategic leadership
- Alignment of LED with other programmes.
- Advises the MM on LED.
- LED planning
- Staff development.

LED MANAGER
- LED Planning
- Programme Management.
- Advising management on LED.
- Stakeholder mobilisation and management.
- Resource mobilisation

TOURISM OFFICER
- Tourism planning.
- Organising the tourism industry.
- Tourism marketing and promotion.
- Implementation of tourism development projects.
- Mobilisation of tourism stakeholder.
- Tourism awareness campaigns.
- Advising management on tourism development.

SECTOR DEVELOPMENT
- Sector planning.
- Stakeholder mobilisation.
- Implementation of sector development projects.
- Area marketing and promotion.
- Advising management on different economic sectors.
- Resource mobilisation.

SMME AND COOPERATIVES
- SMME development.
- Development of SMME management systems and policies.
- Implementation of SMME management systems and policies.
- Stakeholder mobilisation.
- Resource mobilisation.
- Advising management on SMME development.
## 9.3 MONITORING AND EVALUATION FRAMEWORK

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>STRATEGIES</th>
<th>TARGETS</th>
<th>INDICATORS</th>
<th>ASSUMPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhancing the economic competitiveness and improving contribution to the district and provincial economy.</td>
<td>Revitalization of Isithebe Industrial Park.</td>
<td>Isithebe Industrial Park</td>
<td>Improved environment and infrastructure</td>
<td>An upgraded industrial space will attract industry to Mandeni.</td>
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<tr>
<td></td>
<td>Functional integration of Isithebe Industrial Park into the RSEZ.</td>
<td>Formal declaration of the Isithebe Industrial Park as part of the RSEZ.</td>
<td>Ministerial declaration.</td>
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<td>Identification of new industrial land in Mandeni.</td>
<td>100ha</td>
<td>Industrial zoning of the land</td>
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<td>Establishment of a light industrial park in Mandeni Tall Plaza (diversification of industry)</td>
<td>Mandeni Tall Plaza</td>
<td>PDA approval of the industrial park.</td>
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<td></td>
<td>Commercialization of cattle and goat (livestock) farming in traditional council areas.</td>
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<td>Number of participating farmers.</td>
<td>Mandeni LM has untapped agricultural potential.</td>
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<td></td>
<td>Investigate alternative farming methods</td>
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<td>Projects based on alternative farming methods.</td>
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<td>Promoting and supporting</td>
<td>All cane growers in</td>
<td>Number of cane growers</td>
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<tr>
<td>OBJECTIVES</td>
<td>STRATEGIES</td>
<td>TARGETS</td>
<td>INDICATORS</td>
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<td>sugar cane out grower scheme in Macambini</td>
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<td>participating in the scheme.</td>
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<td>Diversification of the agricultural sector.</td>
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<td>New crops produced in Mandeni at a commercial scale.</td>
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<td>Creating awareness and promoting agricultural sector.</td>
<td>Traditional Council areas.</td>
<td>Number of households that practice agriculture.</td>
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<td>Formulation of a tourism development strategy</td>
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<td>Approved tourism strategy</td>
<td>Mandeni Municipality has untapped tourism potential.</td>
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<td>Facilitating development of new tourism products.</td>
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<td>Range of new tourism products</td>
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<td>Improving tourism signage.</td>
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<td>Signage at strategic points</td>
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<td>Developing tourism marketing and promotion material.</td>
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<td>Brochures and other promotional materials.</td>
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<td>Developing and supporting sustainable</td>
<td>Developing an informal sector advancement programme</td>
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<td>SMME across the economic sectors.</td>
<td>Review of the informal trading policy and strategy.</td>
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<td>Development of informal trading stalls in nodal areas.</td>
<td>Completed and functional trading stall</td>
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<td>Development of SMME trading centres in nodal points.</td>
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<td>Development of an SMME support programme.</td>
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<td>Development and implementation of a business retention and expansion programme.</td>
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<td>Strategic Support to cooperatives,</td>
<td>Number of cooperatives receiving support.</td>
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<td>Extending and developing new strategic infrastructure.</td>
<td>Road improvement programme.</td>
<td>Length of strategic roads upgraded</td>
<td>Mandeni LED programme requires strategic infrastructure improvement</td>
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<td>Upgrading of water infrastructure in nodal areas.</td>
<td>Nodal areas</td>
<td>Capacity of water infrastructure</td>
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<td>OBJECTIVES</td>
<td>STRATEGIES</td>
<td>TARGETS</td>
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<td>Upgrading of sewer system in Mandeni Town and nodal areas.</td>
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<td>Marketing and promotion will improve tourism and investment in Mandeni</td>
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<td>Upgrading of electricity infrastructure in Mandeni and nodal areas.</td>
<td>Upgrading of electricity infrastructure in Mandeni and nodal areas.</td>
<td>Mandeni Town and nodal areas</td>
<td>Capacity of electricity infrastructure.</td>
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<td>Marketing Mandeni LM as a tourist and investment destination.</td>
<td>Development of an LED web page on the municipal website.</td>
<td>Information in the LED web page.</td>
<td>Approved Investment Portfolio</td>
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<td>Collaboration with other government structures.</td>
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<td>Review of by-laws to make</td>
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<td>OBJECTIVES</td>
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<td>them LED friendly.</td>
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<td>laws</td>
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<td>LED friendly spatial planning.</td>
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<td>Approved spatial plans</td>
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<tr>
<td>Supporting local companies through SCM.</td>
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<td>Number of local suppliers receiving business from the municipality.</td>
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<td>Mainstreaming LED in all development programmes.</td>
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<td>% amount of departmental budget allocated to local suppliers.</td>
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<tr>
<td>Staff and councilor training on LED.</td>
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<td>Quality of training.</td>
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